UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTER ENDED SEPTEMBER 30, 1998

COMMISSION FILE NUMBER 0-20165

STERIS CORPORATION
(Exact name of registrant as specified in its charter)

OHIO	34-1482024
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
5960 HEISLEY ROAD, MENTOR, OHIO 44060-1834	440-354-2600
(Address of principal executive offices)	(Registrant's telephone number including area code)

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 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 [X] No [ ].

The number of Common Shares outstanding as of September 30, 1998: 68,277,909

PART I FINANCIAL INFORMATION

STERIS CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEETS
(IN THOUSANDS) (UNAUDITED)

	SEPTEMBER 30, 1998	MARCH 31, 1998
ASSETS		
Current assets:		
Cash and cash equivalents	$ 25,077	$ 17,172
Accounts receivable	196,599	203,992
Inventories	110,619	87,405
Current portion of deferred income taxes	25,354	23,609
Prepaid expenses and other assets	15,301	12,154
TOTAL CURRENT ASSETS	372,950	344,332
Property, plant, and equipment	322,394	289,658
Accumulated depreciation	(97,613)	(84,366)
Net property, plant, and equipment	224,781	205,292
Intangibles	282,047	240,488
Accumulated amortization	(69,289)	(66,516)
Net intangibles	212,758	173,972
Deferred income taxes	11,726	5,710
Other assets	2,817	3,019
TOTAL ASSETS	$ 825,032	$ 732,325
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term indebtedness	$ 2,200	$ 2,200
Accounts payable	37,514	37,213
Accrued expenses and other	136,519	130,241
TOTAL CURRENT LIABILITIES	176,233	169,654
Long-term indebtedness	202,250	152,879
Other liabilities	51,341	50,840
TOTAL LIABILITIES	429,824	373,373
Shareholders' equity:		
Serial preferred shares, without par value, 3,000 shares authorized; no shares outstanding		
Common Shares, without par value, 300,000 shares authorized; issued and outstanding shares of 68,278 at September 30, 1998 and 68,020 at March 31, 1998, excluding 201 and 458 treasury shares, respectively	233,616	230,477
Retained earnings	168,125	135,009
Cumulative translation adjustment	(6,533)	(6,534)
TOTAL SHAREHOLDERS' EQUITY	395,208	358,952
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 825,032	$ 732,325

See notes to consolidated condensed financial statements.

STERIS CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS) (UNAUDITED)

	THREE MONTHS ENDED SEPTEMBER 30		SIX MONTHS ENDED SEPTEMBER 30	
	1998	1997	1998	1997
Net revenues	$ 191,125	$ 173,383	$ 364,900	$ 328,517
Cost of goods and services sold	101,621	95,196	194,082	183,496
Gross profit	89,504	78,187	170,818	145,021
Costs and expenses:				
Selling, informational, and administrative	50,693	46,573	100,224	87,716
Research and development	6,074	5,974	12,103	11,930
	56,767	52,547	112,327	99,646
Income from operations	32,737	25,640	58,491	45,375
Interest expense	(2,325)	(873)	(4,719)	(1,395)
Interest income and other	360	315	515	375
Income before income taxes	30,772	25,082	54,287	44,355
Income tax expense	12,001	9,773	21,171	17,299
Net income	$ 18,771	$ 15,309	$ 33,116	$ 27,056
Net income per share - basic	$ 0.27	$ 0.23	$ 0.49	$ 0.40
Net income per share - diluted	$ 0.27	$ 0.22	$ 0.47	$ 0.39

See notes to consolidated condensed financial statements.

STERIS CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(IN THOUSANDS) (UNAUDITED)

	SIX MONTHS ENDED SEPTEMBER 30	
	1998	1997
OPERATING ACTIVITIES		
Net income	$ 33,116	$ 27,056
Adjustments to reconcile net income to		
net cash provided by operating activities:		
Depreciation and amortization	15,225	10,129
Deferred income taxes	(7,761)	525
Other items	(1,776)	(2,180)
Changes in operating assets and liabilities:		
Accounts receivable	12,037	(5,355)
Inventories	(20,329)	(7,209)
Other assets	(2,135)	143
Accounts payable and accruals	(1,533)	(17,964)
NET CASH PROVIDED BY OPERATING ACTIVITIES	26,844	5,145
INVESTING ACTIVITIES		
Purchases of property, plant, equipment, and patents	(31,458)	(13,722)
Investment in businesses	(39,992)	(126,505)
Sale of assets	0	35,577
Proceeds from sales of marketable securities	0	2,044
NET CASH USED IN INVESTING ACTIVITIES	(71,450)	(102,606)
FINANCING ACTIVITIES		
Payments on long-term obligations	(589)	(62)
Borrowing under credit facility	50,000	110,000
Purchase of treasury shares	(2,495)	(2,386)
Proceeds from exercise of stock options	2,937	3,624
Tax benefits from exercise of stock options	2,657	1,008
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	52,510	112,184
Effect of exchange rate changes on cash and cash equivalents	1	516
INCREASE IN CASH AND CASH EQUIVALENTS	7,905	15,239
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	17,172	20,576
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 25,077	$ 35,815

See notes to consolidated condensed financial statements.

STERIS CORPORATION

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS) (UNAUDITED)

PERIODS ENDED SEPTEMBER 30, 1998 AND 1997

A. - REPORTING ENTITY

STERIS Corporation (the "Company" or "STERIS") develops, manufactures, and markets infection prevention, contamination prevention, microbial reduction, and surgical support systems, products, services, and technologies for healthcare, scientific, research, food, and industrial Customers throughout the world. The Company has over 4,500 Associates (employees) worldwide, including more than 1,700 direct sales, service, and field support personnel. Customer Support facilities are located in major global market centers with manufacturing operations in the United States, Canada, Germany, and Finland. STERIS operates in a single business segment.

B. - BASIS OF PRESENTATION

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q; they do not include all of the information and footnotes required by generally accepted accounting principles for complete audited financial statements. Accordingly, the reader of these financial statements may wish to refer to the audited consolidated financial statements of STERIS filed with the Securities and Exchange Commission as part of STERIS's Form 10-K for the year ended March 31, 1998.

The accompanying consolidated condensed financial statements have been prepared in accordance with STERIS's customary accounting practices and have not been audited. Management believes that the financial information included herein reflects all adjustments necessary for a fair presentation of interim results and all such adjustments are of a normal and recurring nature. The interim results reported are not necessarily indicative of the results to be expected for the fiscal year ending March 31, 1999.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Intercompany accounts and transactions have been eliminated upon consolidation. Certain reclassifications have been made to the Company's prior year financial statements to agree with current year classifications.

STERIS CORPORATION

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS) (UNAUDITED)

C. - EARNINGS PER SHARE

Following is a summary, in thousands, of Common Shares and Common Share equivalents outstanding used in the calculations of earnings per share:

	THREE MONTHS ENDED SEPTEMBER 30		SIX MONTHS ENDED SEPTEMBER 30	
	1998	1997	1998	1997
Weighted average Common Shares outstanding - basic	68,326	67,980	68,222	67,925
Dilutive effect of stock options	2,429	2,290	2,496	2,166
Weighted average Common Shares and equivalents - diluted	70,755	70,270	70,718	70,091

On July 28, 1998, the Company announced a 2-for-1 stock split by means of a 100% stock dividend on STERIS Common Shares. The stock split was effective August 24, 1998 to shareholders of record on August 10, 1998. The net income per common share and the weighted average number of common shares outstanding as well as number of shares issued and outstanding for all periods shown on the Consolidated Condensed Financial Statements and footnotes have been adjusted to reflect this stock split.

D. - COMPREHENSIVE INCOME

Comprehensive income amounted to $19,434 and $14,887, net of tax, for the quarters ended September 30, 1998 and 1997, respectively, an increase of 30.5%. Comprehensive income amounted to $33,117 and $27,572, net of tax, for the six months ended September 30, 1998 and 1997, respectively, an increase of 20.1%. The difference between net income and comprehensive income is the changes in cumulative translation adjustment for the periods presented.

STERIS CORPORATION

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS) (UNAUDITED)

E. - INVENTORIES

Inventories were as follows:

	SEPTEMBER 30, 1998	MARCH 31, 1998
Raw material	$42,071	$33,007
Work in process	24,982	17,666
Finished goods	43,566	36,732
	$110,619	$87,405

The increase in inventories was due to an increase in the necessary stock levels to support product sales and anticipated future product sales, along with the acquisition of businesses.

F. - FINANCING

During the first fiscal quarter 1998, STERIS increased the amount available for borrowing under its unsecured revolving Credit Facility from $125,000 to $215,000. The amended Credit Facility expires September 30, 2001 and may be used for general corporate purposes. Loans under the Credit Facility will bear interest, at STERIS's option, at either KeyBank National Association's prime rate or LIBOR rates plus 0.25 percent to 0.35 percent. The Credit Facility contains customary covenants which include maintenance of certain financial ratios. Outstanding borrowings under the Credit Facility were $195,000 at September 30, 1998.

The Company has now repurchased 1.7 million Common Shares as a part of its previously announced open market buy-back program.

G. - CONTINGENCIES

There are various pending lawsuits and claims arising out of the conduct of STERIS's business. In the opinion of management, the ultimate outcome of these lawsuits and claims will not have a material adverse effect on STERIS's consolidated financial position or results of operations. STERIS presently maintains product liability insurance coverage in amounts and with deductibles that it believes are prudent.

The Company employs approximately 600 persons who are covered by domestic collective bargaining agreements. Approximately 500 of these Associates are covered by agreements that will expire before June 30, 1999. Management considers its relationship with these Associates to be good.

STERIS CORPORATION

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS) (UNAUDITED)

H. - ACQUISITIONS

In late September 1998, the Company completed the acquisition of Hausted Inc. Hausted is a leading provider of mobile systems for surgical and diagnostic patient positioning and transport. The acquisition has been accounted for as a purchase transaction. Early in the third quarter fiscal 1999, the Company acquired the assets of Royal Sterilization Systems of Arizona. The business, located in Nogales, Arizona, currently provides contract sterilization and microbial reduction services to producers of medical devices in the Southwestern United States and Mexico.

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

RESULTS OF OPERATIONS

Net revenue increased by 10.2% to $191.1 million in the second quarter fiscal 1999 from $173.4 million in the second quarter fiscal 1998. Net revenue increased by 11.1% to $364.9 million in the first six months of fiscal 1999 from $328.5 million in the same period in fiscal 1998. Revenues in North America in the fiscal second quarter were $169.3 million, an increase of 15.9% from the same prior year period. International revenues were $21.8 million, a decline of $5.5 million, or 20.3%, from last year's second quarter. Revenues in North America in the first six months of fiscal 1999 were $325.5 million, an increase of 16.1% from the same prior year period. International revenues were $39.4 million, a decrease of $8.8 million, or 18.3%, from the same prior year period. Revenues from consumables and services were 53.5% of sales for the quarter, up from 50.5% last year. Revenues of the North America Healthcare Division grew by 13.7% in the fiscal second quarter, highlighted by an increase of 19.9% in infection prevention revenues to $100.5 million. Surgical Support revenues in the North America Healthcare Division were essentially the same as the prior year fiscal second quarter but were 31.8% higher than this year's first quarter. Exclusive of a discontinued, low margin, private label product line from a prior acquisition, the Division's Surgical Support second quarter revenues increased by $1.5 million, or 4.4%, from the second quarter last year. Revenues of the North America Healthcare Division grew by 14.1% in the first six months of fiscal 1999, from the same prior year period. Scientific, Management Services, and Other revenue increased by 12.9% to $48.1 million in the second quarter fiscal 1999 from $42.6 million in the second quarter fiscal 1998. The Scientific Division's North America fiscal second quarter sales increased by 26.3% from the prior year to $32.4 million. Included were a 29.2% increase in sales of scientific systems and products and a 22.6% increase in management services. Scientific, Management Services, and Other revenue increased by 18.9% to $91.0 million in the first six months of fiscal 1999 from $76.5 million in the same period in fiscal 1998. The Scientific Division's North America first six months of fiscal 1999 sales increased by 25.8% from the prior year to $62.2 million.

The costs of products and services sold increased by 6.7% to $101.6 million in the second quarter fiscal 1999 from $95.2 million in the second quarter fiscal 1998. The costs of products and services sold increased by 5.8% to $194.1 million for the first six months of fiscal 1999 from $183.5 million for the first six months of fiscal 1998. The cost of products and services sold as a percentage of net revenue was 53.2% for the second quarter fiscal 1999 compared to 54.9% for the same period in fiscal 1998. The decrease in the cost of products and services sold as a percentage of net revenue for the second quarter fiscal 1999 resulted principally from the increased percentage of revenues from higher margin consumables, accessories, and services, and the product expansion and expense reduction synergies from the effective integration of acquired businesses.

Selling, informational, and administrative expenses increased by 8.8% to $50.7 million in the second quarter fiscal 1999 from $46.6 million in the second quarter fiscal 1998. Selling, informational, and administrative expenses increased by 14.3% to $100.2 million in the first six months of fiscal 1999 from $87.7 million in the same period of fiscal 1998. The expenses as a percentage of net revenue decreased to 26.5% in the second quarter fiscal 1999 from 26.8% in the second quarter fiscal 1998. The increase was attributable to the continued investments in customer support systems, information technology systems, and to support the increased level of business.

Research and development expenses increased by 1.7% to $6.1 million in the second quarter fiscal 1999 from $6.0 million in the second quarter fiscal 1998. Research and development expenses increased by 1.5% to $12.1 million in the first six months of fiscal 1999 from $11.9 million in the same period fiscal 1998.

Interest expense increased by 166.3% to $2.3 million in the second quarter fiscal 1999 from $0.9 million in the second quarter fiscal 1998. Interest expense increased by 238.3% to $4.7 million in the first six months of fiscal 1999 from $1.4 million in the same period fiscal 1998. The increase was due to the additional borrowing under the Credit Facility for the purchase of acquired companies.

Net income for the second quarter of fiscal 1999 increased by 22.6% to $18.8 million ($.27 per share) from $15.3 million ($.22 per share) in the same period fiscal 1998. Net income for the first six months of fiscal 1999 increased by 22.4% to $33.1 million ($.47 per share) from $27.1 million ($.39 per share) in the same period fiscal 1998.

LIQUIDITY AND CAPITAL RESOURCES

The Company had $25.1 million in cash and cash equivalents as of September 30, 1998, compared to $17.2 million of the same at March 31, 1998. The increase was primarily attributable to cash received from operations , borrowings, and the exercise of stock options and partially offset by the cash used for acquisitions of businesses and purchases of property, plant, and equipment.

Accounts receivable decreased by 3.6% to $196.6 million as of September 30, 1998, compared to $204.0 million at March 31, 1998. The decrease resulted from increased collections.

Inventory increased by 26.6% to $110.6 million as of September 30, 1998, compared to $87.4 million at March 31, 1998. The increase was due to an increase in the necessary stock levels to support product sales and anticipated future product sales, along with the acquisition of businesses.

Prepaid expenses and other assets increased by 25.9% to $15.3 million as of September 30, 1998, compared to $12.2 million at March 31, 1998. The increase was mainly due to the increase in supplies and the acquisition of Hausted.

Property, plant, and equipment increased by 11.3% to $322.4 million as of September 30, 1998, compared to $289.7 million at March 31, 1998. The increase was due to investments in informational technology systems, manufacturing equipment, and distribution systems.

Intangibles increased by 17.3% to $282.0 million as of September 30, 1998, compared to $240.5 million at March 31, 1998. The increase was primarily a result of the acquisition of Hausted.

Noncurrent deferred income taxes increased by 105.4% to $11.7 million as of September 30, 1998, compared to $5.7 million at March 31, 1998. The increase was due to the acquisition of businesses and other.

Current liabilities increased by 3.9% to $176.2 as of September 30, 1998, compared to $169.7 million at March 31, 1998. The increase was due to the acquisition of businesses and other.

Long-term indebtedness increased by 32.3% to $202.3 million as of September 30, 1998, compared to $152.9 at March 31, 1998. The increase was due to the borrowing to acquire businesses.

Other liabilities were $51.3 million as of September 30, 1998, compared to $50.8 million of the same at March 31, 1998. The increase was due to periodic accruals.

During the first fiscal quarter 1998, STERIS increased the amount available for borrowing under its unsecured revolving Credit Facility from $125 million to $215 million. The amended Credit Facility expires September 30, 2001 and may be used for general corporate purposes. Loans under the Credit Facility will bear interest, at STERIS's option, at either KeyBank National Association's prime rate or LIBOR rates plus 0.25 percent to 0.35 percent. The Credit Facility contains customary covenants which include maintenance of certain financial ratios. Outstanding borrowing under the Credit Facility was $195 million at September 30, 1998.

The Company has no material commitments for capital expenditures. The Company believes that its cash requirements will increase due to increased sales requiring more working capital, accelerated research and development, and potential acquisitions or investments in complementary businesses. However, the Company believes that its available cash, cash flow from operations, and sources of credit will be adequate to satisfy its capital needs for the foreseeable future.

CONTINGENCIES

For a discussion of contingencies, see Note G to the consolidated condensed financial statements.

SEASONALITY

Historical data indicates that financial results of acquired businesses were subject to recurring seasonal fluctuations. A number of factors have contributed to the seasonal patterns, including sales promotion and compensation programs, customer buying patterns of capital equipment, and international business practices. Sales and profitability of certain of the acquired and consolidated product lines have historically been disproportionately weighted toward the latter part of each quarter and each fiscal year. Various changes in business practices resulting from the integration of acquired businesses into STERIS, including the change to a March ending fiscal year, may alter the historical patterns of the previously independent businesses.

YEAR 2000 DATE CONVERSION

An issue affecting STERIS and most other companies is how computer systems and applications recognize and process date-sensitive information. Some older computer programs were written using two digits rather than four to define the applicable year. As a result, those computer programs have time-sensitive software that recognize a date using "00" as the year 1900 rather than the year 2000. Without corrective actions, this could cause a system failure or miscalculations causing disruptions of operations, including, among other things, a temporary inability to process transactions, send invoices, or engage in similar normal business activities.

The Company has investigated the impact of the year 2000 issue on its products and does not anticipate any effect on the performance of its products. The Company is in the process of assessing and implementing necessary changes for all areas of the Company's business which could be impacted; these include such areas as business computer systems, technical infrastructure, plant floor equipment, building infrastructure, end-user computing, and suppliers. The Company has initiated a project to prepare its computer systems for the year 2000 and is addressing the year 2000 issues. The Company has implemented year 2000 compliant systems in a number of areas, including order entry systems. The Company plans to have necessary modifications made to its other critical systems and applications by the end of 1998 and to complete testing by 1999. The Company, however, has little direct control over whether its suppliers will make the appropriate modifications to their systems and applications on a timely basis. The Company is implementing a vendor compliance program.

Operating expenses include costs incurred in preparing systems and applications for the year 2000. The Company expects to incur internal staff costs as well as outside services (including consultants) and other expenses related to the conversion and testing of the systems and applications. These costs, which are expensed as incurred, have been immaterial to date. Based on assessments completed to date and compliance plans in process, the Company does not expect that the year 2000 issues will have a material effect on its business operations or results of operations. However, if appropriate modifications are not made by the Company's suppliers on a timely basis, or if the Company's actual costs or timing for the year 2000 conversion differ materially from its present estimates, the Company's operations and financial results could be significantly affected.

FORWARD-LOOKING INFORMATION

This Form 10-Q contains statements concerning certain trends and other forward-looking information affecting or relating to the Company and its industry that are intended to qualify for the protections afforded "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. There are many important factors that could cause actual results to differ materially from those in the forward-looking statements. Many of these important factors are outside STERIS's control. Changes in market conditions, including competitive factors and changes in government regulations, could cause actual results to differ materially from the Company's expectations. No assurance can be provided as to any future financial results. Other potentially negative factors that could cause actual results to differ materially from those in the forward-looking statements include (a) the possibility that the continuing integration of acquired businesses will take longer than anticipated, (b) the potential for increased pressure on pricing that leads to erosion in profit margins, (c) the possibility that market demand will not develop for new technologies, products, and applications, (d) the potential effects of fluctuations in foreign currencies, (e) the potential that the impact of weakened currencies in Southeast Asia could spread to countries where the Company does a sizable amount of business, and (f) the possibility of reduced demand, or reductions in the rate of growth in demand, for the Company's products.

PART II OTHER INFORMATION

ITEM 1 LEGAL PROCEEDINGS

Reference is made to Part I, Item 1., Note G of this Report on Form 10-Q, which is incorporated herein by reference.

ITEM 6 EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
27.1	Financial Data Schedule

(b) REPORTS ON FORM 8-K

Item 5. Other Events. On August 24, 1998, STERIS Corporation effected a two-for-one split of the Company's common shares through a 100% stock dividend at the rate of one common share for each common share held by shareholders of record on August 10, 1998.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits. With respect to the August 24, 1998 stock split, STERIS filed the press release "STERIS Reports Record Fiscal First Quarter Results; Announces 2-for-1 Stock Split" dated July 28, 1998.

SIGNATURE

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.

STERIS Corporation
(Registrant)

/s/ Michael A. Keresman, III

Michael A. Keresman, III
Chief Financial Officer and
Senior Vice President
(Principal Financial Officer)
November 13, 1998

6-MOS
MAR-31-1999
SEP-30-1998
25,077
0
196,599
0
110,619
372,950
322,394
(97,613)
825,032
176,233
0
0
0
233,616
161,592
825,032
364,900
364,900
194,082
194,082
0
0
4,719
54,287
21,171
33,116
0
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33,116
0.49
0.47