

MEDIA RELEASE

RESMED INC ANNOUNCES RECORD FINANCIAL RESULTS FOR QUARTER ENDED SEPTEMBER 30, 2002

SYDNEY, Australia, October 31, 2002... ResMed Inc (ASX:RMD) announced record revenue and operating profit results for the quarter ended September 30, 2002. Revenue for the quarter was US\$58.6 million, an increase of 27% over the year ago figure. Net operating profit for the quarter increased by 18% to US\$15.6 million. Net income for the quarter increased 12% to US\$9.6 million from US\$8.5 million, or to US\$0.28 per share on a diluted basis (US\$0.028 per ASX listed CDI) from US\$0.25 per share (US\$0.025 per ASX listed CDI), compared to the September 2001 quarter.

Selling, general and administration costs for the quarter were US\$17.7 million, an increase of US\$3.4 million or 24%, over the same period in fiscal 2001. The increase in gross SG&A related primarily to an increase in selling and administration personnel to meet expanding opportunities in the sleep-disordered breathing (SDB) market. SG&A expenditure as a percentage of revenue was 30% in the September quarter compared to 31% for the same period in fiscal 2001.

Research and development expenditure, at approximately 7.5% of revenues, increased during the three months ended September 30, 2002 to US\$4.4 million from US\$3.4 million in the quarter ended September 30, 2001. The increase of 31% in research and development outlays reflects 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\$5.0 million face value of its convertible subordinated notes. The total purchase price of the notes was US\$4.6 million, including US\$0.1 million in accrued interest. On extinguishment, the Company recognized a gain of US\$0.2 million after taxes. The debt repurchase represents part of ResMed's ongoing capital management activities. The Company also incurred a non-recurring charge of US\$0.1 million in connection with termination payments related to discontinuation of certain diagnostic sales activities.

Inventories of US\$45.1 million increased from June 2002 levels reflecting a conservative move to increase physical inventory holdings in the US due to the uncertainty surrounding the West Coast dockside dispute. Accounts receivable days sales outstanding at 72 remain consistent with the June 2002 quarter and the Company's past DSO history.

Peter C Farrell PhD, Chairman and Chief Executive Officer, commented, *"These record profit and revenue results for the September quarter reflect ResMed's continuing robust sales and profit growth. Our operating cash flow for the September quarter was \$US8.1 million. American sales increased by 31% over the September 2001 quarter to a record US\$28.3 million, reflecting very healthy North American demand for our SDB products and a full quarter of sales from our recently acquired subsidiary, Servo Magnetics. Excluding SMI, American sales grew 23%. Rest of World sales increased 23% over the September 2001 quarter, reflecting continued recovery in the German market and a stronger Euro."*

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Dr Farrell also commented, *"We are very pleased with the acceptance and sales of our new flagship flow generator devices, the AutoSet Spirit™ and S7 Elite™, both of which continue to sell beyond expectations. It is also therefore very pleasing to note the release of two other products; The Mirage Vista™, a new small nasal mask and the S7 Lightweight™, our new base CPAP flow generator with optional fully integrated humidification. These excellent products complement our existing product range and will further strengthen our position as a world leader in the rapidly expanding global sleep-disordered breathing market."*

"ResMed was also delighted to be named, once again, in this year's Forbes annual list of the 200 Best Small Companies in America, this year at #18; this represents the sixth consecutive year ResMed has made the Forbes 200 list."

ResMed is a leading developer, manufacturer, and marketer of medical equipment for the diagnosis treatment and management of sleep-disordered breathing, selling a comprehensive range of products in over 60 countries.

ResMed will host a conference call at 8.45 am Eastern Daylight Time (EDT) 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. A telephone replay of the conference call is available by dialing +1 (706) 645-9291 and entering conference ID No. 6305478.

Further information can be obtained by contacting Adrian Smith at ResMed Inc, Sydney, (02) 9886 5407 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, 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.

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

	<u>Three Months Ended</u> <u>September 30,</u>	
	<u>2002</u>	<u>2001</u>
Net revenue	\$58,586	\$46,129
Cost of sales	20,889	15,296
Gross profit	<u>37,697</u>	<u>30,833</u>
Operating expenses:		
Selling, general and administrative	17,691	14,285
Research and development	4,395	3,361
Total operating expenses	<u>22,086</u>	<u>17,646</u>
Income from operations	<u>15,611</u>	<u>13,187</u>
Other income (expenses), net:		
Interest income (expense), net	(883)	(735)
Gain on extinguishment of debt	338	-
Ex-gratia termination payment on transfer of US diagnostic operations	(100)	-
Other, net	(967)	117
Total other income (expenses), net	<u>(1,612)</u>	<u>(618)</u>
Income before income taxes	13,999	12,569
Income taxes	4,428	4,031
Net income	<u>\$9,571</u>	<u>\$ 8,538</u>
Basic earnings per share	\$0.29	\$0.27
Diluted earnings per share	\$0.28	\$0.25
Basic earnings per CDI	\$0.029	\$0.027
Diluted earnings per CDI	\$0.028	\$0.025
Basic shares outstanding	32,882	31,722
Diluted shares outstanding	34,121	34,093

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

	September 30, <u>2002</u>	June 30, <u>2002</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$73,570	\$72,860
Marketable securities - available for sale	15,633	19,979
Accounts receivable, net	46,696	46,199
Inventories	45,086	41,173
Deferred income taxes	10,215	9,289
Prepaid expenses and other current assets	3,754	4,213
	194,954	193,713
Property, plant and equipment, net of accumulated depreciation	80,078	79,279
Patents, net of accumulated amortization	2,695	2,653
Goodwill	92,533	92,536
Other assets	6,355	8,010
	\$376,615	\$376,191
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$12,022	\$11,605
Accrued expenses	17,675	17,052
Income taxes payable	5,786	6,905
Payable for property purchase	11,261	11,552
Current portion of deferred profit on sale and leaseback	1,865	1,933
	48,609	49,047
Non current liabilities:		
Deferred revenue	7,675	7,259
Convertible subordinated notes	118,250	123,250
Deferred profit on sale and leaseback	3,109	3,705
	129,034	134,214
Total liabilities	\$177,643	\$183,261
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 33,308,766 at September 30, 2002 and 33,108,207 at June 30, 2002 (including 360,347 and 290,047 shares held as Treasury Stock respectively)	132	132
Additional paid-in capital	95,744	94,153
Retained earnings	124,214	114,643
Treasury stock	(9,794)	(7,873)
Accumulated other comprehensive income (loss)	(11,324)	(8,125)
	\$198,972	\$192,930
Commitments and contingencies	-	-
Total liabilities and stockholders' equity	\$376,615	\$376,191

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