



## **POSITIVE MOMENTUM CONTINUES AT IMMUNOTEC INC., SALES INCREASE OF 38.2 % IN ITS SECOND QUARTER**

**Vaudreuil-Dorion, Quebec, June 23, 2009 – IMMUNOTEC INC.**

(TSX Venture Exchange: IMM) (the "Company" or "Immunotec"), is engaged primarily in the development, manufacturing and marketing of health and wellness products which are classified as dietary supplements or natural health products focusing on the immune segment of this growing market. These products are distributed and sold in Canada, United States and South Korea through a network marketing system and in other countries under exclusive distributorship agreements.

### **NET SALES**

For the quarter ended April 30, 2009, net sales were \$12,691,686 compared to \$9,180,346 for the same period in 2008, an increase of \$3,511,340 or 38.2%. The commencement of operations in South Korea under the seamless network marketing model in March 2009 resulted in net sales of \$1,070,081. Other markets also reported increases in volume, in Canada \$916,617 or 20.1%, in the United States \$1,384,068 or 37.5% and export sales \$140,574 or 15.1%.

For the six-month period ended April 30, 2009, net sales were \$22,795,284 compared to \$17,824,761 for the same period in 2008, an increase of \$4,970,523 or 27.9%. The commencement of operations in South Korea under the seamless network marketing model in March 2009 resulted in net sales of \$1,070,081. Other markets also reported increases in volume, in Canada \$1,297,636 or 14.2%, in the United States \$2,591,178 or 37.1% and export sales \$11,628 or 0.7%.

### **NET EARNINGS (LOSS)**

The company incurred a net loss for the second quarter ended April 30, 2009 of (\$617,536) or (\$0.009) per share, compared to net earnings in the second quarter of 2008 of \$434,049 or \$0.006 per share.

For the six-month period ended April 30, 2009 the company recorded a net loss of (\$818,741) or (\$0.012) per share, compared to net earnings of \$745,110 or \$0.011 per share.

Strategically the Company elected to invest in marketing and recruiting programs to capitalize on the opportunity created by the economic downturn. These results relate directly to the Company's efforts to increase market share in Canada and the United States via expansion of its distributor network in addition to opening the Korean market:

- New entry packs sold at a greater discount designed to increase the number of new distributors in Canada and the United States which resulted in lower margins in the second quarter.
- Introduction of a new compensation plan effective February 1, 2009 resulting in higher incentives paid to distributors during the transition period.
- Selling, administrative and promotional expenses incurred in the first and second quarters relating to the start-up costs of the Company's Korean subsidiary which started its sales operations late in the second quarter, on March 20, 2009.
- The payment of higher incentives to distributors in Korea for the contribution of a large distribution network. More than 4,000 new distributors joined the Immunotec business in South Korea.
- Higher sales support expenses incurred by the four Regional Sales Directors to fund meetings and travel to support the introduction of our new compensation plan to the Company's distributors and expansion in key U.S. and Canadian markets.

## SELECTED CONSOLIDATED ANNUAL INFORMATION

	For the three-month period ended April 30,		For the six-month period ended April 30,	
	2009 (\$) unaudited	2008 (\$) unaudited	2009 (\$) unaudited	2008 (\$) unaudited
Net Sales	12,691,686	9,180,346	22,795,284	17,824,761
Cost of Sales	2,538,842	1,727,304	4,312,370	3,366,911
Sales Incentives	5,968,448	3,731,886	10,458,376	7,274,096
Selling, General and Administrative	4,926,043	3,028,620	9,004,815	5,926,128
(Loss) Earnings before income taxes	(741,647)	692,536	(980,277)	1,257,626
Net (Loss) Earnings	(617,536)	434,049	(818,741)	745,110
Net (Loss) Earnings per share:				
Basic and diluted	(0.009)	0.006	(0.012)	0.011
Weighted average number of common shares outstanding:				
Basic and diluted	69,994,300	69,994,300	69,994,300	69,994,300
	<b>As at April 30, 2009 (\$) unaudited</b>	<b>As at January 31, 2009 (\$) unaudited</b>	<b>As at October 31, 2008 (\$) audited</b>	
<b><u>ASSETS:</u></b>				
Cash and equivalents	2,463,783	5,693,766	6,138,454	
Restricted cash	760,770	-	-	
Accounts receivable	1,129,416	656,550	812,914	
Other current Assets	7,137,186	5,998,319	4,683,255	
Total current Assets	<u>11,491,155</u>	<u>12,348,635</u>	<u>11,634,623</u>	
Other Assets	11,119,943	10,990,289	11,028,777	
<b>TOTAL ASSETS</b>	<b><u>22,611,098</u></b>	<b><u>23,338,924</u></b>	<b><u>22,663,400</u></b>	
<b><u>LIABILITIES:</u></b>				
Current Liabilities	5,119,813	5,306,600	4,552,187	
<b>TOTAL LIABILITIES</b>	<b><u>5,119,813</u></b>	<b><u>5,306,600</u></b>	<b><u>4,552,187</u></b>	
<b><u>SHAREHOLDERS' EQUITY:</u></b>				
Share Capital	3,465,548	3,465,548	3,465,548	
Other Equity-Stock Options	1,608,045	1,537,201	1,414,885	
Contributed surplus	11,337,796	11,332,143	11,332,143	
Retained Earnings	1,079,896	1,697,432	1,898,637	
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b><u>17,491,285</u></b>	<b><u>18,032,324</u></b>	<b><u>18,111,213</u></b>	

## **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 45.9% of net sales for the six-month period ended April 30, 2009 (47.0% for the quarter), compared to 40.8% (40.6% for the quarter) of net sales for the corresponding periods of 2008. This increase in sales incentives resulted from the introduction of the new compensation plan in February 2009. Higher sales incentives were paid to the independent distributors due to transitional expenses associated with the grandfathering status offered for a limited period of time and bridging certain key distributors to guarantee their income during the transition. In addition, incentives related to achieving higher status in the new compensation plan were higher than expected because both recruiting and leadership development were much greater than anticipated.

## **SELLING, GENERAL AND ADMINISTRATIVE**

The selling, general and administrative expenses were \$9,004,815 for the six-month period ended April 30, 2009 (\$4,926,043 for the quarter), compared to \$5,926,128 (\$3,028,620 for the quarter) for the corresponding periods of 2008. The increase is largely attributable to the increase in salaries and related expenses of \$1,017,200 resulting from the hiring of new executives as well as sales and marketing personnel, the timing of the spring incentive trip, \$674,716, as well as higher sales support expenses in the US to fund meetings and travel of the US Regional Sales Directors, \$331,030, and the special programs to support the introduction of the new compensation plan, \$453,151. Also, the increase in sales resulted in increase costs in credit card fees and shipping and packaging costs \$235,565. Other operating expenses such as interest income, bank fees and foreign exchange contributed to the unfavourable variation. The launch of South Korean operations in March 2009 resulted in operational expenses of \$435,956 for the second quarter 2009, which mainly included selling, marketing and executive expenses.

## **FINANCIAL SITUATION AND LIQUIDITY**

As at April 30, 2009, the Company had a cash position of \$2,463,783 compared to \$5,863,208 as at April 30, 2008. The Company believes that cash requirements in the ordinary course of business and for the expansion of its business in international markets 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.

As at April 30, 2009, the Company showed a working capital of \$6,371,342 for a ratio of 2.24 compared to a working capital of \$6,161,961 with a ratio of 2.52 as at April 30, 2008.

## **INTERNATIONAL**

The Company has for many years exported products internationally under exclusive distribution agreements based on geographic territories. Going forward, the Company has made a strategic decision to expand internationally using the same seamless network marketing model successfully employed in North America. The first venture in this strategic approach was the commencement of operations in South Korea on March 20<sup>th</sup> through a wholly owned subsidiary, Immunotec (Korea) Inc. The corporate head office of this subsidiary is located in the city of Seoul and a satellite office is located in the city of Busan. To date more than 4,000 distributors have joined the business and sales of \$1.1 million have been generated. In addition, Immunotec has formed a wholly owned subsidiary, Immunotec International Healthcare Products Limited, located in Dublin, Ireland this subsidiary began the process of building a network of independent distributors in the Republic of Ireland and the United Kingdom in May 2009.

## **OUTLOOK**

Faced with some of the most difficult economic conditions to confront the world in the last 50+ years, the Company made the conscious decision to expand, and offer its business opportunity and products to as many people as we could possibly touch. As a result we have gained significant positive momentum in the first six months of the fiscal year. Our network is excited about the business opportunity. We are extremely gratified with our significant growth in sales, more than doubling recruiting of new distributors and the dramatic growth in the number of new leaders who have developed in the U.S., Canada and South Korea.

The Company incurred significant expenses in both infrastructure and promotional expenses to achieve this dramatic result during the last six months. These expenses were designed to refocus our distributors on recruiting and to provide increased marketing and sales support to build a foundation for long term growth. Now that we have achieved strong positive momentum and introduced our new compensation plan which intrinsically reinforces key recruiting and leadership development initiatives, we will begin scaling back the promotional expenses.

Although gratified with the sales performance in the first half the profits were below expectations. It is our expectation that the growth in the Distributor network and new leaders will yield long term growth and benefits, growing the revenue of the Company in the coming quarters and better leveraging the investments we have made in human capital and infrastructure to improve our bottom line results.

## **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 these forward-looking statements.

## **ABOUT IMMUNOTEC**

Immunotec is located in a 37,000 square foot facility located in Vaudreuil-Dorion, Quebec, Canada and also has a manufacturing facility located in Blainville, Quebec, Canada, a distribution centre located in Swanton, Vermont, USA as well as combined office and distribution facilities in Seoul and Busan, South Korea. Immunotec is engaged primarily in the development and marketing of natural health products, dietary supplements, food, vitamins and personal care products, and natural health products, some of which are manufactured on its behalf by third parties. Immunotec's products are distributed and sold in Canada, the United States and South Korea through a network marketing system and in other countries under exclusive distributorship agreements.

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](http://www.sedar.com) and on the Company's website at [www.immunotec.com](http://www.immunotec.com). The common shares of the Company are listed on the TSX Venture Exchange under the ticker symbol IMM.

The TSX Venture does not accept responsibility for the adequacy or accuracy of this release.

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