

SPAN-AMERICA MEDICAL SYSTEMS, INC.
Statements of Income (Unaudited)

	3 Months Ended			12 Months Ended		
	Sep 27, 2003	Sep 28, 2002	% Chg	Sep 27, 2003	Sep 28, 2002	% Chg
Net sales	\$ 12,235,100	\$ 10,743,300	14%	\$ 41,574,600	\$ 33,535,600	24%
Cost of goods sold	9,147,500	7,866,000	16%	30,440,700	23,360,400	30%
Gross profit	3,087,600	2,877,300	7%	11,133,900	10,175,200	9%
	25.2%	26.8%		26.8%	30.3%	
Selling and marketing expenses	1,681,200	1,666,100	1%	6,455,500	5,895,700	9%
Research and development expenses	127,900	124,100	3%	556,400	346,100	61%
General and administrative expenses	773,500	543,000	42%	2,682,200	2,216,300	21%
	2,582,600	2,333,200	11%	9,694,100	8,458,100	15%
Operating income	505,000	544,100	-7%	1,439,800	1,717,100	-16%
	4.1%	5.1%		3.5%	5.1%	
Investment income	15,200	22,900	-34%	84,100	99,500	-15%
Royalty income	140,200	135,600	3%	597,700	606,800	-1%
Other	(10,000)	1,100	-1009%	(7,800)	89,300	-109%
Total non-operating income	145,400	159,600	-9%	674,000	795,600	-15%
Income before income taxes	650,400	703,700	-8%	2,113,800	2,512,700	-16%
Income taxes	203,000	222,000	-9%	715,000	855,000	-16%
Net income	\$ 447,400	\$ 481,700	-7%	\$ 1,398,800	\$ 1,657,700	-16%
	3.7%	4.5%		3.4%	4.9%	
Net income per share of common stock:						
Basic	\$ 0.18	\$ 0.19	-8%	\$ 0.55	\$ 0.66	-16%
Diluted	0.17	0.18	-9%	0.53	0.64	-17%
Dividends per common share	\$ 0.035	\$ 0.030	17%	\$ 0.140	\$ 0.120	17%
Weighted average shares outstanding						
Basic	2,551,011	2,536,956	1%	2,544,882	2,527,416	1%
Diluted	2,687,257	2,622,656	2%	2,659,699	2,600,604	2%
Supplemental Data						
Depreciation expense	99,500	112,500	-12%	449,600	411,900	9%
Amortization expense	21,400	14,800	45%	77,200	75,600	2%

SPAN-AMERICA MEDICAL SYSTEMS, INC.
Balance Sheets

	Sep 27, 2003 (Unaudited)	September 28, 2002 (Note)
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,811,300	\$ 1,095,300
Securities available for sale	4,143,800	5,853,700
Accounts receivable, net of allowances	5,941,800	4,926,900
Inventories	2,539,300	1,958,400
Prepaid expenses and deferred income taxes	593,000	496,200
Total current assets	15,029,200	14,330,500
Property and equipment, net	4,817,400	3,631,900
Cost in excess of fair value of net assets acquired, net of accumulated amortization	1,924,100	1,924,100
Other assets	2,219,900	2,019,400
	\$ 23,990,600	\$ 21,905,900
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 2,467,500	\$ 1,703,000
Accrued and sundry liabilities	1,747,400	1,570,000
Total current liabilities	4,214,900	3,273,000
Deferred income taxes	321,000	282,000
Deferred compensation	929,400	957,300
Shareholders' equity		
Common stock, no par value, 20,000,000 shares authorized; issued and outstanding shares 2,552,154 (2003) and 2,538,870 (2002)	284,000	196,300
Additional paid-in capital	10,000	8,500
Retained earnings	18,231,300	17,188,800
Total shareholders' equity	18,525,300	17,393,600
	\$ 23,990,600	\$ 21,905,900

Note: The Balance Sheet at September 28, 2002 has been derived from the audited financial statements at that date.