UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON DC 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED JUNE 30, 2000
COMMISSION FILE NUMBER 0-26038

RESMED INC
(Exact name of Registrant as specified in its Charter)

DELAWARE	98-0152841
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No)

14040 DANIELSON STREET
POWAY CA 92064-6857
UNITED STATES OF AMERICA
(Address of principal executive offices)

(858) 746 2400
(Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:

TITLE OF EACH CLASS:

Common Stock, $.004 Par Value
Rights to Purchase Series A Junior
Participating Preferred Stock

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to filing requirements for the past 90 days.
Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulations S-K (S 229.405 of this Chapter) is not contained herein and will not be contained to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of the Form 10-K or any amendment to this Form 10-K [ ].

The aggregate market value of the voting stock held by non-affiliates of Registrant as of September 8, 2000, computed by reference to the closing sale price of such stock on the New York Stock Exchange, was approximately $885,000,000 (All directors, executive officers, and 10% stockholders of Registrant are considered affiliates.)

At September 8, 2000, Registrant had 30,918,262 shares of Common Stock, $.004 par value, issued and outstanding.

Portions of Registrant's definitive Proxy Statement for its November 6, 2000 meeting of stockholders are incorporated by reference into Part III of this report.

THE INFORMATION CONTAINED IN THIS REPORT INCLUDES FORWARD-LOOKING STATEMENTS, WHICH ARE TYPICALLY IDENTIFIED BY THE WORDS "ANTICIPATES", "BELIEVES", "EXPECTS", "INTENDS", "FORECASTS", "PLANS", "FUTURE", "STRATEGY", OR WORDS OF SIMILAR IMPORT. VARIOUS IMPORTANT FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED IN THE FORWARD-LOOKING STATEMENTS ARE IDENTIFIED BELOW IN PART I, ITEM 3 AND PART II, ITEM 7 OF THIS REPORT.

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PART I

Item 1 BUSINESS

GENERAL

ResMed is a leading developer, manufacturer and distributor of medical equipment for treating, diagnosing and managing sleep disordered breathing ('SDB'). SDB includes sleep apnea and related respiratory disorders that occur during sleep. The Company employs over 600 people and sells its products in over 50 countries through a combination of wholly owned subsidiaries and independent distributors.

When ResMed was formed in 1989, its primary purpose was to commercialize a device for treating obstructive sleep apnea (OSA). Developed by Professor Colin Sullivan of the University of Sydney, nasal continuous positive airway pressure (CPAP) was the first successful noninvasive treatment of OSA.

Since 1989, ResMed has broadened its focus to cover sleep disordered breathing in all its manifestations. Operations have expanded rapidly through the introduction of a number of highly innovative product lines. As of June 2000, the Company's compound annual growth rate was in excess of market growth rates: 35% for sales and 49% for net income, using fiscal 1996 as a base. ResMed believes its success is due to a continuing focus on sleep disordered breathing and the development of therapeutic technology to ameliorate its serious medical consequences.

CORPORATE HISTORY

ResMed Inc, a Delaware corporation, was formed in March 1994 as the ultimate holding company for its Australian, European and United States operating subsidiaries. On June 1, 1995 the Company completed an initial public offering of common stock and on June 2, 1995 the Company's common stock commenced trading on The NASDAQ National Market. On September 30, 1999 the Company transferred its principal public listing to the New York Stock Exchange, trading under the ticker symbol RMD. On November 25, 1999, the Company established a secondary listing of its shares as Chess Depositary Instruments (CDI) on the Australian Stock Exchange, also under the symbol RMD. (Ten ASX CDIs are equivalent to one NYSE share). ResMed Inc's Australian subsidiary, ResMed Holdings Limited ('RHL'), was originally organized in 1989 by Dr. Peter Farrell to acquire from Baxter Center for Medical Research Pty Limited ('Baxter'), the rights to certain technology relating to CPAP treatment as well as Baxter's existing CPAP device business. Baxter had sold CPAP devices in Australia since 1988, having acquired the rights to the technology in 1987 from Dr. Colin Sullivan of the University of Sydney, who invented nasal CPAP for the treatment of OSA. Since 1989, the Company and its subsidiaries have specialized in the design, manufacture and marketing of nasal CPAP and variable positive airway pressure ('VPAP ') equipment for the diagnosis and treatment of sleep disordered breathing, primarily OSA.

The Company acquired the distribution businesses of Dieter W Priess Medtechnik, Premium Medical SARL, Innovmedics Pte Ltd and EINAR Egnell AB, its German,

French, Singaporean and Swedish distributors, on February 7, 1996, June 12, 1996, November 1, 1997 and January 31, 2000, respectively.

During the 1999 fiscal year the Company made an equity investment in Flaga hf, based in Iceland. The Company now markets Flaga's polysomnographic products under the Embla label in the US and selected other markets.

OBSTRUCTIVE SLEEP APNEA

OSA is a breathing disorder in which an individual experiences a temporary collapse of the upper airway during sleep. This restricts breathing and severely disrupts the individual's sleep. Sleep is a complex neurological process that includes two distinct states: rapid eye movement ('REM') sleep and non-rapid eye movement ('non-REM') sleep. REM sleep, which is about 20-25% of total sleep in adults, is characterized by a high level of brain activity, bursts of rapid eye movement, increased heart and respiration rates, and paralysis of many muscles. Non-REM sleep is subdivided into four stages that generally parallel sleep depth: stage 1 is the lightest and stage 4 is the deepest.

The upper airway has no rigid support and is held open by active contraction of upper airway muscles. Normally, during REM sleep and deeper levels of non-REM sleep, upper airway muscles relax and the airway narrows. Individuals with narrow upper airways or poor muscle tone are prone to upper airway closure during sleep (an 'apnea'), resulting in an inability to breathe, or near closure (a 'hypopnea') which causes snoring and breathing difficulties. These breathing irregularities result in a lowering of blood oxygen concentration, until the brain reacts to the lack of oxygen or increased carbon dioxide and signals the body to respond. Typically, the individual subconsciously arouses from sleep, causing the throat muscles to contract, thus opening the airway. After a few gasping breaths, blood oxygen levels increase and the individual can resume a deeper sleep until the cycle repeats itself. The cycle of complete or partial upper airway closure with subconscious arousal to lighter levels of sleep can be repeated as many as several hundred times during six to eight hours of sleep. Sufferers of OSA typically experience ten or more such cycles per hour. These awakenings greatly impair the quality of sleep, although the individual is not normally aware of these disruptions.

Sleep fragmentation and the loss of the deeper levels of sleep caused by OSA can lead to excessive daytime sleepiness, reduced cognitive function (including memory loss and lack of concentration), depression and irritability. OSA sufferers also may experience an increase in heart rate and an elevation of blood pressure during the cycle of apneas. OSA has been associated with employment difficulties, marital discord, impotence and other adverse effects. Patients with OSA have been shown to have impaired daytime performance in a variety of cognitive functions including problem solving, response speed and visual motor coordination. Certain studies have linked OSA to increased occurrences of traffic and workplace accidents. Several studies indicate that the oxygen desaturation, increased heart rate and elevated blood pressure caused by OSA may be associated with increased risk of hypertension, cardiovascular morbidity and mortality due to angina, stroke and heart attack.

THE MARKET

In its 'Wake Up America' report to Congress in 1993, the National Commission on Sleep Disorders Research estimated that approximately 40 million individuals in the United States suffer from chronic disorders of sleep and wakefulness, such as sleep apnea, insomnia and narcolepsy. According to this report, sleep apnea is the most common sleep disorder, affecting approximately 20 million individuals in the United States. Nearly 6.5 million of these persons over the age of 30 experience moderate to severe forms of sleep apnea. However, there is a general lack of awareness of OSA among both the medical community and the general public, which has led to a corresponding failure to diagnose the disorder. It is estimated that less than 5% of those persons afflicted by OSA know the cause of their fatigue or other symptoms. Health care professionals are often unable to diagnose OSA because they are unaware that such non-specific symptoms as fatigue, snoring and irritability are characteristic of OSA.

While OSA has been diagnosed in a broad cross-section of the population, it is predominant among middle-aged men and those who are obese, smoke, consume alcohol in excess or use muscle-relaxing drugs. In addition, patients who are being treated for certain other conditions, including those undergoing dialysis treatment or suffering from diabetes, may be medically predisposed to OSA. Recent studies have also shown that over 50% of post stroke patients and patients with congestive heart failure have significant SDB.

Generally, an individual seeking treatment for the symptoms of OSA is referred by a general practitioner to a specialist for further evaluation. The diagnosis of OSA typically requires monitoring the patient during sleep at either a sleep clinic or the patient's home. During overnight testing, respiratory parameters

and sleep patterns are monitored along with other vital signs such as blood pressure, heart rate and blood oxygen levels. These tests allow sleep clinicians to detect any sleep disturbances such as apneas, hypopneas or subconscious awakenings.

The Company estimates that there are currently more than 2,000 sleep clinics in the United States, a substantial portion of which are affiliated with hospitals. Sleep clinics generally range in size from one to six beds. The number of sleep clinics has expanded significantly from approximately 100 such facilities in 1985. The Company believes that despite the increase in sleep clinics, testing facilities currently remain inadequate to address the large population of undiagnosed OSA sufferers.

EXISTING THERAPIES

Prior to 1981, the primary treatment for OSA was a tracheotomy, a surgical procedure to cut a hole in the patient's windpipe to create a channel for airflow. Most recently, surgery has involved either uvulopalatopharyngoplasty ('UPPP'), in which surgery is performed on the upper airway to remove excess tissue and to streamline the shape of the airway, or mandibular advancement, in which the lower jaw is moved forward to widen the patient's airway. UPPP alone has a poor success rate; however, when performed in conjunction with mandibular advancement, a greater success rate has been claimed. This combined procedure, performed by highly specialized surgeons, is expensive and involves prolonged and often painful recovery periods.

Nasal CPAP was first used as a treatment for OSA in 1980 by Dr. Colin Sullivan, the Chairman of the Company's Medical Advisory Board. CPAP systems were commercialized for treatment of OSA in the United States in the mid 1980's. Today, use of nasal positive airway pressure is generally acknowledged as the most effective and least invasive therapy for managing OSA. The Company estimates that during fiscal 2000, CPAP treatment was prescribed for over 200,000 new patients in the United States.

During nasal CPAP treatment, a patient sleeps with a nasal mask connected to a small portable air flow generator that delivers room air at a positive pressure. The patient breathes in air from the flow generator and breathes out through an exhaust port in the mask. Continuous air pressure applied in this manner acts as a pneumatic splint to keep the upper airway open and unobstructed. Upon diagnosis of OSA and the decision to prescribe CPAP treatment for an OSA sufferer, the physician must determine an appropriate pressure setting for the CPAP device. This pressure titration (adjustment) procedure typically occurs in the sleep clinic while the patient sleeps using the CPAP device, and a technician manually increases the pressure until sleeping and breathing are normalized. After determination of the proper therapeutic pressure, the patient is prescribed a nasal CPAP device set to that pressure for home use. However, recently developed autotitrating devices, including ResMed's AutoSet T positive airway pressure device, are designed to set appropriate pressure levels automatically in response to the patient's breathing patterns.

CPAP is not a cure but a therapy for managing OSA, and therefore, must be used on a daily basis as long as treatment is required. Patient compliance has been a major factor in the efficacy of CPAP treatment. Early generations of CPAP units provided limited patient comfort and convenience. Patients experienced soreness from the repeated use of nasal masks and had difficulty falling asleep with the CPAP device operating at the prescribed pressure. In more recent years, product innovations to improve patient comfort and compliance have been developed. These include more comfortable mask systems, delay timers which gradually raise air pressure allowing the patient to fall asleep more easily, and bilevel flow generators, including VPAP systems, which provide different air pressures for inhalation and exhalation.

BUSINESS STRATEGY

ResMed believes that the SDB market will increase in the future due to a number of factors including increasing awareness of OSA, improved understanding of the role of SDB treatment in the management of cardiac, neurologic and related disorders, and an increase in home-based diagnosis.

ResMed's strategy for the expansion of its business operations consists of the following key elements:

Continue Product Development and Innovation - ResMed is committed to ongoing innovation in developing products for the diagnosis and treatment of sleep disordered breathing. Since its founding, ResMed has been a leading innovator in products designed to increase patient comfort and encourage compliance with therapy. ResMed believes that continued product development and innovation are key factors in its ongoing success.

Expand Geographic Presence - ResMed markets its products in over 50 countries to sleep clinics, home health care dealers and managed care organizations. ResMed intends to increase its sales and marketing efforts in its principal markets, as well as expand its presence in the cardiac and neurologic sectors.

Increase Public and Clinical Awareness - ResMed intends to expand its existing promotion activities in the awareness and prevalence of SDB and its treatment alternatives within three main groups:

(1) The population with predisposition to SDB.
(2) Primary care physicians and other specialists, such as cardiologists, neurologists, and pulmonologists.
(3) Special interest groups, such as sleep disorder support groups.

As part of this program ResMed will continue its significant Clinical Education programs including the sponsorship of international symposia on different clinical effects of SDB, including the cardiovascular and cerebrovascular implications of SDB. As well as providing a forum for exchange of ideas and information for attending healthcare professionals, results of each conference will be published and distributed. ResMed also intends to use its existing public relations and general marketing programs to further promote awareness of SDB to both physicians and the general public.

Expand into New Markets - ResMed as a strategic goal believes in developing strong links to the medical community both to identify new directions in treatment and markets for its products. As such the Company maintains close working relationships with a large number of prominent physicians to explore new medical applications for its products and technology. The Company is moving into new medical areas significantly affected by SDB, namely stroke, congestive heart failure (CHF), and chronic obstructive pulmonary disease (COPD).

As part of its research focus ResMed maintains extensive external as well as internal research programs including programs in the treatment of stroke, cardiac and post-operative surgery patients.

PRODUCTS

FLOW GENERATORS

Currently, ResMed produces nasal CPAP, VPAP and AutoSet systems for the diagnosis, titration and treatment of SDB. These are flow generator systems which deliver positive airway pressure through a small nasal mask. The flow of air acts like an "air splint" to keep the patient's upper airway open and prevent apneas. These apneas occur when the muscles that normally hold the airway open during sleep, relax too much and close the airway off. AutoSet systems are based on a proprietary technology that can also be used in the diagnosis of OSA.

ResMed also manufactures air delivery systems that include nasal masks, tubing and headgear to connect the flow generator to the patient. In addition, a growing range of sleep laboratory products and other accessories which improve patient comfort, convenience and compliance are marketed.

CPAP and VPAP - Introduced in June 2000, the ResMed S6 flow generators are the Company's main CPAP flow generator products. Each of the four models in the range is small, compact and comes with different features to suit different patient needs. The ResMed S6 represents a significant improvement over earlier CPAP flow generator products with SPL decibel noise levels at 10 cm of water pressure reduced from 40.3 db on the original Sullivan V CPAP to 29.4 db on the S6 Lightweight. To the human ear, this represents a noise reduction of approximately 50 percent.

ResMed also manufactures Variable Positive Airways Pressure (VPAP) units which deliver ultra-quiet, comfortable bilevel therapy. There are two preset pressures: a higher pressure as the patient breathes in and a lower pressure as the patient breathes out. Breathing out against a lower pressure makes treatment more comfortable, particularly for patients who need high pressure levels, or for patients with impaired breathing ability.

There are five models in the VPAP range: the VPAP II, the Comfort, the VPAP II ST, the VPAP II ST-A and the VPAP MAXTM.

The VPAP MAXTM is a Ventilatory Support System for the treatment of adult patients with respiratory insufficiency or respiratory failure. In 1998, the system received FDA clearance for the US hospital critical care market.

AutoSet T - In March 1999, the Company introduced the AutoSet T home positive airway pressure unit for use in the treatment of SDB conditions. While conventional CPAP units operate at a fixed CPAP pressure, actual pressure required for effective treatment of OSA can vary depending on factors such as weight change, alcohol consumption, sedative use, stage of sleep and body position. The AutoSet T is designed to continually detect the level of airway resistance and adjust the air pressure to the required level throughout the night. This results in greater patient comfort and reduced pressure related side effects.

CPAP and VPAP Flow generators accounted for approximately 60%, 64% and 66% of the Company's net revenues in fiscal 2000, 1999 and 1998 respectively.

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The following table lists the Company's principal products.

Product	Features	Date of Commercial Introduction
FLOW GENERATORS		
VPAP II	Dual pressure portable device provides different Pressure levels for inhalation and exhalation, features improved pressure switching and reduced noise output and spontaneous breath triggering	March 1996
COMFORT	Limited featured dual pressure device	March 1996
VPAP II ST	Dual pressure portable device with spontaneous and spontaneous/timed breath triggering modes of operation	April 1996
VPAP II ST A	Version of VPAP II ST equipped with high/low pressure, power failure alarms. For noninvasive positive pressure ventilation use	August 1998
VPAP MAXTM	The VPAP MAXTM is a Ventilatory Support System for the treatment of adult patients with respiratory insufficiency or respiratory failure	November 1998
AutoSet TTM	Micro processor controlled, automatically and continuously monitors patient breathing. Adjusts CPAP treatment pressure in response to patient's needs during the night	March 1999
ResMed S6 Series	An advanced range of quiet compact portable fixed pressure devices with various features to facilitate patient comfort	June 2000
MASK SYSTEMS		
Bubble Mask	Includes Bubble Cushion, containing a silicone membrane which readily adjusts to patient's facial contours and ResCap five point attachment headgear	June 1991
Modular Mask Frame	Mask frame with T Bar forehead pads, to prevent sideways movement of the frame and provide maximum stability	July 1995
Mirage Mask	Contains contoured nasal cushion which readily adjusts to patient's facial contours. Lightweight, quiet, low profile mask system	August 1997
Mirage Full Face Mask	A MirageTM based full face mask product featuring adjustable cushion in a lightweight mask system	June 1999
Ultra Mirage Mask	An advanced version of the successful Mirage mask system with reduced noise characteristics and flexible forehead bridge	June 2000
ACCESSORIES		
HumidAireTM	Attaches to CPAP or VPAP systems. Provides adjustable heated humidification, relieves drying of nasal passages, increasing patient comfort	September 1997
DIAGNOSTIC PRODUCTS		
AutoSet Portable II Plus	An improved Portable version of AutoSet Clinical with PC processor functions built in for home use sleep studies	June 1997
ResControl	Used locally or remotely to monitor and adjust ResMed CPAP, VPAP or AutoSet T flow generators.	September 1999

	An internal pressure transducer enables the clinician to interface with Polysomnography (PSG) to monitor airflow in both titration and diagnostic studies. ResControl will also monitor the pressure of any flow generator without the need for a separate manometer.	
Embla	The Embla Sleep Recorder (manufactured by Flaga hf) is a powerful digital recorder with the flexibility to satisfy both sleep study and research needs. With 16 multipurpose channels, 2 oximeter channels (saturation and pulse), and 1 event channel, it provides digital recording technology for PSG and EEG applications.	October 1999

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DIAGNOSTIC PRODUCTS

Fully portable respiratory sleep studies - ResMed markets devices for the diagnosis, titration and treatment of SDB in sleep clinics, hospitals and patients' homes. These fully portable systems give sleep clinics and specialists the means to expand their capabilities and increase patient throughput.

The AutoSet Portable II Plus with AutoSet Clinical III software is used to diagnose OSA in sleep clinics, hospitals or patients' homes. The system records all relevant respiratory data, which can then be downloaded to a computer for review and print out.

The ResControl was introduced in September of 1999 and supersedes the UCU product line of controllers. The ResControl is used locally or remotely to monitor and adjust ResMed CPAP, VPAP or AutoSet T flow generators. An internal pressure transducer enables the clinician to interface with polysomnography (PSG) to monitor airflow in both titration and diagnostic studies. ResControl will also monitor the pressure of any flow generator without the need for a separate manometer.

AutoScan Compliance 2.0 Software was introduced in March of 1999 for use with the AutoSet T flow generator. AutoScan 2.0 collects compliance data. Efficacy data is collected in the form of an AHI (apnea hypopnea index) and mask or mouth leak information. This data allows evaluation of the effectiveness of the therapy. In February 2000 AutoScan 3.0 was introduced and functions with all ResMed flow generators. AutoScan 3.0 supersedes SCAN 2.0 by providing a single software platform for the entire ResMed flow generator range.

In October 1999, ResMed commenced distribution of Flaga's Embla Sleep Recorder, which can carry out a full sleep diagnosis equivalent to that performed during an overnight stay in a sleep laboratory. The Embletta PDS (Portable Diagnostic System) is a pocketsize digital recording device that aids clinicians by making ambulatory sleep studies convenient and reliable. It is for the diagnosis of sleep disordered breathing and is scheduled for release during fiscal year 2001.

INNOVATIVE MASK SYSTEMS

Mirage Nasal Masks - In August 1997, ResMed released the Mirage mask system. The Mirage is suitable for both conventional CPAP and bilevel therapy, is small, lightweight, and designed for maximum patient comfort. The specially contoured silicone cushion inflates with air pressure to gently 'float' on the patient's face. A number of other design features enhance comfort and convenience and ensure effective pressure delivery.

In June 2000 ResMed released its second generation Mirage Mask system, the Ultra Mirage Mask. The Ultra Mirage mask represents a major improvement in noise, facial pressure and seal over the standard Mirage mask systems. In addition, the Ultra Mirage mask systems have been designed to fit most people so that clinicians can fit masks faster and more easily. Inventory costs can also be reduced with the Mirage as it eliminates the need to carry a large range of mask types and sizes.

The MirageFull Face Mask - Released in June 1999, the Mirage Full Face mask expands on the innovative design of the Mirage nasal mask. The Mirage Full Face Mask provides an effective method of applying ventilatory assist (Noninvasive Positive Pressure Ventilation - NPPV - therapy) and can be used to address mouth-breathing problems in conventional bilevel or CPAP therapy.

A range of other mask systems - ResMed also sells a patented Bubble Mask, which uses a cushion made from a thin, soft silicone membrane that readily conforms to the patient's facial contours to form a seal and minimize air leakage. The cushion complies with body movement and eliminates the need for tight headgear to form a secure seal. In addition to this, the Company also sells cushions, frames and headgear separately. Typically, patients replace mask cushions once

or twice a year and headgear every three to six months.

All ResMed mask systems are available in a variety of sizes and are sold independently of ResMed systems, either as replacement products or with other manufacturers' devices. The Company also manufactures the Bubble Mask on an OEM basis for one of its competitors.

Sales of mask systems, accessories and other products accounted for approximately 40%, 36% and 34% of the Company's net revenues in fiscal 2000, 1999 and 1998, respectively.

ACCESSORIES AND OTHER PRODUCTS

To enhance patient comfort, convenience and compliance, ResMed markets a variety of other products and accessories. These products include humidifiers, such as the SULLIVAN HumidAire , which connect directly with the CPAP and VPAP flow generators to humidify and, if desired, heat the air delivered to the patient. Their use prevents the drying of nasal passages which can cause discomfort. Other optional accessories include a passover, non-heated humidifier carry bags and breathing circuits.

PRODUCT DEVELOPMENT

The Company is committed to an ongoing program of product advancement and development. Currently, product development efforts are focused on AutoSet systems, improved CPAP, VPAP and mask systems and manufacturing cost-reduction programs.

The Company consults with physicians at major sleep centers throughout the world to identify technological trends in the treatment of SDB. Some of these physicians currently serve on the Company's Medical Advisory Board. New product ideas are also identified by the Company's marketing staff, direct sales force, network of distributors, manufacturers' representatives and patients. Typically, ResMed's internal development staff then perform new product development.

In the three fiscal years ended June 30, 2000, 1999 and 1998, the Company expended $8,499,000, $6,542,000 and $4,994,000 respectively, on research and development.

SALES AND MARKETING

The Company currently markets its products in over 50 countries using a network of distributors, independent manufacturers' representatives and its direct sales force. The Company attempts to tailor its marketing approach to each national market, based on regional awareness of SDB as a health problem, physician referral patterns, consumer preferences and local reimbursement policies.

North America - In the United States, the Company's marketing activities are conducted through a field sales organization comprised of 24 regional territory representatives, program development specialists and diagnostic system specialists, plus two regional sales directors and 45 independent manufacturers' representatives. The United States field sales organization markets and sells products to more than 4,000 home health care dealer branch locations throughout the United States.

The Company also promotes and markets its products directly to sleep clinics. Patients who are diagnosed with OSA and prescribed CPAP treatment are typically referred by the diagnosing sleep clinic to a home health care dealer to fill the prescription. The home health care dealer, in consultation with the referring physician, will assist the patient in selecting the equipment, fit the patient with the appropriate mask and set the flow generator pressure to the prescribed level. In the United States, sales employees and manufacturers' subrepresentatives are managed by two regional Sales Managers, a Director of Sales and ultimately the Company's Senior Vice President - US Sales and Marketing.

The Company also maintain an extensive marketing presence in the North American market. The Company's Canadian and Latin American sales are conducted through independent distributors. Sales in North America accounted for 54%, 57% and 52% of the Company's net revenues for the fiscal years ended June 30, 2000, 1999 and 1998, respectively.

Europe - The Company markets its products in most major European countries. ResMed has wholly owned subsidiaries in the United Kingdom, Germany, France and from February 2000 Sweden, and uses independent distributors to sell its products in other areas of Europe. These distributors have been selected in each country based on their knowledge of respiratory medicine as well as a commitment to SDB therapy. In each country in which the Company has a subsidiary, a local senior manager is responsible for direct national sales. In addition, the Company uses a consultant in Switzerland to assist in sales and

marketing efforts for selected European countries.

The Company's Executive Vice President is responsible for coordination of all European distributors and, in conjunction with local management, the direct sales activity in Europe. Sales in Europe accounted for 35%, 34% and 35% of the Company's total net revenues for the fiscal years ended June 30, 2000, 1999 and 1998, respectively.

Australia/Rest of World- Marketing in Australia and the rest of the world is the responsibility of the Executive Vice President. Sales in Australia and the rest of the world accounted for 11%, 9% and 13% of the Company's total net revenues for the fiscal years ended June 30, 2000, 1999 and 1998, respectively.

MANUFACTURING

The Company's principal manufacturing facilities are located in Sydney, Australia and comprise a 120,000 square feet manufacturing and research and development facility. The Company's manufacturing operations consist primarily of assembly and testing of the Company's flow generators, masks and accessories. Of the numerous raw materials, parts and components purchased for assembly of the Company's therapeutic and diagnostic sleep disorder products, most are off-the-shelf items available from multiple vendors. The Company generally manufactures to its internal sales forecasts and fills orders as received. As a result, the Company generally has no significant backlog of orders for its products. The Company's quality control group performs tests at various steps in the manufacturing cycle to ensure compliance with the Company's specifications.

The Company uses management information systems to integrate its manufacturing planning, billing and accounting systems.

SERVICE AND WARRANTY

The Company generally offers one-to-two year limited warranties on its flow generator products. Warranties on mask systems are for 90 days. In most markets, the Company relies on its distributors to repair the Company's products with parts supplied by the Company. In the United States, home health care dealers generally arrange shipment of products to the Company's San Diego facility for repair.

The Company has received returns of its products from the field for various reasons. The Company believes that the level of returns it has experienced to date is consistent with levels typically experienced by manufacturers of similar devices. The Company provides for warranties and returns based on historical data.

THIRD-PARTY REIMBURSEMENT

The cost of medical care is funded in substantial part by government and private insurance programs. Although the Company does not generally receive payments for its products directly from these payors, the Company's success is dependent upon the ability of patients to obtain adequate reimbursement for the Company's products.

In the United States, the Company's products are purchased primarily by home health care dealers, hospitals or sleep clinics, which then invoice third-party payors directly. Domestically third-party payors include Medicare, Medicaid and corporate health insurance plans. These payors may deny reimbursement if they determine that a device is not used in accordance with cost-effective treatment methods, or is experimental, unnecessary or inappropriate. Third-party payors are also increasingly challenging prices charged for medical products and services, and certain private insurers have initiated reimbursement systems designed to reduce health care costs. The long-term trend towards managed health care could control or significantly influence the purchase of health care services and products, as well as legislative proposals to reform health care, may result in lower prices for the Company's products.

In some foreign markets, such as Spain, France and Germany, government reimbursement is currently available for purchase or rental of the Company's products subject, however, to constraints such as price controls or unit sales limitations. In Australia and in some other foreign markets there is currently limited or no reimbursement for devices that treat OSA.

COMPETITION

The markets for the Company's products are highly competitive. The Company believes that the principal competitive factors in all of its markets are product features, reliability and price. Reputation and efficient distribution are also important factors.

The Company competes on a market-by-market basis with various companies, some of which have greater financial, research, manufacturing and marketing resources than the Company. In the United States, its principal market, Respironics, Inc. ('Respironics'), DeVilbiss, a division of Sunrise Medical Inc., and Nellcor Puritan Bennett, a subsidiary of Mallinckrodt, Inc. are the primary competitors for the Company's CPAP products. The Company's principal European competitors are also Respironics, DeVilbiss and Nellcor Puritan Bennett, as well as regional European manufacturers. The disparity between the Company's resources and those of its competitors may increase as a result of the recent trend towards consolidation in the health care industry. In addition, the Company's products compete with surgical procedures and dental appliances designed to treat OSA and other SDB related respiratory conditions. The development of new or innovative procedures or devices by others could result in the Company's products becoming obsolete or noncompetitive, resulting in a material adverse effect on the Company's business, financial condition and results of operations.

Any product developed by the Company that gains regulatory clearance will have to compete for market acceptance and market share. An important factor in such competition may be the timing of market introduction of competitive products. Accordingly, the relative speed with which the Company can develop products, complete clinical testing and regulatory clearance processes and supply commercial quantities of the product to the market are expected to be important competitive factors. In addition, the Company's ability to compete will continue to be dependent on the extent to which the Company is successful in protecting its patents and other intellectual property.

PATENTS AND PROPRIETARY RIGHTS AND RELATED LITIGATION

The Company, through its subsidiary ResMed Limited, owns or has licensed rights to 20 issued United States patents (including 5 design patents) and 33 issued foreign patents. In addition, there are 83 pending United States patent applications (including 9 design patent applications) and 128 pending foreign patent applications. Some of these patents and patent applications relate to significant aspects and features of the Company's products. These include United States patents relating to CPAP devices, a delay timer system, the Bubble Mask , and an automated means of varying air pressure based upon a patient's changing needs during nightly use, such as that employed in the Company's AutoSet devices.

None of the Company's patents is due to expire in the next five years, with the exception of four foreign patents due to expire in April 2002. The Company believes that the expiration of these patents will not have a material adverse impact on the Company's competitive position.

The Company relies on a combination of patents, trade secrets, trade marks and non-disclosure agreements to protect its proprietary technology and rights. ResMed Limited is pursuing an infringement action against one of its competitors and is investigating possible infringement by others. See Item 3 - 'Legal Proceedings'.

Additional litigation may be necessary to attempt to enforce patents issued to the Company, to protect the Company's proprietary rights, or to defend third-party claims of infringement by the Company of the proprietary rights of others. Patent laws regarding the enforceability of patents vary from country to country. Therefore, there can be no assurance that patent issues will be uniformly resolved, or that local laws will provide the Company with consistent rights and benefits.

GOVERNMENT REGULATIONS

The Company's products are subject to extensive regulation particularly as to safety, efficacy and adherence to FDA Quality System Regulation (QSR) and related manufacturing standards. Medical device products are subject to rigorous FDA and other governmental agency regulations in the United States and regulations of relevant foreign agencies abroad. The FDA regulates the introduction, manufacture, advertising, labeling, packaging, marketing, distribution, and record keeping for such products, in order to ensure that medical products distributed in the United States are safe and effective for their intended use. In addition, the FDA is authorized to establish special controls to provide reasonable assurance of the safety and effectiveness of most devices. Noncompliance with applicable requirements can result in import detentions, fines, civil penalties, injunctions, suspensions or losses of regulatory approvals, recall or seizure of products, operating restrictions, refusal of the government to approve product export applications or allow the Company to enter into supply contracts, and criminal prosecution.

The FDA requires that a manufacturer introducing a new medical device or a new indication for use of an existing medical device obtain either a Section 510(k) premarket notification clearance or a premarket approval ('PMA') prior to it being introduced into the market. The Company's products currently marketed in

the United States are marketed in reliance on 510(k) pre-marketing clearances. The process of obtaining a Section 510(k) clearance generally requires the submission of performance data and often clinical data, which in some cases can be extensive, to demonstrate that the device is "substantially equivalent" to a device that was on the market prior to 1976 or to a device that has been found by the FDA to be "substantially equivalent" to such a pre-1976 device. As a result, FDA approval requirements may extend the development process for a considerable length of time. In addition, in some cases, the FDA may require additional review by an advisory panel, which can further lengthen the process. The PMA process, which is reserved for new devices that are not substantially equivalent to any predicate device and for high risk devices or those that are used to support or sustain human life, may take several years and requires the submission of extensive performance and clinical information.

As a medical device manufacturer, the Company is subject to inspection on a routine basis by the FDA for compliance with the FDA's QSR which impose procedural and documentation requirements with respect to design, manufacturing and quality control activities. The Company believes that its design, manufacturing and quality control procedures meet the requirements of the regulations.

Sales of medical devices outside the United States are subject to regulatory requirements that vary widely from country to country. Approval for sale of the Company's medical devices in Europe is through the CE mark process. The Company's products where appropriate, are CE marked to the European Unions Medical Device Directive.

EMPLOYEES

As of June 30, 2000, the Company had 605 employees or full time consultants, of which 239 persons were employed in warehousing and manufacturing, 85 in research and development, 156 in sales and marketing and 125 in administration. Of the Company's employees and consultants, 389 were located in Australia, 113 in the United States, 93 in Europe and 10 in Singapore, New Zealand and Malaysia.

The Company believes that the success of its business will depend, in part, on its ability to attract and retain qualified personnel. None of the Company's employees is covered by a collective bargaining agreement. The Company believes that its relationship with its employees is good.

MEDICAL ADVISORY BOARD

ResMed's international Medical Advisory Board ('MAB') consists of physicians and scientists specializing in the field of sleep disordered breathing. MAB members meet as a group twice a year with members of ResMed's senior management and members of its research and marketing departments to advise the Company on technology trends in SDB and other developments in sleep disorders medicine. MAB members are also available to consult on an as-needed basis with senior management of the Company. In alphabetical order, MAB members include:

CLAUDIO BASSETTI - Dr Claudio Bassetti is a Professor in the Faculty of Medicine, University of Zurich, where he is the Director and Vice-Chairman of the Neurological Clinic. A member of the American Academy of Neurology and the American Sleep Disorders Association, Dr Bassetti is also a member of the scientific board of the European Sleep Research Society, and an associate editor of 'Sleep Medicine'. He is on the editorial board of 'Swiss Archives of Neurology and Psychiatry and has produced over 100 publications. Dr Bassetti is a leader in studying the implications of sleep disordered breathing on stroke.

MICHAEL COPPOLA, MD, is a leading pulmonary critical care and sleep disorders physician in private practice in Massachusetts. He is an attending physician at Baystate Medical Center and Mercy Hospital in Springfield, MA and a Fellow of the American College of Chest Physicians. He is Chairman of the Massachusetts Sleep Breathing Disorders Society. He is also the Medical Director of Winmar Diagnostics, a sleep disordered breathing specialty company, and Associate Clinical Professor of Medicine at Tufts University School of Medicine.

TERENCE M DAVIDSON (Ex officio), MD, FACS, is Professor of Surgery in the Division of Otolaryngology - Head and Neck Surgery at the University of California, San Diego, School of Medicine. He is Section Chief of Head and Neck Surgery at the Veterans Administration San Diego Healthcare System and Associate Dean for Continuing Medical Education at UCSD. He is also director of the UCSD Head and Neck Surgery Sleep Clinic in La Jolla, CA.

NEIL J DOUGLAS, MD FRCP, is Professor of Respiratory and Sleep Medicine, University of Edinburgh, an Honorary Consultant Physician, Royal Infirmary of Edinburgh and Director of the Scottish National Sleep Laboratory. He is Dean of the Royal College of Physicians of Edinburgh and Vice Chairman of the UK Royal Colleges Committee of CME Directors and a member of the Working Party on Sleep Apnea of the Royal College of Physicians of London. He is a past Chairman of

the British Sleep Society and past Secretary of the British Thoracic Society. He has published over 200 papers on breathing during sleep.

NICHOLAS HILL, MD, is Professor of Medicine at Brown University and Director of Critical Care Services at Rhode Island Hospital and Pulmonary Medicine at the Miriam Hospital, both in Providence. He is a Fellow of the American College of Chest Physicians and a member of the Planning Committee for the American Thoracic Society. His main research interests are in the acute and chronic applications of non-invasive positive pressure ventilation for treating lung disease.

BARRY J MAKE, MD, is Director, Emphysema Center and Pulmonary Rehabilitation National Jewish Medical and Research Center, and Professor of Pulmonary Sciences and Critical Care Medicine of the University of Colorado School of Medicine. He has served on numerous national and international committees for respiratory and cardiovascular diseases. His research and clinical work has resulted in a large number of publications on mechanisms, treatment and rehabilitation of chronic respiratory disease.

COLIN SULLIVAN, MD PhD FRACP, FAA is Chairman of the MAB and the inventor of nasal CPAP for treating obstructive sleep apnea. He is Professor of Medicine and Director of the David Read Research Laboratory and Director of the Australian Centre for Advanced Medical Technology at the Sydney University Medical School. He is Head of the Centre for Respiratory Failure and Sleep Disorders, as well as a thoracic physician at the Royal Prince Alfred Hospital. He is also Academic head of the Pediatric Sleep Laboratory, New Children's Hospital, and Sydney Children's Hospital. Dr Sullivan is a Fellow of the Royal Australian College of Physicians, and Fellow of the Australian Academy of Science. Dr Sullivan continues to contribute to ResMed's innovation, product development and clinical testing programs.

HELMUT TESCHLER, MD, is Associate Professor and Head of the Department of Respiratory Medicine and Sleep Medicine, Ruhrlandklinik, Medical Faculty, University of Essen, Germany. He is a Fellow of each of the following Associations: German Pneumology Society, American Thoracic Society, European Respiratory Society, and American Sleep Disorders Association. He is an internationally recognized researcher in respiratory medicine and sleep disorders medicine.

J WOODROW WEISS, MD, is Associate Professor of Medicine and Co-Chairman of the Division of Sleep Medicine at Harvard Medical School, as well as Chief, Pulmonary & Critical Care Medicine, Beth Israel Deaconess Medical Center, Boston MA. Dr Weiss is an internationally recognized researcher in sleep disorders medicine.

B TUCKER WOODSON, MD FACS, is an Associate Professor of Otolaryngology and Communication Sciences at the Medical College of Wisconsin. He is a Fellow of the American Academy of Otolaryngology - Head and Neck Surgery and the American College of Surgeons. Dr. Woodson is the Director of the Medical College of Wisconsin/Froedert Memorial Lutheran Hospital Center for Sleep. He is active on multiple committees for the American Academy of Sleep Medicine and American Academy of Otolaryngology. His initial surgical training was with Dr. Fujita, the pioneer of uvulopalatopharyngoplasty to treat obstructive sleep apnea. Subsequently, he has developed a research and teaching interest in improving surgical management of sleep apnea and developing better methods to evaluate obstruction of the upper airway during sleep. He is a strong proponent of nasal CPAP therapy.

Item 2 PROPERTIES

ResMed's principal executive offices and US distribution facilities, consisting of approximately 144,000 square feet, are located in Poway, California. The Company entered into an agreement to purchase this property effective July 7, 2000 for $17,200,000; part of the building is leased to other companies. Primary manufacturing operations are situated in Sydney, Australia in a 120,000 square feet facility also owned by the Company.

Sales and warehousing facilities are leased in Oxford, England, Moenchengladbach, Germany, Lyon, France, Trollhaettan, Sweden and Singapore as well as the company's previous executive offices in San Diego California, which have been subleased from August 2000.

Item 3 LEGAL PROCEEDINGS

The company is currently engaged in litigation relating to the enforcement and defense of certain of its patents.

In January 1995, the Company filed a complaint in the United States District Court for the Southern District of California seeking monetary damages from and injunctive relief against Respironics for alleged infringement of three ResMed patents. In February 1995, Respironics filed a complaint in the United States District Court for the Western District of Pennsylvania against the Company

seeking a declaratory judgment that Respironics does not infringe claims of these patents and that the Company's patents are invalid and unenforceable. The two actions were combined and are proceeding in the United States District Court for the Western District of Pennsylvania. In June 1996, the Company filed an additional complaint against Respironics for infringement of a fourth ResMed patent, and that complaint was consolidated with the earlier action. As of this date, Respironics has brought three partial summary judgment motions for non-infringement of the ResMed patents; the Court has granted each of the motions. In December 1999, in response to the Court's ruling on Respironics' third summary judgment motion, the parties jointly stipulated to a dismissal of charges of infringement under the fourth ResMed patent, with ResMed reserving the right to reassert the charges in the event of a favorable ruling on appeal. It is ResMed's intention to appeal the summary judgment rulings after a final judgment in the consolidated litigation has been entered in the District Court proceedings.

On March 31, 2000, the Company filed a lawsuit in the United States District Court for the Southern District of California against MPV Truma and Tiara Medical Systems, Inc, seeking actual and exemplary monetary damages and injunctive relief for the unauthorized and infringing use of the Company's trademarks, trade dress, and patents related to its Mirage mask design.

While the Company is prosecuting the above actions, there can be no assurance that the Company will be successful.

In May 1995, Respironics and its Australian distributor filed a Statement of Claim against the Company and its CEO in the Federal Court of Australia, alleging unfair trade practices. The Statement of Claim asserts damage claims for lost profits on sales in the aggregate amount of approximately $1,000,000. While the Company is defending this action, there can be no assurance that the Company will be successful or that the Company will not be required to make significant payments to the claimants. The Company is incurring ongoing legal costs in defending this action, as well as in the continuing litigation of its patent cases

Item 4 SUBMISSION OF MATTER TO A VOTE OF SECURITY HOLDERS

None.

PART II

Item 5 MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

<TABLE>
<CAPTION>

The common stock of the Company commenced trading on June 2, 1995 on The NASDAQ National Market under the symbol 'RESM'. On September 30, 1999, the Company transferred its primary listing to the New York Stock Exchange (NYSE) under the symbol 'RMD'. The following table sets forth for the fiscal periods indicated the high and low closing prices for the Common Stock as reported by NASDAQ and the New York Stock Exchange.

	2000		1999	
	High	Low	High	Low
<S>	<C>	<C>	<C>	<C>
Quarter One, ended September 30,	$17.19	$11.82	$13.19	$ 9.25
Quarter Two, ended December 31,.	23.13	12.75	23.62	10.59
Quarter Three, ended March 31, .	39.62	20.34	25.72	11.50
Quarter Four, ended June 30, . .	38.06	22.00	18.56	9.87

</TABLE>

As of September 8, 2000, there were over 5,000 beneficial holders of the Company's Common Stock. The Company does not intend to declare any cash dividends in the foreseeable future.

Item 6 SELECTED FINANCIAL DATA

The following table summarizes certain selected consolidated financial data for, and as of the end of, each of the years in the five-year period ended June 30, 2000. The data set forth below should be read in conjunction with the

Consolidated Financial Statements and related Notes included elsewhere in this Report.

<TABLE>
<CAPTION>

	Years Ended June 30,				
Consolidated Statement of Income Data:	2000	1999	1998	1997	1996
	(In thousands, except per share data)				
<S>	<C>	<C>	<C>	<C>	<C>
Net revenues.	$115,615	$88,627	$66,519	$49,180	$34,562
Cost of sales	36,991	29,416	23,069	20,287	16,990
Gross profit.	78,624	59,211	43,450	28,893	17,572
Selling, general and administrative Expenses.	36,987	27,414	21,093	16,759	11,136
Research and development expenses . . .	8,499	6,542	4,994	3,807	2,841
Total operating expenses.	45,486	33,956	26,087	20,566	13,977
Income from operations.	33,138	25,255	17,363	8,327	3,595
Other (expenses) income:					
Interest income, net	801	779	1,011	1,205	1,072
Government grants.	279	833	611	316	537
Other, net	(52)	(2,290)	(2,873)	1,239	1,357
Total other (expenses) income	1,028	(678)	(1,251)	2,760	2,966
Income before income taxes.	34,166	24,577	16,112	11,087	6,561
Income taxes.	11,940	8,475	5,501	3,622	2,058
Net income.	$ 22,226	$16,102	$10,611	$7,465	$ 4,503
Basic earnings per share.	$ 0.74	$ 0.55	$ 0.37	$ 0.26	$ 0.16
Weighted average common shares Outstanding	30,153	29,416	29,000	28,756	28,376
Diluted earnings per share.	$ 0.69	$ 0.52	$ 0.35	$ 0.26	$ 0.16
Weighted average common and common Equivalent shares outstanding	32,303	31,068	30,044	29,268	28,796

</TABLE>

<TABLE>
<CAPTION>

	As of June 30,				
	2000	1999	1998	1997	1996
Consolidated Balance Sheet Data:	(In thousands)				
<S>	<C>	<C>	<C>	<C>	<C>
Working capital	$ 47,550	$ 32,529	$32,759	$34,395	$30,844
Total assets.	115,594	89,889	64,618	54,895	47,299
Long-term debt, less current maturities	-	-	-	274	578
Total stockholders' equity.	93,972	71,647	50,773	44,625	38,986

</TABLE>

Item 7 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's discussion and analysis of financial condition and results of operations should be read in conjunction with selected financial data and consolidated financial statements and notes, included herein.

The Company designs, manufactures and markets equipment for the diagnosis and treatment of sleep disordered breathing conditions, including obstructive sleep apnea. The Company's net revenues are generated from the sale of its various flow generator devices, nasal mask systems, accessories and other products, and, to a lesser extent from royalties. The Company receives other income through interest and certain Australian government grants.

The Company has invested significant resources in research and development and product enhancement. Since 1989, the Company has developed several innovations to the original CPAP device to increase patient comfort and to improve ease of product use. The Company has been developing products for automated treatment,

titration and monitoring of OSA, such as the AutoSet T flow generator. The Company's research and development expenses are subsidized in part by grants and tax incentives from the Australian federal government. The Company has also received grants from the Australian federal government to support marketing efforts to increase Australian export sales, and for incorporation of computer components into its products.

The Company's income tax rate is governed by the laws of the regions in which the Company's income is recognized. To date, a substantial portion of the Company's income has been subject to income tax in Australia where the statutory rate is 36%. During fiscal 2000, 1999 and 1998, the Company's effective tax rate has fluctuated from approximately 35% to approximately 34%. These fluctuations have resulted from, and future effective tax rates will depend upon, numerous factors, including the amount of research and development expenditures for which a 125% Australian tax deduction is available, the level of non-deductible expenses, and the use of available net operating loss carryforward deductions and other tax credits or benefits available to the Company under applicable tax laws.

FISCAL YEAR ENDED JUNE 30, 2000 COMPARED TO FISCAL YEAR ENDED JUNE 30, 1999

Net revenues - Net revenues increased in fiscal 2000 to $115.6 million from $88.6 million in fiscal 1999, an increase of $27 million or 30%. This increase was primarily attributable to an increase in unit sales of the Company's flow generators and accessories in the Americas where net revenues increased to $62.7 million from $51.0 million and, to a lesser extent, in Europe, where net revenues increased to $40.5 million from $30.2 million. Net revenues were unfavorably impacted by a decline in European foreign exchange rates and changes in domestic reimbursement regulations with respect to the Company's SULLIVAN VPAP II ST systems.

Gross profit - Gross profit increased in fiscal 2000 to $78.6 million from $59.2 million in fiscal 1999, an increase of $19.4 million or 33%. The increase resulted primarily from increased unit sales during fiscal 2000. Gross profit as a percentage of net revenues increased in fiscal 2000 to 68.0% from 66.8% in 1999. The increase was due to improved manufacturing efficiencies, a decline in the Australian Dollar and increased sales of higher margin mask system units.

Selling, general and administrative expenses - Selling, general and administrative expenses increased in 2000 to $37.0 million from $27.4 million for 1999, an increase of $9.6 million or 35%. As a percentage of net revenues, selling, general and administrative expenses increased in fiscal 2000 to 32% from 31% for fiscal 1999. The gross increase in expenses was due primarily to an increase to 281 from 212 in the number of sales and administrative personnel and other expenses related to the increase in the Company's sales.

Research and development expenses - Research and development expenses increased in fiscal 2000 to $8.5 million from $6.5 million in fiscal 1999, an increase of $2.0 million or 30%. As a percentage of net revenues, research and development expenses remained static in fiscal 2000 at 7.4%. The dollar increase in research and development expenses was due primarily to an increase in research and development equipment, personnel and external consultancy fees.

Other income (expense) - Other income (expense) improved in fiscal 2000 to $1.0 million from a loss of $0.7 million for fiscal 1999, a change of $1.7 million. This improvement was due primarily to reduced losses incurred in the Company's foreign currency hedging structures, partially offset by reduced government grants. Net foreign currency losses for fiscal 2000 were $182,000 compared to net foreign currency losses of $2.5 million in 1999.

Income Taxes - The Company's effective income tax rate for fiscal 2000 increased to approximately 34.9% from approximately 34.5% for fiscal 1999. This increase was primarily due to the high relative taxes incurred in France and Germany. These higher tax rates were partially offset by additional research and development expenses in Australia for which the Company received a 125% deduction for tax purposes.

FISCAL YEAR ENDED JUNE 30, 1999 COMPARED TO FISCAL YEAR ENDED JUNE 30 , 1998

Net Revenues - Net revenues increased in fiscal 1999 to $88.6 million from $66.5 million in fiscal 1998, an increase of $22.1 million or 33%. This increase was primarily attributable to an increase in unit sales of the Company's flow generators and accessories in the Americas where net revenues increased to $51.0 million from $34.3 million and, to a lesser extent, in Europe, where net revenues increased to $30.2 million from $23.3 million. Net revenues also improved due to a shift to higher-priced bilevel based products such as SULLIVAN VPAP II ST and increased sales of patient mask systems.

Gross Profit - Gross profit increased in fiscal 1999 to $59.2 million from $43.5 million in fiscal 1998, an increase of $15.7 million or 36%. The increase resulted primarily from increased unit sales during fiscal 1999. Gross profit

as a percentage of net revenues increased in fiscal 1999 to 66.8% from 65.3% in 1998. The increase was primarily due to improved manufacturing efficiencies and increased sales of higher margin bilevel units.

Selling, General and Administrative Expenses - Selling, general and administrative expenses increased in 1999 to $27.4 million from $21.1 million for 1998, an increase of $6.3 million or 30%. As a percentage of net revenues, selling, general and administrative expenses decreased in fiscal 1999 to 30.9% from 31.7% for fiscal 1998. The gross increase in expenses was due primarily to an increase to 212 from 158 in the number of sales and administrative personnel and other expenses related to the increase in the Company's sales.

Research and Development Expenses - Research and development expenses increased in fiscal 1999 to $6.5 million from $5.0 million in fiscal 1998, an increase of $1.5 million or 31%. As a percentage of net revenues, research and development expenses in fiscal 1999 marginally declined to 7.4% from 7.5% in fiscal 1998. The dollar increase in research and development expenses was due primarily to an increase in research and development equipment, personnel and external consultancy fees.

Other Income (expense) - Other income (expense) improved in fiscal 1999 to a loss of $0.7 million from a loss of $1.3 million for fiscal 1998, a change of $0.6 million. This improvement was due primarily to reduced losses incurred in the Company's foreign currency hedging structures, partially offset by reduced license fee income. Foreign currency losses for fiscal 1999 were $2.5 million compared to net foreign currency losses of $4.0 million in 1998.

Income Taxes - The Company's effective income tax rate for fiscal 1999 increased to approximately 34.5% from approximately 34.1% for fiscal 1998. This increase was primarily due to the high relative taxes incurred in France and Germany. These higher tax rates were partially offset by research and development expenses in Australia for which the Company received a 125% deduction for tax purposes.

YEAR 2000

The Company incurred no significant adverse issues with respect to either its information systems or products from the Year 2000 date change.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2000 and June 30, 1999, the Company had cash and cash equivalents and marketable securities available for sale of approximately $22.0 million and $16.7 million, respectively. The Company's working capital approximated $47.6 million and $32.5 million, respectively, at June 30, 2000 and 1999. The increase in working capital balances primarily reflects reduced capital spending associated with completion of the Company's Australian manufacturing facility in 1999 and increased accounts receivable and inventory balances associated with growth in the Company's sales activity.

The Company has financed its operations and capital expenditures through cash generated from operations and, to a lesser extent, through sales of common stock. During the fiscal years ended June 30, 2000 and 1999, the Company's operations generated cash of approximately $20.3 million and $18.2 million, respectively, primarily as a result of continued increases in net revenues, offset in part by increases in accounts receivable, inventory and prepayments. Cash and cash equivalents and marketable securities available for sale increased to $22.0 million at June 30, 2000 from $16.7 million at June 30, 1999, an increase of $5.3 million. During fiscal 2000 and 1999, approximately $6.4 million and $2.1 million of cash was received from the issue of common stock upon exercise of common stock options.

The Company's investing activities (excluding the purchases and sales of marketable securities) for the fiscal years ended June 30, 2000 and 1999 aggregated $20.4 million and $24.5 million, respectively. The majority of the fiscal 2000 investing activities were for the purchase of production tooling and equipment, office furniture, research and development equipment and costs associated with the continuing installation of its Oracle applications computer system. In addition, the Company paid $4.6 million associated with the construction of the new US facility in Poway, California. As a result the Company's June 30, 2000 balance sheet reflects an increase in net property, plant and equipment to approximately $36.6 million at June 30, 2000, from $29.3 million at June 30, 1999, an increase of approximately $7.3 million. The Company anticipates spending approximately a further $1.0 million for the ongoing implementation of its Oracle computer system over the next twelve months. These payments are to be funded through cash flows from operations and existing cash resources.

The results of the Company's international operations are affected by changes in exchange rates between currencies. Changes in exchange rates may negatively affect the Company's consolidated net revenue and gross profit margins from

international operations. The Company has a substantial exposure to fluctuations in the Australian dollar with respect to its manufacturing and research activities which is managed through foreign currency option contracts.

The Company expects to satisfy all of its short-term liquidity requirements through a combination of cash on hand, cash generated from operations and a $20 million revolving credit facility with he Union Bank of California.

NEW ACCOUNTING PRONOUNCEMENTS

SFAS No 133, 'Accounting for Derivative Instruments and Hedging Activities' (SFAS 133), and SFAS No 137, 'Accounting for Derivative Instruments and Hedging Activities' - Deferral of the Effective Date of FASB Statement No 133 (an amendment of FASB Statement No 133)' were issued by the Financial Accounting Standards Board in June 1998 and June 1999, respectively and are effective for the Company's quarter ending September 30, 2000. SFAS 133 standardizes the accounting for derivative instruments, including certain derivative instruments embedded in other contracts. Under the standard, entities are required to carry all derivative instruments in the statement of financial position at fair value. The accounting for changes in the fair value (ie, gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and, if so, on the reason for holding it. If certain conditions are met, entities may elect to designate a derivative instrument as a hedge of exposures to changes in fair values, cash flows, or foreign currencies. If the hedged exposure is a fair value exposure, the gain or loss on the derivative instrument is recognized in earnings in the period of change together with the offsetting loss or gain on the hedged item attributable to the risk being hedged. If the hedged exposure is a cash flow exposure, the effective portion of the gain or loss on the derivative instrument is reported initially as a component of other comprehensive income (outside earnings) and subsequently reclassified into earnings when the forecasted transaction affects earnings. Any amounts excluded from the assessment of hedge effectiveness as well as the ineffective portion of the gain or loss is reported in earnings immediately. Accounting for foreign currency hedges is similar to the accounting for fair value and cash flow hedges. If the derivative instrument is not designated as a hedge, the gain or loss is recognized in earnings in the period of change.

The Company believes that, due to the restrictive definition of hedge effectiveness contained in Statement 133, the Company's hedging contracts will not have hedge effectiveness and will therefore be marked to market with resulting gains or losses being recognized in earnings in the period of change. This is consistent with the company's current accounting policy and therefore the Company does not expect adoption of Statement 133 will have a material impact on the Company's financial position or results of operation.

In December 1999, the Securities and Exchange Commission ('SEC') issued Staff Accounting Bulletin No 101 ('SAB 101'), 'Revenue Recognition in Financial Statements'. The company will be required to adopt SAB 101 in the first quarter of fiscal 2001. SAB101 requires, among other things, that license and other up-front fees be recognized over the term of the agreement, unless the fees are in exchange for products delivered or services performed that represent the culmination of a separate earnings process. The Company does not expect this to have a material impact on the Company's financial position or results of operation.

In March 2000, the Financial Accounting Standards Boards ('FASB') issued FASB Interpretation No. 44 ('FIN 44'), Accounting for Certain Transactions Involving Stock Compensation - an Interpretation of Accounting Principles Board Opinion No. 25. FIN 44 is effective July 1, 2000. The Company does not expect the application of FIN 44 to have a significant effect on its consolidated financial statements.

Item 7A QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Market Risk

The Company's functional currency is the US dollar although the Company transacts business in various foreign currencies including a number of major European currencies as well as the Australian dollar. The Company has significant foreign currency exposure through both its Australian manufacturing activities and international sales operations.

The Company has established a foreign currency hedging program using purchased currency options to hedge foreign-currency-denominated financial assets, liabilities and manufacturing expenditure. The goal of this hedging program is to economically guarantee or lock in the exchange rates on the Company's foreign currency exposures denominated in Euro's and the Australian dollar. Under this program, increases or decreases in the Company's foreign-currency-denominated financial assets, liabilities, and firm commitments are partially offset by gains and losses on the hedging instruments.

The Company does not use foreign currency forward exchange contracts or

purchased currency options for trading purposes.

The table below provides information about the Company's foreign currency derivative financial instruments, by functional currency and presents such information in US dollar equivalents. The table summarizes information on instruments and transactions that are sensitive to foreign currency exchange rates, including foreign currency call options held at June 30, 2000. The table presents the notional amounts and weighted average exchange rates by expected (contractual) maturity dates for the Company's foreign currency derivative financial instruments. These notional amounts generally are used to calculate payments to be exchanged under the options contracts.

<TABLE>
<CAPTION>

	Fiscal Year			Fair Value	
Assets/(Liabilities) (In thousands)	2001	2002	Total	As at June 30, 2000	1999
<S>	<C>	<C>	<C>	<C>	<C>
Foreign Exchange Call Options (Receive AUS$/Pay US$)					
Option amount.	$95,000	$60,000	$155,000	$ 534	1,091
Average contractual exchange rate.	AUS$1 = USD 0.679	AUS$1 = USD 0.682	AUS $1 = USD 0.680		
(Receive AUS$/Pay Euro)					
Option amount.	$10,974	$5,556	$16,530	$ 367	320
Average contractual exchange rate.	AUS$1 = Euro 0.644	AUS$1 = Euro 0.652	AUS $1 = Euro 0.647		

</TABLE>

Interest Rate Risk

The Company is exposed to risk associated with changes in interest rates affecting the return on investments.

At June 30, 2000, the Company maintained a portion of its cash and cash equivalents in financial instruments with original maturities of three months or less. The Company maintained a short term investment portfolio containing financial instruments in which the majority have original maturities of greater than three months but less than twelve months. These financial instruments, principally comprised of corporate obligations are subject to interest rate risk and will decline in value if interest rates increase. A hypothetical 100 basis point change in interest rates during the twelve months ended June 30, 2000, would have resulted in approximately $0.2 million change in pretax income. The Company has not used derivative financial instruments in its investment portfolio.

FORWARD-LOOKING STATEMENTS

From time to time, the Company may publish forward-looking statements relating to such matters as anticipated financial performance, business prospects, technological developments, new products, research and development activities, patent and other litigation and similar matters. There are a variety of factors that could cause the Company's actual results and experience to differ materially from the anticipated results or other expectations expressed in the Company's forward-looking statements. The risks and uncertainties that may affect the Company's business, financial condition or results of operations include the following:

The market for products designed to treat sleep disordered breathing related respiratory conditions is characterized by frequent product improvements and evolving technology. The development of new or innovative products by others or the discovery of alternative treatments for such conditions could result in the Company's products becoming obsolete or noncompetitive, which would have a material adverse effect on the Company's business, financial condition and results of operations.

The market for the Company's products is also highly competitive. The failure of the Company to meet the prices offered by its competitors, or offer products which either contain features similar to or more desirable than those products offered by its competitors or which are perceived as unreliable by consumers could have a material adverse effect on the business, financial condition and results of operations of the Company. Most of the Company's competitors have greater financial, research, manufacturing and marketing resources than the Company. In addition, some of the Company's competitors sell additional lines of products, and therefore can bundle products to offer higher discounts, or offer rebates or other incentive programs to gain a competitive advantage. The Company's competitors may also employ litigation to gain a competitive advantage. The Company's inability to compete effectively against existing or future competitors would have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's operating results have, from time to time, fluctuated on a quarterly basis and may be subject to similar fluctuations in the future. These fluctuations may result from the absence of a backlog of orders for the Company's products, the introduction of new products by the Company or its competitors, the geographic mix of product sales, the success of the Company's marketing efforts in new regions, changes in third-party reimbursement, timing of regulatory action, timing of orders by distributors, expenditures incurred for research and development, competitive pricing in different regions, seasonality, the cost and effect of promotional and marketing programs and the effect of foreign currency transaction gains or losses, among other factors, In addition, the Company's results of operations could be adversely affected by changes in tax laws in the various countries in which the Company conducts its operations.

The Company's success is dependent upon the ability of the Company's customers to obtain adequate reimbursement from third-party payors for purchasing the Company's products. Third-party payors may deny reimbursement if they determine that the prescribed device has not received appropriate United States Food and Drug Administration ("FDA") or other governmental regulatory clearances, is not used in accordance with cost-effective treatment methods as determined by the payor, or is experimental, unnecessary or inappropriate. Third-party payors are increasingly challenging the prices charged for medical products and services. The cost containment measures that health care providers are instituting could have an adverse effect on the Company's ability to sell its products and may have a material adverse effect on the Company's business, financial condition and results of operations. In some markets, such as Spain, France and Germany, government reimbursement is currently available for purchase or rental of the Company's products, subject to constraints such as price controls or unit sales limitations. In Australia and some other foreign markets there is currently limited or no reimbursement for devices that treat sleep disordered breathing related respiratory conditions.

A substantial portion of the Company's net revenue is generated from sales outside North America. The Company expects that such sales will continue to account for a significant portion of the Company's net revenues in the future. The Company's sales outside of North America are subject to certain inherent risks of global operations, including fluctuations in currency exchange rates, tariffs, import licenses, trade policies, domestic and foreign tax policies and foreign medical device manufacturing regulations. The Company has had foreign currency transaction gains and losses in recent periods. A significant fall in the value of the United States dollar against certain international currencies could have a material adverse effect on the Company's business, financial condition and results of operations.

Other factors which could potentially have a material adverse effect on the Company's business, results of operations or financial conditions include the costs and other effects of legal and administrative cases and proceedings, settlements and investigations, claims and changes in those items, and developments or assertions by or against the Company relating to intellectual property rights and intellectual property licenses.

The information contained in this section is not intended to be an exhaustive description of the risks and uncertainties inherent in the Company's business or in its strategic plans. Please see Item 1 'Business' and Item 3- 'Legal Proceedings.'.

Item 8 CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

<TABLE>
<CAPTION>

a) Index to Consolidated Financial Statements

</TABLE>

b) Supplementary Data

Quarterly Financial Information (unaudited)

<TABLE>
<CAPTION>

The quarterly results for the years ended June 30, 2000 and 1999 are summarized below:

	2000				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Fiscal Year
<S>	<C>	<C>	<C>	<C>	<C>
Net revenues	$ 25,945	$ 28,135	$ 29,971	$31,564	$115,615
Gross profit	17,721	19,531	19,819	21,553	78,624
Net income	4,835	5,362	5,838	6,191	22,226
Basic earnings per share .	$ 0.16	$ 0.18	$ 0.19	$ 0.20	$ 0.74
Diluted earnings per share	$ 0.15	$ 0.17	$ 0.18	$ 0.19	$ 0.69

</TABLE>

<TABLE>
<CAPTION>

	1999				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Fiscal Year
<S>	<C>	<C>	<C>	<C>	<C>
Net revenues	$ 19,244	$ 21,480	$ 22,760	$25,143	$88,627
Gross profit	13,160	14,516	14,859	16,676	59,211
Net income	3,184	3,913	4,368	4,637	16,102
Basic earnings per share .	$ 0.11	$ 0.13	$ 0.15	$ 0.16	$ 0.55
Diluted earnings per share	$ 0.10	$ 0.13	$ 0.14	$ 0.15	$ 0.52

</TABLE>

(1) Per share amounts for each quarter are computed independently, and, due to the computation formula, the sum of the four quarters may not equal the year.

Item 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

PART III

Item 10 DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Incorporated by reference to Registrant's definitive Proxy Statement for its November 6, 2000 meeting of stockholders, which will be filed with the Securities and Exchange Commission within 120 days after June 30, 2000.

Item 11 EXECUTIVE COMPENSATION

Incorporated by reference to Registrant's definitive Proxy Statement for its November 6, 2000 meeting of stockholders, which will be filed with the Securities and Exchange Commission within 120 days after June 30, 2000.

Item 12 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Incorporated by reference to Registrant's definitive Proxy Statement for its November 6, 2000 meeting of stockholders, which will be filed with the Securities and Exchange Commission within 120 days after June 30, 2000.

Item 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Dr Colin Sullivan, a member of the Company's Medical Advisory Board, provides consulting services to the Company pursuant to a Consulting Agreement that terminates on December 31, 2000 (subject to extension for an additional five-year term) for which he receives annual payments of $189,000 per annum. The Company also reimburses Dr Sullivan for his out-of-pocket expenses in performing such consulting services. The Company has also agreed to pay $126,000 to Dr Sullivan for a period of 24 months following the termination of his consulting relationship with the Company. Total payments to Dr Sullivan were $189,000, $186,000 and $278,000 for the Company's fiscal years ended June 30, 2000, 1999 and 1998, respectively.

PART IV

Item 14 EXHIBITS, CONSOLIDATED FINANCIAL STATEMENTS, SCHEDULE, AND REPORTS ON FORM 8-K

a) The following documents are filed as part of this report:

1.1 Consolidated Financial Statements and Schedule.
The consolidated financial statements and schedule of the Company and its consolidated subsidiaries are set forth in the "Index to Consolidated Financial Statements" under Item 8 of this report.

3.0 Exhibits. The following exhibits are filed as a part of this report:

3.1 Certificate of Incorporation of Registrant, as amended*

3.2 By-laws of Registrant*

4.1 Form of certificate evidencing shares of Common Stock*

4.2 Rights agreement dated as of April 23, 1997**

10.1 1995 Stock Option Plan*

10.2 1997 Equity Participation Plan***

10.3 Licensing Agreement between the University of Sydney and ResMed Limited dated May 17, 1991, as amended*

10.4 Consulting Agreement between Colin Sullivan and ResMed Limited effective from 1 January 1998****

10.5 Loan Agreement between the Australian Trade Commission and ResMed Limited dated May 3, 1994*

10.6 Lease for 10121 Carroll Canyon Road, San Diego 92131-1109, USA****

11.1 Computation of Earnings per Common Share

21.1 Subsidiaries of the Registrant

23.1 Independent Auditors' Consent and Report on Schedule

27.1 Financial Data Schedule

- ---

* Incorporated by reference to the Registrant's Registration Statement on Form S-1 (No. 33-91094) declared effective on June 1, 1995.

** Incorporated by reference from the Registrant's Report on Form 8-K (File No. 0-26038).

*** Incorporated by reference from the Registrant's 1997 Proxy Statement (File No. 0-26038).

**** Incorporated by reference from the Registrant's Report on Form 10-K dated June 30, 1998 (File No. 0-26038)

b) Report on Form 8-K
None.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
ResMed Inc:

We have audited the accompanying consolidated balance sheets of ResMed Inc. and subsidiaries as of June 30, 2000 and 1999, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the years in the three-year period ended June 30, 2000. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial

statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ResMed Inc. and subsidiaries as of June 30, 2000 and 1999, and the results of their operations and their cash flows for each of the years in the three-year period ended June 30, 2000, in conformity with accounting principles generally accepted in the United States of America.

/s/ KPMG LLP

KPMG LLP
San Diego, California
August 4, 2000

<TABLE>
<CAPTION>

RESMED INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2000 AND 1999
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	June 30, 2000	June 30, 1999
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents.	$ 18,250	$ 11,108
Marketable securities available for sale (note 3).	3,713	5,626
Accounts receivable, net of allowance for doubtful accounts. . . . of $833 and $421 at June 30, 2000 and 1999, respectively	24,688	17,898
Inventories, net (note 4).	15,802	10,725
Deferred income taxes (note 9)	2,361	2,392
Prepaid expenses and other current assets.	4,358	3,022
Total current assets.	69,172	50,771
Property, plant and equipment, net of accumulated depreciation of $13,552 at June 30, 2000 and $8,511 at June 30, 1999 (note 5) . .	36,576	29,322
Patents, net of accumulated amortization of $789 and $570 at June 30, 2000 and 1999, respectively.	1,342	782
Goodwill, net of accumulated amortization of $2,003 and $1,459 at June 30, 2000 and 1999, respectively	5,626	6,555
Other assets	2,878	2,459
Total assets.	$ 115,594	$ 89,889
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	5,929	4,772
Accrued expenses (note 6).	9,224	7,779
Income taxes payable	6,469	5,691
Total current liabilities	21,622	18,242
Stockholders' equity: (note 7)		
Preferred stock, $.01 par value, 2,000,000 shares authorized; none issued	-	-
Series A Junior Participating preferred stock, $0.01 par value, 150,000 shares authorized; none issued	-	-
Common stock, $.004 par value, 50,000,000 shares authorized; Issued and outstanding 30,593,921 at June 30, 2000 and 29,616,000 at June 30, 1999.	122	118
Additional paid-in capital	41,495	33,677
Retained earnings.	65,507	43,281
Accumulated other comprehensive loss	(13,152)	(5,429)
Total stockholders' equity	93,972	71,647

Commitments and contingencies (notes 13 and 16).	-	-
Total liabilities and stockholders' equity	$ 115,594	$ 89,889

</TABLE>
See accompanying notes to consolidated financial statements.

<TABLE>
<CAPTION>

RESMED INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED JUNE 30, 2000, 1999 AND 1998
(IN THOUSANDS, EXCEPT PER SHARE DATA)

<S>	June 30, 2000 <C>	June 30, 1999 <C>	June 30, 1998 <C>
Net revenues	$ 115,615	$ 88,627	$ 66,519
Cost of sales.	36,991	29,416	23,069
Gross profit	78,624	59,211	43,450
Operating expenses:			
Selling, general and administrative.	36,987	27,414	21,093
Research and development	8,499	6,542	4,994
Total operating expenses	45,486	33,956	26,087
Income from operations	33,138	25,255	17,363
Other income (expenses):			
Interest income.	801	779	1,011
Government grants.	279	833	611
Other, net (note 8).	(52)	(2,290)	(2,873)
Total other income (expenses), net . .	1,028	(678)	(1,251)
Income before income taxes	34,166	24,577	16,112
Income taxes (note 9).	11,940	8,475	5,501
Net income	$ 22,226	$ 16,102	$ 10,611
Basic earnings per share	$ 0.74	$ 0.55	$ 0.37
Diluted earnings per share	$ 0.69	$ 0.52	$ 0.35
Basic shares outstanding	30,153	29,416	29,000
Diluted shares outstanding	32,303	31,068	30,044

</TABLE>

See accompanying notes to consolidated financial statements.

<TABLE>
<CAPTION>

RESMED INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED JUNE 30, 2000, 1999 AND 1998
(IN THOUSANDS)

	Common stock		Additional paid-in	Retained	Accumulated other comprehensive		Comprehensive
	Shares	Amount	capital	Earnings	income (loss)	Total	Income
<S>	<C>	<C>	<C>	<C>	<C>	<C>	
BALANCE, JUNE 30, 1997.	28,808	$ 117	29,568	16,568	(1,628)	$44,625	
Common stock issued on exercise of options (note 7)	296	-	1,020	-	-	1,020	
Tax benefit from exercise of options.	-	-	577	-	-	577	
Comprehensive income:							
Net income.	-	-	-	10,611	-	10,611	10,611
Other comprehensive income							
Foreign currency translation adjustments. . . .					(6,060)	(6,060)	(6,060)
Comprehensive income.							4,551
BALANCE, JUNE 30, 1998.	29,104	117	31,165	27,179	(7,688)	50,773	
Common stock issued on exercise of options (note 7)	512	1	2,124	-	-	2,125	
Tax benefit from exercise of options.	-	-	388	-	-	388	
Comprehensive income:							
Net income.	-	-	-	16,102	-	16,102	16,102
Other comprehensive income							
Foreign currency translation adjustments. . . .					2,259	2,259	2,259
Comprehensive income.							18,361
BALANCE, JUNE 30, 1999.	29,616	118	33,677	43,281	(5,429)	71,647	
Common stock issued to consultants.	10	-	126	-	-	126	
Common stock issued on exercise of options (note 7)	968	4	6,376	-	-	6,380	
Tax benefit from exercise of options.	-	-	1,316	-	-	1,316	
Comprehensive income:							
Net income.	-	-	-	22,226	-	22,226	22,226
Other comprehensive income							
Foreign currency translation adjustments. . . .					(7,723)	(7,723)	(7,723)
Comprehensive income.							14,503
BALANCE, JUNE 30, 2000.	30,594	$ 122	41,495	65,507	(13,152)	$93,972	

</TABLE>

See accompanying notes to consolidated financial statements.

RESMED INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2000, 1999 AND 1998
(IN THOUSANDS)

<TABLE>
<CAPTION>

	June 30, 2000	June 30, 1999	June 30, 1998
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net income.	$ 22,226	16,102	10,611
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	6,248	3,973	3,232
Goodwill amortization	690	633	483
Provision for service warranties.	184	240	6
Deferred income taxes	77	549	(416)
Foreign currency options revaluation.	2,158	125	1,143
Non cash consulting expenses.	126	-	-
Changes in operating assets and liabilities, net of effect Of acquisitions:			
Accounts receivable, net.	(7,394)	(5,516)	(5,096)
Inventories	(6,027)	(2,919)	(2,445)
Prepaid expenses and other current assets	(1,572)	(204)	(1,413)
Accounts payable and accrued expenses	1,412	2,873	1,031
Income taxes payable.	2,147	2,332	(353)
Net cash provided by operating activities	20,275	18,188	6,783
Cash flows from investing activities:			
Purchases of property, plant and equipment.	(16,168)	(20,515)	(10,110)
Purchase of marketable securities - available for sale.	(36,804)	(7,290)	(31,292)
Proceeds from sale of marketable securities - available for sale.	38,717	6,862	44,474
Patent registration costs	(961)	(445)	(369)
Business acquisitions (note 14)	(576)	(2,024)	(1,699)
Purchases of investments	(2,732)	(1,529)	(665)
Net cash provided by (used in) investing activities	(18,524)	(24,941)	339
Cash flows from financing activities:			
Proceeds from issuance of common stock, net	6,380	2,125	1,020
Repayment of long-term debt	-	(235)	(239)
Net cash provided by financing activities.	6,380	1,890	781
Effect of exchange rate changes on cash.	(989)	445	(1,454)
Net increase (decrease) in cash and cash equivalents	7,142	(4,418)	6,449
Cash and cash equivalents at beginning of the year	11,108	15,526	9,077
Cash and cash equivalents at end of the year	$ 18,250	11,108	15,526
Supplemental disclosure of cash flow information:			
Income taxes paid	$ 9,716	5,374	6,272
Fair value of assets acquired in acquisition.	$ 383	-	-
Liabilities assumed	(36)	-	-
Goodwill on acquisition	229	2,024	1,699
Cash paid for acquisition.	$ 576	2,024	1,699

</TABLE>

See accompanying notes to consolidated financial statements.

RESMED INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2000 AND 1999

1. ORGANIZATION AND BASIS OF PRESENTATION

ResMed Inc (the Company), is a Delaware corporation formed in March 1994 as a holding company for ResMed Holdings Ltd (RHL), a company resident in Australia. ResMed designs, manufactures and markets devices for the evaluation

and treatment of sleep disordered breathing, primarily obstructive sleep apnea. The Company's corporate offices are based in San Diego, California with its principal manufacturing operation located in Australia. Other distribution and sales sites are located in the United States, United Kingdom, Singapore and Europe.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

(b) Revenue Recognition

Revenue on product sales is recorded at the time of shipment. Royalty revenue from license agreements is recorded when earned. Service revenue received in advance from service contracts is initially capitalized and progressively recognized as revenue over the life of the service contract. Revenue from sale of marketing or distribution rights is initially capitalized and progressively recognized as revenue over the life of the contract.

(c) Cash and Cash Equivalents

Cash equivalents include certificates of deposit, commercial paper, and other highly liquid investments are stated at cost, which approximates market. Investments with original maturities of 90 days or less are considered to be cash equivalents for purposes of the consolidated statements of cash flows.

(d) Inventories

Inventories are stated at the lower of cost or market, determined principally by the first-in, first-out method.

(e) Property, Plant and Equipment

Property, plant and equipment is recorded at cost. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets, generally two to ten years. Straight-line and accelerated methods of depreciation are used for tax purposes. Maintenance and repairs are charged to expense as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Patents

The registration costs for new patents are capitalized and amortized over the estimated useful life of the patent, generally five years. In the event of a patent being superseded, the unamortized costs are written off immediately.

(g) Goodwill

Goodwill arising from business acquisitions is amortized on a straight-line basis over periods ranging from three to 15 years. The Company carries goodwill at cost net of accumulated amortization. The Company reviews its goodwill carrying value when events indicate that an impairment may have occurred in goodwill. If, based on the undiscounted cash flows, management determines goodwill is not recoverable, goodwill is written down to its discounted cash flow value and the amortization period is re-assessed.

During fiscal 2000 the Company acquired the business and associated assets of Einar Egnell AB, its Swedish distributor for $576,000. The excess of the purchase price over the fair value of the net identifiable assets acquired of $229,000 has been recorded as goodwill. In 1999 the Company paid $2,024,000 as a final deferred goodwill payment on the 1996 acquisition of its German distributor (see note 14).

Amortization expense of goodwill was $690,000, $633,000 and $483,000 for the years ended June 30, 2000, 1999 and 1998, respectively.

(h) Government Grants

Government grants revenue is recognized when earned. Grants have been

obtained by the Company from the Australian Federal Government to support the continued development of the Company's proprietary positive airway pressure technology and to assist development of export markets. Grants have been recognized in the amount of $279,000, $833,000 and $611,000 for the years ended June 30, 2000, 1999 and 1998, respectively.

(i) Foreign Currency

The consolidated financial statements of the Company's non-U.S. subsidiaries are translated into U.S. dollars for financial reporting purposes. Assets and liabilities of non-U.S. subsidiaries whose functional currencies are other than the U.S. dollar are translated at year end exchange rates, and revenue and expense transactions are translated at average exchange rates for the year. Cumulative translation adjustments are recognized as part of comprehensive income, as described in Note 15, and are included in accumulated other comprehensive loss in the consolidated balance sheet until such time as the subsidiary is sold or substantially or completely liquidated. Gains and losses on transactions, denominated in other than the functional currency of the entity, are reflected in operations.

(j) Research and Development

All research and development costs are expensed in the period incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Earnings Per Share

The weighted average shares used to calculate basic earnings per share were 30,153,000, 29,416,000, and 29,000,000 for the years ended June 30, 2000, 1999 and 1998, respectively. The difference between basic earnings per share and diluted earnings per share is attributable to the impact of outstanding stock options during the periods presented. Stock options had the effect of increasing the number of shares used in the calculation (by application of the treasury stock method) by 2,150,000, 1,652,000 and 1,044,000 for the years ended June 30, 2000, 1999 and 1998, respectively.

(l) Financial Instruments

The carrying value of financial instruments, such as of cash and cash equivalents, marketable securities - available for sale, accounts receivable, government grants receivable and accounts payable approximate their fair value because of their short term nature. Foreign currency option contracts are marked to market and therefore reflect their fair value. The Company does not hold or issue financial instruments for trading purposes.

The fair value of financial instruments is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties.

(m) Foreign Exchange Risk Management

The Company enters into various types of foreign exchange contracts in managing its foreign exchange risk, including derivative financial instruments encompassing forward exchange contracts and foreign currency options.

The purpose of the Company's foreign currency hedging activities is to protect the Company from adverse exchange rate fluctuations with respect to net cash movements resulting from the sales of products to foreign customers and Australian manufacturing activities. The Company enters into foreign currency option contracts to hedge anticipated sales and manufacturing costs denominated in principally Australian dollars and Euros. The terms of such foreign currency option contracts generally do not exceed three years.

Unrealized gains or losses are recognized as incurred in the consolidated balance sheets as either other assets or other liabilities and are recorded within other income, net on the Company's consolidated statements of income. Unrealized gains and losses on currency derivatives are determined based on dealer quoted prices.

The Company is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments. The credit exposure of foreign exchange options at June 30, 2000 was $901,000 which represents the positive fair value of options held by the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Foreign Exchange Risk Management (continued)

The Company held foreign currency option contracts with notional amounts totaling $171,530,000 and $62,460,000 at June 30, 2000 and 1999, respectively to hedge foreign currency items. These contracts mature at various dates prior to June 2002.

(n) Income Taxes

The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(o) Marketable Securities

Management determines the appropriate classification of its investments in debt and equity securities at the time of purchase and re-evaluates such determination at each balance sheet date. Debt securities for which the Company does not have the intent or ability to hold to maturity are classified as available for sale. Securities available for sale are carried at fair value, with the unrealized gains and losses, net of tax, reported in accumulated other comprehensive income (loss).

At June 30, 2000 and 1999, the Company's investments in debt securities were classified on the accompanying consolidated balance sheet as marketable securities available for sale. These investments are diversified among high credit quality securities in accordance with the Company's investment policy.

The amortized cost of debt securities classified as available-for-sale is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization and interest are included in interest income. Realized gains and losses are included in other income or expense. The cost of securities sold is based on the specific identification method.

(p) Warranty

Estimated future warranty obligations related to certain products are provided by charges to operations in the period in which the related revenue is recognized.

(q) Impairment of Long-Lived Assets

The Company periodically evaluates the carrying value of long-lived assets to be held and used, including certain identifiable intangible assets, when events and circumstances indicate that the carrying amount of an asset may not be recovered. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceed the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

3. MARKETABLE SECURITIES

The estimated fair value of marketable securities available for sale as of June 30, 2000 and 1999, was $3,713,000 and $5,626,000, respectively. The estimated fair value of each investment approximates the amortized cost, and therefore, there are no unrealized gains or losses as of June 30, 2000 or 1999.

Expected maturities may differ from contractual maturities because the issuers of the securities may have the right to prepay obligations without prepayment penalties.

4. INVENTORIES

<TABLE>
<CAPTION>

Inventories net, were comprised of the following as of June 30, 2000 and

1999 (in thousands):

	2000	1999
<S>	<C>	<C>
Raw materials. .	$ 4,826	$ 4,153
Work in progress	297	74
Finished goods .	10,679	6,498
	$15,802	$10,725

</TABLE>

5. PROPERTY, PLANT AND EQUIPMENT

<TABLE>
<CAPTION>

Property, plant and equipment is comprised of the following as of June 30, 2000 and 1999 (in thousands):

	2000	1999
<S>	<C>	<C>
Machinery and equipment.	$ 8,024	$ 7,466
Computer equipment	9,685	5,329
Furniture and fixtures	5,214	4,008
Vehicles	1,214	987
Clinical, demonstration and rental equipment	7,844	5,502
Leasehold improvements	552	344
Land	3,113	3,476
Buildings.	9,837	10,721
Construction in Process.	4,645	-
	50,128	37,833
Accumulated depreciation and amortization. .	(13,552)	(8,511)
	$ 36,576	$29,322

</TABLE>

6. ACCRUED EXPENSES

<TABLE>
<CAPTION>

Accrued expenses at June 30, 2000 and 1999 consist of the following (in thousands):

	2000	1999
<S>	<C>	<C>
Service warranties	$ 601	$ 478
Consulting and professional fees	324	596
Royalties.	240	123
Value added taxes due.	2,520	2,074
Employee related costs	3,087	2,451
Deferred revenue	1,341	949
Clinical Research.	178	222
Other.	933	886
	$9,224	$7,779

</TABLE>

7. STOCKHOLDERS' EQUITY

Stock Options - The Company has granted stock options to personnel, including officers and directors in accordance with both the 1995 Option Plan and the 1997 Equity Participation Plan. These options have expiration dates of ten years from the date of grant and vest over three years. The Company granted

these options with the exercise price equal to the market value as determined at the date of grant.

In August 1997 as part of the introduction of the 1997 Equity Participation Plan, the Company cancelled 43,880 options, being all non-issued options remaining under the 1995 Option Plan.

<TABLE>
<CAPTION>
The following table summarizes option activity;

	Average Exercise 2000	Weighted Average Exercise Price	1999	Weighted Average Exercise Price	1998	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Outstanding at beginning of year .	3,142,272	$ 7.32	2,403,160	$ 4.57	1,756,352	$ 3.50
Granted.	1,336,900	14.14	1,265,000	11.31	997,600	6.09
Exercised.	(967,985)	6.59	(512,688)	4.15	(294,520)	3.47
Forfeited.	(213,165)	10.04	(13,200)	11.32	(56,272)	5.10
Outstanding at end of year	3,298,022	$ 10.12	3,142,272	$ 7.32	2,403,160	$ 4.57
Price range of granted options . .	$ 13-$27		$ 10-$12		$ 6-$9	
Options exercisable at end of year	1,368,286	$ 6.92	1,254,126	$ 4.00	1,103,472	$ 3.38

</TABLE>

7. STOCKHOLDERS' EQUITY (CONTINUED)

The total number of shares of Common Stock authorized for issuance upon exercise of options and other awards, or upon vesting of restricted or deferred stock awards, under the 1997 Plan was initially established at 1,000,000 and increases at the beginning of each fiscal year, commencing on July 1, 1998, by an amount equal to 4% of the outstanding Common Stock on the last day of the preceding fiscal year. The maximum number of shares of Common Stock issuable upon exercise of incentive stock options granted under the 1997 Plan, however, cannot exceed 8,000,000. Furthermore, the maximum number of shares which may be subject to options, rights or other awards granted under the 1997 Plan to any individual in any calendar year cannot exceed 300,000.

<TABLE>
<CAPTION>

The following table summarizes information about stock options outstanding at June 30, 2000.

Exercise Prices	Number Outstanding at June 30, 2000	Weighted Average Remaining Contractual Life	Number Exercisable at June 30, 2000
<S>	<C>	<C>	<C>
2.75.	237,312	4.92	237,312
3.27.	10,000	5.88	10,000
4.09.	354,776	6.00	354,776
6.00.	517,734	7.10	244,798
8.75.	22,000	7.75	12,000
11.32	835,328	8.00	458,728
11.57	42,668	8.00	26,668
11.25	36,004	8.25	17,337
9.88.	10,000	8.78	6,667
17.00	48,000	9.00	-
13.24	1,104,200	9.08	-
22.00	42,000	9.58	-
27.00	38,000	9.83	-
	3,298,022	7.84	1,368,286

</TABLE>

<TABLE>
<CAPTION>

The Company applies APB Opinion No. 25 in accounting for its Plans and, accordingly, no compensation cost has been recognized for its stock options. Had the Company determined compensation cost based on the fair value at the grant

date for its stock options under SFAS 123, the Company's net income would have been reduced to the pro forma amounts indicated below:

	2000	1999	1998
<S>	<C>	<C>	<C>
Net income (in thousands):			
As reported	$22,226	$16,102	$10,611
Pro forma	17,511	12,951	9,380
Basic earnings per common share:			
As reported	$ 0.74	$ 0.55	$ 0.37
Pro forma	$ 0.58	$ 0.44	$ 0.33
Diluted income per common and common equivalent share:			
As reported	$ 0.69	$ 0.52	$ 0.35
Pro forma	$ 0.54	$ 0.42	$ 0.31

</TABLE>

The fair value of each stock option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions: weighted average risk-free interest rates of 6.5% for fiscal 2000 and 5.8% for fiscals 1999 and 1998, respectively; no dividend yield; expected lives of four years; and volatility of 61% for 2000, 55% for 1999 and 34% for 1998, respectively.

7. STOCKHOLDERS' EQUITY (CONTINUED)

Preferred Stock - In April 1997 the board of directors authorized 2,000,000 shares of $0.01 par value preferred stock. No such shares were issued or outstanding at June 30, 2000.

Stock Purchase Rights - In April 1997, the Company implemented a plan to protect stockholders' rights in the event of a proposed takeover of the Company. Under the plan, each share of the Company's outstanding common stock carries one right to purchase Series A Junior Participating Preferred Stock (the "Right"). The Right enables the holder, under certain circumstances, to purchase common stock of the Company or of the acquiring person at a substantially discounted price ten days after a person or group publicly announces it has acquired or has tendered an offer for 15% or more of the Company's outstanding common stock. The Rights are redeemable at $0.01 per Right and expire in 2007.

Common Stock - During the year, the Board of Directors declared a two-for-one split of the Company's common stock, effective March 31, 2000. Stockholders' equity has been restated for all periods presented to give retroactive recognition to the stock split by reclassifying from additional paid-in capital to common stock, the par value of the additional shares as a result of the stock split.

8. OTHER, NET

<TABLE>
<CAPTION>

Other, net is comprised of the following at June 30, 2000, 1999 and 1998 (in thousands):

	2000	1999	1998
<S>	<C>	<C>	<C>
License fees	$ 167	58	1,272
Unrealized gain/(loss) on foreign currency Hedging position.	(1,863)	435	(1,050)
Gain/(loss) on foreign currency transactions	1,681	(2,888)	(2,927)
Write down of investments.	-	300	(125)
Other.	(37)	(195)	(43)
	(52)	(2,290)	(2,873)

</TABLE>

In March 1998, the Company granted to a third party licenses to three of the Company's patents for a non refundable payment of $1,250,000. The license agreement will allow the third party to manufacture and distribute certain

products featuring the Company's patented technology in the US homecare market. Additionally, the Company will earn royalties on products manufactured.

9. INCOME TAXES

<TABLE>
<CAPTION>

Income before income taxes for the years ended June 30, 2000, 1999 and 1998, was taxed under the following jurisdictions (in thousands):

	2000	1999	1998
<S>	<C>	<C>	<C>
U.S. . .	$ 4,644	4,043	1,730
Non-U.S.	29,522	20,534	14,382
	$34,166	24,577	16,112

</TABLE>

9. INCOME TAXES (CONTINUED)

<TABLE>
<CAPTION>

The provision for income taxes is presented below (in thousands):

	2000	1999	1998
Current:			
<S>	<C>	<C>	<C>
Federal.	$ 1,396	772	(13)
State.	77	174	(148)
Non-US	10,390	6,980	6,078
	11,863	7,926	5,917
Deferred:			
Federal.	390	360	(226)
State.	14	(12)	94
Non-US	(327)	201	(284)
	77	549	(416)
Provision for income taxes	$11,940	8,475	5,501

</TABLE>

<TABLE>
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The provision for income taxes differs from the amount of income tax determined by applying the applicable U.S. federal income tax rate of 34% to pretax income as a result of the following (in thousands):

	2000	1999	1998
<S>	<C>	<C>	<C>
Computed 'expected' tax expense	$11,616	8,356	5,478
Increase (decrease) in income taxes Resulting from:			
Non-deductible expenses	715	302	29
Research and development credit	(430)	(250)	(371)
Tax effect of intercompany dividends.	(508)	13	(321)
Utilization of net operating loss carryforwards	(4)	-	(22)
Change in valuation allowance	22	71	47
Effect of non-U.S. tax rates.	714	455	415
State income taxes.	235	131	(36)
Other	(420)	(603)	282
	$11,940	8,475	5,501

	========	====== ======

</TABLE>

<TABLE>
<CAPTION>

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are comprised of the following at June 30, 2000 and 1999 (in thousands):

	2000	1999
<S>	<C>	<C>
Deferred tax assets:		
Employee benefit obligations . . .	$ 534	333
Provision for service warranties .	203	170
Provision for doubtful debts . . .	254	114
Net operating loss carryforwards .	79	64
Deferred foreign tax credits . . .	970	1,334
Accrual for legal costs.	76	426
Intercompany profit in inventories	2,188	1,567
Unrealized foreign exchange losses	-	173
Property, plant and equipment. . .	290	450
Other accruals	418	198
	5,012	4,829
Less valuation allowance	(86)	(64)
Deferred tax assets.	$4,926	4,765

</TABLE>

<TABLE>
<CAPTION>

9. INCOME TAXES (CONTINUED)

	2000	1999
<S>	<C>	<C>
Deferred tax liabilities:		
Patents	$ (413)	(243)
Capitalized software.	(453)	(536)
Unrealized gain on foreign currency options	(306)	(508)
Unrealized foreign exchange gains	(196)	-
Undistributed German income	(992)	(892)
Royalties receivable.	-	(18)
Other receivables	(168)	(41)
Other	(37)	(135)
Deferred tax liabilities.	(2,565)	(2,373)
Net deferred tax asset.	$ 2,361	2,392

</TABLE>

The valuation allowance at June 30, 2000 and 1999, primarily relates to a provision for uncertainty as to the utilization of net operating loss carryforwards. The net change in the valuation allowance was an increase of $22,000 for the year ended June 30, 2000, in comparison to an increase of $48,000 and a decrease of $635,000, for the years ended June 30, 1999 and 1998, respectively. The measurement of deferred tax assets and liabilities at June 30 of each year, reflect foreign currency translation adjustments, changes in enacted tax rates and changes in temporary differences. Income taxes in 2000, 1999 and 1998 were reduced by $4,000, $0 and $22,000, respectively through the utilization of net operating loss carryforwards.

At June 30, 2000, the net operating loss carryforwards relate to Singapore, Sweden and Malaysia.

10. EMPLOYEE RETIREMENT PLANS

ResMed contributes to a number of employee retirement plans for the benefit of its employees. These plans are detailed as follows:

Australia - ResMed contributes to defined contribution pension plans for

each employee resident in Australia. All Australian employees after serving a qualifying period, are entitled to benefits on retirement, disability or death. Employees may contribute additional funds to the plans. ResMed contributes to the plans at the rate of 7% of the salaries of all Australian employees. Total Company contributions to the plans for the years ended June 30, 2000, 1999 and 1998 were $632,000, $457,000 and $362,000, respectively.

United Kingdom - ResMed contributes to a defined contribution plan for each permanent United Kingdom employee. All employees, after serving a three month qualifying period, are entitled to benefit on retirement, disability or death. Employees may contribute additional funds to the plan. ResMed contributes to the plans at the rate of 3% of the salaries. Total Company contributions to the plan were $8,000, $8,000 and $5,000 in fiscal 2000, 1999 and 1998 respectively.

10. EMPLOYEE RETIREMENT PLANS (CONTINUED)

United States - The Company sponsors a defined contribution pension plan available to substantially all domestic employees. Company contributions to this plan are based on a percentage of employee contributions to a maximum of 3% of employee salaries. The cost of this plan to the Company was $123,000, $96,000 and $54,000 in fiscal 2000, 1999 and 1998 respectively.

11. SEGMENT INFORMATION

ResMed operates solely in the sleep disordered breathing sector of the respiratory medicine industry. The Company therefore believes that, given the single market focus of its operations and the inter dependence of its products that ResMed operates as a single operating segment. The Company assesses performance and allocates resources on the basis of a single operating entity.

<TABLE>
<CAPTION>

Financial information by geographic area for the years ended June 30, 2000, 1999 and 1998, is summarized below (in thousands):

	U.S.A	Germany	Australia	Rest of World	Total
<S>	<C>	<C>	<C>	<C>	<C>
2000					
Revenue from external customers	$ 58,419	14,317	4,444	38,435	115,615
Long lived assets	$ 8,126	1,248	27,595	2,485	39,454
1999					
Revenue from external customers	$ 47,229	13,181	3,489	24,728	88,627
Long lived assets	$ 2,525	816	26,611	1,829	31,781
1998					
Revenue from external customers	$ 31,170	11,248	3,670	20,431	66,519
Long lived assets	$ 1,707	595	9,211	597	12,110

</TABLE>

11. SEGMENT INFORMATION (CONTINUED)

Net revenues from external customers is based on the location of the customer. Long lived assets of geographic areas are those assets used in the Company's operations in each geographical area and excludes patents, deferred tax assets and goodwill.

12. RELATED PARTY TRANSACTIONS

For the years ended June 30, 2000, 1999 and 1998, consulting service fees in the amount of $189,000, $186,000 and $278,000, were paid to Dr. Colin Sullivan, a

shareholder. Dr. Sullivan provides consulting services to the Company pursuant to a consulting agreement that terminates on December 31, 2000 (subject to extension for an additional five year term) for which he receives annual payments of $189,000. The Company also reimburses Dr. Sullivan for his out-of-pocket expenses in performing such consulting services.

The Company has also agreed to pay to Dr. Sullivan $126,000 for a period of 24 months following the termination of his consulting relationship with the Company in exchange for his agreement not to compete with the Company during this period.

13. COMMITMENTS

<TABLE>
<CAPTION>
The Company leases buildings, motor vehicles and office equipment under operating leases. Rental charges for these items are expensed as incurred. At June 30, 2000 the Company had the following future minimum lease payments under non cancelable operating leases (in thousands):

Years	Operating Leases	Sub lease rental income	Total net minimum lease payments
<S>	<C>	<C>	<C>
2001	$ 948	$ 320	$ 628
2002	636	289	347
2003	510	204	306
2004	499	210	289
2005	408	217	191
Thereafter	356	110	246
Total minimum lease payments	$ 3,357	$ 1,350	$ 2,007

</TABLE>

Rent expenses under operating leases for the years ended June 30, 2000, 1999 and 1998 were approximately $744,000, $789,000 and $607,000, respectively.

14. BUSINESS ACQUISITION

On January 31, 2000 the Company's fully owned Swedish Subsidiary, ResMed Sweden AB, acquired the business and associated assets of Einar Egnell AB, its Swedish distributor for $576,000 in cash. The acquisition has been accounted for as a purchase and accordingly, the results of operations of the Einar Egnell business have been included in the company's consolidated financial statements from January 31, 2000. The excess of the purchase price over the fair value of the net identifiable assets acquired of $229,000 has been recorded as goodwill and is being amortized on a straight line basis over 5 years.

In fiscal 1999, the Company paid $2,024,000 as a final deferred goodwill payment on the 1996 acquisition of its German distributor.

15. COMPREHENSIVE INCOME

As of July 1, 1999, the Company adopted Statement of Financial Accounting Standards No. 130, 'Reporting Comprehensive Income' which established standards for the reporting and display of comprehensive income and its components in the financial statements. The only component of comprehensive income that impacts the Company is foreign currency translation adjustments. The net loss associated with foreign currency translation adjustments for the year ended June 30, 2000 was $7.7 million compared to a net gain of $2.3 million for the year ended June 30, 1999 and net loss of $6.1 million for the year ended June 30, 1998. Comprehensive income for the years ended June 30, 2000, June 30, 1999 and June 30, 1998 was $14.5 million, $18.4 million and $4.6 million, respectively. The Company does not provide for US income taxes on foreign currency translation adjustments since it does not provide for such taxes on undistributed earnings of foreign subsidiaries. Accumulated other comprehensive loss at June 30, 2000 and June 30, 1999 consisted solely of foreign currency translation adjustments and represent unrealized losses of $13.2 million and $5.4 million, respectively.

16. LEGAL ACTIONS

The company is currently engaged in litigation relating to the enforcement and defense of certain of its patents.

In January 1995, the Company filed a complaint in the United States District

Court for the Southern District of California seeking monetary damages from and injunctive relief against Respironics for alleged infringement of three ResMed patents. In February 1995, Respironics filed a complaint in the United States District Court for the Western District of Pennsylvania against the Company seeking a declaratory judgment that Respironics does not infringe claims of these patents and that the Company's patents are invalid and unenforceable. The two actions were combined and are proceeding in the United States District Court for the Western District of Pennsylvania. In June 1996, the Company filed an additional complaint against Respironics for infringement of a fourth ResMed patent, and that complaint was consolidated with the earlier action. As of this date, Respironics has brought three partial summary judgment motions for non-infringement of the ResMed patents; the Court has granted each of the motions. In December 1999, in response to the Court's ruling on Respironics' third summary judgment motion, the parties jointly stipulated to a dismissal of charges of infringement under the fourth ResMed patent, with ResMed reserving the right to reassert the charges in the event of a favorable ruling on appeal. It is ResMed's intention to appeal the summary judgment rulings after a final judgment in the consolidated litigation has been entered in the District Court proceedings.

On March 31, 2000, the Company filed a lawsuit in the United States District Court for the Southern District of California against MPV Truma and Tiara Medical Systems, Inc, seeking actual and exemplary monetary damages and injunctive relief for the unauthorized and infringing use of the Company's trademarks, trade dress, and design patents related to its Mirage mask design.

While the Company is prosecuting the above actions, there can be no assurance that the Company will be successful.

In May 1995, Respironics and its Australian distributor filed a Statement of Claim against the Company and Dr. Farrell in the Federal Court of Australia, alleging that the Company engaged in unfair trade practices. The Statement of Claim asserts damage claims for lost profits on sales in the aggregate amount of approximately $1,000,000. While the Company is defending this action, there can be no assurance that the Company will be successful or that the Company will not be required to make significant payments to the claimants. Furthermore, the Company is incurring ongoing legal costs in defending this action, as well as in the continuing litigation of its patent cases.

17. SUBSEQUENT EVENT

On July 7, 2000, the Company purchased the land and buildings of its US Headquarters in Poway, California for $17.2 million.

The purchase was funded by a combination of cash reserves and an unsecured $20 million revolving loan facility with the Union Bank of California. The initial draw down on this facility was $10 million.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DATED September 25, 2000 ResMed Inc

By /S/ PETER C FARRELL
_____
Peter C Farrell, President and
Chief Executive Officer
(Principal Executive Officer)

By /S/ ADRIAN M SMITH
_____
Adrian M Smith, Chief Financial Officer
(Principal Financial Officer)

<TABLE>
<CAPTION>

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

SIGNATURE TITLE DATE

/S/ PETER C FARRELL _____ Peter C Farrell		Chief Executive Officer, President, Chairman of the Board (Principal Executive Officer)	September 25, 2000
/S/ CHRISTOPHER G ROBERTS Christopher G Roberts		Director	September 25, 2000
/S/ MICHAEL A QUINN Michael A Quinn		Director	September 25, 2000
/S/ GARY W PACE Gary W Pace	_	Director	September 25, 2000
/S/ DONAGH MCCARTHY Donagh McCarthy		Director	September 25, 2000

SCHEDULE II

RESMED INC AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
YEARS ENDED JUNE 30, 2000, 1999 AND 1998
(IN THOUSANDS)

	Balance at Beginning of Period	Charged to costs and expenses	Other (deductions) period	Balance at end of period
Year ended June 30, 2000				
Applied against asset account				
Allowance for doubtful accounts	$ 421	632	(220)	833
Year ended June 30, 1999				
Applied against asset account				
Allowance for doubtful accounts	$ 248	348	(175)	421
Year ended June 30, 1998				
Applied against asset account				
Allowance for doubtful accounts	$ 277	79	(108)	248

See accompanying independent auditor's report.

EXHIBIT INDEX

3.1	Certificate of Incorporation of Registrant, as amended*
3.2	By-laws of Registrant*
4.1	Form of certificate evidencing shares of Common Stock*
4.2	Rights agreement dated as of April 23, 1997**
10.1	1995 Stock Option Plan*
10.2	1997 Equity Participation Plan***
10.3	Licensing Agreement between the University of Sydney and ResMed Limited dated May 17, 1991, as amended*
10.4	Consulting Agreement between Colin Sullivan and ResMed Limited effective from 1 January 1998****
10.5	Loan Agreement between the Australian Trade Commission and ResMed Limited dated May 3, 1994*
10.6	Lease for 10121 Carroll Canyon Road, San Diego 92131-1109, USA****
11.1	Computation of Earnings per Common Share
21.1	Subsidiaries of the Registrant
23.1	Independent Auditors' Consent and Report on Schedule
27.1	Financial Data Schedule

- ----------
* Incorporated by reference to the Registrant's Registration Statement on

Form S-1 (No. 33-91094) declared effective on June 1, 1995.

** Incorporated by reference from the registrants Report on Form 8-K (File No. 0-26038).

*** Incorporated by reference from the Registrant's 1997 Proxy Statement (File No. 0-26038).

**** Incorporated by reference from the Registrant's Report on Form 10-K dated June 30, 1998 (File No. 0-26038)

EXHIBIT 11.1

RESMED INC AND SUBSIDIARIES
COMPUTATION OF EARNINGS PER COMMON SHARE
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<TABLE>
<CAPTION>

	Year Ended June 30,		
	2000	1999	1998
<S>	<C>	<C>	<C>
BASIC EARNINGS			
Net income	$ 22,226	16,102	10,611
Shares			
Weighted average number of common shares outstanding.	30,153	29,416	29,000
Basic earnings per share	$ 0.74	$ 0.55	$ 0.37
DILUTED EARNINGS			
Net income	$ 22,226	16,102	10,611
Shares			
Weighted average number of common shares outstanding.	30,153	29,416	29,000
Additional shares assuming conversion of stock options under treasury stock method	2,150	1,652	1,044
Weighted average number of common and Common equivalent shares outstanding as adjusted	32,303	31,068	30,044
Diluted earnings per share	$ 0.69	$ 0.52	$ 0.35

</TABLE>

See accompanying independent auditor's report.

EXHIBIT 21.1

RESMED INC
SUBSIDIARIES OF THE REGISTRANT

ResMed Holdings Limited (incorporated under the laws of New South Wales, Australia)

ResMed Limited (incorporated under the laws of New South Wales, Australia)*

ResMed Asia Pacific Limited (incorporated under the laws of New South Wales, Australia)*

ResMed Corporation (a Minnesota corporation)

ResMed (UK) Limited (a United Kingdom corporation)*

ResMed International Inc (a Delaware corporation)

ResMed Priess GmbH and Co Kg (a German corporation)**

ResMed SA (a French corporation)**

ResMed Priess GmbH (a German corporation)

ResMed Singapore Pte Ltd (a Singaporean corporation)**

ResMed (Malaysia) Sdn Bhd (a Malaysian Corporation)**

ResMed New Zealand Limited (a New Zealand Corporation)**

ResMed R&D Limited (incorporated under the laws of New South Wales, Australia)*

ResMed Sweden AB (a Swedish Corporation)**

- ----------

*A subsidiary of ResMed Holdings Limited

** A subsidiary of ResMed International Inc

EXHIBIT 23.1

- ----------

INDEPENDENT AUDITORS' CONSENT AND REPORT ON SCHEDULE

The Board of Directors and Stockholders
ResMed Inc:

The audits referred to in our report dated August 4, 2000, included the related financial statement schedules as of June 30, 2000 and for each of the years in the three-year period ended June 30, 2000. These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement schedules based on our audits. In our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

We consent to incorporation by reference in the registration statement (No 333-08013) on Form S-8 of ResMed Inc of our reports included herein.

/s/ KPMG LLP
KPMG LLP
San Diego, California
September 25, 2000

<TABLE> <S> <C>

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This schedule contains summary financial information extracted from ResMed Inc's Annual June 30, 2000 financial report and is qualified in its entirety by reference to such financial statements.
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