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, 1997.

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	7,240,081
TITLE OR CLASS	Number of Shares Outstanding at May 14, 1997

MERIT MEDICAL SYSTEMS, INC.

INDEX TO FORM 10-Q

PART I - FINANCIAL INFORMATION

ITEM 1: Financial Statements

MERIT MEDICAL SYSTEMS, INC.

CONSOLIDATED BALANCE SHEETS
MARCH 31, 1997 AND DECEMBER 31, 1996

ASSETS	March 31, 1997 (Unaudited)	December 31, 1996
CURRENT ASSETS:		
Cash	$ 590,496	$ 1,262,950
Trade receivables - net	7,943,171	7,379,079
Employee and related party receivables	287,086	327,425
Irish Development Agency grant receivable	589,568	416,891
Inventories	14,504,314	13,852,360
Prepaid expenses other assets	843,482	518,823
Deferred income tax assets	702,463	729,060
Total current assets	25,460,580	24,486,588
PROPERTY AND EQUIPMENT:		
Land	1,105,298	1,107,351
Building	991,979	1,043,804
Manufacturing equipment	9,278,619	8,656,145
Automobiles	124,138	144,535
Furniture and fixtures	4,009,144	3,816,402
Leasehold improvements	4,509,965	2,673,897
Construction-in-progress	3,608,826	5,193,993
Total	23,627,969	22,636,127
Less accumulated depreciation and amortization	(7,996,400)	(7,605,728)
Property and equipment - net	15,631,569	15,030,399
OTHER ASSETS:		
Intangible assets - net	1,697,087	1,839,532
Deposits	180,506	169,177
Goodwill	616,067	
Prepaid royalty	171,428	192,857
Total other assets	2,665,088	2,201,566
TOTAL	$ 43,757,237	$ 41,718,553

Continued on Page 2
See Notes to Consolidated Financial Statements

MERIT MEDICAL SYSTEMS, INC.

CONSOLIDATED BALANCE SHEETS (Continued)
MARCH 31, 1997 AND DECEMBER 31, 1996

LIABILITIES AND STOCKHOLDERS' EQUITY	March 31, 1997	December 31, 1996
	(Unaudited)	
CURRENT LIABILITIES:		
Line of credit	$ 4,499,250	$ 4,533,873
Current portion of long-term debt	1,510,864	1,388,576
Trade payables	2,382,516	2,709,869
Accrued expenses	2,648,274	2,969,246
Advances from employees	76,729	107,907
Income taxes payable	205,083	15,906
Total current liabilities	11,322,716	11,725,377
DEFERRED INCOME TAX LIABILITIES	868,444	852,578
LONG-TERM DEBT	4,687,100	4,822,126
DEFERRED CREDITS	1,628,216	1,467,660
Total Liabilities	18,506,476	18,867,741
MINORITY INTEREST IN SUBSIDIARY	374,802	363,689
STOCKHOLDERS' EQUITY:		
Common stock - no par value; 10,000,000 shares authorized; 7,229,579 and 6,942,290 shares issued and outstanding at March 31, 1997 and December 31, 1996, respectively	16,537,343	14,184,975
Foreign currency translation adjustment	(169,689)	(14,089)
Retained earnings	8,508,305	8,316,237
Total stockholders' equity	24,875,959	22,487,123
TOTAL	$ 43,757,237	$ 41,718,553

See Notes to Consolidated Financial Statements

MERIT MEDICAL SYSTEMS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 1997 AND 1996 (Unaudited)

	March 31, 1997	March 31, 1996
SALES	$ 13,833,143	$12,130,015
COST OF SALES	8,451,853	7,012,670
GROSS PROFIT	5,381,290	5,117,345
OPERATING EXPENSES:		
Selling, general and administrative	3,839,438	3,418,032
Research and development	910,053	615,844
TOTAL	4,749,491	4,033,876
INCOME FROM OPERATIONS	631,799	1,083,469
OTHER EXPENSE - NET	179,533	162,614
INCOME BEFORE INCOME TAX EXPENSE	452,266	920,855
INCOME TAX EXPENSE	(249,086)	(325,862)
MINORITY INTEREST IN INCOME OF SUBSIDIARY	11,113	62,546
NET INCOME	$ 192,067	$ 532,447
NET INCOME PER COMMON AND COMMON EQUIVALENT SHARE	$ .03	$ .08
WEIGHTED AVERAGE NUMBER OF COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING	7,307,292	6,941,491

See Notes to Consolidated Financial Statements

MERIT MEDICAL SYSTEMS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 1997 AND 1996 (Unaudited)

	March 31, 1997	March 31, 1996
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 192,067	$532,447
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	508,143	568,955
Bad debt expense	28,780	
(Gains) losses on sales and abandonment of property and equipment	(3,394)	2,186
Deferred income taxes	42,463	1,934
Minority interest in income of subsidiary	11,113	62,546
Tax benefit attributable to appreciation of common stock options exercised		
Changes in operating assets and liabilities:		
Trade receivables	(592,872)	(242,446)
Employee and related party receivables	40,339	49,835
Irish Development Agency grant receivable	5,247	(44,305)
Inventories	21,890	(400,054)
Prepaid expenses and other assets	(324,659)	(285,700)
Deposits	(11,329)	12,657
Trade payables	(327,353)	(579,164)
Accrued expenses	(320,972)	(143,956)
Advances from employees	(31,178)	49,239
Income taxes payable	189,177	144,760
Other, net	(155,600)	(39,482)
Total adjustments	(920,205)	(842,995)
Net cash used in operating activities	(728,138)	(310,548)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures for:		
Property and equipment	(487,513)	(996,598)
Goodwill	(49,265)	
Intangible assets	66,556	(92,891)
Proceeds from sale of property and equipment	16,482	20,119
Net cash used in investing activities	(453,740)	(1,069,370)

Continued on page 5
See Notes to Consolidated Financial Statements

MERIT MEDICAL SYSTEMS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
FOR THE THREE MONTHS ENDED MARCH 31, 1997 AND 1996 (Unaudited)

	March 31, 1997	March 31, 1996
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds included in deferred credits		277,719
Proceeds from issuance of common stock	852,368	394,869
Principal payments on:		
long-term debt	(290,954)	(190,920)
line of credit	(34,623)	(1,257,811)
deferred credits	(17,367)	(17,367)
Proceeds from issuance of long-term debt		2,200,000
Net cash provided by financing activities	509,424	1,406,490
NET INCREASE (DECREASE) IN CASH	(672,454)	26,572
CASH AT BEGINNING OF PERIOD	1,262,950	270,841
CASH AT END OF PERIOD	$ 590,496	$ 297,413
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period for interest (including capitalized interest of $29,428 and $34,384, respectively)	$ 205,042	$ 136,695
Income taxes	$ 17,446	$ 179,168

SUPPLEMENTAL DISCLOSURE OF NONCASH
INVESTING AND FINANCING ACTIVITIES:

During the three month period ended March 31, 1997 and 1996, the Company entered into notes payable totaling $278,216 and $583,006, respectively, for manufacturing equipment and furniture and fixtures.

On January 31, 1997, the Company exchanged 152,424 shares of the Company's common stock valued at $1.5 million for the purchase of substantially all of the operating assets of Universal Medical Instrument Corp. The purchase price of $1.5 million was allocated to inventory at $673,844, property and equipment at $259,354, and goodwill at $566,802.

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, 1997 and December 31, 1996, and the results of its operations and cash flows for the three months ended March 31, 1997 and 1996. The results of operations for the three months ended March 31, 1997 and 1996 are not necessarily indicative of the results for a full year period.

2. Inventories. Inventories at March 31, 1997 and December 31, 1996 consisted of the following:

	March 31, 1997	December 31, 1996
Raw materials	$ 4,146,044	$ 4,025,497
Work-in-process	4,434,811	3,806,150
Finished goods	5,923,459	6,020,713
Total	$14,504,314	$13,852,360

3. Income Taxes. The Company has not fully allocated income tax expense between current and deferred for the quarters ended March 31, 1997 and 1996. The effective tax rate for the quarter ended March 31, 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. Recently Issued Financial Accounting Standards. In February 1997, the Financial Accounting Standards Board issued SFAS No. 128, "Earnings per Share". This standard established standards for computing and presenting earnings per share (EPS). SFAS No. 128 simplifies the approach for computing earnings per share previously found in Accounting Principles Board Opinion (APB) Opinion No. 15. It replaces the presentation of primary EPS with a presentation of basic EPS. It also requires dual presentation of basic and diluted EPS on the face of the income statement for all entities with complex capital structures.

Under the new statement, basic EPS excludes dilution and is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. Diluted EPS is computed similarly to fully diluted EPS pursuant to APB Opinion No. 15.

SFAS No. 128 is effective for financial statements issued for periods ending after December 15, 1997, including interim periods with earlier application not permitted. The computation of basic EPS under SFAS No. 128 would have resulted in net income per common share of $ .03 for the quarter ended March 31, 1997. Diluted EPS computed under FASB No. 128 would have resulted in net income per common share of $ .03 for the quarter ended March 31, 1997.

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, 1997 compared to the same period in 1996. The following table sets forth certain operational data as a percentage of sales for the three months ended March 31, 1997 and 1996:

	Three Months Ended March 31, 1997	1996
Sales	100.0 %	100.0%
Gross Profit	38.9	42.2
Selling, general and administrative	27.8	28.2
Research and development	6.6	5.1
Income From Operations	4.6	8.9
Other Expense	1.3	1.3
Net Income	1.4	4.4

Sales for the first quarter of 1997 increased by 14%, or $1,703,128, compared to the same period for 1996. This increase was attributable to growth in sales of inflation devices, custom kits, and new products such as angiographic needles. International sales for the first quarter of 1997 represented 23% of total Company sales compared to 21% of sales for the comparable period in 1996. In the first quarter of 1997, the Company continued its transition from sales through a dealer network in the Netherlands, Belgium and Canada to a direct sales force. For the first quarter of 1997 the direct sales force accounted for sales of $1,593,871, an increase of 36%, which represented 51% of total international sales. On January 31, 1997 Merit Medical Systems acquired certain of the assets, technologies and products of Universal Medical Instrument Corporation which were transferred to the Company's new Vascular Access division. This division was organized as part of a strategy to accelerate the Company's entry into new complementary markets and for the months of February and March, added $267,467 in sales.

Gross Profit. Gross profit as a percentage of sales decreased in the first quarter of 1997 to 38.9% as compared to 42.2% in the first quarter of 1996. Factors contributing to the decrease resulted from increases in direct and indirect labor costs, which included market adjustments in response to competition for employees, and price competition affecting several products, especially in European markets. The Company also incurred startup and transition costs in the Company's newly organized Vascular Access division and experienced an expected temporary decline in sales at Sentir, as Sentir's customers have been reducing inventories.

Operating Expenses. Operating expenses increased as a percentage of sales to 34.4% of sales in the first quarter of 1997 compared to 33.3% in the first quarter of 1996. The increase was primarily due to an almost $300,000 (48%) increase in research and development expenses incurred in both Ireland and the U.S. This investment in new product development is part of the Company's long term growth strategy of expanding its business to new market segments within cardiology and radiology. Although the costs of supporting a direct sales force in Europe continued to be high, selling general and administrative costs as a percentage of sales declined to 27.8% compared to 28.2% for the first quarter of 1996. The improvement in the current period was due primarily to economies of scale associated with increasing sales volumes and a continuous Company wide focus on achieving greater individual productivity.

Income. During the quarter ended March 31, 1997, the Company reported income from operations of $631,799 a decrease of 41.7% from income from operations of $1,083,469 for the comparable period in 1996. Lower earnings for the most recent quarter were attributable to increased research and development expense, lower margins ,expenses incurred by the Company related to the aquisition of UMI and the ramp-up of production in Europe, as well as the transititon to a direct sales force in Canada, Belgium and the Netherlands.

Liquidity and Capital Resources. At March 31, 1997, the Company's working capital was $14,137,864 which represented a current ratio of 2.25 to 1. During 1995, the Company increased an available secured bank line of credit to $8,500,000 and obtained $2.2 million in term debt which was drawn down in February of 1996. The line of credit bears interest at .25 percent over the banks prime rate and contains various conditions and restrictions. At March 31, 1997, the outstanding balance under the line of credit was $4,499,250. 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.

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 14, 1997 /s/ Fred P. Lampropoulos
FRED P. LAMPROPOULOS
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Date: May 14, 1997 /s/ Kent W. Stanger
KENT W. STANGER
SECRETARY AND CHIEF FINANCIAL OFFICER

5

3-MOS
DEC-31-1997
JAN-01-1997
MAR-31-1997
590496
0
8049831
(106660)
14504314
25460580
23627965
(7996400)
43757237
11322716
4687100
0
0
16537343
8508305
43757237
13833143
13833143
8451853
8451853
0
0
221456
452266
249086
0
0
0
0
192067
.03
.03