



FOR IMMEDIATE RELEASE

TSX Venture Exchange: FYT

FYTOKEM ANNOUNCES 2003 YEAR-END FINANCIAL RESULTS

-Sales grow 33% reducing losses by 76%-

Saskatoon, Saskatchewan, May 20, 2004 - Fytokem Products Inc. (Fytokem), a leading producer of *Function-Certified™* plant-based ingredients, today announced its financial results for the year ended December 31, 2003.

Highlights of 2003

- Recorded our first ever quarterly profit – in fact two back-to-back profitable quarters – enroute to our lowest annual operating loss ever.
- Our operating loss was cut by 76% to \$144,000.
- Product movement to the marketplace grew by about 33%. Sales grew to \$577,000. In addition to this level of sales we moved additional product valued at \$153,000 into the marketplace. This was inventory returned from our former marketing partner when our agreement with them was terminated.
- Reduced our operating costs by a further 10% during the year.
- Had our first two patents issued, one related to the production and use of our Tyrostat™ line of skin lighteners and the other related to Oenothien-B, the active molecule in our Canadian Willowherb™ products.

“Sales of our products continue to grow at an exciting rate. We are continuing to develop our products and the knowledge base we need to properly support and promote them in the marketplace while the working relationship with our marketing partner Atrium Biotechnologies Inc. continues to grow and develop,” said Art Hesje, President and CEO of Fytokem. “We will continue to spend money very carefully, while we pursue the market growth opportunities that continue to exist.”

During 2004 our efforts will focus on;

- Product improvements and quality,
- Growth of our scientific skills as our sales grow to ensure our ability to stay ahead of market opportunities,
- Look at new market opportunities both in the personal care sector and in other industry sectors.

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

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

-30-

For more information, please contact:

Art Hesje, President and CEO

Fytokem Products Inc.

306-668-2552 tel

306-978-2436 fax

ahesje@fytokem.com

www.fytokem.com

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

	Years Ended December 31,	
	2003	2002
REVENUE		
Sales (Notes 12 and 13)	\$ 577,429	\$ 546,570
Cost of sales	181,466	168,435
Gross margin	395,963	378,135
Project revenue (Note 14)	49,049	53,062
Marketing agreement revenue (Notes 9 and 15)	360,000	30,000
Other revenue	1,590	2,370
	806,602	463,567
 EXPENSES		
Product development	280,229	345,502
Marketing	182,809	202,256
Finance and administration	362,812	391,366
Amortization (Note 6)	42,874	42,131
Interest on debt (Note 7)	81,960	79,956
	950,684	1,061,211
 NET LOSS	144,082	597,644
 DEFICIT, BEGINNING OF YEAR	4,455,868	3,858,224
 DEFICIT, END OF YEAR	\$ 4,599,950	\$ 4,455,868
 BASIC AND DILUTED LOSS PER SHARE (Note 11)	\$ 0.01	\$ 0.04

**FYTOKEM PRODUCTS INC.
BALANCE SHEET**

	As at December 31,	
	2003	2002
	<hr/>	<hr/>
CURRENT ASSETS		
Cash and temporary investments	\$ 53,278	\$ 780,479
Accounts receivable (Note 14)	72,191	37,542
Inventories (Note 4)	208,624	285,917
Prepaid expenses	12,187	27,233
Current portion of deferred marketing costs	63,285	14,023
	<hr/>	<hr/>
	409,565	1,145,194
DEFERRED MARKETING COSTS (Note 5)	-	14,023
DEFERRED FINANCE CHARGES	5,039	8,455
CAPITAL ASSETS (Note 6)	125,408	153,817
	<hr/>	<hr/>
	\$ 540,012	\$ 1,321,489
	<hr/>	<hr/>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 145,612	\$ 326,015
Current portion of deferred marketing revenue	360,000	360,000
Current portion of long term debt	181,099	189,606
	<hr/>	<hr/>
	686,711	875,621
DEFERRED MARKETING REVENUE (Note 9)	-	360,000
LONG TERM DEBT (Notes 7 and 8)	369,097	541,085
	<hr/>	<hr/>
	1,055,808	1,776,706
	<hr/>	<hr/>
CAPITAL DEFICIENCY (SHAREHOLDERS' EQUITY)		
Share capital (Note 8)	3,775,949	3,692,446
Preferred shares (Note 8)	244,221	244,221
Equity portion of convertible debt (Note 7)	63,984	63,984
Deficit	(4,599,950)	(4,455,868)
	<hr/>	<hr/>
	(515,796)	(455,217)
	<hr/>	<hr/>
	\$ 540,012	\$ 1,321,489
	<hr/>	<hr/>

FYTOKEM PRODUCTS INC.
STATEMENT OF CASH FLOWS

Years Ended December 31,
2003 **2002**

CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES

Net loss	\$ (144,082)	\$ (597,644)
Items not affecting cash		
Amortization	42,874	42,131
Amortization of deferred marketing costs	42,248	1,169
Non-cash interest expense	29,025	16,701
Loss (gain) on sale of fixed assets	168	(380)
	(29,767)	(538,023)
Changes in non-cash working capital		
Accounts receivable	(34,649)	78,263
Inventories	77,293	79,499
Prepaid expenses	15,046	2,491
Deferred marketing costs (Note 5)	(77,487)	(29,215)
Accounts payable and accrued liabilities	(180,403)	23,092
Deferred marketing revenue (Note 9)	(360,000)	720,000
	(589,967)	336,107

CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES

Acquisition of equipment	(14,982)	(7,759)
Proceeds from disposal of equipment	350	380
	(14,632)	(7,379)

CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES

Costs of share issuance	\$ (6,597)	\$ -
Proceeds from long-term debt (Notes 7 and 8)	10,337	340,100
Costs of financing long-term debt	-	(2,786)
Repayment of long-term debt	(126,342)	(56,450)
	(122,602)	280,864

**NET (DECREASE) INCREASE IN CASH
DURING THE YEAR**

(727,201) 609,592

CASH POSITION, BEGINNING OF YEAR

780,479 170,887

CASH POSITION, END OF YEAR

\$ 53,278 **\$ 780,479**

REPRESENTED BY:

Cash	\$ 53,237	\$ 79,988
Short-term investments	41	700,491
	\$ 53,278	\$ 780,479

SUPPLEMENTAL INFORMATION

Cash interest paid	\$ 52,935	\$ 63,255
--------------------	-----------	-----------