SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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 MARCH 31, 1998.

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
- --- ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____.

Commission File Number 0-18592

MERIT MEDICAL SYSTEMS, INC.
(Exact name of Registrant as specified in its charter)

Utah	87-0447695
(State or other jurisdiction of incorporation or organization)	(I.R.S. Identification No.)

1600 West Merit Park Way, South Jordan UT, 84095
(Address of Principal Executive Offices)

(801) 253-1600
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Sections 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

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date.

Common Stock	7,413,748
TITLE OR CLASS	Number of Shares Outstanding at May 13, 1998

MERIT MEDICAL SYSTEMS, INC.

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PART I - FINANCIAL INFORMATION

ITEM 1: Financial Statements

MERIT MEDICAL SYSTEMS, INC.

CONSOLIDATED BALANCE SHEETS
MARCH 31, 1998 AND DECEMBER 31, 1997

ASSETS	March 31, 1998 (Unaudited)	December 31, 1997
CURRENT ASSETS:		
Cash	$ 594,765	$ 976,692
Trade receivables - net	9,455,838	9,599,443
Employee and related party receivables	304,171	288,812
Irish Development Agency grant receivable	438,658	747,888
Inventories	15,387,892	14,535,440
Prepaid expenses other assets	729,781	538,259
Deferred income tax assets	731,989	782,435
Total current assets	27,643,094	27,468,969
PROPERTY AND EQUIPMENT:		
Land	1,099,915	1,101,544
Building	904,255	932,448
Manufacturing equipment	11,232,315	10,909,529
Automobiles	111,493	112,633
Furniture and fixtures	4,878,875	4,817,738
Leasehold improvements	4,454,204	4,483,071
Construction-in-progress	3,173,812	2,747,414
Total	25,854,869	25,104,377
Less accumulated depreciation and amortization	(10,244,541)	(9,648,746)
Property and equipment - net	15,610,328	15,455,631
OTHER ASSETS:		
Intangible assets - net	2,007,496	2,024,050
Deposits	54,175	46,612
Cost in excess of the fair value of assets of acquired-net	162,066	167,273
Prepaid royalty	85,714	107,143
Total other assets	2,309,451	2,345,078
TOTAL	$ 45,562,873	$ 45,269,678

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See Notes to Consolidated Financial Statements

MERIT MEDICAL SYSTEMS, INC.

CONSOLIDATED BALANCE SHEETS (Continued)
MARCH 31, 1998 AND DECEMBER 31, 1997

LIABILITIES AND STOCKHOLDERS' EQUITY	March 31, 1998 (Unaudited)	December 31, 1997
CURRENT LIABILITIES:		
Line of credit	$ 5,233,711	$ 4,624,727
Current portion of long-term debt	1,854,262	1,802,932
Trade payables	2,852,362	3,438,349
Accrued expenses	2,338,660	2,414,050
Advances from employees	67,554	81,245
Income taxes payable	467,023	369,695
Total current liabilities	12,813,572	12,730,998
DEFERRED INCOME TAX LIABILITIES	895,983	883,002
LONG-TERM DEBT	3,847,309	3,913,686
DEFERRED CREDITS	1,439,927	1,543,151
Total Liabilities	18,996,791	19,070,837
MINORITY INTEREST IN SUBSIDIARY	421,265	396,692
STOCKHOLDERS' EQUITY:		
Preferred stock- 5,000,000 shares authorized as of March 31, 1998 and December 31, 1997, respectively, no shares issued		
Common stock- no par value; 20,000,000 and 10,000,000 shares authorized, respectively; 7,413,509 and 7,395,091 shares issued at March 31, 1998 and December 31, 1997, respectively	17,282,330	17,178,971
Foreign currency translation adjustment	(678,937)	(490,591)
Retained earnings	9,541,424	9,113,769
Total stockholders' equity	26,144,817	25,802,149
TOTAL	$ 45,562,873	$ 45,269,678

See Notes to Consolidated Financial Statements

MERIT MEDICAL SYSTEMS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 1998 AND 1997 (Unaudited)

	March 31, 1998	March 31, 1997
SALES	$16,466,015	$13,833,143
COST OF SALES	10,302,854	8,451,853
GROSS PROFIT	6,163,161	5,381,290
OPERATING EXPENSES:		
Selling, general and administrative	4,166,965	3,839,438
Research and development	888,193	910,053
TOTAL	5,055,158	4,749,491
INCOME FROM OPERATIONS	1,108,003	631,799
OTHER EXPENSE - NET	196,660	179,533
INCOME BEFORE INCOME TAX EXPENSE	911,343	452,266
INCOME TAX EXPENSE	459,115	249,086
MINORITY INTEREST IN INCOME OF SUBSIDIARY	(24,573)	(11,113)
NET INCOME	$ 427,655	$ 192,067
EARNINGS PER COMMON SHARE - Basic and diluted	$ .06	$ .03
AVERAGE COMMON SHARES - Basic and diluted	7,437,485	7,307,292

See Notes to Consolidated Financial Statements

MERIT MEDICAL SYSTEMS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 1998 AND 1997 (Unaudited)

	March 31, 1998	March 31, 1997
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$427,655	$192,067
Adjustments to reconcile net income to net cash provided by (used in) in operating activities:		
Depreciation and amortization	674,366	508,143
Bad debt expense	75,312	28,780
(Gains) on sales and abandonment of property and equipment	(330)	(3,394)
Amortization of deferred credits	(8,423)	
Deferred income taxes	63,427	42,463
Minority interest in income of subsidiary	24,573	11,113
Changes in operating assets and liabilities net of effects from purchase of UMI:		
Trade receivables	68,293	(592,872)
Employee and related party receivables	(15,359)	40,339
Irish Development Agency grant receivable	231,796	5,247
Inventories	(852,452)	21,890
Prepaid expenses and other assets	(191,522)	(324,659)
Deposits	(7,563)	(11,329)
Trade payables	(585,987)	(327,353)
Accrued expenses	(75,390)	(320,972)
Advances from employees	(13,691)	(31,178)
Income taxes payable	97,328	189,177
Total adjustments	(515,622)	(764,605)
Net cash used in operating activities	(87,967)	(572,538)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures for:		
Property and equipment	(316,538)	(487,513)
Cash payments in connection with assets purchased from UMI	(49,265)	
Intangible assets	(35,381)	66,556
Proceeds from sale of property and equipment	330	16,482
Net cash used in investing activities	(351,589)	(453,740)

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See Notes to Consolidated Financial Statements

MERIT MEDICAL SYSTEMS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
FOR THE THREE MONTHS ENDED MARCH 31, 1998 AND 1997 (Unaudited)

	March 31, 1998	March 31, 1997
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings under line of credit	608,984	
Proceeds from issuance of common stock	103,359	852,368
Principal payments on:		
Long-term debt	(449,001)	(290,954)
Line of credit		(34,623)
Deferred credits	(17,367)	(17,367)
Net cash provided by financing activities	245,975	509,424
EFFECT OF EXCHANGE RATES ON CASH	(188,346)	(155,600)
NET (DECREASE) IN CASH	(381,927)	(672,454)
CASH AT BEGINNING OF PERIOD	976,692	1,262,950
CASH AT END OF PERIOD	$ 594,765	$ 590,496
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for interest (including capitalized interest of $32,512 and $29,428, respectively)	$ 160,731	$ 205,042
Income taxes	$ 298,360	$ 17,446

SUPPLEMENTAL DISCLOSURE OF NONCASH
INVESTING AND FINANCING ACTIVITIES:

During the three month periods ended March 31, 1998 and 1997, the Company entered into notes payable totaling $433,954 and $278,216, respectively, for manufacturing equipment and furniture and fixtures.

During the quarter ended March 31, 1997, the Company acquired substantially all of the operating assets of Universal Medical Instrument Corporation for 152,424 shares of Merit restricted common stock. In connection with this acquisition, the Company recorded the following as of the acquisition date:

Assets Acquired	$ 863,198
Cost in excess of fair market value	182,288
Total purchase price	$ 1,045,486

See Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation. In the opinion of management, the accompanying consolidated financial statements contain all adjustments, consisting only of normal recurring accruals, necessary for a fair presentation of financial position of the Company as of March 31, 1998 and December 31, 1997, and the results of its operations and cash flows for the three months ended March 31, 1998 and 1997. The results of operations for the three months ended March 31, 1998 and 1997 are not necessarily indicative of the results for a full year period.

2. Inventories. Inventories at March 31, 1998 and December 31, 1997 consisted of the following:

	March 31, 1998	December 31, 1997
Raw materials	$ 4,869,733	$ 4,635,593
Work-in-process	5,116,884	4,305,202
Finished goods	6,132,810	6,261,203
Less reserve for obsolete inventory	(731,535)	(666,558)
Total	$15,387,892	$14,535,440

3. Income Taxes. The Company has not fully allocated income tax expense between current and deferred for the quarters ended March 31, 1998 and 1997. The effective tax rate for the quarters ended March 31, 1998 and 1997 is higher than the federal statutory tax rate largely due to losses incurred by the Company's Irish subsidiary for which a tax benefit was recorded at a rate of 10% vs a 35% federal statutory tax rate.

4. Reporting Comprehensive Income - In June 1997, the Financial Accounting Standards Board (FASB) issued SFAS No.130, "Reporting Comprehensive Income." SFAS No. 130 establishes standards for reporting and display of comprehensive income and its components (revenues, expenses, gains and losses) in a full set of general-purpose financial statements. This statement requires that an enterprise (a) classify items of other comprehensive income by their nature in a financial statement and (b) display the accumulated balance of other comprehensive income separately from retained earnings and additional paid-in-capital in the equity section of a statement of financial position.

Effective January 1, 1998, the Company adopted the provisions of SFAS No. 130. Accordingly, the Company determined that the only transaction considered to be an additional component of comprehensive income is the cumulative effect of foreign currency translation adjustments. As of March 31, 1998 and December 31, 1997, the cumulative effect of such transactions reduced stockholders' equity by approximately $678,937 and $490,591, respectively. The net impact to operations for the three months ended March 31, 1998 and 1997 would reduce comprehensive income by approximately $188,346 and $155,600, respectively.

MERIT MEDICAL SYSTEMS, INC.

ITEM 2:

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

Operations. The Company's sales increased for the three months ended March 31, 1998 compared to the same period in 1997. The following table sets forth certain operational data as a percentage of sales for the three months ended March 31, 1998 and 1997:

	Three Months Ended March 31,	
	1998	1997
Sales	100.0 %	100.0%
Gross Profit	37.4	38.9
Selling, general and administrative	25.3	27.8
Research and development	5.4	6.6
Income From Operations	6.7	4.6
Other Expense	1.2	1.3
Net Income	2.6	1.4

Sales for the first quarter of 1998 increased by 19%, or $2,632,872, compared to the same period for 1997. This increase was attributable to growth in sales of inflation devices (up 12%), custom kits (up 23%), and new angiographic needles. The Company has also begun to see increased sales of many of its stand alone products (up 20%), in part due to increased OEM sales to other medical products companies. International sales for the first quarter of 1997 and 1998 represented 23% of total Company sales. For the first quarter of 1998 the international direct sales force accounted for sales of $2,233,438, an increase of 40% over comparable rates in the first quarter of 1997, which represented 59% of total international sales. The balance of international sales were made through independent distributors.

Gross Profit. Gross profit as a percentage of sales decreased in the first quarter of 1998 to 37.4% as compared to 38.9% in the first quarter of 1997. Factors contributing to the decrease were increased sales of lower-margin custom kits, price competition affecting several products, especially in European markets, and a strong U.S. dollar affecting the currency translation of the Company's European sales.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)
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Operating Expenses. Operating expenses decreased as a percentage of sales to 30.7% of sales in the first quarter of 1998 compared to 34.4% in the first quarter of 1997. Selling general and administrative costs as a percentage of sales declined to 25.3% compared to 27.8% for the first quarter of 1997. The improvement in the current period was due primarily to economies of scale associated with increasing sales volumes and a continuing Company wide focus on achieving greater individual productivity and cost containment. Research and development expenses declined by $21,860 and were 5.4% of sales in the 1st quarter of 1998 compared to 6.6% of sales for the 1st quarter of 1997. This decline in expense was due to the completion of the development of the PTCA guidewire in Ireland at the end of 1997.

Income. During the quarter ended March 31, 1998, the Company reported income from operations of $1,108,003 an increase of 75.4% from income from operations of $631,799 for the comparable period in 1997. Higher earnings for the most recent quarter were attributed to higher sales, reduced selling, general and administrative and research and development expenses as a percentage of sales. A lower effective tax rate of 50%, down from 55% for the same quarter last year, also contributed to a net income increase to $427,655 up 123% from $192,067, when comparing net income for lst quarter of 1998 to lst quarter 1997.

Liquidity and Capital Resources. At March 31, 1998, the Company's working capital was $14,829,522 which represented a current ratio of 2.2 to 1. During 1997, the Company increased an available secured bank line of credit to $10,500,000. The line of credit bears interest at the bank's prime rate and contains various conditions and restrictions. At March 31, 1998, the outstanding balance under the line of credit was $5,233,711. Historically, the Company has incurred significant expenses in connection with product development and introduction of new products. Substantial capital has also been required to finance growth in inventories and receivables. The Company's principal source of funding for these and other expenses has been the sale of equity and cash generated from operations, secured loans on equipment and bank lines of credit. The Company believes that its present sources of liquidity and capital are adequate for its current operations.

Year 2000. In 1996 the Company began the conversion of the principal computer software systems to a new integrated system to support future growth and improve productivity. Management believes that an additional benefit of the conversion will be in compliance with Year 2000 requirements without material additional expenditures or a material adverse effect on the Company's financial position, results of operations or liquidity. The Company also has third-party customers, financial institutions, vendors and others with which it conducts business. While the Company believes that these third-party vendors and customers will successfully address Year 2000 issues in a timely manner, it is possible that a series of failures by third parties could have a material adverse effect on the Company's results of operations in future years.

Statements contained in this release which are not purely historical are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These encompass Merit's beliefs, expectations, hopes or intentions regarding the future. All forward-looking statements included in this release are made as of the date hereof and are based on information available to Merit as of such date. Merit assumes no obligation to update any forward-looking statement. It is important to note that actual outcomes and Merit's actual results could differ materially from those in such forward-looking statements. Factors that could cause actual results to differ materially include risks and uncertainties related to future market growth such as product acceptance, product recalls, competition and the overall regulatory environment.

PART II - OTHER INFORMATION

ITEM 6: Exhibits and Reports on Form 8-K

(a) Exhibits - none required to be filed

(b) Reports on Form 8-K - none

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.

MERIT MEDICAL SYSTEMS, INC.
REGISTRANT

Date: May 13, 1998

FRED P. LAMPROPOULOS
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Date: May 13, 1998

KENT W. STANGER
SECRETARY AND CHIEF FINANCIAL OFFICER

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