

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): **February 28, 2007**

Merit Medical Systems, Inc.

(Exact name of registrant as specified in its charter)

Utah
(State or other jurisdiction of
incorporation or organization)

0-18592
(Commission
File Number)

87-0447695
(I.R.S. Employer
Identification No.)

1600 West Merit Parkway
South Jordan, Utah
(Address of principal executive offices)

84095
(Zip Code)

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

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On February 28, 2007, Merit Medical Systems, Inc. (the "Company") issued a press release entitled "Merit Medical Reports 19% Increase in Revenues for the Fourth Quarter Ended December 31, 2006." The full text of the press release is provided herewith as Exhibit 99.1.

The information in this Current Report on Form 8-K (including the exhibit) is furnished pursuant to General Instruction B.2. of Form 8-K and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing made by the Company under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits.

Exhibit Number	Title of Document	Location
99.1	Press release dated February 28, 2007, entitled "Merit Medical Reports 19% Increase in Revenue for the Fourth Quarter Ended December 31, 2006."	Attached

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MERIT MEDICAL SYSTEMS, INC.

Date: February 28, 2007

By: /s/ Kent W. Stanger
Chief Financial Officer, Secretary and Treasurer

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
99.1	Press Release, dated February 28, 2007, entitled "Merit Medical Reports 19% Increase in Revenue for the Fourth Quarter Ended December 31, 2006."



1600 West Merit Parkway · South Jordan, UT 84095
 Telephone: 801-253-1600 · Fax: 801-253-1688

PRESS RELEASE

FOR IMMEDIATE RELEASE

Date: February 28, 2007
 Contact: Anne-Marie Wright, Vice President, Corporate Communications
 Phone: (801) 208-4167 e-mail: awright@merit.com Fax: (801) 253-1688

**MERIT MEDICAL REPORTS 19% INCREASE IN REVENUE
 FOR THE FOURTH QUARTER ENDED DECEMBER 31, 2006**

SOUTH JORDAN, UTAH— Merit Medical Systems, Inc. (NASDAQ: MMSI), a manufacturer and marketer of proprietary disposable devices used primarily in cardiology and radiology procedures, today announced financial results for the fourth quarter and fiscal year ended December 31, 2006.

For the fourth quarter of 2006, the Company reported record revenue of \$50.8 million, a 19.1% increase over revenue of \$42.7 million for the fourth quarter of 2005. Net income for the fourth quarter of 2006 was \$3.1 million, or \$0.11 per share. This compares to net income of \$3.7 million, or \$0.13 per share, reported for the fourth quarter of 2005. Earnings per share for the fourth quarter of 2006 were negatively impacted by an impairment charge of approximately \$929,000, or \$0.02 per share, which was primarily associated with intellectual property assets acquired from Sub-Q Inc. in March 2005, as well as an expense of approximately \$306,000 attributable to the Company's adoption of Statement of Financial Accounting Standards No. 123(R), *Share Based Payment*, effective January 1, 2006.

For the year ended December 31, 2006, the Company reported record revenue of \$190.7 million, a 14.5% increase over revenue of \$166.6 million in revenue reported for the year ended December 31, 2005. In addition, the Company reported net income of \$12.3 million, or \$0.44 per share, for calendar year 2006. This compares to net income of \$15.8 million, or \$0.57 per share, for calendar year 2005. Earnings per share for 2006 were affected by the impairment charge mentioned above as well as the expense of approximately \$1.5 million, or \$0.03 per

share, attributable to the Company's adoption of SFAS No. 123(R).

Sales in each of the Company's product categories grew for the fourth quarter and year ended December 31, 2006. For the fourth quarter of 2006, compared to the fourth quarter of 2005, stand alone device sales rose 25%; custom kit and tray sales increased 24%; catheter sales rose 16%; and inflation device sales increased 11%.

For the year ended December 31, 2006, compared to the year ended December 31, 2005, catheter sales rose 20%; stand-alone device sales increased 18%; custom kit and tray sales rose 15%; and inflation device sales rose 9%.

"Across the board sales growth, the acquisition of MCTec, Merit's internal research and development, and product line acquisitions such as the Futura® safety scalpel and the Honor® hemostasis valve contributed to the increase in our growth rate from 11% in 2005 to 14.5% in 2006," said Fred P. Lampropoulos, Merit's Chairman and Chief Executive Officer. "The Company is engaged in substantial internal cost savings initiatives as well as a stepped-up focus on off-shore manufacturing to improve gross margins."

Gross margins were down from 38.8% of sales in the fourth quarter of 2005 to 37.3% of sales in the fourth quarter of 2006. Gross margins were down from 41.5% of sales for calendar year 2005 to 38.3% of sales for calendar year 2006. The gross margin decline in the fourth quarter and the year ended December 31, 2006 was due primarily to expenses incurred during the second half of 2005 for new facilities and related costs (i.e. utilities, maintenance, cleaning and taxes) and equipment as well as the increased cost of direct labor, increased health insurance costs and the adoption of SFAS No. 123(R).

Selling, general and administrative expenses were 23.4% and 23.9% of sales for the fourth quarter and calendar year 2006, respectively, compared with 22.3% and 23.2% of sales for the comparable periods of 2005. The impairment charge and the adoption of SFAS 123(R) mentioned above increased SG&A expenses by \$1.1 million, or 2.2% of sales, and \$1.9 million, or 1.0% of sales, for the fourth quarter and calendar year 2006, respectively.

Research and development costs were 4.6% and 4.5% of sales, respectively, for the fourth quarter and year ended December 31, 2006, compared to 4.5% and 4.2% of sales for the comparable periods of 2005.

Merit's effective tax rates for the fourth quarter and calendar year 2006 were 35.5% and 35.9%, respectively, compared to 28.0% and 34.0% for the same periods of 2005. The increase in the effective tax rate for 2006 over 2005 was the result of the reimbursement in 2005 by the

Company of costs incurred by its Irish operation for the development of two new products that are taxed at a lower income tax rate than in the United States.

The Company's cash position increased to \$9.8 million on December 31, 2006, compared to \$4.6 million on December 31, 2005.

Based on the Company's recent acquisition of Datascope Corporation's chronic dialysis catheter product line, its recently announced distribution agreement with Milamy Partners LLC regarding the KanguruWeb™ abdominal retraction system, and other potential agreements, the Company has determined it will announce its projected 2007 sales and earnings guidance on or before March 30, 2007.

3

MERIT MEDICAL SYSTEMS, INC. and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands, except per share data)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2006	2005	2006	2005
SALES	\$ 50,816	\$ 42,682	\$ 190,674	\$ 166,585
COST OF SALES	31,853	26,113	117,596	97,493
GROSS PROFIT	18,963	16,569	73,078	69,092
OPERATING EXPENSES				
Selling, general and administrative	11,909	9,536	45,486	38,579
Research and development	2,361	1,910	8,582	6,992
Total	14,270	11,446	54,068	45,571
INCOME FROM OPERATIONS	4,693	5,123	19,010	23,521
OTHER INCOME (EXPENSE)				
Interest income	70	67	250	491
Interest expense	(6)	(1)	(12)	(18)
Miscellaneous income	(23)	(57)	(64)	(94)
Total Other Income - net	41	9	174	379
INCOME BEFORE INCOME TAX EXPENSE	4,734	5,132	19,184	23,900
INCOME TAX EXPENSE	1,681	1,436	6,883	8,122
NET INCOME	<u>\$ 3,053</u>	<u>\$ 3,696</u>	<u>\$ 12,301</u>	<u>\$ 15,778</u>
EARNINGS PER SHARE-				
Basic	<u>\$ 0.11</u>	<u>\$ 0.14</u>	<u>\$ 0.45</u>	<u>\$ 0.59</u>
Diluted	<u>\$ 0.11</u>	<u>\$ 0.13</u>	<u>\$ 0.44</u>	<u>\$ 0.57</u>
AVERAGE COMMON SHARES-				
Basic	<u>27,509,033</u>	<u>27,239,784</u>	<u>27,333,146</u>	<u>26,848,447</u>
Diluted	<u>28,630,264</u>	<u>28,048,195</u>	<u>28,244,948</u>	<u>27,847,122</u>

4

CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands)

	December 31,	
	2006	2005
ASSETS		
Current Assets		
Cash	\$ 9,838	\$ 4,645
Trade receivables, net	25,745	25,433
Employee receivables	194	116
Other receivables	192	108
Inventories	38,562	32,080
Prepaid and other assets	1,031	1,023
Deferred income tax assets	2	28
Income tax refund receivables	82	977
Total current assets	<u>75,646</u>	<u>64,410</u>
Property and equipment, net	92,383	85,618
Patents, trademarks and license agreements, net	4,350	3,342
Goodwill	7,541	6,415
Other assets	2,656	2,363
Deferred income tax assets	2	
Deposits	90	99
Total other assets	<u>107,022</u>	<u>97,837</u>
Total Assets	<u>\$ 182,668</u>	<u>\$ 162,247</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Current portion of long-term debt	\$	\$ 2
Trade payables	10,598	10,254
Accrued expenses	8,464	8,549
Advances from employees	245	316
Deferred taxes payable	190	1,141
Income taxes payable	1,177	455
Total Current Liabilities	<u>20,674</u>	<u>20,717</u>
Deferred income tax liabilities	5,469	4,166
Long-term debt		2
Deferred compensation payable	2,869	2,363
Deferred credits	2,239	2,415
Other long-term obligations	205	100
Total liabilities	<u>31,456</u>	<u>29,763</u>
Stockholders' Equity		
Common stock	54,394	48,198
Retained earnings	96,969	84,668
Accumulated other comprehensive loss	(151)	(382)
Total stockholders' equity	<u>151,212</u>	<u>132,484</u>
Total Liabilities and Stockholders' Equity	<u>\$ 182,668</u>	<u>\$ 162,247</u>

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2006	2005	2006	2005
Non-GAAP ADJUSTMENTS				
GAAP net income before income taxes	\$ 4,733	\$ 5,132	\$ 19,184	\$ 23,900
Add back:				
Stock-based compensation	<u>306</u>	<u>—</u>	<u>1,502</u>	<u>—</u>
Non-GAAP net income before income taxes	5,039	5,132	20,686	23,900

Non-GAAP provision for income taxes (36%)	(1,814)	(1,848)	(7,447)	(8,604)
Non-GAAP net income	<u>\$ 3,225</u>	<u>\$ 3,284</u>	<u>\$ 13,239</u>	<u>\$ 15,296</u>
Non-GAAP net income per share				
Basic	<u>\$ 0.12</u>	<u>\$ 0.12</u>	<u>\$ 0.48</u>	<u>\$ 0.57</u>
Diluted	<u>\$ 0.11</u>	<u>\$ 0.12</u>	<u>\$ 0.47</u>	<u>\$ 0.55</u>
Shares used to compute Non-GAAP net income per share				
Basic	<u>27,509,033</u>	<u>27,239,784</u>	<u>27,333,146</u>	<u>26,848,447</u>
Diluted	<u>28,630,264</u>	<u>28,048,195</u>	<u>28,244,948</u>	<u>27,847,122</u>

CONFERENCE CALL

Merit Medical invites all interested parties to participate in its fourth quarter and year-end conference call today, February 28, 2007, at 5:00 p.m. Eastern (4:00 p.m. Central, 3:00 p.m. Mountain, and 2:00 p.m. Pacific). The domestic phone number is 800-240-2430, and the international number is 303-262-2137. A live webcast as well as a rebroadcast can be accessed through the webcast tab of the Investors page at www.merit.com or through the webcasts tab at www.fulldisclosure.com.

During the conference call, 2006 results will be discussed in more detail.

ABOUT MERIT

Founded in 1987, Merit Medical Systems, Inc. is engaged in the development, manufacture and distribution of proprietary disposable medical devices used in interventional and diagnostic procedures, particularly in cardiology and radiology. Merit serves client hospitals worldwide with a domestic and international sales force totaling approximately 85 individuals. Merit employs approximately 1,750 people worldwide, with facilities in Salt Lake City and South Jordan, Utah; Santa Clara, California; Angleton, Texas; Richmond, Virginia; Maastricht and Venlo, The Netherlands; and Galway, Ireland.

Statements contained in this release, which are not purely historical, are forward-looking statements within the meaning of the Private Securities Litigation Act of 1995 and are subject to risks and uncertainties such as those described in Merit's Annual Report on Form 10-K for the year ended December 31, 2005. Such risks and uncertainties include product recalls and product liability claims, termination of relationship with suppliers, or failure of suppliers to perform, infringement of Merit's technology or the assertion that Merit's technology infringes the rights of other parties, unable to successfully manage growth through acquisitions, delays in obtaining regulatory approvals, or the failure to maintain such approvals, significant portion of our revenues are derived from a few products and procedures, development of new products and technology that could render Merit's products obsolete, market acceptance of new products, introduction of products in a timely fashion, price and product competition, availability of labor and materials, cost increases, fluctuations in and obsolescence of inventory, market price of our common stock has been and may continue to be volatile, foreign currency fluctuations, key personnel, modification or limitation of governmental or private insurance reimbursement, changes in health care markets related to health care reform initiatives and other factors referred to in the Company's 10-K and other reports filed with the Securities and Exchange Commission. All subsequent forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Actual results may differ materially from anticipated results. Financial estimates are subject to change and are not intended to be relied upon as predictions of future operating results, and Merit assumes no obligation to update or disclose revisions to those estimates.