

Immunotec Inc.

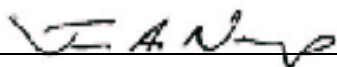
Interim Consolidated Financial Statements
(Unaudited)
April 30, 2008

Immunotec Inc.

Interim Consolidated Balance Sheet (Unaudited)

	As at April 30, 2008 \$	As at October 31, 2007 \$
Assets		
Current assets		
Cash	5,863,208	3,874,558
Accounts receivable	601,836	505,366
Income taxes receivable	-	13,448
Inventories	2,561,157	2,683,249
Prepaid expenses	652,170	495,412
Future income taxes	536,000	536,000
	<u>10,214,371</u>	<u>8,108,033</u>
Property, plant and equipment	6,981,518	7,238,680
Patents, trademarks and licenses	1,716,540	1,726,894
Other assets (note 2)	1,652,851	1,626,976
Future income taxes	1,247,905	1,654,023
	<u>21,813,185</u>	<u>20,354,606</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	3,515,360	3,005,722
Customer deposits	516,198	344,299
Income taxes payable	20,852	125,779
	<u>4,052,410</u>	<u>3,475,800</u>
Long-term liability	178,859	393,600
	<u>4,231,269</u>	<u>3,869,400</u>
Shareholders' Equity		
Share capital (note 3)	3,465,548	3,465,548
Other equity – Stock options (note 4)	1,088,016	736,416
Contributed surplus	11,326,406	11,326,406
Retained earnings	1,701,946	956,836
	<u>17,581,916</u>	<u>16,485,206</u>
	<u>21,813,185</u>	<u>20,354,606</u>

Approved by the Board of Directors



Director



Director

Immunotec Inc.

Interim Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

	Number of common shares	Share capital \$	Other equity – Stock options \$	Contributed surplus \$	Retained earnings \$	Total \$
Balance - October 31, 2006	56,885,498	1,700	-	1,706	72,051	75,457
Net earnings	-	-	-	-	930,828	930,828
Reverse takeover	3,102,443	3,500,000	-	-	-	3,500,000
Termination of the holder's right to force the redemption of Class 'A' shares	10,038,617	300	-	11,324,700	-	11,325,000
Shares held by the Company for sale	(32,258)	(36,452)	-	-	-	(36,452)
Stock-based compensation (note 4)	-	-	307,672	-	-	307,672
Balance – April 30, 2007	69,994,300	3,465,548	307,672	11,326,406	1,002,879	16,102,505
Balance - October 31, 2007	69,994,300	3,465,548	736,416	11,326,406	956,836	16,485,206
Net earnings	-	-	-	-	745,110	745,110
Stock-based compensation (note 4)	-	-	351,600	-	-	351,600
Balance – April 30, 2008	69,994,300	3,465,548	1,088,016	11,326,406	1,701,946	17,581,916

Immunotec Inc.

Interim Consolidated Statement of Earnings and Comprehensive Income (Unaudited)

	For the three-month period ended April 30,		For the six-month period ended April 30,	
	2008 \$	2007 \$	2008 \$	2007 \$
Net sales	9,180,346	8,835,156	17,824,761	17,490,299
Cost of sales	1,727,304	1,663,872	3,366,911	3,061,113
	7,453,042	7,171,284	14,457,850	14,429,186
Operating expenses				
Sales incentives	3,731,886	3,628,354	7,274,096	7,270,450
Selling, general and administrative (note 7)	3,028,620	2,895,287	5,926,128	5,761,434
	6,760,506	6,523,641	13,200,224	13,031,884
Earnings before income taxes	692,536	647,643	1,257,626	1,397,302
Income tax provision				
Current	38,731	78,040	106,398	296,993
Future	219,756	144,538	406,118	169,481
	258,487	222,578	512,516	466,474
Net earnings and comprehensive income	434,049	425,065	745,110	930,828
Net earnings per share (note 8)				
Basic	0.006	0.006	0.011	0.014
Diluted	0.006	0.006	0.011	0.013
Weighted average number of common shares outstanding during the period (note 8)				
Basic	69,994,300	69,994,300	69,994,300	66,373,084
Diluted	69,994,300	69,994,300	69,994,300	69,146,183

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Immunotec Inc.

Interim Consolidated Statement of Cash Flows (Unaudited)

	For the three-month period ended April 30,		For the six-month period ended April 30,	
	2008	2007	2008	2007
	\$	\$	\$	\$
Cash flows from				
Operating activities				
Net earnings	434,049	425,065	745,110	930,828
Items not affecting cash				
Amortization of property, plant and equipment	207,045	194,444	398,117	355,877
Amortization of patents, trademarks and licence	50,655	57,782	100,771	107,978
Future income taxes	219,756	144,538	406,118	169,481
Stock-based compensation	139,826	209,634	351,600	307,672
	1,051,331	1,031,463	2,001,716	1,871,836
Changes in non-cash working capital balances related to operations	33,810	(644,999)	244,181	(642,321)
	1,085,141	386,464	2,245,897	1,229,515
Investing activities				
Amounts received from shareholders	-	-	-	372,036
Decrease in investments	-	4,424	-	8,807
Additions to property, plant and equipment	(40,344)	(117,168)	(140,955)	(239,910)
Additions to patents, trademarks and license	(33,765)	(16,086)	(90,417)	(58,252)
Research and development tax credits	(6,885)	-	(25,875)	-
Costs related to the reverse take over transaction	-	-	-	(216,028)
	(80,994)	(128,830)	(257,247)	(133,347)
Financing activities				
Reimbursement of secured convertible debenture	-	(400,000)	-	(400,000)
Dividends paid	-	-	-	(441,300)
	-	(400,000)	-	(841,300)
Net increase (decrease) in cash during the period	1,004,147	(142,366)	1,988,650	254,868
Cash – Beginning of period	4,859,061	1,879,069	3,874,558	1,481,835
Cash – End of period	5,863,208	1,736,703	5,863,208	1,736,703
Supplemental information				
Income taxes paid during the period	85,953	52,200	208,156	208,525

Immunotec Inc.

Notes to Interim Consolidated Financial Statements

(Unaudited)

April 30, 2008

1 Interim financial information

The unaudited interim consolidated financial statements of Immunotec Inc (the “Company”), expressed in Canadian dollars, have been prepared by management. These interim consolidated statements have not been reviewed by the auditors of the Company. These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) for interim financial statements. The significant accounting policies used in the preparation of these interim consolidated financial statements, except for “changes to accounting policies” stated below, are the same as those in the Company’s annual consolidated audited financial statements as at October 31, 2007. However, these interim consolidated financial statements do not reflect all of the information and disclosures required by GAAP for complete financial statements. Accordingly, these interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements as at October 31, 2007 which are available on www.sedar.com.

Changes to accounting policies

Financial instruments and capital disclosures

In December 2006, the CICA issued three new sections which provide a complete set of disclosure and presentation requirements for financial instruments: Section 3862, “Financial Instruments – Disclosures”, Section 3863, “Financial Instruments – Presentation”, and Section 1535, “Capital Disclosures”.

Section 3862 is the Canadian equivalent to International Financial Reporting Standards (IFRS) 7, “Financial Instruments – Disclosures”, and replaces the disclosure portion of Section 3861, “Financial Instruments – Disclosure and Presentation”. The new standard places increased emphasis on disclosures about risks associated with both recognized and unrecognized financial instruments and how these risks are managed. It is also intended to remove any duplicate disclosures and simplify the disclosures about concentrations of risk, credit risk, liquidity risk and price risk currently found in Section 3861.

Section 3863 carries forward the presentation requirements from Section 3861, unchanged.

Section 1535 converges with the capital disclosure amendments to International Accounting Standards (IAS) 1, “Presentation of Financial Statements”. Section 1535 applies to all entities regardless of whether they have financial instruments and are subject to external capital requirements. The new section requires disclosure of information about an entity’s objectives, policies and processes for managing capital, as well as quantitative data about capital and whether the entity has complied with any capital requirements.

These recommendations had no significant effect on the Company’s consolidated financial statements.

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New accounting policy not yet implemented

In February 2008, the CICA issued Section 3064, "Goodwill and Intangible Assets" effective for interim and annual financial statements on or after October 1, 2008. Section 3064, which replaces Section 3062, "Goodwill and Other Tangible Assets", and Section 3450, "Research and Development Costs", establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The provisions relating to the definition and initial recognition of intangible assets, including internally generated intangible assets, are equivalent to the corresponding provisions of IFRS IAS 38, "Intangible Assets". The Company will adopt this new standard on November 1, 2008 and is assessing the effects this new standard will have on its consolidated financial statements.

In February 2008, the Canadian Accounting Standards Board (AcSB) officially announced that Canadian GAAP would require all public companies to be transitioned to International Financial Reporting Standards (IFRS) for fiscal year starting on or after January 1, 2011. Even though the IFRS and Canadian GAAP use a similar framework, many accounting policies have some significant differences that must be reviewed by management in order to assess the impact of the new standards on the consolidated financial statements. The Company is assessing the effects that this new transition will have on its consolidated financial statements.

2 Other Assets

	2008	2007
	\$	\$
Investment	736,000	736,000
Goodwill	499,541	499,541
Research and development tax credits receivable	417,310	391,435
	<u>1,652,851</u>	<u>1,626,976</u>

3 Share capital

Authorized – in unlimited number

Common shares, voting, participating, with no par value and with dividend rights at the discretion of the Board of Directors

First preferred shares

Second preferred shares

The first and second preferred shares may be issued in one or more series. The Board of Directors is authorized to fix the number of shares in each series and determine the designation, rights, privileges, restrictions and conditions attached thereto.

Immunotec Inc.

Notes to Interim Consolidated Financial Statements

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4 Other equity – Stock options

	<u>For the six-month period ended April 30</u>	
	Number of options	Weighted average exercise price \$
Issued and outstanding –Beginning of period	1,622,500	1.13
Granted	737,500	0.67
Forfeited	(27,500)	1.09
Issued and outstanding –End of period	<u>2,332,500</u>	<u>0.98</u>

Issue date	<u>Options issued and in circulation</u>			<u>Options exercisable</u>		
	Number	Exercise price \$	Weighted average remaining life (years)	Number	Exercise price \$	Weighted average remaining life (years)
December 2006	1,602,500	1.13	3.64	534,167	1.13	3.64
November 2007	700,000	0.66	4.52	-	-	-
February 2008	30,000	0.80	4.79	-	-	-
	<u>2,332,500</u>			<u>534,167</u>		

During the six-month period ended April 30, 2008, the Company granted 737,500 stock options to its employees at prices ranging from \$0.66 to \$1.00. Included in these grants, 700,000 options were granted to its new president and chief executive officer under an employment contract with the Company effective November 2007.

Each unit entitles the holder to acquire one common share of the Corporation at the exercise price specified when granted. Options vest at a rate of one third per year commencing one year following the date of grant. The options expire five years after the grant date.

The estimated fair value of each option granted has been determined using the Black-Scholes option pricing model and the following weighted-average assumptions:

Risk-free interest rate	4.20%
Volatility rate	100%
Expected dividend yield	nil
Expected life	5 years

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The weighted-average fair value of the 737,500 options has been estimated at \$0.5107. In accordance with Section 3870 of the CICA Handbook, the Company has recorded the expense for these options using the straight-line method, from the date it was granted to the date they will become vested or forfeited.

For the six-month period ended April 30, 2008, the Company has recorded the stock-base compensation expense of \$351,600 and \$139,826 for the quarter to the « selling, general and administrative expenses » and credited to « other equity – stock options ».

5 Capital management

In the context of managing its capital, the objective of the Company is to maintain a capital structure that allows multiple options to finance its development and growth along with providing the shareholders with an acceptable return. The company defines the capital structure as cash and shareholders' equity.

The Company's strategy consists of maintaining a flexible capital structure in order to respond to the economic conditions and adjusting accordingly. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances, share repurchases, grant of stock options, the payment of dividends, the issuance of debt or by undertaking other activities as deemed appropriate under the specific circumstances. The Company periodically monitors its capital structure.

The Company is not subject to externally imposed capital requirements. The Company's strategy with respect to capital management remains unchanged during the period ended April 30, 2008.

6 Business and geographic segment

The Company's operations involve only one reportable business segment; plant and equipment, intangible assets and goodwill are maintained in Canada.

Sales by final destination are as follows:

	For the three-month period ended April 30,		For the six-month period ended April 30,	
	2008	2007	2008	2007
	\$	\$	\$	\$
Canada	4,558,458	4,341,376	9,125,945	8,650,229
United States	3,693,990	3,720,407	6,990,084	7,528,217
Other countries	927,898	773,373	1,708,732	1,311,853
	<u>9,180,346</u>	<u>8,835,156</u>	<u>17,824,761</u>	<u>17,490,299</u>

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Notes to Interim Consolidated Financial Statements

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7 Statement of earnings

The following items are included in selling, general and administrative expenses:

	For the three-month period ended April 30,		For the six-month period ended April 30,	
	2008	2007	2008	2007
	\$	\$	\$	\$
Research and development*	133,414	146,806	285,497	322,824
Amortization of property, plant and equipment	207,045	194,444	398,117	355,877
Amortization of patents, trademarks and license	50,655	57,782	100,771	107,978
Interest income	(25,709)	(13,622)	(58,112)	(27,570)
Foreign exchange (gain) loss	(45,683)	(5,424)	(211,785)	66,025
* Research and development expenses comprise:				
Salaries	113,400	150,896	268,780	264,152
Expenses	41,395	30,284	63,224	127,612
	154,795	181,180	332,004	391,764
Less: Research and development tax credits	21,381	34,374	46,507	68,940
	133,414	146,806	285,497	322,824

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April 30, 2008

8 Net earnings per share

	For the three-month period ended		For the six-month period ended	
	April 30,		April 30,	
	2008	2007	2008	2007
	\$	\$	\$	\$
Net earnings for the period	434,049	425,065	745,110	930,828
Weighted average number of outstanding basic common shares	69,994,300	69,994,300	69,994,300	66,373,084
Dilutive effect of redeemable Class A shares	-	-	-	2,773,099
Weighted average number of outstanding diluted common shares	69,994,300	69,994,300	69,994,300	69,146,183
Basic earnings per share	0.006	0.006	0.011	0.014
Diluted earnings per share	0.006	0.006	0.011	0.013

For the three and six-month periods ended April 30, 2008, the 2,332,500 stock options with an average exercise price of \$0.98 are excluded from the diluted earnings per share calculation since they are anti-dilutive because the total of the exercise price and the future compensation exceed the average stock price of the Company for the periods.

9 Financial instruments

Classification of the financial instruments

Cash is classified as “financial assets held for trading”. Accordingly, cash is carried at fair value, with any gains or losses arising from the revaluation at each period-end being included in consolidated earnings.

Accounts receivable are classified as “loans and receivables”. Subsequent to their initial measurement at fair value, accounts receivable are measured at amortized cost using the effective interest rate method. Given the composition of the Company’s accounts receivable, the amortized cost generally approximates to cost due to their short terms to maturity.

Investments in common shares of a private company are classified as “available for sale”. Such shares were initially recorded at their fair value and subsequent thereto are carried at cost. Available-for-sale financial assets are, however, subject to assessment for impairment whereby unrealized losses are recorded in the consolidated statement of earnings.

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Accounts payable and accrued liabilities, customer deposits and long-term liability are classified as “other financial liabilities”. These financial liabilities are initially recognized at fair value due to their relatively short terms to maturity.

Fair value

The Company has determined the fair value of its financial instruments based on estimates and assumptions. The actual results may differ from the estimated fair value, and the use of other assumptions or valuation methods may have a material effect on such estimates.

The fair value of current financial assets and liabilities, which include cash, accounts receivable, accounts payable and accrued liabilities and customer deposits, is comparable to their respective carrying values due to their relatively short terms to maturity.

The fair value of the investment in a private company was not reliably estimable as at April 30, 2008 since the investment relates to a private bio-based technology company in the development stage. The investee is committed to buy back, in May 2010, the shares owned by the Company at the higher of the fair value of the shares or US\$786,350.

The fair value of the long-term liability was determined by calculating the present value of expected future cash flows using a discount rate consistent with market rates the Company could obtain on a debt with similar terms. There is no significant difference between the fair value and the carrying value of the liability.

Credit risk

Financial instruments which potentially subject the Company to credit risk include cash and accounts receivable, with respect to which, management believes there was no significant concentration of credit risk as at April 30, 2008. The Company deals only with highly rated financial institutions and continually monitors its clients' credit and establishes its provision for doubtful accounts based on the credit risk applicable to each client.

Interest rate risk

Cash balances bear interest at floating rates while accounts receivable, accounts payable and accrued liabilities, customer deposits and long-term liability are non-interest bearing.

Currency risk

The Company is exposed to currency risks as transactions with customers outside Canada are predominantly denominated in U.S. dollars. These risks are partially offset by purchases and operating expenses incurred in U.S. dollars. As at April 30, 2008, the Company had \$1,844,478 of cash, \$454,795 of accounts receivable and \$1,006,431 of accounts payable and accrued liabilities denominated in U.S. dollars.

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As at April 30, 2008, a variation of 10% in the exchange rate compared to the actual period-end exchange rate would have resulted in the following impacts on each category of financial instruments held in US dollars at the balance sheet date and net earnings:

	Depreciation	Appreciation
	\$	\$
Cash	186,292	(186,292)
Accounts receivable	45,934	(45,934)
Accounts payable and accrued liabilities	(101,649)	101,649
	<hr/> 130,577	<hr/> (130,577)
Income Tax	(41,680)	41,680
	<hr/> (41,680)	<hr/> 41,680
Increase (decrease) on net earnings	<hr/> 88,897	<hr/> (88,897)

10 Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.