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TSX Venture Exchange: FYT

FYTOKEM ANNOUNCES 2004 YEAR-END FINANCIAL RESULTS

-Company achieves first annual profit milestone-

Saskatoon, Saskatchewan, April 29, 2005 - Fytokem Products Inc. (the Company), today announced its financial results for the year ended December 31, 2004.

Fytokem today announced it has recorded its first ever operating year profit. Annual net income of \$28,295 was achieved on revenue of \$933,916. The net effect of operating activities reduced the Company's working capital deficit by 35%.

Although revenue was slightly lower year-over-year, expenses were reduced by 25%. This first ever year-end profit was achieved despite a slight decrease in product sales (2.6%) and a significant decrease in project revenue (88%).

"We are pleased that during this trying year we were able to improve our processing and quality control systems while, at the same time, achieving a modest profit," said Art Hesje, President and CEO of Fytokem. "I believe conditions remain favorable for success and that 2004, our 10th anniversary year, is the first of many profitable years before us."

Outlook for 2005

Fytokem will continue to improve and enhance its product formats to give formulators more options to use the Company's active ingredients. With established marketing agreements, product acceptance, and sales, the Company continues to focus its efforts on growing sales within existing markets while pursuing new market opportunities.

About Fytokem Products Inc.

Fytokem Products Inc. develops and delivers proven natural ingredients to leading formulators in the personal care, nutraceutical and pharmaceutical industries. 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.

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FYTOKEM PRODUCTS INC.

STATEMENT OF INCOME (LOSS) AND DEFICIT

	Years Ended December 31,	
	2004	2003
		(Restated)
REVENUE		
Sales (Note 14)	\$ 562,694	\$ 577,429
Cost of sales	194,166	181,466
Gross margin	368,528	395,963
Project revenue (Note 15)	5,689	49,049
Marketing agreement revenue (Notes 11 and 16)	360,000	360,000
Other revenue	5,533	1,590
	<u>739,750</u>	<u>806,602</u>
EXPENSES		
Product development	172,673	280,229
Marketing	140,388	182,809
Finance and administration	280,171	362,812
Amortization	38,890	42,874
Interest on long term debt	60,419	81,960
Stock compensation expense (recovery) (Note 10)	18,914	(2,422)
	<u>711,455</u>	<u>948,262</u>
NET INCOME (LOSS)	28,295	(141,660)
DEFICIT, BEGINNING OF YEAR (as previously reported)	4,599,950	4,455,868
Change in Accounting Policy (Note 4)	2,186	4,608
DEFICIT, BEGINNING OF YEAR (as restated)	<u>4,602,136</u>	<u>4,460,476</u>
DEFICIT, END OF YEAR	<u>\$ 4,573,841</u>	<u>\$ 4,602,136</u>
BASIC AND DILUTED INCOME (LOSS) PER SHARE (Note 13)	<u>\$ 0.00</u>	<u>\$ (0.01)</u>

FYTOKEM PRODUCTS INC.

BALANCE SHEET

	As at December 31,	
	2004	2003 (Restated)
CURRENT ASSETS		
Cash on hand	\$ 49,670	\$ 53,278
Accounts receivable (Note 15)	145,475	72,191
Inventories (Note 5)	114,347	208,624
Prepaid expenses	6,165	12,187
Current portion of deferred marketing costs (Note 6)	-	63,285
	<u>315,657</u>	<u>409,565</u>
DEFERRED FINANCE CHARGES	1,622	5,039
CAPITAL ASSETS (Note 7)	<u>87,053</u>	<u>125,408</u>
	<u>\$ 404,332</u>	<u>\$ 540,012</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 225,665	\$ 145,612
Current portion of deferred marketing revenue (Note 11)	-	360,000
Current portion of long term debt (Notes 8 and 18)	381,788	352,222
	<u>607,453</u>	<u>857,834</u>
LONG TERM DEBT (Notes 8 and 18)	<u>144,416</u>	<u>197,974</u>
	<u>751,869</u>	<u>1,055,808</u>
CONTINGENCY (Note 17)		
CAPITAL DEFICIENCY		
Common shares (Note 9)	3,866,999	3,775,949
Preferred shares (Note 9)	244,221	244,221
Equity portion of convertible debt (Note 8)	63,984	63,984
Contributed surplus (Note 10)	51,100	2,186
Deficit	(4,573,841)	(4,602,136)
	<u>(347,537)</u>	<u>(515,796)</u>
	<u>\$ 404,332</u>	<u>\$ 540,012</u>

FYTOKEM PRODUCTS INC.
STATEMENT OF CASH FLOWS

	Years Ended December 31, 2004	2003 (Restated)
	<u> </u>	<u> </u>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net income (loss)	\$ 28,295	\$ (141,660)
Items not affecting cash		
Amortization	38,890	42,874
Amortization of deferred marketing costs	63,285	42,248
Non-cash interest expense	6,353	25,643
Non-cash stock compensation expense (recovery)	18,914	(2,422)
Loss on sale of fixed assets	-	168
	<u>155,737</u>	<u>(33,149)</u>
 Changes in non-cash working capital		
Accounts receivable	(73,284)	(34,649)
Inventories	94,277	77,293
Prepaid expenses	6,022	15,046
Deferred marketing costs (Note 6)	-	(77,487)
Accounts payable and accrued liabilities	80,053	(180,403)
Deferred marketing revenue (Note 11)	(360,000)	(360,000)
	<u>(97,195)</u>	<u>(593,349)</u>
 CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Acquisition of equipment	(535)	(4,645)
Proceeds from disposal of equipment	-	350
	<u>(535)</u>	<u>(4,295)</u>
 CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Proceeds from issuance of common shares	\$ 125,000	\$ -
Costs of share issuance	(3,950)	(6,597)
Repayment of long term debt	(26,928)	(122,960)
	<u>94,122</u>	<u>(129,557)</u>
 NET DECREASE IN CASH DURING THE YEAR	 (3,608)	 (727,201)
 CASH POSITION, BEGINNING OF YEAR	 53,278	 780,479
CASH POSITION, END OF YEAR	<u>\$ 49,670</u>	<u>\$ 53,278</u>
 REPRESENTED BY:		
Cash	\$ 49,628	\$ 53,237
Short-term investments	42	41
	<u>\$ 49,670</u>	<u>\$ 53,278</u>
 SUPPLEMENTAL INFORMATION		
Cash interest paid	<u>\$ 46,078</u>	<u>\$ 52,935</u>