

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended December 31, 2003

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934.

For the transition period from _____ to _____

COMMISSION FILE NUMBER 0-21846

AETHLON MEDICAL, INC.

(Exact name of registrant as specified in its charter)

NEVADA

13-3632859

State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

7825 FAY AVENUE, SUITE 200, LA JOLLA, CA 92037

(Address of principal executive offices) (Zip Code)

(858) 456-5777

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No .

The number of shares of common stock of the registrant outstanding as of February 12, 2004 was 9,122,711.

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2003 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED) FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2003 AND 2002 AND FOR THE PERIOD JANUARY 31, 1984 (INCEPTION) THROUGH DECEMBER 31, 2003

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2003 AND 2002 AND FOR THE PERIOD JANUARY 31, 1984 (INCEPTION) THROUGH DECEMBER 31, 2003

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

ITEM 3. CONTROLS AND PROCEDURES

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

- ITEM 2. CHANGES IN SECURITIES
- ITEM 3. DEFAULTS UPON SENIOR SECURITIES
- ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS
- ITEM 5. OTHER INFORMATION
- ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

2

PART I.
FINANCIAL INFORMATION

All references to "us", "we", "Aethlon", "Aethlon Medical", or "the Company" refer to Aethlon Medical, Inc., its predecessors and its subsidiaries.

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AETHLON MEDICAL, INC. AND SUBSIDIARIES
(A Development Stage Company)
CONDENSED CONSOLIDATED BALANCE SHEET

	December 31, 2003 (Unaudited)

ASSETS	
Current assets	
Cash	\$ 5,560
Prepaid expenses	6,401

	11,961
Property and equipment, net	19,028
Patents and patents pending, net	243,163
Other assets	8,905

	\$ 283,057
	=====

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current Liabilities	
Accounts payable and accrued liabilities	\$ 1,707,415
Due to related parties	1,594,234
Notes payable	392,500
Convertible notes payable	560,000

	4,254,149
Commitments and Contingencies	
Stockholders' Deficit	
Common stock, par value \$0.001 per share; 25,000,000 shares authorized; 8,826,627 shares issued and outstanding	8,827
Additional paid-in capital	12,680,007
Deficit accumulated during development stage	(16,659,926)

	(3,971,092)

The accompanying notes are an integral part of these condensed consolidated financial statements.

<TABLE>

AETHLON MEDICAL, INC. AND SUBSIDIARIES
(A Development Stage Company)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
For the Three and Nine Months Ended December 31, 2003 and 2002 and
For the Period January 31, 1984 (Inception) Through December 31, 2003
(Unaudited)

<CAPTION>

	Three Months Ended December 31, 2003	Three Months Ended December 31, 2002	Nine Months Ended December 31, 2003	Nine Months Ended December 31, 2002	January 31, 1984 Nine Months Ended through December 31, 2003	(Inception) December 31,
<S>	<C>	<C>	<C>	<C>	<C>	
REVENUES						
Grant income	\$ --	\$ --	\$ --	\$ --	\$ 1,424,012	
Subcontract income	--	--	--	--	73,746	
Sale of research and development	--	--	--	--	35,810	
	-----	-----	-----	-----	-----	
	--	--	--	--	1,533,568	
EXPENSES						
Personnel	101,212	103,635	311,344	401,018	5,464,368	
Professional fees	5,386	165,654	141,551	500,823	3,568,390	
Impairment	--	--	--	--	1,231,531	
Other expenses	82,082	86,181	237,610	247,452	3,481,775	
	-----	-----	-----	-----	-----	
	188,680	355,470	690,505	1,149,293	13,746,064	
OPERATING LOSS		(188,680)	(355,470)	(690,505)	(1,149,293)	(12,212,496)
OTHER EXPENSE (INCOME)						
Interest and other debt expenses	139,409	50,849	342,906	304,493	4,327,238	
Interest income	--	(42)	--	(42)	(17,415)	
Other	--	--	--	(1,616)	137,607	
	-----	-----	-----	-----	-----	
	139,409	50,807	342,906	302,835	4,447,430	
NET LOSS	-----	-----	-----	-----	-----	-----
	(328,089)	(406,277)	(1,033,411)	(1,452,128)	(16,659,926)	
BASIC AND DILUTED LOSS PER COMMON SHARE	-----	-----	-----	-----	-----	-----
	(\$ 0.04)	(\$ 0.07)	(\$ 0.13)	(\$ 0.27)		
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	-----	-----	-----	-----	-----	-----
		8,211,717	5,586,904	7,762,130	5,433,046	

The accompanying notes are an integral part of these condensed consolidated financial statements.

</TABLE>

<TABLE>

AETHLON MEDICAL, INC. AND SUBSIDIARIES
(A Development Stage Company)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended December 31, 2003 and 2002 and
For the Period January 31, 1984 (Inception) Through December 31, 2003
(Unaudited)

<CAPTION>

	January 31, 1984		
	Nine Months Ended December 31, 2003	Nine Months Ended December 31, 2002	(Inception) Through December 31, 2003
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	\$ (1,033,411)	\$ (1,452,128)	\$ (16,659,926)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	118,865	118,897	901,780
Gain on sale of property and equipment	--	--	(13,065)
Fair market value of warrants issued in connection with accounts payable and debt	--	(24,714)	2,715,736
Fair market value of common stock, warrants and options issued for services	2,500	159,000	2,132,934
Beneficial conversion feature of convertible notes payable	150,000	245,700	635,000
Impairment of patents pending	--	--	334,304
Impairment of goodwill	--	--	897,227
Deferred compensation forgiven	--	--	217,223
Changes in operating assets and liabilities:			
Prepaid expenses	3,909	117,017	155,136
Other assets	(3,300)	(2,150)	(8,905)
Accounts payable and accrued liabilities	176,213	179,442	1,810,486
Due to related parties	179,235	296,175	1,594,234
Net cash used in operating activities	(405,989)	(362,761)	(5,287,836)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	(4,783)	1,197	(214,167)
Acquisition of patents and patents pending	--	(19,995)	(352,833)
Proceeds from sale of property and equipment	--	--	17,065
Cash of acquired company	--	--	10,728
Net cash used in investing activities	(4,783)	(21,192)	(539,207)

(continued)

The accompanying notes are an integral part of these condensed consolidated financial statements.

5

</TABLE>

<TABLE>

AETHLON MEDICAL, INC. AND SUBSIDIARIES
(A Development Stage Company)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended December 31, 2003 and 2002 and
For the Period January 31, 1984 (Inception) Through December 31, 2003
(Unaudited)

<CAPTION>

	January 31, 1984		
	Nine Months Ended December 31, 2003	Nine Months Ended December 31, 2002	(Inception) Through December 31, 2003
<S>	<C>	<C>	<C>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of notes payable	\$ --	\$ 255,000	\$ 1,480,000

Principal payments on notes payable	(160,000)	(25,000)	(170,000)
Net proceeds from issuance of convertible notes payable	150,000	--	948,000
Net proceeds from issuance of common stock	420,000	74,000	3,574,603
	-----	-----	-----
Net cash provided by financing activities	410,000	304,000	5,832,603
	-----	-----	-----
NET (DECREASE) INCREASE IN CASH		(772)	(9,442)
			5,560
CASH - beginning of period	6,332	10,667	--
	-----	-----	-----
CASH - end of period	\$ 5,560	\$ 1,225	\$ 5,560
	=====	=====	=====

The accompanying notes are an integral part of these condensed consolidated financial statements.

6

</TABLE>

AETHLON MEDICAL, INC. AND SUBSIDIARIES
(A Development Stage Company)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2003

NOTE 1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Aethlon Medical, Inc. (the "Company") is a development stage therapeutic device company focused on expanding the applications of its Hemopurifier (TM) platform technology, which is designed to rapidly reduce the presence of infectious viruses and other toxins from human blood. In this regard, Aethlon Medical's core focus is the development of therapeutic devices that treat HIV/AIDS, Hepatitis-C, and pathogens used in biological warfare and terrorism. In pre-clinical testing, the Company's HIV-Hemopurifier removed 55% of HIV from human blood in three hours and in excess of 85% in twelve hours. This same treatment cartridge was able to remove 90% of toxic proteins that deplete immune cells in one hour. In January of 2003, the Company completed early stage blood studies of its HCV-Hemopurifier, which documented the ability to remove 58 percent of the Hepatitis-C virus from infected blood in two hours. The Company is in the development stage on the Hemopurifier and significant research and testing are still needed to reach commercial viability. Any resulting medical device or process will require approval by the U.S. Food and Drug Administration ("FDA"), and the Company has not yet begun efforts to obtain FDA approval on its current lead product candidate, which may take several years. Since many of the Company's patents were issued in the 1980's, they are scheduled to expire in the near future. Thus, such patents may expire before FDA approval, if any, is obtained.

The Company is classified as a development stage enterprise under accounting principles generally accepted in the United States ("GAAP"), and has not generated revenues from its principal operations.

The Company's common stock is quoted on the Over-the-Counter Bulletin Board of the National Association of Securities Dealers under the symbol "AEMD".

The accompanying unaudited condensed consolidated financial statements of Aethlon Medical, Inc. (the "Company") have been prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-QSB. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine-month periods ended December 31, 2003 are not necessarily indicative of the results that may be expected for the year ending March 31, 2004. For further information, refer to the Company's Annual Report on Form 10-KSB for the year ended March 31, 2003, which includes audited financial statements and footnotes as of and for the years ended March 31, 2003 and 2002.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of the Company presented below is designed to assist the reader in understanding the Company's consolidated financial statements. Such financial statements and related notes are the representations of Company management, who is responsible for their integrity and objectivity. These accounting policies conform to GAAP in all material respects, and have been consistently applied in preparing the accompanying condensed consolidated financial statements.

PRINCIPLES OF CONSOLIDATION

The accompanying condensed consolidated financial statements include the accounts of Aethlon Medical, Inc. and its legal wholly-owned subsidiaries Aethlon, Inc., Hemex, Inc. and Cell Activation, Inc. ("Cell") (collectively hereinafter referred to as the "Company"). All significant intercompany balances and transactions have been eliminated in consolidation.

AETHLON MEDICAL, INC. AND SUBSIDIARIES
(A Development Stage Company)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2003

STOCK BASED COMPENSATION

At December 31, 2003, the Company has two stock-based employee compensation plans. The Company accounts for those plans under the recognition and measurement principles of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"), and related Interpretations.

No stock-based employee compensation cost is reflected in net loss, as all options granted under those plans had an exercise price equal to the market value of the underlying common stock on the date of grant. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," as amended to stock-based employee compensation.

	2003	2002
	-----	-----
Net loss:		
As reported	\$(1,033,411)	\$(1,452,128)
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards	--	(9,000)
	-----	-----
Pro forma	\$(1,033,411)	\$(1,461,128)
	=====	=====
Basic and diluted net loss per share:		
As reported	\$ (0.13)	\$ (0.27)
	=====	=====
Pro forma	\$ (0.13)	\$ (0.27)
	=====	=====

LOSS PER COMMON SHARE

Loss per common share is based on the weighted average number of shares of common stock and common stock equivalents outstanding during the year in accordance with Statement of Financial Accounting Standards No. 128, "Earnings per Share."

Securities that could potentially dilute basic loss per share (prior to their conversion, exercise or redemption) were not included in the diluted-loss-per-share computation because their effect is anti-dilutive. The total potential common shares that have not been included in such computation are approximately 1,260,000 (using the treasury stock method) at December 31,

2003.

RECENT ACCOUNTING PRONOUNCEMENTS

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity and is effective (except for certain mandatorily redeemable noncontrolling interests) for financial instruments entered into or modified after May 31, 2003.

Otherwise, this pronouncement is effective for public companies at the beginning of the first interim period beginning after June 15, 2003. The Company adopted SFAS No. 150 on the aforementioned effective dates. The adoption of this pronouncement did not have a material impact on the Company's results of operations or financial condition.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statements.

8

AETHLON MEDICAL, INC. AND SUBSIDIARIES (A Development Stage Company) NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS December 31, 2003

RECLASSIFICATIONS

Certain reclassifications have been made to the December 31, 2002 financial statement presentation to correspond to the December 31, 2003 format.

NOTE 3. CONVERTIBLE PROMISSORY NOTES

CONVERTIBLE PROMISSORY NOTES

At December 31, 2003, the Company had outstanding convertible notes totaling \$560,000.

In April 2003, the Company issued a convertible note in the amount of \$150,000, bearing interest at 9% per annum, with principal and interest due in June 2003, which is in default. The convertible note may be converted to common stock of the Company at the conversion price of \$0.25 per share at any time at the option of the noteholder. The Company has recorded a beneficial conversion feature ("BCF") of \$150,000 in connection with the issuance of the note and amortized such amount to interest expense during the nine month period ended December 31, 2003.

In December 2003, a noteholder converted \$100,000 of convertible notes and accrued interest in the amount of \$15,416 for 461,667 shares of common stock and 461,667 one-year warrants to purchase common stock at \$0.25 per share.

In January 2004, two noteholders converted \$35,000 of convertible notes and accrued interest in the amount of approximately \$4,521 for 158,084 shares of common stock and 158,084 one-year warrants to purchase common stock at \$0.25 per share.

In February 2004, a noteholder converted \$25,000 of 15% promissory notes for 100,000 shares of common stock and 100,000 one-year warrants to purchase common stock at \$0.25 per share.

As of the date of this report, various promissory and convertible notes payable in the aggregate principal amount of \$892,500 have reached maturity and are past due. The Company is currently seeking other financing arrangements to retire all past due notes.

NOTE 4. GOING CONCERN AND LIQUIDITY CONSIDERATIONS

The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the ordinary course of business. The Company has experienced a loss of approximately \$16.7 million for the period from January 31, 1984 (Inception) through December 31, 2003. The Company has not generated significant revenue or any profit from operations since inception. A substantial amount of additional capital will be necessary to advance the development of the Company's products to the point at which they may become commercially viable. Such factors indicate that the Company may be unable to continue as a going concern for a reasonable period of time. Management is in discussions with potential investors to pursue additional capital infusions into the Company, which management believes are necessary at least until such time that the Company generates sufficient revenues and achieves profitability and positive cash flow.

The condensed consolidated financial statements do not include any adjustments relating to the recoverability of assets that might be necessary should the Company be unable to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to obtain additional financing as may be required, and generate sufficient revenue and operating cash flow to meet its obligations on a timely basis.

9

AETHLON MEDICAL, INC. AND SUBSIDIARIES
(A Development Stage Company)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2003

NOTE 5. COMMITMENTS AND CONTINGENCIES

REGISTRATION RIGHTS AGREEMENTS

The Company is obligated under various agreements to register its common stock, including the common stock underlying certain warrants and options. The Company is subject to penalties for failure to register such securities, the amount of which could be material to the Company's financial position, results of operations and cash flows. The Company filed a registration statement on Form SB-2 with the Securities and Exchange Commission in December 2000 to register the necessary securities. However, such registration statement was never declared effective. Management is currently unaware of any potential claims related to the lack of registration and plans to file a revised registration statement as funds to cover registration expenses become available. The Company may incur additional charges in exchange for further waivers through the date of an effective registration statement.

DELINQUENT SEC FILING

The Company's March 31, 2002 Form 10-KSB did not contain certain disclosure items in its Executive Compensation, Security Ownership of Certain Beneficial Owners and Management and Certain Relationships and Related Transactions. Such sections were intended to be incorporated by reference in the Company's proxy statement, which was not filed. The failure to file the proxy statement with the disclosures required in Form 10-KSB constitutes non-compliance with the periodic reporting requirements of the Securities and Exchange Act of 1934 (the "Exchange Act") and, among other things, could result in de-listing of the Company's common stock from the Over-the-Counter Bulletin Board ("OTCBB").

In addition, any owners of the Company's restricted securities who are otherwise eligible to sell such securities under Rule 144 may be temporarily unable to do so until such filing delinquency is cured. The Company intends to file an amendment to its Annual Report on Form 10-KSB for the year ended March 31, 2002 to cure such delinquency.

NOTE 6. STOCK TRANSACTIONS

In October 2003, the Company issued 80,000 shares of restricted common stock at \$0.25 per share for cash totaling \$20,000 in connection with the exercise of warrants.

In November 2003, the Company issued 100,000 shares of restricted common stock at \$0.25 per share for cash totaling \$25,000 in connection with the exercise of warrants.

In November 2003, the Company issued 100,000 shares of restricted common stock at \$0.25 per share for cash totaling \$25,000. In connection with the issuance of such shares, the Company granted the stockholder 100,000 one-year warrants to purchase common stock of the Company at \$0.25 per share.

In December 2003, the Company cancelled 50,000 shares of restricted common stock in conjunction with the mutual cancellation of fund-raising activities that were not rendered. The stock was valued at \$20,000 based on the market price at issuance and common stock has been reduced by such amount in the accompanying financial statements.

In December 2003, the Company issued 20,000 shares of restricted common stock at \$0.25 per share for cash totaling \$5,000. In connection with the issuance of such shares, the Company granted the stockholders 20,000 one-year warrants to purchase common stock of the Company at \$0.25 per share.

In December 2003, the Company issued 120,000 shares of restricted common stock at \$0.25 per share for cash totaling \$30,000 in connection with the exercise of warrants.

In December 2003, the Company issued 461,667 shares of restricted common stock at \$0.25 per share in connection with the conversion of \$100,000 10% convertible notes plus accrued interest of \$15,417. In connection with the issuance of such shares, the Company granted the noteholder 461,667 one-year warrants to purchase common stock of the Company at \$0.25 per share.

10

AETHLON MEDICAL, INC. AND SUBSIDIARIES
(A Development Stage Company)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2003

NOTE 7. SUBSEQUENT EVENTS

On January 20, 2004 the Company entered into a Subscription Agreement (Agreement) with Lion Share Group, Inc. (Lion Share), a Bahamas corporation, under which the Company will issue and sell, and Lion Share will purchase, up to 5,000,000 shares of the Company's common stock, in installment closings, in certain amounts, per share purchase prices, purchase price amounts, and on certain dates, as set forth in the Agreement.

On January 16, 2004, a judgement lien in the amount of \$55,000 was filed against the Company for repayment of a past due note. The Company is in active negotiations with the noteholder to settle the claim.

11

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The following discussion of Aethlon Medical's financial condition and results of operations should be read in conjunction with, and is qualified in its entirety by the condensed consolidated financial statements and notes thereto, included in Item 1 in this Quarterly Report on Form 10-QSB. This item contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those indicated in such forward-looking statements.

FORWARD LOOKING STATEMENTS

All statements, other than statements of historical fact, included in this Form 10-QSB are, or may be deemed to be, "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended ("the

Securities Act"), and Section 21E of the Exchange Act. Such forward-looking statements involve assumptions, known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of Aethlon Medical, Inc. ("the Company") to be materially different from any future results, performance, or achievements expressed or implied by such forward looking statements contained in this Form 10-QSB. Such potential risks and uncertainties include, without limitation, completion of the Company's capital-raising activities, FDA approval of the Company's products, other regulations, patent protection of the Company's proprietary technology, product liability exposure, uncertainty of market acceptance, competition, technological change, and other risk factors detailed herein and in other of the Company's filings with the Securities and Exchange Commission. The forward-looking statements are made as of the date of this Form 10-QSB, and the Company assumes no obligation to update the forward-looking statements, or to update the reasons actual results could differ from those projected in such forward-looking statements.

THE COMPANY

Aethlon Medical is a development stage therapeutic device company that has not yet engaged in significant commercial activities. The primary focus of our resources is the advancement of our proprietary Hemopurifier(TM) platform treatment technology, which is designed to rapidly reduce the presence of infectious disease and toxins in the body. Our main focus during fiscal 2004 is to prepare our HIV-Hemopurifier to treat HIV/AIDS, and our HCV-Hemopurifier to treat Hepatitis-C for human clinical trials. We are also working to advance pathogen filtration devices to treat infectious agents used in biological warfare and terrorism. See Item 1, "NATURE OF BUSINESS".

Our principal executive office is located at 7825 Fay Avenue, Suite 200, La Jolla, California 92037. Our telephone number is 858/456-5777, and our website is www.aethlonmedical.com.

We file annual, quarterly, special reports, proxy statements and other information with the Securities Exchange Commission (SEC). Reports, proxy statements and other information filed with the SEC can be inspected and copied at the public reference facilities of the SEC at 450 Fifth Street NW, Washington, DC 20549. Such material may also be accessed electronically by means of the SEC's website at www.sec.gov.

Our common stock, par value \$0.001 per share, is traded on the OTCBB under the symbol "AEMD".

CRITICAL ACCOUNTING POLICIES

The preparation of condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates and assumptions affect the reported amounts of expenses during the reporting period. On an ongoing basis, we evaluate estimates and assumptions based upon historical experience and various other factors and circumstances. We believe our estimates and assumptions are reasonable in the circumstances; however, actual results may differ from these estimates under different future conditions.

We believe that the estimates and assumptions that are most important to the portrayal of our financial condition and results of operations, in that they require our most difficult, subjective or complex judgments, form the basis for the accounting policies deemed to be most critical to us. These critical accounting policies relate to stock purchase warrants issued with notes payable, beneficial conversion feature of convertible notes payable, impairment of intangible assets and long lived assets, contingencies and litigation. We believe estimates and assumptions related to these critical accounting policies are appropriate under the circumstances; however, should future events or occurrences result in unanticipated consequences, there could be a material impact on our future financial conditions or results of operations.

RESULTS OF OPERATIONS

THE THREE MONTHS ENDED DECEMBER 31, 2003 COMPARED TO THE THREE MONTHS ENDED DECEMBER 31, 2002.

OPERATING EXPENSES

Consolidated operating expenses were \$ 188,680 for the three months ended December 31, 2003, versus \$355,470 for the comparable period ended December 31, 2002. This decrease of 46.9% in operating expenses is principally attributable to decreased professional fees due to reduced professionals associated with strategic and financial planning activities. Subject to obtaining the necessary funds, the Company expects future costs to increase due to test and support expenses associated with obtaining regulatory approval of its Hemopurifier.

NET LOSS

We recorded a consolidated net loss of \$328,089 and \$406,277 for the quarters ended December 31, 2003 and 2002, respectively. The decrease in net loss of 19.2% was primarily attributable to reduced operating expenses, partially offset by increased interest expense.

Basic and diluted loss per common share were (\$0.04) for the three month period ended December 31, 2003 compared to (\$0.07) for the same period ended December 31, 2002. This reduction in loss per share was primarily attributable to the decrease in net loss, as well as greater number of common shares outstanding during the three month period ended December 31, 2003, as compared to the three month period ended December 31, 2002.

THE NINE MONTHS ENDED DECEMBER 31, 2003 COMPARED TO THE NINE MONTHS ENDED DECEMBER 31, 2002.

OPERATING EXPENSES

Consolidated operating expenses were \$690,505 for the nine months ended December 31, 2003, versus \$1,149,293 for the comparable period ended December 31, 2002. This decrease of 40% in operating expenses is principally attributable to decreased professional fees and personnel expenses due to reduced professionals associated with strategic and financial planning activities and reduced staff. Subject to obtaining the necessary funds, the Company expects future costs to increase due to test and support expenses associated with obtaining regulatory approval of its Hemopurifier.

NET LOSS

We recorded a consolidated net loss of \$1,033,411 and \$1,452,128 for the nine Month periods ended December 31, 2003 and 2002, respectively. The decrease in net loss of 28.8% was primarily attributable to reduced operating expenses, offset partially by slightly higher interest expense.

Basic and diluted loss per common share were (\$0.13) for the nine month period ended December 31, 2003 compared to (\$0.27) for the same period ended December 31, 2002. This reduction in loss per share was primarily attributable to the decrease in net loss, as well as greater number of common shares outstanding during the nine month period ended December 31, 2003, as compared to the nine month period ended December 31, 2002.

LIQUIDITY AND CAPITAL RESOURCES

To date, we have funded our capital requirements for the current operations from net funds received from the public and private sale of debt and equity

securities, as well as from the issuance of common stock in exchange for services. Our cash position at December 31, 2003 was \$5,560 as compared to \$6,332, at March 31, 2003, representing a decrease of \$772.

During the nine months ended December 31, 2003, operating activities used net cash of \$405,989. In our financing activities, we received \$420,000 from the sale of common stock and exercise of warrants. We received \$150,000 from the issuance of a convertible note and we repaid in full a secured promissory note in the amount of \$160,000.

During the nine month period ended December 31, 2003, net cash used in operating activities primarily consisted of net loss of \$1,033,411. Net loss was offset principally by depreciation and amortization of \$118,865, a beneficial conversion feature of \$150,000, increase in accounts payable and accrued liabilities of \$176,213 and an increase in amounts due to related parties of \$179,235.

Changes in current assets and current liabilities of (\$234,713) resulted in a negative working capital position of (\$4,242,188) at December 31, 2003, as compared to a negative working capital of (\$4,007,475) at March 31, 2003.

Our current deficit in working capital requires us to obtain funds in the short-term to be able to continue in business, and in the longer term to fund research and development on products not yet ready for market. We are seeking to fund these and other operating needs in the next 12 months from funds to be obtained through a corporate acquisition of or merger with another entity with greater financial resources, or from the proceeds of additional private placements or public offerings of debt or equity securities, or both.

Due to our recurring losses during the development stage, and continued need for capital, our independent certified public accountants have included an explanatory paragraph in their audit report in the Company's Form 10-KSB at March 31, 2003, stating that these factors raise substantial doubt about the Company's ability to continue as a going concern.

We expect to raise additional capital within the next three months to fund research and development and other activities. Our operations to date have consumed substantial capital without generating revenues, and we will continue to require substantial and increasing capital funds to conduct necessary research and development and pre-clinical and clinical testing of our Hemopurifier products, and to market any of those products that receive regulatory approval. We do not expect to generate revenue from operations for the foreseeable future, and our ability to meet our cash obligations as they become due and payable is expected to depend for at least the next several years on our ability to sell securities, borrow funds or a combination thereof. Our future capital requirements will depend upon many factors, including progress with pre-clinical testing and clinical trials, the number and breadth of our programs, the time and costs involved in preparing, filing, prosecuting, maintaining and enforcing patent claims and other proprietary rights, the time and costs involved in obtaining regulatory approvals, competing technological and market developments, and our ability to establish collaborative arrangements, effective commercialization, marketing activities and other arrangements. We expect to continue to incur increasing negative cash flows and net losses for the foreseeable future.

Management does not believe that inflation has had or is likely to have any material impact on the Company's limited operations.

At the date of this filing, we do not have plans to purchase significant amounts of equipment or hire significant numbers of employees prior to successfully raising additional capital.

ITEM 3. CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) of the 34 Act) as of a date (the "Evaluation Date") within 90 days prior to the filing

date of this report. Based upon that evaluation, the CEO and CFO concluded that, as of December 31, 2003, our disclosure controls and procedures were effective in timely alerting them to the material information relating to us (or our consolidated subsidiaries) required to be included in our periodic filings with the SEC. Based on their most recent evaluation as of the Evaluation Date, the CEO and the CFO have also concluded that there are no significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information, and such officers have identified no material weaknesses in internal controls.

There were no significant changes made in our internal control over financial reporting during the quarter ended December 31, 2003 that are reasonably likely to significantly affect these controls. Thus, no corrective actions with regard to significant deficiencies or material weaknesses were necessary.

15

PART II

OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On January 16, 2004, a judgement lien in the amount of \$55,000 was filed against the Company for repayment of a past due note. The Company is in active negotiations with the noteholder to settle the claim.

ITEM 2. CHANGES IN SECURITIES

In October 2003, the Company issued 80,000 shares of restricted common stock at \$0.25 per share for cash totaling \$20,000 in connection with the exercise of warrants.

In November 2003, the Company issued 100,000 shares of restricted common stock at \$0.25 per share for cash totaling \$25,000 in connection with the exercise of warrants.

In November 2003, the Company issued 100,000 shares of restricted common stock at \$0.25 per share for cash totaling \$25,000. In connection with the issuance of such shares, the Company granted the stockholder 100,000 one-year warrants to purchase common stock of the Company at \$0.25 per share.

In December 2003, the Company cancelled 50,000 shares of restricted common stock in conjunction with the mutual cancellation of fund-raising activities that were not rendered. The stock was valued at \$20,000 based on the market price at issuance and common stock has been reduced by such amount in the accompanying financial statements.

In December 2003, the Company issued 20,000 shares of restricted common stock at \$0.25 per share for cash totaling \$5,000. In connection with the issuance of such shares, the Company granted the stockholders 20,000 one-year warrants to purchase common stock of the Company at \$0.25 per share.

In December 2003, the Company issued 120,000 shares of restricted common stock at \$0.25 per share for cash totaling \$30,000 in connection with the exercise of warrants.

In December 2003, the Company issued 461,667 shares of restricted common stock at \$0.25 per share in connection with the conversion of \$100,000 10% convertible notes plus accrued interest of \$15,417. In connection with the issuance of such shares, the Company granted the noteholder 461,667 one-year warrants to purchase common stock of the Company at \$0.25 per share.

In January 2004, the Company issued 158,084 shares of restricted common stock at \$0.25 per share in connection with the conversion of \$35,000 principal amount of 10% convertible notes plus accrued interest of \$4,521. In connection with the issuance of such shares, the Company granted the noteholder 158,084 one-year warrants to purchase common stock of the Company at \$0.25 per share.

In January 2004, the Company issued 12,000 shares of restricted common stock in payment for services of \$4,825.

In February 2004, the Company issued 100,000 shares of restricted common stock at \$0.25 per share in connection with the conversion of \$25,000 principal amount of 15% promissory notes. In connection with the issuance of such shares, the Company granted the noteholder 100,000 one-year warrants to purchase common stock of the Company at \$0.25 per share

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

As of the date of this report, various promissory and convertible notes payable in the aggregate principal amount of \$892,500 have reached maturity and are past due. The Company is currently seeking other financing arrangements to retire all past due notes.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER INFORMATION

None

16

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits. The following documents are filed as part of this report:

10.1 Subscription Agreement with the Lion Share Group, Inc., dated January 20, 2004.

31.1 Certification of CEO pursuant to Securities Exchange Act rules 13a-15 and 15d-15(c) as adopted pursuant to section 302 of the Sarbanes-Oxley act of 2002.

31.2 Certification of CFO pursuant to Securities Exchange Act rules 13a-15 and 15d-15(c) as adopted pursuant to section 302 of the Sarbanes-Oxley act of 2002.

32.1 Certification of James A. Joyce, Chief Executive Officer pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley act of 2002.

32.2 Certification of Edward C. Hall, Chief Financial Officer (Principal Accounting Officer) pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley act of 2002.

(b) Reports on Form 8-K filed during the quarter ended December 31, 2003.

None

(c) Previously filed documents:

Articles of Incorporation of Aethlon Medical, Inc.

By-Laws of Aethlon Medical, Inc.

Form of Promissory Note

Registration Rights Agreement

17

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AETHLON MEDICAL, INC

Date: February 17, 2004

BY: /S/ JAMES A. JOYCE

BY: /S/ EDWARD C. HALL

JAMES A. JOYCE
CHAIRMAN, PRESIDENT AND
CHIEF EXECUTIVE OFFICER

EDWARD C. HALL
CHIEF FINANCIAL OFFICER

SUBSCRIPTION AGREEMENT

THIS SUBSCRIPTION AGREEMENT (this "AGREEMENT"), dated as of January 20, 2004, is entered into by and between AETHLON MEDICAL, INC., a Nevada corporation (the "COMPANY"), and the Lion Share Group, Inc., (the "Investor") a corporation organized under the laws of the Bahamas.

RECITALS:

The Investor would like to purchase from the Company, and the Company would like to sell to the Investor, certain shares of the Common Stock, par value \$0.001 per share of the Company ("COMMON STOCK"), on the terms and subject to the conditions set forth in this Agreement.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the receipt and sufficiency of which are agreed upon by the parties, the parties hereto hereby agree as follows:

SECTION 1. PURCHASES AND SALES OF COMMON STOCK.

(a) Upon the terms and subject to the conditions set forth herein, the Company shall sell to the Investor, and the Investor shall purchase from the Company, an aggregate of 5,000,000 shares of Common Stock. The purchases and sales of shares of Common Stock pursuant to this Agreement shall occur at an aggregate of three (3) installment closings (each, an "INSTALLMENT CLOSING"), in the respective share amounts, at the respective per share purchase prices, at the respective aggregate purchase price amounts, and on the respective dates set forth on the schedule attached hereto as EXHIBIT A (the "SCHEDULE OF INSTALLMENT CLOSINGS"). The shares of Common Stock to be purchased by the Investor from the Company at the Installment Closings pursuant to this Agreement as sometimes referred to herein as the "PURCHASED SHARES".

(b) Each Installment Closing shall take place at 10:00 am (Pacific local time) on the date set forth on the Schedule of Installment Closings (each such date, an "INSTALLMENT CLOSING DATE"), by payment by the Investor to the Company of the aggregate purchase price for the shares of Common Stock to be purchased in such Installment Closing (as set forth on the Schedule of Installment Closings), in cash by wire transfer of immediately available funds (denominated in U.S. dollars) to the Company's account (with respect to each Installment Closing, THE "PURCHASE PRICE"), in exchange for issuance by the Company to the Investor of the shares of Common Stock purchased by the Investor from the Company in such Installment Closing.

(c) Upon execution and delivery of this Agreement, as collateral for the obligation of Investor to consummate the Installment Closings hereunder, the Investor shall deliver to the Company a letter of credit, in form and substance reasonably acceptable to the Company (the "LETTER OF CREDIT"), along with any authorizations deemed necessary or advisable by the Company to allow the Company to draw down on the Letter of Credit in accordance with the terms and conditions of this Agreement. In the event of a failure by the Investor to pay the aggregate Purchase Price with respect to one or more Installment Closings, the Company may (but is not required to) draw down upon the Letter of Credit in an amount equal to the aggregate Purchase Price with respect to such Installment Closing.

(d) The Investor's obligation to consummate each Installment Closing shall be conditioned upon: (i) receipt by the Investor of evidence that a stock certificate representing the shares of Common Stock purchased by the Investor from the Company at such Installment Closing has been issued to the Investor; (ii) all of the representations and warranties of the Company set forth in this Agreement being true and correct as of the applicable Installment Closing Date; and (iii) the Company not being in material breach of this Agreement as of the applicable Installment Closing Date. The Company's obligation to consummate each Installment Closing shall be conditioned upon: (i) receipt by the Company of the aggregate Purchase Price with respect to such Installment Closing; (ii) all of the representations and warranties of the Investor set forth in this Agreement being true and correct as of the applicable Installment Closing Date; and (iii) the Investor not being in material breach of this Agreement as of the

applicable Installment Closing Date.

-1-

SECTION 2. REPRESENTATIONS AND WARRANTIES OF THE COMPANY TO THE INVESTOR.

The Company hereby represents and warrants to the Investor, as of the date of this Agreement and as of each Installment Closing Date, as follows:

(a) ORGANIZATION. The Company is a corporation duly organized, validly existing and in good standing under the laws of State of Nevada and has all requisite corporate power and authority to own and lease its property and to carry on its business as presently conducted.

(b) AUTHORIZATION OF AGREEMENT AND ISSUANCE OF THE PURCHASED SHARES; ENFORCEABILITY; Non-Contravention. The execution, delivery and performance by the Company of this Agreement and issuance of the Purchased Shares have been duly authorized by all requisite action on the part of the Company. This Agreement has been duly executed and delivered by the Company and constitutes a valid and binding obligation of the Company, enforceable in accordance with its respective terms. The execution, delivery and performance of this Agreement, and the compliance with the provisions hereof and thereof by the Company, will not:

(i) materially violate any provision of law, statute, ordinance, rule or regulation or any ruling, writ, injunction, order, judgment or decree of any court, administrative agency or other governmental body;

(ii) materially conflict with or result in any material breach of any of the terms, conditions or provisions of, or constitute (with due notice or lapse of time, or both) a material default (or give rise to any right of termination, cancellation or acceleration) under (A) any agreement, document, instrument, contract, understanding, arrangement, note, indenture, mortgage or lease to which the Company is a party or under which the Company or any of its assets is bound or affected, (B) the Company's Certificate of Incorporation, or (C) the Company's By-laws; or

(iii) result in the creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of the Company.

(c) CONSENTS AND APPROVALS. No authorization, consent, approval or other order of, or declaration to or filing with, any governmental agency or body (other than filings required to be made under applicable federal and state securities laws) is required for the valid authorization, execution, delivery and performance by the Company of this Agreement or the issuance of the Purchased Shares that has not been obtained or made, except for the filing of Form D with the U.S. Securities and Exchange Commission (the "Commission") and such filings as are required to be made under applicable Federal and state securities laws. The Company has obtained all other consents that are necessary to permit the consummation of the transactions contemplated hereby.

(d) SECURITIES LAWS. Based on the representations of the Investor set forth in SECTION 3 of this Agreement, the offer, sale and issuance of the Purchased Shares to the Investor hereunder, are exempt from the registration requirements of the United States Securities Act of 1933, as amended (the "SECURITIES ACT").

-2-

SECTION 3. REPRESENTATIONS AND WARRANTIES OF THE INVESTOR TO THE COMPANY.

The Investor represents and warrants to the Company, as of the date of this Agreement and as of each Installment Closing Date, as follows:

(a) The execution, delivery and performance by the Investor of this Agreement and issuance of the Purchased Shares have been duly authorized by all requisite action on the part of the Investor. This Agreement has been duly executed and delivered by the Investor and constitutes a valid and binding obligation of the Investor, enforceable in accordance with its respective terms. The execution, delivery and performance of this Agreement, and the compliance with the provisions hereof and thereof by the Investor, will not:

(i) materially violate any provision of law, statute, ordinance, rule or regulation or any ruling, writ, injunction, order, judgment or decree of any court, administrative agency or other governmental body;

(ii) materially conflict with or result in any material breach of any of the terms, conditions or provisions of, or constitute (with due notice or lapse of time, or both) a material default (or give rise to any right of termination, cancellation or acceleration) under any agreement, document, instrument, contract, understanding, arrangement, note, indenture, mortgage or lease to which the Investor is a party or under which the Investor or any of its assets are bound or affected or conflict with any organizational or other governing document of the Investor; or

(iii) result in the creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of the Investor.

(b) The Investor understands and acknowledges that the offering and sale of the Purchased Shares pursuant to this Agreement is intended to be exempt from registration under the Securities Act, and from qualification under any applicable state securities law by virtue of Section 4(2) of the Securities Act and Rule 506 of Regulation D thereunder, on the ground, among others, that no distribution or public offering of Purchased Shares is to be effected and the Purchased Shares will be issued by the Company in connection with a transaction that does not involve any public offering within the meaning of Section 4(2) of the Securities Act, the rules and regulations of the United States Securities and Exchange Commission thereunder, or any comparable provision of applicable securities laws or the rules and regulations of the regulatory authorities thereunder.

(c) The Investor will acquire the Purchased Shares for investment for the account of the Investor and not for the account of any other person or entity of any kind, and not with a view toward resale or other distribution thereof. The Investor understands that the Purchased Shares have not been registered under the Securities Act and applicable United States state securities laws and, therefore, cannot be resold unless they are subsequently registered under the Securities Act and applicable United States state securities laws or unless an exemption from such registration is available. Investor is acquiring the Purchased Shares hereunder in the ordinary course of its business. Investor does not have any agreement or understanding, directly or indirectly, with any person or entity of any kind to distribute any of the Purchased Shares. The Investor further understands and agrees that, until so registered or transferred pursuant to the provisions of Rule 144 under the Securities Act, the certificate(s) for the Purchased Shares shall bear a legend, prominently stamped or printed thereon, reading substantially as follows:

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR APPLICABLE STATE SECURITIES LAWS. THESE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO THEIR DISTRIBUTION OR RESALE, AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT FOR SUCH SECURITIES UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY TO THE EFFECT THAT SUCH REGISTRATION IS NOT REQUIRED.

3-

(d) The Investor, during the course of this transaction and prior to the purchase of the Purchased Shares, has had the opportunity to ask questions of and receive answers from representatives of the Company concerning the terms and conditions of the offering, and to obtain any additional information or documents relative to the Company, its business and an investment, as the Investor has deemed necessary. The Investor agrees and acknowledges, however, that it has not been furnished any offering literature or prospectus concerning the Company other than this Agreement and, in making its decision to acquire the Purchased Shares hereunder, the Investor has relied solely upon this Agreement and independent investigations made by the Investor. The Investor acknowledges that no representations or warranties have been made to the Investor by the Company, or any officer, employee, agent or affiliate of the Company, except as contained in this Agreement.

(e) The Investor understands that the offering of Purchased Shares pursuant to this Agreement is limited solely to "accredited investors," as that term is defined in Regulation D under the Securities Act. The Investor represents and warrants to the Company that the Investor is an "accredited investor", as so defined, by virtue of the Investor meeting the criteria checked by the Investor on the signature page hereto, and that the Investor's principal place of business is as listed on the signature page hereto.

(f) The Investor has the capacity to protect its own interests in connection with the purchase of the Purchased Shares. The purchase of the Purchased Shares by the Investor is consistent with its general investment objectives and the Investor understands that the purchase of the Purchased Shares is a speculative investment that involves a high degree of risk. The Investor can bear the economic risks of this investment and can afford a complete loss of its investment in the Purchased Shares. The Investor understands that there is no established market for the Company's capital stock (including, without limitation, Common Stock) and there is no assurance that any public market for such stock will develop. The Investor has no present need for liquidity in connection with its purchase of the Purchased Shares.

(g) The Investor understands and acknowledges that the Purchased Shares are "restricted securities" under United States securities laws and any purported transfer of the Purchased Shares in violation of applicable law is null and void. The Investor understands and acknowledges that the Company may, at its discretion, refuse to register on its share transfer books any purported transferee of the Purchased Shares in the event of an attempted transfer thereof in violation of applicable law.

(h) If the Investor is a nonresident alien individual, corporation, partnership, limited liability company, trust, estate or other entity, it is not a U.S. person (as those terms are defined in the Internal Revenue Code of 1986, as amended (the "INTERNAL REVENUE CODE"), and the United States Treasury Regulations promulgated thereunder), and it acknowledges that the Company is required, as a withholding agent, to withhold U.S. taxes and/or backup withholding with respect to dividends and other distributions paid with respect to the Purchased Shares in accordance with the applicable provisions of the Internal Revenue Code and Treasury Regulations, unless (x) an exemption from such withholding is available, (y) the Investor provides to the Company in a timely manner duly completed documentation evidencing qualification for such exemption, and (z) the Company determines, in its sole discretion, that the Company may rely on such documentation for this purpose. The Investor has provided to the Company a duly completed Internal Revenue Service ("IRS") Form W-8BEN (Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding) and agrees to provide to the Company, in a timely manner, such other duly completed documentation as the Company may request (including any applicable alternative IRS Forms if Form W-8BEN is inapplicable to the Investor and such duly completed updated IRS forms and other documentation as the Company may request from time to time), all of which documentation must be in form and substance satisfactory to the Company;

-4-

SECTION 4. INDEMNIFICATION. The Investor agrees to indemnify and hold harmless the Company and its affiliates, agents, representatives, employees, directors, officers and stockholders from and against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all expenses reasonably incurred in investigating, preparing or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon: (a) any false representation and warranty of the Investor contained in this Agreement or any breach or failure by the Investor to comply with any covenant and/or agreement made by the Investor herein; or (b) any transfer of the Purchased Shares contrary to such representations and warranties or covenants and agreements.

SECTION 5. TERMINATION. Either party may terminate this Agreement upon material breach of this Agreement by the other party that has not been cured in its entirety within fifteen (15) business days after written notice thereof has been provided to the breaching party. The parties agree that a party's failure to consummate the Installment Closings in accordance with the terms and conditions of this Agreement constitute a material breach by such party of this Agreement.

SECTION 6. GENERAL PROVISIONS.

(a) REMEDIES. In case any one or more of the covenants and/or agreements set forth in this Agreement shall have been breached by any party hereto, the party entitled to the benefit of such covenants or agreements may proceed to protect and enforce their rights either by suit in equity and/or action at law, including, but not limited to, an action for damages as a result of any such breach and/or an action for specific performance of any such covenant or agreement contained in this Agreement. The rights, powers and remedies of the parties under this Agreement are cumulative and not exclusive of any other right, power or remedy which such parties may have under any other agreement or law. No single or partial assertion or exercise of any right, power or remedy of a party hereunder shall preclude any other or further assertion or exercise thereof.

(b) SUCCESSORS AND ASSIGNS. Except as otherwise expressly provided herein, this Agreement shall bind and inure to the benefit of the Company and the Investor and their respective permitted successors and assigns. This Agreement may not be assigned by either party without the prior written consent of the other party.

(c) ENTIRE AGREEMENT. This Agreement (including any schedules and exhibits hereto) contains the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous arrangements or understandings, whether written or oral, with respect thereto.

(d) CHANGES. The terms and provisions of this Agreement may not be modified or amended, or any of the provisions hereof waived, temporarily or permanently, except pursuant to a writing executed by duly authorized representatives of the Company and the Investor.

(e) COUNTERPARTS. This Agreement may be executed in any number of counterparts and by the different parties on separate counterparts each of which, when so executed and delivered, shall be an original but all of which together shall constitute one and the same instrument.

(f) SEVERABILITY. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(g) GOVERNING LAW; VENUE; JURISDICTION. The corporate law of the State of Nevada will govern all questions concerning the relative rights of the Company and the holders of its securities (including, without limitation, the Purchased Shares). All other questions concerning the construction, validity and interpretation of this Agreement will be governed by and construed in accordance with the internal laws of the State of Maryland, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of

-5-

Maryland or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Maryland. The parties each agree that venue for any dispute arising under this Agreement shall be proper in any state court located in Montgomery County in the State of Maryland or in the United States District Court for the District of Maryland (if a basis for federal jurisdiction exists) and each party hereby irrevocably waives any right to object to the maintenance of a suit in such courts on the basis of improper venue or of inconvenience of forum. Each party irrevocably consents to the non-exclusive jurisdiction of any state court located in Montgomery County in the State of Maryland or in the United States District Court for the District of Maryland (if a basis for federal jurisdiction exists).

(h) WAIVER OF JURY TRIAL. The parties to this Agreement each hereby irrevocably waives, to the fullest extent permitted by law, any right to trial by jury of any claim, demand, action or cause of action arising under this Agreement, whether now existing or hereafter arising, and whether in contract, tort, equity, or otherwise. The parties to this Agreement each hereby irrevocably agrees and consents that any such claim, demand, action or cause of

action shall be decided by court trial without a jury and that the parties to this Agreement may file an original counterpart of a copy of this Agreement with any court as written evidence of the consent of the parties hereto to the waiver of their right to trial by jury.

(i) NOTICES. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth on the signature pages attached hereto prior to 5:00 p.m. (Pacific local time) on a business day, (ii) the next business day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth on the signature pages attached hereto on a day that is not a business day or later than 5:00 p.m. (Pacific local time) on any business day, (iii) the second business day following the date of mailing, if sent by U.S. nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as set forth on the signature pages attached hereto.

* * * * *

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

THE COMPANY:

AETHLON MEDICAL, INC.

By: s/ James A. Joyce
Name: James A. Joyce
Title: Chairman, President and CEO

ADDRESS:

AETHLON MEDICAL, INC.
7825 FAY AVENUE, SUITE 200,
LA JOLLA, CALIFORNIA
USA

THE INVESTOR:

[See Attached Signature Page]

-6-

SIGNATURE PAGE TO
SUBSCRIPTION AGREEMENT

By execution of this Signature Page, the Investor agrees to be bound by the provisions of this Agreement and authorizes the Company to append this Signature Page to a counterpart of the Agreement as evidence thereof. Pursuant to SECTION 3(E) of the Agreement, the undersigned represents and warrants that the Investor is an "accredited investor" (as such term is defined in Regulation D under the Securities Act) by reason of the qualifications described opposite the checked box(es) set forth below.

[SIGNATURE BLOCK]

LION SHARE GROUP, INC.

By: s/ Hubert L. Pinder
Printed Name: Hubert L. Pinder
Title: President

Address:
20 Madeira Street
P.O. Box N 1315
Nassau, BAHAMAS

THE INVESTOR IS AN "ACCREDITED INVESTOR" BY VIRTUE OF THE INVESTOR BEING:

_____ (1) a natural person (not an entity) whose individual net worth, or joint net worth with his or her spouse, exceeds one million dollars (\$1,000,000);

_____ (2) a natural person (not an entity) who had individual income in excess of two hundred thousand dollars (\$200,000) in each of 2001 and 2002 and has a reasonable expectation of having individual income in excess of two hundred thousand dollars (\$200,000) in 2003;

_____ (3) a natural person (not an entity) who had joint income with his or her spouse in excess of three hundred thousand dollars (\$300,000) in each of 2001 and 2002 and has a reasonable expectation of having a joint income with his or her spouse in excess of three hundred thousand dollars (\$300,000) in 2003;

X (4) a trust, with total assets in excess of five million dollars (\$5,000,000), not formed for the specific purpose of acquiring the Purchased Shares, which is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of an investment in Company;

(5) a corporation, Massachusetts or similar business trust, or a partnership, each with total assets in excess of five million dollars (\$5,000,000), which was not formed for the specific purpose of acquiring the Purchased Shares; or

X (6) any entity in which all of the equity owners meet at least one of the criteria set forth in categories (1) through (5), above.

-7-

<TABLE>

EXHIBIT A:

Schedule of Installment Closings

INSTALLMENT CLOSING NUMBER	DATE OF INSTALLMENT CLOSING	PER SHARE	AGGREGATE	PURCHASED AT INSTALLMENT CLOSING (US DOLLARS)	PURCHASED AT INSTALLMENT CLOSING (US DOLLARS)
		PURCHASE PRICE OF SHARES	PURCHASE PRICE OF SHARES		
<S>	<C>	<C>	<C>	<C>	<C>
Installment Closing #1	February 28, 2004	2,000,000	\$0.25	\$500,000	
Installment Closing #2	March 25, 2004	1,000,000	\$0.25	\$250,000	
Installment Closing #3	June 21, 2004	2,000,000	\$0.50	\$1,000,000	
TOTALS:		5,000,000	---	\$1,750,000	

</TABLE>

CERTIFICATIONS

Certification of CEO pursuant to Securities Exchange Act rules 13a-15 and 15d-15(c) as adopted pursuant to section 302 of the Sarbanes-Oxley act of 2002.

I, James A. Joyce, certify that:

1. I have reviewed this report on Form 10-QSB of Aethlon Medical, Inc. (the "Registrant");

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this quarterly report.

4. The small business issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) designed such disclosure controls and procedures or cause such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter that has materially affect, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officers and I have disclosed, based on our most recent evaluation over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weakness in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information ; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal controls over financial reportings; and

Date: February 17, 2004

/S/ JAMES A. JOYCE

JAMES A. JOYCE
CHIEF EXECUTIVE OFFICER
(PRINCIPAL EXECUTIVE OFFICER)

Exhibit 31.2

Certification of CFO pursuant to Securities Exchange Act rules 13a-15 and 15d-15(c) as adopted pursuant to section 302 of the Sarbanes-Oxley act of 2002.

I, Edward C. Hall, certify that:

1. I have reviewed this report on Form 10-QSB of Aethlon Medical, Inc. (the "Registrant");

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this quarterly report.

4. The small business issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) designed such disclosure controls and procedures or cause such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter that has materially affect, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officers and I have disclosed, based on our most recent evaluation over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weakness in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information ; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal controls over financial reportings; and

Date: February 17, 2004

/S/ EDWARD C. HALL

EDWARD C. HALL
CHIEF FINANCIAL OFFICER
(PRINCIPAL ACCOUNTING OFFICER)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Aethlon Medical, Inc. Quarterly Report on Form 10-QSB for the quarter and nine months ended December 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James A. Joyce, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) Fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and

(2) The information contained in such Quarterly Report on Form 10-QSB fairly presents in all material respects the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906, another document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Aethlon Medical, Inc. and will be retained by Aethlon Medical, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

/S/ JAMES A. JOYCE

JAMES A. JOYCE
CHIEF EXECUTIVE OFFICER
(PRINCIPAL EXECUTIVE OFFICER)

February 17, 2004

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Aethlon Medical, Inc. Quarterly Report on Form 10-QSB for the quarter and nine months ended December 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Edward C. Hall, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) Fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and

(2) The information contained in such Quarterly Report on Form 10-QSB fairly presents in all material respects the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906, another document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Aethlon Medical, Inc. and will be retained by Aethlon Medical, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

/S/ EDWARD C. HALL

EDWARD C. HALL
CHIEF FINANCIAL OFFICER
(PRINCIPAL ACCOUNTING OFFICER)

February 17, 2004