

Management's Discussion and Analysis of Results of Operations and Financial Condition

The following discussion and analysis should be read in conjunction with the audited financial statements and notes thereto. The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) in Canada.

Overview

Pheromone Sciences is a biotechnology and medical diagnostics device research and development company that focuses on commercializing technologies in the field of human fertility and sexuality. The Company's lead product, the Fertilité™ OV (PSC Fertility Monitor™), is designed to provide women with a reliable, non-invasive predictive approach in identifying their fertility window when planning pregnancy. The product, which is housed in a modern styled wristwatch-like device with a LCD readout, is now approved for sale in the US, Europe and Canada. The Company has initiated its own web site to sell the product and is in the process of negotiating a License arrangement for US, Europe and Canada. Work is also being carried out to research the applicability of this technology to new areas of commercial interest. The Company presently holds patents in the U.S., Australia and New Zealand, and various patent applications on the technology, which have been filed in the major jurisdictions of the world.

The Company has put on hold any work on its technology PSC Synchronin™, a novel human synthetic (female) pheromone until funds materialize through its other operations. During 2002, Pheromone Sciences remained in a research and development phase until near the end of the fiscal year and has just started to generate revenues. To fund its operations, the Company relies principally upon the proceeds of public and private offerings of equity securities and the resulting interest revenue generated. In the future, the Company may establish alliances with other health care companies to assist in marketing its products, as well as to provide research and development funding.

Results of Operations

The Corporation has been in its research and development phase and, as such, has incurred losses since its inception. For the year ended October 31, 2002, the Corporation recorded a loss of \$1,496,149 or \$0.09 per common share versus a loss of \$2,139,888 for the year ended October 31, 2001 or \$0.15 per common share.

Research and development expenses, including costs associated with pre-clinical and clinical research, product development, and regulatory affairs, were \$397,988 for the year ended October 31, 2002 compared to \$1,108,693 for the year ended October 31, 2001. The major change has been the US clinical trials costing \$511,664 in the fiscal year ending October 31, 2001 for the FDA 510K submission.

General and administrative expenses for the year ended October 31, 2002 were \$755,183 compared to \$814,101 for the year ended October 31, 2001. These include administrative salaries and fees relating to legal, audit, investor relations, consultants, strategic planning, and other costs not directly related to research and development for a full year. The reduction in costs is the change to having a full time CFO rather than using consultants.

Marketing expenses for the year ended October 31, 2002 were \$345,025 compared to \$281,380 for the year ended October 31, 2001. These include business development, licensing, market research and investor relations' expenses for the PSC Fertility Monitor™. The expenses increased in 2002 due to a full year of licensing activities.

Material Expenditures

To date the Corporation's activities have been focused on the Fertilité OV™ with approximately \$400,000 spent in fiscal 2002 and over \$1.1 million spent in fiscal 2001 as development costs (net of research grants, and research and development tax credits). In fiscal 2001 \$510,000 was spent on the clinical tests in the United States. In fiscal 2002 the activities have been reduced pending the FDA approval of Fertilité OV™.

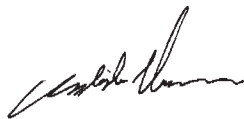
Liquidity and Capital Resources

As at October 31, 2002, the Corporation had cash and short-term investments of \$341,933, compared to \$1,581,264 at the year ended October 31, 2001. Short-term investments consist of money market investments. Cash used for operations for the year ended October 31, 2002 was \$1,722,893 compared to \$1,711,922 for the year ended October 31, 2001. As at October 31, 2002, the Corporation had no long-term obligations.

Signed:



Larry Cooper, Chief Financial Officer
November 22, 2003



Christopher Neuman, President and Chief Executive Officer
November 22, 2003