

PALADIN LABS INC.
BALANCE SHEET
AT MARCH 31, 1999
(Unaudited)

	Mar-99	Mar-98
<u>ASSETS</u>		
<u>CURRENT</u>		
Cash & Marketable Securities	8,940,260	540,634
Trade Receivables	379,182	45,123
Parent Company Receivables	1,120,642	1,202,444
Inventories	226,472	0
Income Taxes Recoverable	74,937	105,472
Other Current Assets	5,000	10,000
	10,746,493	1,903,673
 <u>OTHER ASSETS</u>		
Pharmaceutical Product Rights	2	1,505,546
Trade Mark Licences	20,000	0
Deferred Income Taxes	68,016	0
	88,018	1,505,546
	10,834,511	3,409,219
 <u>LIABILITIES</u>		
<u>CURRENT</u>		
Accounts payable	0	0
-Parent Company	129,799	34,835
-Trade	129,799	34,835
	129,799	34,835
 <u>SHAREHOLDERS' EQUITY</u>		
<u>CAPITAL STOCK</u>	15,664,888	9,616,390
<u>CONTRIBUTED SURPLUS</u>	86,513	86,513
<u>DEFICIT</u>	(5,046,689)	(6,328,519)
	10,704,712	3,374,384
	10,834,511	3,409,219

PALADIN LABS INC.
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE THREE MONTHS ENDED MARCH 31, 1999
(Unaudited)

	1999	1998
<u>OPERATING ACTIVITIES</u>		
Net profit (loss) for the period	818,802	234,395
Add items not affecting cash:		
Amortization	<u>0</u>	<u>29,507</u>
	818,802	<u>263,901</u>
Changes in working capital non-cash items relating to operations	<u>(423,632)</u>	<u>(1,035,948)</u>
	395,170	<u>(772,046)</u>
<u>INVESTING ACTIVITIES</u>		
Common shares issued for cash	<u>0</u>	750,000
Addition to other assets	<u>0</u>	0
Aquisition through issuance of common shares	<u>0</u>	<u>0</u>
	0	<u>750,000</u>
<u>INCREASE (DECREASE) IN CASH</u>	395,170	<u>(22,046)</u>
Cash, beginning of period	<u>8,545,090</u>	<u>562,681</u>
<u>CASH, END OF PERIOD</u>	<u>8,940,260</u>	<u>540,634</u>