MEDISANA®

INTERIM REPORT

for the period 01.1 to 06.30.2003

Group Figures

(in millions of Euro)	2003 1.1.-6.30.	2002 1.1.-6.30.	+ / - as%
Sales	**9.4**	**12.8**	– 27%
Gross result	**4.4**	**4.7**	– 6%
EBIT	**– 0.7**	**– 0.5**	– 40%
Result for the period	**– 0.8**	**– 1.1**	+ 27%
Staff (at period cutoff date)	**103**	**96**	+7%

Sales development in the first half of the year below prior year level

In the first half year of 2003, consolidated sales developed positively over the two last quarters of 2002. By comparison with the same period last year, however, revenue is down by 27%. All in all, in the period from January 1 through to June 30, 2003, sales of EUR 9.4 million were recorded (January – June, 2002: EUR 12.8 million).

In spite of lower sales in these two countries, Germany and Italy still account for the main share of sales. The activities of the group companies in Spain, Greece and the Benelux countries have developed in a stable manner and according to planning.

The decline in sales on the domestic German market is primarily attributable to the reorganization of the sales activities and a revision of the sales line fielded under the LIGHTWAVE brand name. In connection with this new orientation of the product range, orders were shifted to the second half of 2003.

The returned goods situation has developed satisfactorily. The general concentration on higher margin and lower risk sales channels has resulted in halving the rate of goods returned.

Further increase of gross margin

During the period under review the gross margin improved further, after the increases generated in 2002. On the one hand this trend is based on the restructuring measures taken over the last months that are mainly geared to the profitable orientation of the product range and the strengthening of higher margin sales channels. On the other hand, last year's successful reduction of the increased inventory levels is also making a positive contribution. In the meantime, the main share of the products taken back in 2001 has been sold again. In addition, there are one-off currency gains achieved in the buying of the products.

In the first half of the year consolidated gross operating result stood at EUR 4.4 million (previous year period: EUR 4.7 million). The operating result came in at EUR -0.7 million (previous year period: EUR –0.5 million), while the result for the period was EUR –0.8 million (previous year period: EUR –1.1 million).

Placement of new LIGHTWAVE concept

The activities of our LIGHTWAVE brand that are targeting large scale retailers and were transferred to an independent subsidiary in 2002, have been adjusted to current market developments. Following the difficult experience of the year 2001, we had originally reduced our sales activities targeting large scale retailers and had concentrated on only a few partners. In the meantime, the LIGHTWAVE range has been newly adjusted to the specific needs of large scale retailers. The meter shelf concept we launched as of mid-year offers health care products in a price range adjusted to the individual floor space and can be rapidly and variably adapted to the current demand situation. Against the backdrop of the strong pressure on margins in these sales channels, the profit mix was adjusted to achieve better profits. In the meantime, all of the products are yielding satisfactory margins.

Orders that had been planned for the first half year were postponed to the summer in order to wait for the introduction of the new concept. In the meantime, we have received numerous new orders for LIGHTWAVE products. As of 2004, the new sales concept of the LIGHTWAVE brand will be introduced outside of Germany to other European countries.

HAPPY LIFE developed for special campaigns

In order to support the successful new placement of our large scale retailer activities, we will no longer be using LIGHTWAVE brand items for special campaigns. We have created the new HAPPY LIFE brand for sales at large scale retailers and have oriented these activities accordingly.

Expanded activities in West Europe

Against the backdrop of the positive experience gained in the establishment of a European network serving our subsidiaries, we have acquired our former license partner in England in April 2003. We acquired 74.9 % of MEDISANA HEALTHCARE UK Ltd. As is the case with the majority of our other subsidiaries, the remaining shares are held by local management. Already in the period under review the new group company has posted a slightly positive result.

In France we have concluded an exclusive agreement for the sales of our products in medical supply stores and pharmacies and we expect this cooperation to be generating rising sales in the next months.

MEDISANA products awarded

In the first half of the year a number of our products were awarded. Our ETP blood pressure meter was selected by the National Association of Drugstores (NACDS) in the United States as the best home health care product of the year 2003. Our product MEGA was also nominated as the best massage device of 2003 by the renowned Hammacher-Schlemmer Laboratory. Especially in the USA, the most important home health care market worldwide, these awards spell an increasing awareness of MEDISANA and enhance the company's reputation. We anticipate that the awarded products will be achieving increased sales on overseas markets.

Outlook on the second half of the year

Based on present and secured orders we expect the overall year 2003 to deliver considerable sales gains over 2002, in spite of continued consumer reticence and the lower sales volume in the first half of the year over the same period last year. Group sales are likely to rise by at least 25% to more than EUR 25 million. Growth in the second half of the year will be mainly driven by sales of our LIGHTWAVE articles and by HAPPY LIFE products sold in connection with special campaigns.

The improvement in gross margins recorded over the past months will stabilize in the second half of the year. This will lead to a further improvement of the earning situation on the domestic German market by comparison with the previous year. On a Group level, the year 2003 will deliver a balanced operating result (EBIT) following on EUR –3.5 million in 2002.

In addition to the positive margin development, this trend will also be accompanies by the implementation of cost cutting and structural measures. In connection with restructuring, the managing board has been reduced to a single member. In future, the former board chairman Rainer H. Behnke will head MEDISANA as sole director.

New member of the supervisory board

In the course of altering the shareholder structure in 2002 there were also changes in the supervisory board. As of August 20, 2003, supervisory board member Wulf Matthias resigned. Dr. Matthias Hartz was appointed as new member of the supervisory board by the general meeting of MEDISANA AG shareholders.

Statement of Income of MEDISANA Group in accordance with IAS

	01.01.-06.30.2003 in Euro	01.01.-06.30.2002 in Euro
Sales revenue	**9,438,312**	**12,790,495**
Cost of sales	-4,995,110	-8,108,445
Gross result	**4,443,202**	**4,682,050**
Purchasing & Storage	-379,637	-412,014
Sales & Marketing	--2,932,942	-2,791,145
Administration	-1,645,693	-1,695,618
Other operating expenses / income	-67,747	-182,219
Goodwill depreciations	-114,047	-59,183
EBIT	**-696,864**	**-458,129**
Financial result	-379,291	-382,773
EBT	**-1,076,155**	**-840,902**
Taxes on income	416,784	69,919
Result for period incl. shares of other partners	**-659,371**	**-770,983**
Shares of other partners	-142,928	-289,006
Result for period	**-802,299**	**-1,059,989**
Earnings per T shares (TEUR) for 4,680 shares (3,800 shares in 2002)	-0.17	-0.28

Cash flow statement of MEDISANA Group in accordance with IAS

	01.01.-06.30.2003 in Euro	01.01.-06.30.2002 in Euro
Liquid funds 01.01.	**965,796**	**2,097,209**
Result for period	-802,299	-770,983
+ Depreciations	379,661	319,749
+ Result from asset disposals	8,585	172,262
+/- Taxes on income	-675,749	13,288
+/- Change in provisions	186,197	-415,842
+/- Change in inventories	-196,650	0
+/- Change in receivables, payables (excluding financial liabilities)	999,430	1,143,458
+/- Other expenses / income not affecting payments	-46,215	-75,415
of which value adjustment on inventories	0	0
of which other	-46,215	-75,415
Inflow/outflow of funds from operating activity	**-150,040**	**1,623,893**
Net investments in fixed assets, excluding acquisition of shares	-81,988	-97,625
Expenditures on shares in associated companies (gross)	0	-501,255
Other consolidation effects not affecting payments	222,590	0
Inflow/outflow of funds from investment activity	**140,602**	**-598,880**
Repurchase of own shares	-157,250	-336,717
+/- long-term financial liabilities	-208,534	20,718
+/- short-term financial liabilities	508,940	-952,920
Inflow/outflow of funds from financing activity	**143,156**	**-1,268,919**
Change in liquid funds affecting payments	**133,718**	**-243,906**
Consolidated group- and exchange rate-related change in liquid funds	-53,125	-104,545
Liquid funds as at end of period	**1,046,389**	**1,748,758**

Consolidated Balance Sheet in accordance with IAS

	06.30.2003 in Euro	12.31.2002 in Euro
Fixed Assets	**4,308,899**	**4,612,156**
Intangible assets	3,431,584	3,616,692
Tangible fixed assets	877,315	995,464
Financial assets		
Current Assets	**14,035,702**	**13,974,369**
Inventories	6,659,329	6,462,679
Trade accounts receivable	4,928,931	4,813,412
Other receivables and other assets	1,401,053	1,732,482
Liquid funds	1,046,389	965,796
Claims for refunds on income tax	**6,424,378**	**5,850,749**
Total Assets	**24,768,979**	**24,437,274**
Equity Capital	**12,414,625**	**13,395,234**
Subscribed capital	4,140,850	4,225,850
Capital reserves	15,511,070	15,706,860
Exchange rate difference	-35,219	-69,405
Balance sheet result	-7,202,076	-6,468,071
Shares of other partners	**659,618**	**502,552**
Provisions	**2,202,376**	**2,016,179**
Provisions for pensions	743,045	743,045
Other provisions	1,459,331	1,273,134
Liabilities	**8,837,023**	**7,765,853**
Long-term financial liabilities	12,757	221,290
Short-term financial liabilities	4,649,869	4,153,687
Trade accounts payable	3,472,607	2,361,514
Other liabilities	701,790	1,029,362
Income tax liabilities	**655,337**	**757,456**
Total liabilities	**24,768,979**	**24,437,274**

MEDISANA
HOME HEALTH CARE

MEDISANA AG
Eisbachstraße 2 · D-53340 Meckenheim
Telephone 0 22 25 / 91 96-0 · Fax 0 22 25 / 91 96-26
info@medisana.de · www.medisana.de