

REPORTS AND FINANCIAL STATEMENTS

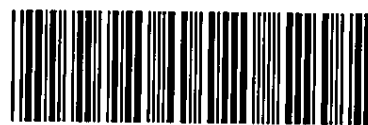
MERIT MEDICAL UK LIMITED

FOR THE YEAR ENDED

31 DECEMBER 2007

Registered No. 3001008

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MERIT MEDICAL UK LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

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MERIT MEDICAL UK LIMITED
DIRECTORS AND OTHER INFORMATION

CURRENT DIRECTORS

**Kent Stanger
Jacob Van Ry**

SECRETARY

Jordans Company Secretaries Limited

REGISTERED OFFICE

**20 – 22 Bedford Row
London
WC1R 4JS**

AUDITORS

**Deloitte & Touche
Chartered Accountants
Deloitte & Touche House
Charlotte Quay
Limerick
Ireland**

BANKERS

**AIB Bank (GB)
33/35 Wembley Hill Road
Wembley
Middlesex
HA9 8AS**

**Bank of America
5 Canada Square
London
E14 5AQ**

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 2007

The directors present their report and the audited financial statements for the year ended 31 December 2007

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 £44,320 (2006 profit £120,980)

The directors recommend that no dividend be paid (2006 Nil)

DIRECTORS

The directors who served during the year under review were

K Stanger
J Van Ry

FUTURE DEVELOPMENTS

The company intends to continue to distribute medical devices for the treatment of cardiovascular disorders in the UK. A new country sales manager has been hired to support business growth

KEY PERFORMANCE INDICATORS

Commissionaire income grew by 10% from 2006 to 2007. Prior to 1 January 2007, the company earned its commission income, based on an agreed percentage of turnover it generated. From 1 January 2007, the company has moved to a cost plus agreement. Net income after tax decreased by 70% from 2006 to 2007.

RISKS AND UNCERTAINTIES

The company is exposed to pricing pressures from competitors and the NHS, however we believe that these risks will be overcome through new product introductions and the quality of our existing product offering

MERIT MEDICAL UK LIMITED

DIRECTOR'S REPORT - CONTINUED FOR THE YEAR ENDED 31 DECEMBER 2007

DIRECTOR'S INTEREST IN SHARES

The directors of the company who held office at 31 December 2007 had no interest in the shares of the company other than through their interest in the shares of the parent company, Merit Medical Systems Inc, 1600 Western Merit Parkway, South Jordan, Utah, USA

Beneficial Interests:

	2007		2006	
	No. Ordinary Shares	No. Ordinary Options	No Ordinary Shares	No Ordinary Options
K Stanger	624,232	362,777	626,702	327,777
J Van Ry	5,000	29,000	6,000	25,000

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

	01/01/07	Cancelled During Year	Granted During Year	31/12/07	Average Option Price US\$
K Stanger	327,777	-	35,000	362,777	9.93
J Van Ry	25,000	-	4,000	29,000	13.80

AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that


- (1) So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (2) The director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provision of s234ZA of the Companies Act 1985

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board and signed on its behalf by

By Order of the Board


Director

Date: 21/8/08

MERIT MEDICAL UK LIMITED

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit and loss of the company for that period.

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 UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in business.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We have audited the financial statements of Merit Medical UK Limited for the year ended 31 December 2007 which comprise the Profit and Loss account, the Balance Sheet and the related notes 1 to 17. 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you, if in our opinion, 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 other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial information. Our responsibilities do not extend to any other information.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section 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 International Standards on Auditing (UK and Ireland) 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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Member of
Deloitte Touche Tohmatsu

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements


Chartered Accountants and Registered Auditors
Limerick

Date: 21 August, 2008

MERIT MEDICAL UK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 £	2006 £
TURNOVER	2	595,979	541,281
Other operating expenses	3	(557,747)	(391,814)
		<hr/>	<hr/>
OPERATING PROFIT		38,232	149,467
Other income	6	27,599	23,976
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7	65,831	173,443
Taxation	8	(21,511)	(52,463)
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR		44,320	120,980
		<hr/>	<hr/>

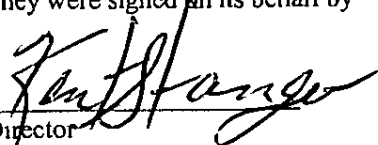
All recognised gains and losses for both the current year and the previous year have been reflected in the profit and loss account

The operating profit is derived solely from continuing operations

MERIT MEDICAL UK LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	2007 £	2006 £
FIXED ASSETS			
Tangible assets	9	4,569	-
CURRENT ASSETS			
Debtors	10	624,207	628,342
Cash at bank and in hand		95,083	77,195
		719,290	705,537
CREDITORS. (Amounts falling due within one year)	11	(65,910)	(91,908)
NET CURRENT ASSETS		653,330	613,629
TOTAL ASSETS LESS CURRENT LIABILITIES		657,949	613,629
CAPITAL AND RESERVES			
Called-up share capital	12	100	100
Profit and loss account	13	657,849	613,529
SHAREHOLDERS' FUNDS	14	657,949	613,629

The financial statements were approved by the board of directors and authorised for issue on
They were signed on its behalf by


Director

Date 21/8/08

MERIT MEDICAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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 in sterling 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 currencies

Transactions denominated in foreign currencies relating to revenues, costs and non-monetary assets are translated into sterling at the monthly rate of 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.

The resulting profits or losses are included as part of the profit for the year from ordinary activities.

Taxation

The charge for taxation is based on the profit 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.

Pension costs

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 2007

2. TURNOVER

Turnover comprised commission income earned during the year on sales in the United Kingdom and Ireland. Turnover represents the reimbursement of costs incurred for services provided to the group (excluding value added tax) on a cost plus arrangement. All income is derived from a group company operating in the United States.

3. OTHER OPERATING EXPENSES	2007	2006
	£	£
Distribution costs	407,268	300,304
Administrative expenses	150,479	91,510
	<u>557,747</u>	<u>391,814</u>

4. DIRECTOR'S EMOLUMENTS

The remuneration paid to the directors of Merit Medical UK Limited was

	2007	2006
	£	£
Fees	-	-
Other emoluments (including pension contributions and benefits in kind)	-	-
	<u>-</u>	<u>-</u>

5. EMPLOYEE INFORMATION

The average weekly number of persons employed during the year was

	2007	2006
	Number	Number
Marketing	4	3
	<u>4</u>	<u>3</u>
	£	£
Wages and salaries paid during the year	280,304	190,959
National insurance	32,810	25,764
Pension	5,264	2,373
	<u>318,378</u>	<u>219,096</u>

MERIT MEDICAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2007

6. OTHER INCOME	2007	2006
	£	£
Intercompany interest receivable	27,599	23,976
	<hr/>	<hr/>
7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2007	2006
	£	£
Profit on ordinary activities before taxation is stated after charging		
Depreciation of tangible fixed assets	919	144
Auditors' remuneration	3,500	3,250
	<hr/>	<hr/>
£550 (2006 £550) was paid to the auditors in respect of other services		
8. TAXATION	2007	2006
	£	£
United Kingdom corporation tax at standard rate		
(a) Taxation charge for the year		
(Over)/underprovision in the prior year	-	(1,423)
United Kingdom corporation tax	21,511	53,886
	<hr/>	<hr/>
	21,511	52,463
	<hr/>	<hr/>
(b) Factors affecting tax charge for the year		
Profit on ordinary activities before taxation	65,831	173,443
	<hr/>	<hr/>
Profit on ordinary activities multiplied by the standard rate of taxation of 30% (2006 30%)	19,750	52,033
Tax effects of:		
Addbacks at standard rate	1,910	1,955
Capital allowances in excess of capital depreciation	(149)	(102)
	<hr/>	<hr/>
Current taxation charge for the year	21,511	53,886
	<hr/>	<hr/>

There were no significant deferred tax liabilities at 31 December 2007 or 31 December 2006

MERIT MEDICAL UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2007**

9. TANGIBLE ASSETS		Office Equipment £
Cost:		
At 1 January 2007		5,884
Additions		5,488
At 31 December 2007		11,372
Depreciation:		
At 1 January 2007		5,884
Charge for the year		919
At 31 December 2007		6,803
Net book value:		
At 31 December 2007		4,569
At 31 December 2006		-
10. DEBTORS	2007 £	2006 £
Amount due from group company	600,083	610,226
Other debtors	13,453	12,837
Prepayments and accrued income	8,742	4,152
Deferred tax asset	1,929	1,127
	624,207	628,342
11. CREDITORS (Amounts falling due within one year)	2007 £	2006 £
Amounts falling due within one year:		
Trade creditors	7,347	14,325
Other taxation and social security payable	34,863	66,053
Accruals	23,700	11,530
	65,910	91,908

MERIT MEDICAL UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2007**

12. CALLED-UP SHARE CAPITAL	2007	2006
	£	£
Authorised share capital:		
1,000 Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
Allotted, called-up and fully paid		
100 Ordinary shares of £1 each	100	100
	<hr/>	<hr/>
13. PROFIT AND LOSS ACCOUNT	2007	2006
	£	£
Opening balance	613,529	492,549
Profit for the year	44,320	120,980
	<hr/>	<hr/>
Closing balance	657,849	613,529
	<hr/>	<hr/>
14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2007	2006
	£	£
Opening shareholders' funds	613,629	492,649
Retained result	44,320	120,980
	<hr/>	<hr/>
Closing shareholders' funds	657,949	613,629
	<hr/>	<hr/>

MERIT MEDICAL UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2007**

15. FINANCIAL COMMITMENTS

Lease commitments

At the balance sheet date the company had annual commitments	2007	2006
	£	£

- Under operating leases	31,164	8,861
	<u> </u>	<u> </u>

16. 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

17. 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 Financial Reporting Standard No 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