

ResMed Inc. Announces Record Financial Results for Quarter and Six Months Ended December 31, 2001

January 30, 2002

SAN DIEGO, California, January 30, 2002... ResMed Inc (NYSE:RMD) announced record financial results for the quarter and six months ended December 31, 2001. Net income for the quarter increased 27% to \$8.8 million from \$6.9 million, or to \$0.26 per share (on a diluted basis) from \$0.21 per share, compared to the December 2000 quarter. Income from operations for the quarter was \$13.4 million, compared to \$9.8 million for the same period in fiscal 2001, an increase of 37%. Company net revenue for the quarter was \$48.9 million, an increase of 42% over year ago figures of \$34.4 million. Selling, general and administration costs for the quarter were \$14.8 million, an increase of \$4.0 million, over the same period in fiscal 2001. The increase in SG&A expenditure related primarily to an expansion of selling and administration personnel to meet expanding opportunities in the sleep disordered breathing market.

Research and development expenditure, at 7.4% of net revenues, increased during the three months ended December 31, 2001 to \$3.6 million from \$2.5 million in the quarter ended December 31, 2000. The increase of 44% in research and development outlays reflects ResMed's continuing commitment to 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.

For the six months ended December 31, 2001, Company revenues were \$95.1 million, an increase of 45% over the \$65.4 million for the six months ended December 31, 2000. Net income for the six months was \$17.3 million or \$0.51 per share, compared with net income of \$13.5 million or \$0.41 per share for the same period in fiscal 2001. Net income increased by 28% over the prior year period.

Inventories of \$33.5 million were moderately higher this quarter compared to the September 2001 quarter; however, excluding an additional \$1.5 million of inventory from the Labhardt acquisition, inventory actually declined by \$0.4 million. Accounts receivable days sales outstanding at 68 days remain favorable, compared to industry peers, and represent an improvement of 5 days, compared to the December 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 December quarter reflect ResMed's continuing robust sales and profit growth, which now stretch to 27 consecutive quarters. Domestic sales for the quarter increased by 29% over the December 2000 quarter to \$24.3 million, reflecting strong domestic demand for our sleep-disordered breathing (SDB) products, including significant growth in mask revenues. International sales increased by 59%, over the December 2000 quarter, to \$24.6 million."

"We also continue to make good progress with our clinical studies on sleep-disordered breathing in both stroke and congestive heart failure patients. The AutoSet CS is now being used at over two dozen centers in Germany and the results continue to remain encouraging; significant improvements, albeit in small numbers of patients, have been observed in compliant patients in key cardiac & CHF quality of life measures and the FDA trial is continuing in the USA. In addition, last quarter we released our new AutoSet Spirit in Australia; the device is smaller and has more enhanced functionality than our current AutoSet offering and also provides integrated humidification. The European release is taking place during this quarter and the U.S. will follow shortly thereafter, pending FDA approval."

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 BusinessWeek'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. 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 2:00 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 Norman DeWitt at ResMed Inc, San Diego, (858) 746-2212 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 December 31,		Six Months Ended December 31,	
	2001	2000	2001	2000
Net revenue	\$48,924	\$ 34,366	\$95,053	\$ 65,448
Cost of sales	16,836	11,345	31,882	21,340
Reversal of inventory revaluation on acquisition	251	-	501	-
Gross profit	<u>31,837</u>	<u>23,021</u>	<u>62,670</u>	<u>44,108</u>
Operating expenses				
Selling, general and administrative	14,774	10,724	29,059	20,315
Research and development	3,617	2,505	6,978	4,894
Total operating expenses	<u>18,391</u>	<u>13,229</u>	<u>36,037</u>	<u>25,209</u>
Income from operations	<u>13,446</u>	<u>9,792</u>	<u>26,633</u>	<u>18,899</u>
Other income (expenses), net				
Interest income (expense), net	(833)	105	(1,568)	103
Government grants	-	72	-	72
Other, net	(79)	498	38	1,381
Total other income (expenses), net	<u>(912)</u>	<u>675</u>	<u>(1,530)</u>	<u>1,556</u>
Income before income taxes	12,534	10,467	25,103	20,455
Income taxes	3,755	3,589	7,786	6,977
Net income	<u>\$8,779</u>	<u>\$ 6,898</u>	<u>\$17,317</u>	<u>\$ 13,478</u>
Basic earnings per share	\$0.27	\$ 0.22	\$0.54	\$0.44
Diluted earnings per share	\$0.26	\$ 0.21	\$0.51	\$0.41
Basic shares outstanding	32,043	31,037	31,882	30,923
Diluted shares outstanding	34,293	33,222	34,193	33,150

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

	December 31, <u>2001</u>	June 30, <u>2001</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$64,047	\$40,136
Marketable securities - available for sale	72,804	62,616
Accounts receivable, net of allowance for doubtful accounts of \$945 at December 31, 2001 and \$892 at June 30, 2001	36,820	32,248
Inventories	33,479	29,994
Deferred income taxes	5,222	4,152
Prepaid expenses and other current assets	13,421	8,736
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Total current assets	225,793	177,882
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Property, plant and equipment, net of accumulated depreciation	60,370	55,092
Patents, net of accumulated amortization	2,142	1,390
Goodwill	55,213	47,870
Other assets	7,906	5,856
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TOTAL ASSETS	\$351,424	\$288,090
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LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	6,768	\$7,971
Accrued expenses	22,701	16,751
Income taxes payable	7,965	8,888
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Total current liabilities	37,434	33,610
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NON CURRENT LIABILITIES:		
Deferred Revenue	5,926	4,114
Convertible subordinated notes	180,000	150,000
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TOTAL LIABILITIES	\$223,360	\$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 32,163,417 at December 31, 2001 and 31,478,780 at June 30, 2001	129	126
Additional paid-in capital	60,886	52,675
Retained earnings	94,454	77,137
Accumulated other comprehensive loss	(27,405)	(29,572)
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TOTAL STOCKHOLDERS' EQUITY	128,064	100,366
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Commitments and contingencies	-	-
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$351,424	\$ 288,090
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