

**28<sup>th</sup> February 2000**

## **DARYA-VARIA SWINGS TO SOLID PROFITABILITY IN 1999**

P.T. Darya-Varia Laboratoria Tbk announced today that it booked a 1999 net profit before tax and provisioning of Rupiah 32.03 billion (US\$4.6 million), following a loss of Rupiah 135.39 billion (US\$19.4 million) a year earlier, buoyed by improved sales, steady margins and the strengthening of the rupiah.

The Company's revenue grew 23 per cent to Rupiah 355.36 billion (US\$50.9 million), despite having discontinued more than 60 per cent of its product line, reflecting improved sales across the remaining profitable products.

Gross profit margins declined only slightly to 47 per cent, from 48 per cent at year end 1998. Efficiencies from the closure of two of its four factories, and a more than 30 per cent reduction in headcount, offset the large rupiah increases in the cost of imported raw materials. Operating profit declined 11 per cent to Rupiah 49.17 billion (US\$7.0 million) as the Company took advantage of the improved business climate and market recovery to boost advertising behind its core over-the-counter brands. It also recognized the advances granted by its majority shareholder, to defray the retirement payments of the former management team who were replaced by an entirely new and leaner team as part of the Company's re-structuring strategy during the crisis period.

Strong cash flows generated from operations and a continued focus on cost controls, including receivables and inventory, enabled the Company to settle all of its rupiah denominated bank loans and to cut its foreign currency borrowings to US\$12 million from US\$14.7 million in 1998. As a result, net interest expense declined 40 per cent to Rupiah 17.46 billion (US\$2.5 million) from Rupiah 28.99 billion (US\$4.2 million).

Unrealized foreign exchange gains of Rupiah 15.19 billion (US\$2.2 million) were recorded following the previous year's loss of Rupiah 147.92 billion (US\$21.2 million).

In 1998, a provision of Rupiah 8.00 billion (US\$1.1 million) for the impairment of goodwill attributable to a subsidiary which no longer operates was established. As a concluding clean up measure, a final provision for the remaining goodwill of Rupiah 13.40 billion (US\$1.9 million) was booked in 1999.

With retroactive effect, all publicly-listed companies were required to adopt deferred taxation accounting. The Ikatan Akuntan Indonesia (Indonesian Institute of Accountants) issued Financial Accounting Standards (PSAK) No. 46 prescribing the accounting treatment for income taxes. In compliance with this directive, the Company recorded in 1998 deferred tax assets of Rupiah 43.73 billion (US\$6.3 million). This mainly derived from the 1997 and 1998 tax losses thereby resulting in a reduction of its 1998 accumulated losses. The 1999 net profit after current year tax was Rupiah 14.32 billion (US\$2.1 million), compared to a loss of Rupiah 146.91 billion (US\$21.1 million) in 1998. In view of the Company's return to profitability, Rupiah 12.51 billion (US\$1.8 million) of the deferred tax assets were realized in 1999 resulting in a net after tax profit

of Rupiah 1.81 billion (US\$0.3 million), compared to a loss of Rupiah 112.80 billion (US\$16.2 million) in 1998. The remaining Rupiah 31.22 billion (US\$4.5 million) of deferred tax assets are expected to be realized in 2000/2001 as the Company continues on its path to full recovery.

Chief Financial Officer, Oscar E. Carag noted that, "We expect to become entirely free of all debt by the end of 2001 as our business continues to grow strongly. This confirms that the difficult re-structuring measures we have taken are working."

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 31<sup>st</sup> December 1999 rupiah closing rate of Rupiah 6,975 = US\$1.*

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**PT DARYA-VARIA LABORATORIA Tbk and SUBSIDIARIES**  
**Consolidated Statements of Income**  
**For the years ended 31 December 1999 and 1998**  
**(in thousand Rupiah)**

	<b>1999</b>	<b>1998</b>
<b>Sales/Operating Revenue</b>	355,363,649	288,075,097
<b>Cost of Sales</b>	(189,783,244)	(150,458,861)
<b>Gross Profit</b>	165,580,405	137,616,236
<b>Operating Expenses</b>		
Selling expenses	(66,264,791)	(52,509,439)
General and administrative expenses	(50,141,553)	(30,036,186)
	(116,406,344)	(82,545,625)
<b>Operating Profit</b>	49,174,061	55,070,611
<b>Other Income (Expenses)</b>		
Interest expense, net	(17,464,921)	(28,990,206)
Foreign exchange gain/(loss), net	15,186,013	(147,923,876)
Amortisation of goodwill and deferred charges	(7,595,427)	(6,722,650)
Provision for impairment of goodwill	(13,400,000)	(8,000,000)
Miscellaneous, net	(7,266,852)	(6,819,081)
	(30,541,187)	(198,455,813)
<b>Profit/(Loss) before income tax</b>	18,632,874	(143,385,202)
<b>Income tax (expense)/benefit</b>		
Current year income tax	(4,313,260)	(3,520,186)
Deferred tax	(12,510,777)	32,037,863
	(16,824,037)	28,517,677
<b>Profit/(loss) before minority interest</b>	1,808,837	(114,867,525)
<b>Minority interest</b>		2,064,313
<b>Net Income/(loss)</b>	1,808,837	(112,803,212)

**PT DARYA-VARIA LABORATORIA Tbk and SUBSIDIARIES**  
**Consolidated Balance Sheets**  
**31 December 1999 and 1998**  
(in thousand Rupiah)

	1999	1998
<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Cash and cash equivalents	25,266,460	23,659,132
Trade receivables, net	36,456,103	40,714,325
Other receivables	12,773,955	7,420,897
Inventories, net	71,647,175	71,023,525
Prepaid expenses	6,021,254	7,420,659
Prepaid taxes	9,208,444	9,706,097
Advances	2,329,450	1,333,775
Total Current Assets	163,702,841	161,278,410
<b>Fixed Assets, net</b>	84,220,686	73,488,323
<b>Other Assets</b>		
Deferred charges, net	5,299,879	7,847,518
Refundable deposits	67,683	116,428
Advances to directors and employees	5,409,480	5,406,118
Goodwill, net	57,410,769	75,858,557
Deferred tax assets	31,215,831	43,726,608
Total Other Assets	99,403,642	132,955,229
<b>TOTAL ASSETS</b>	347,327,169	367,721,962
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>		
<b>Current Liabilities</b>		
Bank loans	-	8,680,000
Trade payables	32,623,962	28,443,103
Other payables		
Third parties	7,065,808	3,055,438
Related parties	95,210,732	116,865,000
Taxes payable	9,471,232	7,514,265
Accrued expenses	11,060,053	12,105,809
Finance leases	299,551	1,002,287
Total Current Liabilities	155,731,338	177,665,902
<b>Long Term Liability</b>		
Finance leases	-	269,066
<b>Equity</b>		
Share capital - issued and fully paid	280,000,000	280,000,000
Additional paid-in capital	90,500,000	90,500,000
Fixed assets revaluation reserve	304,417	304,417
Accumulated losses	(179,208,586)	(181,017,423)
Total Equity	191,595,831	189,786,994
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	347,327,169	367,721,962