

Pheromone Sciences Corp.

April 30, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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 focused on commercializing technologies in the field of fertility and sexuality. The Company's lead product, the PSC Fertility Monitor, was 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 an 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 US, 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. The Company is still in a research and development phase although it is just starting to generate revenues from the sales of Fertilite Monitor. To fund its operations, the Company relies principally upon the proceeds of public and private offerings of equity securities. 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.

On May 6, 2004 the company announced the signing of a definitive agreement for the sale of its proprietary technology, the Fertilite-OV™ fertility monitor and accompanying technology and patents, to HEALTHWATCHSYSTEMS, INC. Further details of the transaction are contained in the Financial Statement Notes, Note Number 13.

Results of Operations

The Company has been in its research and development phase and, as such, has incurred losses since its inception. For the quarter ending April 30, 2004, the Company recorded a loss of \$164,542 or \$0.01 per common share vs a loss of \$247,319 or \$0.01 per common share for the quarter ended April 30, 2003. The first six months results are a loss of \$344,655 or \$0.02 per common shares compared to a loss of \$527,613 or \$0.03 per common shares for the six months ended April 30, 2003.

Research and development expenses for the quarter were severely curtailed. The focus of the effort has been involved in discussions with several companies located in North America and Europe, who are showing interest in our company. As noted above, at the bottom of the Overview section, the company signed on May 6, 2004, a definitive agreement for the sale of its proprietary technology to HEALTHWATCHSYSTEMS, INC. There is additional information on this important transaction in Note 13 of the Financial Statements.

General and administrative expenses for the quarter were \$100,482 vs \$158,236 in the prior comparable period. For the six month period for the current year the expenses were \$181,095 compared to the first six month of last year were \$302,246. These include administrative costs and fees relating to legal, audit,

strategic planning, and other costs not directly related to research and development as well as the overhead costs for the office.

Marketing expenses for the first six months of this fiscal year were significantly reduced at \$79,025 compared to last year's comparable period of \$108,005.

Liquidity and Capital Resources

As at April 30, 2004, the Company had cash and short-term investments of \$128,580, compared to \$128,996 at the end of the October 2003. Subsequent to the quarter on May 6, 2004, the company signed an agreement for the sale of its proprietary technology. Details of this transaction are in Note 13 of the Financial Statements. Short-term investments consist of Money Market funds. Cash used for operations in the quarter were \$272,792 compared to \$242,671 for the quarter ended April 30, 2003. For the six months ended April 30, 2004 the company's use of Cash for operation was \$310,397 compared to \$543,385 for the first six months of last fiscal year. As at April 30, 2004, the Company had no long-term obligations.

Directors and Officers as of time of signing

William A. Cochrane, Chairman of the Board

Christopher Neuman, President & CEO

Benoit La Salle, Director

William Milligan, Director

Andrew E. Saxton, Director

Eldon Smith, Director

James Wooder, Director

Douglas Marett, Chief Science Officer

Florian Meyer, Chief Financial Officer