

# MEDIA RELEASE

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## RESMED INC ANNOUNCES RECORD FINANCIAL RESULTS FOR QUARTER AND YEAR ENDED JUNE 30, 2002

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Sydney, Australia, August 14, 2002....ResMed Inc (ASX:RMD) announced record revenue and net income results for the quarter and year ended June 30, 2002. Net income for the quarter increased 18% to US\$9.8 million from US\$8.3 million, or to US\$0.29 per share (US\$0.029 per ASX listed CDI) from US\$0.25 per share (US\$0.025 per ASX listed CDI), compared to the June 2001 quarter. Revenue for the quarter was US\$56.2 million, an increase of 20% over year ago figure.

Selling, general and administration (SG&A) costs for the quarter were US\$18.0 million, an increase of US\$2.7 million or 18%, over the same period in fiscal 2001. The increase in gross SG&A related primarily to increase of selling and administration personnel to meet expanding opportunities in the sleep disordered breathing (SDB) market and included SG&A costs from Servo Magnetics Inc (SMI). SG&A expenditure as a percentage of revenue was 32% in the June quarter compared to 33% for the same period in fiscal 2001.

Research and development expenditure, at approximately 7.4% of revenues, increased during the three months ended June 30, 2002 to US\$4.1 million from US\$3.2 million in the quarter ended June 30, 2001. The increase of 28% in research and development outlays reflected ResMed's continuing innovation within its product portfolio as well as an ongoing commitment to clinical research and product development, particularly in the evolving cardiovascular markets.

During the quarter, the Company repurchased US\$22.75 million face value of its convertible subordinated notes. The total purchase price of the notes was US\$18.9 million, including US\$0.3 million in accrued interest. On extinguishment, the Company recognized a gain of US\$3.6 million before taxes. The debt repurchase represents part of ResMed's ongoing capital management activities. The Company may repurchase additional notes as appropriate.

Consistent with prior grants, the Company donated US\$1.3 million to the recently established ResMed's sleep disordered breathing foundations. The foundations were established to promote awareness of and research into the serious medical consequences of untreated SDB.

On July 31, 2002, American Home Patient Inc. (AHP), a significant customer, filed for Chapter 11 Bankruptcy Protection. The Company has fully provided for all outstanding receivables from AHP as a post balance date event. The AHP's filing for Chapter 11 Bankruptcy Protection is not expected to materially impact the Company or its business.

Excluding the impact of one off items consisting of extinguishment of debt, donation to foundations, an In-Process Research and Development charge and one-time doubtful debt charge, totalling a combined US\$861,000 before tax or US\$340,000 after tax, net income after taxes was US\$9.5 million for the quarter ended June 30, 2002.

The Company also repurchased 290,047 shares of its Common Stock for US\$7.9 million during the quarter, following the Board of Directors authorization on June 6, 2002 allowing the company to repurchase up to 4 million shares.

Inventories of US\$41.2 million increased from March 2002 levels reflecting an increase in inventory holdings for the launch of the S7™ Elite and Autoset Spirit™ flow generators in the US market subsequent to year end. Inventories also increased during the quarter by approximately US\$2.9 million as a consequence of an appreciation in the value of Euro and by a further US\$1.7 million on acquisition of SMI. Accounts receivable days sales outstanding at 72 remain consistent with the Company's past DSO history.

Company revenues for fiscal 2002 were US\$204.1 million, an increase of 32% over the year ended June 30, 2001. Net income, for the year was US\$37.5 million or US\$1.10 per share, on a diluted basis, compared with net income of US\$11.6 million or US\$0.35 per share for the same period in fiscal 2001. Net income, increased by 222%, while EPS, on a diluted basis, improved by 214%. Income in previous period was affected by US\$18.2 million acquisition related charge; excluding this charge, net income would have increased by 26%.

Peter C Farrell, PhD, Chairman and Chief Executive Officer, commented, "These record profit and revenue results for the June quarter and fiscal year 2002 reflect ResMed's continuing robust sales and profit growth. Our operating cashflow for the June quarter, before interest payments of \$US2.5 million, was US\$10.9 million. American sales increased by 27% over the June 2001 quarter to a record US\$28.4 million, reflecting very healthy domestic demand for our SDB products. Given the negative impact of recent health care changes in Germany, our biggest market outside the U.S., we are quite encouraged by the 13% increase in Rest of World sales, compared to the June 2001 quarter."

Chris Roberts, PhD, Executive Vice President and Head of European Operations, commented that market conditions improved markedly in Germany over the quarter with German sales increasing by 10% over the March quarter result, with prescription volumes growing encouragingly. Dr Roberts further noted that, given the growth in activity, we remain confident about the SDB growth prospects in the German market.

Dr Farrell also commented, "We are excited and optimistic about the recent launch of our new flagship flow generator devices, the S7 Elite and Autoset Spirit into the American market, the first of several new products we intend to launch this fiscal year. In short, we continue to remain very optimistic about the global sleep market."

ResMed is a leading developer, manufacturer, and marketer of medical equipment for the diagnosis and treatment of sleep-disordered breathing, selling a comprehensive range of products in over 60 countries. ResMed has made the *Forbes'* list of 200 Best Small Companies in America for five consecutive years, most recently at #24 up from #172 in 1997.

ResMed will host a conference call at 7:15 a.m. AEST today to discuss these quarterly results. Individuals wishing to access the conference call may do so via ResMed's Web site at [www.resmed.com](http://www.resmed.com). Please allow extra time prior to the call to visit the site and download the streaming media player (Windows Media Player) required to listen to the Internet broadcast. The online archive of the broadcast will be available approximately 90 minutes after the live call and will be available for two weeks.

Further information can be obtained by contacting Adrian Smith at ResMed Inc's Sydney offices, (02) 9886 5407 or by visiting the Company's multilingual Web site at [www.resmed.com](http://www.resmed.com).

Statements contained in this release, which are not historical facts, are "forward-looking" statements as contemplated by the Private Securities Litigation Reform Act of 1995. Such forward-looking statements, including statements regarding the Company's future revenue and earnings projections, the development of new markets for the Company's products, the performance and potential of the Company's new products and the growth prospects for the Company in the German marketplace are subject to risks and uncertainties, which could cause actual results to differ materially from those projected or implied in the forward-looking statements. Such risks and uncertainties are discussed in the Company's Annual Report on Form 10-K for its most recent fiscal year.

**RESMED INC. AND SUBSIDIARIES**  
**Consolidated Statements of Income**  
(In US\$ thousands, except per share data)

	Three Months Ended June 30,		Year Ended June 30,	
	2002	2001	2002	2001
	(unaudited)	(unaudited)		
Net revenue	US\$56,247	US\$47,028	US\$204,076	US\$155,156
Cost of sales	19,439	15,037	70,240	50,008
Reversal of inventory revaluation on acquisition	-	243	587	369
<b>Gross profit</b>	<b>36,808</b>	<b>31,748</b>	<b>133,249</b>	<b>104,779</b>
<b>Operating expenses:</b>				
Selling, general and administrative	18,014	15,322	63,481	49,364
Research and development	4,140	3,235	14,910	11,146
<b>Total operating expenses</b>	<b>22,154</b>	<b>18,557</b>	<b>78,391</b>	<b>60,510</b>
<b>Income from normal operations</b>	<b>14,654</b>	<b>13,191</b>	<b>54,858</b>	<b>44,269</b>
<b>Other:</b>				
Interest income (expense), net	(763)	(609)	(3,224)	(762)
Government grants	-	-	-	72
Other income (expense), net	(363)	133	108	1,962
Gain on extinguishment of debt	3,560	-	6,549	-
Donation to Foundation	(1,349)	-	(2,349)	-
In process R&D written off on acquisition of SMI	(350)	-	(350)	(17,677)
Provision for restructuring	-	-	-	(550)
One time bad debt provision	(1,000)	-	(1,000)	-
<b>Total other income (expenses), net</b>	<b>(265)</b>	<b>(476)</b>	<b>(266)</b>	<b>(16,955)</b>
<b>Income before income taxes</b>	<b>14,389</b>	<b>12,715</b>	<b>54,592</b>	<b>27,314</b>
Income taxes	4,579	4,369	17,086	15,684
<b>Net income</b>	<b>US\$9,810</b>	<b>US\$8,346</b>	<b>US\$37,506</b>	<b>US\$11,630</b>
<b>Basic earnings per share</b>	<b>US\$0.30</b>	<b>US\$0.27</b>	<b>US\$1.17</b>	<b>US\$0.37</b>
<b>Diluted earnings per share</b>	<b>US\$0.29</b>	<b>US\$0.25</b>	<b>US\$1.10</b>	<b>US\$0.35</b>
<b>Basic earnings per CDI</b>	<b>US\$0.030</b>	<b>US\$0.027</b>	<b>US\$0.117</b>	<b>US\$0.037</b>
<b>Diluted earnings per CDI</b>	<b>US\$0.029</b>	<b>US\$0.025</b>	<b>US\$0.110</b>	<b>US\$0.035</b>
<b>Basic shares outstanding</b>	<b>32,714</b>	<b>31,426</b>	<b>32,174</b>	<b>31,129</b>
<b>Diluted shares outstanding</b>	<b>34,011</b>	<b>33,945</b>	<b>34,080</b>	<b>33,484</b>

**RESMED INC. AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
(In US\$ thousands except share and per share data)

	June 30, 2002	June 30, 2001
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$72,860	\$40,136
Marketable securities - available for sale	19,979	62,616
Accounts receivable, net	46,199	32,248
Inventories	41,173	29,994
Deferred income taxes	9,289	4,152
Prepaid expenses and other current assets	4,213	8,736
	193,713	177,882
Property, plant and equipment, net of accumulated depreciation	79,279	55,092
Patents, net of accumulated amortization	2,653	1,390
Goodwill	92,536	47,870
Other assets	8,010	5,856
	\$376,191	\$288,090
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$11,605	\$7,971
Accrued expenses	17,052	16,751
Income taxes payable	6,905	8,888
Deferred settlement on property purchase	11,552	-
Current portion of deferred profit on sale leaseback	1,933	-
	49,047	33,610
Non current liabilities:		
Deferred revenue	7,259	4,114
Convertible Subordinated Notes	123,250	150,000
Deferred profit on sale and leaseback	3,705	-
	134,214	154,114
Total Liabilities	\$183,261	\$187,724
Stockholders' Equity:		
Preferred stock, \$0.01 par value, 2,000,000 shares authorized; none issued	-	-
Series A Junior Participating preferred stock, \$0.01 par value, 250,000 shares authorized; none issued	-	-
Common Stock \$0.004 par value 100,000,000 shares authorized; issued and outstanding 33,167,207 at June 30,2002 and 31,478,780 at June 30, 2001	133	126
Additional paid-in capital	94,152	52,675
Retained earnings	114,643	77,137
Treasury Stock	(7,873)	-
Accumulated other comprehensive income (loss)	(8,125)	(29,572)
	192,930	100,366
Commitments and contingencies	-	-
Total liabilities and stockholders' equity	\$376,191	\$288,090