

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 April 30, 2008, the annual audited consolidated financial statements dated October 31, 2007, the respective notes to the financial statements and the management's discussion and analysis ("MD&A").

This 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 April 30, 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 14,000 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.

HIGHLIGHTS

The Company, for the second quarter ended April 30, 2008, realized net sales of \$9,180,346 compared to \$8,835,156 in 2007, an increase of \$345,190 or 3.9%.

For the second quarter, net sales by final destination were as follows; 49.7% in Canada and 40.2% in the United States, with the remainder 10.1%, through export to other International Markets. By individual markets and in their respective local currencies, compared to prior year, net sales in the Canadian market posted an increase of 5%, the U.S. market posted an increase of 15.3% and International Markets realized a 20% increase.

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.

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 April 30, 2008.

Immunocal Platinum®

Launched in May 2006, Immunocal Platinum represented approximately 27% of the Company's sales for the quarter ended April 30, 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").

	For the three-month period ended April 30,		For the six-month period ended April 30,	
	2008	2007	2008	2007
	(\$) unaudited	(\$) unaudited	(\$) unaudited	(\$) unaudited
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
Sales incentives	3,731,886	3,628,354	7,274,096	7,270,450
Selling, general and administrative	3,028,620	2,895,287	5,926,128	5,761,434
Earnings before income taxes	692,536	647,643	1,257,626	1,397,302
Net earnings	434,049	425,065	745,110	930,828
Net earnings per share:				
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:				
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
	As at	As at	As at	
	April 30, 2008	January 31, 2008	October 31, 2007	
	(\$)	(\$)	(\$)	
	unaudited	unaudited	audited	
<u>ASSETS:</u>				
Cash	5,863,208	4,859,061	3,874,558	
Accounts receivable	601,836	594,131	505,366	
Other current Assets	3,749,327	3,676,669	3,728,109	
Total current Assets	<u>10,214,371</u>	<u>9,129,861</u>	<u>8,108,033</u>	
Other Assets	11,598,814	11,995,276	12,246,573	
TOTAL ASSETS	<u>21,813,185</u>	<u>21,125,137</u>	<u>20,354,606</u>	
<u>LIABILITIES:</u>				
Current Liabilities	4,052,410	3,833,414	3,475,800	
Long Term Liabilities	178,859	283,682	393,600	
TOTAL LIABILITIES	<u>4,231,269</u>	<u>4,117,096</u>	<u>3,869,400</u>	
<u>SHAREHOLDERS' EQUITY:</u>				
Share Capital	3,465,548	3,465,548	3,465,548	
Other Equity-Stock Options	1,088,016	948,190	736,416	
Contributed surplus	11,326,406	11,326,406	11,326,406	
Retained Earnings	1,701,946	1,267,897	956,836	
TOTAL SHAREHOLDERS' EQUITY	<u>17,581,916</u>	<u>17,008,041</u>	<u>16,485,206</u>	

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").

	Q2 April 30, 2008 (\$)	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 (\$)
Net Sales	9,180,346	8,644,415	8,511,677	8,526,260	8,835,156	8,655,143	8,580,622	8,542,608
Cost of Sales	1,727,304	1,639,607	1,717,865	1,585,668	1,663,872	1,397,241	1,484,128	1,459,784
Sales Incentives	3,731,886	3,542,210	3,548,533	3,538,010	3,628,354	3,642,096	3,500,505	3,458,246
Selling, General and Administrative	3,028,620	2,897,508	3,898,285	2,700,584	2,895,287	2,866,147	2,683,841	2,308,921
Earnings before income taxes	692,536	565,090	(653,006)	701,998	647,643	749,659	912,148	1,315,657
Net Earnings	434,049	311,061	(612,794)	566,751	425,065	505,763	639,776	882,603
Net Earnings per share:								
Basic	0.006	0.004	(0.009)	0.008	0.006	0.008	0.010	0.013
Diluted	0.006	0.004	(0.009)	0.008	0.006	0.007	0.010	0.013
Weighted average number of common shares outstanding:								
Basic	69,994,300	69,994,300	69,994,300	69,994,300	69,994,300	62,869,951	64,850,922	66,924,115
Diluted	69,994,300	69,994,300	69,994,300	69,994,300	69,994,300	68,325,721	66,924,115	66,924,115
Cash Dividends Declared	-	-	-	-	-	-	441,300	-

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 and their related notes for the six-month periods ended April 30, 2008 and 2007.

Net sales

For the quarter ended April 30, 2008, net sales were \$9,180,346 compared to \$8,835,156 for the same period in 2007, an increase of \$345,190 or 3.9%. Net sales in Canada and sales to other countries rose by \$217,082 or 5% and \$154,525 or 20%, respectively. Net sales in the United States, when converted to Canadian dollars were lower by \$26,417 or 0.7%.

For the six-month period ended April 30, 2008, net sales were \$17,824,761 compared to \$17,490,299 for the same period in 2007, an increase of \$334,462 or 1.9%. This mainly reflects an increase in volume in Canada of \$475,716 or 5.5% and sales to other countries of \$396,879 or 30.3%. This was offset by a decrease of \$538,133 or 7.1% in the United States which was mainly caused by a positive foreign exchange conversion in 2007.

In US dollars, network sales in the United States for the quarter ended April 30, 2008 were \$3,512,418 compared to \$3,045,069 in 2007, an increase of \$467,349 or 15.3% and for the six-month period ended April 30, 2008, network sales in the United States were \$6,720,618 compared to \$6,235,017 in 2007, an increase of \$485,601 or 7.8%.

Cost of sales

For the six-month period ended April 30, 2008, cost of sales as a percentage of net sales was 18.9% (18.8% for the quarter), compared to 17.5% (18.8% for the quarter) for the corresponding periods of 2007. The increase in cost of sales percentage to net sales resulted from 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 40.8% of net sales for the six-month period ended April 30, 2008 (40.6% for the quarter), compared to 41.6% (41.1% for the quarter) of net sales for the corresponding periods of 2007. This 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

The selling, general and administrative expenses were \$5,926,128 for the six-month period ended April 30, 2008 (\$3,028,620 for the quarter), compared to \$5,761,434 (\$2,895,287 for the quarter) for the corresponding periods of 2007. The increase is largely attributable to the increase in the stock option compensation expense, a non-cash item, related to options issued to the new CEO and the payment of a retirement allowance as a result of the retirement of the Vice-President of Purchasing.

Income taxes

For the six-month period ended April 30, 2008 the Company recorded an income tax expense of \$512,516 (\$258,487 for the quarter) which represents 40.7% (37.3% for the quarter) compared to \$466,474 (\$222,578 for the quarter) which represents 33.4% (34.4% for the quarter) 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 \$745,110 for the six-month period ended April 30, 2008 (\$434,049 for the quarter), compared to \$930,828 (\$425,065 for the quarter) for the corresponding periods of 2007. The decrease in net earnings of \$185,718 for the six-month period, is largely attributable to changes made in key job positions to support the strategic plan of the Company, resulting in higher administrative and marketing remuneration expenses of \$463,251 offset by foreign exchange gains of \$277,581, from the strengthening of the U.S. dollar during the period.

Financial situation and liquidity

Cash flow from operating activities

The cash increase from operating activities was \$2,245,897 for the six-month period ended April 30, 2008 (\$1,085,141 for the quarter), compared to \$1,229,515 (\$386,464 for the quarter) for the corresponding periods of 2007. The improved inventory management has favourably impacted the cash flow generated from operating activities compared to the corresponding periods of 2007.

Cash flow from investing activities

The increase in investing activities for the six-month period ended April 30, 2008 resulted in a decrease of cash flow of \$257,247 (\$80,994 for the quarter), compared to a decrease of cash flow of \$133,347 (\$128,830 for the quarter) for the corresponding periods of 2007. The lower decrease in net cash flow in 2008 resulted mainly from lower additions to property, plant and equipment.

Cash flow from financing activities

For the three and six-month periods ended April 30, 2008 the Company had no utilization of cash related to financing activities, compared to a decrease of \$841,300 (\$400,000 for the quarter) for the corresponding periods of 2007. The decreases are the result of dividends paid of \$441,300 and the reimbursement of the secured convertible debenture of \$400,000 in 2007.

Cash situation

As at April 30, 2008, the Company had a cash position of \$5,863,208 compared to \$1,736,703 as at April 30, 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 April 30, 2008, the Company shows a working capital of \$6,161,961 for a ratio of 2.52 compared to a working capital of \$3,542,682 with a ratio of 1.75 as at April 30, 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 April 30, 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.

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.

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.

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.

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 in sales and marketing initiatives and it believes that these measures will help increase sales 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 June 19, 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 June 19, 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 April 30, 2008, the Company had 2,332,500 options outstanding. Each option entitles the holder to acquire one common share of the Company at the following exercise price; 1,602,500 options at \$1.13, 700,000 at \$0.66 and 30,000 at \$0.80.

On November 5, 2007, the Company granted 700,000 options to its new President and Chief Executive Officer under an employment 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 Q2 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 April 30, 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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