Immunotec Inc.

March 28, 2007.

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, 2007, the annual audited financial statements of Immunotec Research Limited dated October 31, 2006 and the respective notes to financial statements. The reader of the financial statements should also read the Information Circular dated November 28, 2006 that was filed and can be examined on SEDAR (www.sedar.com).

This is the first MD&A filed by the Company and is 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 financial statements and management's report have been reviewed by the Company's auditors, 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 dietary supplements, food, vitamins, personal care products and natural health 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. Prior to the Recent Transactions (as defined below), the Company was doing business under the name of Immunotec Research Ltd. ("Immunotec Research").

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.

Today, the Company's product line has grown to 14 different products which are distributed and sold by independent distributors through a network marketing system of over 13,000 active distributors in Canada and the United States and are sold internationally under exclusive distribution agreements.

Recent Transactions

Effective October 11, 2006, Immunotec Research amalgamated with its two parent companies, 3223841 Canada Inc. and Robert Evergreen Products (1996) Ltd., and continued its operations under the name of Immunotec Research. (the "**Immunotec Research Amalgamation**")

On October 12, 2006, two of the principal shareholders of Immunotec Research sold to Caisse de Dépôt et Placement du Québec such number of shares in the share capital of the Company as represent a 15% equity interest (the "Sale of Equity Interest"). Under the terms of such transaction, the parties entered into several agreements, including a unanimous shareholders agreement which expired upon the completion of the RTO (as defined below) and other agreements which were specifically intended to take effect upon the completion of the RTO.

On November 21, 2006, Immunotec Research entered into a purchase share agreement ("**PSA**") with Magistral Biotech Inc. ("**Magistral**") following an earlier letter of intent entered into between them and the shareholders of Immunotec Research (the "**Vendors**") dated September 19, 2005. The PSA sets forth the terms and conditions pursuant to which Magistral has acquired the the Class "A" Shares of Immunotec Research (the "**Target Shares**") for a price of $75.50 per Target Share payable through the issuance of 66,924,115 (the "**Payment Shares**") common shares in the share capital of Magistral (the "**Magistral Shares**"), (each priced at $1.13 after giving effect to the Share Consolidation (as defined below)) (the "**RTO**"). The Payment Shares will represent approximately 95.57% of the total number of outstanding Magistral Shares calculated on a fully diluted basis, after giving effect to the RTO, effectively attributing a value to Magistral of $3,500,000. Pursuant to the completion of the RTO, Immunotec Research became a wholly-owned subsidiary of Magistral. The PSA also provided on December 20, 2006 for the share consolidation on a 40:1 basis of the outstanding Magistral Shares (the "**Share Consolidation**"), the change of name of the Magistral to "Immunotec Inc.", the change of the management and of the By-Laws.

On January 1, 2007, Immunotec Research was amalgamated with Immunotec Inc. and, since that event, continued its operations under the name of Immunotec Inc. (the "**Immunotec Amalgamation**").

(Collectively, the Immunotec Research Amalgamation, the Sale of Equity Interest, the RTO, the Share Consolidation and the Immunotec Amalgamation are herein referred to as the "**Recent Transactions**")

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 56% of the Company's sales for the quarter ended January 31, 2007.

Immunocal Platinum

Launched in May 2006, Immunocal Platinum represented approximately 24% of the Company's sales for the quarter ended January 31, 2007. Immunocal Platinum is an enhanced form of HMS 90/Immunocal.

Other Products

Other products sold include Cherry Concentrate, Prycena shake and Thermal Action tablets, Xtra Sharp energy tonics, Magistral for Men Only, PNT-200, Grass Valley Food Supplements, Naturally Sourced Calcium, Vitamin/Mineral Supplement, Skin Perfecting Cream, Immunotec Toothpaste, training materials, publications, brochures and other sales aids.

Distribution Strategy

The Company distributes its products through a network marketing/direct sales system.

Direct selling, by definition, is the sale of a consumer product or service made through person-to-person contact, away from a fixed retail location. It is a system of selling products or services through a network of independent sales people (distributors) who serve as the conduit between a product and/or service and the end consumer. Both direct selling and network marketing provide an easier way to market the benefits of products – in particular, nutritional products or any other products requiring an explanation. Successful companies in the network marketing channel generate strong free cash flow due to limited needs for capital investment and limited costs to open new geographic markets. Network or multi-level marketing is a form of person-to-person direct selling through a network of vertically organized independent distributors who purchase products at wholesale prices from a company and then make retail sales to consumers. As at January 31, 2007, demand for the Company's products is created from approximately 13,000 active distributors in the United States and Canada. The Company's products are paid for on a cash or credit card basis prior to being shipped and its sales patterns do not reflect any significant seasonality.

Immunotec Research International

Immunotec Research International, a division of the Company, provides the Company's products to exclusive distributors located in approximately 20 countries outside of Canada and the United States. In certain countries the products are distributed through direct selling and in others they are distributed through traditional retail sales channels.

Patents

As at January 31, 2007, the Company has been issued 80 patents and has 12 patent applications pending with respect to Canada and the United States.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

Summary and Analysis of Financial Operations

The following table summarizes selected financial information regarding the operations of the Company for the last five quarters, which are taken from the unaudited financial statements of the Company and Immunotec Research and from the audited financial statements of Immunotec Research for the years ended October 31, 2006, 2005 and 2004.

	2007	2006			
	Quarter 1 January 31, 2007 ($)	**Quarter 4 October 31, 2006 ($)**	**Quarter 3 July 31, 2006 ($)**	**Quarter 2 April 30, 2006 ($)**	**Quarter 1 January 31, 2006 ($)**
Net Sales	8,655,143	8,580,622	8,542,608	10,157,573	9,627,009
Cost of Sales	1,368,427	1,484,128	1,459,784	1,787,894	1,489,240
Sales Incentives	3,642,096	3,500,505	3,458,246	4,193,049	4,120,962
Selling, General and Administrative	2,894,961	2,683,841	2,308,921	2,609,703	2,713,269
Earnings before income taxes	749,659	921,148	1,315,657	1,566,927	1,303,538
Net Earnings	505,763	639,776	882,603	1,032,720	892,918
Net Earnings per share:					
Basic	0.008	0.010	0.013	0.015	0.013
Diluted	0.007	0.010	0.013	0.015	0.013
Weighed average number of common shares outstanding:					
Basic	62,869,951	64,850,922	66,924,115	66,924,115	66,924,115
Diluted	68,325,721	66,924,115	66,924,115	66,924,115	66,924,115
Cash Dividends Declared	-	441,300	-	1,592,470	-

	Year Ended October 31, 2006 ($)	Year Ended October 31, 2005 ($)	Year Ended October 31, 2004 ($)
Net Sales	36,907,812	38,776,054	34,675,921
Cost of Sales	6,221,046	6,201,581	6,229,145
Sales Incentives	15,272,762	16,111,968	13,997,955
Selling, General and Administrative	10,315,734	10,410,337	8,729,995
Earnings before income taxes	5,098,270	6,052,168	5,718,826
Net Earnings	3,448,017	4,148,539	3,997,826
Net Earnings per share:			
Basic	0.052	0.062	0.060
Diluted	0.052	0.062	0.060
Weighed average number of common shares outstanding:			
Basic	66,401,557	66,924,115	66,924,115
Diluted	66,924,115	66,924,115	66,924,115
Cash Dividends Declared	2,033,770	2,237,930	1,205,990

	As at January 31, 2007 Unaudited ($)	As at October 31, 2006 ($)	As at October 31, 2005 ($)	As at October 31, 2004 ($)
Total Assets	21,854,553	15,195,570	13,328,713	11,416,891
Long Term Liabilities:				
Class A shares redeemable at the option of the holder	-	11,325,000	-	-
Future Income Taxes	328,673	246,590	218,000	189,000
	328,673	11,571,590	218,000	189,000
Shareholders' Equity:				
Share Capital	3,465,548	1,700	2,000	2,000
Contributed surplus	11,326,406	1,706	-	-
Other Capital-Stock Options	98,038	-	-	-
Retained Earnings	577,814	72,051	9,982,504	8,071,895

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 Immunotec Research's audited consolidated financial statements for the years ended October 31, 2006 and 2005 and the Company's unaudited consolidated financial statements for the three-month periods ended January 31, 2007 and 2006.

Net sales

The Company's net sales have slightly decreased. For the year ended October 31, 2006, net sales showed a rate of decrease of 4.8% compared with the year ended October 31, 2005. The rate of growth between the year ended October 31, 2005 and the year ended October 31, 2004 was 11.8%. The decrease in 2006 was mainly attributable to a decline in US sales of $2,962,808, this decline was caused by a decrease in volume ($1,400,579) as well as the impact of the US exchange conversion rate ($1,562,229).

During the first quarter ending January 31, 2007, the Company realized net sales of $8,655,143 compared to $9,627,009 in 2006, a decrease of 10%. Both the Canadian and US markets resulted in a decrease in net sales of approximately 10.7% whereas, sales to other countries increased by 5.5%.

Other factors affecting the decline in sales for the year ended October 31, 2006 and the first quarter ended January 31, 2007 were the absence for an extended period of time in 2006 of the Vice-President Sales and Marketing and the subsequent replacement in the month of August 2006. The Company believes the new measures and sales and marketing initiatives implemented will help reverse the decrease in net sales over the coming months. Completion of the RTO in December 2006 has freed management to focus on operations to achieve sales growth in the future.

Cost of sales

Cost of sales as a percentage of net sales increased to 16.9% for the year ended October 31, 2006 as opposed to 16.00% for 2005, which has decreased compared to 18.0% for the comparable period in 2004. The decrease from 2004 to 2005 is mainly related to lower product costs resulting from realized supply-chain efficiencies. The increase in 2006 is related to lower margins on new products introduced in 2006.

For the quarter ended January 31, 2007, cost of sales as a percentage of net sales was 15.8%, compared to 15.5% for the corresponding period of 2006. The increase in the cost of sales percentage to net sales results from the sales mix of products [Note: This sentence should be re-phrased.].

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 as a percentage of net sales decreased to 41.4% for the year ended October 31, 2006 as compared to 41.6% for the comparable period in 2005, which had increased compared to 40.4% for the year in 2004. The Company attributes the increase in 2005 of 1.2% to the increase in 2005 of the number of new and continuing independent distributors who qualified for commissions in Canada and the United States.

Sales incentives were 42.1% of net sales for the three-month period ended January 31, 2007, compared to 42.8% of net sales for the corresponding period of 2006. This decrease in sales incentives of 0.7% results from increased sales in other countries in relation to sales in Canada and the United States since sales incentives are assumed by the licensees in each country from their own product sales.

Selling, general and administrative

Selling, general and administrative expenses consist of marketing and selling related expenses; research and development related expenses, including costs of clinical studies; administrative expenses, professional fees, patent and trademark, 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 consultants, management profit sharing bonuses and other related employment expenses for all operating departments.

For the year ended October 31, 2006, selling, general and administrative expenses were $10,315,734 compared to $10,410,337 for the comparable period in 2005 and $8,729,995 for the comparable period in 2004. The increase in 2005 is in line with the hiring of additional employees to support the planned expansion in sales.

The selling, general and administrative expenses were $2,894,961 for the first quarter ending January 2007, compared to $2,713,269 for the corresponding period of 2006, representing an increase of 6.7%. This increase is attributable to expenses relating to the Company being public, its new Board of Directors and stock option compensation.

Net earnings

For the year ended October 31, 2006, net earnings were $3,448,017, compared to $4,148,539 for the comparable period in 2005 and $3,997,826 for the comparable period in 2004. The decrease in 2006 of net earnings is caused by the decline in sales and is partly offset by lower operating expenses, the non payment of profit sharing since the objectives were not met and the reduction in income taxes. The increase in 2005 of net earnings is the result of increase in sales.

Net earnings were $505,763 for the first quarter ending January 31, 2007, compared to $892,918 for the corresponding period of 2006. The decrease is largely attributable to the decline in net sales and additional costs related to the Company becoming public which includes stock option compensation expense of $98,038.

Financial situation and liquidity

Cash flow from operating activities

The Company realized a cash increase of $3,274,232 for the year ended October 31, 2006, compared to $3,661,723 for the comparable period in 2005. This variance is mostly due to the the timing of income tax payments.

The cash increase from operating activities was $843,051 for the first quarter ending January 31, 2007, compared to $698,811 for the corresponding period of 2006. The slight increase in cash flow generated by operations is mainly attributable to higher inventories and future income taxes receivable offset by higher accounts payable, the recording of a convertible debenture payable and lower net earnings.

Cash flow from investing activities

For the year ended October 31, 2006, the Company showed a decrease in cash flow from investing activities of $1,330,348, compared to $5,802,162 for the comparable period in 2005 and $1,038,381 for the comparable period in 2004. This variance is essentially due to the fact that in 2005, the Company made a major investment in the construction of a new head office building for an amount of $4.4 million.

The increase in investing activities for the first quarter ending January 31, 2007, resulted in a decrease of cashflow of $31,193, compared to a decrease of cashflow of $817,658 for the corresponding period of 2006. These activities in the current quarter included the receipt of $372,036 due by shareholders offset by the payment of $242,704 of professional fees incurred for the RTO which were capitalized in deferred costs.

Cash flow from financing activities

The Company showed a cash decrease in connection with financing activities relating to the dividends paid in an amount of $1,592,470 for the year ended October 31, 2006 and in an amount of $2,237,930 for the year ended October 31, 2005.

For the first quarter ending January 31, 2007, the Company had a decrease of $414,624 related to financing activities. This decrease is the result of dividends paid of $441,300 compared to no dividends paid in the corresponding period in 2006.

Trends

New Accounting policies

The following accounting policies were adopted by the Company on November 1, 2006.

Financial instruments – Recognition and measurement, hedges and comprehensive income

In January 2005, the Accounting Standards Board ("**ASB**") issued three new standards dealing with financial instruments: (i) "Financial Instruments – Recognition and Measurement"; (ii) "Hedges"; and (iii) "Comprehensive Income". The new standards are based on U.S. FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities", and on the International Accounting Standards ("**IAS**") Board's new standard, IAS 39, "Financial Instruments – Recognition and Measurement". These requirements are applicable for the Company in the first quarter of fiscal 2007.

CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement", specifies when a financial instrument is to be recognized on the balance sheet and the measurement method to be used, fair value or cost-based measures. It also specifies how financial instrument gains and losses are to be presented.

CICA Handbook Section 3865, "Hedges", allows optional treatment providing that hedges are designated as either fair value hedges, cash flow hedges or hedges of a net investment in a self-sustaining foreign operation. For a fair value hedge, the gain or loss attributable to the hedged risk is recognized in net earnings in the period of change together with the offsetting loss or gain on the hedged item attributable to the hedged risk. The carrying amount of the hedged item is adjusted for the hedged risk. For a cash flow hedge or a hedge of a net investment in a self-sustaining foreign operation, the effective portion of the hedging item's gain or loss is initially reported in other comprehensive income and subsequently reclassified to net earnings when the hedged item affects net earnings.

The ASB has issued new Handbook Section 1530, "Comprehensive Income", and amended Section 3250, "Surplus", to be renamed Section 3251, "Equity". These standards require that a company disclose comprehensive income and its components as well as net income in its financial statements; and that a company disclose separately changes in equity during the period as well as components of equity at the end of the period, including comprehensive income.

The Company has recognized all of its financial assets and liabilities in the consolidated balance sheet according to those classifications.

The recognition, de-recognition and measurement methods used to prepare the consolidated financial statements of periods prior to the effective date of the new standards were unchanged and therefore, those financial statements will not be restated.

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

Stock-based compensation plan

The Company has a stock-based compensation plan for which it uses the fair value method. Under this method, the stock-based compensation expense is measured at the fair value at the date of grant using an option pricing model and is recognized over the vesting period of the options.

The Company estimates the fair value of stock options using the Black-Scholes option pricing model. The Black-Scholes model was developed to estimate the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, valuation models usually require the input of subjective assumptions, including expected stock price volatility.

All considerations paid for stock options and the amount previously included for these stock options in contributed surplus are credited to capital stock, when they are exercised.

Working capital

The Company believes that cash requirements in the ordinary course of business for next year can be met with its available cash and cash generated from its operating activities. 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 and were renewed in June 2006 for another year.

Financial Instruments

The carrying value of cash, investments, accounts receivable, accounts payable and accrued liabilities and secured convertible debenture approximates their fair value due to their conditions, terms, rates and maturities.

Credit risk

The Company provides credit to its international licensees and customers in the normal course of its operations. Generally an advance deposit with the order is required and the balance is paid before the next shipment. The Company maintains provisions for contingent credit losses.

For the other debts, the Company assesses, on a continual basis, probable losses and sets up a provision for losses based on their estimated realizable value.

Currency Risk

The Company realizes approximately 50% of its net sales in US dollars and accordingly is exposed to market risks related to foreign exchange fluctuations. To reduce its currency risk exposure, the Company can use derivative financial instruments such as forward foreign exchange contracts. As at January 31, 2007, the Company did not have any contract of that nature.

Over the past three years, more than 50% of the Company's net sales have been generated outside of Canada and transacted in US dollars. Generally, the Company's financial results will be positively affected by a weakening Canadian dollar and negatively affected by a strengthening Canadian dollar.

Future Developments

The Company is constantly developing new products that are appropriate for its health and wellness markets. Management believes that it is the Company's solid scientific research that enables it to produce proprietary products that bring added value and which differentiate its products from competing products. The Company's scientists are currently working in such areas as prostate health, cancer cachexia, aging and aging related conditions. The Company's objective is to introduce on average two new products annually.

RELATED PARTIES

The Company entered into a consulting agreement with Mr. Dieter Beer, a director of the Company, for administrative services to be rendered for the year ending October 31, 2007. This agreement occured in the normal course of operations and measured at the exchange amount, which is the amount of the consideration established and agreed upon by the related parties.

DESCRIPTION OF SECURITIES

Capital Stock

The following decription 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**

The following table summarizes the changes in the Company's share capital issued between November 1, 2005 and January 31, 2007, taking into account the 40:1 share consolidation:

	For the three month period ended January 31, 2007		**For the year ended October 31, 2006**	
	Number of shares	**Amount $** (unaudited)	**Number of shares**	**Amount $**
Common shares – Beginning of period	56,885,498	1,700	66,924,115	2,000
Plus:				
Termination of the right to redeem shares at the option of the holder (note 7)	10,038,617	300	-	-
Reverse takeover (note 2(a))	3,102,443	3,500,000	-	-
Less:				
Portion of shares redeemable at the option of the holder	-	-	(10,038,617)	(300)
Shares held by the Company for sale	(32,258)	(36,452)	-	-
Common shares – End of period	69,994,300	3,465,548	56,885,498	1,700

Escrow Shares

In accordance with the policies of the Exchange, a portion of the Payment Shares to be received by the Vendors, aggregating 55,766,459 Common Shares (after giving effect to the Share Consolidation), have been placed in escrow as RTO Value Escrow Shares pursuant to the RTO Escrow Agreement. The RTO Value Escrow Shares will be released as follows:

- 1/4 of the RTO Value Escrow Shares, at the time the TSX Venture Exchange (the "**Exchange**") issues its final Exchange bulletin (the "**Final Exchange Bulletin**");
- 1/4 of the remaining RTO Value Escrow Shares, 6 months from the date of issuance of the Final Exchange Bulletin;
- 1/4 of the remaining RTO Value Escrow Shares, 12 months from the date of issuance of the Final Exchange Bulletin;
- 1/4 of the remaining RTO Value Escrow Shares, 18 months from the date of issuance of the Final Exchange Bulletin.

Stock option plan

Pursuant to the RTO approval at the special meeting of shareholders held on December 20, 2006, the Company amended the stock option plan (the "**Plan**") adopted by Magistral in December 2002 for its directors, officers, key employees and consultants. Options under the Plan will be granted for a maximum term of five years at an exercise price and/or on other terms determined by the directors, in accordance with regulatory policies. The maximum number of common shares reserved for options granted under the Plan may not exceed 5% (previously 10%) of the issued and outstanding common shares. Under the terms of the RTO, all outstanding options previously issued were cancelled.

On December 20, 2006, the Company granted 1,630,000 options to its employees, directors and consultants, each unit entitling the holder to acquire one common shares of the Company at a price of $1.13 per share. The options are exercisable at a rate of 1/3 per year, starting December 20, 2007 and expiring December 20, 2011.

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

i. risk-free interest rate 3.92%
ii. volatility rate 100%
iii. expected dividend yield Nil
iv. an expected life of 5 years.

The weighted-average fair value of these options has been estimated at $0.8606 per unit. Consistent with Section 3870 of the CICA Handbook and using the straight-line method, from the date it was granted to the date it becomes exercisable. A stock based compensation of $98,038 is recorded to the operating expenses and credited to "Other Capital".

SHARES HELD BY DIRECTORS, OFFICERS AND PROMOTERS POST-RTO

Aggregate Ownership of Securities

Following the completion of the RTO, on December 20, 2006, a total of 56,604,807 Common Shares were beneficially owned, directly or indirectly, by the directors, officers and promoters of the Company as a group, representing 80.1% of the total issued and outstanding Common Shares.

RISK FACTORS OF THE COMPANY

Risks and Uncertainties

The company's operating results and financial position could be adversely affected by each of the following risks:

Competition

The Company's market for its products is intensely competitive and subject to rapid technological change. Larger competitors with longer operating histories and greater financial, marketing and other resources may develop and market new products which could render our existing products less competitive.

Technology and Intellectual Property

The Company relies on the protection of its patents and intellectual property rights for its success. Policing unauthorized use of its patents and intellectual property is extremely difficult and expensive. There can be no assurance that the Company's patents would be held valid or enforceable by a court or that a competitor's product would be found to infringe such patents.

Government Regulation

The Company is subject to direct regulation by domestic and foreign governmental agencies, particularly Health Canada and the Food and Drug Administration. The Company's marketing objectives are contingent, in part, upon compliance with regulatory requirements and obtaining regulatory approvals where necessary for the sales of its product as a dietaery supplement, functional food ingredient or pharmaceutical drug.

The Company is also subject to direct regulation by domestic and foreign governmental agencies in connection with the operation of its direct selling network marketing system.

In addition, we may also be subject to regulations under provincial, state and federal law, including requirements regarding customs, duties and cross-border issues, occupational safety, laboratory practices, environmental protection and hazardous substance control, and may be subject to other present and future local, provincial, state, federal and foreign regulations.

Changes in the government regulation could have an adverse effect on the business and financial condition of the Company.

Product and Liability Insurance

The Company currently has general liability insurance, including products liability and clinical trials liability. There is no guarantee that this insurance will cover all potential claims or be a sufficient amount of coverage to protect against losses due to liability. In addition, a product liability claim or recall could have a material adverse effect on the business.

REVERSE TAKE-OVER

The reverse take-over of Magistral Biotech Inc. by Immunotec Research was completed on December 20, 2006. Hereunder is a summary of this transaction and its accounting in the financial statements.

On November 21, 2006, following a letter of intent signed on September 19, 2005 between Immunotec Research and Magistral, Immunotec Research signed an agreement with Magistral, a corporation whose shares were traded on the Exchange, regarding the acquisition of all of Immunotec Research's issued and outstanding shares.

On December 20, 2006, the shareholders of Magistral approved the transaction and Immunotec Research was acquired by Magistral. Immunotec Research's shareholders received 2,676,964,607 Magistral Shares (66,924,115 shares after taking into the Share Consolidation) in exchange for the 1,000,000 Target Shares.

As a result of this transaction, the shareholders of Immunotec Research have received enough common shares of Magistral to effect a reverse takeover of Magistral. Since December 20, 2006, the consolidated financial statements include the assets, liabilities and result of operations of Magistral.

On January 23, 2007, the TSX Venture exchange approved the transaction and authorized the commencement of share trading.

The assets and liabilities of Magistral have been accounted for at their respective estimated fair values using the purchase method of accounting.

The aggregate purchase price is detailed as follows:

	$
Value attributed to the 3,102,433 shares of Magistral	3,500,000
The Company's existing portfolio investment in Magistral (at cost, less value attributed to shares of Magistral)	163,548
Transaction costs incurred by Immunotec Research	
Before October 31, 2006	488,499
After October 31, 2006	242,704
	4,394,751

The preliminary purchase price allocation, based on the estimated fair value of the assets acquired and liabilities assumed of Magistral under the reverse takeover, is detailed as follows:

	$
Assets	
Cash and cash equivalents	26,676
Accounts receivable	4,567
Inventories	91,554
Other current assets	91,649
Investments	736,000
Property, plant and equipment	1,400,000
Intangible assets	650,000
Future income taxes	2,491,158
	5,491,604
Liabilities	
Accounts payable and accrued liabilities	696,853
Secured convertible debenture (note 4)	400,000
	1,096,853
Net assets acquired	4,394,751

Name change and amalgamation

On December 21, 2006, Magistral changed its legal name to Immunotec Inc. On January 1, 2007, Immunotec Research was amalgamated with Immunotec Inc. and will continue its operations under the name Immunotec Inc.

LEGAL PROCEEDINGS OF THE COMPANY

Except for a notice of intention to exercise a hypothecary recourse which was filed against the Company by 9089-5327 Quebec Inc. pursuant to the provisions of a hypothec registered against the Company's building located at 1060 Michèle-Bohec in Blainville, Quebec to secure a loan in the amount of $400,000 (the "Loan"), there are no outstanding legal proceedings material to the Company to which the Company is subject, and, to the knowledge of the Company, none are contemplated.

The Company intends to repay the Loan in the next quarter. In the interim, the Company continues to pay the interest owing on the Loan.

FORWARD LOOKING STATEMENTS

Some statements included in this management report include 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 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.

ONGOING INFORMATION AND CONTROLS RELATED TO THE COMMUNICATION OF INFORMATION

The Audit Committee conducts periodical reviews of the annual report, the management report and accompanying financial statements with management and recommend approval to the Board of Directors. It also reviews the quarterly management reports and unaudited interim financial statements with management prior to their official filing.

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.

The management, including the Chief Executive Officer and the Chief Financial Officer, have evaluated the efficacy of the controls and means of communication of the financial information. According to their evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the controls and means of communication of the financial information are, in all relevant aspects, effective as at January 31, 2007.

Contact: Richard Patte, CA, Executive Vice-President and Chief Financial Officer, tel. : (450)510-4445