

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): April 21, 2004

SurModics, Inc.

(Exact name of Registrant as Specified in its Charter)

Minnesota
(State or Other Jurisdiction of Incorporation)

0-23837
(Commission File Number)

41-1356149
(IRS Employer
Identification No.)

9924 West 74th Street
Eden Prairie, Minnesota 55344
(Address of Principal Executive Offices and Zip Code)

(952) 829-2700
(Registrant's telephone number, including area code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

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Item 12. Results of Operations and Financial Condition.

On April 21, 2004, SurModics, Inc. issued a press release announcing the results for the quarter and six months ended March 31, 2004. The full text of the press release is set forth in Exhibit 99.1 attached hereto and is incorporated in this Current Report as if fully set forth herein.

The information in this Current Report, including the Exhibit 99.1 attached hereto and incorporated herein, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section, and shall not be incorporated by reference into any registration statement pursuant to the Securities Act of 1933, as amended. The furnishing of the information in this Current Report is not intended to, and does not, constitute a representation that such furnishing is required by Regulation FD or that the information contained or incorporated herein is material investor information that is not otherwise publicly available.

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.

SURMODICS, INC.

By: /s/ Philip D. Ankeny

Name: Philip D. Ankeny

Title: Chief Financial Officer

Date: April 21, 2004

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

EXHIBIT INDEX

to
FORM 8-K

SURMODICS, INC.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated April 21, 2004

FOR IMMEDIATE RELEASE

SurModics, Inc. Reports Strong Second Quarter Results
59% Increase in Net Income on a 31% Revenue Gain
Record Six-Month Revenue and Net Income

EDEN PRAIRIE, Minnesota — April 21, 2004 — **SurModics, Inc.** (Nasdaq: SRDX), a leading provider of surface modification and drug delivery solutions to the medical device industry, today reported strong financial results for the fiscal second quarter ended March 31, 2004.

Revenue for the second quarter of fiscal 2004 increased 31% to \$12.7 million from \$9.7 million in fiscal 2003. Operating income grew 67% to \$6.7 million from \$4.0 million in the prior-year period. Net income increased 59% to \$4.4 million, from \$2.8 million in the same period last year. Diluted earnings per share rose 67% to \$.25, from \$.15 in fiscal 2003. Second quarter revenues and diluted earnings per share also increased sequentially from \$12.1 million and \$.23 per share, respectively, in the fiscal first quarter.

For the first six months of fiscal 2004, revenue increased 40% to \$24.8 million from \$17.8 million in fiscal 2003, and operating income rose 89% to \$13.0 million, from \$6.8 million in the prior-year period. Net income increased 72% to \$8.5 million, or \$.48 per diluted share, from \$4.9 million, or \$.28 per diluted share, in the first half of fiscal 2003. All of these six-month figures are records.

“SurModics generated substantial growth in both revenue and earnings over prior-year periods,” said Dale Olseth, Chairman and CEO. The company reported \$8.9 million in royalties and license fees, setting a quarterly record. A significant contributor to the company’s second quarter results continued to be royalty revenue from sales of the CYPHER drug-eluting stent from Johnson & Johnson’s Cordis division. Cordis reported CYPHER sales of \$532 million worldwide for the calendar 2004 first quarter, compared with \$550 million in the calendar 2003 fourth quarter.

According to Bruce Barclay, President and COO, who joined SurModics December 1, 2003, “In addition to posting strong financial results, SurModics took several important steps in the second quarter to position the company for long-term growth. We announced a corporate reorganization intended to sharpen our focus on customer needs and accelerate our technology leadership. In addition, we hired Steve Keough as vice president and chief intellectual property counsel.”

“SurModics’ employees have made significant progress continuing to improve the quality and quantity of the projects in our pipeline,” added Barclay. At March 31, SurModics’ customers had 72 coated products generating royalty revenue, compared with 68 in the prior-year period; the total number of licensed products yet to be launched rose to 63, from 54 a year ago and 64 in the first quarter; and major non-licensed opportunities jumped to 57, from 19 a year ago and 33 in the first quarter. In total, the company now has 120 potential commercial products in development. Each of the four markets SurModics is focusing on is represented in these opportunities.

In addition, during the second quarter, SurModics made an equity investment in InnoRx, an early-stage company developing a novel drug delivery platform for the ophthalmology industry. “SurModics believes the opportunity in ophthalmology and the collaboration with InnoRx could become significant,” commented Barclay. According to market research compiled by Eugene de Juan, Jr., M.D., professor of ophthalmology at the Keck School of Medicine of the University of Southern California and Chairman of InnoRx, the combined markets for age-related macular degeneration and diabetic macular edema alone could potentially reach \$2.5 to \$7.0 billion within five to six years.

“The InnoRx drug delivery platform is being developed to address these eye conditions, and SurModics’ drug delivery polymer technology is being utilized to control the release of drugs into the eye for InnoRx’s product,” said de Juan. “Intended physician and patient benefits of this new therapy are improved patient compliance and reduced side effects. InnoRx’s drug delivery platform has several competitive advantages. First, because it is administered in a single, minimally invasive, in-clinic procedure, it eliminates the need for frequent injections into the eye. Second, the platform offers the ability to develop different versions of the product that incorporate different drugs or that target different indications. Lastly, if complications arise, the device can be simply removed.”

Operating expenses rose 5% from the second quarter of last year, as the company maintains prudent expense management. Investment in R&D continues, representing the majority of the overall expense growth.

According to Olseth, "SurModics is in excellent financial condition." The company's balance sheet remains strong, with \$101.7 million of total assets, \$95.3 million in shareholders' equity and no debt. As of March 31, the company had a cash and investment balance of \$49.0 million.

The company's second quarter results do not include any adjustments related to its Bloomington manufacturing facility; management does not believe that an impairment against book value has occurred. On March 31, SurModics said it would investigate selling or leasing the facility. The company will continue to evaluate this situation as additional information becomes available.

Live Webcast

SurModics will host a Webcast at 5:00 p.m. ET (4:00 p.m. CT) today to discuss the quarterly results. To access the Webcast, go to the investor relations portion of the company's web site, www.surmodics.com, and click on the second quarter webcast icon. If you do not have access to the Internet and want to listen to an audio replay of the second quarter conference call, dial 800-405-2236 and enter conference call ID # 576226. The audio replay will be available beginning at 6:00 p.m. CT on Wednesday, April 21, until 5:00 p.m. CT on Wednesday, April 28.

About SurModics, Inc.

SurModics, Inc., a leading provider of surface modification and drug delivery solutions, licenses its proprietary technologies to medical device, diagnostics, and biotechnology companies around the world. A significant portion of SurModics' revenue is generated through royalties on the sale of coated products. SurModics' Internet address is www.surmodics.com.

Forward-Looking Statements

Certain statements contained in this press release may be deemed to be forward-looking statements under federal securities laws, and SurModics intends that such forward looking statements be subject to the safe harbor created thereby. Factors that may cause actual results to differ from the forward-looking statements include those described in the "Risk Factors" and other sections of SurModics' filings with the Securities and Exchange Commission. SurModics does not undertake an obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

SurModics, Inc.
Income Statements
(In thousands, except per share data)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2004	2003	2004	2003
	(Unaudited)		(Unaudited)	
Revenue:				
Royalties and license fees	\$ 8,944	\$ 4,899	\$17,572	\$ 8,779
Product sales	2,803	2,893	5,403	5,932
Research & development	991	1,950	1,850	3,079
Total revenue	12,738	9,742	24,825	17,790
Operating expenses:				
Product	752	783	1,488	1,371
Research & development	3,124	2,926	6,270	5,586
Sales & marketing	639	534	1,182	1,071
General & administrative	1,545	1,507	2,920	2,915
Total operating expenses	6,060	5,750	11,860	10,943
Income from operations	6,678	3,992	12,965	6,847
Investment income	270	414	566	1,037
Net income before income taxes	6,948	4,406	13,531	7,884
Income tax provision	(2,576)	(1,656)	(5,048)	(2,963)
Net income	\$ 4,372	\$ 2,750	\$ 8,483	\$ 4,921
Basic net income per share	\$ 0.25	\$ 0.16	\$ 0.49	\$ 0.28
Diluted net income per share	\$ 0.25	\$ 0.15	\$ 0.48	\$ 0.28
Weighted average shares outstanding				
Basic	17,483	17,326	17,468	17,305
Diluted	17,775	17,803	17,774	17,813

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SurModics, Inc.
Condensed Balance Sheets
(in thousands)

	<u>March 31,</u> <u>2004</u>	<u>September 30,</u> <u>2003</u>
	(Unaudited)	
Assets		
Current assets:		
Cash & investments	\$ 9,564	\$ 6,647
Accounts receivable	9,775	9,145
Inventories	1,044	863
Other current assets	1,369	1,104
Total current assets	<u>21,752</u>	<u>17,759</u>
Property & equipment, net	32,957	33,936
Long-term investments	39,450	39,164
Other assets	7,546	6,949
Total assets	<u>\$101,705</u>	<u>\$97,808</u>
Liabilities & Stockholders' Equity		
Total current liabilities	\$ 4,778	\$10,027
Other liabilities	1,658	1,667
Total stockholders' equity	<u>95,269</u>	<u>86,114</u>
Total liabilities & stockholders' equity	<u>\$101,705</u>	<u>\$97,808</u>

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