



# ARA.TO

ART Advanced Research Technologies, Inc.

May 20, 2008

## Getting Past a Year of Transformation

### Q1/08 Review

Upgrading Ranking: **"BUY"**

Price at 5/16/08: **CDN \$0.15**

Valuation: **CDN \$0.95**

52 Week Range: **CDN \$0.10 - \$0.385**

Market Capitalization: **CDN \$14.18 m**

Shares Outstanding: **94.54 m**

Fully Diluted: **111.0 m**

Cash: **\$4.1 m**  
(3/31/08)

Fiscal Year End: **Dec**

Exchange: **TSX**



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Please read the important  
Disclosures Section  
At the end of this review!

### More focused but a tough economy is still ahead

ART reported revenues of \$1,241,921 for Q1/08 compared to \$394,214 for Q1/07, an increase of 215% (versus Q4/07, sales of \$1,384,014). For Q1/08, the operating loss decreased by \$869,943, or 40%, to \$1,334,321 from \$2,204,264 for Q1/07. ARA.TO posted a net loss of \$1,279,456 (\$0.01 per share) for Q1/08 compared to \$1,568,686 (\$0.03 per share) for Q1/07 (versus net loss for Q4/07 of \$1.7 m or \$0.02 per share). Q1/08 highlights included: an upward trend in revenues with over \$1 m in sales through its own direct sales force (the second quarter in a row); the first breakthrough sale of SoftScan® breast imaging device to Sunnybrook Health Sciences Centre in Toronto. Post quarter events: ARA.TO announced the closing of a private placement of US\$1.1 m in preferred shares and receipt of a letter of intent to purchase its Optix MX2 preclinical optical molecular imaging system from CRO firm BioLaurus. ARA.TO further intends to sell some of its existing SoftScan® prototypes which could represent cash inflows of up to \$1.5 m. Moreover, \$2 to \$3 min revenue could be generated through its Optix® inventory with minimal investment.

### Delivering is the only option

CEO Gignac has found his stride and seems to have the bit between his teeth for the future having executed on some very hard issues. However, this economy will still be tough through FY08; thus a firm (CEO) hand must be focused on the internal direct sales program. Break-even scenarios have been articulated but speculation will be based on forth-coming sales and the resulting revenues. Now that firmer ground is under ART's feet having gotten past this past year of transformation; the sales delivery is the only option to drive the share price forward. During Q1/08, ART sold 1 SoftScan® unit, 1 Optix® unit and add-ons that resulted in the conversion of 2 Optix systems to the MX2 version. ARA.TO now generates higher revenue per system (not having to provide discounts to an exclusive distributor). In Q1/08, ART recognized revenue from service contracts in the amount of \$35,709. ART generated a gross margin of 79% from the sales of its products compared to 44%. This gross margin increase is primarily due to the sale of a SoftScan unit, where the gross margin represents almost 100% of the sale, given that this unit has been sold as a prototype and therefore expensed as incurred in previous years.

A partner is in the work for SoftScan® to offset the clinical trial costs. We believe shares of ART could offer a meaningful upside in the short and near term versus in the near and long term from the last review. ART is finally transforming itself into a player in the medical imaging space. Investors should continue to focus on FY08 issues: sales execution for Optix® under the direct distribution program, margins (the greater the sales, the greater margins) and the SG&A costs for Optix® over the following quarters. I have adjusted our ranking to a "BUY" from a "HOLD" from the last report with a valuation of CDN\$0.95. ART had a positive working capital of \$4.1 m on a proforma basis (3/31/08).

## Investment Thesis

**We are re-instituting our “BUY” ranking (from “HOLD” in last review) on ARA.TO and our valuation is \$0.95.**

The stock price (CDN\$0.15) should increase as revenue and visibility emerge on how ART will execute on FY08 sales initiatives and margin model(s).

The net loss for Q1/08 was \$1,279,456 or \$0.01 per share, compared to \$1,568,686 or \$0.03 per share for Q1/07; getting better but work needs to be done to decrease loss to a break-even scenario.

For Q1/08, the operating loss decreased by \$869,943, or 40%, to \$1,334,321 from \$2,204,264 for the same period a year ago. ART posted a net loss of \$1,279,456 (\$0.01 per share) for Q1/08 compared to \$1,568,686 (\$0.03 per share) for the corresponding 2007 period. By selling directly to its customers, the ART now generates higher revenue per system since it does not have to provide discounts to an exclusive distributor. Fenestra products were flat again but equivalent to those for the quarter ended 3/31/07. In Q1/08, ART recognized revenue from service contracts in the amount of \$35,709, concluded in the last quarter of 2007. During Q1/08, ART generated a gross margin of 79% from the sales of its products compared to 44% for the same period in the previous year and is primarily due to the sale of the SoftScan unit, where the gross margin represents almost 100% of the sale, given that this unit had been sold as a prototype and therefore expensed as incurred in previous years. ART's research and development (“R&D”) expenditures is declining; net of investment tax credits amounted to \$854,650, compared to \$1,208,415 for the same period a year ago. The R&D expenditures for Q1/08 decreased. SG&A expenses for Q1/08 totaled \$1,283,254; still high but was mainly due to the hiring of the new direct sales force and the direct marketing expenses incurred to support the commercialization of the Optix, SoftScan and Fenestra products.

ART's stock is still held at a low valuation, but we believe that ART's continues to energizing sales in the medical imaging space. Alongside the latest (convertible preferred) funding initiative, ART continues the process designed to reduce operating expenses with a focus on the containing SG&A while still supporting of all of its products. A partner is now a definite and considered for SoftScan® to offset the clinical trial costs. We still believe shares of ART could offer a meaningful upside both in the short and near term. ART - still - has the potential to transform itself into a player in the medical imaging space as ART executes on sales initiatives.

Investors should still continue to focus on the following FY08 issues: CEO's Gignac ability to manage the sales execution (focusing on the US effort mainly to the biotechnology sector) for Optix® under the in-house sales & marketing unit and the SG&A costs of managing new direct/internal sales & marketing organization for Optix® over FY08 quarters. As of 3/31/07, ART had a positive working capital of \$4.1 m and inventories that “could” generate between 2 to \$3 million in revenue.

## Company Description

ART Advanced Research Technologies Inc. (ARA.TO) was founded in 1993 and went public in June 2000. It is located in Quebec, Canada. ART in 2002 divested its imaging division and is now expanding beyond its global partner GE Healthcare in a realigned definition of both its mission and deployment of assets. ART Advanced Research Technologies Inc. is a leader in molecular imaging products for the healthcare and pharmaceutical industries. ART has developed products in medical imaging, medical diagnostics, disease research, and drug discovery with the goal of bringing new and better treatments to patients faster. The Optix® optical molecular imaging system, designed for monitoring physiological changes in living systems at the preclinical study phases of new drugs, is distributed directly by ART in North America and Europe and is used by industry and academic leaders worldwide. The SoftScan® optical breast imaging device is designed to improve the diagnosis and treatment of breast cancer. ART is commercializing the SoftScan optical medical imaging device via a global strategic alliance with GE Healthcare, a world leader in mammography and imaging. Finally, the Fenestra® line of molecular imaging contrast products provide image enhancement for a wide range of preclinical Micro CT applications allowing scientists to see greater detail in their imaging studies, with potential extension into other major imaging modalities. The distribution of the Fenestra line of imaging contrast agents is made through GE Healthcare Bio-Science KK in Japan and is sold directly by the Company in the rest of the world. ART's shares are listed on the TSX under the ticker symbol ARA. More information is available at: [www.art.ca](http://www.art.ca)

## Risks

ART is no longer reliant on GE Healthcare to market its Optix® product and depend on many factors: sales and the resulting revenue progress from the new direct marketing initiative of Optix® as well as the marketing initiatives (in Canada and the EU) and expenditures for SoftScan's clinical development and trials as well as the Fenestra™ line of molecular imaging contrast products. ART's second product, SoftScan®, entails significant risks, including the costs and time involved in development cycle as well as in obtaining the required regulatory approvals. SoftScan® has been issued a CE Mark, a regulatory approval for Canada and the EU but is still in development and yet to be approved by the US FDA regulatory authority. There can be no assurance that ART's ongoing clinical testing activities will provide positive outcomes or that the results of clinical trials will meet the desired clinical endpoints established in the clinical study protocols. The actual schedules for the SoftScan® clinical trials could vary significantly from forecasts due to a number of factors. Any delay in the completion of ART's clinical trials could cause the price of its common shares to decline. The acquisition of Alerion Biomedical may expose ART to additional risks that could adversely affect the company's stock price.

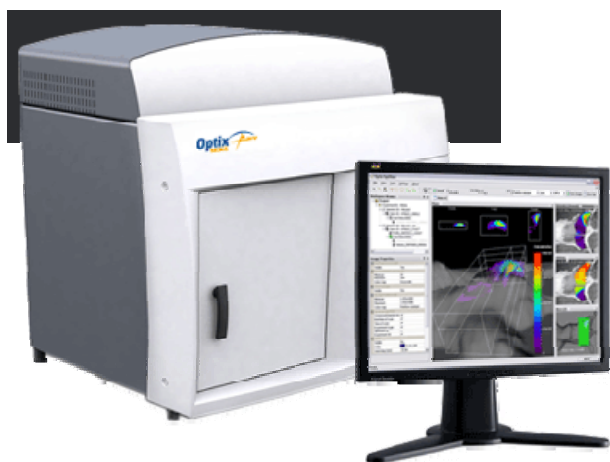
**A detailed list of the risks and uncertainties affecting ART can be found in its Annual Report or in Form 20-F at [www.sedar.com](http://www.sedar.com) , the Canadian version of Edgar.**

## Optix® MX2 (eXplore Optix® replacement)

ART's new Optix® MX2 system is the high performance optical imaging system designed to characterize, quantify and visualize cellular and molecular events in living animals using fluorescent probes. **Based on a proprietary time domain (TD) approach, the Optix MX2 technology can be applied to further understand the mechanism of disease and evaluate the effects of therapy and disease progression.**

In TD optical imaging, short pulses of light, driven by pulsed laser diodes, are sent to illuminate the specimen under study; where a fluorescent probe is excited and time-of-flight distribution is determined, enabling the uncoupling of depth and concentration.

In addition, a fluorescence lifetime is derived – giving an important parameter in the measurement of tissue environment and allowing the distinction between different fluorescent sources.



Features:
Most Sensitive Molecular Imaging System
Lifetime Analysis
Targeted Applications
Functional 3D Reconstruction

**ART has developed an upgrade package that can be applied to any eXplore Optix MX system. This package includes hardware and software, plus on-site service for the upgrade.**

A unique characteristic of the ART time domain (TD) technology, nanosecond temporal point resolution enables researchers to acquire in vivo fluorescence lifetime measurements to differentiate fluorophores with similar spectral profiles. In addition, with the use of probes, researchers can identify micro environmental changes in pH, oxygen level, temperature, and other factors known to affect fluorescence lifetime.

**The structure of the Optix product is split into three main categories, the Optix® MX2 system enclosure which includes:**

- **the illumination, scanning, detection, profilometry and animal support subsystems;**
- **software for data acquisition and**
- **Image analysis and accessories.**

Up to four different laser heads can be installed in the system.

In addition to the system's comprehensive data acquisition application and powerful analysis application, the OptiView software, a 3D Reconstruction module and a CT Fusion module are offered as options. A series of accessories can be purchased separately are also available. These include a workbench, a five-mouse bed and an isolation box.

**ART has developed upgrade package(s) that can be applied to any existing MX system. The upgrade package includes parts, software, and on-site service.**

Catalysts and Milestones

DATE	EVENTS	STATUS
Q3/04	ISO 9001 certification	Completed
Q3-Q4/04	Launch New eXplore Optix™ Hardware enhancements and 3-D Software Applications	On-going
Q3/05	Financing Completed in July	Completed
Q3/05	ISO 13485 Certification	Completed
Q3/05	Initial Preclinical results for SoftScan® released	Completed
Q4/05	Pivotal Clinical Studies for SoftScan®	On-going
Q1/06	Acquisition of Alerion Biomedical	Completed
Q2/06	2 Fund Raise(s) – CDN\$9.3 m	Completed 4/25/06 and 5/17/06
Q2-3/06	Regulatory filing for SoftScan®	On-Going
Q3/06	Management Change	Completed
Q4/06	Non Dilutive Financing following Recapitalization with realization of CDN\$5.85 m and ability to realize CDN\$1.5 m through retained interest	Completed
FY 06-07	Management Review of all Operation	On-Going
FY/06	Canadian Regulatory Approval for SoftScan®	Completed
FY2006	CE Marker awarded for the EU	Completed
Q1/07	Private Placement of CDN\$7.0 m	Completed
Q3/07	Introduce a new Execution Agenda/Strategy	On-Going
Q3/07	New Marketing/Sales Executive Introduced	Completed
Q4/07	New Financing	Completed
FY2008	First sale of SoftScan® Unit	On-Going
FY07/08	US FDA interim results	On-Going
FY2008	US Introduction Of SoftScan®	

## Insider and Institutional Holdings

Insider Holdings	
Holder	% Outstanding*
Management, Directors and Officers	5.25%

Holder	% Outstanding*
Oppenheimer	11.25%

## Capitalization

\*(As of 12/31/07)

Financial Instruments	# of Shares
Authorized Shares	Unlimited
Number of Common Shares Outstanding	94,540,592
Number of Outstanding Preferred Shares	8,341,982
Conversion of Preferred into Common (1/9/036)	7,841,815
Number of Share Purchase Warrants Outstanding	4,855,791
Number of Stock Options Outstanding	3,775,579
Fully Dilutive Total	111,013,777

## Valuation Analysis

**We are upgrading our ranking on ARA.TO from a “HOLD” to a “BUY” ranking and our valuation is \$0.95.** In addition to this, company management is actively pursuing additional funding options for its ongoing activities, and more specifically for its commercialization effort. Along with the companies funding initiative, ART has also initiated a process designed to rationalize its operations and reduce expenses with a focus on commercialization and support of all of its products. We derive our current valuation by using a Blended Price Valuation Table which includes a Sum-of-The-Parts analysis, a Valuation Matrix analysis and a Comparable Analysis. We then combine the multiple analyses to create an average Blended Price Valuation Table to obtain our current valuation of \$0.95. Please refer to the table below.

**Average Blended Valuation:**

<b>Average Blended Valuation Table</b>	
Sum-of-The-Parts	\$1.11
Valuation Matrix *	\$0.55
Comparable Analysis	\$1.19
<b>Average of the Blended Valuation</b>	<b>\$0.95</b>

Source: Scimitar Equity Research Estimates

\*Valuation Matrix assumption approach is used (on page 7)

**Sum-of-The-Parts scenario**

Sum-of-The-Parts scenario is conservative and estimates 2012 product revenue of approximately \$63.8 million, and a stringent discount rate of 50% over 4 year/periods back to 2008. **This yields a \$1.11 value per share given the current shares outstanding for 2007; we note this fair value estimation is significantly above this stocks current trading range of \$0.10 -\$0.40.**

**ART, Inc:**

**Sum of the Parts Analysis**

<b>Part</b>	<b>Value</b>
2012E revenues (000's)	\$63,845
EV/sales multiple	4.0
Discount rate	<b>50.0%</b>
Periods	<u>4.00</u>
Value of revenue	50,445
Cash	4,100
EV of technology	50,000
Total	104,545
Shares Outstanding	94,541
Implied fair value	<b>\$1.11</b>

<b>Per share:</b>	
Revenues	\$ 0.53
Cash	\$ 0.04
Technology	\$ 0.53
Total	<b>\$ 1.11</b>

Source: Scimitar Equity Research Estimates

**Valuation Analysis (continued)**

**Our Standardized Discount Matrix and Price Sensitivity Analysis below assumes a 2012 EPS of \$0.08. We then apply a 35x P/E biotech multiple to the estimated 2012 EPS and a 50% Discount Rate back to '2008 or 4 years/periods to achieve a valuation table matrix of \$0.55 per share.** We use a high 50% discount rate since the SoftScan® system has received European and Canadian regulatory approval, and they company's other products Optix® and Fenestra contrast imaging agent have also received regulatory approvals and are currently marketed and generating revenues yet sales have dropped over the past year. ARA.TO's sales team is now poised to ramp up sales in the near future.

**Valuation Matrix**  
**Based on projected EPS in 2012 of: \$0.08**

P/E x	Discount Factor			
	35.0%	40.0%	45.0%	50.0%
30	\$0.72	\$0.62	\$0.54	\$0.47
35	\$0.84	\$0.73	\$0.63	<b>\$0.55</b>
40	\$0.96	\$0.83	\$0.72	\$0.63

Source: Scimitar Equity Research Estimates

We continue to hold the view that numerous opportunities exist for sales growth of the company's currently marketed products by ratcheting up the market penetration with the new execution agenda. The recently CE MARK approved product; SoftScan® can be sold in Canada and the EU. But again, adoptions rates have been hard to come by for Optix® into biotechnology companies and Pharma companies where the real growth will be derived. We estimate ART.TO's SG&A costs will increase significantly moving forward in order to grow the Optix® preclinical imaging device sales under the newly created in-house unit without the seemingly non-productive partner GE Healthcare.

**We believe shares of ART offer meaningful upside in the long-term but near-term challenges remain.** We believe opportunities exist for sales growth of the newly approved SoftScan® product in Canada and the EU (based on the award of a CE marker). ART announced on 04.12.08 that it received a Letter of Intent (LOI) to purchase its Optix® MX2 preclinical optical molecular imaging system, from the Southern California-based CRO firm BioLaurus, Inc. The announcement was made at the annual AACR meeting in San Diego, which ART is attending as an exhibitor. ART secured its first breakthrough sale of SoftScan® breast imaging device to Sunnybrook Health Sciences Centre in Toronto, where the device is being used to measure treatment response for breast cancer.

We believe that the current stock price discounts anticipated sales from the recently approved SoftScan® system from Canadian and EU markets. We believe ART's stock has been held at a venture-level valuation, but that the company still has the potential to transform itself into a "player" in the medical imaging space if the company continues to successfully execute its growth strategy. **ART - still - has the potential to transform itself into a player in the medical imaging space as ART executes on sales initiatives.**

Comparables

Company	Ticker Symbol	Price (05/19/08)	12 month High-Low	Shares (MM)	Mkt. Cap (\$MM)
ART Advanced Research Technologies	ARA.TO	CDN \$0.15	CDN \$0.385 - 0.10	94.54 m	CDN \$14.18 m
Caliper Life Sciences	CALP	\$3.46	\$6.24 - 3.11	47.68 m	\$164.98 m
Bruker BioSciences	BRKR	\$12.13	\$16.66 - 6.30	16.230 m	\$1.97 B
DOBI Medical International	DBMI.PK	\$0.05	N/A	76.90 m	\$38.46 K
Imaging Diagnostic Systems	IMDS.OB	\$0.044	\$0.09 - 0.04	319.26 m	\$14.05 m
Foxhollow Technologies Inc. (Merged with ev3, Inc.)	EVVV	\$9.60	\$19.46 - \$7.32	105.22 m	\$1.01 B

Comparables Index

ARA.TO  
(ARA.TO -Black)

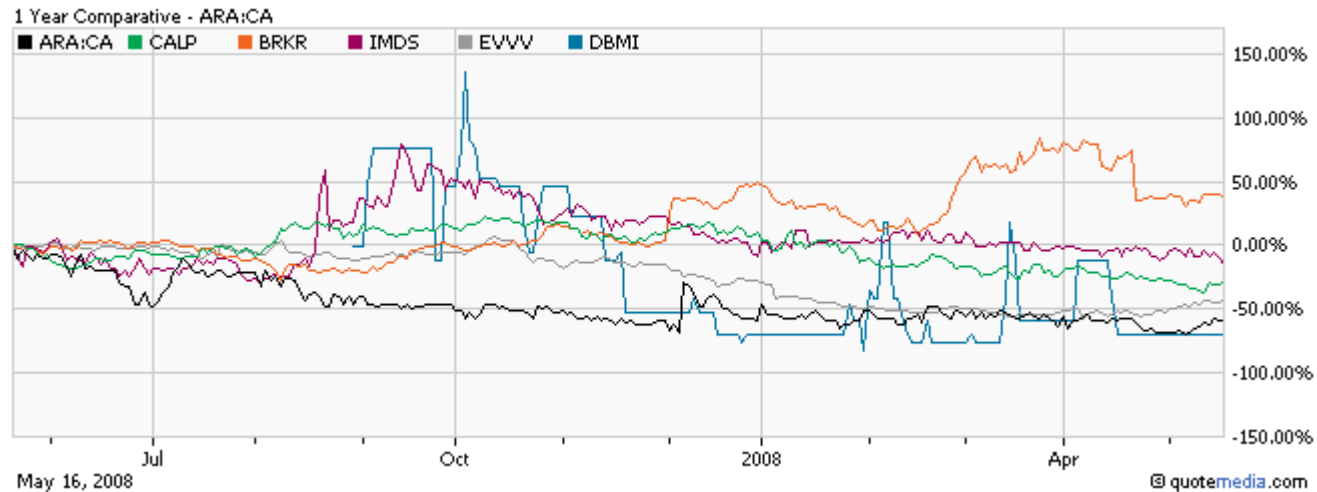
Caliper, Inc.  
(CALP -Green)

Bruker Biosciences Corp  
(BRKR -Orange)

Imaging Diagnostics Systems, Inc.  
(IMDS.OB -Purple)

Foxhollow Technologies Inc.  
(Merged with ev3, Inc.)  
(EVVV-Grey)

DOBI Medical International, Inc.  
(DBMI.OB - Blue)



## Financial Highlights

### Q1/08

Q1/08 sales increased by 215% to \$1,241,921, compared to \$394,214 for the same quarter a year ago. During Q1/08, ARA.TO sold the first unit of SoftScan, one Optix unit, and add-ons that resulted in the conversion of two Optix systems to the MX2 version. This compares to one Optix unit during the same quarter a year ago. The increase in product sales in 2008 when compared to 2007 is also explained by ARA.TO's transition to a direct distribution model. By selling directly to its customers, ARA.TO now generates a higher revenue per system since it does not have to provide discounts to an exclusive distributor. During the quarter ended March 31, 2008, ARA.TO's sales from add-ons and Fenestra products were equivalent to those for the quarter ended March 31, 2007. In the first quarter of 2008, ARA.TO recognized revenue from service contracts in the amount of \$35,709, concluded in the last quarter of 2007. During the three-month period ended March 31, 2008; ART generated a gross margin of 79% from the sales of its products compared to 44% for the same period in the previous year. The increase of the gross margin ratio for the three-month period ended March 31, 2008, compared to the same period of the previous year, is primarily due to the sale of the SoftScan unit, where the gross margin represents almost 100% of the sale, given that this unit has been sold as a prototype and therefore expensed as incurred in previous years. ARA.TO's research and development ("R&D") expenditures for the three-month period ended March 31, 2008, net of investment tax credits amounted to \$854,650, compared to \$1,208,415 for the same period a year ago. The R&D expenditures in the first quarter of 2008 decreased by 29% compared to the same quarter in 2007. The decrease was related to the medical sector given that the SoftScan program reached important approval milestones in the first quarter of 2007, by obtaining the CE marking for Europe. As well, in the preclinical sector, a decrease in R&D expenses was due to the completion of the project leading to the new Optix MX2 system. The costs associated with the achievement of these milestones, therefore, did not have to be incurred again in the first quarter of 2008. Selling, general, and administrative ("SG&A") expenses for the 2008 first quarter totaled \$1,283,254, compared to \$1,084,528 for the same quarter a year ago. The increase in SG&A expenses for the first quarter of 2008 relative to the 2007 first quarter was mainly due to the hiring of the new direct sales force, which was effective in the first quarter of 2008, and the direct marketing expenses incurred to support the commercialization of the Optix, SoftScan and Fenestra products. The net loss for the quarter ended March 31, 2008 was \$1,279,456 or \$0.01 per share, compared to \$1,568,686 or \$0.03 per share for the quarter ended March 31, 2007.

### Q4 and FY/07

ART's R&D expenditures for Q4/07, net of investment tax credits amounted to \$734,287, compared to \$1,517,747 for Q4/06. The R&D expenditures for FY07, net of investment tax credits amounted to \$4,724,842, compared to \$7,837,352 for FY06. The decrease in both the 2007 fourth quarter and year was primarily related to the medical sector given that the SoftScan program reached important approval milestones at the end of year 2006 and early 2007, more specifically following the Health Canada approval in December 2006 and the CE marking received for Europe in February 2007. Therefore the costs associated with the achievement of these milestones did not have to be incurred again in 2007. SG&A expenses for Q4/07 totaled \$1,339,559, compared to \$1,284,333 for Q4/06. SG&A expenses for FY07 totaled \$5,045,825, compared to \$4,263,450 for FY06. The increase of the SG&A expenses in both Q4/07 fourth quarter and FY07 was mainly due to the recruitment of the direct sales force, the commissions, and direct marketing expenses incurred to support the commercialization of the Optix, SoftScan and Fenestra products. Therefore, the operating expenses for Q4/07 decreased by \$538,886 or 18% to \$2,474,163, from \$3,013,049 for Q4/06. For FY07, the operating expenses were \$10,430,973 compared to \$12,886,083 for the year ended December 31, 2006. As a result, the operating loss for Q4/07 decreased by \$1,000,186 or 37%, to \$1,706,286 from \$2,706,472 for Q4/06. As for FY07, the operating loss decreased by \$2,311,820, or 20%, to \$9,272,503 from \$11,584,323 in 2006. During Q4/07, the interest income and the gain on foreign exchange exceeded the financial expenses which resulted as income totaling \$22,693, compared to financial expenses of \$1,002,506 for Q4/06. The financial expenses for FY07 totaled \$162,249 compared to \$2,234,192 for FY06. The financial expenses decreased during FY07 due to the fact that the convertible debentures were repurchased in Q4/06. Consequently, no related interest and amortization of financing fees were accounted for in 2007. For FY06, a non-recurring gain in the amount of \$5,888,981 resulted from the disposal of an investment on 11/27/06. Therefore, no such gain has been recognized in 2007. The current income taxes recovery for Q4/07 totaled \$811,305 compared to a current income tax expense of \$825,233 during Q4/06. The current income tax expense was primarily attributable to the tax impact resulting from the gain on the disposal of an investment in Q4/06t recovered following the utilization of the tax losses in 2007. As a result, the net loss for Q4/07 was \$1,683,593 or \$0.02 per share, compared to a net income of \$1,354,770 or \$0.03 per share for Q4/06. The net loss for FY07 was \$8,623,447 or \$0.13 per share, compared to \$8,754,767 or \$0.18 per share for FY06. As of 12/31/07, ARA.TO had a working capital of \$5.1 million, which includes inventories that could generate \$2 to 3 million in revenues.

**Financial Statement**

ADVANCED RESEARCH TECHNOLOGIES, INC.								
UNAUDITED CONDENSED STATEMENTS OF (CONTINUING) OPERATIONS								
Three Months Ended	FY	FY	2007				FY	
(\$USDollars)	2005	2006	Mar	June	Sept	Dec	2007	Mar
	(12 months)	(12 months)					(12 months)	
<b>Revenues</b>	4,125,550	3,081,776	394,214	41,975	267,741	1,384,014	2,063,227	1,241,921
<b>Costs and expenses:</b>								
Cost of sales: Product	2,379,802	1,642,181	219,484	2,708	91,120	602,034	915,347	24,779
Cost of sales: Maintenance	409,783	137,835	-	-	-	14103	14,103	18105
Research and development	9,154,960	7,837,352	1,208,415	1,689,083	1,093,057	734,287	4,724,842	854,650
Selling, general and administrative	3,918,236	4,263,450	1,084,528	1,533,667	1,088,071	1,339,559	5,045,525	1,283,254
Amortization	285,806	424,163	86,051	88,637	85,301	400,317	660,306	172,440
<b>Total Costs and Expenses</b>	13,359,002	12,886,083*	2,378,994	3,311,387	2,266,429		10,430,973	2,310,344
<b>Operating loss</b>	(12,023,037)	(11,584,323)	(2,204,264)	(3,272,387)	(2,089,808)	(1,706,286)	(9,272,503)	(1,334,321)
<b>Net loss</b>	(13,129,184)	(8,754,767)	(1,568,686)	(3,170,391)	(2,200,777)	(1,683,593)	(8,623,447)	(1,279,456)
Basic and diluted net loss per common share	(\$0.31)	(\$0.18)	(\$0.03)	(\$0.06)	(\$0.04)	\$0.02	(\$0.13)	(\$0.01)
Basic and diluted weighted average number of common shares outstanding	42,664,523	48,775,554	63,290,592	54,016,714	63,290,592	75,129,179	63,967,183	94,540,592

Balance Sheet Metrics	FY	FY	2007				FY	
	2005	2006	Mar	June	Sept	Dec	2007	Mar
Cash & Equivalents	4,859,142	6,546,936	3,755,320	816,090	544,606	561,325	561,325	1,001,331
Total Assets	15,232,209	12,499,034	12,620,612	11,388,730	9,741,168	12,640,710	12,640,710	11,302,805
Shareholders equity	9,368,813	8,305,975	10,733,865	8,274,661	6,580,239	9,074,753	9,074,753	7,538,023

The information contained herein is believed to be reliable, but is not guaranteed by us

Please review our multiple disclosures section. 05/20/08

\* Includes severance package Q3-06 totaling \$361,118

## Quarterly Press Releases

ART Advanced Research Technologies to Present at BioFinance in Toronto  
Tuesday May 6

ART Advanced Research Technologies Inc., announced that on Wednesday, May 7, 2008, Mr. Sebastien Gignac, ART's President and Chief Executive Officer, will present an update on the Company's recent developments at the BioFinance investor conference to be held at the Toronto Marriott Eaton Centre Hotel, located at 525 Bay Street in Toronto, Canada. Mr. Gignac's presentation will take place at 9:30 a.m. (EST) in the Trinity II room.

ART Announces Receipt of Letter of Intent From CRO BioLaurus to Purchase Optix MX2 System  
Monday April 14  
Southern California-based CRO, BioLaurus, chooses Optix MX2 for its broad molecular imaging services offering

ART Advanced Research Technologies Inc. is pleased to announce that it has received a Letter of Intent (LOI) to purchase its Optix® MX2 preclinical optical molecular imaging system, from the Southern California-based CRO firm BioLaurus, Inc. The announcement was made at the annual AACR meeting in San Diego, which ART is attending as an exhibitor.

ART Advanced Research Technologies to Present SoftScan at the Breast Course Symposium in Quebec City  
Monday April 14

ART Advanced Research Technologies Inc., is pleased to announce its participation as a Bronze Sponsor and exhibitor in the 2008 edition of The Breast Course, to be held at the Fairmont Chateau Frontenac in Quebec City, Canada from April 13 to April 16, 2008. ART is an exhibitor at the event and will present its SoftScan® breast imaging device designed to improve the diagnosis and treatment of breast cancer, at its booth located in the Frontenac Room of the Fairmont Chateau Frontenac

ART Advanced Research Technologies to Present Molecular Imaging Products at AACR Meeting in San Diego  
Thursday April 10

ART Advanced Research Technologies Inc., will be exhibiting at the Annual Meeting of the American Association for Cancer Research (AACR), April 13-16, in San Diego, CA. ART will showcase its preclinical product offering, including current research in the oncological and pharmacokinetics fields using the Optix® MX2 optical imaging device, as well as the Fenestra® line of contrast agents for microCT imaging, at its booth (#1007) located in the San Diego Convention Center.

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I, Henry W. McCusker, hereby certify that all the views expressed in this review, accurately reflect my personal views about the subject Company or companies and its or their securities. No part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views contained in this review.

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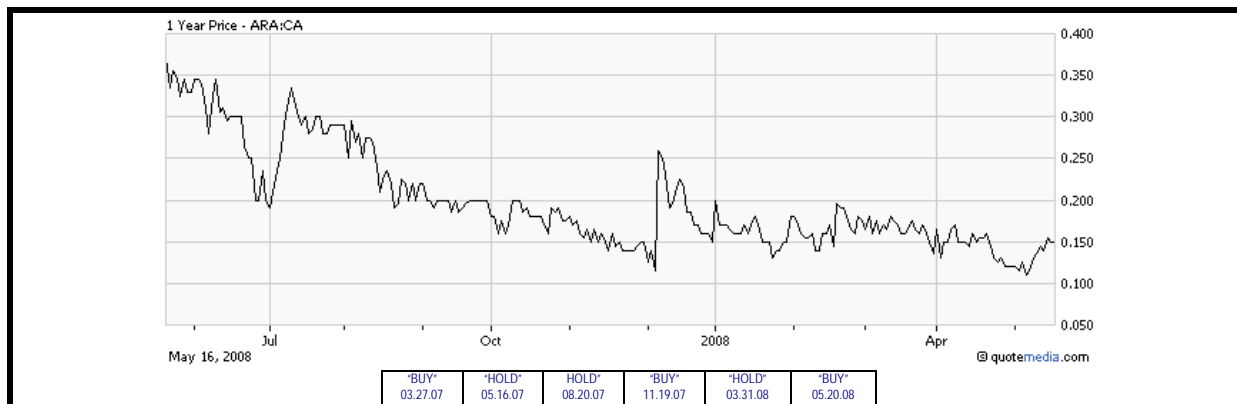
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