



## NEWS RELEASE

### **PALADIN ANNOUNCES 2004 FINANCIAL OUTLOOK AND REVISED 2003 FINANCIAL GUIDANCE**

**Montreal, Canada, December 19, 2003** – Paladin Labs Inc. (TSX: PLB), a leading Canadian specialty pharmaceutical company, today announced that it expects to generate revenue of \$26.5 million, earnings before interest, taxes, depreciation and amortization (EBITDA) of \$9 million and net income of \$3.6 million in fiscal 2004. Paladin's 2004 financial guidance excludes the impact of acquisitions that may be made by the Company between now and the end of 2004.

Paladin also announced that it will record a charge against earnings of \$7.7 million in its fourth quarter ending December 31, 2003. This charge will result primarily from a write-down of the carrying value of the distribution rights for a number of products in the Company's portfolio due to the heightened risk of generic competition. In addition, Paladin will amortize the remaining carry value of these distribution rights and all acquisitions during and subsequent to 2003 over a significantly shorter period of time, to reflect this change in market conditions. Also included in the charge is a \$600,000 write-down of the carrying value of a long-term investment in a publicly traded U.S. company. As a result, Paladin expects to record a net loss for the year ending December 31, 2003, of approximately \$7 million, down from its previously announced net income target of \$1 million. Paladin maintains its revenue target of \$23 million for 2003.

#### **Conference Call Notice**

Paladin will host a conference call to discuss this announcement today at 10:00 a.m. (EST). The dial-in number for the conference call is 1-800-273-9672 or 416-695-5806 (reference# 1513679). The call will be audio-cast live and archived for 90 days at [www.financialdisclosure.ca](http://www.financialdisclosure.ca) and [www.paladinlabs.com](http://www.paladinlabs.com).

#### **About Paladin Labs**

Paladin Labs Inc., headquartered in Montreal, Canada, is a leading specialty pharmaceutical company focused on acquiring or in-licensing innovative pharmaceutical products for the Canadian market. With this strategy, a focused national sales team and proven marketing expertise, Paladin has evolved into one of Canada's leading specialty pharmaceutical companies. Paladin's shares trade on the Toronto Stock Exchange under the symbol *PLB*. For more information about Paladin, please visit the Paladin Web Site at [www.paladinlabs.com](http://www.paladinlabs.com).

*This news release may contain forward-looking statements or predictions. These statements represent our judgement as of this date and are subject to risks and uncertainties that could cause actual results or events to differ materially from those expressed in such forward-looking statements. Potential risks and uncertainties include, without limitation, those associated with product development, clinical trials, future revenues and profitability, and obtaining marketing approval and other factors that are discussed in the Management Discussion and Analysis published in the Company's annual report.*

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