



## Research & Investment Services

April 26, 2007

Analyst: Ernest C. Schlotter  
Telephone: +4144-881-2020

Company Insight!

Industry: Biotechnology, Cardiac Medical Device

MIV Therapeutics Inc. US\$0.67

MIVT TARGETS MULTIBLILION MEDICAL DEVICE MARKET

This month, MIVT generated its first revenue in Company history. These sales clearly validate the mission of the Company to become a leader in interventional cardiology. MIVT is now targeting an eight billion dollar cardiovascular stent market that includes Europe, Asia, and India. In addition, MIVT expects to bring its polymer-free hydroxyapatite coating platform to the market place soon. Trial programs in 2006 indicate that MIVT's polymer-free technology is at least as good, and in some cases better than, Johnson & Johnson's Cypher stent, currently the world's best-selling drug-eluting stent. First human implantation is planned within the next few months. Stroke is the third leading cause of death and one of the most feared complications of surgery. Scientific data show that the extent of stroke following heart surgery is alarming. MIVT's novel proprietary device targets a \$58 billion industry to prevent embolic strokes after cardiac surgery. The Company has entered a rapid phase of testing and regulation for its device. Market entry for the product is expected in Europe within 12 months and in the US within 24 months. Today, MIVT is an undiscovered company with a huge opportunity in a very large market. We maintain our view that MIVT is still significantly undervalued and consequently reaffirm our 12-month target price of \$2.50.

### INVESTMENT HIGHLIGHTS:

- ◆ **MIVT initiated commercialization of broad and expanding products to the worldwide medical community** through Biosync Scientifics, a wholly owned Indian subsidiary of MIVT. Biosync has eight CE-marked cardiovascular stents and related products. The Company is now accelerating the development of its brand and distributor relationships around the world as MIVT prepares for the commercialization of its broad range of hydroxyapatite (HAp) coated stents, polymer-free drug-eluting stents, and other interventional cardiology products. The coronary stent system from Biosync is of the highest quality and was recently combined with MIVT's biocompatible stent coatings in a milestone bench test showing that together, the technologies pass critical FDA fatigue test guidelines.
- ◆ **MIVT's wholly owned subsidiary, SagaX Inc., located in Israel, is focusing on preventing stroke following heart surgery, targeting a \$58 billion industry.** Stroke is the third leading cause of death, and the leading cause of disability, and data show that the extent of stroke following heart surgery is alarming. SagaX's Aortic Embolic Protection Device (AEPD) will capture embolic particles before they can reach the brain and cause damage. Treatment with medications has not yet been satisfactory. The data indicates that treatment to prevent stroke should extend for at least three days after surgery. The risk of stroke varies by patient factors and type of surgery, but with an average stroke rate among heart surgery patients at 4.6%, the number of stroke victims is alarming. In 2004, for example, 646,000 patients underwent heart surgery, resulting in an estimated 29,700 patients suffering stroke. MIVT expects to be able to begin commercializing the AEPD in Europe within 12 months and in the United States within 24months.
- ◆ **MIVT'S technology progressed significantly and culminated with very successful trial programs 2006,** with final results indicating that MIVT's polymer-free HAp technology is at least as good as, and in some cases better than, Johnson & Johnson's Cypher stent. The first human implantation is planned during the summer months.
- ◆ **Today, MIVT is a undiscovered company with huge opportunities in very large markets.** The Company could solve a very large safety issue that is now becoming a public issue with drug eluting stents. If MIVT succeeds in bringing their technology to the market, the Company then has the potential to become a larger market player in a very large industry. In addition, the \$58 billion stroke industry offers tremendous possibilities for the Company. The acquisition of Biosync helped the Company to immediately realize cash flow - a very important milestone, and combined with positive news from human clinical trials, further drives the Company's valuation. Despite very encouraging achievements during 2006, MIVT currently trades at a market cap of only \$54.8M, 18.8% below its stock price one year ago and is therefore still massively undervalued. We reaffirm our twelve-month target price of \$2.50, but still maintain our Speculative Buy/4 rating.

## MIV Therapeutics Inc.

### Consolidated Statements of Operation in US\$ (000)

	FY05A	FY05A	FY05A	FY06A	FY06A	FY06A
	2. Qtr.	3. Qtr.	YE	1. Qtr.	2. Qtr.	3. Qtr.
R&D Expenses	500	556	2,619	840	766	794
Loss from Operation	2,029	1,833	6,559	2,352	1,779	2,643
Net Loss	2,017	1,806	6,608	2,365	1,779	2,646
Shares outstanding	65,218	66,752	42,881	69,389	70,258	81,772
EPS	(\$0.03)	(\$0.03)	(\$0.03)	(\$0.03)	(\$0.03)	(\$0.03)

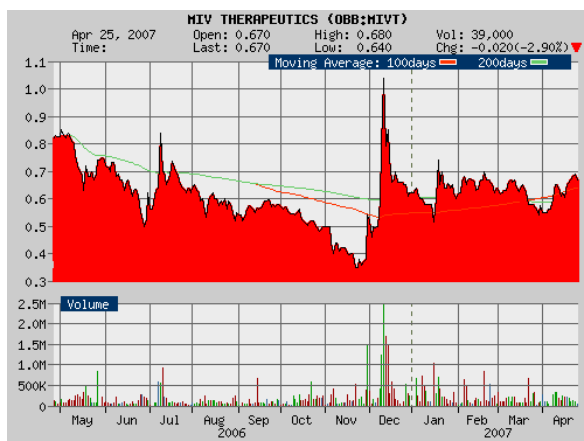
Source: Company reports, business plan, SEC filings

### Financial Data

FY 2007	Ends May 31, 2007
Market Capitalization	US\$ 54.8 million
Shares outstanding (02.28.2007)	81,772,334
Book Value/ Share (February 2007)	\$0.02
Price/Book Ratio	34.0 x
Est. 5 Year Earning Growth	N/A

### Stock Data

52-Week Range	\$1.07 – 0.35
Symbol / Exchange	OTCBB: MIVT
1-Year Return	-18.8 %



This memorandum is for informative purposes only. SISM is an investment research firm without any investment banking activities and is publishing research reports with respect to the securities of its clients. The information contained in these reports is based on sources that we consider reliable but is not guaranteed by us, nor do our reports represent a solicitation to buy or sell the securities discussed therein. While the information contained has been obtained from sources believed to be reliable, we do not represent that it is accurate or complete and it should not be relied upon as such. MIVT Therapeutics Inc., pays SISM Research \$2,250 per month over a two-year period solely to ensure independent coverage. We do not own any stock of MIVT (and/or options or warrants relating thereto). SISM Research & Investment Services, Erlenweg 15, 8302 Kloten Switzerland. Phone: +4144-881-2020 Fax: +4144-881-2024 All rights reserved.

## COMPANY OVERVIEW

MIV Therapeutics, Inc. was established in 1999 and today is a diversified advanced stage research and development company aggressively pursuing commercialization of a third generation of biocompatible polymer-free coatings for cardiovascular stents and other implantable medical devices, anti-embolic devices, and novel multiplatform drug delivery systems. In March 2007, MIVT generated revenues for the first time in the Company's history. These revenues were derived from the recently acquired Biosync Scientific. On the R&D front, remarkable results were announced in December 2006. Preclinical studies of two of the Company's novel biocompatible polymer-free drug-eluting stent coating technologies showed their performance matched or even outperformed Cordis' and Boston Scientific's polymer-based drug-eluting stents. The four-week porcine study, independently conducted at the Erasmus University Medical Center in the Netherlands, compared stents coated with MIVT's polymer-free drug-eluting technologies to the industry's benchmark, the J&J Cypher stent, one of the world's best selling drug-eluting stents. Three variations of MIVT's polymer-free sirolimus eluting coatings were at least as effective as -- and in some cases, better than -- Johnson & Johnson's Cypher drug-eluting cardiovascular stent. MIVT is in preparation for human clinical trials to test a new class of polymer-free drug-eluting stent that could provide patients with superior outcomes.

It is not only the global \$8 billion drug-eluting stent industry that offers tremendous business opportunity for the Company but also the estimated \$58 billion stroke industry. MIVT's rapid expansion into the commercialization of an implantable neurovascular device is expected within the next twelve months in Europe and twenty-four months in the United States. Its novel stroke-preventing implantable device, developed by its wholly-owned subsidiary, SagaX in Israel, is expected to begin clinical trials within the next few months.

## NEW TRENDS IN CARDIOLOGY DEVICES – ARE POLYMER-FREE DES THE ANSWER?

When the FDA approved the use of drug-coated stents on April 24, 2003, it was hailed as a landmark advance in the treatment of blocked arteries. Before that time, the only stents in use were bare-metal stents (BMS). These devices were used to prop open clogged arteries after angioplasty and had met with much success. However, according to the FDA, roughly fifteen to thirty percent of stent patients suffered from restenosis (re-clogging of the artery) within a year of the procedure and had to be treated again with another angioplasty or bypass surgery. The drug-eluting stent was developed to solve the problem of restenosis. By releasing a drug to retard cell growth and stop scar tissue from forming within arteries that have been opened, the new device was designed to prevent the arteries from becoming blocked again. Those devices now significantly reduce the rate of re-blockage that occurs with existing stents. In early 2003, patients and medical professionals were so excited about the drug-coated stent that angioplasty procedures were being delayed specifically to await the FDA's approval of the Cypher stent, Cordis' revolutionary sirolimus-eluting coronary stent. Patients had heard the news about drug-eluting stents, and suddenly, nobody wanted a bare-metal stent anymore. The drug-coated stents have become so popular, nearly ninety percent of all stent procedures in 2005 in the US made use of the drug-coated stent. Last year, approx. 990,000 heart patients received the devices.

## IT DIDN'T TAKE LONG FOR THE MOOD TO CHANGE

In early July of 2003, less than three months after it approved the Cypher stent, and after more than 50,000 patients had received a Cypher stent, the FDA has received forty-seven Medical Device Reports (MDRs) of stent thrombosis occurring at the time of implantation or within a few days of implantation. After that, Cordis informed health-care professionals immediately, notifying them of the incidence of

thrombosis and reminding them to use of an adequate antiplatelet regimen to reduce the risk of clot formation. Blood clotting became a key element in the implantation and maintenance of drug-coated stents. While the safety of the DES may still have been questioned, the efficacy of the product was almost universally accepted: drug-coated stents were instrumental in reducing the need for second surgical procedures. By the end of 2005, more than ninety percent of all stents implanted in heart patients were drug-eluting stents. Medical professionals were so thrilled that drug-coated stents reduced the risk of restenosis, they were, perhaps, willing to overlook the fact that the risk of stent thrombosis may have been growing. Several studies released in 2006 have brought the safety concerns back to the forefront of the discussion. A significant Swiss study presented in March 2006 indicated that stent patients who stopped using the anti-clotting drug sold under the brand name Plavix after one year were twice as likely to suffer late stent thrombosis as those treated with bare-metal stents. Researchers also concluded that the risk of cardiac death or heart attack with the use of drug-eluting stents was "significantly higher" than the risk with the use of bare-metal stents. In September 2006, Boston Scientific announced that its own internal research had found a slightly higher risk of blood clotting in patients who received their Taxus drug-eluting stents when compared to those who'd been implanted with bare-metal stents. Their review looked at 3,500 patients and included four years of data to determine the risks of late stent thrombosis (blood clotting in the stent area from the period beginning six months after implantation). The use of DES has decreased from eighty-nine percent in the US, down to an estimated seventy percent over the past year, driven by concerns over stent thrombosis causing heart attacks and confidence in bare-metal stent (BMS) safety.

## POLYMER-BASED DES COULD CAUSE IN-STENT THROMBOSIS

There are safety concerns over the current polymer-based drug-eluting stents (DES) regarding possible delayed healing processes and adverse reactions to the polymer when drug elution is complete. In addition, defects in the polymer layers with bare-metal exposure in the loop region and peeling of the top-coated polymer layer in the loop could indicate potential risks of thrombosis, late inflammatory, or neointimal reactions. In-stent thrombosis is caused when blood cells become sticky and clump together to form a small mass or clot. When a blood clot forms, it can block the free flow of blood through an artery. If blood flow is severely blocked in an artery that supplies blood to the heart muscle — called a coronary artery — a portion of the heart muscle may be damaged and can cause a heart attack.

## ARE POLYMER-FREE DES THE ANSWER?

Strong interest in polymer-free stents with a microporous surface as an alternative to stents with polymer coatings for local drug delivery is on the rise. This is exactly the space where MIVT is focusing its efforts and the market is driving in the Company's favor. As mentioned before, an independent study conducted in the Netherlands showed MIVT's polymer-free sirolimus eluting coatings were at least as effective as -- and in some cases better than -- Johnson & Johnson's Cypher drug-eluting cardiovascular stent. This is a strong indication that MIVT could bring a stent or drug-eluting stent to the market place that has the same efficiency or effectiveness as a current drug-eluting stent but a safety profile that equals that of a bare-metal stent. To have a DES with as effective as the current products, with a safety profile as good as a bare-metal stent could be huge for the Company. The next twelve months will be very exciting for MIVT, as the Company is in the final stages of preparation for human clinical trials to test a new class of polymer-free drug-eluting stents that could provide patients with superior outcomes.

## IS MIVT'S NEUROVASCULAR DEVICE ANOTHER WINNER?

MIVT's wholly owned subsidiary, SagaX Inc., has entered a rapid phase of testing and regulation for its Aortic Embolic Protection Device (AEPD), a novel and proprietary approach to prevent embolic strokes that are created during and after cardiac surgery. The AEPD works by diverting particles in the bloodstream that might otherwise reach the brain and initiate strokes that can cause irreversible damage to the delicate tissue of the brain. The Company expects to begin clinical studies in November 2007, approx. four months in advance of commercializing the product. If these clinical tests are successful, the product could be on the market during the first quarter of 2008 and one year later in the US.

Stroke is the third leading cause of death, and the leading cause of disability. According to a recent publication of the American Heart Association (AHA), each year about 700,000 Americans experience a new or recurrent stroke. About 500,000 of these are first attacks, and 200,000 are recurrent attacks. It is also stated that the estimated direct and indirect cost of stroke in the US alone for 2006 was \$57.9 billion.

Stroke is one of the most feared complications of surgery, and scientific data show that the extent of stroke following heart surgery is alarming. It very clearly demonstrates the need to capture these embolic particles before they can reach the brain and cause damage. Data also indicates that treatment to prevent stroke should extend for at least three days after surgery. The risk of stroke varies with patient factors and type of surgery, but with an average stroke rate in heart surgery at 4.6%, the number of stroke victims is shocking. In 2004, for example, 646,000 patients underwent heart surgery, resulting in an estimated 29,700 patients suffering stroke.

MIV Israel has developed proprietary stents based on a two-layered filter for implantation into the aorta. The Aortic Embolic Protection Device (AEPD) is based on an inventive and evolutionary stent-like structure, with a net-filter within. The grid size is small enough to capture all naturally occurring emboli. It will be able to retain potency and function for years with no resulting tissue reaction and no clot formation. The device will allow reduction of Coumadin dosage, thus reducing unwarranted bleeding. MIVT's AEPD is currently the only viable option for protection of the brain from secondary emboli, with or without medical anticoagulation. The AEPD will be inserted via an intravascular catheter "over the wire." It can be removed within fourteen days or left in place indefinitely. The AEPD will prevent brain emboli from the heart reaching the delicate tissue of the brain and will significantly reduce the rate and thus the morbidity and mortality from stroke. MIVT's AEPD could significantly reduce the number of strokes by as much as thirty percent.

## MIVT IS SIGNIFICANTLY UNDERVALUED

We estimate MIVT's total business opportunity in 2009 to be \$8 billion in the stent industry and approx. \$1 billion in the neurovascular industry. If MIVT catches only a worldwide market share of 5% this would translate into a sales opportunity of \$450 million. The Company's near-term growth is going to be based on achieving milestones in bringing its technology and products to the market. The Company's pipeline for long-term growth is unmatched in the industry. It has four generations of novel unique drug delivery systems as well as new drug in combination. This will combine to drive the Company forward. Despite very encouraging fundamental developments, the Company trades at a market cap of only \$54.2 million and remains undiscovered by the investment community.

During the last twelve months, the Company completed the acquisition of Biosync Scientific that allows it to expand operations and accelerate commercialization in fast-growing markets. Biosync Scientific provides MIVT with a highly competitive bare-metal stent platform that compares favorably with the best bare-metal stents available today. In March, the Company announced historic first sales of its cardiovascular stents and related products, targeting several multibillion-dollar markets, including Europe, Asia, and India. We also believe that the acquisition of China-based Vascore Medical will be completed soon. This would provide MIVT with extensive design, manufacturing, and marketing capabilities.

The years 2007/2008 are going to be very exciting for MIVT. Near-term growth is going to be based on achieving milestones in bringing the Company's technology and products to the market place. Animal trials in 2006 were very successful, with final results indicating that MIVT's polymer-free HAp technology is at least as good as, and in some cases better than, Johnson & Johnson's Cypher stent, and has paved the way for the first human implantation, which will take place in the very near future. The market is driving in MIVT's favor as there are large safety concerns regarding the use of polymer-coated drug-eluting stents. MIVT believes that its technology addresses those issues. The Company has developed products that do not use polymers and that retain the safety of bare-metal stents. MIVT's Aortic Embolic Protection Device (AEPD) is in the test and regulation phase and could be on the market just one year from now. The Company's AEPD could save thousands of tragedies and lives and significantly increase the safety of many heart surgeries.

Today, MIVT is an undiscovered company with a huge opportunity in very large markets. Despite very encouraging milestone achievements during 2006, MIVT currently trades at a market cap of only \$54.8M, 18.8% below its stock price one year ago and is therefore still significantly undervalued. In comparison, last November Johnson & Johnson acquired Conor Medsystems and got control over a unique controlled drug delivery technology, this technology had a tag price of \$1.4 billion. The technology is a paclitaxel-eluting cobalt chromium stent with a bioabsorbable polymer and is sold outside of the United States. The transaction clearly demonstrates the potential of a revaluation of MIVT. We reaffirm our twelve-month target price of \$2.50, but still maintain our Speculative Buy/4 rating.

## ANALYST DISCLOSURE

**Analyst: Ernest C. Schlotter**

Ernest C. Schlotter has been an analyst since 1995. He is a securities analyst covering companies with SIS Research & Investment Services, Zurich, Switzerland. His areas of focus have included biotechnology and all energy industry sub-sectors, with a focus on independent companies in exploration/production. According to the tracking firm StarMine, based in San Francisco, Ernest C. Schlotter is a four out of five star analyst for EPS estimate accuracy.

### Analyst Certification:

I, Ernest Schlotter, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.