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Vancouver firm hopes to capitalize on growing use of stents in surgery

BIOTECH | FDA okays sales of Medical Ventures' catheter-based system for measuring arteries

BY PETTI FONG
VANCOUVER SUN

A Vancouver medical technology company, hoping to capitalize on the growing drug-covered stent market, has received FDA approval for U.S. sales of its catheter system for measuring arteries.

Last year, Medical Ventures Corp. received approval to sell its Metricath System for coronary arteries, and on Monday that approval was expanded for use in peripheral arteries in the kidneys, pelvis and thighs.

The use of drug-covered stents to prop open arteries is an expanding market, especially with the popularity of Boston Scientific's successful Taxus stent, a product developed by Vancouver biopharmaceutical Angiotech and launched earlier this year.

"The market is dominated by Boston Scientific and Johnson & Johnson," said engineer Alexei Marko, one of the developers of Metricath. "They're the big elephants making a lot of noise and we believe we can rattle the cage a bit."

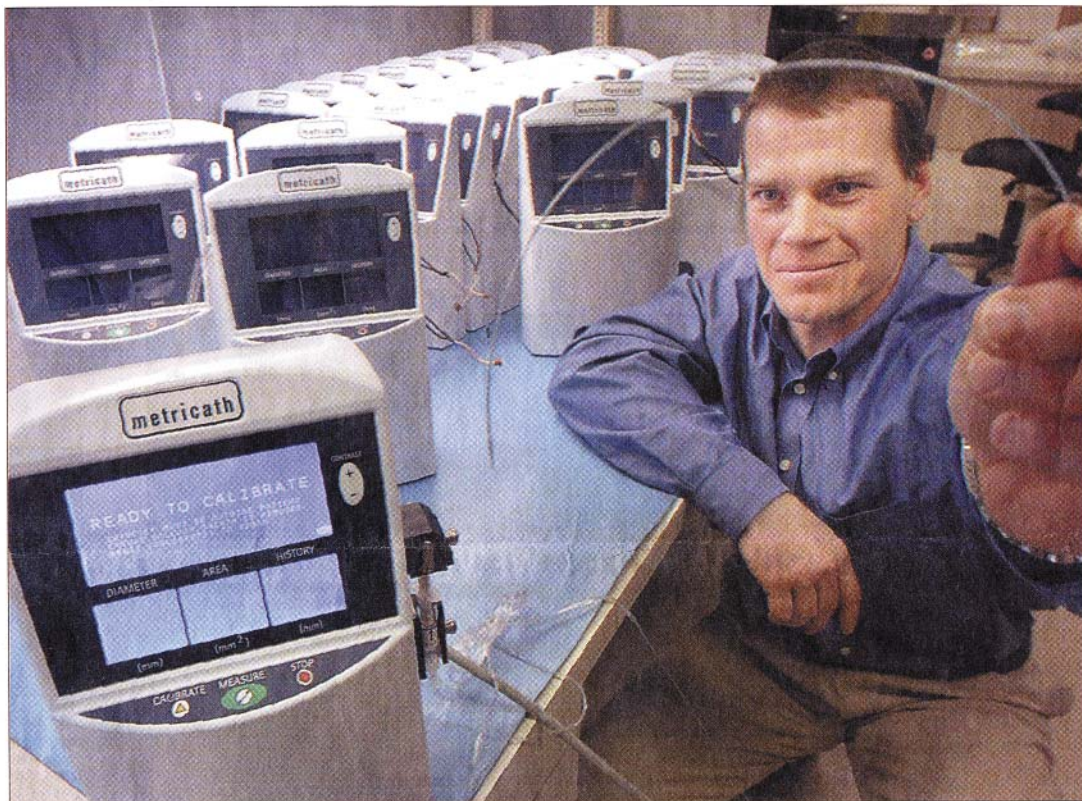
He anticipates that the increased use of stents will drive doctors to want better technology.

The Metricath system allows cardiologists and radiologists to measure the size of arteries. A catheter is inserted through the groin and a digital console displays a reading of the vessel's size — necessary to properly fit stents.

The product consists of a console the size of a lunchbox and two catheters.

Two months ago, the company completed a \$200,000 order, and Marko said about 100 of the systems have been sold.

Despite the FDA's approval,



MARK VAN MANEN/VANCOUVER SUN

Alexei Marko of Medical Ventures' subsidiary Angiometrx holds catheter of artery-measuring device, which connects with console.

Metricath is not a sure sell.

Damaged packaging forced the company to recall about 200 of its catheters in August.

Then there's the competition. Volcano Therapeutic Inc. of California has a product called IVUS that measures blood vessels with ultrasound, providing a visual image.

(In all surgery involving coronary or peripheral arteries, some sort of imaging, such as x-rays or fluoroscopy, is used.)

Marko, who's president of Medical Ventures' subsidiary Angiometrx, said Metricath can provide similar information more cheaply.

Marko believes there is a market for Metricath, which sells for \$300 per catheter, compared with \$1,000 for the IVUS model, and can register

results faster than IVUS.

"They [IVUS] are the Mercedes, we are the Honda," Marko said Monday. "We are just launching, but we feel quite comfortable that we can get 10 per cent penetration for both markets."

IVUS has about seven per cent of the market and is approved for sale in Canada, the United States and Japan.

To handle its U.S. marketing, Medical Ventures has a distribution agreement with Possis Medical of Minnesota.

Medical Ventures estimates there are a million coronary procedures and 400,000 peripheral artery operations each year in the United States.

The company forecasts its Metricath technology can be used in 10 per cent of those operations.

Those are lofty predictions for an application that hasn't caught on yet, according to Murray Maynard, president and CEO of LifeMed Group, Canadian distributor of IVUS.

"There's still a great deal of skepticism in any technology beyond fluoroscopy," said Maynard.

"Some people don't believe it adds any value, but in reality, it's a great tool. The gold standard would be where you can visualize the inside of an artery in colour and determine a variety of diseases. That's something Metricath would never encompass."

Both Volcano and LifeMed are privately held, but Maynard said IVUS sold about 100,000 units in the U.S. and 1,000 in Canada this year.

Medical Ventures stock was

unchanged Monday at 70 cents on the TSX Venture Exchange.

In third-quarter results ending Sept. 30, Medical Ventures had a consolidated net loss of \$792,366, or two cents per share, compared with a net loss of \$108,720 from the same period in 2003.

The company's consolidated net loss for the year to October is \$2.4 million compared with \$240,624 for the first nine months of last year.

The clearance from the FDA is positive news for the company, according to analyst Barbara Johnston with Haywood Securities.

"Interventional cardiologists have been really wanting products for this kind of stent market. There is a demand there," Johnston said Monday.