SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A

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

Date of Report (Date of earliest event reported): September 17, 1997

Commission file number: 0-20165

STERIS CORPORATION
(Exact Name of Registrant as Specified in its Charter)

Ohio	34-1482024
(State of Incorporation)	(IRS Employer Identification No.)

5960 Heisley Road, Mentor, Ohio 44060
(Address, Including Zip Code, of Principal Executive Offices)

(440) 354-2600
(Registrant's Telephone Number, Including Area Code)

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS.

(a)-(b) On September 17, 1997, STERIS Corporation ("STERIS") purchased shares representing approximately 96% of the outstanding common stock of Isomedix Inc., a Delaware corporation ("Isomedix"), through STERIS's newly incorporated and wholly owned subsidiary, STERIS Acquisition Corporation, pursuant to a tender offer for all of the outstanding shares of common stock of Isomedix. On the same day, STERIS completed the acquisition of Isomedix through the merger of STERIS Acquisition Corporation with and into Isomedix in accordance with the "short form" merger provisions of Delaware law. As a consequence of the merger, STERIS became the owner of 100% of the outstanding common stock of Isomedix.

As a result of arms-length negotiations between STERIS and Isomedix, the shareholders of Isomedix received $20.50 for each share of Isomedix common stock tendered in response to the tender offer or exchanged pursuant to the merger for a total consideration paid to shareholders of Isomedix of approximately $134 million, part of which was paid from available cash on hand and part of which was paid from a draw on STERIS's pre-existing line of credit under a Credit Agreement, dated May 13, 1996, as amended, among STERIS, various financial institutions, and KeyBank National Association, as Agent.

Isomedix is the leading North American provider of contract sterilization and microbial reduction services for manufacturers and producers of medical and non-medical products. Isomedix provides these services through a network of gamma radiation and ethylene oxide facilities across North America, and is currently expanding its services to include an electron beam processing facility. STERIS intends to utilize the assets of Isomedix in accordance with their use by Isomedix prior to its acquisition by STERIS.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION, AND EXHIBITS.

(a) Financial Statements of Isomedix and Subsidiaries.

The following are filed as exhibits to this Form 8-K/A Amended Report:

- Report of Independent Auditors
- Consolidated Balance Sheets as of December 31, 1996 and 1995
- Consolidated Statements of Income for the three years ended December 31, 1996
- Consolidated Statements of Changes in Stockholders' Equity for the three years ended December 31, 1996
- Consolidated Statements of Cash Flows for the three years ended December 31, 1996
- Notes to Consolidated Financial Statements

(b) Unaudited Financial Statements of Isomedix Inc. and Subsidiaries.

The following are filed as exhibits to this Form 8-K/A Amended Report:

- Consolidated Balance Sheet as of June 30, 1997
- Consolidated Statements of Income for the six months ended June 30, 1997 and June 30, 1996

Consolidated Statements of Cash Flows for the six months ended June 30, 1997 and June 30, 1996
Notes to Consolidated Financial Statements

(c) Pro Forma Financial Information

The following unaudited pro forma condensed combined statements of operations for the year ended March 31, 1997, and the six months ended September 30, 1997, give effect to the Merger based on the historical consolidated financial statements of STERIS and Isomedix under the purchase method of accounting and the assumptions and adjustments set forth in the accompanying notes to the unaudited pro forma condensed combined financial statements.

STERIS Corporation and Isomedix Inc.
Unaudited Pro Forma Condensed Combined Statement of Operations
For the Year Ended March 31, 1997

	STERIS Year ended March 31, 1997	Isomedix Year ended December 31, 1996	Pro Forma Adjustments (See Note B)		Pro Forma Combined
	(In thousands, except per share amounts)				
Net revenues	$587,852	$45,233			$633,085
Cost of goods and services sold	356,007	22,180			378,187
Gross profit	231,845	23,053			254,898
Cost and expenses:					
Selling, informational and administrative	125,515	12,307	$1,575	(1)	139,397
Research and development	21,986				21,986
Non-recurring items	90,831				90,831
Income (loss) from operations	(6,487)	10,746	(1,575)		2,684
Interest expense	(2,919)	(456)	(6,820)	(2)	(10,195)
Interest income and other	4,544	895	(1,494)	(3)	3,945
Income (loss) before income taxes	(4,862)	11,185	(9,889)		(3,566)
Income tax expense (benefit)	25,744	4,474	(2,910)	(4)	27,308
Income (loss) from continuing operations	($30,606)	$6,711	($6,979)		($30,874)
Income (loss) from continuing operations per share	($0.91)				($0.92)
Weighted average number of shares outstanding used in computing income (loss) from continuing operations per share	33,678				33,678

See Notes to Unaudited Pro Forma Condensed Combined Statement of Operations

STERIS Corporation and Isomedix Inc.
Unaudited Pro Forma Condensed Combined Statement of Operations
For the Six Months Ended September 30, 1997

	STERIS	Isomedix	Pro Forma Adjustments (See Note B)		Pro Forma Combined
	(In thousands, except per share amounts)				
Net revenues	$328,517	$21,270			$349,787
Cost of goods and services sold	183,496	10,010			193,506
Gross profit	145,021	11,260			156,281
Cost and expenses:					
Selling, informational and administrative	87,716	5,653	$788	(1)	94,157
Research and development	11,930				11,930
Income (loss) from operations	45,375	5,607	(788)		50,194
Interest expense	(1,395)	(214)	(3,410)	(2)	(5,019)
Interest income and other	375	252	(747)	(3)	(120)
Income (loss) before income taxes	44,355	5,645	(4,945)		45,055
Income tax expense (benefit)	17,299	2,258	(1,455)	(4)	18,102
Income from continuing operations	$27,056	$3,387	($3,490)		$26,953
Income from continuing operations per share	$0.78				$0.78
Weighted average number of shares outstanding used in computing income from continuing operations per share	34,473				34,473

See Notes to Unaudited Pro Forma Condensed Combined Statement of Operations

STERIS Corporation and Isomedix Inc.
Notes to Unaudited Pro Forma Condensed Combined Statement of Operations

Note A - Basis of Presentation

The unaudited pro forma condensed combined statements of operations have been prepared in accordance with the instructions to Form 8-K by the managements of STERIS and Isomedix based upon their respective consolidated financial statements. These statements include results of operations as if the merger had been consummated on April 1, 1996 at the commencement of STERIS's fiscal year 1997, including Isomedix's results of operations for the year ended December 31, 1996. In the Company's opinion, the unaudited financial statements present fairly the Company's results of operations. The pro forma adjustments are based upon the purchase method of accounting and the preliminary estimate of the fair value of the assets acquired and liabilities assumed. The final allocation of the purchase price will be made at a later date. As a result of the merger, Isomedix incurred approximately $11 million in costs, including the cost of early redemption of stock options, investment banking fees as well as other costs; such costs have been excluded from Isomedix's results of operations in the unaudited pro forma condensed combined statement of operations for the six months ended September 30, 1997. The pro forma condensed combined financial statements may not be indicative of the results that actually would have occurred if the merger had been in effect during the period presented or which may be attained in the future.

The pro forma condensed combined financial statements should be read in conjunction with the historical consolidated financial statements and the related accompanying notes thereto to Isomedix, included herein, and those of STERIS. The pro forma condensed combined financial statements exclude losses from discontinued operations. A pro forma statement of financial position has not been included since the transaction has been recorded in the unaudited consolidated financial statements of STERIS Corporation as reported in Form 10-Q for the six months ended September 30, 1997.

Note B - Pro Forma Adjustments

Pro forma adjustments are discussed below:

(1) Recognition of goodwill amortization on estimated purchase price allocation.

(2) Recognition of interest expense on line of credit used to fund a portion of the acquisition.

(3) Elimination of interest income on cash portion of acquisition price.

(4) Recognition of income tax benefit attributable to pro forma adjustments for interest expense and interest income.

(c) Exhibits

23.1	Consent of Independent Auditors
99.1	Report of Coopers & Lybrand L.L.P., Independent Auditors
99.2	Financial Statements of Isomedix Inc. and Subsidiaries
99.3	Unaudited Financial Statements of Isomedix Inc. and Subsidiaries

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 hereunto duly authorized.

STERIS CORPORATION

Date: November 13, 1997 By: /s/ Michael A. Keresman, III

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

EXHIBIT 23.1 CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in STERIS Corporation's Registration Statements Nos. 333-32005, 333-01610, 33-91444, 33-91445, 33-55976 and 33-55258 on Form S-8 of our report dated February 11, 1997, except for Note 20, for which the date is March 19, 1997 on our audits of the consolidated financial statements of Isomedix Inc. and Subsidiaries as of December 31, 1996 and December 31, 1995, and for each of the three years in the period ended December 31, 1996, which report is included in this Form 8-K/A.

/s/ Coopers & Lybrand L.L.P.

Parsippany, New Jersey

November 13, 1997

Exhibit 99.1

REPORT OF INDEPENDENT AUDITORS

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF ISOMEDIX INC.:

We have audited the accompanying consolidated balance sheets of Isomedix Inc. and Subsidiaries as of December 31, 1996 and 1995, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Isomedix Inc. and Subsidiaries as of December 31, 1996 and 1995, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles.

/s/ Coopers & Lybrand L.L.P.

Parsippany, New Jersey

February 11, 1997, except for Note 20,
for which the date is March 19, 1997.

Exhibit 99.2
ISOMEDIX INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS as of December 31, 1996 and 1995

ASSETS	1996	1995
Current Assets		
Cash and cash equivalents	$ 22,097,466	$ 4,860,088
Held-to-maturity securities		17,003,329
Accounts receivable, less allowance for doubtful accounts of $390,000 and $350,000 at December 31, 1996 and 1995, respectively	6,360,174	8,048,560
Assets of discontinued operations	2,476,416	
Prepaid expenses and other current assets	553,538	830,629
Total current assets	31,487,594	30,742,606
Property, plant and equipment, at cost	72,125,613	66,751,900
Less, accumulated depreciation and amortization	18,730,202	17,855,870
Net property, plant, and equipment	53,395,411	48,896,030
Radioisotope, at cost	70,712,938	66,096,338
Less, Accumulated depreciation	41,099,527	36,624,237
Net Radioisotope	29,613,411	29,472,101
Excess of costs over net assets acquired		725,906
Other assets	1,123,916	2,186,868
Total assets	$ 115,620,332	$ 112,023,511
LIABILITIES		
Current liabilities		
Current portion of long-term debt	$ 600,000	$ 500,000
Accounts payable and accrued expenses	1,961,282	1,631,453
Liabilities of discontinued operations	1,295,251	
Contract deposits		119,781
Income taxes payable	405,704	545,888
Total current liabilities	4,262,237	2,797,122
Long-term debt	8,000,000	8,600,000
Deferred income taxes	8,997,668	8,453,497
Commitments and contingencies		
STOCKHOLDERS' EQUITY		
Preferred stock, $1.00 par value; 1,000,000 shares authorized; issued and outstanding -- none		
Common stock, $.01 par value; authorized 15,000,000 shares; Issued: 7,169,868 and 7,169,868 shares at December 31, 1996 and 1995, respectively; Outstanding: 6,837,993 and 6,984,528 at December 31, 1996 and 1995, respectively	71,699	71,699
Additional paid-in capital	37,667,729	37,719,155
Retained earnings	61,485,309	57,167,649
	99,224,737	94,958,503
Less, common stock held in the treasury, at cost, 331,875 and 185,340 shares at December 31, 1996 and 1995, respectively	(4,864,310)	(2,785,611)
Total stockholders' equity	94,360,427	92,172,892
Total liabilities and stockholders' equity	$ 115,620,332	$ 112,023,511

See accompanying notes to the consolidated financial statements.

ISOMEDIX INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
For the years ended December 31, 1996, 1995 and 1994

	1996	1995	1994
Sales	$ 45,233,183	$ 42,122,318	$ 43,064,832
Cost of sales	22,180,257	20,074,666	19,322,482
Gross profit	23,052,926	22,047,652	23,742,350
Selling, general and administrative expense	12,307,170	10,454,749	9,937,626
Operating income	10,745,756	11,592,903	13,804,724
Interest expense	(456,002)	(426,369)	(488,753)
Investment income	895,837	917,871	704,371
Pre-tax income from continuing operations	11,185,591	12,084,405	14,020,342
Provision for income taxes	4,474,236	4,833,762	5,608,137
Income from continuing operations	6,711,355	7,250,643	8,412,205
Discontinued operations:			
(Loss) income from discontinued operations of Skyland Scientific Services Inc. (less applicable income taxes of $361,889, $32,574 and $269,703 in 1996, 1995 and 1994, respectively)	(702,489)	48,862	404,555
Loss on disposal of Skyland Scientific Services Inc. (less applicable income taxes of $511,494)	(1,691,206)		
Net income	$ 4,317,660	$ 7,299,505	$ 8,816,760
Earnings per share:			
Income from continuing operations	$ 0.94	$ 1.00	$ 1.14
Discontinued operations:			
(Loss) income from discontinued operations of Skyland Scientific Services Inc.	(0.10)	0.01	0.06
Loss on disposal of Skyland Scientific Services Inc.	(0.24)		
Net income	$ 0.60	$ 1.01	$ 1.20

See accompanying notes to the consolidated financial statements.

ISOMEDIX INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the years ended December 31, 1996, 1995 and 1994

		Common Stock				Treasury Stock	
	Stockholders' Equity	Number of Shares	Amount	Additional Paid-In Capital	Retained Earnings	Number of Shares	Amount
Balance, Dec. 31, 1993	$78,171,592	7,139,574	$71,396	$37,371,084	$41,051,384	(21,100)	($322,272)
Acquisition of treasury stock	(1,705,629)					(110,000)	(1,705,629)
Exercise of stock options	287,837	7,911	79	17,983		17,667	269,775
Tax benefit from exercise of stock options	52,594			52,594			
Sale of common stock under employee purchase plan	116,393	5,107	51	63,845		3,433	52,497
Net income - 1994	8,816,760				8,816,760		
Balance, Dec. 31, 1994	85,739,547	7,152,592	71,526	37,505,506	49,868,144	(110,000)	(1,705,629)
Acquisition of Treasury Stock	(1,275,945)					(89,800)	(1,275,945)
Exercise of Stock Options	267,395	12,900	129	131,604		9,205	135,662
Tax benefit from exercise of stock options	23,505			23,505			
Sale of common stock under employee purchase plan	118,885	4,376	44	58,540		5,255	60,301
Net income - 1995	7,299,505				7,299,505		
Balance, Dec. 31, 1995	92,172,892	7,169,868	71,699	37,719,155	57,167,649	(185,340)	(2,785,611)
Acquisition of Treasury Stock	(2,636,233)					(185,200)	(2,636,233)
Exercise of Stock Options	344,390			(80,925)		28,528	425,315
Tax benefit from exercise of stock options	17,710			17,710			
Sale of common stock under employee purchase plan	144,008			11,789		10,137	132,219
Net income - 1996	4,317,660				4,317,660		
Balance, Dec. 31, 1996	$94,360,427	7,169,868	$71,699	$37,667,729	$61,485,309	(331,875)	($4,864,310)

See accompanying notes to the consolidated financial statements.

ISOMEDIX INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 1996, 1995 and 1994
Increase (Decrease) in Cash and Cash Equivalents

Cash flows from operating activities:	1996	1995	1994
Net income	$4,317,660	$7,299,505	$8,816,760
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	7,218,420	6,930,462	7,194,848
Amortization	356,804	706,213	696,368
Provision for doubtful accounts	650,198		100,000
Loss on disposal of discontinued operations	2,202,700		
Loss (gain) on sale or disposal of assets	205,311	(5,197)	(86)
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(817,147)	445,048	(186,364)
Decrease in prepaid expenses and other assets	22,298	447,132	239,967
Increase (decrease) in accounts payable and accrued expenses	707,467	(1,247,738)	374,682
Increase (decrease) in contract deposits		72,209	(420,278)
(Decrease) increase in income taxes payable	(66,020)	280,965	(230,759)
(Decrease) increase in deferred income taxes	(193,992)	820,045	1,261,377
Net cash provided by operating activities	14,603,699	15,748,644	17,846,515
Cash flows from investing activities:			
Purchases of held-to-maturity securities		(17,140,946)	(14,918,177)
Proceeds from maturity of held-to-maturity securities	17,003,329	17,556,138	8,706,000
Proceeds from sale of assets		5,197	87
Additions to property, plant and equipment	(7,172,595)	(11,557,947)	(1,792,574)
Additions to radioisotope	(4,616,600)	(3,087,796)	(3,810,419)
Equipment deposits		(740,417)	(123,053)
Payments from lease receivable	49,670		70,818
Other			(318,491)
Net cash provided by (used in) investing activities	5,263,804	(14,965,771)	(12,185,809)
Cash flows from financing activities:			
Purchases of treasury stock	(2,636,233)	(1,275,945)	(1,705,629)
Payments of long-term debt	(500,000)	(925,000)	(1,400,000)
Proceeds of stock options exercised and employee stock purchases	506,108	409,785	456,824
Other		(93,098)	
Net cash used in financing activities	(2,630,125)	(1,884,258)	(2,648,805)
Net increase (decrease) in cash and cash equivalents	17,237,378	(1,101,385)	3,011,901
Cash and cash equivalents at beginning of year	4,860,088	5,961,473	2,949,572
Cash and cash equivalents at end of year	$22,097,466	$4,860,088	$5,961,473
Supplemental cash flow information:			
Cash paid for interest (net of amounts capitalized)	446,741	492,273	490,378
Cash paid for income taxes	4,076,450	3,322,094	4,119,998
Supplemental non cash investing activities:			
Additions to radioisotope in satisfaction of lease receivable		217,692	694,639

See accompanying notes to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION:

The accompanying consolidated financial statements include the accounts of Isomedix Inc. and Subsidiaries (the "Company"), all of which are wholly owned. All significant intercompany accounts and transactions have been eliminated in consolidation.

REVENUE RECOGNITION:

The Company is engaged principally in the business of providing contract sterilization services to manufacturers of pre-packaged healthcare products and certain consumer products. Sterilization revenue is recognized at the time the related services are performed.

Through its Skyland subsidiary, the Company provided contract consulting, calibration and validation services to assist manufacturers of healthcare products in complying with Good Manufacturing Practices established by industry and government. The services offered included equipment calibration, validation of facility utilities and processing equipment, and the validation of computer control systems. Revenue and the related costs of the contract are recognized using the percentage of completion method measured by costs incurred. Customers are generally billed monthly on work performed against each project, plus reimbursable direct costs. During December 1996, the Company adopted a plan of disposal via orderly liquidation of Skyland, effective December 31, 1996.

CASH EQUIVALENTS:

The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

DEBT AND EQUITY SECURITIES:

The Company adopted, effective January 1, 1994, Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" ("SFAS 115"). SFAS 115 requires a more detailed disclosure of debt and equity securities held for investment, the methods to be used in determining fair value and when to record unrealized holding gains and losses in earnings or in a separate component of stockholders' equity. There was no effect on income or cash flows as a result of adopting SFAS 115. It is the Company's policy to invest primarily in United States government securities. It is the Company's intent and ability to hold investments to maturity.

PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment are valued at cost. Expenditures for maintenance and repairs, which do not materially prolong the normal useful life of an asset, are charged to operations as incurred. Additions and betterments which substantially extend the useful life of the properties are capitalized. Upon sale or other disposition of assets, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income.

Depreciation of property, plant and equipment is provided under the straight-line method over the estimated useful lives of the related assets except for leasehold improvements which are amortized over the shorter of their estimated useful lives or lease terms.

RADIOISOTOPE:

Depreciation of radioisotope is determined by use of the annual decay factor inherent in the material, which is similar to the sum-of-the-years-digits method, over its estimated useful life of twenty years.

DEFERRED FINANCING COSTS:

Direct costs associated with obtaining long-term financing have been capitalized and are being amortized over the term of the respective loans as a component of selling, general and administrative expenses. Included in other assets are deferred financing costs of $300,357 and $326,313 (net of accumulated amortization of $570,516 and $544,560) at December 31, 1996 and 1995, respectively.

INCOME TAXES:

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes" ("SFAS 109"). SFAS 109 is an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns. The Company intends to reinvest its undistributed Canadian earnings of approximately $5,800,000 and, therefore, there is no provision in the financial statements for unrepatriated earnings.

RECLASSIFICATION:

The Company has reclassified certain prior year amounts to conform with the 1996 presentation.

2. DISCONTINUED OPERATIONS

During December 1996, the Company adopted a plan of disposal via orderly liquidation of its Skyland subsidiary, effective December 31, 1996. Skyland provided contract consulting, calibration and validation services to assist manufacturers of healthcare products in complying with Good Manufacturing Practices established by industry and government. The results of Skyland and the associated loss on disposal have been accounted for as a discontinued operation. Accordingly, the operations of Skyland have been segregated in the accompanying income statement. Sales, cost of sales, selling, general and administrative expenses and income taxes for fiscal years 1995 and 1994 have been reclassified for amounts associated with Skyland. The disposal of Skyland is expected to be completed by the end of the second quarter of 1997. Sales, related income/losses and tax benefits associated with the disposal of Skyland, excluding the loss on disposal for the last three fiscal year was as follows:

(In thousands of dollars)	1996	1995	1994
Sales	$3,689	$3,164	$4,176
(Loss) income from operations before income tax	(1,064)	82	675
Income tax benefit (expense)	362	(33)	(270)
(Loss) income from operations	($702)	$49	$405

The assets and liabilities of Skyland have been classified in the consolidated balance sheet as assets of discontinued operations and liabilities of discontinued operations, and consist primarily of accounts receivable, deferred tax assets and accrued expenses, which includes the provision for the estimated unrecoverable costs through the disposal date, at December 31, 1996.

3. DEBT AND EQUITY SECURITIES

Held-to-maturity securities consist of debt instruments from United States government, state and municipal issuers. These securities are carried at original cost, which approximates amortized cost. Any realized gains or losses would be recognized on the specific identification method.

At December 31, 1996, debt securities had no carrying or market value compared to a carrying value of $17,003,329 and a market value of $17,082,809 at December 31, 1995. There were $66,830 of gross unrealized losses at December 31, 1995.

Investments in debt securities classified as held-to-maturity at December 31, 1995 had various maturity dates which did not exceed one year.

4. PROPERTY, PLANT AND EQUIPMENT

Major classes of property, plant and equipment are as follows:

	1996	1995	Estimated Useful Life
Land	$6,024,235	$6,015,410	
Land improvements	1,070,936	923,689	10 years
Buildings	26,502,152	26,500,736	30-40 years
Building improvements	1,439,447	1,336,524	7 years
Machinery and equipment	30,566,958	27,421,095	3-10 years
Furniture and fixtures	1,708,503	1,977,378	5-10 years
Leasehold improvements	217,156	238,668	Life of lease
Construction in-progress	4,596,226	2,338,400	
	$72,125,613	$66,751,900	

On December 29, 1995, the Company purchased an ethylene oxide sterilization facility located in Temecula, California, from an unrelated party, for $4,300,000 in cash.

5. LONG-LIVED ASSETS

Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed of" ("SFAS 121"), requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset in question may not be recoverable. SFAS 121 was adopted in 1996 and did not have a material effect on the Company's financial position, results of operations or cash flows.

6. LONG-TERM DEBT

Long-term debt consists of obligations payable relating to industrial development revenue bonds, collateralized by substantially all of the property, plant, equipment and radioisotope purchased with the proceeds from such industrial development revenue bond transactions, as follows:

	1996	1995
Payable in annual installments of $400,000 from October 1992 through October 1996 and $500,000 thereafter through October 2008.	$6,000,000	$6,400,000
Payable in annual installments of $100,000 from March 1993 through March 1997, $200,000 through March 2008, and a payment of $300,000 in March 2009.	2,600,000	2,700,000
	8,600,000	9,100,000
Less, Current portion	600,000	500,000
	$8,000,000	$8,600,000

The bonds bear interest at a variable rate based on the bank/marketing agent's Demand Note index. The interest rate was 4.5% and 5.5% at December 31, 1996 and 1995, respectively. The bondholders can require the Company to redeem the bonds at any time. If this occurs, the bank/marketing agent will attempt to sell the bonds to another investor. To enhance the marketability of the bonds, the bank/marketing agent has issued a letter of credit, to support payment of the bonds on the Company's behalf. If such bonds are not remarketed, the bank will pay the bonds under the letter of credit and will not require the Company to reimburse the bank for at least one year.

Based on borrowing rates available to the Company for bank loans with similar terms and maturities, the fair value of long-term debt approximated its carrying value.

The Company has $10,000,000 in unused lines of credit, of which all was available at December 31, 1996 and 1995.

The aforementioned bond agreements contain, among other requirements, various covenants relating to minimum capitalization, consolidated net worth and working capital. The maintenance of such covenants indirectly limits the amount that may be distributed as cash dividends or used for treasury stock purchases. The amount available for such payments at December 31, 1996 is approximately $24,500,000. There are also certain limitations on additional indebtedness and capital expenditures.

Aggregate maturities of long-term debt for each of the five years ending after December 31, 1996 are as follows:

1997	600,000
1998	700,000
1999	700,000
2000	700,000
2001	700,000

7. INCOME TAXES

The components of the provision for income taxes relating to continuing operations are as follows:

	1996	1995	1994
Current:			
Federal	$2,732,588	$2,925,803	$3,170,823
State	563,598	466,230	836,628
Canada	652,894	628,025	404,445
Total current provision	3,949,080	4,020,058	4,411,896
Deferred:			
Federal	401,626	409,168	1,190,371
State	136,254	411,567	85,649
Canada	(12,724)	(7,031)	(79,779)
	525,156	813,704	1,196,241
	$4,474,236	$4,833,762	$5,608,137

A summary of income before provision for income taxes relating to continuing operations from domestic and nondomestic sources is as follows:

	1996	1995	1994
United States	$9,885,047	$10,861,604	$13,140,929
Canada	1,300,544	1,222,801	879,413
	$11,185,591	$12,084,405	$14,020,342

Deferred income taxes were comprised of the following:

	1996	1995
Accelerated depreciation and amortization	$9,229,876	$8,549,863
Other	240,362	220,410
Gross deferred liabilities	9,470,238	8,770,273
Bad debts	301,477	
Capitalized interest	99,586	101,751
Other	71,507	215,025
Gross deferred assets	472,570	316,776
Net deferred tax liabilities	$8,997,668	$8,453,497

The Company did not have a valuation allowance as of December 31, 1996 and 1995.

The reasons for the difference between the provision for income taxes using the United States federal statutory income tax rate and the tax provision reported by the Company are as follows:

	1996	1995	1994
Provisions computed at United States Federal statutory income tax rate	34%	34%	34%
State and local income taxes, net of federal benefit	5%	5%	4%
Higher net effective tax rate in Canada	1%	1%	
Higher enacted rate on net deferred liabilities			1%
Other			1%
	40%	40%	40%

8. LEASE COMMITMENTS

The Company leases certain facilities and equipment under noncancelable operating leases that expire over the next seven years. Minimum future rental commitments under these leases at December 31, 1996 are as follows:

1997	$279,807
1998	93,875
1999	96,412
2000	99,072
2001	62,313
Thereafter	39,866
	$671,345

The Company incurred total lease expense of approximately $812,898 in 1996, $899,516 in 1995, and $961,240 in 1994.

The 1997 period includes the termination of Skyland's leases.

9. CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Company to concentration of credit risk consist principally of cash, cash equivalents, held-to-maturity securities and trade receivables. The Company primarily maintained all of its held-to-maturity securities and United States government securities, which are federally insured, with one investment banking firm. At times, cash accounts may exceed federally insured limits. The Company routinely assesses the financial strength of its customers.

10. RISKS AND UNCERTAINTIES

The Company primarily operates as a provider of contract sterilization services to manufacturers of pre-packaged healthcare products and certain customer products. The Company is not dependent on any single customer or geographic area or supplier of labor or services.

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant estimates include allowance for bad debt, income taxes, unrecoverable costs through the disposal date of discontinued operations, depreciation and amortization lives and the determination of discount and other rate assumptions for employee benefits.

11. PREFERRED STOCK PURCHASE RIGHTS

On June 10, 1988, the Board of Directors of the Company declared a dividend of one preferred stock purchase right for each outstanding share of common stock. This action was intended to protect stockholders' value in the Company in the event of a hostile takeover attempt. Each right entitles the holder to purchase from the Company one one-hundredth of a share of Series A Preferred Stock at an exercise price of $20 per one one-hundredth of a preferred share.

The rights are not exercisable or transferable apart from the common stock until the earlier to occur of (1) ten days following a public announcement that a person or group of affiliated or associated persons have acquired beneficial ownership of 20% or more of the outstanding common stock of the Company or (2) ten business days following the commencement of, or announcement of, an intention to make a tender offer or exchange offer the consummation of which would result in the beneficial ownership by a person or group of 20% or more of such outstanding common stock. Furthermore, if the Company enters into a consolidation, merger, combination or other transaction, where shares of common stock are exchanged for cash, property, stock or securities of any other entity, each right would entitle the holder upon exercise to receive, in lieu of Series A preferred shares, that number of shares of common stock of the acquiring company having a market value of two times the exercise price of the right. The rights contain antidilutive provisions, are redeemable at the Company's option, for $.01 per right, and expire on June 10, 1998.

As a result of the rights distribution, the Board of Directors authorized the issuance of 55,000 shares of a new series of preferred stock designated as Series A Preferred Stock, $1.00 par value. Stockholders of the Series A Preferred Stock will be entitled to a cumulative quarterly dividend of the greater of $1.00 per share or 100 times the per share dividend declared on common stock. The shares have a liquidation preference equal to the greater of $100.00 per share or 100 times the aggregate amount per share distributed to the holders of common stock. Each share will have 100 votes and will vote together with the common shares.

12. EARNINGS PER COMMON SHARE

Earnings per share have been computed based upon the weighted average number of shares of common stock outstanding during the year. The number of shares used in computing earnings per share was 7,147,198, 7,217,473 and 7,361,716 for 1996, 1995 and 1994, respectively. Included in the calculation, if dilutive, is the incremental number of shares issuable upon the exercise of stock options and warrants, assuming the proceeds from such exercise were used to purchase outstanding common stock at the average market price during the year. Such incremental shares were not significant for any period.

13. STOCK OPTIONS

The Company has granted stock options to key employees at prevailing market prices on the date of grant pursuant to the "Isomedix Inc. 1982 Stock Option Plan". In February 1995, the Board of Directors approved an amendment to change the option exercise price of certain options in excess of $12.75 per share to $12.75 per share. Pursuant to this amendment, options to purchase 136,000 shares of common stock were amended. At December 31, 1996, options to purchase 75,300 shares were exercisable (1995 - 79,300). Stock option activity under the plan for the three years ended December 31, 1996, 1995 and 1994 is summarized as follows:

	Number of Options	Weighted Average Price	Option Price Range
Balance outstanding December 31, 1993	239,283	$12.40	$5.00-$14.00
Exercised	(23,178)	10.97	$5.00-$14.00
Terminated and canceled	(2,800)	14.00	$11.75-$14.00
Balance outstanding December 31, 1994	213,305	12.54	$5.00-$14.00
Exercised	(10,405)	10.74	$5.00-$12.75
Terminated and canceled	(6,800)	11.73	$9.13-$12.75
Balance outstanding December 31, 1995	196,100	11.77	$5.00-$12.75
Exercised	(15,700)	11.51	$9.63-$12.75
Terminated and canceled	(2,000)	12.75	$12.75
Balance outstanding December 31, 1996	178,400	$11.78	$5.00-$12.75

The Company grants stock options to key employees and directors at prevailing market prices on the date of grant pursuant to the "Isomedix Inc. 1992 Supplemental Stock Option Plan." In February 1995, the Board of Directors approved an amendment to change the option exercise price of certain options in excess of $12.75 per share to $12.75 per share. Pursuant to this amendment, options to purchase 120,000 shares of common stock were amended. At December 31, 1996, options to purchase 85,000 shares were exercisable (1995 - 65,000) and 180,000 shares were reserved for the granting of future options under the plan (1995 - 180,000). Stock option activity under the plan for the three years ended December 31, 1996, 1995 and 1994 is summarized as follows:

	Number of Options	Weighted Average Price	Option Price Range
Balance outstanding December 31, 1993	120,000	$16.71	$16.25-$17.25
Balance outstanding December 31, 1994	120,000	$16.71	$16.25-$17.25
Granted	100,000	$13.75	$13.75
Balance outstanding December 31, 1995	220,000	$13.20	$12.75-$13.75
Balance outstanding December 31, 1996	220,000	$13.20	$12.75-$13.75

The Company grants stock options to key employees and directors at prevailing market prices on the date of grant pursuant to the "Isomedix Inc. 1992 Stock Option Plan." In February 1995, the Board of Directors approved an amendment to change the option exercise price of certain options in excess of $12.75 per share to $12.75 per share. Pursuant to this amendment, options to purchase 456,900 shares of common stock were amended. On December 9, 1994, the Board of Directors approved an amendment to change the option exercise price for certain options in excess of $17.25 per share to $14.75 per share. Pursuant to this amendment, options to purchase 7,000 shares of common stock were amended. At December 31, 1996 options to purchase 377,500 shares were exercisable (1995 - 593,100) and 28,700 shares were reserved for the granting of future options under the plan (1995 - 6,900). Stock option activity under the plan for the three years ended December 31, 1996, 1995 and 1994 is summarized as follows:

	Number of Options	Weighted Average Price	Option Price Range
Balance outstanding December 31, 1993	419,500	$14.48	$14.00-$17.25
Granted	95,000	$15.29	$14.75-$19.75
Exercised	(2,400)	$14.00	$14.00
Terminated and canceled	(33,200)	$14.67	$14.00-$18.13
Balance outstanding December 31, 1994	478,900	$14.63	$14.00-$17.25
Granted	137,000	$14.15	$12.75-$14.75
Exercised	(11,700)	$12.75	$12.75
Terminated and canceled	(35,200)	$12.80	$12.75-$14.50
Balance outstanding December 31, 1995	569,000	$13.08	$12.75-$14.75
Granted	23,500	$15.00	$14.63-$14.88
Exercised	(12,400)	$12.75	$12.75
Terminated and canceled	(45,300)	$13.86	$12.75-$14.88
Balance outstanding December 31, 1996	534,800	$13.11	$12.75-$24.88

The Company grants stock options to key employees and directors at prevailing market prices on the date of grant pursuant to the "Isomedix Inc. 1996 Long Term Incentive Plan," which was adopted on May 17, 1996. At December 31, 1996, no options to purchase shares were exercisable and 312,500 shares were reserved for the granting of future options under the plan. Stock option activity under the plan for the year ended December 31, 1996 is summarized as follows:

	Number of Options	Weighted Average Price	Option Price Range
Granted	37,500	$13.55	$13.50-$13.88
Balance outstanding December 31, 1996	37,500	$13.55	$13.50-$13.88

The repricing of certain outstanding stock options in February 1995 and December 1994 were taken since stock price declines during the repricing periods required the repricing to give further incentive to key management. There was no compensation expense recorded, because in all instances, the options were repriced at the fair market value of the Company's stock on the date of repricing.

The table below summarizes information about the 1982, 1992, and the 1992 Supplemental Stock Option Plans and the 1996 Long Term Incentive Plans at December 31, 1996:

Range of Exercise Prices		Options Outstanding: Number	Options Outstanding: Weighted-average remaining contractual life (in years)	Options Outstanding: Weighed-average exercise price	Options Exercisable: Number	Options Exercisable: Weighted-average exercise price
			1982 Stock Option Plan			
$5.00	$8.25	700	1.25	$6.857	700	$6.857
$9.13	$10.00	51,000	3.15	$9.439	51,000	$9.439
$11.50	$12.75	126,700	5.34	$12.746	23,600	$12.729
			1992 Stock Option Plan			
$12.75	$12.75	427,300	6.12	$12.750	360,100	$12.750
$14.00	$15.25	107,500	8.69	$14.540	17,400	$14.430
			1992 Supplemental Stock Option Plan			
$12.75	$13.75	220,000	7.47	$13.204	85,000	$12.985
			1996 Long Term Incentive Plan			
$13.50	$13.88	37,500	9.66	$13.550	None	-

These plans provide that shares granted come from the Company's authorized but unissued or reacquired common stock. The price of the options granted pursuant to these plans will not be less than 100% of the fair market value of the shares on the date of grant. The options generally vest over a five year period and no option may be exercised within one year from the date of grant or after ten years from the date of grant.

The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). Accordingly, no compensation cost has been recognized for the stock option plans. Had compensation cost for the Company's four stock option plans been determined based on the fair value at the grant date for awards in 1996 and 1995 consistent with the provisions of SFAS 123, the Company's net earnings and earnings per share would have been reduced to the pro forma amounts indicated below:

	1996	1995
Net earnings-as reported	$4,317,660	$7,299,505
Net earnings-pro forma	$4,035,546	$6,351,095
Earnings per share-as reported	$0.60	$1.01
Earnings per share-pro forma	$0.57	$0.89

Pro forma amounts reflect options granted after 1994 and are not likely to be representative of amounts in future years as additional options are awarded and vested.

The impact on the 1995 period was primarily due to the effect of the option repricing discussed above.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 1996 and 1995; expected volatility of 45%; risk-free interest rate of 6.24% in 1996 and 6.91% in 1995; and expected lives of 5 years.

14. WARRANTS

The Company has granted warrants to purchase shares of the Company's common stock. The warrants expire ten years from the date of issuance. Warrant activity for the three years ended December 31, 1996 is summarized as follows:

	Number of Warrants	Weighted Average Price	Warrant Price Range
Balance outstanding December 31, 1993	143,500	$8.56	$5.00-$9.63
Balance outstanding December 31, 1994	143,500	$8.56	$5.00-$9.63
Balance outstanding December 31, 1995	143,500	$8.56	$5.00-$9.63
Balance outstanding December 31, 1996	143,500	$8.56	$5.00-$9.63

15. EMPLOYEE BENEFIT PLANS

PENSION PLAN:

The Company has a defined benefit pension plan which covers all domestic employees (excluding employees of Skyland) who meet certain age and service requirements. Benefits are based on years of service and compensation during the last five years of employment. The Company's funding policy is to contribute annually an amount representing the minimum amount required under applicable laws and regulations. Such amounts are computed using an actuarial cost method and assumptions that differ from those used for financial reporting. Plan assets are principally invested in commingled bank trust funds.

The components of pension expense for 1996, 1995 and 1994 are summarized as follows:

	1996	1995	1994
Service cost	$294,996	$202,787	$206,718
Interest cost	168,679	145,015	125,650
Actual return on plan assets	(211,622)	(370,619)	15,954
Net deferral (amortization)	32,853	250,680	(94,371)
Net pension expense	$284,906	$227,863	$253,951

The following table sets forth the funded status of the plan at December 31, 1996 and 1995:

	1996	1995
Actuarial present value of benefit obligations:		
Vested benefits	$1,961,627	$1,807,749
Nonvested benefits	163,592	131,209
Accumulated benefit obligation	$2,125,219	$1,938,958
Projected benefit obligation for services rendered to date	($2,722,835)	($2,571,214)
Plan assets at fair value	3,018,770	2,504,165
Funded status	295,935	(67,049)
Unrecognized transition asset	(10,837)	(11,363)
Unrecognized prior service cost	476,482	509,861
Unrecognized (gain) loss	(73,328)	139,329
Prepaid pension cost	$688,252	$570,778

The expected long-term rate of return on plan assets was 8.25% for 1996 and 1995. The projected benefit obligation has been determined based upon a discount rate of 7.25% for 1996 and 1995. In 1996 and 1995 the assumed rate of compensation increases was 3%.

EMPLOYEE SAVINGS AND PROTECTION PLAN:

The Employee Savings and Protection Plan (the "Plan") is a defined contribution plan covering all non-union domestic salaried and hourly employees who have met the age and service requirements under the Plan. The Plan is a 401(k) plan which permits each participant to elect to defer a portion of his or her compensation and contribute such amount to the Plan on a tax deferred basis. The Plan also permits the Company to make annual cash contributions from its revenues as determined by the Board of Directors. These contributions may be allocated to participant's accounts either on a pro-rated basis based upon participant compensation or, in the alternative, as a matching contribution based on the amounts that participants have contributed to the Plan as 401(k) salary deferral contributions. The Plan expense was approximately $96,000 in 1996, $96,000 in 1995 and $90,000 in 1994.

EMPLOYEE STOCK PURCHASE PLAN:

Pursuant to the "1993 Employee Stock Purchase Plan", the Company has reserved and made available common shares for purchase by eligible employees, including directors and officers, through payroll deductions over successive six-month offering periods. The purchase price of common stock under the plan is 85% of the lower of the last sale price per share (on the New York Stock Exchange) on either of the first or last day of each six-month offering period. In 1996, 5,448 and 4,689 shares were purchased at prices of $11.58 and $12.64, respectively. In 1995, 4,376 and 5,255 shares were purchased at prices of $13.39 and $11.46, respectively. At December 31, 1996, 75,927 shares were available for future purchases under the Plan.

16. GEOGRAPHIC DISTRIBUTION OF OPERATIONS

Information about the Company's operations in different geographic areas is presented below.

Intercompany transfers between geographic areas are not significant.

	1996	1995	1994
Sales:			
United States	$42,627,484	$39,542,584	$40,746,112
Canada	2,605,699	2,579,734	2,318,720
Total	$45,233,183	$42,122,318	$43,064,832
Operating income:			
United States	$9,572,469	$10,515,802	$12,766,746
Canada	1,173,287	1,077,101	1,037,978
Total	$10,745,756	$11,592,903	$13,804,724
Identifiable assets:			
United States	$109,044,886	$107,779,353	$100,247,420
Canada	6,575,446	4,244,158	6,342,265
Total	$115,620,332	$112,023,511	$106,589,685

17. RELATED PARTY TRANSACTIONS

A member of the Company's Board of Directors is a partner in the law firm which serves as the Company's General Counsel.

18. UNAUDITED QUARTERLY FINANCIAL DATA

	Three Months Ended			
	March 31	June 30	Sept. 30	Dec. 31
	(amounts in thousands, except per share amounts)			
1996				
Sales	$10,793	$11,562	$11,033	$11,845
Gross Profit	5,230	6,035	5,717	6,071
Income from continuing operations	1,498	1,897	1,947	1,369
Net income	1,484	1,775	1,825	(766)
Earnings per share:				
Continuing operations 1,2	$0.21	$0.26	$0.27	$0.19
Net income 1,3	$0.21	$0.25	$0.26	($0.11)
1995				
Sales	$10,415	$10,714	$10,312	$10,681
Gross Profit	5,505	5,812	5,464	5,267
Income from continuing operations	1,791	1,983	1,886	1,591
Net income	1,865	1,988	1,857	1,590
Earnings per share:				
Continuing operations 1	$0.25	$0.28	$0.26	$0.22
Net income 1	$0.26	$0.28	$0.26	$0.22

(1) Quarterly earnings per share do not sum to annual earnings per share due to rounding.

(2) Included in the fourth quarter of 1996 are $420,000 of after-tax charges, the largest item being the disposal of certain fixed assets.

(3) Included in the fourth quarter of 1996 are charges (net of income tax benefits) of approximately $1,691,206 for the disposal of Skyland.

19. LITIGATION

The Company is from time to time involved in litigation arising out of the ordinary course of business. It is management's view that the ultimate resolution of pending suits should not have a material adverse effect on the Company's financial position, results of operations or cash flows.

20. SUBSEQUENT EVENTS

STOCK REPURCHASE PROGRAM:

On January 10, 1997 the Company announced that its Board of Directors authorized the repurchase of up to 750,000 shares of its common stock (over 10 percent of the outstanding shares). As of March 19, 1997, 412,600 shares have been purchased, for a total of $5,765,723, pursuant to this authorization.

FACILITY ACQUISITION:

On March 19, 1997, the Company purchased an irradiation sterilization facility, Cobalt-60 and related equipment in Vega Alta, Puerto Rico from an unrelated party for $4,600,000 in cash.

Exhibit 99.3
ISOMEDIX INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED BALANCE SHEET as of June 30, 1997

ASSETS	
Current Assets	
Cash and cash equivalents	$12,324,886
Accounts receivable, less allowance for doubtful accounts of $425,000 at June 30, 1997	7,150,631
Prepaid expenses and other current assets	948,748
Total current assets	20,424,265
Property, plant and equipment, at cost	78,153,044
Less, accumulated depreciation and amortization	(19,970,148)
Net property, plant, and equipment	58,182,896
Radioisotope, at cost	76,964,767
Less, Accumulated depreciation	(43,014,738)
Net Radioisotope	33,950,029
Other assets	1,146,158
Total assets	$113,703,348
LIABILITIES	
Current liabilities	
Current portion of long-term debt	$600,000
Accounts payable and accrued expenses	3,003,817
Liabilities of discontinued operations	387,668
Income taxes payable	725,901
Total current liabilities	4,717,386
Long-term debt	7,900,000
Deferred income taxes	8,192,991
Total liabilities	20,810,377
STOCKHOLDERS' EQUITY	
Preferred stock, $1.00 par value; 1,000,000 shares authorized; issued and outstanding -- none	
Common stock, $.01 par value; authorized 15,000,000 shares; Issued: 7,169,868 shares at June 30, 1997; Outstanding: 6,459,098 at June 30, 1997.	71,699
Additional paid-in capital	37,609,355
Cumulative Foreign Translation Adjustments	(348,603)
Retained earnings	65,722,786
	103,055,237
Less, common stock held in the treasury, at cost, 710,770 shares at June 30, 1997	(10,162,266)
Total stockholders' equity	92,892,971
Total liabilities and stockholders' equity	$113,703,348

See Notes to Consolidated Financial Statements (Unaudited)

ISOMEDIX INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
For the six months ended June 30, 1997 and 1996

	1997	1996
Sales	$25,588,093	$22,354,859
Cost of sales	12,149,514	11,090,519
Gross profit	13,438,579	11,264,340
Selling, general and administrative expense	6,731,666	5,790,447
Operating income	6,706,913	5,473,893
Interest expense	(261,046)	(235,955)
Investment income	283,230	414,653
Pre-tax income from continuing operations	6,729,097	5,652,591
Provision for income taxes	2,691,770	2,264,412
Income from continuing operations	4,037,327	3,388,179
Discontinued operations	200,150	(128,963)
Net income	$4,237,477	$3,259,216
Earnings per share:		
Income from continuing operations	$0.60	$0.47
Discontinued operations	0.03	(0.02)
Net income	$0.63	$0.45

See Notes to Consolidated Financial Statements (Unaudited)

ISOMEDIX INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six months ended June 30, 1997 and June 30, 1996
Increase (Decrease) in Cash and Cash Equivalents

Cash flows from operating activities:	1997	1996
Net income	$4,237,477	$3,259,216
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,750,577	3,479,985
Amortization	12,978	112,927
Provision for doubtful accounts	(136,293)	125,000
Gain on sale of Skyland assets	(150,000)	
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	1,081,390	(659,931)
Increase in prepaid expenses and other assets	(395,210)	(137,314)
(Decrease) increase in accounts payable and accrued expenses	(281,007)	330,371
Decrease in contract deposits		(38,390)
Increase (decrease) in income taxes payable	842,503	(73,988)
(Decrease) increase in deferred income taxes	(885,847)	193,759
Net cash provided by operating activities	8,076,568	6,591,635
Cash flows from investing activities:		
Purchases of held-to-maturity securities		(31,748,331)
Proceeds from maturity of held-to-maturity securities		31,446,777
Proceeds from sale of Skyland assets	150,000	
Additions to property, plant and equipment	(3,411,163)	(1,626,968)
Additions to radioisotope	(4,346,676)	(2,374,566)
Acquisition of Puerto Rico	(4,600,000)	
Increase in equipment deposits	(138,947)	(900,000)
Other	39,695	(19,664)
Net cash used in investing activities	(12,307,091)	(5,222,752)
Cash flows from financing activities:		
Purchases of treasury stock	(5,781,645)	(2,145,003)
Payments of long-term debt	(100,000)	(100,000)
Proceeds of stock options exercised and employee stock purchases	425,315	219,340
Net cash used in financing activities	(5,456,330)	(2,025,663)
Effect of exchange rate changes on cash	(85,727)	
Net decrease in cash and cash equivalents	(9,772,580)	(656,780)
Cash and cash equivalents at beginning of period	22,097,466	4,860,088
Cash and cash equivalents at end of period	$12,324,886	$4,203,308
Supplemental cash flow information:		
Cash paid for interest (net of amounts capitalized)	$205,006	$179,914
Cash paid for income taxes	2,370,455	499,702
Supplemental non cash investing activities:		
Additions to radioisotope in satisfaction of lease receivable	24,835	
Accrual for capital expenditures	431,114	

See Notes to Consolidated Financial Statements (Unaudited)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

ISOMEDIX INC. AND SUBSIDIARIES

1. The interim consolidated financial statements reflect all adjustments, consisting only of normal recurring accruals, which are, in the opinion of the Company's management, necessary for a fair statement of results for the periods presented. Operating revenues and net income for any interim period are not necessarily indicative of results for a full year. The accompanying unaudited financial statements have been prepared in accordance with the instructions to Form 8-K and should be read in conjunction with the financial statement footnotes and other information in Isomedix Inc. and Subsidiaries' 1996 audited financial statements.

2. Earnings per share have been computed based upon the weighted average number of shares of common stock outstanding during each period. For the six months ended June 30, 1997 and 1996, the numbers of shares used in computing earnings per share were 6,676,640 and 7,182,112, respectively.

3. The Company has reclassified certain prior period amounts to conform with the 1997 presentation.

4. In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share" ("SFAS 128"), which is effective for financial statements for annual periods ending after December 15, 1997. SFAS 128 establishes standards for the computation, presentation and disclosure requirements for earnings per share. Management is currently evaluating the impact of SFAS 128 on the financial statements.

5. In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards Number 129 "Disclosure of Information About Capital Structure" ("SFAS 129") that established standards for disclosing information about an entity's capital structure. The statement is effective for periods ending after December 15, 1997. The Company will adopt SFAS 129 in a later period.

6. In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards Number 130 "Reporting Comprehensive Income" ("SFAS 130") that establishes standards for reporting and display of an alternative income measurement in a full set of general-purpose financial statements. This statement is effective for fiscal years beginning after December 15, 1997. The Company will adopt SFAS 130 in a future period.

7. In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards Number 131 "Disclosures About Segments of an Enterprise and Related Information" ("SFAS 131") that establishes standards for the reporting of information about operating segments in annual financial statements. The Company is currently evaluating the new pronouncement for its impact on the Company's financial statements. This statement is effective for periods beginning after December 15, 1997. The Company will adopt SFAS 131 in a future period.

8. Subsequent Events

SPARTANBURG, SOUTH CAROLINA FIRE

On July 29, 1997, there was a fire at the Company's Spartanburg, South Carolina facility. The fire started and was contained in a small area of warehouse portion of the facility and was not related to any of the processing equipment or sterilization practices at the facility. The Company anticipates that there will be losses and expenses relating to the damage caused by the fire, though, the Company believes that the losses and expenses will not have a material adverse effect on the Company's results of operations, financial or cash flows.

Acquisition by STERIS Corporation

On September 17, 1997, STERIS Corporation ("STERIS") purchased shares representing approximately 96% of the outstanding common stock of Isomedix Inc., a Delaware corporation, through STERIS's newly incorporated and wholly owned subsidiary, STERIS Acquisition Corporation, pursuant to a tender offer for all of the outstanding shares of common stock of Isomedix. On the same day, STERIS completed the acquisition of Isomedix through the merger of STERIS Acquisition Corporation with and into Isomedix in accordance with the "short form" merger provisions of Delaware law. As a consequence of the merger, STERIS became the owner of 100% of the outstanding common stock of Isomedix.