

PALADIN LABS INC.
FINANCIAL STATEMENTS
MARCH 31, 2000

Paladin Labs Inc.
Balance Sheet
(Unaudited)

As at March 31	2000	1999
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	33,822	-
Marketable securities	7,499,081	8,940,260
Accounts receivable	1,781,959	1,504,824
Inventories	768,173	226,472
Income tax asset	334,388	-
Income tax credits receivable	913,374	74,937
Total current assets	11,330,797	10,746,493
Investments, at cost	2,103,172	-
Patents, pharmaceutical product licenses and rights (net of accumulated amortization)	1,121,096	20,002
Income tax asset	5,328,905	68,016
	19,883,970	10,834,511
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	1,323,888	129,799
Income taxes payable	25,867	-
Deferred credit	240,372	-
Total current liabilities	1,590,127	129,799
Balance of sale payable	450,000	-
Deferred credit	3,830,641	-
	5,870,768	129,799
Shareholders' equity		
Capital stock	17,494,972	15,664,888
Contributed surplus	86,513	86,513
Deficit	(3,568,283)	(5,046,689)
Total shareholders' equity	14,013,202	10,704,712
	19,883,970	10,834,511

Paladin Labs Inc.
Statements of Income
(Unaudited)

For the Three Months Ended March 31	2000	1999
	\$	\$
Revenues	2,683,075	2,354,210
Expenses		
Cost of sales	1,048,333	696,358
Selling and administrative	1,044,903	860,295
Research and development	323,547	138,577
Amortization	23,536	-
Interest income	(91,632)	(198,980)
	2,348,687	1,496,250
Income (loss) before income taxes	334,388	857,960
Provision for income taxes	35,726	39,158
Net income	298,662	818,802
Earnings per share		
Basic	0.03	0.09
Fully diluted	0.03	0.08