

27th August 1998

DARYA-VARIA'S FIRST HALF OPERATING PROFIT UP 35.8 PER CENT

First Pacific Company Limited's Indonesian pharmaceuticals subsidiary, PT Darya Varia Laboratoria, announced today that operating profit rose 35.8 per cent to IDR25.2 billion (HK\$12.9 million) in the first half, reflecting higher gross margins and improved operating efficiencies in the face of difficult operating conditions.

While unit sales declined 21 per cent, revenue increased 36.4 per cent to IDR122.7 billion (HK\$62.9 million), due to price increases related to higher costs for imported raw materials. Gross margins improved to 53.1 per cent from 51.9 per cent as a result of the consolidation of both manufacturing operations and the company's product range, which was cut back to 251 products from 318.

Despite progress in these areas, Darya-Varia's net loss widened to IDR269.3 billion (HK\$138.0 million) from IDR26.1 billion due to substantial foreign-exchange losses and increased financial charges on dollar-denominated borrowings.

The rupiah's 66.7 per cent decline against the dollar over the first half resulted in total bank borrowings - 98 per cent of which are dollar denominated - rising to IDR468.6 billion (HK\$240.2 million) from IDR122.3 billion. However, in dollar terms, borrowings fell to US\$30.8 million at 30th June 1998 from US\$46.0 million at 31st December 1997, following the unwinding of swap contracts which generated US\$15.2 million that was used to repay debt.

Financing costs grew to IDR20.1 billion (HK\$10.3 million) from IDR4.9 billion, and net extraordinary losses widened to IDR272.6 billion (HK\$139.7 million) from IDR31.5 billion, reflecting unrealized foreign exchange losses of IDR307.7 billion (HK\$157.7 million).

Following this month's US\$15.8 million rights issue - which raised First Pacific's shareholding in Darya-Varia to 89.5 per cent from 51.4 per cent - the unit's debt has been reduced to US\$15.0 million, down 67.4 per cent from year-end.

Darya-Varia's Managing Director, Philip Townsend, said: "While Darya-Varia continues to face formidable challenges given Indonesia's economic problems, substantial progress is being achieved in strengthening the company and its operations. Borrowings have fallen sharply and we are well on our way toward integrating our manufacturing activities, which will lead to improved efficiencies and greater capacity utilization. These measures position us well to benefit once there is a return to stability in our operating environment."

Editor's Note: For presentation purposes only, HK\$ values have been provided for 1998 figures at a rate of HK\$1 = IDR1,951.

CONSOLIDATED INCOME STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 1998 AND 1997

	1998 <u>(Unaudited)</u>	1997 <u>(Unaudited)</u>
NET SALES	Rp 122,689,540,227	Rp 89,923,266,768
COST OF GOODS SOLD	<u>57,600,012,326</u>	<u>43,241,988,571</u>
GROSS PROFIT	<u>65,089,527,901</u>	<u>46,681,278,197</u>
OPERATING EXPENSES		
Selling	24,633,863,748	20,340,309,815
General and administrative	<u>15,210,081,569</u>	<u>7,749,512,952</u>
Total	<u>39,843,945,317</u>	<u>28,089,822,767</u>
INCOME FROM OPERATIONS	<u>25,245,582,584</u>	<u>18,591,455,430</u>
OTHER (CHARGES) INCOME		
Interest expenses - net	(20,071,507,983)	(4,945,326,751)
Amortization of goodwill	(2,403,648,018)	(2,355,961,916)
Amortization of deferred stock issuance cost	(634,745,388)	(634,744,157)
Management fee	42,236,935	82,000,000
Loss on foreign exchange - net	-	(2,928,763,691)
Others - net	(<u>776,859,442</u>)	(<u>26,776,520</u>)
Other Charges - Net	(<u>23,844,523,896</u>)	(<u>10,809,573,035</u>)
INCOME BEFORE PROVISION FOR INCOME TAX AND EXTRAORDINARY ITEMS	1,401,058,688	7,781,882,395
EXTRAORDINARY ITEMS	(<u>272,641,138,014</u>)	(<u>31,460,999,000</u>)
LOSS BEFORE PROVISION FOR INCOME TAX	(271,240,079,326)	(23,679,116,605)
PROVISION FOR INCOME TAX	<u>85,906,068</u>	<u>2,345,872,267</u>
NET LOSS BEFORE MINORITY INTERESTS	(271,325,985,394)	(26,024,988,872)
MINORITY INTERESTS	<u>2,064,312,975</u>	(<u>79,872,664</u>)
NET LOSS	(<u>Rp 269,261,672,419</u>)	(<u>Rp 26,104,861,536</u>)

CONSOLIDATED BALANCE SHEETS
JUNE 30, 1998 AND 1997

ASSETS

	1998 <u>(Unaudited)</u>	1997 <u>(Unaudited)</u>
CURRENT ASSETS		
Cash and cash equivalents	Rp 22,453,546,171	Rp 21,647,217,364
Accounts receivable		
Trade - net of allowance for doubtful accounts of Rp 7,384,699,677 in 1998 and Rp 813,973,609 in 1997	53,951,835,920	77,352,789,560
Related party	76,875,646	353,746,440
Others	2,026,385,309	10,206,170,714
Subscription receivable	210,000,000,000	-
Inventories - net	97,565,198,230	61,192,380,234
Prepaid expenses	5,227,812,591	16,413,540,683
Advance payments	1,446,415,652	1,192,625,227
Total Current Assets	<u>392,748,069,519</u>	<u>188,358,470,222</u>
 INVESTMENTS IN SHARES OF STOCK	 <u>-</u>	 <u>5,811,589,921</u>
 PROPERTY, PLANT AND EQUIPMENT		
Carrying value	112,328,694,399	97,871,253,600
Accumulated depreciation	(37,857,731,696)	(32,491,568,824)
Net Book Value	<u>74,470,962,703</u>	<u>65,379,684,776</u>
 GOODWILL - Net	 <u>86,382,451,283</u>	 <u>86,147,271,205</u>
 OTHER ASSETS		
Claims for tax refund	9,686,963,609	1,836,825,073
Accounts receivable - third party	8,732,525,218	8,701,113,494
Advances to directors and employees	6,990,222,592	2,771,116,595
Deferred stock issuance cost	3,926,124,186	3,953,293,240
Deferred charges	215,000,000	350,000,000
Security deposits	186,363,138	170,397,053
Others	334,277,585	134,505,006
Total Other Assets	<u>30,071,476,328</u>	<u>17,917,250,461</u>
 TOTAL ASSETS	 <u>Rp 583,672,959,833</u>	 <u>Rp 363,614,266,585</u>

CONSOLIDATED BALANCE SHEETS
JUNE 30, 1998 AND 1997

LIABILITIES AND STOCKHOLDERS' EQUITY

	1998 <u>(Unaudited)</u>	1997 <u>(Unaudited)</u>
CURRENT LIABILITIES		
Short-term bank loans	Rp 20,450,000,000	Rp 11,664,655,439
Accounts payable		
Trade	45,522,125,888	24,970,874,780
Others	3,328,424,372	4,602,963,914
Dividend payable	-	8,400,000,000
Accrued expenses	31,725,820,999	36,602,634,898
Taxes payable	3,183,593,942	2,670,678,435
Advances from customers	1,493,931,075	-
Current maturities of long-term debts		
Bank loans	417,973,376,132	8,856,133,000
Obligations under capital lease	1,015,160,045	537,451,598
Total Current Liabilities	<u>524,692,432,453</u>	<u>98,305,392,064</u>
 LONG-TERM DEBTS - Net of current maturities		
Bank loans	28,284,123,868	100,538,867,000
Obligations under capital lease	850,585,504	693,132,755
Total Long-term Debts	<u>29,134,709,372</u>	<u>101,231,999,755</u>
 MINORITY INTEREST IN A CONSOLIDATED SUBSIDIARY	 <u>-</u>	 <u>624,000,105</u>
 STOCKHOLDERS' EQUITY		
Capital stock - Rp 500 par value		
Authorized - 560,000,000 shares in 1998 and 200,000,000 shares in 1997		
Issued and fully paid - 140,000,000 shares	70,000,000,000	70,000,000,000
Subscribed capital stock	210,000,000,000	-
Additional paid-in capital	90,500,000,000	90,500,000,000
Revaluation increment in property, plant and equipment	304,416,934	304,416,934
(Accumulated deficit) / Retained earnings	(340,958,598,926)	2,648,457,727
Total Stockholders' Equity	<u>29,845,818,008</u>	<u>163,452,874,661</u>
 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	 <u>Rp 583,672,959,833</u>	 <u>Rp 363,614,266,585</u>