

Friday, 20 July 2001

**DARYA-VARIA REPORTS IMPROVED REVENUES, OFFSET BY WEAKENING
RUPIAH & ONE-OFF PROVISIONS**

The attached press release has been issued by PT Darya-Varia Laboratoria. First Pacific has a 89.5 per cent economic interest in Jakarta-listed Darya-Varia, a leading fully-integrated healthcare company engaged in the manufacture, marketing and distribution of prescription and over-the-counter medicines.

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20 July, 2001

IMPROVED REVENUES, OFFSET BY WEAKENING RUPIAH & ONE-OFF PROVISIONS

PT Darya-Varia Laboratoria Tbk today reported improved operating revenues and operating profit, despite continuing political and economic uncertainties.

Revenues grew 16.2% to Rupiah 245.30 billion, off an aggressive marketing drive, while the gross margin was largely maintained (2001: 45.9% 2000: 46.1%) despite a 23% decline in the Rupiah against the US dollar (June 2001: Rupiah 11,390 June 2000: Rupiah 8,740). The substantial increase in the cost of imported raw materials, as a consequence of the rupiah weakening, was offset by effective operational efficiencies. Operating profit increased 2.3% to Rupiah 31.42 billion, from Rupiah 30.71 billion, as marketing costs increased in support of improved sales.

The rupiah's decline also had an impact upon net interest expense, with the 12.9% increase relating to the translation effect of a weaker rupiah, while approximately Rupiah 23.45 billion of unrealised foreign exchange losses was recorded.

With the completion of the Darya-Varia Group's restructuring activities, provisions totalling Rupiah 5.64 billion, in respect of discontinued products, were recorded under 'Others'. By focusing on its more profitable brands, the group has reduced its product lines by 60%, with the resultant need to book the necessary accounting provisions to ensure that its position is appropriately stated.

In addition, 'Others' includes a Rupiah 2.34 billion provision in respect of Stop Cold, the Company's leading cold preparation. This product has been withdrawn from the market in compliance with Department of Health regulations as, similar to other available competitive cold medications, Stop Cold contains an ingredient called Phenylprophanolamin (PPA). The health authorities are concerned that PPA, if taken in large doses, may cause adverse side effects. Darya-Varia, consistent with its commitment to sell only safe, high quality products, has immediately withdrawn the product and plans to re-introduce Stop Cold using an equally effective raw material that has no adverse side effects.

'Extraordinary items' relates to the write down of employee stock option receivables. Employee options were introduced in 1997 at then appropriate values of Rupiah 3,695 per share. With the Asian Crisis, Darya-Varia's stock price has declined and, accordingly, the options have been written down to Rupiah 500 per share.

As a consequence of a declining rupiah and a number of one-off provisions, Darya-Varia reported an unaudited net loss of Rupiah 16.34 billion for the first half of the year, compared to a net loss of Rupiah 3.97 billion for the same period in 2000.

Commenting on this, Darya-Varia's President Director, Philip A. Townsend, said: "Darya-Varia's growth momentum continues to be restrained by a declining rupiah. Notwithstanding this, we have succeeded in sustaining revenue growth while maintaining margins. In pursuit of our commitment to being a streamlined, efficient and transparent company, we have effected a number of provisions to ensure that our financial position is now more closely aligned with underlying values."

PT DARYA-VARIA LABORATORIA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2001 AND 2000
[In thousand Rupiah, except for Earnings/(Losses) per share]

	<u>2001</u>	<u>2000</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
NET SALES / OPERATING REVENUE	Rp 245,300,705	Rp 211,043,896
COST OF SALES	<u>(132,645,069)</u>	<u>(113,716,272)</u>
GROSS PROFIT	112,655,636	97,327,624
OPERATING EXPENSES		
Selling expenses	(50,501,762)	(40,498,654)
General and administrative expenses	<u>(30,733,709)</u>	<u>(26,121,357)</u>
	<u>(81,235,471)</u>	<u>(66,620,011)</u>
OPERATING PROFIT	31,420,165	30,707,613
OTHER EXPENSES		
Interest expense - net	(8,225,071)	(7,285,129)
Foreign exchange loss	(23,453,473)	(23,145,560)
Amortization of goodwill	(1,874,194)	(1,874,194)
Others - net	<u>(13,911,441)</u>	<u>(1,767,161)</u>
	<u>(47,464,179)</u>	<u>(34,072,044)</u>
LOSS BEFORE CORPORATE INCOME TAX AND EXTRAORDINARY ITEMS	(16,044,014)	(3,364,431)
EXTRAORDINARY ITEMS	<u>(4,393,221)</u>	-
LOSS BEFORE COPORATE INCOME TAX	(20,437,235)	(3,364,431)
INCOME TAX (EXPENSE) / BENEFIT		
Current	(655,335)	(2,361,244)
Deferred	4,755,853	1,754,617
	<u>4,100,518</u>	<u>(606,627)</u>
NET LOSS	Rp <u>(16,336,717)</u>	Rp <u>(3,971,058)</u>
EARNINGS / (LOSSES) PER SHARE		
Operating profit per share	<u>56</u>	<u>55</u>
Net loss per share	<u>(29)</u>	<u>(7)</u>

PT DARYA-VARIA LABORATORIA Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2001 AND 2000

[In thousand Rupiah, except for par value per share]

	2001	2000
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	Rp 16,111,500	Rp 20,019,744
Trade receivables from third parties - net	53,887,780	50,920,657
Other receivables	6,982,277	6,759,595
Inventories - net	83,597,749	71,164,291
Prepaid expenses	12,674,558	15,492,185
Prepaid taxes	12,091,034	11,154,023
Advances	6,688,746	2,381,345
Total current assets	<u>192,033,644</u>	<u>177,891,840</u>
NON-CURRENT ASSETS		
Deferred tax assets	35,648,641	32,970,448
Fixed assets - net	104,585,260	89,884,925
Goodwill - net	51,788,198	55,536,585
Advances to directors and employees	4,068,959	5,173,283
Total non-current assets	<u>196,091,058</u>	<u>183,565,241</u>
TOTAL ASSETS	Rp <u>388,124,702</u>	Rp <u>361,457,081</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES		
Trade payables	Rp	Rp
Third parties	50,830,236	32,825,391
Related parties	13,022,577	10,655,363
Taxes payable	6,045,266	5,497,367
Accrued expenses	23,103,648	24,591,083
Other payables		
Third parties	1,768,245	2,786,636
Related parties	78,914,603	100,949,484
Other current liabilities	354,778	175,976
Total current liabilities	<u>174,039,353</u>	<u>177,481,300</u>
NON-CURRENT LIABILITIES		
Other payable to related party	56,950,000	
Other non-current liabilities	3,297,854	1,650,886
Total long term liability	<u>60,247,854</u>	<u>1,650,886</u>
EQUITY		
Share capital, par value Rp 500 (full Rupiah)		
Authorized - 560,000,000 shares		
Issued and fully paid - 560,000,000 shares	280,000,000	280,000,000
Additional paid-in capital - net	77,828,471	77,828,471
Fixed assets revaluation reserve	304,417	304,417
Accumulated losses	(204,295,393)	(175,807,993)
Total equity	<u>153,837,495</u>	<u>182,324,895</u>
TOTAL LIABILITIES AND EQUITY	Rp <u>388,124,702</u>	Rp <u>361,457,081</u>