



FOR IMMEDIATE RELEASE

TSX Venture Exchange: FYT

FYTOKEM PRODUCTS INC. ANNOUNCES SECOND QUARTER 2002 FINANCIAL RESULTS

--Record Level of Sales Achieved --

Saskatoon, Saskatchewan, August 15, 2002 – Fytokem Products Inc. (Fytokem), a leading producer of Function-Certified™ plant-based ingredients, today announced its financial results for the second quarter ended June 30, 2002.

Fytokem achieved product sales of \$367,941 for the three-month period ended June 30, 2002, up 212% from the same period last year. On a year to date basis, sales for this fiscal year are 65% over the first half of last year. This increase in sales is in part due to Canadian Willowherb™ (CW) being included in mass-market products such as Johnson & Johnson's baby wipe product, introduced in Europe earlier this year.

The loss reported for the second quarter was \$50,581, down 74% from 2001. On a year to date basis, the Company's loss is 27% lower than the first half of 2001.

“We have lots to celebrate this quarter. Introductions made by major mass-marketers such as Johnson & Johnson give us optimism that we will be able to sustain the sales growth we have recorded this year to date,” said Art Hesje, President & CEO of Fytokem Products Inc.

Other achievements in the second quarter:

- Research that demonstrated CW will quickly kill acne bacteria was completed, allowing the Company to file a patent application for this function.
- Strong progress has been made in identifying the active molecule in the Tyrostat™ skin-whitening product.
- The Company successfully arranged a \$250,000 financing from the Saskatchewan government early in the quarter.

Mr. Hesje added “ This further investment by the province demonstrates its on-going belief in the success of our Company. It allows us to explore alternative funding, new cost control measures and new market opportunities.”

Mr. Hesje further added, “The quality of the science behind our products continues to be the driving factor in our revenue growth. Our research achievements and external validation of these by our marketing partners and multi-national customers give us confidence that shareholders will benefit from our success.”

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.

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

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

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FYTOKEM PRODUCTS INC.
STATEMENTS OF LOSS AND DEFICIT
(Unaudited)

	Three months ended June 30		Six months ended June 30	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
REVENUE				
Sales	\$ 367,941	\$ 117,789	\$ 447,214	\$ 270,514
Cost of Sales	<u>118,735</u>	<u>44,189</u>	<u>142,351</u>	<u>96,545</u>
Gross Margin	249,206	73,600	304,863	173,969
Project revenue	2,153	19,769	28,961	44,823
Other revenue	<u>430</u>	<u>3,066</u>	<u>841</u>	<u>10,622</u>
	<u>251,789</u>	<u>96,435</u>	<u>334,665</u>	<u>229,414</u>
EXPENSES				
Product development	88,271	60,895	190,610	136,397
Marketing	68,983	64,097	115,852	134,997
Finance & administration	112,034	127,250	201,051	214,888
Amortization	10,456	11,244	21,060	22,469
Interest on debt	<u>22,626</u>	<u>24,175</u>	<u>43,476</u>	<u>43,826</u>
	<u>302,370</u>	<u>287,661</u>	<u>572,049</u>	<u>552,577</u>
NET LOSS	\$ 50,581	\$ 191,226	\$ 237,384	\$ 323,163
DEFICIT, BEGINNING OF PERIOD	<u>4,045,027</u>	<u>3,252,166</u>	<u>3,858,224</u>	<u>3,120,230</u>
DEFICIT, END OF PERIOD	<u>\$ 4,095,608</u>	<u>\$ 3,443,392</u>	<u>\$ 4,095,608</u>	<u>\$ 3,443,393</u>
LOSS PER SHARE	<u>\$ 0.00</u>	<u>\$ 0.01</u>	<u>\$ 0.02</u>	<u>\$ 0.02</u>

FYTOKEM PRODUCTS INC.
BALANCE SHEETS
June 30, 2002 and December 31, 2001
(Unaudited)

	<u>June 30, 2002</u>	<u>December 31, 2001</u>
CURRENT ASSETS		
Cash and temporary investments	\$ 158,931	\$ 170,887
Accounts receivable	175,690	115,805
Inventory	296,677	365,416
Prepaid expenses	<u>18,768</u>	<u>29,724</u>
	650,066	681,832
 DEFERRED FINANCE CHARGES	 10,164	 8,886
EQUIPMENT - NET	<u>167,130</u>	<u>188,189</u>
	<u>\$ 827,360</u>	<u>\$ 878,907</u>
 CURRENT LIABILITIES		
Accounts payable and accruals	\$ 263,942	\$ 302,923
Current portion long term debt	<u>155,697</u>	<u>160,515</u>
	<u>419,639</u>	<u>463,438</u>
 LONG TERM DEBT		
Convertible debt	281,250	302,083
Debenture payable	251,907	-
Discount on convertible debt	(30,479)	(41,765)
Capital leases	<u>-</u>	<u>12,724</u>
	<u>502,678</u>	<u>273,042</u>
 SHAREHOLDERS' EQUITY		
Share capital	3,692,446	3,692,446
Preferred shares	244,221	244,221
Equity portion of convertible debt	63,984	63,984
Deficit	<u>(4,095,608)</u>	<u>(3,858,224)</u>
	<u>(94,957)</u>	<u>142,427</u>
	<u>\$ 827,360</u>	<u>\$ 878,907</u>

FYTOKEM PRODUCTS INC.
STATEMENTS OF CASH FLOWS
(Unaudited)

	Three months ended June 30		Six months ended June 30	
	2002	2001	2002	2001
CASH FLOWS FROM (USED IN)				
OPERATING ACTIVITIES				
Net loss	\$ (50,581)	\$ (191,226)	\$ (237,384)	\$ (323,163)
Items not affecting cash				
Depreciation and amortization	10,456	11,244	21,060	22,469
Non-cash interest expense	8,104	8,491	14,702	25,878
Gain on sale of fixed assets	-	-	(380)	-
	<u>(32,021)</u>	<u>(171,491)</u>	<u>(202,002)</u>	<u>(274,816)</u>
Changes in non-cash working capital				
Accounts receivable	(120,216)	52,473	(59,885)	(32,614)
Inventory	46,149	24,732	68,739	58,145
Prepaid expenses	5,798	4,027	10,956	11,725
Accounts payable and accruals	(65,990)	(1,112)	(38,982)	(5,444)
Cash flows used in operating activities	<u>(166,280)</u>	<u>(91,371)</u>	<u>(221,174)</u>	<u>(243,004)</u>
CASH FLOWS FROM (USED IN)				
INVESTING ACTIVITIES				
Acquisition of equipment	-	-	-	(3,175)
Disposals of equipment	-	-	380	-
Cash flows used in investing activities	<u>-</u>	<u>-</u>	<u>380</u>	<u>(3,175)</u>
CASH FLOWS FROM (USED IN)				
FINANCING ACTIVITIES				
Proceeds from debenture	250,000	-	250,000	-
Costs of debenture	(2,786)	-	(2,786)	-
Repayment of long term debt	(19,296)	(39,298)	(38,376)	(50,488)
Cash flows from financing activities	<u>227,918</u>	<u>(39,298)</u>	<u>208,838</u>	<u>(50,488)</u>
NET INCREASE (DECREASE) IN CASH	61,638	(130,669)	(11,956)	(296,667)
CASH POSITION, BEGINNING OF PERIOD	97,293	395,871	170,887	561,869
CASH POSITION, END OF PERIOD	<u>\$ 158,931</u>	<u>\$ 265,202</u>	<u>\$ 158,931</u>	<u>\$ 265,202</u>
REPRESENTED BY:				
Cash	\$ 24,406	\$ 62,314	\$ 24,406	\$ 62,314
Temporary Investments	\$ 134,525	\$ 202,888	\$ 134,525	\$ 202,888
	<u>\$ 158,931</u>	<u>\$ 265,202</u>	<u>\$ 158,931</u>	<u>\$ 265,202</u>
Interest Paid	<u>\$ 14,522</u>	<u>\$ 15,683</u>	<u>\$ 28,774</u>	<u>\$ 17,947</u>