

Question and Answer
Public Expose – PT Darya-Varia Laboratoria Tbk
Hotel Mulia Senayan, 3 December 2008

Q1. Questions from Wahyu – Kontan Daily

1. How much is approximately the sales growth for the year 2008?
2. How is the planned CAPEX for 2009 and from where will the funding for this CAPEX come?

A1.

1. It is our policy not to provide forecasts, but we can inform you that as of September 2008 our sales is growing by 26%, as shown in the presentation just now. Based on this we can see that the Company is growing much faster than the market.
2. We budgeted Rp 37 billion for CAPEX next year. About 65% of that is for manufacturing. We will invest some more to increase capacity in certain lines and for operational efficiency. The rest is to support our marketing group activities. The funding for CAPEX next year will come entirely from the Company's internally generated funds.

Q2. Questions from Indro – Detik.com

1. How much is the value of the License Agreements with the seven companies?
2. Is the projection on national drugs next year growing? How about for the drugs consumption per capita in Indonesia next year?

A2.

1. The value of the contracts in terms of the additional sales contribution to Darya-Varia, we expect that our sales will increase by more or less 50% next year. This assumes normal conditions next year since, as we know, there is an on-going global economic and financial crisis and we are not certain about its impact on our industry here.
2. Based on the latest data from IMS, the market next year will grow by 11%. We also expect the consumption per capita will increase. If the growth of 11% is achieved, the increase in market size will be bigger than the increase in population size, hence per capita consumption will increase. But again in US dollar terms, or when we convert the amount to US dollars so we can compare with other countries as shown in the presentation just now, it depends on the Rp:US\$ exchange rate. If the value of the rupiah goes down, as it has at this point, the consumption per capita in dollars will fall down as well.

Q3. Questions from Hendra – Investor

1. What is the plan of Company on the two idle factories?
2. How is the marketing to the doctors or internists, with detailing or anything else? How does the Company monitor the using of the Company's medicines by doctors? Is there any compensation to the doctors?

A3.

1. For Darya-Varia shareholders who have been long time shareholders of the Company, and those in the media who have been following the developments in Darya-Varia, you may remember that during the monetary crisis 10 years ago, we closed down those two factories. At that time, the sales volume of the Company went down drastically, by about 40%, and management at that time determined that we had excessive manufacturing capacity.

The products of Dupa and Kenrose that were considered as still potential or had good marketing prospects were transferred to Darya-Varia and were then produced in the Darya-Varia factory. For the rest, we stopped producing them. We also transferred equipment from the Dupa and Kenrose factories to our remaining two factories in Darya Varia and Prafa. Because of the excessive capacity at that time, it did not make sense anymore to maintain four factories. Having excessive capacity was not true only for Darya-Varia, it was also true for the whole industry since the industry as a whole suffered massive volume reductions during that period. In fact, until this time we still find excessive capacity in certain lines within the Darya-Varia Group. Since we do not foresee that we will need the facilities anymore in Dupa and Kenrose, we decided to sell these assets, particularly the land and the buildings.

2. As we have presented, we see the market of chronic disease is very big; therefore, we enter more to internists and GPs. We focus promoting to the doctors with symposiums, seminars, presentations, and round table discussions. We comply with the Code of Ethics.

Q4. Questions from Nerissa - Vivanews.com

1. In the current economic crisis and the increasing raw material price, beside the new licenses, is there any Company plan to collaborate with strategic partner in the future?
2. Is there any plan to increase the capacity as part of Capex? How about the current Company's utilization and how much for the next year?
3. Please re-explain the sales of two plants and their assets? When is the sales target and how much are the prices? Is there any potential buyer?

A4.

1. We are uncertain what will happen next year. But we believe it will not be business as usual. We expect our profit margins to go down, because the cost of goods will increase, primarily as a result of both raw material price increases that we have experienced so far and the decline in the value of the Rupiah. On the other hand, we are not certain whether we can increase our prices or to what extent for us to recover margins, considering the current economic conditions. We have already talked to our employees that we have to help to each other especially at this time. This is true not only for Darya-Varia, but also for other companies in Indonesia, and perhaps in the whole world since this is a global crisis.

However, we will continue on demand creation despite the crisis. That will be the one that will sustain the growth of the Company. We will be careful on how we spend our money, because we are not sure how bad the Rupiah will get and for how long, but we will continue our efforts on marketing.

2. We are investing CAPEX for increasing capacities for certain areas that are already fully utilized, particularly soft gel because Darya-Varia has an excellent soft gel manufacturing capability that we want to sustain. In fact, we do export to other countries some of our soft gel products. So we will do CAPEX investment next year for capacity improvement where we need it, particularly on soft gel. We will focus on the capabilities that are already highly utilized.
3. We have sold the land and buildings in the former Dupa facility three months ago. As mentioned earlier, the equipment that we could still use, had already been moved to Darya-Varia and Prafa. We still have the legal entity of PT Pabrik Obat Dupa, so if there is any party interested, we can also sell it. We still have the Kenrose facility left. We appointed Ray White, a well known and one of the biggest brokers in Indonesia, to sell these assets for us. Ray White is now actively looking for potential buyers for Kenrose, but we do not know how soon it will be sold or at what price. The global economic crisis may also impact this matter. Normally, in these uncertain conditions, many investors hold or even cancel their investment plans.

Q5. Question from Hasyim - The Jakarta Post

1. Dupa has been sold three months ago. How much is the value of the sales? Were there any workers laid off?
2. How many employees does the Company have now?

A5.

1. As mentioned Dupa was closed down in 1998 and we already laid off the workers at that time, so there had been no more employees there since then. We sold Dupa for Rp 29 billion to the Blue Bird Group.

Also with Kenrose which had been closed down in 1998 during the monetary crisis, we already terminated its employees at that time and there are no remaining employees now.

2. In total we have about 2,000 employees now.

Q6. Questions from Juni - Seputar Indonesia

1. How much is the current market share of Darya-Varia?
2. We know that there is an increase on raw materials this year. How many percent is the increase?

A6.

1. The current market share of Darya-Varia is about 3%, and we are at ranking # 17.
2. Generally raw material prices increased by about 30-40%, some of major raw materials even increased by more than 50%. But, we should also remember that the value of the Rupiah has also gone down, which caused a double impact on the cost of importations. This is true for the entire pharmaceutical industry which is highly import dependent. So as mentioned before, next year's market prospects are uncertain due to the economic condition.
