

4th March 1998

FIRST PACIFIC'S DARYA-VARIA RECORDS LOSS IN 1997 AMID FOREX CHARGES

First Pacific Company Limited's Indonesian pharmaceuticals subsidiary, PT Darya-Varia Laboratoria, announced Wednesday that it recorded a net loss in 1997 of IDR100.45 billion, compared with a profit of IDR23.58 billion in the previous year, largely reflecting exceptional charges related to unrealized foreign exchange losses and restructuring provisions for its manufacturing operations.

Before exceptional items, Darya-Varia recorded a pre-tax loss of IDR12.12 billion compared with a pre-tax profit of IDR32.50 billion. However, a provision of IDR31.46 billion was taken for restructuring in connection with the integration of the company's manufacturing activities into a single site. A further charge of IDR56.83 billion was taken for unrealized foreign exchange losses.

Total sales declined by 3 per cent to 197.53 billion amid lower demand caused by the country's economic difficulties, leading to an 8 per cent decline in gross profit to IDR91.49 billion. However, operating expenses grew 65 per cent to IDR85.09 billion as a result of the higher cost in rupiah terms of dollar-denominated inputs, leading to a drop in income from operations to IDR6.41 billion from IDR48.30 billion.

Good progress was made in reducing net trade receivables, which fell to IDR48.72 billion after allowances for doubtful accounts from IDR91.47 billion.

Darya-Varia's Managing Director, Mr Delfin L. Warren, said: "Indonesia's economic difficulties weighed very heavily on our operations, particularly in the second half. The plunging value of the rupiah led directly to an escalation of our operating costs, as more than 80 per cent of our raw materials are imported."

Mr Warren said the company intended to conduct a rights issue to raise approximately IDR200 billion to increase its capital and pay down a substantial portion of foreign debts which total approximately US\$45 million. He said First Pacific, which indirectly controls approximately 56 per cent of Darya-Varia, is fully supportive of the issue.

Looking ahead, he said: "Following this cash injection, we have the ability to return quickly to profitability as the economy starts to adjust to new market conditions."

Consolidated Balance Sheets and Consolidated Statements of Income And Changes In Retained Earnings (Deficit) For The Years Ended December 31, 1997 and 1996

PT DARYA-VARIA LABORATORIA Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 1997 AND 1996

ASSETS

	1997	1996
CURRENT ASSETS		
Cash and cash equivalents	Rp 20,904,457,325	Rp 12,434,744,876
Accounts receivable		
Trade - Net of allowance for doubtful accounts of Rp 7,299,648,674 in 1997 and Rp 231,736, 609 in 1996	48,715,148,708	91,473,017,847
Related parties	91,445,646	-
Others	51,338,058,333	18,642,561,227
Inventories	87,222,987,882	60,132,131,306
Prepaid expenses	5,255,928,405	4,405,537,320
Advances	2,790,999,254	666,970,456
Total Current Assets	216,319,025,553	187,754,963,032
 INVESTMENTS IN SHARES OF STOCK	 -	 5,811,589,921
 PROPERTY, PLANT AND EQUIPMENT		
Carrying value	112,237,398,492	96,863,796,660
Accumulated depreciation	(34,748,140,656)	(30,700,020,784)
Net book value	77,489,257,836	66,163,775,876
 EXCESS OF COST OVER NET ASSETS OF SUBSIDIARIES	 83,759,815,587	 87,589,233,121
 OTHER ASSETS		
Advances to directors and employees	14,428,477,738	11,089,867,320
Deferred stock issuance cost	3,318,547,852	4,588,037,397
Estimated claims for tax refund	7,109,491,862	135,663,025
Deferred charges	215,000,000	350,000,000
Security deposits	204,024,372	284,320,715
Total Other Assets	25,275,541,824	16,447,888,457
 TOTAL ASSETS	 Rp 402,843,640,800	 Rp 363,767,450,407

PT DARYA-VARIA LABORATORIA Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
DECEMBER 31, 1997 AND 1996

LIABILITIES AND STOCKHOLDERS' EQUITY

	1997	1996
CURRENT LIABILITIES		
Short-term bank loans	Rp 14,771,883,000	Rp 12,111,284,906
Accounts payable		
Trade	31,805,898,575	28,677,409,624
Others	2,153,122,991	4,332,178,593
Accrued expenses	36,277,760,152	7,501,931,984
Taxes payable	2,498,845,715	8,139,757,778
Current maturities of long-term debts		
Bank loans	38,581,125,000	179,115,703
Obligations under capital lease	1,091,508,178	693,946,881
Total Current Liabilities	127,180,143,611	61,635,625,469
LONG-TERM DEBTS		
Net of Current Maturities		
Bank loans	185,293,875,000	102,952,570,960
Obligations under capital lease	1,207,576,926	677,390,340
Total Long-term Debts	186,501,451,926	103,629,961,300
MINORITY INTEREST IN NET ASSETS OF CONSOLIDATED SUBSIDIARY	54,554,836	544,127,441
STOCKHOLDERS' EQUITY		
Capital stock - Rp 500 par value		
Authorized - 200,000,000 shares		
Issued and fully paid - 140,000,000 shares	70,000,000,000	70,000,000,000
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
Retained earnings (deficit)	(71,696,926,507)	37,153,319,263
Total Stockholders' Equity	89,107,490,427	197,957,736,197
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	Rp 402,843,640,800	Rp 363,767,450,407

PT DARYA-VARIA LABORATORIA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND CHANGES IN RETAINED EARNINGS (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 1997 AND 1996

	<u>1997</u>	<u>1996</u>
NET SALES	Rp 197,534,023,817	Rp 203,236,887,074
COST OF GOODS SOLD	<u>106,040,624,900</u>	<u>103,380,297,605</u>
GROSS PROFIT	<u>91,493,398,917</u>	<u>99,856,589,469</u>
OPERATING EXPENSES		
Selling	51,776,233,117	37,483,776,905
General and administrative	<u>33,312,017,076</u>	<u>14,072,493,183</u>
Total	<u>85,088,250,193</u>	<u>51,556,270,088</u>
INCOME FROM OPERATIONS	<u>6,405,148,724</u>	<u>48,300,319,381</u>
OTHER INCOME (CHARGES)		
Interest expenses - net	(12,888,332,518)	(10,351,139,338)
Amortization of excess of cost over net assets of subsidiaries	(4,743,417,534)	(3,969,215,122)
Amortization of deferred stock issuance cost	(1,269,489,545)	(907,297,359)
Loss on foreign exchange	(784,294,139)	(2,611,444,734)
Gain on sale of investments in shares of stock	2,346,183,266	1,911,270,955
Gain on disposals of property and equipment	181,953,819	306,613,551
Others - net	(1,367,222,448)	(180,406,082)
Other Charges - Net	(18,524,619,099)	(15,801,618,129)
INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS	(12,119,470,375)	32,498,701,252
EXTRAORDINARY ITEMS	(88,295,024,000)	-
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAX	(100,414,494,375)	32,498,701,252
PROVISION FOR INCOME TAX	<u>525,324,000</u>	<u>8,770,145,900</u>
INCOME (LOSS) BEFORE MINORITY INTEREST IN NET LOSS (INCOME) OF CONSOLIDATED SUBSIDIARY	(100,939,818,375)	23,728,555,352
MINORITY INTEREST IN NET LOSS (INCOME) OF CONSOLIDATED SUBSIDIARY	<u>489,572,605</u>	(<u>145,971,622</u>)
NET INCOME (LOSS)	(<u>Rp 100,450,245,770</u>)	<u>Rp 23,582,583,730</u>
EARNINGS (LOSS) PER SHARE		
Income from operations	<u>Rp 45</u>	<u>Rp 361</u>
Net income (loss)	(<u>Rp 717</u>)	<u>Rp 176</u>
RETAINED EARNINGS AT BEGINNING OF YEAR	Rp 37,153,319,263	Rp 19,870,735,533
NET INCOME (LOSS)	(100,450,245,770)	23,582,583,730
CASH DIVIDENDS	(8,400,000,000)	(6,300,000,000)
RETAINED EARNINGS (DEFICIT) AT END OF YEAR	<u>(Rp 71,696,926,507)</u>	<u>Rp 37,153,319,263</u>