



FOR IMMEDIATE RELEASE

TSX Venture Exchange: FYT

FYTOKEM PRODUCTS INC. ANNOUNCES THIRD QUARTER 2003 FINANCIAL RESULTS

-- Fytokem records profit for second consecutive quarter

Saskatoon, Saskatchewan, November 20, 2003 – Fytokem Products Inc. (Fytokem), a leading producer of *Function-Certified™* plant-based ingredients, today announced its financial results for the third quarter ended September 30, 2003.

The Company's operations produced a net income of \$21,958 in the third quarter of 2003, 111% better than the \$194,191 loss recorded in the same period of 2002. The net income per share for the quarter was \$0.00 as compared to a loss per share of \$0.01 per share in 2002. This quarterly income is the result of growing revenues and a general controlling of costs. Total revenues were \$288,197, representing a 531% increase from the same period of 2002. This increase is the result of a marked increase in product sales and the recognition of marketing agreement revenue.

The third quarter financial highlights include the following:

- Second consecutive quarterly profit.
- Product sales of \$192,067 for the third quarter represents a 438% increase over the same period in 2002.
- Product sales on a year to date basis were 11% greater than in 2002 and are only \$10,481 lower than the total sales for 2002. The Company is confident that this year's sales volume will exceed last year's sales by a substantial amount.
- The Company was able to reduce its overall expenses by 15% during the quarter.

"We continue to see growing sales volumes and controlled costs", said Art Hesje, President & CEO of Fytokem Products Inc. "We are seeing the results of our efforts to shift from being focused on product discovery and development to focusing on production, quality control and sales. Our efforts combined with the ability and efforts of our marketing partner – Atrium Biotechnologies Inc. are seeing continuing growth in acceptance of our novel products by the personal care market".

About Fytokem Products Inc.

Fytokem Products Inc. is 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. The Company has been issued patents for technology related to two of its products and has other patent applications pending.

Fytokem's common shares trade on the TSX Venture Exchange under the symbol FYT; the Company has 15,363,121 shares outstanding.

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

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For more information, please contact:

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FYTOKEM PRODUCTS INC.
BALANCE SHEETS
September 30, 2003 and December 31, 2002
(Unaudited)

	<u>September 30, 2003</u>	<u>December 31, 2002</u>
CURRENT ASSETS		
Cash and temporary investments	\$ 217,241	\$ 780,479
Accounts receivable	43,013	37,542
Inventory	185,364	285,917
Prepaid expenses	8,857	27,233
Current portion of deferred marketing costs	<u>62,558</u>	<u>14,023</u>
	517,033	1,145,194
DEFERRED MARKETING COSTS	15,639	14,023
DEFERRED FINANCE CHARGES	5,893	8,455
EQUIPMENT - NET	<u>125,766</u>	<u>153,817</u>
	<u>\$ 664,331</u>	<u>\$ 1,321,489</u>
CURRENT LIABILITIES		
Accounts payable and accruals	\$ 107,777	\$ 326,015
Current portion of deferred marketing revenue	360,000	360,000
Current portion long term debt	<u>178,382</u>	<u>189,606</u>
	<u>646,159</u>	<u>875,621</u>
DEFERRED MARKETING REVENUE	<u>90,000</u>	<u>360,000</u>
LONG TERM DEBT		
Convertible debt	202,373	281,148
Debenture payable	210,144	207,525
Debenture payable	-	60,100
Debenture payable	-	30,000
Discount on convertible debt	<u>(24,015)</u>	<u>(37,688)</u>
	<u>388,502</u>	<u>541,085</u>
SHAREHOLDERS' EQUITY		
Share capital	3,775,949	3,692,446
Preferred shares	244,221	244,221
Equity portion of convertible debt	63,984	63,984
Deficit	<u>(4,544,484)</u>	<u>(4,455,868)</u>
	<u>(460,330)</u>	<u>(455,217)</u>
	<u>\$ 664,331</u>	<u>\$ 1,321,489</u>

On behalf of the Board:

"Peter Oliver "

PETER OLIVER
Director

"Jim Yuel "

JIM YUEL
Director

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

	Three months ended September 30		Nine months ended September 30	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
REVENUE				
Sales	\$ 192,067	\$ 35,699	\$ 536,089	\$ 482,913
Cost of Sales	<u>69,327</u>	<u>9,176</u>	<u>166,775</u>	<u>151,527</u>
Gross margin	122,740	26,523	369,314	331,386
Project revenue	6,125	8,693	37,513	37,654
Marketing agreement revenue	90,000	-	270,000	-
Other revenue	<u>5</u>	<u>1,257</u>	<u>1,587</u>	<u>2,098</u>
	<u>218,870</u>	<u>36,473</u>	<u>678,414</u>	<u>371,138</u>
EXPENSES				
Product development	44,272	74,850	242,609	265,460
Marketing	36,005	39,383	140,438	155,236
Finance & administration	84,652	82,904	288,438	283,955
Amortization	10,560	10,541	32,179	31,600
Interest on debt	<u>21,423</u>	<u>22,986</u>	<u>63,366</u>	<u>66,462</u>
	<u>196,912</u>	<u>230,664</u>	<u>767,030</u>	<u>802,713</u>
NET INCOME (LOSS)	\$ 21,958	\$ (194,191)	\$ (88,616)	\$ (431,575)
DEFICIT, BEGINNING OF PERIOD	<u>4,566,442</u>	<u>4,095,608</u>	<u>4,455,868</u>	<u>3,858,224</u>
DEFICIT, END OF PERIOD	<u>\$ 4,544,484</u>	<u>\$ 4,289,799</u>	<u>\$ 4,544,484</u>	<u>\$ 4,289,799</u>
INCOME (LOSS) PER SHARE	<u>\$ 0.00</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.03)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	<u>15,363,121</u>	<u>14,462,121</u>	<u>14,967,077</u>	<u>14,462,121</u>

**FYTOKEM PRODUCTS INC.
STATEMENTS OF CASH FLOWS
(Unaudited)**

	Three months ended September 30		Nine months ended September 30	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
CASH FLOWS FROM (USED IN)				
OPERATING ACTIVITIES				
Net income (loss)	\$ 21,958	\$ (194,191)	\$ (88,616)	\$ (431,574)
Items not affecting cash				
Amortization	10,560	10,541	32,179	31,600
Non-cash interest expense	5,667	9,538	23,736	24,240
Non-cash marketing expense	15,429	-	26,427	-
Non-cash marketing revenue	(90,000)	-	(270,000)	-
Gain on sale of fixed assets	168	-	168	(380)
	<u>(36,218)</u>	<u>(174,112)</u>	<u>(276,106)</u>	<u>(376,114)</u>
Changes in non-cash working capital				
Accounts receivable	126,943	117,917	(5,471)	58,032
Inventory	222,923	7,044	100,553	75,783
Prepaid expenses	7,193	(4,078)	18,376	6,878
Accounts payable and accruals	(38,119)	(31,996)	(218,238)	(70,977)
Marketing agreement costs	(53,598)	-	(76,578)	-
Cash flows from (used in) operating activities	<u>229,124</u>	<u>(85,225)</u>	<u>(457,464)</u>	<u>(306,398)</u>
CASH FLOWS FROM (USED IN)				
INVESTING ACTIVITIES				
Acquisition of equipment	(369)	-	(4,646)	-
Disposals of equipment	350	-	350	380
Cash flows from (used in) investing activities	<u>(19)</u>	<u>-</u>	<u>(4,296)</u>	<u>380</u>
CASH FLOWS FROM (USED IN)				
FINANCING ACTIVITIES				
Proceeds from debenture	-	-	-	250,000
Costs of debenture	-	-	-	(2,786)
Costs of share issuance	-	-	(6,597)	-
Repayment of long term debt	(34,781)	(9,100)	(94,881)	(47,477)
Cash flows from (used in) financing activities	<u>(34,781)</u>	<u>(9,100)</u>	<u>(101,478)</u>	<u>199,737</u>
NET INCREASE (DECREASE) IN CASH	194,324	(94,325)	(563,238)	(106,281)
CASH POSITION, BEGINNING OF PERIOD	22,917	158,931	780,479	170,887
CASH POSITION, END OF PERIOD	<u>\$ 217,241</u>	<u>\$ 64,606</u>	<u>\$ 217,241</u>	<u>\$ 64,606</u>
REPRESENTED BY:				
Cash	\$ 217,200	\$ 38,854	\$ 217,200	\$ 34,854
Temporary Investments	41	29,752	41	29,752
	<u>\$ 217,241</u>	<u>\$ 64,606</u>	<u>\$ 217,241</u>	<u>\$ 64,606</u>
Interest Paid	<u>\$ 15,756</u>	<u>\$ 13,448</u>	<u>\$ 39,631</u>	<u>\$ 42,222</u>