



PALADIN LABS ANNOUNCES YEAR-END FINANCIAL RESULTS

-- Year 2000 highlighted by record revenues and net income --

Montreal, PQ - March 29, 2001 – Paladin Labs Inc. (“Paladin”) (TSE: PLB) today announced its financial results for fiscal year ended December 31, 2000.

Corporate highlights of fiscal 2000 include:

- Listed the Company’s common shares on the Toronto Stock Exchange
- Acquired the Canadian marketing and distribution rights for nine new products to add to the Company’s pipeline
- Launched three new products – Plan B[™], Tapazole[®] and DepoCyt[™] -- for sale in Canada

Financial highlights of fiscal 2000 include:

- Increase in total revenue to \$12.6 million – up 12.5% from 1999
- Increase in net income to \$2.8 million - up 39% from 1999
- The completion of an equity offering which raised \$20.3 million

Revenues for the year ended December 31, 2000 totaled \$12.6 million, representing an increase of 12.5% over revenues of \$11.2 million for fiscal 1999. This increase resulted from sales of new products such as Tapazole[®] and DepoCyt[™] as well as products which emerged later in the year from the Company’s pipeline such as Antizol[®] and Plan B[™]. Paladin’s revenue leaders included Urispas[®], Statex[®] and Canthacur[®], all of which performed in line with expectations.

Net income for the year ended December 31, 2000 climbed 38.7% over fiscal 1999 net income to reach a Company record of \$2.8 million.

“Our financial results demonstrate the strength of our business model of acquiring strategic products and leveraging our sales and marketing expertise to build a profitable pharmaceutical company,” said Company President Jonathan Goodman. “During the year, Paladin added nine new products, which will fuel our revenue growth in 2001 and beyond. Paladin looks to drugs such as Valtaxin[™], Androderm[™], and MUSE[®] as being key revenue drivers in 2001.”

Subsequent to listing the Company’s common shares on the Toronto Stock Exchange in February 2000, Paladin completed an equity offering in April 2000, generating \$20.3 million in gross proceeds. The successful closing of this transaction, during a particularly difficult time in the Canadian equity markets, served as confirmation of Paladin’s business strategy by the institutional and retail investment community.

Net proceeds from this financing, amounting to a \$19.1 million working capital injection, will assist Paladin in the execution of its strategy of concurrently acquiring products with existing revenues and licensing drugs in late-stage clinical development.

During 2000, the Corporation generated \$1.5 million in cash flow from operations. Portions of this amount along with the proceeds from the financing initiative were used to finance the acquisition of patents, pharmaceutical product licenses and rights and intellectual property totaling \$5.5 million.

Cost of sales decreased slightly to 33.5% of revenues in 2000 from 34.2% in 1999, reflecting Paladin's stable gross margins. Many of Paladin's licensing agreements are structured to ensure that Paladin's margins are maintained regardless of the selling price of the drug.

Selling and administrative expenses increased to \$5.8 million in 2000 from \$4.4 million in 1999. This increase resulted from the expanded infrastructure necessitated by Paladin's product line growth. During fiscal 2000, Paladin actively marketed twenty-six drugs compared to nineteen drugs in 1999. The resulting increased brand support activity dictated a dramatic increase in Paladin's marketing and sales force. Marketing expenditures increased by approximately \$0.4 million due to the expenses surrounding three products launched in 2000, and the preparation for another five product launches in 2001. The majority of product launches occurred late in fiscal 2000 and significant revenues will only start to be realized in fiscal 2001, while the bulk of the related launch expenses was incurred in 2000. Direct sales support expenditures increased by \$362,000 to reflect the wider range of products being supported, increased training costs for Paladin's growing sales force, and increased distribution costs associated with the Company's revenue growth.

Research and development expenses, net of investment tax credits, increased by 57% to \$857,000 in 2000 compared to \$546,000 in 1999. Increased staffing costs in the R&D division reflected the recruitment of an Executive Director of Scientific Affairs and support staff late in 1999. Also, a number of pipeline products entering into the final stages of development and regulatory approval resulted in increased resources being dedicated to this element of Paladin's business. A significant portion of Paladin's R&D budget was dedicated to the development of our sustained-release version of Statex[®] (sustained-release morphine sulfate), which is expected to complete phase III clinical testing in 2001.

Amortization expense increased to \$165,000 in fiscal year 2000, from \$17,000 in fiscal year 1999. This increase corresponds to Paladin's success in acquiring nine new products during the fiscal year and the first full year of amortization relating to a number of drugs acquired or licensed in 1999. Tapazole[®], Androderm[™], Uniprost[™], Plan B[™], and DepoCyt[™] all serve as examples of exciting new drugs recently added to Paladin's pipeline which resulted in increased amortization expense in 2000. Generally, Paladin amortizes product licenses and rights over the initial term of the related licensing agreement, or the expected economic life of the product, whichever is shorter.

As at December 31, 2000 the Company had \$25.9 million in working capital and \$24.3 million of liquid assets in the form of cash, cash equivalents and temporary investments. These liquid assets are available to fund the continuing growth of the Company through the acquisition of additional products.

2000 Year End Results – Conference Call Notice

The Company will host a conference call to discuss 2000 year end results on Thursday, March 29th at 10:00 am EST. The dial in number for the conference call is 1-800-478-9326 or 1-416-695-5801 and the reference number is 727592. The call will be audio-cast live and archived for 90 days at www.investorlook.com and www.paladin-labs.com.

About Paladin Labs Inc.

Paladin Labs, headquartered in Montreal, Quebec, is a Canadian developer, marketer and distributor of innovative pharmaceuticals. Paladin Labs Inc. is a public company whose shares trade on the Toronto Stock Exchange under the symbol *PLB*. For more information about Paladin, please visit the Paladin Web Site at www.paladin-labs.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.

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SELECTED CONSOLIDATED FINANCIAL INFORMATION
(in thousands of dollars except per share amounts)

Income Statement Data	For the year ended December 31,			
	2000	1999	1998	1997
	\$	\$	\$	\$
Revenues	12,607	11,202	6,023	830
Cost of sales	4,225	3,829	1,621	-
Gross profit	8,382	7,373	4,402	830
Expenses				
Selling and administrative expense	5,775	4,358	1,440	198
Research and development net of investment tax credits.	857	546	579	537
Amortization	165	17	118	118
Interest income	(1,110)	(404)	(172)	(19)
	5,687	4,517	1,965	834
Income (Loss) before undernoted items	2,695	2,856	2,437	(4)
Write down of product rights	-	-	1,417	998
Gain on disposal of investment	296	-	-	-
Income (Loss) before income taxes	2,991	2,856	1,020	(1,002)
Provision for income taxes	194	840	184	4
Net income (Loss)	2,797	2,016	836	(1,006)
Income (Loss) per Common Share				
Basic	0.24	0.22	0.13	(0.25)
Fully diluted	0.24	0.21	0.12	(0.25)
Weighted average Common Shares outstanding	11,506,636	9,192,207	6,441,412	3,989,288

Balance Sheet Data

	As at December 31,		
	2000	1999	1998
	\$	\$	\$
Current assets	28,801	12,295	10,038
Working capital	25,922	9,668	9,798
Total assets	41,429	16,906	10,126
Long-term debt	495	450	-
Shareholders' equity	35,769	13,830	9,886