

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2000

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSACTION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_

Commission file number: 0-26038

ResMed Inc

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

98-0152841  
(IRS Employer  
Identification No)

14040 Danielson St  
Poway CA 92064-6857  
United States Of America  
(Address of principal executive offices)

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

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 such filing requirements for the past 90 days. Yes  No

As of September 30, 2000 there were 30,983,064 shares of Common Stock (\$0.004 par value) outstanding.

RESMED INC AND SUBSIDIARIES

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PART I FINANCIAL INFORMATION

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PART I - FINANCIAL INFORMATION Item 1

RESMED INC AND SUBSIDIARIES Condensed Consolidated Balance Sheets (Unaudited) (in US\$ thousands, except per share data)	September 30, 2000	June 30, 2000
	<C>	<C>
Assets		
<S>		
Current assets:		
Cash and cash equivalents	\$ 13,620	18,250
Marketable securities - available for sale	3,300	3,713
Accounts receivable, net of allowance for doubtful accounts of 861 at September 30, 2000 and \$833 at June 30, 2000	26,283	24,688
Inventories, net	16,258	15,802
Deferred income taxes	2,417	2,361
Prepaid expenses and other current assets	5,059	4,358
Total current assets	66,937	69,172
Property, plant and equipment, net of accumulated amortization of \$14,447 at September 30, 2000 and \$13,552 at June 30, 2000	51,474	36,576
Patents, net of accumulated amortization of \$790 at September 30, 2000 and \$789 at June 30, 2000	1,277	1,342
Goodwill, net of amortization of \$1,988 at September 30, 2000 and \$2,003 at June 30, 2000	5,040	5,626
Other assets	2,357	2,878
Total assets	127,085	115,594
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	6,356	5,929
Accrued expenses	9,697	9,224
Income taxes payable	7,746	6,469
Short term debt	7,000	-
Total current liabilities	30,799	21,622
Stockholders' equity:		
Preferred stock, \$0.01 par value, 2,000,000 shares authorized; none issued	-	-
Series A Junior Participating preferred stock, \$0.01 par value, 150,000 shares authorized; none issued	-	-
Common stock \$0.004 par value 50,000,000 shares authorized; issued and outstanding 30,983,064 at September 30, 2000 and 30,593,921 at June 30, 2000	124	122
Additional paid-in capital	44,047	41,495
Retained earnings	72,087	65,507
Accumulated other comprehensive loss	(19,972)	(13,152)
Total stockholders' equity	96,286	93,972
Commitments and contingencies (Note 5)	-	-
	\$ 127,085	115,594

</TABLE>

See the accompanying notes to the condensed consolidated financial statements.

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<TABLE>  
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PART I - FINANCIAL INFORMATION Item 1

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

	Three Months Ended	
	September 2000	September 30, 1999
<S>	<C>	<C>
Net revenue	\$31,082	25,945
Cost of sales	9,995	8,224
Gross profit	21,087	17,721
Operating expenses		
Selling, general and administrative	9,591	8,409
Research and development	2,389	1,890
Total operating expenses	11,980	10,299
Income from operations	9,107	7,422
Other income (expense), net:		
Interest income, net	(2)	134
Government grants	-	140
Other, net	883	(269)
Total other income (expense), net	881	5
Income before income taxes	9,988	7,427
Income taxes	3,408	2,592
Net income	\$ 6,580	4,835
Basic earnings per share	\$ 0.21	\$ 0.16
Diluted earnings per share	\$ 0.20	\$ 0.15
Basic shares outstanding	30,810	29,690
Diluted shares outstanding	33,078	31,304

See the accompanying notes to the condensed consolidated financial statements.

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<TABLE>  
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PART I - FINANCIAL INFORMATION

Item 1

RESMED INC AND SUBSIDIARIES  
Condensed Consolidated Statements of Cash Flows (Unaudited)  
(in US\$ thousands)

	Three Months Ended	
	September 2000	September 30, 1999
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	\$ 6,580	4,835
Adjustments to reconcile net income to net cash provided by Operating activities:		
Depreciation and amortization	1,964	1,369
Provision for service warranties	26	29
Foreign currency options revaluations	852	377
Changes in operating assets and liabilities:		
Accounts receivable, net	(2,424)	(1,951)
Government grants receivable	-	(39)
Inventories	(2,052)	(3,215)
Prepaid expenses and other current assets	(795)	878
Accounts payable, accrued expenses and other liabilities	2,139	1,514
Net cash provided by operating activities	6,290	3,797
Cash flows from investing activities:		
Purchases of property, plant and equipment	(19,228)	(2,473)
Patent costs	(143)	(218)
Purchase of non-trading investments	(495)	(857)

Purchases of marketable securities - available for sale	(9,258)	(4,138)
Proceeds from sale of marketable securities - available for sale	9,671	3,053
Net cash used in investing activities	(19,453)	(4,633)
Cash flows provided by financing activities:		
Proceeds from issuance of common stock	2,554	605
Proceeds from short term debt	10,000	-
Repayment of short term debt	(3,000)	-
Net cash from financing activities	9,554	605
Effect of exchange rate changes on cash	(1,021)	(42)
Net increase/(decrease) in cash and cash equivalents	(4,630)	(273)
Cash and cash equivalents at beginning of period	18,250	11,108
Cash and cash equivalents at end of period	\$ 13,620	\$10,835
Supplemental disclosure of cash flow information:		
Income taxes paid	\$ 1,624	1,271
Interest paid	\$ 175	-

</TABLE>

See the accompanying notes to the condensed consolidated financial statements.

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PART I - FINANCIAL INFORMATION

Item 1

RESMED INC AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

(1) Organization and Basis of Presentation

ResMed Inc (the Company) is a Delaware corporation formed in March 1994 as a holding company for the ResMed Group. The Company designs, manufactures and markets devices for the evaluation and treatment of sleep disordered breathing, primarily obstructive sleep apnea. The Company's principal manufacturing operations are located in Australia. Other principal distribution and sales sites are located in the United States, the United Kingdom, Singapore and Europe.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended September 30, 2000 are not necessarily indicative of the results that may be expected for the year ended June 30, 2001.

(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 deferred and recognized as revenue over the life of the service contract. Revenue from sale of marketing and distribution rights is initially deferred 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 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  
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Inventories are stated at the lower of cost, determined principally by the first-in, first-out method, or net realizable value.

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RESMED INC AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

(2) Summary of Significant Accounting Policies, Continued  
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(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.

(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.

(h) Government Grants  
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Government grants revenue is recognized when earned. Grants have been obtained by the Company from the Australian Federal Government to support continued development and export of the Company's proprietary positive airway pressure technology and to assist development of export markets. Grants of \$140,000 have been recognized for the three month period ended September 30, 1999.

(i) Foreign Currency  
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The consolidated financial statements of the Company's non-US subsidiaries are translated into US dollars for financial reporting purposes. Assets and liabilities of non-US subsidiaries whose functional currencies are other than the US dollar are translated at period end exchange rates and revenue and expense transactions are translated at average exchange rates for the period. Cumulative translation adjustments are recognized as part of "Comprehensive Income", as described in Note 4, and are included in accumulated other comprehensive loss on the condensed 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.

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RESMED INC AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

(2) Summary of Significant Accounting Policies, Continued  
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(j) Research and Development  
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All research and development costs are expensed in the period incurred.

(k) Earnings Per Share  
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The weighted average shares used to calculate basic earnings per share was 30,810,000 and 29,690,000 for the three month periods ended September 30, 2000 and 1999, 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 2,268,000 and 1,614,000 for the three month periods ended September 30, 2000 and 1999, respectively.

(l) Financial Instruments  
-----

The carrying value of financial instruments, such as cash and cash equivalents, marketable securities - available for sale, accounts receivable, government grants, foreign currency option contracts, short term debt, taxes payable and accounts payable approximate 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  
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The Company enters into call foreign currency options in managing its foreign exchange risk.

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.

RESMED INC AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

(2) Summary of Significant Accounting Policies, Continued  
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(m) Foreign Exchange Risk Management, Continued  
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From July 1, 2000 the Company adopted Statement of Financial Accounting Standards No 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133), which standardizes the accounting for derivative instruments. Under the restrictive definition of hedge effectiveness contained in SFAS 133, the Company's hedging contracts do not have hedge effectiveness and are therefore marked to market with resulting gains or losses being recognized in earnings in the period of change.

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 September 30, 2000 was \$483,000 which represents the positive fair value of options held by the Company.

The Company held foreign currency option contracts with notional amounts totaling \$174,470,000 and \$171,530,000 at September 30, 2000 and June 30, 2000, respectively to hedge foreign currency items. These contracts mature at various dates prior to July 2002.

(n) Income Taxes

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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

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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 September 30, 2000 and June 30, 2000, 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.

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RESMED INC AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

(2) Summary of Significant Accounting Policies, Continued

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(o) Marketable Securities, Continued

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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

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Estimated future warranty costs related to certain products are charged to operations in the period in which the related revenue is recognized.

(q) Impairment of Long-Lived Assets

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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) Inventories  
-----

Inventories were comprised of the following at September 30, 2000 and June 30, 2000 (in thousands):

	September 30, 2000	June 30, 2000
Raw materials	\$ 5,997	4,826
Work in progress	730	297
Finished goods	9,531	10,679
	-----	-----
	\$ 16,258	15,802
	=====	=====

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PART I - FINANCIAL INFORMATION

Item 1

RESMED INC AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

(4) Comprehensive Income  
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As of July 1, 1998, 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 the foreign currency translation adjustments for the three months ended September 30, 2000 and 1999 was \$6,820,000 and \$615,000, 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 September 30, 2000 and June 30, 2000 consisted of foreign currency translation adjustments with debit balances of \$19,972,000 and \$13,152,000, respectively.

(5) Commitments and Contingencies  
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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 Respiroics for alleged infringement of three ResMed patents. In February 1995, Respiroics filed a complaint in the United States District Court for the Western District of Pennsylvania against the Company seeking a declaratory judgment that Respiroics 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 Respiroics for infringement of a fourth ResMed patent, and that complaint was consolidated with the earlier action. As of this date, Respiroics 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 Respiroics' 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.

RESMED INC AND SUBSIDIARIES  
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 (UNAUDITED)

(5) Commitments and Contingencies, Continued  
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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.

In September 2000, the Company was named as a defendant in a qui tam proceeding, brought by a private citizen, alleging that the Company violated federal healthcare laws. The federal government has declined to intervene in the action, and the Company intends to vigorously defend its position.

RESMED INC AND SUBSIDIARIES  
 MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF  
 OPERATIONS

Net Revenue

Net revenue increased for the three months ended September 30, 2000 to \$31.1 million from \$25.9 million for the three months ended September 30, 1999, an increase of \$5.2 million or 20%. The increase in net revenue is primarily attributable to an increase in unit sales of the Company's flow generators and accessories in both domestic and international markets. Net revenue in North and Latin America increased to \$17.4 million from \$14.8 million for the quarter and in Europe increased to \$9.8 million from \$8.3 million for the quarter.

Gross Profit

Gross profit increased for the three months ended September 30, 2000 to \$21.1 million from \$17.7 million for the three months ended September 30, 1999, an increase of \$3.4 million or 19%. Gross profit as a percentage of net revenue for the quarter ended September 30, 2000 was 68% consistent with the September 30, 1999 quarter.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased for the three months ended September 30, 2000 to \$9.6 million from \$8.4 million for the three months ended September 30, 1999, an increase of \$1.2 million or 14%. As a percentage of net revenue, selling, general and administrative expenses for the three months ended September 30, 2000 declined to 30.9% from 32.4% for the quarter ended September 30, 1999. The increase in gross selling, general and administrative expenses was due primarily to an increase in the number of sales and administrative personnel and other expenses related to the increase in Company sales.

Research and Development Expenses

Research and development expenses increased for the three months ended September 30, 2000 to \$2.4 million from \$1.9 million for the three months ended September 30, 1999, an increase of approximately \$500,000 or 26%. As a percentage of net revenue, research and development expenses for the three months ended September 30, 2000 increased to 7.7% from 7.3% for the period ended September 30, 1999. The increase in gross research and development expenses was due to an increase in charges for consulting fees, clinical trials and technical assessments incurred to facilitate development of a number of new products.

Other Income (Expenses), Net

Other income (expenses), net increased for the three months ended September 30, 2000 to net income of \$881,000 from net income of \$5,000 for the three months ended September 30, 1999. The increase in other income (expense), net over the three month period primarily reflects foreign currency gains, partially offset

by reduced interest income as a result of lower cash balances and interest expense of \$175,000 incurred on short-term debt.

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PART I - FINANCIAL INFORMATION

Item 2

RESMED INC AND SUBSIDIARIES  
MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF  
OPERATIONS

Income Taxes

The Company's effective income tax rate for the three months ended September 30, 2000 declined to approximately 34.1% from approximately 34.9% for the three months ended September 30, 1999. The lower tax rate was primarily due to the lowering of the corporate tax rate in Australia from 36% to 34%, effective from July 1, 2000.

Liquidity and Capital Resources

The Company had cash and cash equivalents and marketable securities available for sale of approximately \$16.9 million and \$22.0 million, at September 30, 2000 and June 30, 2000, respectively. The Company's working capital approximated \$36.1 million and \$47.6 million, at September 30, 2000 and June 30, 2000, respectively.

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 \$10.0 million. At September 30, 2000, short-term debt totaled \$7.0 million.

During the three months ended September 30, 2000, the Company's operations generated \$6.3 million cash from operations, primarily as a result of increased profit from operations offset partially by increases in inventories and accounts receivable. During the three months ended September 30, 1999 approximately \$3.8 million of cash was provided by operations.

The Company's capital expenditures for the three month periods ended September 30, 2000 and 1999 aggregated \$19.2 million and \$2.5 million, respectively. The majority of the expenditures in the three month period ended September 30, 2000 related to the purchase of land and buildings and, to a lesser extent, computer software and hardware and production tooling and equipment. As a result of these capital expenditures, the Company's September 30, 2000 balance sheet reflects net property, plant and equipment of approximately \$51.5 million at September 30, 2000, compared to \$36.6 million at June 30, 2000.

The Company anticipates expending approximately \$1.0 million in relation to the roll out of the Oracle Application Enterprise package system and eCommerce initiatives over the next six months. These payments are to be funded through cash flows from operations.

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 sales and gross profit margins from international operations. The Company is exposed to the risk that the dollar-value equivalent of anticipated cash flows will be adversely affected by changes in foreign currency exchange rates. The Company manages this risk 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 its revolving credit facility with the Union Bank of California.

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PART I - FINANCIAL INFORMATION

Item 3

RESMED INC AND SUBSIDIARIES  
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 expenditures. 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 September 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>  
(In US\$ thousands)

Fair Value	Fiscal Year			
	2001	2002	2003	Total
-- Assets/ (Liabilities)				
--				
<S>	<C>	<C>	<C>	<C>
Foreign Exchange Call Options				
(Receive AUS\$/Pay US\$)				
Option amount	\$ 86,000	\$ 67,000	-	\$
153,000 \$ 166				
Average contractual exchange rate.	AUS \$1 = USD 0.667	AUS \$1 = USD 0.674	-	AUS \$1 = USD 0.670
(Receive AUS\$/Pay Euro)				
Option amount	\$ 11,151	\$ 9,913	\$ 406	\$
21,470 \$ 317				
Average contractual exchange rate	AUS \$1 = Euro 0.653	AUS \$1 = Euro 0.659	AUS \$1 = Euro 0.667	AUS \$1 = Euro 0.656

</TABLE>

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PART I - OTHER INFORMATION

RESMED INC AND SUBSIDIARIES

- Item 1 Legal Proceedings  
Refer Note 5 to the Condensed Consolidated Financial Statements
- Item 2 Changes in Securities  
None
- Item 3 Defaults Upon Senior Securities  
None
- Item 4 Submission of Matters to a Vote of Security Holders

The Company's Annual Meeting of Shareholders was held on November 6, 2000. The holders of 23,394,629 shares of the Company's stock (approximately 76% of the outstanding shares) were present at the meeting in person or by proxy. The matters voted upon at the meeting were (1) to elect two directors, to serve for a three year term; (2) to amend the Company's Certificate of Incorporation to double the number of authorized shares of Common Stock (3) to ratify the selection of auditors of the Company for the fiscal year ending June 30, 2001; and (4) to transact such other business as may properly come before the meeting.

- (1) Dr Peter C Farrell and Dr Gary W Pace, nominated by the Company's Board of Directors, were elected to serve until 2003. There were no other nominees.

Shares were voted as follows:

NAME	FOR	WITHHOLDING	VOTE FOR
Dr Peter C Farrell	23,285,042	109,587	

- (2) An amendment to the Certificate of Incorporation of the Company to double the number of authorized shares of Common stock from 50,000,000 to 100,000,000, was approved: affirmative votes, 22,431,371; negative votes, 917,403.
- (3) The selection of KPMG LLP as independent public accountants for the 2001 fiscal year was ratified: affirmative votes, 23,346,759 shares; negative votes 7,634 shares.
- (4) There was no other business transacted at the meeting.

Item 5 Other Information  
None

Item 6 Exhibits and Report on Form 8K

Exhibits The following exhibits are filed as a part of this report:  
- Exhibit 27.1 Financial Data Schedule

Report on Form 8-K  
- None

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PART I - FINANCIAL INFORMATION

Item 3

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SIGNATURES

Pursuant to the requirements 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.

ResMed Inc

/s/ PETER C FARRELL  
-----

Peter C Farrell  
President and Chief Executive Officer

/s/ ADRIAN M SMITH  
-----

Adrian M Smith  
Vice President Finance and Chief Financial Officer

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PART I - OTHER INFORMATION  
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This schedule contains summary financial information extracted from ResMed Inc's first quarter September 30, 2000 financial report and is qualified in its entirety by reference to such financial statements.

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