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Canadian Venture Exchange: FYT

FYTOKEM PRODUCTS INC. ANNOUNCES 2001 YEAR-END FINANCIAL RESULTS

-- Sales up 81% over 2000 --

Saskatoon, Saskatchewan, May 21, 2002 – Fytokem Products Inc. (Fytokem), a leading producer of Function-Certified™ plant-based ingredients, today announced its financial results for the year ended December 31, 2001.

Highlights of 2001

- Overall sales increased 81% over 2000
- Tyrostat™ skin-whitening ingredient included in pharmaceutical product released by Florida-based Stiefel Laboratories Inc.
- Submitted new patent application for the Fytolastin™ anti-aging product. Fytolastin™ is a plant-based ingredient that has been shown to inhibit the elastase enzyme. The elastase enzyme is believed to control the elasticity in human skin (e.g. wrinkles).
- Signed a collaborative development and marketing agreement with Swiss-based multinational –Lonza Inc. This creates new opportunities in the bio-industrial market.
- Completed a private placement of \$250,000 with Agri-Food Equity Fund for Series A Preferred Shares.

For the year ended December 31, 2001, Fytokem's sales rose by 81% to \$522,755 from \$289,176 in 2000. Overall revenue climbed to \$614,422 or 43% over the overall revenue recorded in the previous year. This increase in overall revenue is a direct result of the Company's increased focus on generating sales revenue. The Company experienced a net loss of \$737,994, a 15% reduction from the \$864,598 loss incurred in 2000. This translated into a loss per share of (\$.05), down from (\$.07) in 2000. The above loss was \$114,324 larger than first anticipated due to expensing of costs associated with a unit offering that was subsequently abandoned.

These financial results illustrate the steady progress Fytokem has made in expanding the commercialization of its current products while refining its focus on higher margin products and markets

“We have made significant progress in continuing the natural transition from an R&D company that consumes resources to a sales and marketing entity, generating revenue from the sale of products.”, said President and CEO of Fytokem, Art Hesje. “We are working hard to get our sales volume up while at the same time critically examining all of our expenses.”

During 2002 we will continue to focus on increased sales through a combination of:

- Expanding our product line to the Personal Care Industry,
- Taking advantage of the overall therapeutic market trend toward plant-based products, and
- Developing and expanding our strategic relationships in several sectors, particularly, animal health, pharmaceutical and bio-industrial.

About Fytokem Products Inc.

Fytokem Products Inc. is a Canadian life sciences company engaged in the discovery and commercialization of novel Function-Certified™ plant-based substances – extracts, phytochemicals and bioactive molecules – for use as ingredients in personal care, nutraceutical, pharmaceutical and bio-industrial products. Fytokem's products are sourced from plants native to the Canadian prairies, where they have developed strong phytochemical properties to survive the harsh climate. These all-natural products are highly potent and are gaining popularity as the market demands more natural products.

Over the past 18 months, the Company secured several international sales and distribution partners and has begun to realize commercial sales of its products. Companies worldwide are beginning to use Fytokem's products in a variety of personal care and pharmaceutical products. The focus of the Company's research is on the development of plant extracts that can be sold as bioactive ingredients into major markets and further developed as drug candidates.

Fytokem's common shares trade on the Canadian Venture Exchange under the symbol FYT; the Company has 14,462,121 shares outstanding.

The Canadian Venture Exchange has neither approved nor disapproved the information herein contained.

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**FYTOKEM PRODUCTS INC.
STATEMENT OF LOSS AND DEFICIT**

	Years Ended December 31,	
	2001	2000
REVENUE		
Sales	\$ 522,755	\$ 289,176
Cost of sales	181,114	93,983
Gross margin	341,641	195,193
Project revenue	81,223	103,914
Other revenue	10,444	36,094
	<u>433,308</u>	<u>335,201</u>
 EXPENSES		
Product development	301,745	333,130
Marketing	226,903	213,687
Finance and administration	504,498	511,444
Amortization	43,904	35,775
Interest on debt	94,252	105,763
	<u>1,171,302</u>	<u>1,199,799</u>
 NET LOSS	737,994	864,598
 DEFICIT, BEGINNING OF YEAR	<u>3,120,230</u>	<u>2,255,632</u>
 DEFICIT, END OF YEAR	<u>\$ 3,858,224</u>	<u>\$ 3,120,230</u>
 BASIC AND DILUTED LOSS PER SHARE	<u>\$ 0.05</u>	<u>\$ 0.07</u>

**FYTOKEM PRODUCTS INC.
BALANCE SHEET**

	As at December 31,	
	2001	2000
CURRENT ASSETS		
Cash and temporary investments	\$ 170,887	\$ 561,869
Accounts receivable	115,805	53,516
Inventories	365,416	355,958
Prepaid expenses	29,724	19,995
	681,832	991,338
DEFERRED FINANCE CHARGES	8,886	28,434
CAPITAL ASSETS	188,189	212,815
	\$ 878,907	\$ 1,232,587
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 302,923	\$ 76,192
Current portion of long term debt	160,515	129,690
	463,438	205,882
LONG TERM DEBT	273,042	390,505
	736,480	596,387
SHAREHOLDERS' EQUITY		
Share capital	3,692,446	3,692,446
Preferred shares	244,221	-
Equity portion of convertible debt	63,984	63,984
Deficit	(3,858,224)	(3,120,230)
	142,427	636,200
	\$ 878,907	\$ 1,232,587

**FYTOKEM PRODUCTS INC.
STATEMENT OF CASH FLOWS**

	Years Ended December 31, 2001	2000
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net loss	\$ (737,994)	\$ (864,598)
Items not affecting cash		
Amortization	43,904	35,775
Non-cash interest expense	41,766	97,415
Gain on sale of fixed assets	-	(203)
	(652,324)	(731,611)
Changes in non-cash working capital		
Accounts receivable	(62,289)	5,274
Inventories	(9,458)	(184,405)
Prepaid expenses	(9,729)	(9,369)
Accounts payable and accrued liabilities	226,732	(41,922)
Deferred project revenue	-	(2,352)
Cash flows used in operating activities	(507,068)	(964,385)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Acquisition of equipment	(19,278)	(49,985)
Disposals of equipment	-	662
Cash flows used in investing activities	(19,278)	(49,323)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Proceeds from issuance of common shares	-	108,230
Proceeds from issuance of share warrants	-	1,085,425
Costs of share warrant issuance	-	(108,075)
Proceeds from issuance of preferred shares	250,000	-
Costs of preferred shares issuance	(5,779)	-
Repayment of long term debt	(108,857)	(33,579)
Cash flows from financing activities	135,364	1,052,001
NET (DECREASE) INCREASE IN CASH	(390,982)	38,293
CASH POSITION, BEGINNING OF YEAR	561,869	523,576
CASH POSITION, END OF YEAR	\$ 170,887	\$ 561,869
SUPPLEMENTAL INFORMATION		
Cash interest paid	\$ 47,953	\$ 8,348