

1 August 2000

DARYA-VARIA REPORTS SUSTAINED GROWTH IN REVENUES AND OPERATING PROFITS, DESPITE NET LOSS DUE TO FOREIGN EXCHANGE LOSSES

PT Darya-Varia Laboratoria Tbk announced today that it recorded a net loss of Rupiah 3.97 billion (US\$0.45 million) for the first half, due to unrealised exchange losses of Rupiah 21.26 billion (US\$2.43 million) being recorded following the 20 per cent deterioration of the Rupiah over the same period.

Despite this, underlying net sales improved 21 per cent to Rupiah 211.04 billion (US\$24.15 million) reflecting growth in volumes, whilst gross profit margins only marginally declined to 46 per cent as improved efficiencies offset the increase in the cost of imported raw materials due to the Rupiah's devaluation. Despite increased trade discounting and advertising expenses, in support of increased sales activity, operating profit grew by 2 per cent.

The exchange losses of Rupiah 21.26 billion (US\$2.43 million) arose due to the 20 per cent depreciation of the Rupiah, compared to Rupiah 18.58 billion (US\$2.13 million) of exchange gains reported in 1999 when the Rupiah strengthened 16 per cent. These losses have arisen on US dollar payables and are unrealised. Excluding the effects of exchange, underlying net income has increased six fold to Rupiah 19.17 billion (US\$2.19 million) from Rupiah 2.94 billion (US\$0.34 million) in 1999.

Progress in managing balance sheet matters continues to be achieved. Inventories are down to 110 days from 131 days, while the level of receivables improved slightly to 45 days from 47 days. Positive operating cash flows enabled the Company to cut its borrowings to US\$ 9.9 million of foreign currency, from US\$ 14.1 million a year earlier, and to repay in full its remaining Rupiah 5.0 billion (US\$0.57 million) of bank loans. The Company's gearing stood at 90 per cent at the end of the half.

In compliance with recent regulations of the Indonesian Capital Market Supervisory Agency (BAPEPAM), the Company debited to equity Rupiah 12.67 billion (US\$1.45 million) of prior years' costs incurred from the issuance of shares during the Company's IPO and rights issues (previously classified as deferred charges in the balance sheet and periodically amortized). The related accumulated amortization of Rupiah 7.37 billion (US\$0.84 million) was credited to prior year retained earnings.

Darya-Varia's President Director, Philip A. Townsend, said: "The depreciation of the Rupiah has had a significant impact on our results, and this has constrained our growth momentum as it affects local businesses. However, we have succeeded in growing sales whilst broadly maintaining margins. In addition, with positive cash flows, we have been able to pay down debt. I am confident that with our fully streamlined operations in place, we will continue to meet the challenges posed by the prevailing conditions."

The Darya-Varia Group is a leading fully-integrated healthcare Company engaged in the manufacture, marketing and distribution of prescription and over-the-counter medicines.

Note: For illustrative purposes only, US\$ equivalents are translated at the 30 June 2000 rupiah closing rate of Rupiah 8,740 = US\$1.

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PT DARYA-VARIA LABORATORIA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE SIX MONTHS PERIOD
ENDED ON JUNE 30, 2000 AND 1999
(In Thousand Rupiah, Except for Earnings per Share)

	2000 (Unaudited)	1999 (Unaudited)
NET SALES	Rp 211,043,896	Rp 173,725,241
COST OF SALES	(113,716,272)	(92,881,723)
GROSS PROFIT	<u>97,327,624</u>	<u>80,843,518</u>
OPERATING EXPENSES	(66,620,011)	(50,723,758)
OPERATING PROFIT	<u>30,707,613</u>	<u>30,119,760</u>
OTHER INCOME/ (EXPENSES)		
Foreign exchange (losses) / gains	(23,145,560)	18,581,465
Interest expenses - net	(7,285,129)	(12,037,538)
Amortization of goodwill	(1,874,194)	(2,507,228)
Others - net	(1,767,161)	(182,284)
	<u>34,072,044</u>	<u>3,854,415</u>
(LOSS) / PROFIT BEFORE INCOME TAX	(3,364,431)	33,974,175
INCOME TAX (EXPENSE)/BENEFIT :		
Current	(2,361,244)	(4,331,971)
Deferred	1,754,617	(8,117,685)
	<u>(606,627)</u>	<u>(12,449,656)</u>
NET (LOSS) / INCOME	<u>(Rp 3,971,058)</u>	<u>Rp 21,524,519</u>
EARNINGS/(LOSSES) PER SHARE		
Operating profit per share	<u>55</u>	<u>54</u>
Net (Loss) / Income per share	<u>(7)</u>	<u>38</u>

PT DARYA-VARIA LABORATORIA Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2000 AND 1999
(In Thousand Rupiah, Except for Number of Shares and Par Value of Shares)

ASSETS

	2000 <u>(Unaudited)</u>	1999 <u>(Unaudited)</u>
CURRENT ASSETS		
Cash and cash equivalents	Rp 20,019,744	Rp 30,895,917
Trade receivables		
Trade - net	50,920,657	43,357,953
Others	179,250	13,757
Inventories - net	71,164,291	68,900,149
Prepaid expenses	15,492,185	10,569,089
Prepaid taxes	11,154,023	4,727,219
Advances	2,381,345	2,399,020
Total current assets	<u>171,311,495</u>	<u>160,863,104</u>
 PLANT, PROPERTY AND EQUIPMENT		
Carrying value	134,680,173	117,155,386
Accumulated depreciation	(44,795,248)	(40,765,307)
Net Book Value	<u>89,884,925</u>	<u>76,390,079</u>
 OTHER ASSETS		
Receivable from third party	6,580,345	6,534,588
Advances to directors and employees	5,173,283	5,400,359
Goodwill - net	55,536,585	73,334,662
Refundable deposits	-	138,136
Deferred tax assets	32,970,448	35,608,923
Total other assets	<u>100,260,661</u>	<u>121,016,668</u>
TOTAL ASSETS	<u>Rp 361,457,081</u>	<u>Rp 358,269,851</u>

PT DARYA-VARIA LABORATORIA Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2000 AND 1999
(In Thousand Rupiah, Except for Number of Shares and Par Value of Shares)

LIABILITIES AND EQUITY

	2000 <u>(Unaudited)</u>	1999 <u>(Unaudited)</u>
CURRENT LIABILITIES		
Bank loans	Rp -	Rp 5,000,000
Trade payables		
Trade	43,480,754	28,285,222
Related parties	100,949,484	93,624,000
Accrued expenses	26,417,945	17,902,216
Taxes payable	5,497,367	7,270,890
Current maturities of long-term debts:		
Obligations under finance leases	2,786,636	2,522,413
Total current liabilities	<u>179,132,186</u>	<u>154,604,741</u>
LONG-TERM LIABILITY		
Net of Current Maturities		
Obligations under finance leases	-	201,111
Total long-term liability	<u>-</u>	<u>201,111</u>
EQUITY		
Share capital, par value Rp 500 (full Rupiah)		
Authorized - 560,000,000 shares		
Issued and fully paid - 560,000,000	280,000,000	280,000,000
Additional paid-in capital	77,828,471	77,828,471
Fixed assets revaluation reserve	304,417	304,417
Accumulated losses	(175,807,993)	(154,668,889)
Total Equity	<u>182,324,895</u>	<u>203,463,999</u>
TOTAL LIABILITIES AND EQUITY	<u>Rp 361,457,081</u>	<u>Rp 358,269,851</u>