

**REPORTS AND CONSOLIDATED
FINANCIAL STATEMENTS
MERIT MEDICAL UK LIMITED
FOR THE YEAR ENDED
31 DECEMBER 2005**

Registered No. 3001008



MERIT MEDICAL UK LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

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MERIT MEDICAL UK LIMITED

DIRECTOR AND ADVISERS

CURRENT DIRECTOR

Kent Stanger

**SECRETARY AND
REGISTERED OFFICE**

**Comat Registrars Limited
Hill House
1 Little New Street
London
EC4A 3TR**

AUDITORS

**Deloitte & Touche
Chartered Accountants
Deloitte & Touche House
Earlsfort Terrace
Dublin 2
Ireland**

BANKERS

**AIB Bank
Sovereign House
361 King Street
Hammersmith
London
W6 9NA**

**Bank of America
P O Box 407
1 Alie Street
London
E1 8 DE**

SOLICITORS

**A & L Goodbody
North Wall Quay
Dublin 1
Ireland**

COMPANY NUMBER

3001008

MERIT MEDICAL UK LIMITED

**DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2005**

The director presents his report and the audited financial statements for the year ended 31 December 2005.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company is the distribution of medical device products on a commission basis.

RESULTS AND DIVIDENDS

The profit after taxation for the year amounted to £78,367 (2004: £84,981).

The director recommends that no dividend be paid (2004: Nil).

DIRECTOR

The director who served during the year under review was:

K. Stanger

DIRECTOR'S INTEREST IN SHARES

The director of the company who held office at 31 December 2005 had no interest in the shares of the company other than through his interest in the shares of the parent company, Merit Medical Systems Inc., 1600 Western Merit Parkway, South Jordan, Utah, USA.

Beneficial Interests:

	2005		2004	
	No. Ordinary Shares	No. Ordinary Options	No. Ordinary Shares	No. Ordinary Options
K. Stanger	628,855	312,777	579,564	277,777

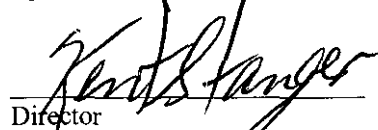
Certain directors have options to acquire shares in Merit Medical Systems Inc. as follows:

Director	1/1/05	Cancelled During Year	Granted During Year	31/12/05	Average Option Price US\$
K. Stanger	277,777	-	35,000	312,777	9.60

AUDITORS

The auditors, Deloitte & Touche, will be proposed for re-appointment in accordance with Section 384 of the Companies Act 1985.

By Order of the Board:


Director

Date: 27/9/06

MERIT MEDICAL UK LIMITED

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

In preparing the financial statements, the Directors are required to :

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Company will continue in business.

The Directors have responsibility for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in the United Kingdom and comply with the Companies Act 1985. The Directors have responsibility for taking reasonable steps to safeguard the Company's assets and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MERIT MEDICAL UK LIMITED

We have audited the financial statements of Merit Medical UK Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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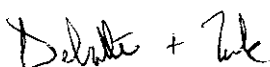
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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MERIT MEDICAL UK LIMITED

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Chartered Accountants and Registered Auditors
Dublin

Date: 23 September 2006

MERIT MEDICAL UK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 £	2004 £
TURNOVER	2	536,500	504,776
Other operating expenses	3	(434,736)	(404,332)
OPERATING PROFIT		101,764	100,444
Other income	6	20,337	16,103
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7	122,101	116,547
Taxation	8	(43,734)	(31,566)
RETAINED PROFIT FOR THE YEAR		78,367	84,981

All recognised gains and losses have been reflected in the profit and loss account and derive from continuing activities.

MERIT MEDICAL UK LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Tangible assets	9	144	1,452
CURRENT ASSETS			
Debtors	10	480,437	407,222
Cash at bank and in hand		80,348	154,020
		<u>560,785</u>	<u>561,242</u>
CREDITORS: (Amounts falling due within one year)	11	(68,280)	(148,412)
NET CURRENT ASSETS		<u>492,505</u>	<u>412,830</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>492,649</u>	<u>414,282</u>
CAPITAL AND RESERVES			
Called-up share capital	12	100	100
Profit and loss account	13	492,549	414,182
SHAREHOLDERS' FUNDS - ALL EQUITY	14	<u>492,649</u>	<u>414,282</u>

The financial statements were approved by the Director on 23/9/06 and signed by:

Director

X 

MERIT MEDICAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and United Kingdom statute comprising the Companies Act 1985. A summary of the more important accounting policies is set out below.

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting.

Revenue recognition

Commission receivable is credited to the profit and loss account as earned.

Tangible fixed assets

Tangible fixed assets are stated in the balance sheet at cost less accumulated depreciation.

Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets on the following basis and at the following annual rates:

Office equipment	:	20% straight line
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Foreign exchange

Monetary assets and liabilities denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the balance sheet date.

Transactions during the year denominated in a foreign currency have been translated into sterling at the monthly rate of exchange.

All exchange gains or losses are included as part of the profit for the year from ordinary activities.

Taxation

The charge for taxation is based on the result for the year. Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Deferred tax assets are only recognised to the extent that they are regarded as recoverable to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Pensions

Pension benefits for employees are met by payments to a defined contribution pension fund, contributions are charged to the profit and loss account in the year in which they fall due.

MERIT MEDICAL UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005**

1. PRINCIPAL ACCOUNTING POLICIES – (Continued)

Cash flow

The company has taken advantage of the exemption granted by Financial Reporting Standard No. 1: Cash Flow Statements, whereby a 90% subsidiary of a parent whose financial statements are publicly available, is not required to prepare a cash flow statement.

2. TURNOVER

Turnover comprised commission income earned during the year on sales in the United Kingdom and Ireland.

3. OTHER OPERATING EXPENSES	2005	2004
	£	£
Distribution costs	271,423	268,645
Administrative expenses	163,313	135,687
	<u>434,736</u>	<u>404,332</u>

4. DIRECTOR'S EMOLUMENTS

The remuneration paid to the director of Merit Medical UK Limited was:

	2005	2004
	£	£
Fees	-	-
Other emoluments (including pension contributions and benefits in kind)	-	-
	<u>-</u>	<u>-</u>

MERIT MEDICAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005

5. EMPLOYEE INFORMATION

The average weekly number of persons (including executive director) employed during the year was:

	2005 Number	2004 Number
Marketing	3	3
	£	£
Wages and salaries paid during the year	176,412	161,889
National insurance	23,691	21,348
Pension	2,820	2,943
	202,923	186,180

6. OTHER INCOME

	2005 £	2004 £
Intercompany interest receivable	20,337	16,103

**7. PROFIT ON ORDINARY ACTIVITIES
BEFORE TAXATION**

	2005 £	2004 £
Profit on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets	1,308	1,414
Auditors' remuneration	3,250	3,000

£550 (2004: £500) was paid to the auditors in respect of other services.

MERIT MEDICAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005

8. TAXATION	2005 £	2004 £
United Kingdom corporation tax at standard rate		
(a) Taxation charge for the year		
Underprovision in the prior year	3,576	-
United Kingdom corporation tax	40,158	31,566
	<u>43,734</u>	<u>31,566</u>
(b) Factors affecting tax charge for the year		
Profit on ordinary activities before taxation	122,101	116,547
	<u>122,101</u>	<u>116,547</u>
Profit on ordinary activities multiplied by the standard rate of taxation of 30% (2004 : 30%)	36,630	34,964
Tax effects of:		
Addbacks at standard rate	3,019	-
Expenses not deductible for tax purposes	1,445	2,395
Depreciation in excess of capital allowances	200	193
Marginal taxation relief	(1,136)	(1,141)
Other deductions	-	(4,845)
Current taxation charge for the year	<u>40,158</u>	<u>31,566</u>
9. TANGIBLE FIXED ASSETS		
		Office Equipment £
Cost:		
At 1 January 2005		5,884
Additions		-
At 31 December 2005		<u>5,884</u>
Depreciation:		
At 1 January 2005		4,432
Charge for the year		1,308
At 31 December 2005		<u>5,740</u>
Net book value:		
At 31 December 2005		144
At 31 December 2004		<u>1,452</u>

MERIT MEDICAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005

10. DEBTORS	2005	2004
	£	£
Amounts falling due within one year:		
Amount due from group company	468,039	398,739
Other debtors	6,048	3,671
Prepayments and accrued income	6,350	4,812
	<u>480,437</u>	<u>407,222</u>
11. CREDITORS	2005	2004
	£	£
Amounts falling due within one year:		
Trade creditors	7,250	8,136
Other taxation and social security payable	49,037	131,678
Accruals	11,993	8,598
	<u>68,280</u>	<u>148,412</u>
12. CALLED-UP SHARE CAPITAL	2005	2004
	£	£
Authorised share capital:		
1,000 Ordinary shares of £1 each	1000	1,000
	<u></u>	<u></u>
Allotted, called-up and fully paid:		
100 Ordinary shares of £1 each	100	100
	<u></u>	<u></u>
13. PROFIT AND LOSS ACCOUNT	2005	2004
	£	£
Opening balance	414,182	329,201
Profit for the year	78,367	84,981
	<u></u>	<u></u>
Closing balance	<u>492,549</u>	<u>414,182</u>

MERIT MEDICAL UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005**

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2005	2004
	£	£
Opening shareholders' funds	414,282	329,301
Retained result	78,367	84,981
Closing shareholders' funds	<u>492,649</u>	<u>414,282</u>

15. PARENT COMPANY AND RELATED PARTY TRANSACTIONS

The company is a subsidiary of Merit Holdings Incorporated, a company incorporated in the United States of America.

A significant proportion of the company's income arises from the sale of group products. Certain expenses and services are shared with a fellow group company and apportioned as deemed appropriate by management.

The company has availed of the exemption provisions of FRS 8 on Related Party Transactions on the grounds of being a wholly owned subsidiary. Copies of the consolidated financial statements of the parent company are available from 1600 Western Merit Parkway, South Jordan, Utah, U.S.A.

16. FINANCIAL COMMITMENTS

Lease commitments

At the balance sheet date the company had annual commitments:	2005	2004
	£	£
- Under operating leases	<u>21,815</u>	<u>20,181</u>

17. CASH FLOW STATEMENT

A cash flow statement has not been prepared on the basis that the company is a wholly owned subsidiary of a company preparing consolidated financial statements.

18. COMPARATIVE AMOUNTS

Comparative amounts have been regrouped where necessary, on the same basis as those for the current year.