

ResMed Inc. Announces Record Financial Results for Quarter Ended September 30, 2001

October 30, 2001

SAN DIEGO, California, October 30, 2001....ResMed Inc (NYSE:RMD) announced record earnings results for the quarter ended September 30, 2001. Net income for the quarter increased 30% to \$8.5 million from \$6.6 million, or to \$0.25 per share (on a diluted basis) from \$0.20 per share, compared to the September 2000 quarter. Income from operations for the quarter was \$13.2 million, compared to \$9.1 million for the same period in fiscal 2001, an increase of 45% over the September 2000 quarter, while cash flow from operations was a record \$11.2 million, a 79% increase over the year ago quarter. Company net revenue for the quarter was \$46.1 million, an increase of 48% over year ago figures. The improved quarterly net income reflected higher levels of sales in all global markets, when compared to fiscal 2001. Gross profit for the quarter was an encouraging 67%. Selling, general and administration costs for the quarter were \$14.3 million, an increase of \$4.7 million, over the same period in fiscal 2001. The increase in gross SG&A related primarily to an expansion of selling and administration personnel to meet expanding opportunities in the sleep disordered breathing market coupled with additional SG&A costs associated with MAP.

Research and development expenditure, at 7.3% of net revenues, increased during the three months ended September 30, 2001 to \$3.4 million from \$2.4 million in the quarter ended September 30, 2000. The increase of 41% 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 stroke and congestive heart failure markets. Also included were R&D expenses associated with MAP.

Inventories of \$32.4 million were higher than June 2001 levels, but remain within the company's target range. Accounts receivable days sales outstanding at 63 days remain very favorable compared to industry peers, and represent an improvement of 9 days, compared to the September 2000 quarter.

Peter C. Farrell, Ph.D., Chairman and Chief Executive Officer, expressed considerable satisfaction with the Company's performance. "These record profit and revenue results for the September quarter reflect ResMed's continuing robust sales and profit growth which now stretch to 26 consecutive quarters. Domestic sales for the quarter increased by 24% over the September 2000 quarter to \$21.6 million, reflecting strong domestic demand for our sleep-disordered breathing (SDB) products, including significant growth in domestic bilevel device revenues. International sales, excluding MAP, increased by an impressive 34%, over the September 2000 quarter to \$18.3 million, despite an adverse impact of \$0.7 million from the devaluation of international currencies, over the same period in fiscal 2001. In local currency terms, international sales increased by a more impressive 39%. Inclusive of MAP revenues, international revenues increased by 80% and represented 53% of overall revenues."

Dr. Farrell further commented, "We are delighted by clinical results, reported during the quarter, from within Europe. Several academic centers in Germany, using ResMed's AutoSet CS(TM) technology to treat SDB in CHF, have shown significant improvement in the morbidity associated with CHF; we continue to remain optimistic about these results. Other European sleep researchers have shown that mean arterial blood pressure in SDB patients is significantly reduced on nasal CPAP treatment and that the effect seems to be greatest when patients are also on anti-hypertensive drugs. Similar data were reported at the European Respiratory Meeting in Berlin in September. The significance of these preliminary results is the suggestion that nasal CPAP can play a positive role in reducing hypertension, now considered the major risk factor for heart disease and stroke.

"In addition, we have just released, in Australia, a new and innovative product line to replace the current AutoSet T(TM). The new AutoSet Spirit(TM) incorporates many of the proven features from the AutoSet T plus additional enhancements, including an integrated humidifier. This product will be a cornerstone of our future growth. The AutoSet Spirit will be released to other markets as regulatory approvals are obtained. Simultaneously, we also released an improved version of our successful

Mirage(R) Full Face Mask.

"ResMed was further delighted to be named, once again, in this year's Forbes annual list of the 200 Best Small Companies in America, this year at #24; this represents the fifth consecutive year ResMed has made the Forbes 200 list."

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. In 1999, 2000 and 2001, ResMed was listed as one of Business Week's Hundred Hot Growth Companies. In 2001, ResMed was ranked #31 up from #67 in 1999. ResMed was also named by FORTUNE magazine as one of America's One Hundred Fastest Growing Companies in both 1999 and 2000. In 2001 ResMed was ranked #30 among Fortune Small Business' 100 Fastest Growing Small Businesses. On October 25 in Sydney, ResMed's founder and CEO, Dr. Peter Farrell, was named Ernst & Young Master Entrepreneur for Australia in 2001, as well as the inaugural Australian Entrepreneur of the Year for 2001.

ResMed will host a conference call at 1:30 p.m. PST 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. 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 Walter Flicker at ResMed Inc, San Diego, (858) 746-2211 or by visiting the Company's multilingual Web site at 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 and the development of new markets for the Company's products, 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 (Unaudited)
(In US\$ thousands, except per share data)

	Three Months Ended September 30,	
	2001	2000
Net revenue	\$ 46,129	\$ 31,082
Cost of sales	15,046	9,995
Reversal of inventory revaluation on acquisition	250	-
Gross profit	30,833	21,087
Operating expenses		
Selling, general and administrative	14,285	9,591
Research and development	3,361	2,389
Total operating expenses	17,646	11,980
Income from operations	13,187	9,107
Other income (expenses), net		
Interest income (expense), net	(735)	(2)
Other, net	117	883
Total other income (expenses), net	(618)	881
Income before income taxes	12,569	9,988
Income taxes	4,031	3,408
Net income	\$ 8,538	\$ 6,580
Basic earnings per share	\$0.27	\$0.21
Diluted earnings per share	\$0.25	\$0.20

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

	<u>September 30,</u> <u>2001</u>	<u>June 30,</u> <u>2001</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$60,444	\$40,136
Marketable securities - available for sale	83,066	62,616
Accounts receivable, net of allowance for doubtful accounts of \$948 at September 30, 2001 and \$892 at June 30, 2001	33,503	32,248
Inventories	32,447	29,994
Deferred income taxes	4,388	4,152
Prepaid expenses and other current assets	12,449	8,736
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Total current assets	226,297	177,882
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Property, plant and equipment, net of accumulated depreciation of \$22,040 at September 30, 2001 and \$19,930 at June 30, 2001	54,929	55,092
Patents, net of accumulated amortization of \$1,088 at September 30, 2001 and \$1,030 at June 30, 2000	1,640	1,390
Goodwill, net	51,372	47,870
Other assets	7,232	5,856
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TOTAL ASSETS	\$341,470	\$288,090
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LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$6,374	\$7,971
Accrued expenses	24,145	16,751
Income taxes payable	9,115	8,888
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Total current liabilities	39,634	33,610
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NON CURRENT LIABILITIES:		
Deferred revenue	5,211	4,114
Convertible subordinated notes	180,000	150,000
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	\$224,845	\$187,724
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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 31,916,680 at September 30, 2001 and 31,478,780 at June 30, 2001	128	126
Additional paid-in capital	57,992	52,675
Retained earnings	85,675	77,137
Accumulated other comprehensive loss	(27,170)	(29,572)
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TOTAL STOCKHOLDERS' EQUITY	116,625	100,366
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Commitments and contingencies	-	-
Total liabilities and stockholders' equity	\$341,470	\$288,090
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