



 **Response**
Biomedical Corporation

2008 1st Quarter Report

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the unaudited interim consolidated financial statements of Response Biomedical Corporation ("Response Biomedical" or the "Company") as at and for the three month period ended March 31, 2008, including the related notes therein, prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Additional information relating to the Company, including the Annual Report and audited consolidated financial statements as and for the years ended December 31, 2007 and 2006, is available by accessing the SEDAR website at www.sedar.com. All amounts are expressed in Canadian dollars unless otherwise indicated.

This discussion includes forward-looking statements made by management that involve uncertainties and risks, including those discussed herein and as described in the "Risk Factors" section of the Annual Information Form. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", and "expect" and similar expressions as they relate to the Company or its management, are intended to identify forward-looking statements. Such forward-looking statements should be given careful consideration and undue reliance should not be placed on these statements. The Company bases its forward-looking statements on information currently available to it, and assumes no obligation to update them, except as required by law. The actual results may differ materially from those contained in any forward-looking statements.

This management discussion and analysis of financial condition and results of operations has been prepared as at May 14, 2008.

OVERVIEW

Response Biomedical develops, manufactures and sells diagnostic tests for use with its proprietary RAMP[®] System, a fluorescent immunoassay-based on-site diagnostic testing platform. The RAMP technology utilizes a unique method to account for sources of error inherent in conventional lateral flow immunoassay technologies, thereby providing the ability to quickly and accurately detect and quantify an analyte present in a liquid sample. Consequently, an end user on-site or in a point-of-care setting can rapidly obtain important diagnostic information. Response Biomedical currently has twelve tests available for clinical and environmental testing applications and the Company has plans to commercialize additional tests.

The Company has invested significantly to increase its automated manufacturing capacity in advance of expected growth in demand for its products. In April 2008, the Company launched a new high throughput instrument and an Influenza A+B test and later in the year plans to launch an additional rapid clinical test, a NT-proBNP test for the detection and diagnosis of congestive heart failure.

The Company currently has partnerships with two sales and marketing partners, Shionogi & Co. Ltd. of Japan for its BNP Test and 3M Company for its infectious disease products. Response Biomedical is in the process of negotiating to grant exclusive rights to a partner to market and sell its cardiovascular products outside of Japan. This has caused existing distributors to not invest in selling its products in this market. As a result, sales in 2007 and the first quarter of 2008 have remained relatively flat with declining gross margins, which are expected to increase again as sales volumes rise.

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The Company's revenues by product and service market segment were as follows:

Clinical products revenue for the three month period ended March 31, 2008 increased 27% to \$769,145 compared to \$607,576 for the same period in 2007.

Vector products (West Nile Virus) revenue for the three month period ended March 31, 2008 increased 31% to \$131,665 compared to \$100,405 for the same period in 2007.

Biodefense products revenue for the three month period ended March 31, 2008 decreased 47% to \$196,676 compared to \$372,483 for the same period in 2007.

Contract service fees and revenue from collaborative research agreements for the three month period ended March 31, 2008 increased to \$75,635 compared to \$Nil for the same period in 2007.

As at March 31, 2008, the Company had \$3,481,436 in cash and cash equivalents and short-term investments, a decrease of \$4,723,211 compared to \$8,204,647 as at December 31, 2007. As at March 31, 2008, the Company had a working capital balance of \$7,948,912, a decrease of \$222,385 compared to \$8,171,297 as at December 31, 2007.

During the three month period ended March 31, 2008, the Company obtained (net of issue costs) \$5,790 in cash through the issuance of shares related to the exercise of stock options, \$220,100 through the exercise of warrants, and \$3,676,748 in share subscriptions receivable from share purchase warrants exercised at the end of the quarter. The subscriptions were collected in full subsequent to March 31, 2008.

A key operational milestone during the three month period ended March 31, 2008 included the Company's move to its new state-of-the-art global headquarters in Vancouver, British Columbia on March 31, 2008. The 46,000 square foot single-occupant specialized use facility was specifically designed and constructed for development and GMP manufacturing and distribution of point-of-care medical diagnostic test kits. The new facility should allow manufacturing scale-up from approximately 500,000 tests currently manufactured per year to four million tests per year by mid-2008, based on partner demand. In this new facility, the Company believes it can eventually escalate test-manufacturing capacity to over 15 million tests per year.

Subsequent to the end of the quarter, on April 17, 2008, the Company received a U.S. Food and Drug Administration 510(k) clearance to market a rapid Influenza A+B test (Flu A+B test) and a new version of the RAMP® Reader, the RAMP® 200. The test manufactured by Response Biomedical runs on the new RAMP® 200 Reader and will be marketed and sold worldwide exclusively by 3M Health Care as the 3M™ Rapid Detection Flu A+B Test. 3M Health Care anticipates launching prior to the 2008-09 flu season in certain markets around the world.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's consolidated financial statements are prepared in accordance with Canadian GAAP. These accounting principles require management to make certain estimates and assumptions. Management believes that the estimates and assumptions upon which it determines its assessments are reasonable based upon the information available at the time that these estimates and assumptions are made. Areas of significant estimates include allowance for bad debt, the estimated life of property, plant and equipment, lease inducements, provisions for inventory obsolescence, accrual for warranty, provisions for sales returns and allowances, stock-based compensation expense and valuation allowance on future income tax assets. Actual results could differ from management's estimates.

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The Company's significant accounting policies are disclosed in Note 2 to the audited consolidated financial statements as at and for the year ended December 31, 2007 except for changes in accounting policies as noted below. The Company believes that the significant accounting policies disclosed in its audited consolidated financial statements are critical in fully understanding and evaluating its reported interim and annual financial results. Additional information relating to the Company, including its fiscal 2007 audited consolidated financial statements, is available by accessing the SEDAR website at www.sedar.com.

Revenue Recognition

Product sales are recognized upon the shipment of products to distributors, if a signed contract exists, the sales price is fixed and determinable, collection of the resulting receivables is reasonably assured and any uncertainties with regard to customer acceptance are insignificant. Sales are recorded net of discounts and sales returns. A provision for the estimated warranty expense is established by a charge against operations at the time the product is sold.

Contract service fees are recorded as revenue as the services are performed pursuant to the terms of the contract provided collectibility is reasonably assured. Upfront fees from collaborative research arrangements, which are non-refundable and require the ongoing involvement of the Company, are deferred and amortized into income on a straight-line basis over the term of ongoing development. Upfront fees from collaborative research arrangements, which are refundable, are deferred and recognized once the refundability period has lapsed.

Research and Development Costs

Research costs are expensed in the year incurred. Development costs are expensed in the year incurred unless the Company believes a development project meets Canadian GAAP criteria for deferral and amortization. To date, no development costs have been deferred.

Deferred Lease Inducement

Lease inducements arising from non-repayable leasehold improvement allowances and rent-free inducements received from the landlord are being amortized to reduce rent expense over the term of the operating lease on a straight-line basis.

Stock-Based Compensation

The Company grants stock options to executive officers, directors, employees and consultants pursuant to a stock option plan described in Note 11(c) to the unaudited interim consolidated financial statements as at March 31, 2008. The Company uses the fair value method of accounting for all stock-based awards for non-employees and for all stock-based awards granted, modified or settled since January 1, 2003 for awards to employees. The fair value of stock options is determined using the Black-Scholes option-pricing model, which requires certain assumptions, including future stock price volatility and expected time to exercise. Changes to any of these assumptions could produce different fair values for stock-based compensation.

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Warranty Accruals

The Company offers a warranty on its products. The Company estimates costs that may be incurred under its warranty program as liabilities at the time the products are sold. Factors that affect the Company's warranty liability include the number of units sold, anticipated rates of warranty claims, and costs per claim, which require management to make estimates about future costs. The Company periodically assesses the adequacy of its recorded warranty liabilities and adjusts the amounts as necessary.

CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

CHANGES IN ACCOUNTING POLICIES

Capital Disclosures

Effective January 1, 2008, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) under CICA Handbook Section 1535 – "Capital Disclosures" ("Section 1535"). Section 1535 requires a company to disclose information that enables users of its financial statements to evaluate the Company's objectives, policies and processes for managing capital, including disclosures of any externally imposed capital requirements and the consequences of non-compliance. This accounting policy change was adopted on a prospective basis with no restatement of prior period unaudited interim consolidated financial statements.

Inventory

Effective January 1, 2008, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) under CICA Handbook Section 3031 "Inventories", which replaces Section 3030, of the same name. The new section provides guidance on the basis and method of measurement of inventories and allows for reversal of previous write-downs. The section also establishes new standards on disclosure of accounting policies used, carrying amounts, amounts recognized as an expense, write-downs and the amount of any reversal of any write-downs. This accounting policy change was adopted on a prospective basis with no restatement of prior period unaudited interim consolidated financial statements.

Financial Instruments

Effective January 1, 2008, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) under CICA Handbook Sections 3862 and 3863 – "Financial Instruments - Presentation" ("Sections 3862 and 3863"). Sections 3862 and 3863 require an increased emphasis on disclosures about the nature and extent of risk arising from financial instruments and how a company manages these risks.

On January 8, 2008 the Accounting Standards Board issued EIC-169 which provides guidance on how Section 3855 of the CICA Handbook defines or applies the term "routinely denominated in commercial transactions around the world". The Company has contracts with key customers denominated in foreign currencies which are embedded derivatives as defined by Section 3855, however these contracts do not currently have a material affect on the Company's unaudited interim consolidated financial statements. Management is aware of the possible impacts of EIC-169 and continuously monitors and analyses existing and future contracts to ascertain the extent of the impact on the Company's unaudited interim consolidated financial statements.

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RECENT ACCOUNTING PRONOUNCEMENTS

The Accounting Standards Board of the CICA announced that Canadian GAAP for publicly accountable enterprises will be replaced with International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011. Early conversion to IFRS for fiscal years beginning on or after January 1, 2009 may also be permitted.

Implementing IFRS will have an impact on accounting, financial reporting and supporting IT systems and processes. It may also have an impact on taxes, contractual commitments involving GAAP based clauses, long-term employee compensation plans and performance metrics. Accordingly, when the Company develops its IFRS implementation plan, it will have to include measures to provide extensive training to key finance personnel, to review contracts and agreements and to increase the level of awareness and knowledge amongst management, the Board of Directors and Audit Committee. Additional resources may be engaged to ensure the timely conversion to IFRS.

RESULTS OF OPERATIONS

For the three months ended March 31, 2008 and 2007:

Revenue and Cost of Sales

Revenues from product sales for the three month period ended March 31, 2008 increased 2% to \$1,097,486 compared to \$1,080,464 for the same period in 2007.

Clinical products revenue for the three month period ended March 31, 2008 increased 27% to \$769,145 compared to \$607,576 for the same period in 2007. The increase is mainly due to increased test sales offset partially by decreased reader sales. Test sales have increased mainly as a result of servicing a larger customer base. In the long-term, the Company expects clinical products revenue to increase as new products are launched and the Company scales up and automates its manufacturing operations. In the short term, the clinical products revenue may vary depending on the timing of cardiac product and infectious disease orders from its distributors.

West Nile Virus revenue for the three month period ended March 31, 2008 increased 31% to \$131,665 compared to \$100,405 for the same period in 2007. This increase is primarily due to expanded usage by US municipal health authorities and the timing of shipments. In the future, the Company expects the sales of West Nile Virus products to continue at similar seasonal levels.

Biodefense products revenue for the three month period ended March 31, 2008 decreased 47% to \$196,676 compared to \$372,483 for the same period in 2007. The variability is primarily due to the timing of significant one-time bio-defense system orders. In the future, the Company expects this variability to continue.

Contract service fees and revenue from collaborative research agreements for the three month period ended March 31, 2008 increased to \$75,635 compared to \$Nil for the same period in 2007. The variability is primarily due to the timing of the performance of services required to recognize service revenue from the Company's collaborations. The Company expects this variability to continue.

Included in total revenues of \$1,173,121 for the three month period ended March 31, 2008 [2007 - \$1,080,464] was \$47,583 [2007 - \$17,953] of revenue recognized that was deferred from prior periods and did not result in cash in the current period.

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Cost of sales for the three month period ended March 31, 2008 was \$1,001,329 compared to \$679,912 for the same period in 2007, an increase of 47%. Cost of product sales includes direct manufacturing labour and materials costs, allocated overhead including depreciation, and non-cash stock-based compensation related to the granting of stock options to employees and consultants engaged in manufacturing activities.

Overall gross margin from product sales for the three month period ended March 31, 2008 was 9% compared to 37% for the same period in 2007. The decrease in gross margin is primarily due to a decrease in higher margin reader sales and increased costs related to the implementation of new manufacturing equipment, processes and personnel as a result of the Company's scale up efforts. Further contributing to the reduced margin are increased payroll, amortization and other expenses incurred to support the scale up of manufacturing operations. The Company expects variation in gross margin based on product mix and, in the short term, lower gross margins due to the scale up and automation of its manufacturing operations in anticipation of growth in its clinical products business.

Expenses

Research and development expenditures for the three month period ended March 31, 2008 increased marginally to \$1,794,921 from \$1,793,692 for the same period in 2007. The increase is primarily related to increased clinical trial expenditures totaling \$279,000, higher salary costs in the amount of \$163,000, short term incentive plan accruals totaling \$72,000, higher allocations for overhead charges totaling \$16,000 and increased stock based compensation expense in the amount of \$11,000. This increase is offset by license fees to commercialize a RAMP test using a proprietary marker, incurred in 2007 but not in 2008, in the amount of \$288,000, decreased costs incurred for product development activities in the amount of \$138,000, lower costs incurred by the Company in the development of a next generation RAMP reader totaling \$80,000 and lower legal costs related to submitting and maintaining patent filings in the amount of \$35,000.

General and administrative expenditures for the three month period ended March 31, 2008 increased 67% to \$1,247,151 from \$745,925 for the same period in 2007. The increase is primarily due to additional rent charges related to the new facility in the amount of \$313,000 that prior to occupancy are fully charged to general and administrative expenses, increased stock-based compensation expense as a result of new grants in the amount of \$48,000, increased salaries totaling \$44,000, directors' fees totaling \$24,000, higher audit fee accruals in the amount of \$16,000 and moving costs related to the transition to the new facility totaling \$16,000.

Sales and marketing expenditures for the three month period ended March 31, 2008 decreased marginally to \$614,042 from \$617,339 for the same period in 2007. The decrease is primarily due to reduced travel and conference expenditures totaling \$34,000, lower selling expenses in the amount of \$24,000, lower charges allocated for amortization totaling \$8,000 partially offset by increased salaries totaling \$42,000, increased stock-based compensation expense in the amount of \$13,000 and short-term incentive plan accruals in the amount of \$8,000.

Other Income/Expenses

For the three month period ended March 31, 2008, interest expense amounted to \$146,507 compared to \$851 for the same period in 2007. The increase in expense is due to the repayment of the repayable leasehold improvement allowance related to the new facility operating lease agreement.

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During the three month period ended March 31, 2008, the Company earned interest income of \$40,159 [2007 - \$90,300]. The decrease is as a result of lower average funds on deposit.

During the three month period ended March 31, 2008, the Company had a foreign exchange gain of \$46,559 [2007 - loss of \$54,144]. The gain is largely due to balances of cash and cash equivalents and short-term investments held in US dollars affected by an increase in the value of the US dollar as compared to the Canadian dollar. The Company uses the exchange rate posted on the Federal Reserve Bank of New York website (www.ny.frb.org) for the last business day of the period. The exchange rate as at March 31, 2008 was \$0.9732 US per CDN dollar [December 31, 2007 - \$1.0120 US per CDN dollar].

Loss

For the three month period ended March 31, 2008, the Company reported a loss of \$3,544,111 or \$0.03 per share compared to a loss of \$2,721,09 or \$0.02 per share for the same period in 2007. The increase in loss for the three month period ended March 31, 2008 compared to the same period in 2007 is primarily due to decreased margins on product sales, higher compensation expenses, additional rent expense related to the new facility lease agreement, interest expense related to the repayable leasehold improvement allowance related to the new facility lease agreement and decreased interest income partially offset by a gain on foreign exchange.

SUMMARY OF QUARTERLY RESULTS

The table below sets forth selected data derived from the Company's unaudited interim consolidated financial statements prepared in accordance with Canadian GAAP for the eight quarters ended March 31, 2008.

	2008	2007	2007	2007	2007	2006	2006	2006
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	\$	\$	\$	\$	\$	\$	\$	\$
Product Revenue	1,097,486	919,053	869,738	687,989	1,080,464	945,165	1,356,506	812,070
Cost of Sales	1,001,329	986,724	803,009	731,981	679,912	594,970	788,367	518,750
Gross Profit	96,157	-67,671	66,729	-43,992	400,552	350,195	568,139	293,320
Gross Margin on								
Product Sales	9%	-7%	8%	-6%	37%	37%	42%	36%
Services Revenue	75,635	63,220	152,105	311,547	0	178,528	79,309	310,295
Total Revenue	1,173,121	982,273	1,021,843	999,536	1,080,464	1,123,693	1,435,815	1,122,365
Expenses	3,656,114	4,379,794	3,110,219	4,007,605	3,156,956	4,032,526	2,507,170	2,605,643
Loss for the Period	3,544,111	4,299,946	2,892,230	3,987,766	2,721,099	3,431,451	1,833,288	1,872,023
Loss per Share –								
Basic and Diluted	0.03	0.07	0.02	0.03	0.02	0.03	0.02	0.02
Total Assets	25,187,741	17,938,351	16,473,216	7,593,556	10,431,436	12,966,931	5,936,076	8,206,769

Quarter-to-quarter variability in product revenue is driven primarily by the following factors:

- The timing of cardiac product orders from the Company's distributors in China and Japan;
- The timing of significant bio-defense system orders;
- Seasonality related to the demand for RAMP West Nile Virus products as well as significant penetration of this market; and
- Beginning the first quarter of 2008, additional revenues from the introduction of new products, such as the RAMP 200 Reader and the 3M Rapid Detection Flu A+B Test.

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Quarter to quarter variability in contract service fees and revenue from collaborative research agreements is primarily due to the timing of the performance of services required to recognize service revenue from the Company's collaborations.

The losses reported are primarily the result of decreased margins on product sales due to the scale up and automation of the Company's manufacturing operations in anticipation of growth in its clinical products business, increased research and development expenditures for new product development and improvements to current products and a general increase in infrastructure across all functions to support anticipated sales and partnering requirements.

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations primarily through equity and debt financings. As of March 31, 2008, the Company has raised approximately \$75 million from the sale and issuance of equity securities and convertible debt, net of issue costs.

As at March 31, 2008, the Company had a working capital balance of \$7,948,912 a decrease of \$222,385 compared to \$8,171,297 as at December 31, 2007. With the growth of its operations, the Company's requirements for working capital are increasing. For the three month period ended March 31, 2008, the Company relied primarily on cash on hand and proceeds from the exercise of share purchase warrants and stock options to fund its expenditures. The Company also relied on a repayable leasehold improvement allowance from its landlord to fund capital expenditures related to the new facility.

For the three month period ended March 31, 2008, the Company incurred losses of \$3,544,111 compared to \$2,721,099 for the same period in 2007. Until the Company receives greater revenue from product sales, it expects that it will continue to fund its operations from a combination of the funds on hand, funding from partners, issuance of equity securities and warrants, contract service fees, revenues from collaborative research arrangements, exercise of options, and debt financing, as appropriate and where available.

As at March 31, 2008, the Company had 9,676,375 stock options outstanding of which 2,466,032 were exercisable at prices between \$0.33 and \$1.10 per share and which, if fully exercised, would result in the receipt of approximately \$1.6 million. Of the 2,466,032 stock options that were exercisable as at March 31, 2008, 1,423,562 had an exercise price less than the market price of \$0.70 as at March 31, 2008 and which, if fully exercised would result in the receipt of approximately \$800,000.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

As at March 31, 2008, the Company had the following commitments and contractual obligations.

Commitments and Obligations	Total	< 1 Year	1 – 3 Years	4 – 5 Years	> 5 Years
	\$	\$	\$	\$	\$
Equipment Operating Leases	36,611	19,292	17,319	-	-
License Fees	96,500	8,500	33,000	22,000	33,000
Equipment	99,684	99,684	-	-	-
Repayable Leasehold Allowance	16,185,140	818,350	3,273,399	2,182,266	9,911,125
Facility Subleases	15,153,389	627,183	2,647,973	1,888,154	9,990,079
Total	31,571,324	1,573,009	5,971,691	4,092,420	19,934,204

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OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off balance sheet arrangements requiring disclosure.

OUTSTANDING SHARE CAPITAL

As at March 31, 2008 there were 136,271,370 common shares issued and outstanding for a total of \$76,338,857 in share capital, 9,676,375 (of which 2,466,032 are exercisable at a weighted-average exercise price of \$0.66 per share) common shares issuable upon the exercise of outstanding stock options at a weighted-average exercise price of \$0.76 per share and 3,310,837 common shares reserved for future grant or issuance under the Company's stock option plan.

As at May 14, 2008 there were 136,316,840 common shares issued and outstanding for a total of \$76,378,849 in share capital, 10,060,055 (of which 2,487,132 are exercisable) common shares issuable upon the exercise of outstanding stock options at a weighted-average exercise price of \$0.67 per share, 2,581,687 common shares reserved for future grant or issuance under the Company's stock option plan.

TRANSACTIONS WITH RELATED PARTIES

The following payments were made to directors or companies related to or under their control:

Three Months Ended March 31,	2008	2007
	\$	\$
General and administrative		
Directors' fees	24,000	-
Legal fees	1,858	2,712
	25,858	2,712

For the three month period ended March 31, 2008, directors' fees totaling \$24,000 [2007 - \$Nil] were paid or accrued by the Company for services provided by non-management members of the Board of Directors. As at March 31, 2008, \$24,000 remained outstanding and was included in the balance of accounts payable.

The Company retains a law firm where a corporate partner is a member of the Board of Directors. For the three month period ended March 31, 2008, the Company incurred legal fees payable to this law firm of \$1,858 [2007 - \$2,712]. As at March 31, 2008, \$1,807 remained outstanding and was included in the balance of accounts payable.

In 2006, the Company entered into an agreement with a development partner, whereby the development partner became a shareholder of the Company. During the three month period ended March 31, 2008, the Company earned revenues totaling \$254,654 (product revenue totaling \$179,019 and contract service fees and revenues from collaborative research arrangements totaling \$75,635) [2007 - product revenue totaling \$1,247 and contract service fees and revenues from collaborative research arrangements \$Nil]. As at March 31, 2008, the accounts receivable related to this revenue remained outstanding and was included in the balance of trade receivables.

All related party transactions are recorded at their exchange amounts, established and agreed between the related parties.

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FINANCIAL INSTRUMENTS

For certain of the Company's financial instruments, including cash and cash equivalents, restricted cash, short-term investments, trade receivables, other receivables and accounts payable the carrying amounts approximate fair values due to their short-term nature. The carrying value of the repayable leasehold improvement allowance approximates the fair value based on the discounted cash flows at market rates.

The Company performs ongoing credit checks on its customers and requires orders to be prepaid by certain customers. As at March 31, 2008, four [December 31, 2007 - four] customers represent 72% [December 31, 2007 - 78%] of the trade receivables balance. For the three month period ended March 31, 2008, three customers represent 46% [three month period ended March 31, 2007 - four customers represent 61%] of total product sales. For the three month period ended March 31, 2008, two customers represent 100% [three month period ended March 31, 2007 - Nil] of total service revenues. For the three month period ended March 31, 2007, one customer [December 31, 2007 - one] represents 100% [December 31, 2007 - 100%] of total service revenues. The Company has good credit history with these customers and the amounts due from them are received as expected.

Financial risk is the risk to the Company's results of operations that arises from fluctuations in interest rates and foreign exchange rates and the degree of volatility of these rates. The Company is subject to foreign exchange risk as a significant portion of its revenues are denominated in US dollars. Significant losses may occur due to significant balances of cash and cash equivalents and short-term investments held in US dollars that may be affected negatively by a decline in the value of the US dollar as compared to the Canadian dollar. The Company mitigates foreign exchange risk by maintaining a US dollar bank account for all US revenues and expenditures, thereby minimizing currency exchange. Interest rate risk arises due to the Company's cash and cash equivalents, short-term investments and restricted investment being invested in variable rate securities.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

No change in the Company's internal control over financial reporting occurred during the three month period ended March 31, 2008 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

RISKS AND UNCERTAINTIES

Although the Company believes that there is a significant market opportunity for its diagnostic products, the markets for rapid on-site and point-of-care diagnostic tests are fragmented and still in their early stages of growth. Accordingly, there are a variety of risks that the Company will face in order to be successful:

1) **Financial results:** The Company's inability to generate sufficient cash flows may result in it not being able to continue as a going concern. The Company's unaudited interim consolidated financial statements have been prepared on a going concern basis, which presumes the realization of assets and the settlement of liabilities in the normal course of operations. The Company has incurred significant losses to date and as at March 31, 2008 had an accumulated deficit of \$71,037,234 and has not generated positive cash flow from operations. In view of these conditions, the ability of the Company to continue as a going concern is dependant upon its ability to obtain additional financing and on achieving profitable operations. The outcome of these matters cannot be predicted at this time. The unaudited interim consolidated financial statements

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

for the periods presented do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business; 2) **Need to raise additional capital:** The Company has incurred substantial operating losses and has had an ongoing need to raise additional funds to continue conducting its research and development programs and clinical trials, purchase capital equipment and commercialize its products. When necessary, the Company will pursue arrangements for additional capital, however there is no certainty that funds will be available on acceptable terms, if at all. If additional funds are not obtained when needed, the Company would have to curtail its current operations resulting in a material adverse impact on its business; 3) **Managing growth:** The Company may not be able to effectively and efficiently manage the planned growth of its operations and, as a result, it may find itself unable to effectively compete in the marketplace with its products resulting in lost revenue, poor operational performance and sustained losses; 4) **Suppliers:** Some of the Company's raw materials and services are provided by sole-source suppliers. In the event a sole-sourced material or service became unavailable, there may be a delay in obtaining an alternate source, and the alternate source may require significant development and time to meet product specifications; 5) **Alliances:** The Company relies significantly on strategic alliance partners to develop and commercialize products and on third party distributors to market and sell its products. If the Company is unable to successfully establish or maintain acceptable agreements with potential and existing partners and distributors, its ability to access various markets profitably with its products may be significantly restricted. If the Company's partners and distributors are unable to execute on their sales and marketing strategies, the Company's product sales may be reduced or restricted; 6) **Intellectual property:** The Company may not be able to adequately protect its technology and proprietary rights, and third parties may claim that the Company infringes their proprietary rights. There are many patent claims in the area of lateral flow immunoassays and some patent infringement lawsuits have occurred amongst parties other than ourselves, with respect to patents in this area; 7) **Product liability:** The Company may be subject to product liability claims, which may adversely affect its operations. Although the Company currently maintains product liability insurance, it cannot assure that this insurance is adequate, and, at any time, it is possible that such insurance coverage may cease to be available on commercially reasonable terms, or at all; 8) **Market, competition and technological risk:** Significant efforts are being made by companies with greater resources than the Company to develop competing technologies and products. The success of the Company will depend upon the ability of the Company to demonstrate the competitive performance of its products. Particularly important to its future results of operations will be the Company's success in developing the point-of-care NT-proBNP market; 9) **New instrument:** Subsequent to the end of the quarter the Company received FDA 510(K) clearance to market a new instrument to be commercially available in the US. Certain features of the new instrument, including higher throughput over the existing instrument, are critical to the successful launch and adoption of the Company's RAMP NT-proBNP Test and the Flu A+B test to be sold by 3M. There is no assurance that the design of the instrument will meet all the needs of the market place or that the new instrument can be routinely manufactured to specifications; 10) **Industry consolidation:** The market for immunoassay-based diagnostic testing is rapidly changing as a result of recent consolidation in the industry. The impact of consolidation of several major competitors in the market for immunoassay testing is difficult to predict and may harm the business; 11) **Government regulation:** For clinical testing applications the Company requires a number of regulatory clearances to market its products and obtaining these clearances can be uncertain, costly and time consuming; the Company is also subject to ongoing regulation of the products for which it has already obtained regulatory clearance, among other things, which may result in significant costs or in certain circumstances, the suspension or withdrawal of previously obtained clearances; 12) **Third-party re-imbursement:** Sales and pricing of medical products, including the Company's, are affected by third-party reimbursement. Depending on manufacturing costs, the Company may not be able to profitably sell its products at prices that would be acceptable to third party reimbursement programs; 13) **Seasonality:** The business and industry is

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

affected by seasonality, including governmental budget cycles. The Company may not be able to successfully scale up operations to meet demand during peak seasonal periods or scale down operations during periods of low demand, which could result in lost revenue and/or adversely affect cash flows and losses; 14) **Financial and accounting regulation:** Evolving regulation of corporate governance and public disclosure may result in additional expenses and continuing uncertainty; investor confidence and share value may be adversely impacted if the Company's independent auditors are unable to provide it with the attestation of the adequacy of the Company's internal controls over financial reporting, as required by Section 404 of the US Sarbanes-Oxley Act of 2002; Future changes in financial accounting standards or practices or existing taxation rules or practices may cause adverse unexpected revenue and/or expense fluctuations and affect the reported results of operations; valuation of stock-based payments, which the Company is required to perform for purposes of recording compensation expense under FAS 123(R), involves significant assumptions that are subject to change and difficult to predict; and 15) **Interest rate and foreign exchange:** The Company is subject to risk that the Company's results of operations are affected by fluctuations in interest rates and foreign exchange rates and the degree of volatility of these rates. The Company is subject to foreign exchange risk as a majority of its revenues are denominated in US dollars. The Company mitigates foreign exchange risk by maintaining a US dollar bank account for all US revenues and expenditures, thereby minimizing currency exchange. Interest rate risk arises due to the Company's cash and cash equivalents, short-term investments and restricted investment being invested in variable rate securities and in the future by the Company's loans which may have fixed and variable interest rates.

Additional information relating to the Company is available by accessing the SEDAR website at www.sedar.com, including information about risks, uncertainties and other factors which may cause the actual results, performance or achievement of the Company, or industry results, to be materially different from any future results. Such factors include, among others, those described in the Company's annual report on Form 40-F.

Consolidated Financial Statements

Response Biomedical Corporation

(Unaudited - Expressed in Canadian dollars)

First Quarter Report

March 31, 2008

Response Biomedical Corporation
 Incorporated under the laws of British Columbia

CONSOLIDATED BALANCE SHEETS

[See Note 1 - Basis of Presentation and Going Concern Uncertainty]

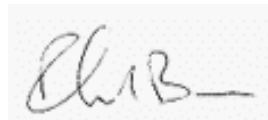
Unaudited - Expressed in Canadian dollars

	March 31, 2008 \$	December 31, 2007 \$
ASSETS		
Current		
Cash and cash equivalents	3,450,582	8,173,961
Restricted cash <i>[note 4]</i>	572,669	106,527
Short-term investments	30,854	30,686
Trade receivables, net <i>[note 6]</i>	1,103,268	742,624
Other receivables	2,390,893	1,318,107
Share subscriptions receivable <i>[note 11[b]][iii]</i>	3,676,748	-
Inventories <i>[note 7]</i>	1,397,096	1,153,506
Prepaid expenses and other	474,296	479,398
Deferred costs	7,626	10,176
Total current assets	13,104,032	12,014,985
Restricted investment <i>[notes 9[c] and 13[e]][ii]</i>	874,451	875,375
Property, plant and equipment <i>[note 8]</i>	11,209,258	5,047,991
	25,187,741	17,938,351
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable	2,622,564	2,104,204
Accrued and other liabilities	1,466,902	1,315,179
Holdback payable <i>[note 4]</i>	571,075	106,527
Lease inducements - current portion <i>[note 9]</i>	382,959	191,445
Deferred revenue - current portion <i>[note 10]</i>	111,620	126,333
Total current liabilities	5,155,120	3,843,688
Lease inducements <i>[note 9]</i>	8,351,696	2,941,295
Deferred revenue <i>[note 10]</i>	70,517	80,147
	13,577,333	6,865,130
Commitments and contingencies <i>[note 13]</i>		
Shareholders' equity		
Share capital <i>[note 11[b]]</i>	76,338,857	71,393,556
Contributed surplus <i>[note 11[b]]</i>	6,308,785	7,172,788
Deficit	(71,037,234)	(67,493,123)
Total shareholders' equity	11,610,408	11,073,221
	25,187,741	17,938,351

On behalf of the Board:



S. Wayne Kay
 Director



Richard K. Bear
 Director

Response Biomedical Corporation

CONSOLIDATED STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT

Unaudited - Expressed in Canadian dollars

Three Months Ended March 31,	2008	2007
	\$	\$
REVENUE		
Product sales <i>[notes 12 and 14]</i>	1,097,486	1,080,464
Cost of sales <i>[note 11[d]]</i>	1,001,329	679,912
Gross profit on product sales	96,157	400,552
Contract service fees and revenues from collaborative research arrangements <i>[notes 12 and 14]</i>	75,635	-
	171,792	400,552
EXPENSES		
Research and development <i>[note 11[d]]</i>	1,794,921	1,793,692
General and administrative <i>[notes 11[d] and 12]</i>	1,247,151	745,925
Marketing and business development <i>[note 11[d]]</i>	614,042	617,339
Total expenses	3,656,114	3,156,956
OTHER EXPENSES (INCOME)		
Interest expense <i>[note 9[c]]</i>	146,507	851
Interest income	(40,159)	(90,300)
Foreign exchange loss (gain)	(46,559)	54,144
Total other expenses (income)	59,789	(35,305)
Loss and comprehensive loss for the period	(3,544,111)	(2,721,099)
Deficit, beginning of year	(67,493,123)	(53,592,082)
Deficit, end of period	(71,037,234)	(56,313,181)
Loss per common share - basic and diluted		
<i>[note 11[g]]</i>	(0.03)	(0.02)
Weighted average number of common shares outstanding <i>[note 11[g]]</i>	129,986,181	113,690,909

See accompanying notes

Response Biomedical Corporation

CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited - Expressed in Canadian dollars

Three Months Ended March 31,	2008	2007
	\$	\$
OPERATING ACTIVITIES		
Loss for the period	(3,544,111)	(2,721,099)
Add (deduct) items not involving cash:		
Amortization of property, plant and equipment <i>[note 8]</i>	149,118	78,033
Amortization of deferred lease inducement	(9,046)	-
Stock-based compensation	178,660	101,620
Amortization of deferred costs	2,550	2,550
Deferred lease inducements	95,784	-
Changes in non-cash working capital	(957,105)	(738,342)
Cash used in operating activities	(4,084,150)	(3,277,238)
INVESTING ACTIVITIES		
Short term investments	(168)	(10,144)
Restricted investment	924	-
Purchase of property, plant and equipment	(3,276,059)	(435,449)
Cash used in investing activities	(3,275,303)	(445,593)
FINANCING ACTIVITIES		
Repayable lease inducement received	2,360,693	-
Proceeds from issuance of common shares, and warrants, net of share issue costs and prepaid subscriptions	225,890	276,240
Cash provided by financing activities	2,586,583	276,240
Effect of changes in foreign currency rates on cash and cash equivalents	49,491	31,092
Decrease in cash during the period	(4,772,870)	(3,446,591)
Cash and cash equivalents, beginning of year	8,173,961	5,707,076
Cash and cash equivalents, end of period	3,450,582	2,291,577
Short-term investments		
Components of Cash, Cash Equivalents and Short-term Investments		
Cash	3,450,582	1,121,824
Cash equivalents	-	1,169,753
Short-term investments	30,854	3,469,924
Cash, cash equivalents, and short-term investments, end of period	3,481,436	5,761,501
Supplemental Disclosure		
Interest paid in cash <i>[note 9[c]]</i>	146,507	851
Non-cash activity:		
Non-repayable leasehold improvement allowance <i>[note 9[b]]</i>	1,098,982	-

See accompanying notes

Response Biomedical Corporation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2008

(Unaudited - Expressed in Canadian dollars)

1. BASIS OF PRESENTATION AND GOING CONCERN UNCERTAINTY

Response Biomedical Corporation (the "Company") was incorporated on August 20, 1980 under the predecessor to the Business Corporations Act (British Columbia). The Company is engaged in the research, development, commercialization and distribution of diagnostic technologies for the medical point of care ("POC") and on-site environmental testing markets. POC and on-site diagnostic tests (or assays) are simple, non-laboratory based tests performed using portable hand-held devices, compact desktop analyzers, single-use test cartridges and/or dipsticks. Since 1996, the Company has developed and commercialized a proprietary diagnostic system called RAMP®.

The RAMP System is a portable fluorescence immunoassay-based diagnostic technology that combines the performance of a clinical lab with the convenience of a dipstick test - establishing a new paradigm in diagnostic testing. Immunoassays are extremely sensitive and specific tests used to identify and measure small quantities of materials, such as proteins. Any biological molecule and most inorganic materials can be targeted. Accordingly, the RAMP technology is applicable to multiple distinct market segments and many products within those segments. RAMP tests are now commercially available for use in the early detection of heart attack, congestive heart failure, environmental detection of West Nile Virus, and biodefence applications including the rapid on-site detection of anthrax, smallpox, ricin and botulinum toxin.

These unaudited interim consolidated financial statements have been prepared on a basis consistent with the Company's annual audited consolidated financial statements as at December 31, 2007, with the exception of adopting new standards as disclosed in Note 2, and on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company's inability to generate sufficient cash flows may result in it not being able to continue as a going concern. The Company has incurred significant losses to date and as at March 31, 2008 had an accumulated deficit of \$71,037,234 and has not generated positive cash flow from operations, accordingly, there is significant uncertainty about the Company's ability to continue as a going concern. Management has been able, thus far, to finance the operations through a series of debt and equity financings. The Company received cash from the exercise of outstanding stock options and warrants during the three month period ended March 31, 2008 in the amount of \$5,790 and \$220,100, respectively. As at March 31, 2008, \$3,676,748 from share purchase warrants exercised are disclosed as share subscriptions receivable in the consolidated balance sheets [Notes 11[b][iii] and 11[f]]. Management will continue, as appropriate, to seek other sources of financing on favourable terms; however, there are no assurances that any such financing can be obtained on favourable terms, if at all. In view of these conditions, the ability of the Company to continue as a going concern is dependant upon its ability to obtain such financing and, ultimately, on achieving profitable operations. The outcome of these matters cannot be predicted at this time. The unaudited interim consolidated financial statements for the periods presented do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

The accompanying unaudited interim consolidated financial statements reflect, in the opinion of management, all adjustments (which include reclassifications and normal recurring adjustments) necessary to present fairly the financial position at March 31, 2008 and its results of operations and its cash flows for the period then ended and for all such periods presented.

Response Biomedical Corporation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2008

(Unaudited - Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are disclosed in Note 2 of its audited consolidated financial statements as at and for the year ended December 31, 2007. There were no significant adoptions or changes in accounting policies since the fiscal year ended December 31, 2007 other than those noted in Note 3.

3. CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

CHANGES IN ACCOUNTING POLICIES

Capital Disclosures

Effective January 1, 2008, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) under CICA Handbook Section 1535 - "Capital Disclosures" ("Section 1535"). Section 1535 requires a company to disclose information that enables users of its financial statements to evaluate the Company's objectives, policies and processes for managing capital, including disclosures of any externally imposed capital requirements and the consequences of non-compliance. This accounting policy change was adopted on a prospective basis [Note 5] with no restatement of prior period unaudited interim consolidated financial statements.

Inventory

Effective January 1, 2008, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) under CICA Handbook Section 3031 - "Inventories", which replaces Section 3030, of the same name. The new section provides guidance on the basis and method of measurement of inventories and allows for reversal of previous write-downs. The section also establishes new standards on disclosure of accounting policies used, carrying amounts, amounts recognized as an expense, write-downs and the amount of any reversal of any write-downs. This accounting policy change was adopted on a prospective basis with no restatement of prior period unaudited interim consolidated financial statements.

Financial Instruments

Effective January 1, 2008, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) under CICA Handbook Sections 3862 and 3863 - "Financial Instruments - Presentation" ("Sections 3862 and 3863"). Sections 3862 and 3863 require an increased emphasis on disclosures about the nature and extent of risk arising from financial instruments and how a company manages these risks.

On January 8, 2008 the Accounting Standards Board issued EIC-169 which provides guidance on how Section 3855 of the CICA Handbook defines or applies the term "routinely denominated in commercial transactions around the world". The Company has contracts with key customers denominated in foreign currencies which are embedded derivatives as defined by Section 3855, however these contracts do not currently have a material affect on the Company's unaudited interim consolidated financial statements. Management is aware of the possible impacts of EIC-169 and continuously monitors and analyses existing and future contracts to ascertain the extent of the impact on the Company's unaudited interim consolidated financial statements.

Response Biomedical Corporation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2008

(Unaudited - Expressed in Canadian dollars)

3. CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS (cont'd)

RECENT ACCOUNTING PRONOUNCEMENTS

The Accounting Standards Board of the CICA announced that Canadian Generally Accepted Accounting Principles ("GAAP") for publicly accountable enterprises will be replaced with International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011. Early conversion to IFRS for fiscal years beginning on or after January 1, 2009 may also be permitted.

Implementing IFRS will have an impact on accounting, financial reporting and supporting IT systems and processes. It may also have an impact on taxes, contractual commitments involving GAAP based clauses, long-term employee compensation plans and performance metrics. Accordingly, when the Company develops its IFRS implementation plan, it will have to include measures to provide extensive training to key finance personnel, to review contracts and agreements and to increase the level of awareness and knowledge amongst management, the Board of Directors and Audit Committee. Additional resources may be engaged to ensure the timely conversion to IFRS.

4. RESTRICTED CASH AND HOLDBACK PAYABLE

Restricted cash represents the proceeds of a 10% holdback of payments payable to a company contracted to perform upgrades to the Company's new leased premise [Note 13 [e][ii]]. The offsetting holdback payable is disclosed on the consolidated balance sheets under current liabilities. The restricted cash will be disbursed when both parties agree that the upgraded project is substantially complete.

Response Biomedical Corporation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2008

(Unaudited - Expressed in Canadian dollars)

5. CAPITAL MANAGEMENT

The Company's objectives when managing its capital are to safeguard the Company's ability to continue as a going concern so it may provide returns to shareholders and benefits to stakeholders. This is accomplished by pricing products and services commensurately with the Company's strategies to maximize long-term profits and cash flows, and to obtain funding on terms that maximize shareholder value. The Company monitors the debt to equity ratio, which it defines as total liabilities divided by shareholder's equity as disclosed in the unaudited interim consolidated balance sheets.

In the three months ended March 31, 2008, 6,285,239 warrants that were set to expire on March 30, 2008 were exercised for total proceeds of \$3,898,848 [Note 11[f]].

The Company does not have any externally imposed capital requirements, and has not revised its capital management strategies during the three months ended March 31, 2008.

6. FINANCIAL INSTRUMENTS

For certain of the Company's financial instruments, including cash and cash equivalents, restricted cash, short-term investments, trade receivables, other receivables, share subscriptions receivable, accounts payable and holdback payable the carrying amounts approximate fair values due to their short-term nature. The carrying value of the repayable leasehold improvement allowance approximates the fair value based on the discounted cash flows at market rates.

Under CICA Handbook Section 3855, financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. Transaction costs are included in the carrying amounts of financial instruments as they are carried on the balance sheet. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net income.

The Company has classified its cash and cash equivalents and short-term investments as held-for-trading. Restricted cash and restricted investment are classified as held-to-maturity. Trade receivables, other receivables and share subscriptions receivable are classified as loans and receivables. Accounts payable, holdback payable and repayable leasehold improvement allowance are classified as other financial liabilities.

Response Biomedical Corporation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2008

(Unaudited - Expressed in Canadian dollars)

6. FINANCIAL INSTRUMENTS (cont'd)

Carrying value and fair value of financial assets and liabilities as at March 31, 2008 and December 31, 2007 are summarized as follows:

	March 31, 2008		December 31, 2007	
	Carrying Value \$	Fair Value \$	Carrying Value \$	Fair Value \$
Held-for-trading	3,481,436	3,481,436	8,204,647	8,204,647
Loans and receivables	7,170,909	7,170,909	2,060,731	2,060,731
Held-to-maturity	1,447,120	1,447,120	981,902	981,902
Other liabilities	9,585,975	9,585,975	4,186,872	4,186,872
	21,685,440	21,685,440	15,434,152	15,434,152

Market Risk

Currency Risk

The Company is subject to foreign exchange risk as a significant portion of its revenues are denominated in US dollars. Significant losses may occur due to significant balances of cash and cash equivalents and short-term investments held in US dollars that may be affected negatively by a decline in the value of the US dollar as compared to the Canadian dollar.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is limited as its cash, cash equivalents and restricted cash are short-term in nature.

Other Price Risk

Other price risk is the risk that the future value or cash flows of a financial instrument will fluctuate because of changes in market prices. Exposure to price risk is low as the Company's cash management policy is to invest excess cash in high grade/low risk investments over short periods of time.

Credit Risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its obligations under a contract. The risk arises primarily from the Company's receivables from customers.

The Company's exposure to credit risk is dependent upon the characteristics of each customer. The Company performs ongoing credit checks on its customers and requires orders to be prepaid by certain customers.

Response Biomedical Corporation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2008

(Unaudited - Expressed in Canadian dollars)

6. FINANCIAL INSTRUMENTS (cont'd)

Credit Risk (cont'd)

As at March 31, 2008, four [December 31, 2007 - four] customers represent 72% [December 31, 2007 - 78%] of the trade receivables balance. For the three month period ended March 31, 2008, three customers represent 46% [three month period ended March 31, 2007 - four customers represent 61%] of total product sales. For the three month period ended March 31, 2008, two customers represent 100% [three month period ended March 31, 2007 - Nil] of total service revenues.

On a regular basis, the Company reviews the collectibility of its accounts receivable and establishes an allowance for doubtful accounts based on its best estimates of any potentially uncollectible accounts. As at March 31, 2008, the balance of the Company's allowance for doubtful accounts was \$895 [December 31, 2007 - \$Nil]. The Company has good credit history with its customers and the amounts due from them are received as expected.

Pursuant to their respective terms, accounts receivable are aged as follows at March 31, 2008:

Current	\$	496,762
0-30 days		249,371
31-60 days		144,196
61-90 days		54,750
Over 90 days due		158,189
	\$	1,103,268

Other receivables and subscriptions receivable as at March 31, 2008:

	Current
	\$
Other receivables (not including interest)	2,055,502
Subscriptions receivable	3,676,748
	5,732,250

Response Biomedical Corporation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2008

(Unaudited - Expressed in Canadian dollars)

6. FINANCIAL INSTRUMENTS (cont'd)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company continuously monitors actual and forecasted cash flows to ensure, as far as possible, there is sufficient working capital to satisfy its operating requirements.

Pursuant to their respective terms, accounts payable are aged as follows at March 31, 2008:

Current	\$	2,593,391
0-30 days		29,172
	\$	2,622,564

7. INVENTORIES

	March 31, 2008	December 31, 2007
	\$	\$
Raw materials	493,233	575,121
Work in process	341,597	270,352
Finished goods	562,266	308,033
	1,397,096	1,153,506

The carrying value of inventory as at March 31, 2008 includes a provision for lower of cost and net realizable value in the amount of \$37,340 [December 31, 2007 - \$Nil].

Response Biomedical Corporation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2008

(Unaudited - Expressed in Canadian dollars)

8. PROPERTY, PLANT AND EQUIPMENT

	Cost \$	Accumulated amortization \$	Net book value \$
March 31, 2008			
Office furniture and equipment	950,547	20,789	929,758
Office computer equipment	189,814	103,862	85,952
Laboratory furniture and equipment	494,669	435,339	59,330
Laboratory computer equipment	396,412	329,010	67,402
Computer software	307,096	204,122	102,974
Manufacturing equipment	1,732,503	236,670	1,495,833
Manufacturing molds	593,913	238,319	355,594
Leasehold improvements	8,160,654	48,239	8,112,415
	12,825,608	1,616,350	11,209,258
December 31, 2007			
Office furniture and equipment	437,619	20,789	416,830
Office computer equipment	168,709	94,718	73,991
Laboratory furniture and equipment	471,624	430,437	41,187
Laboratory computer equipment	361,776	316,846	44,930
Computer software	307,096	179,807	127,289
Manufacturing equipment	1,644,216	199,693	1,444,523
Manufacturing molds	593,913	184,980	408,933
Leasehold improvements	2,530,270	39,962	2,490,308
	6,515,223	1,467,232	5,047,991

Amortization expense for the three month period ended March 31, 2008 amounted to \$149,118 [2007 - \$78,033].

The following property, plant and equipment were not yet in service and hence not amortized:

	March 31, 2008 \$	December 31, 2007 \$
Deposits paid for furniture and equipment purchases	-	416,830
Assets related to the automation of the Company's manufacturing processes	872,581	842,965
Leasehold improvements related to leased premises not yet occupied	8,077,885	2,484,159
	8,950,466	3,743,954

Response Biomedical Corporation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2008

(Unaudited - Expressed in Canadian dollars)

9. LEASE INDUCEMENTS

During the year ended December 31, 2007 the Company entered into a 15 year lease agreement for a new premise [Note 13[e][ii]]. The agreement provides for lease inducements to be provided by the landlord to the Company.

The lease inducements disclosed on the consolidated balance sheets as a result of these benefits is comprised of the following:

	March 31, 2008 \$	December 31, 2007 \$
Deferred Lease Inducements		
Rent-free inducement [a]	814,164	718,380
Less: amortization	(9,046)	-
	805,118	718,380
Non-repayable leasehold improvement allowance [b]	1,537,201	438,219
Repayable Lease Inducement		
Repayable leasehold improvement allowance [c]	6,427,686	1,976,141
Less: repayments	(35,350)	-
	6,392,336	1,976,141
Total	8,734,655	3,132,740

Summarized as to:

Current Portion

Rent-free inducement [a]	54,278	43,901
Non-repayable leasehold improvement allowance [b]	102,480	26,780
Repayable leasehold improvement allowance [c]	226,201	120,764
Current portion	382,959	191,445
Long-term portion	8,351,696	2,941,295
Total	8,734,655	3,132,740

[a] The Company negotiated a long-term lease agreement for the new premise which included an eight and one half month rent-free period from May 17, 2007 to February 1, 2008. The lease inducement benefit arising from the rent-free period is being amortized on a straight-line basis over the term of the operating lease commencing February 1, 2008 as a reduction to rental expense.

[b] The Company negotiated a non-repayable allowance for expenditures related to general upgrades to the new premise. As per the terms of the lease, the maximum allowance under this arrangement is \$1.708 million and it is expected the entire amount will be required. The lease inducement benefit arising from the non-repayable leasehold improvement allowance will be amortized on a straight-line basis over the term of the operating lease commencing April 1, 2008 as a reduction to rental expense.

Response Biomedical Corporation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2008

(Unaudited - Expressed in Canadian dollars)

9. LEASE INDUCEMENTS (cont'd)

[c] The Company negotiated a repayable leasehold improvement allowance for a maximum of \$8.0 million to be used for additional improvements to the new premise. This lease inducement is being repaid over the term of the operating lease commencing February 1, 2008 at approximately \$90,928 per month including interest calculated at an interest rate negotiated between the Company and the landlord. The Company was not required to provide any collateral on this repayable leasehold improvement allowance, however, to secure the lease, the Company is maintaining a security deposit with the landlord in the form of an irrevocable letter of credit in the amount of \$870,610 [December 31, 2007 - \$870,610] (market value of investment securing the letter of credit - \$874,451, December 31, 2007 - \$874,375) [Note 13[e][iii]].

Future principal repayments due to be paid on the maximum repayable leasehold improvement allowance to be drawn are estimated as follows:

2009	226,201
2010	252,376
2011	281,581
2012	314,165
2013	350,520
Thereafter	6,539,807
	<u>7,964,650</u>

10. DEFERRED REVENUE

	March 31, 2008	December 31, 2007
	\$	\$
Beginning balance:		
Product sales	206,479	216,162
Additions:		
Product sales	25,420	108,006
Recognition of revenue:		
Product sales	(49,762)	(117,688)
Ending balance:		
Product sales	182,137	206,480
Total	182,137	206,480
Summarized as to:		
Current portion deferred revenue	111,620	126,333
Long - term portion deferred revenue	70,517	80,147
Total	182,137	206,480

Response Biomedical Corporation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2008

(Unaudited - Expressed in Canadian dollars)

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS

[a] **Authorized** - Unlimited common shares without par value.

[b] **Issued**

	Issued and Outstanding Number	Amount	Contributed Surplus
	#	\$	\$
Balance, December 31, 2006	113,464,862	56,868,133	7,479,125
Issued for cash:			
Exercise of warrants	3,169,006	1,741,159	-
Exercise of stock options	1,343,763	689,412	-
Private placement, net of issue costs [i]	12,000,000	11,123,331	-
Issued for non-cash consideration:			
Value of warrants exercised	-	545,818	(545,818)
Stock-based compensation related to stock options exercised	-	425,703	(425,704)
Stock-based compensation [note 11 [d]]	-	-	665,185
Balance, December 31, 2007	129,977,631	71,393,556	7,172,788
Issued for cash:			
Exercise of warrants	6,285,239	3,896,848	-
Exercise of stock options	8,500	5,790	-
Issued for non-cash consideration:			
Value of warrants exercised	-	1,039,578	(1,039,578)
Stock-based compensation related to stock options exercised	-	3,085	(3,085)
Stock-based compensation [note 11 [d]]	-	-	178,660
Balance, March 31, 2008	136,271,370	76,338,857	6,308,785

[i] On July 23, 2007, the Company closed a private placement consisting of 12,000,000 shares at a price of \$1.00 per share. Gross proceeds were \$12,000,000 before share issuance costs of \$876,669 for net proceeds of \$11,123,331.

[ii] On December 11, 2006 the Company closed a private placement for gross proceeds of \$9,174,400 (US \$8,000,000), before share issuance costs of \$44,561, for net proceeds of \$9,129,839 comprising of 14,797,419 shares at a price of \$0.62 per share.

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11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd)

[iii] On March 30, 2006, the Company closed a private placement consisting of 24,000,000 units at a price of \$0.50 per unit, each unit comprising one common share and one-half of one transferable common share purchase warrant, each whole warrant entitles the holder thereof to purchase one common share of the Company at a price of \$0.62 per share until March 30, 2008. The Company also issued 1,400,000 agent's warrants, each warrant entitling the holder thereof to purchase one common share of the Company at a price of \$0.62 per share until March 30, 2008.

The 13,400,000 share purchase warrants issued as a result of the private placement were classified as a separate component of equity, the fair value of which was determined using the Black-Scholes pricing model using the following assumptions: dividend yield 0.0%; expected volatility 74%; risk-free interest rate 4.01%; and expected life of 2 years. Accordingly, \$2,412,000 of the proceeds, less \$195,641 in issue costs, was allocated as the fair value of the warrants, which was recorded in contributed surplus in the consolidated balance sheet.

Of the 13,400,000 share purchase warrants issued, 6,285,239 warrants were exercised during the three month period ended March 31, 2008 for proceeds of \$3,896,848, of which \$3,676,748 are disclosed as share subscriptions receivable in the consolidated balance sheets. The subscriptions were collected in full subsequent to March 31, 2008.

[c] Stock option plan

On June 21, 2005, the Company's shareholders approved a new stock option plan (the "2005 Plan") to provide an incentive to executive officers, directors, employees and consultants who contribute to the continued success of the Company. The 2005 Plan is effective May 3, 2005 and was originally set to terminate on May 3, 2007.

At the Annual General Meeting held on June 14, 2007, the Company's shareholders approved an amendment to the 2005 Plan such that it no longer has a termination date. The exercise price of the options is determined by the Board of Directors, but generally will be equal to the closing trading price of the common shares on the day immediately preceding the grant date. The options vest in periods of 18 months to four years (in general) and the term may not exceed five years.

At the Annual General Meeting held on June 14, 2007, the Company's shareholders also approved an amendment to the 2005 Plan to increase the number of shares that may be issued under the plan from 13,500,000 to 17,000,000. Of the 17,000,000 [December 31, 2006 – 13,500,000] stock options authorized for grant under the 2005 Plan, 3,310,837 stock options are available for grant at March 31, 2008.

Response Biomedical Corporation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2008

(Unaudited - Expressed in Canadian dollars)

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd)

[c] Stock option plan (cont'd)

At March 31, 2008, the following stock options were outstanding:

Options outstanding March 31, 2008				Options exercisable March 31, 2008		
Range of exercise price \$	Number of shares under option #	Weighted average remaining contractual life (years)	Weighted average exercise price \$	Number of options currently exercisable #	Weighted average exercise price \$	
0.33 – 0.39	13,000	2.55	0.33	13,000	0.33	
0.40 – 0.49	81,087	2.36	0.46	46,752	0.43	
0.50 – 0.59	3,469,250	2.88	0.57	1,230,365	0.56	
0.60 – 0.69	1,589,025	3.77	0.67	133,445	0.66	
0.70 – 0.79	299,600	1.78	0.74	220,220	0.73	
0.80 – 0.89	1,846,900	3.08	0.85	763,900	0.80	
0.90 – 0.99	75,000	3.12	0.91	7,500	0.91	
1.00 – 1.10	2,302,513	4.42	1.05	50,850	1.09	
0.33 – 1.10	9,676,375	3.39	0.76	2,466,032	0.66	

The options expire at various dates from April 4, 2008 to December 4, 2012.

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March 31, 2008

(Unaudited - Expressed in Canadian dollars)

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd)

[c] Stock option plan (cont'd)

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of optioned common shares	Weighted average exercise price
	#	\$
Balance, December 31, 2006	7,593,350	0.61
Options granted	4,988,913	0.89
Options forfeited	(96,750)	0.75
Options cancelled	(404,125)	0.66
Options expired	(159,250)	0.66
Options exercised	(1,343,763)	0.51
Balance, December 31, 2007	10,578,375	0.75
Options granted	-	-
Options forfeited	(467,700)	0.75
Options cancelled	(323,050)	0.61
Options expired	(102,750)	0.57
Options exercised	(8,500)	0.68
Balance, March 31, 2008	9,676,375	0.76

The exercise price equaled the closing trading price of the common shares on the date preceding the date of grant for all options issued during the year ended 2007.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2008

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11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd)

[d] Stock-based compensation

For the three month period ended March 31, 2008, the Company recognized total stock-based compensation of \$178,660 [2007 - \$101,620]. For the three month period ended March 31, 2008 compensation expense was \$175,272 [2007 - \$88,448] as a result of stock options granted to officers, directors and employees and \$ 3,388 [2007 - \$13,172] as a result of stock options granted to consultants, with a corresponding credit to contributed surplus.

The fair value of stock options granted was estimated using the Black-Scholes option pricing model with the following weighted average assumptions and resulting fair value:

Three Months Ended March 31,	2008	2007
Dividend yield	-	0%
Expected volatility	-	73%
Risk-free interest rate	-	4%
Expected life in years	-	4.30
Fair value per share	-	\$0.38

The Company did not grant any options in the three month period ended March 31, 2008.

The following table shows stock-based compensation allocated by type of cost:

Three Months Ended March 31,	2008	2007
	\$	\$
Cost of sales - products and services	11,481	6,535
Research and development	21,623	10,601
Marketing and business development	17,943	4,829
General and administrative	127,613	79,655
	178,660	101,620

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11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd)

[e] Escrow shares

Pursuant to an escrow agreement dated December 31, 1995 and approved by the shareholders on June 19, 1996, 825,000 common shares were held in escrow. At the shareholders meeting on June 21, 2004, the shareholders approved a resolution to amend the terms of the escrow agreement, such that the escrow release is now based on a six-year time release formula, in accordance with the policies of the TSX Venture Exchange. Previously, the escrow shares were to be released based on the Company's cumulative cash flow. Commencing March 2005, common shares held in escrow may be released upon request, in twelve tranches over a period of six years, with tranches released every six months. Each of the first four tranches consists of 41,250 common shares or 5% of the total escrow shares and each of the remaining eight tranches consists of 82,500 common shares or 10% of the total escrow shares. As at March 31, 2008, 412,500 common shares have been released from escrow leaving a balance of escrow shares as at March 31, 2008 of 412,500.

[f] Common share purchase warrants

At March 31, 2008, there were no common share purchase warrants outstanding.

Common share purchase warrant transactions are summarized as follows:

	Number of warrants #	Weighted average exercise price \$
Balance, December 31, 2006	15,263,540	0.61
Warrants exercised	(3,169,006)	0.55
Balance, December 31, 2007	12,094,534	0.62
Warrants exercised *	(6,285,239)	0.62
Warrants expired	(5,809,295)	0.62
Balance, March 31, 2008	-	-

* of the 6,285,239 share purchase warrants exercised, \$220,100 of the total proceeds were received in the three month period ended March 31, 2008. The balance of \$3,676,748 is disclosed as share subscriptions receivable in the consolidated balance sheets. The subscriptions were collected in full subsequent to March 31, 2008.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2008
(Unaudited - Expressed in Canadian dollars)

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd)

[g] Loss per common share

Three Months Ended March 31,	2008	2007
	\$	\$
Numerator		
Loss for the period	(3,544,111)	(2,721,099)
Denominator		
Weighted average number of common shares outstanding	129,986,181	113,690,909
Loss per common share - basic and diluted	(\$0.03)	(\$0.02)

12. RELATED PARTY TRANSACTIONS

[a] The following payments were made to directors or companies related to or under their control:

Three Months Ended March 31,	2008	2007
	\$	\$
General and administrative		
Directors' fees	24,000	-
Legal fees	1,858	2,712
	25,858	2,712

For the three month period ended March 31, 2008, directors' fees totaling \$24,000 [2007 - \$Nil] were paid or accrued by the Company for services provided by non-management members of the Board of Directors. As at March 31, 2008, \$24,000 remained outstanding and was included in the balance of accounts payable.

The Company retains a law firm where a corporate partner is a member of the Board of Directors. For the three month period ended March 31, 2008, the Company incurred legal fees payable to this law firm of \$1,858 [2007 - \$2,712]. As at March 31, 2008, \$1,807 remained outstanding and was included in the balance of accounts payable.

[b] In 2006, the Company entered into an agreement with a development partner, whereby the development partner became a shareholder of the Company. During the three month period ended March 31, 2008, the Company earned revenues totaling \$254,654 (product revenue totaling \$179,019 and contract service fees and revenues from collaborative research arrangements totaling \$75,635) [2007 - product revenue totaling \$1,247 and contract service fees and revenues from collaborative research arrangements \$Nil]. As at March 31, 2008, the accounts receivable related to this revenue remained outstanding and was included in the balance of trade receivables.

All related party transactions are recorded at their exchange amounts, established and agreed between the related parties.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2008

(Unaudited - Expressed in Canadian dollars)

13. COMMITMENTS AND CONTINGENCIES

[a] Research and license agreements

The Company entered into an exclusive license agreement with the University of British Columbia "UBC" effective March 1996, as amended October 2003, to use and sublicense certain technology ("Technology") and any improvements thereon, and to manufacture, distribute and sell products in connection therewith. In consideration for these rights, the Company paid a non-refundable license fee of \$5,000 upon execution of the agreement and \$5,000 in January 1997, and is required to pay quarterly royalties based on 2% of revenue generated from the sale of products that incorporate the Technology. In addition, in the event the Company sublicenses the Technology, the Company is required to pay to UBC a royalty comprised of 20% of the first \$1,000,000 of sublicensing revenue per calendar year and 10% of sublicensing revenue that exceeds \$1,000,000 in each calendar year.

Commencing in 2003 and for a period of nine years thereafter, royalties payable to UBC are subject to a \$2,500 quarterly minimum plus a \$500 annual license maintenance fee. Effective January 1, 2006 the annual license fee increased to \$1,000. These payments are accrued and expensed in the year incurred. The agreement terminates on the expiration date in 2016, or invalidity of the patents or upon bankruptcy or insolvency of the Company. Pursuant to the agreement, the Company incurred an expense of \$3,500 in the three month period ended March 31, 2008 [2007 - \$3,500].

[b] Indemnification of directors and officers

Under the Articles of the Company, applicable law and agreements with its officers, the Company, in circumstances where the individual has acted legally, honestly and in good faith, may or is required to indemnify its directors and officers against certain losses. The Company's liability in respect of the indemnities is not limited. The maximum potential of the future payments is unlimited. However, the Company maintains appropriate liability insurance that limits the exposure and enables the Company to recover any future amounts paid, less any deductible amounts pursuant to the terms of the respective policies, the amounts of which are not considered material.

[c] Indemnification of third parties

The Company has entered into license and research agreements with third parties that include indemnification provisions that are customary in the industry. These guarantees generally require the Company to compensate the other party for certain damages and costs incurred as a result of third party claims or damages arising from these transactions. The nature of the indemnification obligations prevents the Company from making a reasonable estimate of the maximum potential amount that could be required to pay. To date, the Company has not made any indemnification payments under such agreements and no amount has been accrued in these unaudited interim consolidated financial statements with respect to these indemnification obligations.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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13. COMMITMENTS AND CONTINGENCIES (cont'd)

[d] Supply agreement

The Company entered into a supply agreement with a supplier, effective September 2003 for certain reagents for the Company's RAMP West Nile Virus Test. In addition to paying for the reagent purchased, the Company is required to pay the supplier semi-annual royalties equal to 10% of net revenue generated from the sale of the Company's RAMP West Nile Virus Test. The initial term of the agreement was three years from the effective date and is automatically renewed for successive periods of one year until either party terminates the Agreement. For the three month period ended March 31, 2008, the Company incurred an expense of \$12,303 [2007 - \$9,863] for royalties to the supplier.

[e] Lease agreements

- [i] The Company entered into a property sublease agreement to lease 31,920 square feet of multi-use business space. The term of the sublease agreement was October 1, 2005 to December 14, 2007. The property sublease agreement term was extended from December 14, 2007 to March 31, 2008. For the duration of the sublease extension term, the Company is required to pay the sub-landlord a total gross monthly rent of approximately \$79,000 including maintenance and utilities. Rent expense and related fees for the three month period ended March 31, 2008 was \$237,558 [2007 - \$186,437].
- [ii] The Company entered into a long-term agreement to lease a single tenant 46,000 square foot facility to house all of the Company's operations beginning March 2008. Rent is payable from February 1, 2008 to January 31, 2023. For the first year of the lease period, the Company is required to pay the landlord a total gross monthly rent of approximately \$160,615 including operating costs with yearly increases of 3% of base rent. Rent expense for the three month period ended March 31, 2008 was \$312,685 [2007 - \$Nil]. To secure the lease, the Company is maintaining a security deposit with the landlord in the form of an irrevocable letter of credit in the amount of \$870,610 (market value - \$874,451) disclosed as restricted investment in the long-term asset section of the Consolidated Balance Sheets.
- [iii] The Company entered into a number of operating leases to lease various administrative equipment.

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13. COMMITMENTS AND CONTINGENCIES (cont'd)

[e] [iv] Lease agreements (cont'd)

The minimum annual cost of lease commitments is estimated as follows:

Years ending,	Premises	Equipment	Total
	\$	\$	\$
2008	627,183	19,292	646,475
2009	859,010	15,519	874,529
2010	882,433	1,800	884,233
2011	906,530	-	906,530
2012	931,323	-	931,323
Thereafter	10,946,910	-	10,946,910
	15,153,389	36,611	15,190,000

[f] Commitments to purchase equipment

At March 31, 2008, the Company has outstanding purchase order commitments totaling \$99,684 related to the purchase of equipment and furniture.

14. SEGMENTED INFORMATION

The Company operates primarily in one business segment, the research, development, commercialization and distribution of diagnostic technologies, with primarily all of its assets and operations located in Canada. The Company's revenues are generated from product sales primarily in the United States, Asia, Europe and Canada. Expenses are primarily incurred from purchases made from suppliers in Canada and the United States.

For the three month period ended March 31, 2008, \$75,635 of the Company's contract service fees and revenues from collaborative research arrangements were generated from one customer [2007 – no contract service fees and revenues from collaborative research arrangements were recognized].

Contract service fees and revenues from collaborative research arrangements by geographic location were as follows:

Three Months Ended March 31,	2008	2007
	\$	\$
United States	75,635	-
Canada	-	-
Asia	-	-
Total	75,635	-

For the three month period ended March 31, 2008, \$501,154 in product sales was generated from three customers [2007 – \$410,576 from three customers].

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14. SEGMENTED INFORMATION (cont'd)

Product sales by customer location for were as follows:

Three Months Ended March 31,	2008	2007
	\$	\$
United States	454,785	396,404
Asia	346,011	299,550
Canada	189,885	68,079
Europe	106,805	183,093
Other	-	133,338
Total	1,097,486	1,080,464

Product sales by type of product were as follows:

Three Months Ended March 31,	2008	2007
	\$	\$
Clinical products	769,145	607,576
Vector products (West Nile Virus)	131,665	100,405
Bio-defense products	196,676	372,483
Total	1,097,486	1,080,464

15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified from the amounts previously reported to conform to the presentation adopted in the current year.

16. SUBSEQUENT EVENTS

- [a] In April 2008, the Company received a U.S. Food and Drug Administration (FDA) 510(k) clearance to market a rapid Influenza A+B test (Flu A+B test) and a new version of the RAMP® Reader, the RAMP® 200. The test manufactured by Response Biomedical runs on the new RAMP® 200 Reader and will be marketed and sold worldwide exclusively by 3M Health Care as the 3M™ Rapid Detection Flu A+B Test.
- [b] Subsequent to March 31, 2008, the Company issued 45,470 common shares pursuant to the exercise of stock options for gross proceeds of \$24,090. In addition, the Company granted options to acquire 539,150 common shares.

