FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED: JUNE 30, 2001

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM: _____ TO _____

COMMISSION FILE NO.: 0-19974

ICU MEDICAL, INC.
(Exact name of Registrant as provided in charter)

Delaware	33-0022692
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
951 Calle Amanecer, San Clemente, California	92673
(Address of Principal Executive Offices)	(Zip Code)

(949) 366-2183
(Registrant's Telephone No. Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports 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), and (2) has been subject to such filing requirements for the past 90 days:

Yes XXX No

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

Class	Outstanding at July 19, 2001
Common	8,580,804

ICU MEDICAL, INC.

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ICU MEDICAL, INC.
Consolidated Balance Sheets
June 30, 2001 and December 31, 2000
(all dollar amounts in thousands except share data)

ASSETS

	6/30/01	12/31/00
CURRENT ASSETS:	(unaudited)	
Cash and cash equivalents	$ 3,354	$ 1,945
Liquid investments	56,541	48,841
Cash and liquid investments	59,895	50,786
Accounts receivable, net of allowance for doubtful accounts of $545 and $505 as of June 30, 2001 and December 31, 2000, respectively	12,893	12,425
Inventories	2,342	1,435
Prepaid expenses and other	236	402
Deferred income taxes - current portion	2,150	2,150
Total current assets	77,516	67,198
PROPERTY AND EQUIPMENT, at cost:		
Land, building and building improvements	13,505	13,505
Machinery and equipment	15,323	15,601
Furniture and fixtures	2,988	2,763
Molds	6,946	6,804
Construction in process	3,463	1,458
	44,225	40,131
Less--Accumulated depreciation	(18,413)	(16,210)
	23,812	23,921
DEFERRED INCOME TAXES	889	889
OTHER ASSETS	877	852

	$103,094	$ 92,860

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:		
Accounts payable	$ 2,028	$ 1,687
ccrued liabilities	6,882	7,793
Total current liabilities	8,910	9,480
STOCKHOLDERS' EQUITY:		
Convertible preferred stock, $1.00 par value Authorized -- 500,000 shares, issued and outstanding -- none	-	-
Common stock, $0.10 par value- Authorized -- 20,000,000 shares, issued -- 8,867,162 shares	887	887
Additional paid-in capital	43,361	41,702
Treasury stock -- 286,358 and 472,933 shares at June 30, 2001 and December 31, 2000, respectively	(3,080)	(4,819)
Retained earnings	53,016	45,610
Total stockholders' equity	94,184	83,380
	$103,094	$ 92,860

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

ICU MEDICAL, INC.
Consolidated Statements of Income
For the Three Months Ended
June 30, 2001 and June 30, 2000
(all dollar amounts in thousands except per share data)
(unaudited)

	For the Three Months Ended	
	6/30/01	6/30/00
NET SALES	$ 16,952	$ 13,623
COST OF GOODS SOLD	6,891	5,780
Gross profit	10,061	7,843
OPERATING EXPENSES:		
Selling, general and administrative	4,222	3,426
Research and development	338	257
Total operating expenses	4,560	3,683
Income from operations	5,501	4,160
INVESTMENT INCOME	498	500
Income before income taxes	5,999	4,660
PROVISION FOR INCOME TAXES	2,235	1,690
NET INCOME	$ 3,764	$ 2,970
NET INCOME PER SHARE		
Basic	$ 0.44	$ 0.36
Diluted	$ 0.39	$ 0.33

WEIGHTED AVERAGE NUMBER OF SHARES		
Basic	8,517,750	8,344,506
Diluted	9,629,641	9,070,764

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

ICU MEDICAL, INC.
Consolidated Statements of Income
For the Six Months Ended
June 30, 2001 and June 30, 2000
(all dollar amounts in thousands except per share data)
(unaudited)

	For the Six Months Ended	
	6/30/01	6/30/00
NET SALES	$ 31,958	$ 27,872
COST OF GOODS SOLD	13,348	11,799
Gross profit	18,610	16,073
OPERATING EXPENSES:		
Selling, general and administrative	7,603	7,296
Research and development	631	498
Total operating expenses	8,234	7,794
Income from operations	10,376	8,279
INVESTMENT INCOME	1,176	993
Income before income taxes	11,552	9,272
PROVISION FOR INCOME TAXES	4,255	3,430
NET INCOME	$ 7,297	$ 5,842
NET INCOME PER SHARE		
Basic	$ 0.86	$ 0.71
Diluted	$ 0.77	$ 0.66
WEIGHTED AVERAGE NUMBER OF SHARES		
Basic	8,462,413	8,272,396
Diluted	9,516,048	8,864,762

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

ICU MEDICAL, INC.
Consolidated Statements of Cash Flows
For the Six Months Ended
June 30, 2001 and June 30, 2000
(all dollar amounts in thousands)
(unaudited)

	For the Six Months Ended	
	6/30/01	6/30/00
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 7,297	$ 5,842

Adjustments to reconcile net income to net cash provided by operating activities --		
Depreciation and amortization	2,374	2,596
Net change in current assets and current liabilities, and other	(1,779)	1,303
Net cash provided by operating activities	7,892	9,741
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(2,290)	(2,642)
Net change in liquid investments	(7,700)	(7,550)
Net cash (used in) investing activities	(9,990)	(10,192)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of stock options and related income tax benefits, and other	3,507	3,269
Purchase of treasury stock	-	(119)
Net cash provided by financing activities	3,507	3,150
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,409	2,699
CASH AND CASH EQUIVALENTS, beginning of the period	1,945	1,901
CASH AND CASH EQUIVALENTS, end of the period	$ 3,354	$ 4,600

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

ICU MEDICAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2001
(All dollar amounts in thousands)
(unaudited)

NOTE 1: The accompanying unaudited interim consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission and reflect all adjustments which are, in the opinion of Management, necessary to a fair statement of the consolidated results for the interim periods presented, which adjustments consist of only normal recurring adjustments. Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. The consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's 2000 Annual Report to Stockholders.

NOTE 2: Inventories consisted of the following:

	6/30/01	12/31/00
Raw material	$1,428	$1,050
Work in process	403	140
Finished goods	511	245
Total	$2,342	$1,435

NOTE 3: Basic net income per share is computed by dividing net income by the weighted average number of common shares outstanding. Diluted net income per share is computed by dividing net income by the weighted average number of common shares outstanding plus dilutive securities. The Company's dilutive securities are outstanding common stock options (excluding stock options with an exercise price in excess of market value), less the number of shares that could have been purchased with the proceeds from the exercise of the options, using the treasury stock method, and were 1,111,981 and 726,259 for the three months ended June 30, 2001 and June 30, 2000, respectively and 1,053,636 and 592,366 for the six months ended June 30, 2001 and June 30, 2000, respectively. Stock options of subsidiaries did not have a dilutive effect.

NOTE 4: The effective tax rate differs from that computed at the federal statutory rate of 34% principally because of the effect of state income taxes partially offset by the effect of tax-exempt investment income and state tax credits.

NOTE 5: The Company is involved in litigation with Medex, Inc. and Porex Medical Products, Inc. over patent matters and B. Braun Medical Inc. over contractual matters. See Part II, Item 1, "Legal Proceedings."

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

GENERAL

The following table sets forth the net sales by product as a percentage of total net sales for the periods indicated:

PRODUCT LINE	1998	1999	2000	Q2-00	Q2-01	YTD Q2-00	YTD Q2-01
CLAVE(R)	69%	68%	71%	70%	74%	71%	73%
CLC2000(TM)	---	1%	4%	5%	2%	4%	3%
Protected Needle Products	8%	6%	3%	3%	2%	4%	2%
Lopez Valve(R)and other	5%	4%	3%	3%	3%	4%	3%
RF100-RF150 ("Rhino")	5%	6%	5%	5%	3%	5%	4%
Custom I.V. Systems	8%	11%	12%	12%	15%	10%	14%
B.Braun SafeLine Revenue Sharing	5%	4%	2%	2%	1%	2%	1%
Total	100%	100%	100%	100%	100%	100%	100%

The Company sells its products to independent distributors and through supply and distribution agreements with Abbott Laboratories ("Abbott"), B.Braun Medical Inc. ("B.Braun"), (the "Abbott Agreements" and the "B.Braun Agreements," respectively) and certain other medical product manufacturers. Most independent distributors handle the full line of the Company's products. Abbott and B.Braun both purchase CLAVE Products, principally bulk, non-sterile connectors. Abbott also purchases the Rhino, a low-priced connector specifically designed for Abbott, and since July 1999, the CLC2000, and under an agreement signed February 27, 2001, custom I.V. sets. B.Braun also purchases the McGaw Protected Needle and pays the Company revenue sharing payments on its sales of its SafeLine products. The Company also sells certain of its products to a number of other medical product manufacturers.

The Abbott Agreements extend to December 2009. The B.Braun Agreement for CLAVE products extends to December 2002. All have extension provisions beyond those dates.

Management believes that as the healthcare provider market continues to

consolidate, the Company's success in marketing and distributing CLAVE products will depend, in part, on the Company's ability, either independently or through strategic supply and distribution arrangements, to secure long-term CLAVE contracts with major buying organizations. Further, the Company's marketing and distribution strategy may result in a significant share of the Company's revenues being concentrated among a small number of distributors and manufacturers. The loss of a strategic supply and distribution agreement with a customer or the loss of a large contract by such a customer could have a material adverse effect on operating results.

Management believes the success of the CLAVE has, and will continue to motivate others to develop one piece needleless connectors which may incorporate many of the same functional and physical characteristics as the CLAVE. The Company is aware of a number of such products. In response to competitive pressure, the Company has been reducing prices to protect and expand its market. The price reductions to date have been more than offset by increased volume. Management expects that the average price of its CLAVE products will continue to decline. There is no assurance that the Company's current or future products will be able to successfully compete with products developed by others.

The federal Needlestick Safety and Prevention Act enacted in November 2000 modified standards promulgated by the Occupational Safety and Health Administration to require employers to use needleless systems where appropriate to reduce risk of injury to employees from needlesticks. The Company believes the effect of this law will be to accelerate sales of the Company's needleless systems, although it is unable to estimate the amount or timing of such sales.

The Company has commenced two initiatives that, if successful, will reduce its dependence on its current proprietary products. It is seeking to substantially expand its custom I.V. systems business with products sold to medical product manufacturers and independent distributors. On February 27, 2001, the Company signed an agreement with Abbott under which the Company will manufacture all new custom I.V. sets for sale by Abbott, and the two companies will jointly promote the products under the name SetSource. The Company expects a significant increase in sales of custom I.V. systems once production under this agreement commences. The Company has also launched SetFinder, a separate subsidiary, which will contract with and distribute commodity-type standard I.V. sets directly to healthcare providers and to group purchasing organizations and independent dealer networks. There is no assurance that either one of these initiatives will succeed, or that the expected increases in sales under the February 2001 contract with Abbott will occur.

The Company has been taking steps to improve manufacturing efficiency principally by reducing labor costs, reducing time needed to produce an order, and minimizing investment in inventory. The original focus was on production of custom I.V. systems, which is relatively labor intensive; it has now been expanded to include all of the Company's automated and manual manufacturing operations. Substantially all manual assembly is now performed at the facility that the Company opened in December 1998 in Ensenada, Baja California, Mexico. In 1999, the Company made significant investment in automated molding and assembly equipment. Both of these steps have reduced unit production costs. Ongoing steps are aimed at increasing systems capabilities, improving manufacturing efficiency and enhancing distribution, as well as automation of the production of new products, such as the CLC2000 and the 1o2 Valve, and other products for which volume is growing. Because significant innovation is required to achieve these goals, there is no assurance that these steps will achieve the desired results.

The Company distributes products through four distribution channels. Net sales for each distribution channel were as follows:

CHANNEL	1998	1999	2000	Q2-00	Q2-01	YTD Q2-00	YTD Q2-01
Medical product manufacturers	64%	71%	74%	76%	71%	76%	70%
Independent domestic distributors	33%	25%	21%	20%	23%	21%	21%
International	3%	4%	5%	4%	5%	3%	8%
SetFinder	----	----	----	---	1%	---	1%

Total	100%	100%	100%	100%	100%	100%	100%

QUARTER ENDED JUNE 30, 2001 COMPARED TO THE SAME QUARTER LAST YEAR

NET SALES increased $3,329,000, or approximately 24%, to $16,952,000 in the second quarter of 2001, compared to $13,623,000 during the same period last year. The increase was primarily attributable to a 26% increase in sales of CLAVE Products, including custom CLAVE I.V. systems.

Net sales to Abbott in the second quarter of 2001 were $7,340,000, as compared with net sales of $7,116,000 in the second quarter of 2000. Net sales of CLAVE Products to Abbott increased to $6,354,000 in the second quarter of 2001 from $5,575,000 in the second quarter of 2000 on an increase in unit volume. Sales of the CLC2000 and Rhino declined. Abbott bought fewer CLC2000s in the second quarter to balance its inventory position. Sales of the Rhino are expected to continue to decline in the future as the market shifts to needleless technology. Based on terms of the Abbott Agreement, Management expects a substantial increase in CLAVE unit and dollar sales volume with Abbott in 2001, although there is no assurance as to the amount or timing of such an increase.

Net sales to B. Braun, including revenue sharing, amounted to $4,547,000 in the second quarter of 2001, as compared with $3,212,000 in the second quarter of 2000. Net sales of CLAVE Products increased $1,353,000 because of increased unit volume. Estimated revenue sharing payments due on B.Braun sales of its SafeLine products and sales of McGaw Protected Needle both decreased from last year. Notwithstanding the increase in the second quarter of 2001, year-to-date sales of CLAVE Products is less than for the comparable period in 2000 and Management does not expect the annual sales for 2001 to reach the level achieved in 2000. Management expects net sales of the McGaw Protected Needle will continue to decline as the market for safe connectors continues its shift to needleless technology. Management expects that SafeLine revenue sharing payments will continue, although it is unable to accurately forecast such amounts; the SafeLine Agreement was recently extended to December 2001.

Net sales to independent domestic distributors increased approximately 40% from $2,779,000 in 2000 to $3,896,000 in 2001. This is attributed to a 59% increase in custom I.V. systems sales and a 15% increase in net sales of standard CLAVE Products. Management expects a decrease in the net sales of standard CLAVE Products to the independent distributors for the balance of 2001, but expects that the decrease will be at least partially offset by sales of custom I.V. systems and new products such as the CLC2000 and the 1o2 Valve(TM), as well as continuing increases in net sales of the Lopez Valve. However, there is no assurance that the Company will achieve increased net sales to independent domestic distributors in the future. Further, the ability of the independent distributors to sustain or increase their sales may be impacted by competition from existing and new competitive products or acquisition of market share by Abbott and B.Braun. Management expects to encounter continued pricing pressure from individual end users, and expects continued declines in net prices to the independent distributors.

Total sales to foreign distributors were $920,000 in the second quarter of 2001, as compared with $491,000 in the second quarter of 2000. (Those amounts do not include distribution in Canada.) The Company now has distribution arrangements in all of the principal countries in Western Europe, the Pacific Rim and South America, and in South Africa. Management expects that its sales to foreign customers will continue to increase in the future, although there is no assurance that those expectations will be realized.

In the fourth quarter of 1999, the Company launched SetFinder, doing business as SETFINDER.COM. Net sales of SetFinder to date have not been significant. The Company believes that, in time, a major portion of the sales of disposable medical products will be initiated on the internet, although the transition to the internet has been slow so far. The Company has spent a significant effort on the launch and development of SetFinder, although it has temporarily curtailed internet related marketing activities until market opportunities expand. There is no assurance that SetFinder will achieve significant sales and the amount of future operating profits or losses of SetFinder is dependent upon the future development of the SetFinder business, the outcome of which is not known at this time.

Total net sales of CLAVE Products (excluding custom CLAVE I.V. systems) increased from $9,501,000 in the second quarter of 2000 to $12,296,000 in the second quarter of 2001, or 29%. The increase in unit shipments was approximately 56%, most of which was accounted for by medical products manufacturers. Aggregate average net selling prices decreased approximately 17% on a year-to-year basis in response to market pressures and because a greater proportion of sales were the lower priced bulk non-sterile CLAVEs sold to medical products manufacturers.

In November 1997, the Company commenced marketing the CLC2000, a one piece, swabable connector, engineered to prevent the back-flow of blood into the catheter. Net sales during the introductory period, which extended through most of 1999, were not significant, but sales to Abbott and the independent domestic distributors started to accelerate in late 1999. Abbott accounted for over half the net sales of the CLC2000 in the first quarter of 2001, but purchased only a small amount in the second quarter of 2001, as it balanced its inventory position, and causing the decline in CLC 2000 sales in the second quarter of 2001. Management expects continued increases in CLC2000 sales, but there is no assurance as to the amount or timing of future CLC2000 sales.

Net sales of Click Lock and Piggy Lock were virtually unchanged in the second quarter of 2001 compared to the same period last year. Management expects continued decline in these sales as the safe connector market continues its shift to needleless technology.

Net sales of the Lopez Valve in the second quarter of 2001 increased approximately 46% over the second quarter last year. Management expects that net sales of the Lopez Valve will increase for the second half of 2001 on increased shipments to independent distributors.

Net sales of custom I.V. systems increased to $2,464,000 in the second quarter of 2001, as compared with $1,575,000 in the second quarter of 2000. Unit sales increased approximately 54%, with most of that increase attributed to sales to independent domestic distributors.

In November 1998, the Company introduced the 1o2 Valve, the first one-way or two-way drug delivery system. After overcoming initial delays in production, the Company re-launched the product in January 2000. Sales to date have not been significant, and there is no assurance as to the amount or timing of future 1o2 Valve sales.

Historically, the Company has experienced lower usage of its products in the summer months due to lower censuses in healthcare facilities. That would generally cause the Company's sales in the second and third quarters of the year to be lower than sales in the first and fourth quarters. Since 1995, there have been significant departures from that pattern because significant increases in sales volumes with Abbott and B.Braun have often offset the expected seasonal sales decline. Further, those medical product manufacturers order bulk non-sterile product many months before sale to the healthcare facility to allow for normal manufacturing lead-times. Thus, Management believes that the large percentage of sales to medical product manufacturers could lead to non-seasonal quarterly fluctuations in net sales because their ordering patterns may not directly reflect their current sales volumes.

GROSS MARGIN was 59% during the second quarter of 2001 compared to 58% during the same period last year. Increases in production volume resulted in greater absorption of overhead, and that coupled with the benefits of capital equipment added in 1999 offset the effect of lower average selling prices. Management expects that gross margins for custom I.V. systems, SetFinder products and certain other manually assembled products will be lower than those historically recorded by the Company because their production is relatively labor intensive. The Company expects that its unit production costs will continue to decrease in 2001, but that the gross margin percentage will be slightly lower than that achieved in the second quarter of 2001 as average unit sales prices continue to decrease, and manually assembled products become a greater percentage of the Company's sales.

Electrical energy costs at the Company's manufacturing facilities in the second quarter of 2001 moderated somewhat from the first quarter of 2001, but were still approximately three times what they were in the first quarter of 2000, the last quarter before the sharp rate increase experienced since May 2000. Most of the increase was because of rate increases. Electrical energy

costs were approximately 1.3% of sales in the second quarter of 2001, down from 2% of sales in the first quarter of 2001. Management expects a continuation of increased costs through 2001, although Management is unable to predict what those costs will be. There has been no interruption in service. There is currently significant uncertainty as to the future cost and availability of electrical energy in California, especially over the summer months of 2001. Any further significant increase in electrical costs or a significant interruption in service could have an adverse effect on the Company.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES ("SG&A"), excluding research and development expenses, increased 23% to $4,222,000, and was approximately 25% of sales in both years. The spending increase was principally for litigation costs and administrative costs. Sales and marketing costs increased, but decreased as a percentage of net sales. Management expects that SG&A will be a higher percentage of net sales for the balance of 2001, and that for the entire year 2001 it will approximate the same percentage of sales as it was in 2000.

RESEARCH AND DEVELOPMENT EXPENSES ("R&D") increased in the second quarter of 2001 as compared with the second quarter of 2000. This is principally because of increased work on clinical evaluations of the new CLC2000 and continued work on software development for the custom I.V. systems business, in addition to work on new products. Management expects R&D expense to continue to increase later in 2001 but to be approximately the same percentage of annual sales as it was in the second quarter of 2001; however, there is no assurance that such costs will not differ materially from current estimates or that the R&D will be completed as expected.

INCOME FROM OPERATIONS increased $1,341,000 or 32% and was 32% of net sales in the second quarter of 2001, as compared with 31% in the second quarter of 2000. Gross profit increased $2,218,000 while operating expenses increased only $877,000.

INVESTMENT INCOME was virtually unchanged notwithstanding the increase in the investment portfolio, because of declines in interest rates since the beginning of 2001.

NET INCOME increased 27% to $3,764,000 in the second quarter of 2001 as compared with $2,970,000 in the comparable period last year. NET INCOME PER SHARE - DILUTED increased 18% to $0.39 in the second quarter of 2001. The percentage increase was less than that for net income because there were more shares outstanding and there were more dilutive shares as a result of the higher market price of the Company's common stock.

SIX MONTHS ENDED JUNE 30, 2001 COMPARED TO THE SAME SIX MONTHS LAST YEAR

NET SALES increased $4,086,000, or approximately 15%, to $31,958,000 in the first six months of 2001 compared to $27,872,000 during the same period last year. The increase was primarily attributable to increased sales of CLAVE Products and custom CLAVE I.V. sets.

GROSS MARGIN was 58% during the first six months of 2001 and 2000. Although average selling prices have continued to decrease over the first six months of 2001, this was offset by a decrease in unit manufacturing costs. Electrical energy costs at the Company's manufacturing facilities in the first half of 2001 were about 2.5 times what they were in the first half of 2000, with the increase principally because of rate increases, and were approximately 1.6% of net sales, although both decreased as a percentage of sales.

SG&A excluding research and development expenses, increased by $307,000 to $7,603,000, and decreased as a percentage of net sales to 24% during the first half of 2001 compared to 26% during the first half of 2000. The spending increase was principally for sales and marketing costs and other administrative expenses, although both decreased as a percentage of sales.

R&D increased for the first half of 2001 for the same reasons as it increased in the second quarter of 2001.

INCOME FROM OPERATIONS increased $2,097,000, or 25%, principally because of the increase in net sales and the reduction, as a percentage of net

sales, in operating expenses.

INVESTMENT INCOME increased $183,000, or 18%, over the first half of 2000. The increase in income was less than the increase in the investment portfolio because of the effect of declines in interest rates since the beginning of 2001.

NET INCOME increased $1,455,000, or 25%, NET INCOME PER SHARE - DILUTED increased 17%, a lower percentage than the increase in net income because of an increase in both the weighted average number of shares outstanding and the dilutive effect of stock options.

LIQUIDITY AND CAPITAL RESOURCES

During the six months ended June 30, 2001, the Company's cash and cash equivalents and investment securities position increased $9,109,000 to $59,895,000 from $50,786,000 at December 31, 2000. Cash provided by operating activities and the exercise of stock options was partially offset by the cost of additions to property and equipment.

Management expects that sales of the Company's products will continue to grow in 2001. If sales continue to increase, accounts receivable and inventories are expected to increase as well. As a result of these and other factors, including increased capital expenditures, the Company's working capital requirements may increase in the foreseeable future.

Management currently expects that capital expenditures for property and equipment will be between approximately $4 million and $6 million in 2001 principally for production tooling for capacity expansion and new products.

The Company has not purchased treasury stock since October 1999, except for a small amount in March 2000. It may purchase additional shares in the future. However, future acquisitions, if any, will depend on market conditions and other factors.

The Company believes that its existing working capital, supplemented by income from operations, will be sufficient to fund capital expenditures and increased working capital requirements for the foreseeable future.

FORWARD LOOKING STATEMENTS

Various portions of this Report, including this Management's Discussion and Analysis, describe trends in the Company's business and finances that Management perceives and state some of its expectations and beliefs about the Company's future. These statements about the future are "forward looking statements," and the Company identifies them by using words such as "believes," "expects," "estimates," "plans," "will," "continue," "could," and by similar expressions and statements about aims, goals and plans. The forward looking statements are based on the best information currently available to Management and assumptions that Management believes are reasonable, but Management does not intend the statements to be representations as to future results. They include, among other things, statements about:

- future operating results and various elements of operating results, including sales and unit volumes of products, future increases in sales of custom I.V. systems, SafeLine revenue share, production costs, gross margins, SG&A, and R&D;
- factors affecting operating results, such as shipments to specific customers, product mix, seasonality of sales, selling prices, the market shift to needleless products, impact of safety legislation on buying patterns, achievement of business expansion goals, development of innovative systems capabilities, sales of new products, sales initiated on the internet, direct sales of standard I.V. sets, manufacturing efficiencies, labor costs, unit production costs, electrical energy costs and availability, production automation, and expansion of markets;
- new or extended contracts with manufacturers and buying organizations and dependence on a small number of customers;

- outcome of litigation;
- competitive and market factors, including continuing development of competing products by other manufacturers, consolidation of the healthcare provider market and downward pressure on selling prices; and
- working capital requirements, changes in accounts receivable and inventories, capital expenditures and common stock repurchases.

The kinds of statements described above and similar forward looking statements about the Company's future performance are subject to a number of risks and uncertainties which one should consider in evaluating the statements. First, one should consider the factors and risks described in the statements themselves. Those factors are uncertain, and if one or more of them turn out differently than Management currently expects, the Company's operating results may differ materially from Management's current expectations.

Second, one should read the forward looking statements in conjunction with the Risk Factors in the Company's Current Report on Form 8-K to the Securities and Exchange Commission dated November 5, 1999 which is incorporated by reference.

Third, the Company's actual future operating results are subject to other important factors that the Company cannot predict or control, including among others the following:

- general economic and business conditions;
- the effect of price and safety considerations on the healthcare industry;
- competitive factors, such as product innovation, new technologies, marketing and distribution strength and price erosion;
- unanticipated market shifts and trends;
- the impact of legislation affecting government reimbursement of healthcare costs;
- changes by the Company's major customers and independent distributors in their strategies that might affect their efforts to market the Company's products or products incorporating the Company's products;
- unanticipated production problems; and
- the availability of patent protection and the cost of enforcing and of defending patent claims.

The Company disclaims any obligation to update the statements or to announce publicly the result of any revision to any of the statements contained herein to reflect future events or developments.

PART II
OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In an action filed July 19, 1999, entitled Medex, Inc. v. ICU Medical, Inc. pending in the United States District Court for the Southern District of Ohio, Eastern Division, and served on the Company on November 4, 1999, Medex alleges that ICU Medical infringes one of its patents by the manufacture and sale of the CLAVE connector, and Medex seeks monetary damages and injunctive relief. The Company believes the suit against it is without merit and has been vigorously defending itself in the action. On July 29, 1999, the Company brought an action entitled ICU Medical, Inc. v. Medex, Inc. in the United States District Court for the Central District of California against Medex, Inc. for infringing several patents of the Company by the manufacture and sale of certain blood access devices. The Company seeks monetary damages and injunctive relief. The Company intends to vigorously pursue this matter.

In an action filed May 24, 2001, entitled Porex Medical Products, Inc. v. ICU Medical, Inc. pending in the United States District Court for the Central District of California, Porex alleges that ICU Medical infringes one of its patents by the offering for sale and selling the CLC 2000, and Porex seeks monetary damages and injunctive relief. The Company believes the suit against it

is without merit and the Company intends to vigorously defend itself in the action.

In an action filed June 29, 2001, entitled ICU Medical, Inc. v. B. Braun Medical, Inc. pending in the Superior Court of the State of California, County of Orange, the Company is seeking certain judicial declarations concerning a controversy over each of the parties rights, duties and obligations under the Manufacture and Supply Agreement for CLAVE Products. No monetary damages are sought. Each party has indicated a willingness to attempt a negotiated resolution.

The Company is from time to time involved in various other legal proceedings, either as a defendant or plaintiff, most of which are routine litigation in the normal course of business. The Company believes that the resolution of the legal proceedings in which it is involved will not have a material adverse effect on the Company's financial position or results of operations.

ITEM 2. CHANGES IN SECURITIES

Inapplicable

ITEM 3. DEFAULT UPON SENIOR SECURITIES

Inapplicable

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The following is a description of matters submitted to a vote or Registrant's stockholders at its annual Meeting of Stockholders held on April 27, 2001:

A. George A. Lopez, M.D. and Robert S. Swinnney, M.D. were elected as directors to hold office until the 2004 Annual Meeting. Votes cast for and withheld with respect to the nominee were as follows:

	Votes For	Votes Withheld
George A. Lopez, M.D.	7,570,246	611,079
Robert S. Swinnney, M.D.	7,928,422	252,903

The terms of the following directors were continued after the Annual Meeting: Jack W. Brown, John J. Connors, Michael T. Kovalchik, III, M.D., Richard H. Sherman, M.D.

B. A brief description of each other matter voted upon at the meeting and votes cast for, against and abstentions and broker non-votes as to each such matter is as follows:

	For	Against	Abstain	Broker Non-Vote
Proposal to ratify the selection of Arthur Andersen LLP as auditors for Registrant	8,148,423	25,815	6,987	0

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits: None
(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.

ICU Medical, Inc.
(Registrant)

/s/ Francis J. O'Brien

Francis J. O'Brien
Chief Financial Officer
(Principal Financial Officer and)
Chief Accounting Officer)

Date: August 14, 2001