

Management's Discussion and Analysis of Operating Results and Financial Situation

The following analysis must be read in conjunction with the unaudited interim financial statements of Immunotec Inc. (the "Company") dated January 31, 2008, the annual audited consolidated financial statements dated October 31, 2007, the respective notes to the financial statements and the MD&A.

This management's discussion and analysis ("MD&A") has been prepared in accordance with the guidelines of National instrument 51-102. The Company's financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The unaudited interim consolidated financial statements and related management's report have been reviewed by the Audit Committee and approved by the Board of Directors. All amounts are expressed in Canadian dollars unless otherwise indicated.

OVERVIEW

The Company is incorporated under the *Canada Business Corporations Act* and is engaged primarily in the development and marketing of natural health products, dietary supplements, food, vitamins and personal care products, some of which are manufactured on its behalf by third parties. The products are distributed and sold in Canada and the United States through a network marketing system and in other countries under exclusive distributorship agreements.

The Company operates out of a 37,000 square foot facility located in Vaudreuil-Dorion, Quebec, Canada, as well as a manufacturing facility in Blainville, Quebec, Canada and a distribution centre located in Swanton, Vermont, USA.

Upon commencing its operations, the Company made a strategic decision to market its products through a direct-selling/network marketing system, being a system in which distributors sell products directly to customers and sponsor other individuals as distributors. Distributors derive compensation both from the direct sales of products and from sales volume generated by sponsored distributors. Network marketing involves person-to-person communication and training with respect to the products and the system. The Company believes this feature makes network marketing a more effective means of marketing its products than in-store retail sales.

As at January 31, 2008, the Company's product line was comprised of 14 different products which are distributed and sold by independent distributors through a network marketing system of over 13,700 active distributors in Canada and the United States. We consider an active distributor, a distributor who has purchased our products within the last twelve months. Our products are also sold internationally under exclusive distribution agreements.

FORWARD LOOKING STATEMENTS

Some statements included in this management report contain forward-looking information about the Company's future financial positions, operating results and sales. They may be based on market expectations, management opinions and assumptions. Such information involves significant risks and uncertainties that are difficult to predict and rely on assumptions that may prove inaccurate. Actual results and events may differ materially from those forecasted in the forward-looking statements in this analysis.

The Company, unless required under securities regulations, declines any intention or obligation to update or revise the forward-looking statements as a result of new information, future events or other developments. More specifically, the forward-looking statements do not reflect the impact of mergers, acquisitions, business combinations or disposals of businesses that could be announced or completed after their formulation.

HIGHLIGHTS

On November 5, 2007, Mr. James A. Northrop was appointed President and Chief Executive Officer replacing Mr. Charles Roberts who retired. Mr. Roberts continues as an active member of the Board and as co-founder of the Company. Mr. Northrop has impressive experience in the direct selling industry and is a seasoned chief executive with a record of success in rapid growth situations.

On November 13, 2007, the Company achieved a significant milestone by receiving regulatory approval from Health Canada to market HMS 90 / IMMUNOCAL with the following health claim: "a natural source of the glutathione precursor cysteine for the maintenance of a strong immune system."

On January 17, 2008, the Company announced the successful completion of a multi-center randomized, double-blind clinical trial on cancer-related weight loss (cachexia) in lung cancer patients which was performed in collaboration with various Canadian clinical centers. A second trial has been initiated to confirm the results.

In the last 2 quarters, the Company's total net sales showed increases of 3.0% and 7.5%, respectively, (excluding the foreign exchange impact), compared to the corresponding periods in 2007. This positive trend represents a reversal of sales declines the Company had expressed in the prior six quarters and supports the beneficial impact of the sales and marketing initiatives implemented in 2007.

DESCRIPTION OF THE BUSINESS

Principal Products and Services

Most of the Company's products are considered to be natural health products in Canada and dietary supplements in the United States. The Company develops and markets the following products:

HMS 90® / Immunocal®

The Company's flagship product is called HMS 90 (Humanized Milk Serum, 90% Protein) in Canada and Immunocal in the United States and in other countries. HMS 90/Immunocal represented over 53% of the Company's sales for the quarter ended January 31, 2008.

Immunocal Platinum®

Launched in May 2006, Immunocal Platinum represented approximately 26% of the Company's sales for the quarter ended January 31, 2008. Immunocal Platinum is an enhanced form of HMS 90/Immunocal, targeted at the 50+ market.

Other Products

Other products sold include Cherry Concentrate, Pycena® shake and Thermal Action tablets, Xtra Sharp® energy tonics, Magistral® for Men Only, PNT-200®, Naturally Sourced Calcium, Vitamin/Mineral Supplement, Omega-3, Skin Perfecting Cream and Immunotec Toothpaste.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables summarize selected financial information from the Statement of Earnings and the Balance Sheets regarding the operations of the Company, which are taken from the unaudited and audited financial statements of the Company. The Company's financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

	Q1 January 31, 2008 (\$) unaudited	Q1 January 31, 2007 (\$) unaudited
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Net Sales	8,644,415	8,655,143
Cost of Sales	1,639,607	1,397,241
Sales Incentives	3,542,210	3,642,096
 Selling, General and Administrative	 2,897,508	 2,866,147
 Earnings before income taxes	 565,090	 749,659
Net Earnings	311,061	505,763
 Net Earnings per share:		
Basic	0.004	0.008
Diluted	0.004	0.007
 Weighted average number of common shares outstanding:		
Basic	69,994,300	62,869,951
Diluted	69,994,300	68,325,721
	 As at January 31, 2008 (\$) unaudited	 As at October 31, 2007 (\$) audited
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<u>ASSETS:</u>		
Cash	4,859,061	3,874,558
Accounts receivable	594,131	505,366
Other current Assets	3,676,669	3,728,109
Total current Assets	<u>9,129,861</u>	<u>8,108,033</u>
 Other Assets	 11,995,276	 12,246,573
TOTAL ASSETS	<u>21,125,137</u>	<u>20,354,606</u>
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<u>LIABILITIES:</u>		
Current Liabilities	3,833,414	3,475,800
Long Term Liabilities	283,682	393,600
TOTAL LIABILITIES	<u>4,117,096</u>	<u>3,869,400</u>
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<u>SHAREHOLDERS' EQUITY:</u>		
Share Capital	3,465,548	3,465,548
Other Equity-Stock Options	948,190	736,416
Contributed surplus	11,326,406	11,326,406
Retained Earnings	1,267,897	956,836
TOTAL SHAREHOLDERS' EQUITY	<u>17,008,041</u>	<u>16,485,206</u>
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Summary of the last eight quarters of operations

The following table summarizes selected financial information regarding the operations of the Company for the last eight quarters, which are taken from the unaudited interim financial statements of the Company and Immunotec Research Ltd. The Company's financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

	Q1 January 31, 2008 (\$)	Q4 October 31, 2007 (\$)	Q3 July 31, 2007 (\$)	Q2 April 30, 2007 (\$)	Q1 January 31, 2007 (\$)	Q4 October 31, 2006 (\$)	Q3 July 31, 2006 (\$)	Q2 April 30, 2006 (\$)
Net Sales	8,644,415	8,511,677	8,526,260	8,835,156	8,655,143	8,580,622	8,542,608	10,157,573
Cost of Sales	1,639,607	1,643,243	1,526,082	1,600,740	1,397,241	1,484,128	1,459,784	1,787,894
Sales Incentives	3,542,210	3,548,533	3,538,010	3,628,354	3,642,096	3,500,505	3,458,246	4,193,049
Selling, General and Administrative	2,897,508	3,972,907	2,760,170	2,958,419	2,866,147	2,683,841	2,308,921	2,609,701
Earnings before income taxes	565,090	(653,006)	701,998	647,643	749,659	912,148	1,315,657	1,566,927
Net Earnings	311,061	(612,794)	566,751	425,065	505,763	639,776	882,603	1,032,720
Net Earnings per share:								
Basic	0.004	(0.009)	0.008	0.006	0.008	0.010	0.013	0.015
Diluted	0.004	(0.009)	0.008	0.006	0.007	0.010	0.013	0.015
Weighted average number of common shares outstanding:								
Basic	69,994,300	69,994,300	69,994,300	69,994,300	62,869,951	64,850,922	66,924,115	66,924,115
Diluted	69,994,300	69,994,300	69,994,300	69,994,300	68,325,721	66,924,115	66,924,115	66,924,115
Cash Dividends Declared	-	-	-	-	-	441,300	-	1,592,470

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY

The following analysis of the financial situation and the results of operations of the Company should be read in conjunction with the information presented in its interim unaudited consolidated financial statements, their related notes and the MD&A for the three-month periods ended January 31, 2008 and 2007.

Net sales

During the first quarter ending January 31, 2008, the Company realized net sales of \$8,644,415 compared to \$8,655,143 in 2007, a decrease of \$10,728 or 0.1%. This variation included an unfavourable foreign exchange effect of approximately \$661,000 due to the stronger Canadian dollar relative to the comparable period in 2007.

By individual markets and in their respective local currencies, compared to prior year, net sales in the Canadian market posted an increase of 6%, a slight increase resulted in the US market and a 69% increase in other countries, albeit on a small base.

Cost of sales

For the first quarter ending January 31, 2008, cost of sales as a percentage of net sales was 18.9% compared to 16.1% for the corresponding period of 2007. The increase in the cost of sales percentage to net sales resulted from the sales mix of products and the greater proportion of sales to other countries.

Operating expenses

Sales incentives

Sales incentives are the largest operating expenses of the Company and depend directly on the sales volume of each independent distributor. Sales incentives include both commissions related to commissionable net sales and various incentives which can be earned by independent distributors.

Sales incentives were 41.0% of net sales for the three-month period ended January 31, 2008 compared to 42.1% of net sales for the corresponding period of 2007. For the current quarter, the decrease in sales incentives resulted from the increase sales in other countries in relation to network marketing sales in Canada and the United States. Sales incentives in other countries are assumed by the licensees in each country.

Selling, general and administrative

Selling, general and administrative expenses consist of marketing and selling related expenses; research and development, including costs of clinical studies; administrative expenses, professional fees, patents and trademarks, consulting fees and other office expenses; financial expenses, including credit card processing fees and the amortization of property, equipment, patents and trademarks. These expenses also include compensation, benefits for employees and other related employment expenses for all operating departments.

For the three-month period ended January 31, 2008, selling, general and administrative expenses were \$2,897,508 compared to \$2,866,147 for the corresponding period of 2007, representing an increase of \$31,361 or 1.1%. The increase is largely attributable to the increase in of the stock option compensation expense related to options issued to the new CEO which was offset by a gain arising from the foreign exchange variations when re-evaluating balance sheet items creating an unrealized foreign exchange gain.

Income taxes

For the three-month period ended January 31, 2008 the Company recorded an income tax expense of \$254,029 which represents 45.0% of the earnings before income taxes compared to \$243,896 (32.5%) for the comparable period in 2007. This increase in rate is mainly attributable to the increase in stock option compensation expense which is not a deductible expense for income tax purposes.

Net earnings

Net earnings were \$311,061 (\$0.004 per share) for the first quarter ending January 31, 2008 compared to \$505,763 (\$0.008 per share) for the comparable period in 2007. The decrease of the net earnings is mainly attributable to lower product gross margins due to the product/market mix and the increase in stock option compensation expense which was offset by a gain in foreign exchange variation.

Financial situation and liquidity

Cash flow from operating activities

The Company realized a cash increase from its operating activities of \$1,160,756 for the three-month period ended January 31, 2008 compared to \$843,051 for the comparable period in 2007. The lower net earnings negatively impacted the cash flow generated by operations but the increase in future income tax asset and stock-based compensation expense, which are both non-cash-items, have more than offset the impact of the decrease of net earnings. In addition, the improved inventory management has favourably impacted the cash flow generated from operating activities compared to the corresponding period of 2007.

Cash flow from investing activities

The increase in investing activities for the three-month period ended January 31, 2008 resulted in a net decrease of cash flow of \$176,253 compared to a net decrease of cash flow of \$31,193 for the corresponding period of 2007. The lower decrease in net cash flow in 2007 resulted mainly from the receipt of \$372,036 due by shareholders offset by the payment of \$242,704 of professional fees incurred for the reverse take-over which were recorded in deferred costs.

Cash flow from financing activities

For the three-month period ended January 31, 2008 the Company had no utilization of cash related to financing activities as compared to a utilization of cash of \$414,624 for the corresponding periods of 2007. The decrease in the utilization of cash is mainly attributable to the fact that no dividends were paid during the current period compared to \$411,300 of dividends paid during the comparable period of 2007.

Cash situation

As at January 31, 2008, the Company had a cash position of \$4,859,061 compared to \$1,879,069 as at January 31, 2007. The Company believes that cash requirements in the ordinary course of business for next year can be met with its available cash, cash generated from its operating activities and the reduction of income tax payments caused by the realization of prior years income tax losses. If required, the Company has access to operating credit facilities of \$2,000,000 at its bank's prime rate plus 1/2 %. The credit facilities were not drawn upon to date.

Working capital

As at January 31, 2008, the Company shows a working capital of \$5,296,447 for a ratio of 2.38 compared to a working capital of \$2,640,049 with a ratio of 1.44 as at January 31, 2007. This improvement is mainly attributable to the fact that the Company reinvests the majority of the funds generated by the operations.

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 cash and shareholders' equity define the capital structure of the Company.

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 issue, share repurchase, grant of stock options, the payment of dividends, the issue 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 January 31, 2008.

DEVELOPMENT IN ACCOUNTING STANDARDS

Accounting Standards adopted during the quarter

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.

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 consolidating financial statements.

FINANCIAL INSTRUMENTS

Classification of the financial instruments

Cash is classified as “financial assets held for trading”. It’s presented at their fair value, and the gains/losses arising on the revaluation at each period-end are included in consolidated earnings.

Accounts and loans receivable are classified as “loans and receivables”. After their initial measurement at fair value, they are measured at amortized cost using the effective interest rate method. For the Company, the amortized cost generally corresponds to cost due to short-term maturity.

Investments in common shares of a private company are classified as “available for sale”. They are initially presented at their fair value. Subsequent measurements are at cost. Available-for-sale financial assets are however, subject to assessments for impairment whereby unrealized losses are recorded in the consolidated statement of earnings.

Accounts payable, accrued liabilities and long-term liability are classified as “other financial liabilities”. They are initially presented at their fair value. Subsequent measurements are at cost, net of amortization, using the effective interest rate method. For the Company, that value corresponds to cost either as a result of their relatively short-term 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 the estimates.

The fair value of current assets and liabilities is comparable to their carrying value due to the relatively short period to maturity.

The fair value of the investment in a private company was not able to be reliably estimated as at October 31, 2007 for the reasons that this private bio-based technology company is in a development stage and its latest audited financial statements available are as at December 31, 2006. The company is committed to buy back, in May 2010, the shares owned by Immunotec at the higher of the fair value of the shares or US\$786,350. This investment is accounted for at cost, and as per management no impairment should be recorded as at January 31, 2008.

The fair value of the long-term liability was determined by calculating the present value of expected future cash flows. The fair value is comparable to its carrying value due to the relatively short period to maturity and to payment term.

Credit risk

Management believes that there was no significant credit risk as at January 31, 2008 for its cash and accounts receivable. 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 a floating interest rate, and 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 January 31, 2008, the balances denominated in U.S. dollars are \$2,757,386 (2007 – \$523,381) for cash, \$491,993 (2007 – \$429,187) for accounts receivable and \$1,020,629 (2007 – \$2,177,174) for accounts payable and accrued liabilities.

LEGAL PROCEEDINGS OF THE COMPANY

In the normal course of business, the Company is presently involved in legal proceedings with a consulting firm. We believe this current claim is ill-founded in fact and in law and the resolution thereof will not have a material effect on our financial situation.

FUTURE DEVELOPMENTS

Immunotec benefits from a solid balance sheet, skilled and motivated employees, well established suppliers, repeat customers and a dedicated network of distributors. Since last year the management implemented new measures and sales and marketing initiatives and it believes that these measures will help increase sales in during the present year and the following years.

Management is of the opinion that its investment in current research in such areas as cancer cachexia, prostate health, aging and aging related conditions will enable Immunotec to produce and bring to market more value added products which will continue to differentiate its products from competing products.

Immunotec, following recommendations from its Product Development Committee, is constantly developing new products that are appropriate for its health and wellness markets.

DESCRIPTION OF SECURITIES

Capital Stock

The following description of the Common and Preferred shares of the Company is a brief summary of their material attributes and characteristics.

a) 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 and 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.

b) Issued

As at March 25, 2008 there are 70,026,558 common shares including 32,258 common shares held by the company for sale.

Escrow Shares

In accordance with the policies of the TSX Venture Exchange, a portion of the payment shares received by the shareholders of Immunotec Research Ltd. (insiders), aggregating 55,766,459 Common Shares (after giving effect to the Share Consolidation), were placed in escrow as Reverse Takeover (RTO) Value Escrow Shares pursuant to the RTO Escrow Agreement.

As at March 25, 2008, 13,941,615 represent the balance of the RTO Value Escrow Shares. These shares will be released in July 2008.

Stock option plan

As at January 31, 2008, the Company had 2,315,000 options outstanding. Each option entitles the holder to acquire one common share of the Company at the following exercise price; 1,607,500 options at \$1.13; 700,000 options at \$0.66 and 7,500 at \$1.00.

On November 5, 2007, the Company granted 700,000 options to its new President and Chief Executive Officer under a management contract with the Company effective as at this date. Each unit entitles the holder to acquire one common share of the Company at a price of \$0.66 per share. The options will be exercisable at a rate of 1/3 per year, starting November 5, 2008 and will expire November 5, 2012.

ONGOING INFORMATION AND CONTROLS RELATED TO THE COMMUNICATION OF INFORMATION

Disclosure controls and procedures

Disclosure controls and procedures have been established by the Company to ensure that financial information disclosed by the Company in this MD&A, the related consolidated financial statements and its interim filings are properly recorded, processed, summarized and reported to its Audit Committee and the Board of Directors.

Internal controls over financial reporting

During Q1 2008, the Company evaluated the design of internal control over financial reporting in accordance with the guidelines of NI 52-109. This evaluation allowed the Chief Executive Officer and Chief Financial Officer to conclude that internal controls over financial reporting were designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian generally accepted accounting principles.

In addition to this work, during the three-month period ended January 31, 2008, no change to internal controls over financial reporting has occurred that has materially affected, or is reasonably likely to have materially affected, such controls.

Additional Information

The Company files its consolidated financial statements, its management and discussion analysis report, its press releases and such other required documents on the SEDAR database at www.sedar.com. The common shares of the Company are listed on the TSX Venture Exchange under the ticker symbol IMM.

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