SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 1998

[ ] 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	98-0152841
(State or other jurisdiction of incorporation or organization)	(I.R.S Employer Identification No.)

10121 Carroll Canyon Road
San Diego CA 92131-1109
United States Of America
(Address of principal executive offices)

619 689 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 __X___ No ______

As of September 30, 1998, 7,333,754 shares of Common Stock($0.004 par value) were outstanding.

INDEX

<TABLE>
<CAPTION>

PART I FINANCIAL INFORMATION

<S>	<C>	<C>
		Page
Item 1	Financial Statements	
	Condensed Consolidated Balance Sheets as of September 30, 1998 (unaudited) and June 30, 1998	3
	Condensed Consolidated Statements of Income (unaudited) for Three Months Ended September 30, 1998 and 1997	4
	Condensed Consolidated Statements of Cash Flows (unaudited) for the Three Months Ended September 30, 1998 and 1997	5
	Notes to Condensed Consolidated Financial Statements	6
Item 2	Management's Discussion and Analysis of Financial Condition and Results of Operations	12
Item 3	Quantitative and Qualitative Disclosure About Market Risk	15

</TABLE>

<TABLE>
<CAPTION>

PART II OTHER INFORMATION

<S>	<C>	<C>
Item 1	Legal Proceedings	16
Item 2	Changes in Securities	16
Item 3	Defaults Upon Senior Securities	16
Item 4	Submission of Matters to a Vote of Security Holders	16
Item 5	Other Information	16
Item 6	Exhibits and Reports on Form 8-K	16
SIGNATURES		17

</TABLE>

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements
<TABLE>
<CAPTION>

RESMED INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(in US$ thousands, except per share data)

<S>	<C>	<C>
	September 30, 1998	June 30, 1998
Assets	(unaudited)	
Current assets:		
Cash and cash equivalents	$ 16,476	15,526
Marketable securities - available for sale	3,880	5,220
Accounts receivable, net of allowance of $280 at September 30, 1998 and $248 at June 30, 1998	11,318	12,789
Government grants	496	384
Inventories (note 3)	9,391	7,647
Deferred income taxes	2,599	2,518
Prepaid expenses and other current assets	1,369	2,520
Total current assets	45,529	46,604
Property, plant and equipment, net of accumulated depreciation of $6,122 at September 30, 1998 and $5,395 at June 30, 1998	13,945	11,111
Patents, net of accumulated amortization of $382 at September 30,1998 and $368 at June 30, 1998	460	459
Goodwill, net of accumulated amortization of $1,110 at September 30,1998 and $893 at June 30, 1998	6,737	5,445
Other assets	667	999
Total assets	$ 67,338	64,618
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 3,328	3,759
Accrued expenses	5,542	6,637
Income taxes payable	3,917	3,222
Loan payable	218	227
Total current liabilities	13,005	13,845
Total liabilities	13,005	13,845
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; 15,000,000 shares authorized; issued and outstanding 7,333,754 at September 30, 1998 and 7,276,000 at June 30, 1998	30	29
Additional paid-in capital	32,163	31,253

Retained earnings	30,363	27,179
Accumulated other comprehensive income (note 4)	(8,223)	(7,688)
	54,333	50,773
Commitments and contingencies (note 5)	-	-
Total liabilities and Stockholders' equity	$ 67,338	64,618

<FN>

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

<TABLE>
<CAPTION>

Condensed Consolidated Statements of Income (Unaudited)
(in US$ thousands, except per share data)

<S>	Three Months Ended September 30, 1998	1997
Net revenue	$ 19,244	13,978
Cost of sales	6,084	5,425
Gross profit	13,160	8,553
Operating expenses		
Selling, general and administrative expenses	6,355	4,650
Research and development expenses	1,433	1,265
Total operating expenses	7,788	5,915
Income from operations	5,372	2,638
Other income (expenses), net:		
Interest income, net	207	291
Government grants	130	157
Other income (expenses), net	(878)	208
Total other income (expenses), net	(541)	656
Income before income taxes	4,831	3,294
Income taxes	(1,647)	(1,137)
Net income	$ 3,184	2,157
Basic earnings per share	$ 0.44	$ 0.30
Diluted earnings per share	$ 0.42	$ 0.29

<FN>

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

<TABLE>
<CAPTION>

Condensed Consolidated Statements of Cash Flows (Unaudited)
(in US$ thousands)

Three Months Ended
September 30,

<S> <C> <C>

		1998	1997
Cash flows from operating activities:			
Net income	$	3,184	2,157
Adjustment to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization		1,007	904
Provision for service warranties		(5)	40
Foreign currency options revaluations		506	97
Changes in operating assets and liabilities:			
Accounts receivable, net		1,712	(497)
Government grants		(130)	61
Inventories		(1,618)	(682)
Prepaid expenses and other current assets		1,208	(112)
Accounts payable, accrued expenses and other liabilities		(1,480)	(452)
Net cash provided by operating activities		4,384	1,516
Cash flows from investing activities:			
Purchases of property, plant and equipment		(3,996)	(1,532)
Patent Costs		(50)	(25)
Purchase of non trading investments		(205)	(126)
Deferred payments- business acquisitions		(1,033)	-
Purchases of marketable securities - available for sale		(989)	(11,155)
Proceeds from sale of marketable securities - available for sale		2,307	15,420
Net cash provided by/(used) in investing activities		(3,966)	2,582
Cash flows from financing activities:			
Proceeds from issuance of common stock		911	443
Net cash from financing activities		911	443
Effect of exchange rate changes on cash		(379)	(196)
Net increase in cash and cash equivalents		950	4,345
Cash and cash equivalents at beginning of period		15,526	9,077
Cash and cash equivalents at end of period	$	16,476	13,422
Supplemental disclosure of cash flow information:			
Income taxes paid		934	831
Interest paid		-	21

<FN>

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

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 ResMed Holdings Ltd. (RHL), a company resident in Australia. RHL 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 and Europe.

The accompanying unaudited 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, 1998 are not necessarily indicative of the results that may be expected for the year ended June 30, 1999.

(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 recognized as revenue over the terms of the agreements.

(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:

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

(2) Summary of Significant Accounting Policies, Continued

(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 10 years. Assets held under capital leases are recorded at the lower of the net present value of the minimum lease payments or the fair value of the leased asset at the inception of the lease. Amortization expense is computed using the straight- line method over the shorter of the estimated useful lives of the assets or the period of the related lease. 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 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:

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 $130,000 and $157,000 have been recognized for the three month period ended September 30, 1998 and September 30, 1997, 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 period end exchange rates, 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 Income" 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.

(2) Summary of Significant Accounting Policies, Continued

(j) Research and Development:

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

(k) Earnings Per Share:

During the quarter ended December 31, 1997, the Company adopted Statement of Financial Accounting Standards No. 128, "Earnings per Share" (Statement 128). As required by Statement 128, all prior period information has been restated to conform to the provisions of Statement 128. The weighted average shares used to calculate basic earnings per share was 7,307,000 and 7,229,000 for the quarters ended September 30, 1998 and 1997, 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 320,000 and 183,000 for the quarters ended September 30, 1998 and 1997, 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, accounts payable and long- term debt 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:

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, Pound Sterling and Deutschmarks. The term of such foreign exchange contracts generally do not exceed three years.

Premiums to enter certain foreign currency options are included in other assets and are amortized over the period of the agreement in the consolidated statement of income against other income, net. At September 30, 1998 and June 30, 1998 unamortized premiums amounted to $419,000 and $267,000, respectively.

(2) Summary of Significant Accounting Policies, Continued

(m) Foreign Exchange Risk Management, Continued

Unrealized gains or losses are recognized as incurred in the statement of financial position 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, but it does not expect any counterparties to fail to meet their obligations given their high credit ratings. The credit exposure of foreign exchange options is represented by the positive fair value of options at the reporting date.

The Company held foreign currency option contracts with notional amounts totaling $66,058,000 and $62,683,000 at September 30, 1998 and June 30, 1998, respectively to hedge foreign currency items. These contracts mature at various dates prior to December 31, 2000.

(n) Income Taxes:

The Company accounts for income taxes under Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (Statement 109). Statement 109 requires an asset and liability method of accounting for income taxes. Under the asset and liability method of Statement 109, 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. Under Statement 109, 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) Warranty:

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

(p) 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.

(2) Summary of Significant Accounting Policies, Continued

(q) As of July 1, 1998 the Company adopted Statement of Financial Accounting Standards No 131 "Disclosures About Segments of an Enterprise and Related Information". This Statement addresses presentation and disclosure matters and will have no impact on the Company's financial position or results of operations. As required by Statement 131, compliance with the respective reporting disclosures will be reflected in the Company's 1999 Annual Report on Form 10-K.

(3) Inventories

<TABLE>
<CAPTION>

Inventories were comprised of the following at September 30, 1998 and June 30, 1998 (in thousands):

<S>	<C>	<C>
	September 30, 1998	June 30, 1998
Raw materials	$ 2,814	2,169
Work in progress	967	546
Finished goods	5,610	4,932
	$ 9,391	7,647

</TABLE>

(4) Comprehensive Income

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, 1998 and 1997 was $535,000 and $534,000, 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 income at September 30, 1998 and June 30, 1998 consisted solely of foreign currency translation adjustments with debit balances of $8.2 million and $7.7 million, respectively.

(5) Commitments and contingencies

The Company is currently engaged in significant patent litigation relating to the enforcement and defense of certain of its patents. In 1992 the Company's original Australian patent, which was due to expire in 1998 and covered the CPAP method of treating, and the device for treatment of OSA, was challenged by the Australian distributor for Respironics, Inc. and in May 1994, was revoked by an Australian appeals court in reliance on issues specific to Australian patent law. The Company's market share in Australia decreased from 1995 and the Company expects that its market share in Australia will continue to decrease. The Company on May 29, 1997 paid $246,000 as total and final settlement of costs associated with the litigation.

(5) Commitments and contingencies, Continued

In January 1995, the Company filed a complaint for patent infringement in the United States against Respironics. The complaint seeks monetary damages from, and injunctive relief against Respironics resulting from its alleged infringement of three of the Company's patents. In February 1995, Respironics filed a complaint against the Company seeking a declaratory judgement that Respironics does not infringe claims of these patents and that the Company's patents are invalid and unenforceable. The two actions have been combined and are proceeding in the United States District Court for the Western District of Pennsylvania.

In June 1996, the Company initiated a further action in Pennsylvania against Respironics regarding alleged infringement of a fourth patent, granted June 4, 1996, related to the Company's delay timer feature. This action was consolidated with the ongoing case such that all of the lawsuits are proceeding together. On July 1, 1997, the Court granted Respironics a motion for partial summary judgement holding that Respironics' accused products do not infringe one of the four patents in suit. Subsequently, the Court undertook a de novo review of the issues raised by the motion and, on January 27, 1998, adopted the Magistrate Judge's Report and Recommendation. On June 18, 1998, in response to a second motion by Respironics for summary judgement of non-infringement, the Magistrate Judge issued a further Report and Recommendation urging the Court to find that another of the four patents in suit was not infringed by Respironics' products. The Court again reviewed the issues de novo and adopted the Magistrate Judge's Report as its opinion and decision. It is ResMed's intention to seek reversal of the two summary judgement rulings by appeal to the United States Court of Appeals for the Federal Circuit once the rulings have been made part of a final judgement in this case.

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. The Statement of Claim alleges that the Company engaged in unfair trade practices, including the misuse of the power afforded by its Australian patents and dominant market position in violation of the Australian Trade Practices Act. The Statement of Claim asserts damage claims in the aggregate amount of approximately $1,000,000, constituting lost profit on sales. While the Company intends to defend this action, there can be no assurance that the Company will be successful in defending such action or that the Company will not be required to make significant payments to the claimants. Furthermore, the Company expects to incur ongoing legal costs in defending this action.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS
THREE MONTHS ENDED SEPTEMBER 30, 1998 AND SEPTEMBER 30, 1997

Net Revenues

Net revenues increased for the three months ended September 30, 1998 to $19.2 million from $14.0 million for the three months ended September 30, 1997, an increase of $5.2 million or 38%. The increase in net revenues is primarily attributable to an increase in unit sales of the Company's flow generators and accessories in North and Latin America. Net revenues in North and Latin America increased to $11.9 million from $7.0 million for the quarter and in Europe increased to $5.8 million from $5.4 million for the quarter.

Gross Profit

Gross profit increased for the three months ended September 30, 1998 to $13.2 million from $8.6 million for the three months ended September 30, 1997, an increase of $4.6 million or 54%. The increase resulted primarily from a shift to higher margin products, production efficiencies gained from increased unit sales and a decline in the Australian dollar which in relative terms reduces the Company's manufacturing costs. Gross profit as a percentage of net revenues increased for the quarter ended September 30, 1998 to 68% from 61% in three months ended September 30, 1997.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased for the three months ended September 30, 1998 to $6.4 million from $4.7 million for the three months ended September 30, 1997, an increase of $1.7 million or 37%. As a percentage of net revenues, selling, general and administrative expenses remained static at 33% for the quarters ended September 30, 1998 and 1997, respectively. The increase in gross selling, general and administrative expenses was due primarily to an increase from 119 to 169 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, 1998 to $1.4 million from $1.3 million for the three months ended September 30, 1997, an increase of approximately $160,000 or 13%. As a percentage of net revenues, research and development expenses for the three months ended September 30, 1998 declined to 7% from 9% for the period ended September 30, 1997. 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, partially offset by the devaluation of the Australian dollar in which research and development costs are denominated.

Other Income (Expenses),Net

Other income (expenses), net declined for the three months ended September 30, 1998 to a net expense of $541,000, from net income of $656,000 for the three months ended September 30, 1997. The decline in other income (expense), net over the three month period primarily reflects foreign currency losses associated with the devaluation of the Australian dollar and reduced interest income as a result of lower interest rates.

Income Taxes

The Company's effective income tax rate for the three months ended September 30, 1998 declined to approximately 34.1% from approximately 34.5% for the three months ended September 30, 1997. The lower tax rate was primarily due to movements in the geographical mix of taxable profit.

Liquidity and Capital Resources

The Company had cash and cash equivalents and marketable securities available for sale of approximately $20.4 million and $20.7 million, at September 30, 1998 and June 30, 1998, respectively. The Company's working capital approximated $32.5 million and $32.8 million, at September 30, 1998 and June 30, 1998, respectively. The marginal decline in working capital balances primarily reflects the increase in capital expenditure offset by the increase in cash generated from operations and proceeds from exercise of stock options.

During the three months ended September 30, 1998, the Company's operations generated $4.4 million cash from operations, primarily as a result of increased profit from operations and reduction in accounts receivable offset partially by increases in inventories. During the three months ended September 30, 1997 approximately $1.5 million of cash was provided by operations.

The Company's capital expenditures for the three month period ended September 30, 1998 and 1997 aggregated $4.0 million and $1.5 million respectively. The majority of the expenditures in the three month period ended September 30, 1998 related to the construction of the Company's new Australian facility, purchase of computer software and hardware, production tooling and equipment and, to a lesser extent, office furniture and research and development equipment. As a result of these capital expenditures, the Company's September 30, 1998 balance sheet reflects net property, plant and equipment of approximately $13.9 million at September 30, 1998, compared to $11.1 million at June 30, 1998.

In addition, during the three month period ended September 30, 1998 the Company paid $1.0 million in business acquisition payments in relation to the 1996 acquisition of Priess.

The Company anticipates expending approximately $6.0 million in relation to the construction of its new manufacturing facility and computer system 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.

In May 1993, the Australian Federal Government agreed to lend the Company up to $870,000 over a six year term. Such loan bears no interest for the first three years and bears interest at a rate of 3.8% thereafter until maturity. The outstanding principal balance of such loan was $218,000 and $227,000 at September 30, 1998 and June 30, 1998, respectively.

Year 2000

The Company conducted a strategic review of its information systems in fiscal 1997 with a view to upgrading operations to facilitate the growth in business activity. As a consequence of these review procedures a decision was made to replace existing internal systems with the Oracle Applications Enterprise package. The decision to replace the Company's existing information systems was driven by operational requirements although as a consequence all information systems are expected to be fully Year 2000 compliant. While management expects the costs associated with Year 2000 compliance to be approximately $100,000, the cost of implementing the Oracle Application Enterprise package is estimated to be approximately $2,000,000.

In addition, the Company is reviewing its product lines to identify any products or systems with embedded technology which may not be Year 2000 compliant. To date, this review has not revealed any significant Year 2000 exposure with regards to the Company's products.

The Company is also conducting a review of the Year 2000 compliance of its vendors and customers and any Year 2000 associated issues with respect to any customer or supplier interface systems. In addition, the Company is currently analyzing all other computer related systems and equipment to ensure Year 2000 compliance. This review is expected to be completed during fiscal 1999 as part of the construction of the Company's new Australian manufacturing facility.

Beyond the above review procedures, the Company is in the process of, and has developed, a number of Year 2000 contingency plans should a Year 2000 compliance issue arise. However, there can be no assurance that customers, suppliers and service providers on which the Company relies will resolve their Year 2000 issues accurately, thoroughly and on schedule. Failure to complete the Year 2000 project by Year 2000 could have a material adverse effect on future operating results or financial condition.

Recent Accounting Developments

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133), was issued by the Financial Accounting Standards Board in June 1998 and is effective for the Company's quarter ending September 30, 1999. 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 has not determined the impact that Statement 133 will have on its financial statements and believes that such determination will not be meaningful until closer to the date of initial adoption.

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 foreign currency forward exchange contracts and 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 the Deutschmark and 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 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 forward exchange agreements and foreign currency call options held at September 30, 1998. For both foreign currency forward exchange agreements and foreign currency call options, the table presents the notional amounts and weighted average exchange rates by expected (contractual) maturity dates. These notional amounts generally are used to calculate payments to be exchanged under the contract or options.

<TABLE>
<CAPTION>

	1999	2000	2001	Total
	(In thousands)			
<S>	<C>	<C>	<C>	<C>
FOREIGN CURRENCY DERIVATIVES				
FORWARD EXCHANGE AGREEMENTS				
(Receive AUS$/Pay DM)				
Contract amount	$ 414	-	-	$ 414
Average contractual exchange rate	AUS $1 = DM 1.23			AUS $1 = DM 1.23
FOREIGN EXCHANGE CALL OPTIONS				
(Receive AUS$/Pay US$)				
Option amount	$ 21,208	$ 37,500	-	$ 58,708
Average contractual exchange rate	AUS $1 = USD 0.667	AUS $1 = USD 0.667		AUS $1 = USD 0.667

(Receive AUS$/Pay DM)				
Option amount	$ 3,030	$ 2,880	$ 1,440	$ 7,350
Average contractual exchange rate	AUS $1 = DM 1.17	AUS $1 = DM 1.12	AUS $1 = DM 1.12	AUS $1 = DM 1.134

	Fair Value Assets/(Liabilities)
<S>	<C>
FOREIGN CURRENCY DERIVATIVES	
FORWARD EXCHANGE AGREEMENTS	
(Receive AUS$/Pay DM)	
Contract amount	($72)
Average contractual exchange rate	
FOREIGN EXCHANGE CALL OPTIONS	
(Receive AUS$/Pay US$)	
Option amount	$ 530
Average contractual exchange rate	
(Receive AUS$/Pay DM)	
Option amount	$ 69
Average contractual exchange rate	

</TABLE>

RESMED INC. AND SUBSIDIARIES

PART II OTHER INFORMATION

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

None

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:

11.1 Statement re: Computation of Earnings of Share
27.1 Financial Data Schedule

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

<TABLE>
<CAPTION>
Exhibit 11.1

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

	Three Months Ended	
	September 30, 1998	September 30, 1997
<S>	<C>	<C>
BASIC EARNINGS		
Net income	3,184	2,157
Shares		
Weighted average number of common shares outstanding	7,307	7,229
Basic earnings per share:	$ 0.44	$ 0.30
DILUTED EARNINGS		
Net Income	3,184	2,157
Shares		
Weighted average number of common shares outstanding	7,307	7,229
Additional shares assuming conversion of stock options under treasury stock method	320	183
Weighted average number of common and common equivalent shares outstanding as adjusted	7,627	7,412
Diluted earnings per share:	$ 0.42	$ 0.29

</TABLE>

<TABLE>
<CAPTION>
Exhibit 27.1

ARTICLE. 5 FDS FOR 1ST QUARTER 10-Q

This schedule contains summary financial information extracted from ResMed Inc's first quarter September 30, 1998 financial report and is qualified in its entirety by reference to such financial statements.

CURRENCY USD $ CURRENCY

<S>	<C>	<C>
PERIOD-TYPE	3-MOS	3-MOS
FISCAL-YEAR-END	JUN-30-1999	JUN-30-1998
PERIOD-END	SEP-30-1998	SEP-30-1997
EXCHANGE-RATE	1	1
CASH	16,476,000	13,422,000

SECURITIES	3,880,000	14,643,000
RECEIVABLES	11,318,000	8,328,000
ALLOWANCES	(280,000)	(294,000)
INVENTORY	9,391,000	6,333,000
CURRENT-ASSETS	45,529,000	45,499,000
PP&E	13,945,000	5,547,000
DEPRECIATION	0	0
TOTAL-ASSETS	67,338,000	56,447,000
CURRENT-LIABILITIES	13,005,000	9,490,000
BONDS	0	0
PREFERRED-MANDATORY	0	0
PREFERRED	0	0
COMMON	30,000	29,000
OTHER-SE	32,163,000	30,099,000
TOTAL-LIABILITY-AND-EQUITY	67,338,000	56,447,000
SALES	19,244,000	13,978,000
TOTAL-REVENUES	19,244,000	13,978,000
CGS	6,084,000	5,425,000
TOTAL-COSTS	0	0
OTHER-EXPENSES	0	0
LOSS-PROVISION	0	0
INTEREST-EXPENSE	0	0
INCOME-PRETAX	4,831,000	3,294,000
INCOME-TAX	1,647,000	1,137,000
INCOME-CONTINUING	3,184,000	2,157,000
DISCONTINUED	0	0
EXTRAORDINARY	0	0
CHANGES	0	0
NET-INCOME	3,184,000	2,157,000
EPS-PRIMARY	$ 0.44	$ 0.30
EPS-DILUTED	$ 0.42	$ 0.29

</TABLE>