

**26th April 1999**

**DARYA-VARIA'S FIRST QTR OPERATING PROFIT UP 57%, SALES UP 34%**

First Pacific's Indonesian pharmaceuticals subsidiary, PT Darya-Varia Laboratoria announced today that its operating profit grew 57 per cent to 20.4 billion rupiah in the first quarter from a year earlier, helped by firm margins and tight control over operating expenses.

Sales increased 34 per cent to 82.0 billion rupiah and gross profit margins remained unchanged at 48 per cent, despite significant increases in the cost of imported raw materials which are an important component in Darya-Varia's manufacturing activities. Operating expenses increased by only 15 per cent to 19.1 billion rupiah.

However, the continued volatility of the rupiah led to unrealized foreign exchange losses of 9.9 billion rupiah. As a result, the company recorded a net loss of 1.3 billion rupiah, compared with a loss of 78.1 billion rupiah a year earlier.

Trade receivables remained under good control, and inventories fell by 28 per cent to 68.6 billion rupiah.

Darya-Varia's Chief Executive Officer Philip Townsend said: "Our new management team is making excellent progress in moving the company back to healthy profitability. Had it not been for unrealized foreign exchange losses, this would already have been achieved in the first quarter.

"The measures we are taking to restructure the company and its business are clearly already being reflected in our bottom line. We believe the company is well on its way to establishing a solid base on which our future growth plans can be built," he concluded.

Financial data

**PT DARYA-VARIA LABORATORIA Tbk AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 1999 AND 1998**  
(In Thousands)

**ASSETS**

|                                          | 1999<br><u>(Unaudited)</u> | 1998<br><u>(Unaudited)</u> |
|------------------------------------------|----------------------------|----------------------------|
| <b>CURRENT ASSETS</b>                    |                            |                            |
| Cash and cash equivalents                | Rp 35,682,685              | Rp 161,587,753             |
| Accounts receivable                      |                            |                            |
| Trade - net                              | 44,586,300                 | 35,734,463                 |
| Others                                   | 10,207                     | 1,173,519                  |
| Inventories - net                        | 68,597,914                 | 94,654,542                 |
| Prepaid expenses                         | 10,336,306                 | 4,684,851                  |
| Advances                                 | <u>3,426,636</u>           | <u>1,142,093</u>           |
| Total Current Assets                     | <u>162,640,049</u>         | <u>298,977,221</u>         |
| <br><b>PLANT, PROPERTY AND EQUIPMENT</b> |                            |                            |
| Carrying value                           | 112,155,852                | 112,615,236                |
| Accumulated depreciation                 | ( <u>39,783,044</u> )      | ( <u>36,013,797</u> )      |
| Net Book Value                           | <u>72,372,807</u>          | <u>76,601,439</u>          |
| <br><b>GOODWILL - Net</b>                | <u>74,596,609</u>          | <u>82,570,016</u>          |
| <br><b>OTHER ASSETS</b>                  |                            |                            |
| Claims for tax refund                    | 2,148,925                  | 7,109,492                  |
| Receivable from third party              | 6,534,588                  | -                          |
| Deferred stock issuance cost             | 7,198,108                  | 3,001,175                  |
| Advances to directors and employees      | 5,406,118                  | 16,879,053                 |
| Security deposits                        | 116,428                    | 204,024                    |
| Others                                   | <u>-</u>                   | <u>215,000</u>             |
| Total Other Assets                       | <u>21,404,167</u>          | <u>27,408,744</u>          |
| <br><b>TOTAL ASSETS</b>                  | <u>Rp 331,013,633</u>      | <u>Rp 485,557,420</u>      |

**PT DARYA-VARIA LABORATORIA Tbk AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 1999 AND 1998**  
(In Thousands)

**LIABILITIES AND STOCKHOLDERS' EQUITY**

|                                                                                      | 1999<br><u>(Unaudited)</u> | 1998<br><u>(Unaudited)</u> |
|--------------------------------------------------------------------------------------|----------------------------|----------------------------|
| <b>CURRENT LIABILITIES</b>                                                           |                            |                            |
| Bank loans                                                                           | Rp 8,960,000               | Rp 14,050,000              |
| Accounts payable                                                                     |                            |                            |
| Trade                                                                                | 34,522,175                 | 42,487,135                 |
| Related party                                                                        | 127,155,000                | -                          |
| Others                                                                               | -                          | 587,413                    |
| Accrued expenses                                                                     | 12,419,149                 | 30,970,381                 |
| Taxes payable                                                                        | 2,743,874                  | 1,632,696                  |
| Current maturities of long-term debts:                                               |                            |                            |
| Bank loans                                                                           | -                          | 66,305,250                 |
| Obligations under capital lease                                                      | 305,357                    | 807,262                    |
| Total Current Liabilities                                                            | <u>186,105,556</u>         | <u>156,840,137</u>         |
| <b>LONG-TERM DEBTS</b>                                                               |                            |                            |
| Net of Current Maturities                                                            |                            |                            |
| Bank loans                                                                           | -                          | 318,444,750                |
| Obligations under capital lease                                                      | 105,634                    | 398,622                    |
|                                                                                      | <u>105,634</u>             | <u>318,843,372</u>         |
| <b>MINORITY INTEREST IN NET ASSETS OF<br/>SUBSIDIARY COMPANY</b>                     | <u>-</u>                   | <u>( 1,157,720 )</u>       |
| <b>STOCKHOLDERS' EQUITY</b>                                                          |                            |                            |
| Capital stock - Rp 500 par value                                                     |                            |                            |
| Authorized - 560,000,000 shares in 1999<br>and 200,000,000 shares in 1998            |                            |                            |
| Issued and fully paid - 560,000,000 shares in 1999<br>and 140,000,000 shares in 1998 | 280,000,000                | 70,000,000                 |
| Additional paid-in capital                                                           | 90,500,000                 | 90,500,000                 |
| Fixed assets revaluation reserve                                                     | 304,417                    | 304,417                    |
| Retained earnings (accumulated losses)                                               | <u>( 226,001,974 )</u>     | <u>( 149,772,786 )</u>     |
| Total Stockholders' Equity                                                           | <u>144,802,443</u>         | <u>11,031,631</u>          |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS'<br/>EQUITY</b>                                | <u>Rp 331,013,633</u>      | <u>Rp 485,557,420</u>      |

**PT DARYA-VARIA LABORATORIA Tbk AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE THREE MONTHS PERIOD**  
**ENDED ON MARCH 31, 1999 AND 1998**  
(In Thousands)

|                                                               | 1999<br><u>(Unaudited)</u> | 1998<br><u>(Unaudited)</u> |
|---------------------------------------------------------------|----------------------------|----------------------------|
| <b>NET SALES</b>                                              | Rp 82,009,000              | Rp 61,295,895              |
| <b>COST OF GOODS SOLD</b>                                     | <u>42,570,495</u>          | <u>31,702,673</u>          |
| <b>GROSS PROFIT</b>                                           | <u>39,438,505</u>          | <u>29,593,221</u>          |
| <b>OPERATING EXPENSES</b>                                     |                            |                            |
| Selling                                                       | 11,004,751                 | 11,630,344                 |
| General and administrative                                    | <u>8,056,403</u>           | <u>4,981,598</u>           |
| Total Operating Expenses                                      | <u>19,061,154</u>          | <u>16,611,942</u>          |
| <b>OPERATING INCOME</b>                                       | <u>20,377,351</u>          | <u>12,981,279</u>          |
| <b>OTHER INCOME (CHARGES)</b>                                 |                            |                            |
| Foreign exchange loss - net                                   | ( 9,930,779 )              | ( 76,589,724 )             |
| Interest expenses - net                                       | ( 7,782,384 )              | ( 13,788,715 )             |
| Amortization of goodwill                                      | ( 1,261,948 )              | ( 1,189,800 )              |
| Amortization of deferred issuance cost                        | ( 632,743 )                | ( 317,373 )                |
| Management fee income                                         | 194,470                    | 34,268                     |
| Others - net                                                  | ( <u>254,376</u> )         | ( <u>374,486</u> )         |
| Other Charges - Net                                           | ( <u>19,667,760</u> )      | ( <u>92,225,830</u> )      |
| <b>NET INCOME (LOSS) BEFORE PROVISION FOR INCOME TAX</b>      | 709,591                    | ( 79,244,551 )             |
| <b>PROVISION FOR INCOME TAX</b>                               | <u>1,967,539</u>           | <u>41,644</u>              |
| <b>NET LOSS BEFORE MINORITY INTEREST IN SUBSIDIARY'S LOSS</b> | ( 1,257,948 )              | ( 79,286,195 )             |
| <b>MINORITY INTEREST IN SUBSIDIARY'S LOSS</b>                 | <u>-</u>                   | ( <u>1,210,331</u> )       |
| <b>NET LOSS</b>                                               | <u>( Rp 1,257,948 )</u>    | <u>( Rp 78,075,864 )</u>   |