

Vision

To be Consumers' Most Preferred Retailer.

Mission

To consistently bring value fashion-right products and services that enhance the consumers' quality of lifestyle.

Company Milestones

- 1958 First store in Pasar Baru, Jakarta
- 1972 Pioneer of Departement Store concept in Indonesia
- 1980 Opening of first store outside Jakarta - Sinar Matahari Bogor
- 1992 IPO at Jakarta Stock Exchange and Surabaya Stock Exchange
- 1995 Core Business Expansion to Supermarket Operation. 1st Rights Issue - Rp 75 B
- 1996 Issuance of 5-year US\$ 100 Million Bond. 2nd Rights Issue - Rp 226 B
- 1997 Multipolar became majority shareholder. 3rd Rights Issue - Rp 902 B
- 2000 Launch of Matahari Club Card (MCC)
- 2001 Settlement of 5-year US\$ 100 Million Bond
- 2002
 - New Management Team
 - Core Business Restructuring : Matahari Departement Store, Matahari Supermarket & TimeZone
 - Independent and transparent Business Units. Issuance of 5-year Obligasi I - Rp 450 B
- 2003
 - Consolidation Year
 - Closure of Non-profitable stores
 - Re-focus to internal infrastructure, resources & company's foundation
- 2004
 - Launch of Hypermart
 - Top 500 Asia Pacific Retail Award : #1 - Indonesia. Issuance of 5-year Obligasi II - Rp 300 B & Syariah I Rp 150 B
- 2005
 - Successfull Aggresive expansion : 10 Departement Stores, 4 Kids2Kids, 13 Hypermarkets, 4 Cut Prices, 1 Matahari Supermarket
 - First Matahari Departement Store in China
 - Top 500 Asia Pasific Retail Award : #1- Indonesia
- 2006
 - Continued aggresive expansion : +18 new MDS / Hypermart / Specialty Stores.
 - Top 500 Asia Pasific Retail Award: #1- Indonesia
 - Issuance of 3-year US\$ 150 M, Unsecured Notes < 10%
 - Company Ratings : B1 (Moody's) and B+ (Standard and Poor's)
- 2007
 - Continued aggresive expansion : +15 new MDS / Hypermart / Specialty Stores & 3rd Distribution Center in Eastern Indonesia
 - Launch of Parisian new departement store concept
 - Top 500 Asia Pacific Retail Award : Best of the Best
 - Top 500 Asia Pacific Retail Award : #1 - Indonesia
 - 4th Rights Issue - Rp 1 Trillion
 - Successfull participation in REIT program
 - Company Ratings : B+ (Standard & Poor's), B1 (Moody's), and A+ (PEFINDO)
- 2008
 - Aggresive expansion : 6 MDS (incl. 3 New Generation Stores), 7 Hypermarkets, 2 Foodmarts, 4 Times Bookstores
 - Achievements : 2008 TOP 500 Asia Pacific Retail Award : Best of The Best, 2008 TOP 500 Asia Pacific Retail Award : #1 - Indonesia, Service Quality Gold Award Excellent 2008, Indonesia Most Admired Company 2008
 - Company Ratings : B+ with Stable Outlook (Standard & Poor's), B1 with Stable Outlook (Moody's), and A+ with Stable Outlook (PEFINDO)
- 2009
 - Issuance of 3-year US\$ 200 M; 3-5 year Obligasi III - Rp 302 B; 3-5 year Syariah II - Rp 226 B
 - **Company Ratings** : B+ with Stable Outlook (Standard & Poor's), B1 with Stable Outlook (Moody's), and A+ with Stable Outlook (PEFINDO)
 - **Achievement** : ISO 22000:2005 Certification for Food Safety and Management System
 - 2009 Top 500 Asia Pacific Retail Award : Best of the Best
 - 2009 Top 500 Asia Pacific Retail Award : #1 - Indonesia
 - FAPRA Best Modern Retailer Asia Pacific Award
 - 2009 Top Brand Award by Frontier Group
 - 2009 Indonesia's Most Admired Companies Award by BusinessWeek and Frontier Group
 - 2009 Service Quality Award Excellent Award by Marketing Magazine.
- 2010
 - MDS' divestment valued at Rp 7.2 trillion; Early Redemption of US\$ 200 Million Bond; Rp 3 trillion interim special dividends.
 - Company Ratings** : B+ with Stable Outlook (Standard & Poor's), B1 with Stable Outlook (Moody's) and A+ with Stable Outlook (PEFINDO)
 - Achievement** : 2010 Top 500 Asia Pacific Retail Award "Hall of Fame"; 2010 Top 500 Asia Pacific Retail Award : #1 - Indonesia; 2010 SUPERBRAND Award





● AWARDS

Year 2010 is a year of blessing for Matahari with several prestigious awards successfully achieved.

DID YOU KNOW?

- Number of Stock Keeping Units (SKU) Hypermart currently total to 35,000 products
- Members of Matahari Club Card (MCC)'s customer loyalty program now totals to 5.9 million



Company Achievement

A brand for a company is like a reputation for a person. It must be earned through hardworks to achieve things well

DID YOU KNOW?

PT Matahari Putra Prima Tbk. went IPO at Indonesia Stock Exchange on December 18, 1992.

18.8%

Hypermart Sales Growth
in 2010

7_x

successively awarded as
"Retail Asia Top 500 Gold Award – Indonesia"

9 stores

average Hypermart new store
opening per year

17.6%

Sales Growth
Matahari Food Business in 2010

41 cities

the Company actively operates retail
business across Indonesia

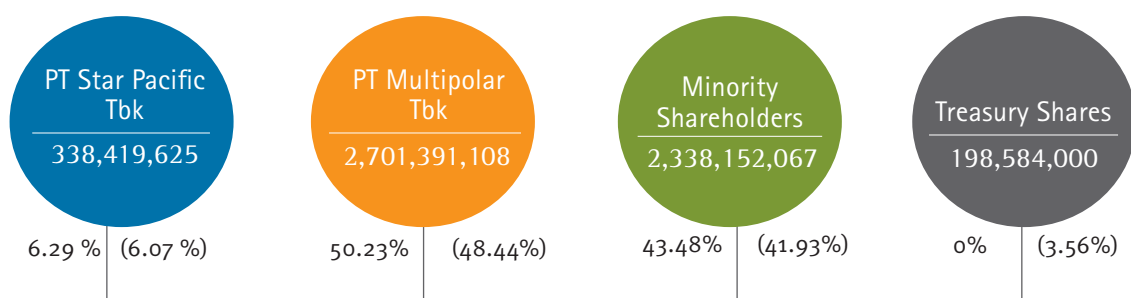
9,069

Total number
of employees



Company Shareholding Structure

(as of 31 December 2010)



MATAHARI

Note : Figures in parentheses represents shareholding structure ownership including treasury shares

Share Price Performance



Dividend History

(for the last 5 years)

Fiscal Year	Net Profit (in mio Rp)	Dividend/Share (Rp)	Number of Shares	Total Cash Dividend (in mio Rp)	Dividend Payout Ratio (%)
2004	125,338	14	2,705,994,000	37,884	30.2%
2005	222,663	25	2,705,994,000	67,650	30.4%
2006	160,500	10.4	4,711,922,000	49,004	30.5%
2007	180,200	11.5	4,711,922,000	54,187	30.1%
2009	300,035	16	4,721,073,575	75,537	25.2%
		16	834,755,115	13,356 *	4.5%
2010	5,800,640	180	5,555,812,690	1,000,046 **	17.2%
		180	5,559,284,239	1,000,671 ***	17.3%
		180	5,576,546,800	1,003,778 ****	17.3%

* Additional warrant exercise from December 31, 2009 until June 10, 2010

** Interim Dividend I (paid on May 12, 2010)

*** Interim Dividend II (paid on June 28, 2010)

**** Interim Dividend III (paid on January 10, 2011)

History of Share Listing

Description	Listing Date at IDX	Total Shares
Initial Public Offering	15 December 1992	8,700,000
Company Listing	15 December 1992	33,366,320
Conversion of Convertible Bond	19 July 1993	926,457
Conversion of Convertible Bond	6 August 1993	1,727,628
Conversion of Convertible Bond	13 August 1993	824,250
Conversion of Convertible Bond	13 August 1993	3,297
Conversion of Convertible Bond	25 August 1993	1,648,500
Conversion of Convertible Bond	02 September 1993	3,297
Conversion of Convertible Bond	13 September 1993	3,297
Conversion of Convertible Bond	23 September 1993	3,297
Conversion of Convertible Bond	24 September 1993	2,884,875
Conversion of Convertible Bond	23 March 1994	3,297
Conversion of Convertible Bond	30 March 1994	3,297
Conversion of Convertible Bond	16 May 1994	9,891
Bonus Share	15 July 1994	100,215,406
Conversion of Convertible Bond	17 October 1994	9,891
Rights Issue I	30 June 1995	75,166,500
Rights Issue II	10 October 1996	225,499,500
Stock Split	15 September 1997	450,999,000
Rights Issue III	03 November 1997	1,803,996,000
Rights Issue IV	11 January 2007	2,005,928,000
Warrant Exercise	September 2009	3,181,000
Warrant Exercise	October 2009	5,970,375
Warrant Exercise	December 2009	200
Warrant Exercise	January 2010	36,532,200
Warrant Exercise	February 2010	131
Warrant Exercise	March 2010	24,775,000
Warrant Exercise	April 2010	754,259,092
Warrant Exercise	May 2010	19,185,192
Warrant Exercise	June 2010	12,469,100
Warrant Exercise	July 2010	8,252,510
Total Listed Shares		5,576,546,800

Financial Highlights

(Billion Rp)	2006	2007	2008	2009	2010**
Consolidated Statements of Income					
Sales from direct purchase and other trade revenue	5,582	6,331	7,738	8,759	8,164
Consignment sales	2,906	3,437	4,239	5,028	1,383
Cost of consignment sales	2,042	2,400	2,950	3,506	1,002
Commission from consignment sales	864	1,037	1,289	1,522	381
Net sales	6,446	7,368	9,027	10,281	8,545
Cost of sales	4,135	4,789	5,903	6,724	6,678
Gross Profit	2,311	2,579	3,124	3,557	1,867
Operating expenses	1,909	2,176	2,633	3,052	1,813
Operating Income	402	403	491	505	54
EBITDA	751	953	1,094	1,451	769
Other income (charges) - net	(212)	(195)	(540)	(132)	5
Equity in net income (loss) of investees	6	31	(22)	1	(2)
Income (loss) before income tax	196	239	(71)	374	57
Income tax expenses (benefit)	38	37	(74)	77	(29)
Income from ordinary activities	160	180	11	300	86
Extraordinary item					5,733
Net income	160	180	11	300	5,801
Number of share (in million)*	2,915.7 ⁽¹⁾	4,380.2 ⁽¹⁾	4,513.3	4,515.9	5,169.6
Earning per share	55 ⁽¹⁾	41 ⁽¹⁾	2	66	1,122

Consolidated Balance Sheets					
Cash and short-term investments	1,306	3,142	2,914	3,417	3,955
Merchandise inventories	791	906	983	1,172	970
Current assets	2,464	4,429	5,082	5,066	5,395
Investment in associated companies	46	115	88	32	30
Total assets	6,048	8,514	9,801	10,560	11,421
Accounts payable - trade	631	967	1,192	1,295	988
Current liabilities	1,517	1,971	4,531	3,145	3,064
Total liabilities	3,883	5,222	6,650	7,093	4,279
Stockholders' equity - net	2,166	3,292	3,151	3,467	7,141
Debt	2,495	2,677	3,282	4,225	1,163
Net cash	(1,189)	465	(368)	(808)	2,792
Working capital - net	947	2,458	551	1,921	2,331

Financial Ratio					
Net income / total assets (%)	2.6	2.1	0.1	2.8	50.8
Net income / total stockholders' equity - net (%)	7.4	5.5	0.4	8.7	81.2
Current ratio (x)	1.6	2.2	1.1	1.6	1.8
Total liabilities / total stockholders' equity - net (x)	1.8	1.6	2.1	2.0	0.6
Total liabilities / total assets (x)	0.6	0.6	0.7	0.7	0.4
Net sales to total assets (x)	1.1	0.9	0.9	1.0	0.7
EBITDA to total sales (%)	11.7	12.9	12.1	14.1	9.0
Net cash to equity (%)	(55)	14	(12)	(23)	39

Others					
Number of Employees	20,400	17,658	18,900	19,400	9,069 ***
Gross Space (sqm)	808,586	835,452	910,227	964,926	396,658 ****
Number of Store Location	84	92	98	101	79 ****

* Excluding treasury shares

** PT Matahari Department Store Tbk (formerly PT Pacific Utama Tbk) was deconsolidated starting April 1, 2010

1) Earnings per share was re-instated for the addition new shares issuance for Rights Issue IV

*** Employees of PT Matahari Putra Prima Tbk, excluding employees from PT Matahari Department Store Tbk.

**** Store Location Matahari Food Business





Letter From ● Board of Commissioners

Matahari continued to
grow in 2010 through
Hypermart's expansion.

* Left - Right

John Bellis
Independent Commissioner

Ganesh Chander Grover
Independent Commissioner

Jonathan L. Parapak
Independent Commissioner

Prof. Dr. Adrianus Mooy
Independent Commissioner

DR. Cheng Cheng Wen
President Commissioner

Jeffrey Koes Wonsono
Commissioner





Dear Shareholders,

2010 has been a good year for the retail industry in Indonesia, the growth momentum of 2009 continued throughout the year. The Indonesia Stock Exchange performance index did well reaching 3,786.1, the highest level in its history. Foreign funds have moved into well-performed publicly-listed companies with good fundamentals and bright outlooks. Matahari is one among them. The retail sector has become the darling for investors as Indonesia's GDP moving upward. We are pleased to see that Indonesian consumers' spending powers have also moved upward comparing to previous years.

2010 has been a fruitful year for Matahari as it successfully spun-off its 90.76% ownership in MDS to PT Meadow Indonesia ("MI"), a 100% owned subsidiary of Meadow Asia Company Limited ("MAC") which is part of CVC Capital Partners (CVC). The spin-off was successfully executed with total transaction value of Rp 7.2 trillion. Matahari still retains up to 28% economic interest in the joint venture.

Matahari grew well in 2010. Total Gross Sales reached Rp 9.6 trillion (including consignment sales of Rp 1.4 trillion), EBITDA improved to Rp 369.9 billion and Net Earning amounted to Rp 5.8 trillion, including one-time gain from MDS' spin-off, despite it only consolidated MDS' result for Q1 only. It has improved its cash flow and maintained a strong cash position in excess of Rp 2.6 trillion at yearend while at the same time it successfully paid off majority of its borrowings. It is a safety net and provides the Company the invaluable resources to strengthen its leadership position in the retail sector in Indonesia going forward.

Matahari Food Business (MFB) continued its aggressive expansion in Hypermart stores. During the year, MFB added approximately more than 30,000 sqm of new store space through net additional of 5 Hypermarts, 2 Foodmarts and 4 Boston HBCs. Total Sales grew by 17.4% to Rp 7.6 trillion (including consignment sales of Rp 327.8 billion). Comparable store sales growth reached highest record in its history at 12.4%. EBITDA improved 20.6% from 2009. Format innovation and improvement continued to be the cornerstone of MFB's drive of the Hypermart.

After the MDS' spin-off, Matahari concentrates on the aggressive growth of the remaining Hypermart business. In mid-year, we invited Merrill Lynch (ML) as our financial advisor to do an intensive strategic review to the Hypermart business, whose recommendation is expected to be completed in early 2011. While the strategic review report is being finalized, ML's interim report showed four major food retailers with global presence indicating considerable level of interests to invest in Matahari as controlling shareholders.

To assure the Good Corporate Governance practices, Audit Committee has reported that all business aspects

In 2010, Matahari received the prestigious award **Hall of Fame, 2010 Retail Asia Pacific Top 500 Awards, the 2010 Retail Asia Top 500 Awards** for the 7th consecutive years from Retail Asia, Euromonitor International and KPMG, and **SUPERBRAND Award 2010**.

Looking forward, we remain cautiously optimistic in entering the year 2011. Our main priority for Matahari is to maintain its strong cash generation capability, continue its Hypermart growth phase with new store expansion as well as anticipate new business opportunities arising from rapid changing markets.

This achievement provides the company the invaluable resources to strengthen its leadership position in the retail sector in Indonesia going forward.

DID YOU KNOW?

In 2010, Matahari received the prestigious "Top 500 Asia Pacific Retail Award – HALL OF FAME" from Retail Asia since it had previously received "Top 500 Asia Pacific Retail Award – Best of Best" in the last three consecutive years.

had been performed prudently and correctly without any major deviations to the prevailing Company's standards and procedures.

Matahari distributed cash dividend with a total amount of Rp 3.09 trillion to shareholders in 2010 while it also paid off its US\$ 200 million Notes and various working facility lines from creditors. Matahari maintains its sound financial ratings from various rating agencies, B1 rating with Stable Outlook from **Moody's**, A+ with Stable Outlook from **PEFINDO** and B+ with Stable Outlook from **Standard & Poor's** remain unchanged.

On behalf of the Board of Commissioners, I would like to express our sincere thanks to all our shareholders as well as our vendors, partners and employees who have worked together as a family to achieve the good results in 2010. We treasure your continuing supports in the coming years.



DR. Cheng Cheng Wen
President Commissioner





Letter From ● Board of Directors

We are pleased to see year 2010 as
pinnacle of milestones for Matahari

* Left - Right

R. Soeparmadi
Director

Bunjamin J. Mailool
President Director

Lina H. Latif
Director

Carmelito J. Regalado
Director

Hendra Sidin
Director

Dear Shareholders,

We are pleased to see year 2010 as pinnacle of milestones for Matahari. We prudently decided to realize and capitalize our business division - Matahari Department Store (MDS) when the timing was right as the financial markets have come to recognize the attractiveness of the Indonesian economy in general and our retail businesses in particular. In Q2, Matahari successfully divested its 90.76% ownership in MDS to PT Meadow Indonesia ("MI"), a 100% owned subsidiary of Meadow Asia Company Limited ("MAC") which is part of CVC Capital Partners (CVC) at a respectable valuation of 9.5x EBITDA and total transaction value of Rp 7.2 trillion while still retaining up to 28% economic interest in MAC. Therefore, we have successfully declared the highest record in Matahari's dividend payment history with a total of more than Rp 3 trillion to our valued shareholders in-line with our main objectives to keep maximizing the shareholders' value.

Within the same period, Matahari has also successfully reduced down its liabilities and paid off its US\$ 200 million Notes and short-term working facilities from banks and creditors, which led Matahari to achieve much healthier outlook of financial structure and profitability going forward.

Toward yearend, we also received indication from Merrill Lynch (ML)'s preliminary interim results about considerable level of interests from four strategic global retailers with global presence for investing in Matahari as controlling shareholders. In mid-2010, we invited ML as our financial advisor to do an extensive strategic review to our business with an expected key recommendation at end. As we await the final recommendation results, we are pleased to see the seriousness demonstrated by those global players for any partnership opportunities in our Hypermart and we believe this strategic review exercise will benefit to our shareholders.

At 2010 yearend, the Company continued to record outstanding consolidated sales achievement from its Matahari Food Business, driven by Hypermart business. The Company has set a new consolidated Gross Sales record of Rp 9.6 trillion (including consignment sales of Rp 1.4 trillion), as a result of increase in MFB's sales from Rp 6.5 trillion to Rp 7.6 trillion (including consignment sales of Rp 327.8 billion), which also included store-like-store sales growth of 12.4%.

The Company's consolidated Gross Profit increased amounted to Rp 1.9 trillion, whilst consolidated Gross Margin percentage was in-line with our expectation to



Milestone achievements with renewed spirits

DID YOU KNOW?

Within 2004 – 2010, Hypermart has successfully opened 50 new stores with average new store opening per year of 9 stores.

drop at 20% of Gross Sales post the separation of MDS' higher margin from Matahari. At business unit level, MFB prudently produced its gross margin at 18.5% in 2010 compared to 19.7% in 2009, or reduced by 180 basis points, in order to increase its aggressiveness in sales and market share.

Strict cost control measures led the consolidated Operating Expenses amounting to 19% of Gross Sales in 2010 compared to 22% of Gross Sales last year. This allowed the Company to register another year of favorable Operating Income/EBIT results of Rp 54.0 billion in 2010 compared to Rp 504.3 billion in 2009 despite several transaction costs relating to MDS spin-off had to be recorded within the year. EBITDA remained strong at Rp 369.9 billion.

Despite a modest increase in EBIT, Net Earnings After Tax soared substantially from Rp 300 billion last year to Rp 5.8 trillion, representing Rp 1,122 per share. This is due to a one-time extraordinary gain from MDS' spin-

off and interest cost savings from the paid-off debts during the period.

With these positive developments, the Company and its subsidiaries registered a strong liquidity position with cash and cash equivalents amounting to more than Rp 2.6 trillion at yearend, which will allow the Company to fund future business opportunities, continue to pursue more store expansions, and to anticipate future market opportunities.

Continuing to its achievements in 2009, Matahari's acknowledged market leadership and strong credit standing in 2010 were demonstrated by its ability to consistently maintain respectable ratings of B+ with Stable Outlook from **Standard & Poor's**; B1 with Stable Outlook from **Moody's**; and idA+ with Stable Outlook from **PEFINDO** - the Indonesia's leading rating agency. During the year, outstanding international recognition also extended to Matahari's various achievements and milestones as it received the prestigious award **Hall of Fame, 2010 Retail Asia Pacific Top 500 Awards, the 2010 Retail Asia Top 500 Awards** for the 7th consecutive years from Retail Asia, Euromonitor International and KPMG, and **SUPERBRAND Award 2010**.





Indonesia, with its consumer-driven economy and large population base of over 240 million people, still presents huge growth prospects for the modern retail industry. The country's attractiveness as an investment destination is supported by the fairly low penetration of modern retail concepts in relation to total market size and the continuing trend for more modern customer lifestyles. The modern retail sector has been becoming the darling for investors as Indonesia's GDP has been moving upward and the consumers' lifestyles and spending powers have equally showed favorable momentum compared to previous years.

Moving into 2011, we aim to further maximize shareholders value by maintaining Matahari's market leadership through a solid plan of new store expansions and existing store renovations. Matahari will also continue to focus on maintaining a high level of liquidity to capture new growth opportunities as well as awaiting to the seriousness of global players for investments and partnerships in Hypermart to evolve into more concrete forms.

We would like to extend our sincere gratitude to our valued customers and stakeholders for their trust and continuing support. We also wish to express our thanks to the hardwork and dedication of our staff and management teams, without whom the Company's success and achievements would not have been possible. On behalf of the Board of Directors, I thank you all for your continued support and confidence in us.

On behalf of Board of Directors,

Bunjamin J. Mailool

President Director





Letter From ● CEO – Retail Group



Having a big step in our retail group division making us the biggest retail company in Indonesia.

* Left - Right

Travis Saucer

CEO – Retail Group

Andre Rumantir

Director – Corporate HRD

Danny Kojongian

Director – Corporate Communication

Steven A. Martin

Director – Head of Retail Strategic Planning



We are proud the way Matahari Retail Group has been able to add value for our shareholders in the past few years. However, I believe 2010 may have been the best year in this regard. One of important milestone occurred early in the year when we successfully spun-off our 90.76% ownership in Matahari Department Store (MDS) to PT Meadow Indonesia ("MI"), a 100% owned subsidiary of Meadow Asia Company Limited ("MAC") which is part of CVC Capital Partners (CVC). This was the culmination of a process that began more than ten years ago when we recognized the opportunity to build value in the Indonesian retail marketplace. We groomed MDS accountably and proceeded to greatly increase its profitability and its growth potential to the point where it became the largest and most profitable fashion retailer in Indonesia. This year we prudently decided to realize the enormous value we created. The timing was right as the financial markets have come to recognize the attractiveness of the Indonesian economy in general and MDS in particular. The transaction was able to surprise the market as it commanded the above market price of 9.5x EBITDA.

We still believe in the future of MDS as we have purposely retained a 20% ownership in MI, with the option to acquire additional shares which could increase our holding to almost 28%. We believe this stake will provide a lot of value to our shareholders in the next few years. Our strategy in MDS paid off in 2010, as the department store group had another record year. With the Indonesian economy emerging from the slowdown caused by the global financial crisis in 2009, MDS produced a sales gain of 14.3%, with comparable store sales growing by 11.2%.

Our current primary fully-owned core retail is the Matahari Food Business (MFB), which is spearheaded by our chain of Hypermart. Since its inception in 2004, we operated 51 stores nationwide at 2010 yearend. We believe that on a store-for-store basis we are easily the fastest growing hypermarket chain in Indonesia. We took a significant step in this direction in 2010, based on some aggressive growth strategies, which produced comparable store growth of 12.1%, the highest in our history. This occurred even though food sales in Indonesia, though recovering from the somewhat depressed levels of 2009, were still well below the overall growth rates of recent years.



Profit growth was also strong as EBITDA grew to Rp 396 billion, a margin of 5.2%, on overall sales growth of 17.4%. We believe that we now have strategies in place that will enable us to add 10-15 new stores per year, while leveraging our expense base to ever higher levels of profitability.

We also had some success stories in our smaller supporting businesses. Time Zone undertook some stringent cost cutting measures which have increased profitability. More importantly we began to see our marketing strategies starting to pay off in terms of producing comparable store sales growths. This combination has made us increasingly optimistic to add up to 12 stores per year with growing profitability. Times Book Stores has grown to 19 stores by year end, and the business has become solidly positive in terms of EBITDA at the store level. Most of the non-book categories have registered strongly positive comparable store sales growth, and the future looks exciting as the business concept evolves. Our restaurant services segment currently operates several different formats, which have proven to be very successful in supporting other parts of the group.

Overall, Our Matahari Retail Group operation continues to produce growth and increase profitability and we believe the future is extremely bright. Nonetheless, our primary concern remains the building of value for our shareholders, and it is our intent to neglect no opportunities to achieve that goal. We retained Merrill Lynch in the third quarter of 2010 as our international financial advisor to perform an extensive strategic review of our businesses.

We particularly have asked Merrill Lynch to ensure that our business expansion plan is in line with market expectations, and to help us to anticipate and capitalize on market opportunities. As we await their recommendations, we are pleased to see the seriousness demonstrated by several global retailers for any partnership opportunities in Hypermart and we believe this strategic review exercise will benefit for our shareholders.

Thus, I am pleased to report another banner year with the pace of change and the growth of shareholder value accelerating. I would once again like to thank the management team who have produced these exciting results. With their help I know that what we have achieved is only the beginning of a very rewarding future for our shareholders.

Matahari Food Business



- | | | | | |
|--|---|--|---|---|
| 1 Iwan Goenadi
Director
MIS | 2 Philippe Prejent
Format Director
Hypermart | 3 Meshvara Kanjaya
Director
Merchandising & Marketing | 4 Emi Nuel
Format Director
Supermarket | 5 Carmelito J. Regalado
President |
| 6 Richard H. Setiadi
CFO | 7 Deborah Rosanti
Associate Director
Store Planning & Dev. | 8 Ang Kasmin Rasilim
Director
Human Resources & Risk Management | 9 Herman Meerzorg
Technical Advisor
HRD & GA | |

* Left - Right



The Matahari Food Business (MFB) is one of the largest food retailers in Indonesia, participating in the retail marketplace through three channels: the hypermarket channel "Hypermart", the supermarket channel "Foodmart", and the Boston chain of health and beauty stores (BHC). Hypermart is the flagship of the group accounting for over 90% of sales. Our goal is to become the number one multi-channel food retailer in Indonesia, and we believe we are rapidly approaching the time when we will achieve that goal.

FROZEN FOOD



The modern history of MFB really began in early 2004 when the first Hypermart was introduced. From the beginning, our strategy was based on gaining competitive advantage through lower costs. To achieve this cost advantage requires success at two levels: superior productivity at the store level to generate lower costs as a percentage of sales in each store, and greater sales overall to leverage central expenses, including the costs of distribution. Based on the available industry data, we believe we have achieved higher store level productivity than other players in 2010.

In 2009 our strategy called for us to retrench in response to the global financial crisis, reducing

our capital spending plans and putting stringent controls on operational expenses. We were also careful to protect our gross margins. This strategy proved prudent, as the Indonesian food business experienced its slowest growth in many years. Within this challenge, Hypermart prudently produced its gross margin at 18.5% in 2010 compared to 19.7% in 2009, or reduced by 180 basis points, in order to increase its aggressiveness in sales and market share. As a result we were able to grow EBITDA by over 40%. In early 2010, the marketplace changed considerably as consumers were willing to increase spendings and respond to more aggressive promotional campaigns. Inline with our long term strategy to gain advantage

We are committed to provide the best products and services to ensure customers' satisfaction

DID YOU KNOW?

The first Hypermart store was introduced at WTC Serpong on April 22, 2004.





through superior productivity, we believed it was right to go after an increase in market share.

We feel that one of our competitive advantages is an ability to respond quickly to market trends, and again we were right in predicting and acting on a change in the marketplace. The overall FMCG industry grew by about 10%, but MFB sales grew to Rp 7.6 trillion (including consignment sales of Rp 327.8 billion), which represents 17.4% growth over 2009. Our CAGR of sales since 2003, when the hypermarket strategy was formulated stands at 28.7%. This eventually drove our market share in food retail sector from 16.8% in 2009 to 18.5% in 2010, while our market share in Hypermarket segment also reached 16.9%.

MFB EBITDA was Rp 396 billion, a growth of Rp 67.6 billion or 20.6% from 2009. From 2005, the first year in which we achieved EBITDA profitability now stands at 5.2%. The key to our profitability was tight control over our expenses. Our expense ratio dropped by 180 basis points, from 16.8% to 15.0%. As our expense ratio drops, we are able to invest some of the benefits in aggressive promotions and pricing, thus driving our market share even higher.

Our aggressive posture did cost us something in terms of gross margin, which dropped to 18.5%. However, our experience in a promotional environment increasingly enabled us to drive sales without sacrificing margin. We are able to concentrate our efforts on those promotions that are most highly valued by our customers and we are able to get support and assistance from our suppliers, who appreciate our ability to grow their business much faster than our competitors. This benefit showed up clearly

in the fourth quarter of 2010, when our margin rebounded to 19.1% while our comparable store growth rate stood at 12.4%. In fact we closed the 2010 year on an extremely high note with strong sales, lower expenses, improved margins, and positive trends extending throughout the chain.

Looking at the individual segment results, the Hypermart is our primary engine of growth and now accounts for over 90% of MFB sales. 2010 was an exceptional year for Hypermart with sales growing by 18.8% led by comparable store sales growth of 12.4%, the highest in our history. This sales boost led to growth in EBITDA of 14.3%. All Hypermart stores are solidly profitable and exhibiting positive trends. It is particularly satisfying that the stores located outside Java have performed so well. Operating margins at non-Java stores are generally higher than those within Java, which is promising as we will be building a larger percentage of our new stores outside of Indonesia's most populous island.

Foodmart sales of Rp 702.4 billion were about flat compared to 2009 and EBITDA margin was down slightly, mainly due to the continued rationalization of our portfolio. EBITDA margins are still comparable with those of Hypermart, however, and we feel that the period of restructuring and conversion to Hypermart is about over. Modest growth in the number of units is now possible on a niche basis.

In addition to its main Logistics Center in Balaraja, MFB operates satellite centers in Cibitung and Surabaya. We feel that these centers offer a considerable competitive advantage for MFB, as they ensure a better in-stock level and make it easier to service



our stores outside of Java. We continue to make technological improvements in these operations, and we are getting close to the point where we will be operating at no net cost. Due to increasing recognition from our suppliers about the value of distributing their products through our centers, this becomes a winning situation for our customers and suppliers, as well as for MFB.

At the end of 2010, MFB operated 51 Hypermarts in 29 cities, 25 Foodmarts in 18 cities, and 54 Boston Health and Beauty Centers in 29 cities. MFB opened 5 Hypermarts in 2010, but our profitability and infrastructure, as well as our balance sheet permits us to open many more on an annual basis. We are aggressively targeting 10 – 15 new Hypermarts in 2011, most of which will include Boston Health and Beauty Centers, as well as about 3 Foodmarts. We

are setting up the capability to open stores on a standalone basis, rather than being tied to the pace of mall development. With this new store growth, along with our accelerated pace of comparable store sales growth, we feel that a sales target of Rp 9 trillion or more in 2011 is very reasonable.

The history of MFB since 2004 is one of rapid growth and exciting increases in profitability. However, perhaps at no time in our history has our future looked brighter. We have built our business to the point where we have proven successful strategies and have grown to the point where we enjoy increasingly strong competitive advantages. We are positioned to deliver superior value to our shareholders and a rewarding shopping experience to our customers.



Every step we take is based on
Good Corporate Governance



● Good Corporate Governance



Post the divestment of Matahari Department Store to CVC Capital Partners (CVC) in early 2010, PT Matahari Putra Prima Tbk as corporation with core business in modern food retailing with known business formats of "Hypermart" and "Foodmart" continues to believe that the principles of Good Corporate Governance (GCG) serve as an integrated system to be performed consistently toward every Company's steps in order to achieve the Company's accelerated growths through best practices on the principles of transparency, accountability, responsibility, independency as well as fairness and equality, which, in turn, will enable the effective protection for the Company's stakeholders.

The principles reflected to become the Company's guidance on every measures include the followings:

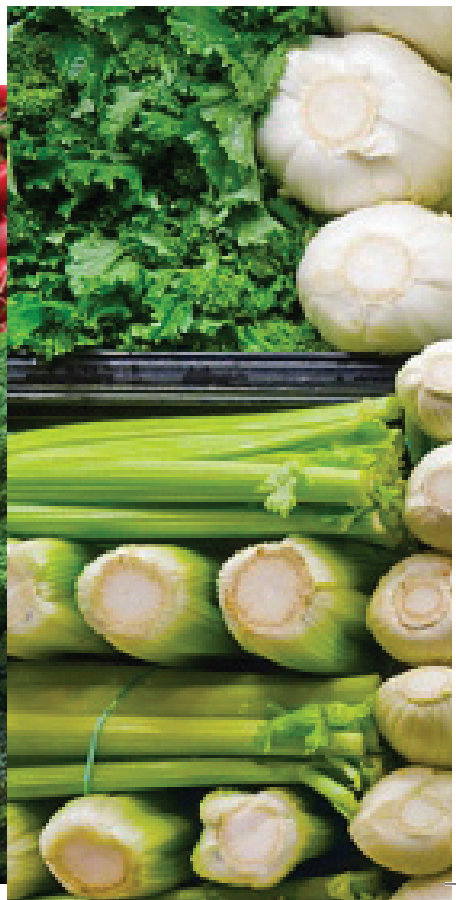
- The continuing consolidation between Board of Commissioners and Directors to yield added values
- Solid foundation for the Company's supervisory and management function
- Accuracy and integrity of financial statements
- Timely information disclosures
- Ethical and accountable decision makings
- Identifying and managing risks
- Focus toward shareholders' rights
- Proper and accountable remunerations



We continues to believe that the principles of Good Corporate Governance (GCG) serve as an integrated system to be performed consistently.

DID YOU KNOW?

Hypermart is the first modern retailer in Indonesia who received the ISO 22000: 2005 Food Safety Management certification.





...and every achievement we make...

STRUCTURE OF THE COMPANY'S GOVERNANCE

Board Of Commissioners

As regulated within the Article of Association and Decree No 40 year 2007 regarding Limited Liability Companies, the role of Board of Commissioners in addition to its supervisory and advisory functions to the Directors, have also widened to include jointly responsible for any misconducts in performing their duties. The role and function of Board of Commissioners within the Company serve as important aspect in advising the strategy direction and optimization of the effectiveness and efficiency of Directors' working plan to achieve the Company's target. In performing their duties, the Board of Commissioners is responsible to the General Meeting of Shareholders.

The implementation of Board of Commissioners' role and function have been materialized to create a continuing coordination between each members of Commissioners and the Directors through regular bi-monthly meetings, and incidental meetings at any time deemed necessary by the Chairman or 2 (two) other Commissioners.

Notice of announcement for the regular meeting, which is properly scheduled on the beginning of every year, is conducted by Corporate Secretary who acts on behalf of the Chairman. Notice of announcement for the incidental meeting is called by the Chairman or 2 (two) other Commissioners. The Board Meeting is chaired by the Chairman or by a Commissioner chosen by other members during

the meeting. The Board Meeting is quorum to make any decisions if it is attended by more than 50% (fifty percent) by the members of the Board. In the meeting, each member has one voting right, and is able to represent one additional voting right from other member, if granted. Minutes of meeting is produced and signed by the Commissioner who chairs the meeting and one other member who is also present during the meeting. Within the year 2010, the average of attendance and decisions quorums were more than 80% (eighty percent).

The Board of Commissioners consists of Chairman and 5 (five) members, in which 4 (four) members representing more than 30% (thirty percent) from all members as independent commissioners, as regulated by Circular of Chairman of BAPEPAM No.SE-03/PM/2000 dated May 5, 2000 and JSX Regulation No 1-A dated July 19, 2004.

The Directors

As directed in the Article of Association, the Directors have the empowerment to represent the Company both within and outside the court of justice with its main function is to lead, manage and deliver the Company reaching its vision and mission.

The implementation of the Directors' role and function have been materialized to create a continuing coordination between each members

...is the result
of our team and
management's
endeavors.



of Directors through regular weekly meetings to discuss and find solution for matters, which need immediate attention/solution/coordination within business units.

To discuss the Company's operational performance and other strategic matters, the Directors also conduct monthly meetings chaired by the President Director. Additionally, one or more Directors can call any incidental meetings upon request. The Directors' meeting is quorum to make bound decisions if attended by more than half of the members. Similar to the Board of Commissioners' meeting, the average of attendance and decisions quorums were more than 80% (eighty percent) in 2010.

The Directors' structure consists of 5 (five) members, which is legally and officially appointed by the shareholders through the General Meeting of Shareholders, and is strengthened by senior executives capable in their respective field duties with authorities and empowerments comparable to the Directors.

Audit Committee

The Audit Committee is one of the committee founded by the Company as regulated by BAPEPAM Regulation No. IX.I.5. The Committee holds an important and strategic role in assisting the Board of Commissioners in performing the following supervisory function:

- Review the Company's Financial Results and other corresponding financial information
- Review the Company's compliance to the Capital Market's existing regulations as well as other binding regulations
- Review the effectiveness of the Company's internal control and activities as well as Internal Audit's findings
- Review the reports of company risks, complaints and general financial performance, and provide subsequent reports to the Board of Commissioners.

Within 2010, the Committee Audit has conducted 4 (four) meetings with 100% attendance rate by its members. The Committee consists of an independent commissioner and 2 (two) independent members, performs its function in accordance to the Charter approved by the Board of Commissioners dated January 30, 2008, which have subsequently been updated on November 23, 2009. The Company has also reported the Audit Committee's latest structure through its letter No. 106/V/2010 CSExt dated May 21, 2010 to Indonesia Stock Exchange (IDX) with copies sent to BAPEPAM and PT. Bank Mega Tbk, with members as follows:

Chairman	: Prof. DR. Adrianus Mooy (Independent Commissioner)
Member	: Ridwan Masui
Member	: Jeffrey Turangan

In 2010, the Audit Committee has performed the following functions:

- Review the Financial Results and management's quarterly reports.
- Actively define and empower the Internal Audit's job function/audit coverage.
- Review audit findings and execution of audit recommendations.
- Conduct regular meetings to communicate with external auditor to discuss any important audit findings as well as financial results audited by RSM Aryanto, Amir Jusuf, Mawar & Saptoto as the Company's External Auditor.
- Review the nomination of external auditor recommended by the Directors.
- Review the Company's compliance toward the capital market's rules and regulations.
- Actively review the implementation of GCG within the Company's operational activities.

Corporate Secretary

Corporate Secretary is the Company's liaison officer in performing its duties as intermediary with Capital Market authorities, investors and public. The existence of Corporate Secretary is "*conditio sine quanon*" for Matahari in implementing its transparency function and responsible for the following important functions:

- To keep abreast of developments in the capital market, in particular its statutory laws and regulations.
- To provide public with relevant information regarding the condition of the Company.
- To advise the Directors regarding compliance to existing law and regulations.
- To act as the contact party between the Company and BAPEPAM and the public.

Internal Audit Unit

In order to increase the Company's effectiveness on risk management and performing its GCG practices, the Company has founded Internal Audit Unit in compliance to the Chairman of Bapepam Regulation No. Kep-496/BL/2008 dated November 28, 2008 regarding the Foundation and Guidance of Internal Audit Unit Charter; and Regulation No IX.I.7.

To serve as the Internal Audit Charter's objectives,

the Company has updated its Company Audit Charter, which was proposed by the Company's Directors and approved by Board of Commissioners on December 21, 2009. The enforcement of Internal Audit Unit is expected to increase the Company's values as well as improvements in operational disciplinarily.

IMPLEMENTATION OF GCG IN MATAHARI

Transparency

Company highly prioritizes the principle of transparency in conveying relevant information to its stakeholders. Vital information is continually dispersed through press releases, public exposes and meetings with investors, related institutions, the press as well as the general public. We will continue to maximize our corporate transparency relying on the principles of relevancy, materiality and compliance with regulations stipulated by the authorities.

As part of the GCG implementation, the Company, through its Corporate Communication Division, has taken advantage of key media to distribute material information to its investors, shareholders and general public. The information dissemination is carried out through press releases, correspondences to BAPEPAM, IDX, quarterly & annual financial reports, press conferences, analyst meetings, public exposes and road show programs, using various technology medium such as fax, email and the Company's website www.matahari.co.id. Every year, the Company publishes its annual report in Bahasa Indonesia and English versions, which can be obtained from the Company's Corporate Communication Division.

Fairness

In addition to transparency, the Company puts fairness as a primary component in the implementation of GCG. Each employee and management is required to exhibit a high level of professionalism and integrity in performing their duties. A requisite Code of Conduct has been

established since 2002 to serve this very purpose. Each member of Commissioners, Directors and Matahari's staffs is required to obey to all requirements within the Code of Conducts and sign a form of Code of Conduct every year. With this Code of Conduct, the Company expects that all Matahari personnel can perform their duties inline with their professional responsibilities. Additionally, the principle of fairness is also reflected in the Company's decision-making process, which adopts a systematically hierarchical structure from the Directors to the Board of Commissioners.

Accountability

The Company emphasizes the principles of firmness and clarity relating to the privileges, obligations, authority and responsibility of Directors, Commissioners and stakeholders. Intensive meetings to address and decide on strategic initiatives and measurements are held intensively on a regular basis through weekly Directors' meetings and monthly Directors and Board of Commissioners meetings. Furthermore, the Company continues to strengthen the effectiveness of Internal Audit function by enhancing its role as monitoring party directly reporting to the Audit Committee and Board of Commissioner.

Responsibility

The Company continues to conduct its Corporate Social Responsibility (CSR), which serves as the

Company's commitment in fulfilling and enhancing public welfare through a series of social activities such as providing relief aids to victims of natural disasters and contributing to educational facilities and infrastructure and other related support to local communities and general public.

As part of the responsible corporate citizen, the Company always performs its duties and commitments, whereas in 2010 it has taken active participation in several social events such as:

- Coordinated with University Pelita Harapan in launching "STAY AWAY" no drugs, no smoking, no HIV-AIDS, no free sex campaign program.
- Through Lippo Group, the Company donated Rp 500,000,000.- to Perkumpulan Penyantun Mata Tunanetra Indonesia (PPMTI) – Bank Mata Indonesia (BMI).
- Supported the social activity of "Lippo Group Blood Donation in 100 Shopping Malls and Modern Retail Stores" which has received a milestone record from MURI (Museum Rekor Indonesia) as the blood donation event with the most participating places.



- Through its Hypermart business unit:
 - Participated in Dharma Pertiwi Mabes TNI food bazaar which was also participated by other retailers within Aprindo (Indonesian Retail Association).
 - Coordinated with suppliers to donate additional facilities for the development of PAUD program (Pengembangan Anak Usia Dini) which is operated in 10 villages within Sukabumi, West Java.
 - Coordinated with supplier and GNOTA to launch "Cerdas Untuk Maju" program which invites citizen to help Indonesian children to have proper education in-line with government's current educational program.
 - Coordinated with suppliers and Aksi Cepat Tanggap (ACT) in rebuilding schools for the earthquake victims in West Sumatera.
 - Participated through Pasar Rakyat (Folks Market) in Jakarta which was driven by the Ministry of Small, Medium Enterprises; Ministry of Trade and Aprindo.
 - For the fifth year, Hypermart coordinated with Dompet Dhuafa in Infaq Program through all Hypermart cashiers within the period of Ramadhan month.
 - Officially submitted the donation from all Hypermart customers within the period of December 2009 – July 2010 to PMI.
- Through its Foodmart business unit, the Company donated food supplies to flood victims in Karawang, West Java in which approximately 6,200 houses were destroyed by the flood disaster.

COMPLIANCE TO BOND'S COVENANTS AND CAPITAL MARKET REGULATIONS

Compliance to Bond, Sukuk and US\$ Notes' Covenants

- In 2009, the Company issued Obligasi Matahari Putra Prima III consisting of Serie A for 3 years and Serie B for 5 years; Sukuk Ijarah Matahari Putra Prima II consisting of Serie A for 3 years and Serie B for 5 years. In addition, the Company also issued US\$ 200,000,000,- Notes through Matahari International BV, a wholly owned subsidiary of Company. In the regards of the above liabilities, the Company comply to the Bond, Sukuk Ijarah and US\$ Notes' covenants and other related regulations.

- Payment for interest coupons of Bond and Sukuk Ijarah was executed as scheduled and the Company always ensures that all financial ratios are complied to the conditions set within the Trustee Contract. Additionally, the USD Notes have been successfully paid off on August 8, 2010.

Conflict of Interests and Material Transactions

The Company always conducts evaluations and intensive reviews for any possible conflicting interests and material transactions as set forth to the existing laws and regulations.

Within 2010, the Company has executed the following transactions / actions:

- The Company has signed
 - Sale and Purchase Agreement (SPA) with Meadow Asia Company Limited (MAC) relating to the sale of Company's 2,648,220,000 Serie C shares in PT Matahari Department Store Tbk (MDS), which represented 90.76% of all paid in capital in MDS at a price of Rp 2,705.33 per share to PT Meadow Indonesia, a subsidiary of MAC.
 - Shareholders' Agreement (SHA) with Meadow Asia Holdings Limited (MAH), a subsidiary of CVC, and MAC relating to the supervision and operation of MAC and its subsidiaries.

To comply with the existing law and regulations, such as Decree of Bapepam and LK No. IX.E.1 and No. IX.E.2, the above transaction has become effective and executed on April 1, 2010, and has been reported to Bapepam and LK in accordance to Decree of Bapepam and LK No. X.K.1 and No. X.M.1 and to PT Bank Mega Tbk as the Trustee.

With the above MDS sale transaction:

- Company has received the payment in the form of cash proceed amounting to Rp 5,281,461,072,600.-
- PT Matahari Pacific, a wholly owned subsidiary of Company, has received shares and warrants issued by MAC:
 - 17,159,567 Ordinary Shares representing 20% of total paid-in Ordinary Shares in MAC;
 - 71,125,227 Preference Shares representing 20.72% of total paid-in Preference Shares in MAC;
 - 8,875,638 Warrants representing 100% of total warrants issued by MAC, and
- PT Matahari Pacific has receivables toward PT Meadow Indonesia in the amount of Rp 1,000,000,000.-

In addition to the above transactions, the Company has had Agreement for the transfer of Company's Intellectual Property Rights such as private labels and Matahari brand which is regularly used within the operation of Matahari Department Store.

- As previously disclosed in the Annual Shareholders Meeting for 2009 fiscal year and in order to increase the efficiency and effectiveness of Information Technology (IT) as key support function toward Company's operation as well as the needs for timely and proper information flows as important reference for decision makings, the Company has transferred its IT operation to a subsidiary of PT Multipolar Tbk whose main business in IT services and consultation. This transfer is intended to lead the Company more focus on its key retail business supported by up-to-date IT development and more capable HRD resources from Multipolar as well as more efficient operation costs and better IT service level.

- For increased focus and effectiveness in supervising all subsidiaries and more intensive synergies between Company and its subsidiaries as well as among subsidiaries, the Company has executed the reorganization of ownership between Company and its subsidiaries through sub-grouping several subsidiaries with similar business characteristics within the control of a subsidiary. This reorganization effort has been reported to Bapepam and LK in accordance to Decree of Bapepam and LK No. IX.E.1.



Shareholders List and Special Shareholders List

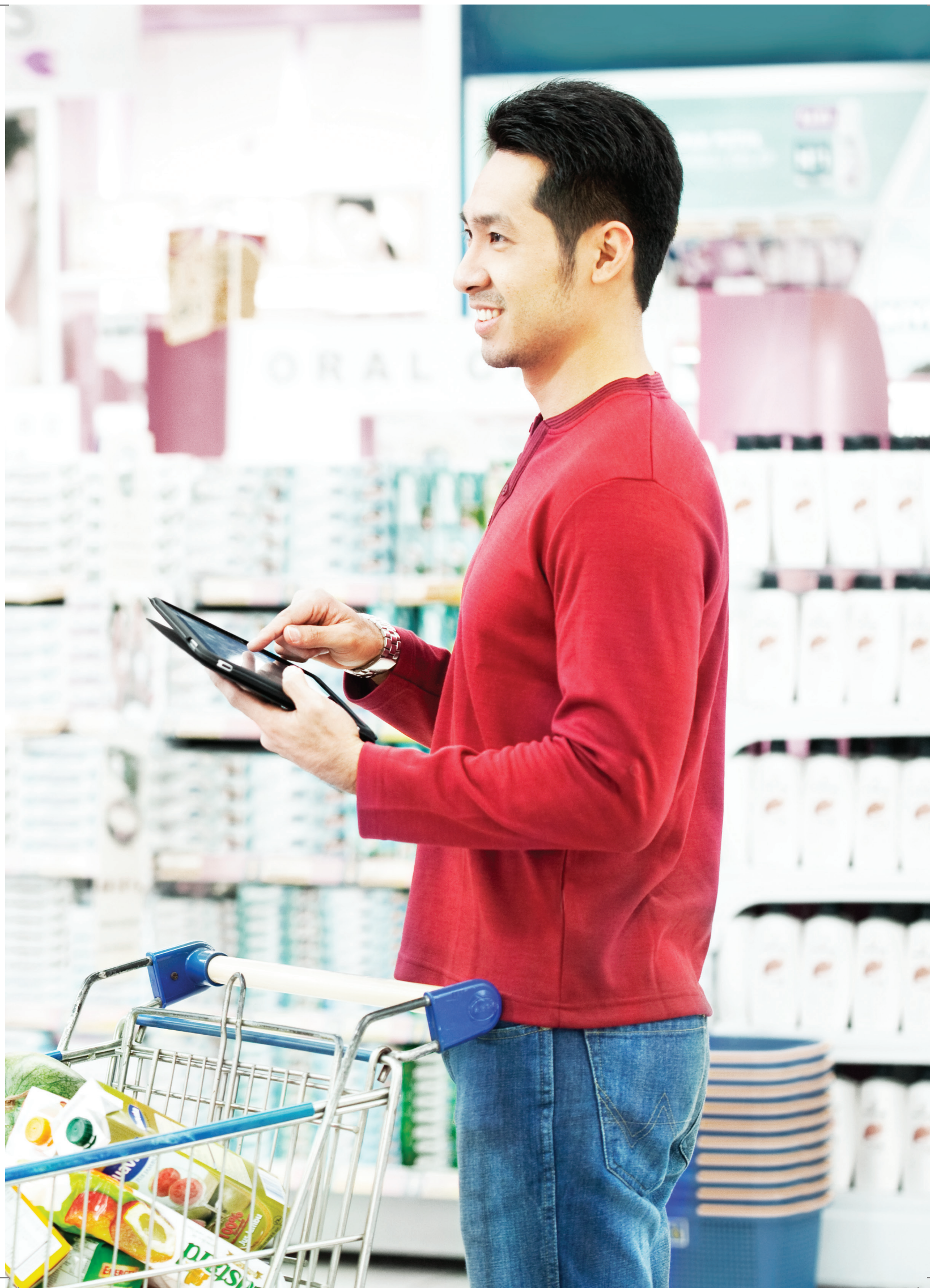
Since 1992, Matahari has maintained its Shareholders List and Special Shareholders List, which support the Company to identify any potential insider trading activities as well as transaction that could cause a possible conflicting interest. The Shareholders List is prepared by Share Registrar, while the Special Shareholders List is prepared and kept by the Company's Corporate Secretary.

Internal Control System

Matahari continuously implements and develops an integrated control system, especially for critical areas, which might impact to the Company's asset maintenance, increase of sales and expense control.

Risk Management

The Management always put extra efforts to anticipate any probable risks relating to job safety, environmental impact, political and the continuance of Company's business operations. Management proactively identify existing problems, anticipate and accommodate any potential risks as well as prepare appropriate steps to be taken which will mitigate any existing risks.



● Audit Committee Report

In compliance with the regulation as stipulated in the Chairman of Bapepam's No. Kep-29/PM/2004 regarding Audit Committee and The Jakarta Stock Exchange Regulation No.Kep-305/BEJ/07-2004 regarding the General Rules on the Registration of the Equity like Securities on the Stock Exchange, the Audit Committee has performed the following :

1. Review the Company's Financial Statements, Financial Projections and other Financial information from Company for one (1) year period ending at December 31, 2010.
2. Evaluation of the appointment of the External Auditors recommended by the Board of Directors.
3. Review of the independency and objectivity of the External Auditor.
4. Review of the adequacy of the examination conducted by the External Auditor to ensure that all the Company's critical risks have been covered and adequately addressed, to include :
 - a. Areas where the internal control system is critical;
 - b. Potential areas where to increase profitability and cost efficiency;
 - c. Areas where the risk of authority of abuse high prevailing.
 - d. Areas sensitive to misconduct;
 - e. Operational, financial, and information technology aspects.
5. Review of audit findings and the implementation of the auditors' recommendation.
6. Review of the effectiveness of the Company's internal control.
7. Review of the Company's compliance with the capital market and other laws relevant to its activities.
8. Examination of the possibility of errors in the decisions of the Board of Director's meetings, or deviation in the implementation of the decisions of the Board of Directors' meeting.

In the performance of the above-mentioned reviews, besides examinations of the Company's financial report, the Internal Auditors' findings and the minutes of the Board of Directors meetings, the Audit Committee has examined the Company's accounting policies and procedures, tested the effectiveness of the integrated built-in control in its operational activities, and conducted intensive discussions with the Management, the Internal as well as the External Auditors.



In the fulfillment of its responsibility to disclose its examination results to the Company's Annual Report, the Audit Committee herewith reports that :

- a. The Company's business activities have been conducted under effective internal control, whose quality has been continually improved in accordance with the policies set by the Board of Directors and under the supervision of the Board of Commissioners.
- b. The Financial Statements have been properly prepared and presented in accordance with the generally accepted accounting principles in Indonesia.
- c. The Company has always complied with the capital market and other regulation relevant to its activities.
- d. The appointment of the External Auditor has been recommended by the Board of Directors on the basis of their competence and independency, and approved by the Board of Commissioners mandated by the shareholders at the General Shareholders' Meeting on May 18, 2010.
- e. No potential of the abuse of authority or misconduct have been identified which need the attention and the consideration of the Company's Board of Commissioners.

Jakarta, December 31, 2010
Audit Committee of PT Matahari Putra Prima Tbk,



Adrianus Mooy
Chairman



Ridwan Masui
Member



Jeffrey Turangan
Member



Human Resources

As per December 31, 2010

JOB PROFILE	TOTAL	%
Advisor	3	0.03
Director	17	0.19
General Manager	80	0.88
Manager	1,442	15.90
Supervisor	1,693	18.67
Staff	5,834	64.33
TOTAL	9,069	100.00

EDUCATION	TOTAL	%
Post Graduate	28	0.31
Bachelor	726	8.01
Diploma	883	9.74
Senior High School	4,333	47.78
Junior High School	2,897	31.94
Others	202	2.23
TOTAL	9,069	100.00

AGE	TOTAL	%
<= 25	4,550	50.17
26 - 30	2,028	22.36
31 - 35	1,009	11.13
36 - 40	818	9.02
41 - 45	476	5.25
=> 46	188	2.07
TOTAL	9,069	100.00

Note : Emploess of PT Matahari Putra Prima Tbk, excluding employees from PT Matahari Department Store Tbk

In line with the previous years, in 2010 the Company continued to enhance its human resources and to implement Good Corporate Governance, a certainty to support the Company's sustainable growth.

The principles of Good Corporate Governance and its implementation are achieved through competence based human resources management, from recruitment, training and development until performance appraisal. With this system in hand, all relevant aspects of employee's performance will be assessed according to the weight of each of these performing aspects. The expected result of this system will be comprehensive assessment of the employee's performance as a whole. This will be helpful in the selection and setting the employee's training and development programs as required by the Company.

Advanced training & development programs are also established as they are critical to create Company's prospective leaders. In addition, the programs are intended to transform corporate vision to every employee so that mutual commitment between the Company and employees is achieved.



One of Good Corporate Governance principles in HR Management is accountable HR budget and worthiness of employee's competence. To meet these, Company has applied HR Information Technology which is very useful in making strategic decisions especially in preparing HR budget and employee competency mapping.

At the operational level, the Company has been and will be continuously improve the quality of development programs & trainings, among others, Basic Supervisory Refreshment Training & Development Program, Career Development & Management Training Program, Certified Professional Program, General Manager Training, and Training for Trainers.

Another substantial aspect is the maintenance of good relations between employees, or between employees and management of the Company through IKM – Management Communication Forum.

Established in 2003, IKM is now available in every store, distribution center, and head office. IKM Chairman is elected

periodically by employees of the business unit in which IKM operates. It focuses on 4 (four) main aspects: social, religiousness, sports, and communication. Its activities are expected to strengthen good relationship, promote productivity, and enforce work regulations and disciplines. IKM is expected to be able to manage its activities for the welfare of employees. Under Bipartite Cooperation (LKS), IKM involves actively as mediator of industrial dispute or to make follow up action, coordination, and consultation the relevant issues with Management on step-by-step basis. The Company gives full support to IKM's activities by providing facilities and financial assistance.

In establishing and maintaining bidirectional relationship, the Company's Management makes periodic visit to stores, face to face and direct dialogue with employees' representative (IKM, LKS Bipartit, and Cooperative administrator). This is one form of the Company's management focus especially in developing and maintaining harmonious, integrated and dignified industrial relationship.





Matahari's Presence in Indonesia



GREATER JAKARTA

HYPERMART

HY MALL WTC SERPONG
HY SUPERMALL KARAWACI
HY METROPOLIS TWON SQUARE
HY GAJAH MADA
HY JACC PLAZA
HY DAAN MOGOT
HY CIBUBUR JUNCTION
HY DEPOK TWON SQUARE
HY KTC KALAPA GADING
HY GRAND MALL BEKASI
HY MALL LIPPO CIKARANG
HY MEGA GLODOK KEMAYORAN
HY PEJATEN VILLAGE
HY PONDOK GEDE
HY PURI

FOODMART

FM CILANDAK TOWN SQUARE
FM ATRIUM PLAZA
FM KLENDER
FM CONVENIENCE GALL PS BARU
FE CONVENIENCE KARAWACI HO
FE REST AREA KM 13,5
FM EKALOSARI BOGOR
FM CONVENIENCE SM BOGOR
FM ASTON SUDIRMAN
FM SUPERMALL KARAWACI
FM SANTIAGO HILLS

BOSTON

BHB KARAWACI
BHB CILANDAK
BHB BELLANOVA BUKIT SENTUL
BHB DAAN MOGOT
BHB CIKARANG NEW
BHB PEJATEN
BHB PARAGON CITY PURI
BHB ATRIUM SENEN
BHB KEMAYORAN
BHB SILOAM KARAWACI
BHB HYPER DEPOK
BHB EKALOKASARI BOGOR
BHB SILOAM KEBUN JERUK
BHB CILEGON
BHB METROPOLIS
BHB KARAWANG
BHB GAJAH MADA PLAZA
BHB JACC
BHB MRCCC SEMANGGI

TIMES BOOKSTORES

TB UPH KARAWACI
TB SUPERMALL KARAWACI
TB SILOAM HOSPITAL LIPPO VILLAGE
TB PX PAVILION @THE ST. MORITZ - PURI
TB SILOAM HOSPITAL KEBON JERUK
TB PLAZA SEMANGGI
TB ARYADUTA HOTEL JAKARTA
TB PEJATEN VILLAGE
TB PACIFIC PLACE GROUND FLOOR
TB PACIFIC PLACE 2 FL.
TB KEMANG VILLAGE
TB CILANDAK TOWN SQUARE
TB CIBUBUR JUNCTION
TB PLUIT MEGA MALL
TB MRCCC HOSPITAL

WEST JAVA

HYPERMART

HY SENTUL
HY METRO TRADE CENTRE
HY HPM MAYOFIELD CIANJUR
HY BIP PLAZA
HY MAYOFIELD CILEGON
HY MIKO MALL BANDUNG

FOODMART

FM KARAWANG
FM GRAGE MALL

BOSTON

BHB MTC BANDUNG
BHB CIANJUR
BHB GRAGE CIREBON
BHB MIKO BANDUNG

TIMES BOOKSTORES

TB BANDUNG INDAH PLAZA
TB ISTANA PLAZA - BANDUNG

CENTRAL JAVA

HYPERMART

HY SOLO
HY JAVA MALL
HY SOLO SQUARE
HY PEKALONGAN
PARAGON CITY

FOODMART

FM KUDUS
FM KLATEN
FM PURWOKERTO
FM CONVENIENCE GALL JOGJAKARTA

BOSTON

BHB PARAGON CITY SEMARANG
BHB SOLO SQUARE
BHB GRAND MALL SOLO
BHB JAVA SEMARANG

EAST JAVA

HYPERMART

HY MALANG TOWN SQUARE
HY SUPERMALL PAKUWON
HY ROYAL SURABAYA
HY CITY OF TOMORROW
HY MADIUN
EAST COAST (Patos)

FOODMART

FM SURABAYA TOWN SQUARE
FM JEMBER

BOSTON

BHB SILOAM SURABAYA
BHB ROYAL PLAZA SURABAYA
BHB CITO SURABAYA
BHB SURABAYA TOWN SQUARE
BHB NEW PAKUWON
BHB MALANG TOWN SQUARE
BHB MADIUN NEW
BHB EAST COAST SURABAYA (Patos)

SUMATERA

HYPERMART

HY MALL GRAND PALLADIUM
HY SUN PLAZA
HY BINJAI SUPERMALL
HY MALL SKA PEKAN BARU
HY PALEMBANG INDAH MALL
HY MEGA MALL BATAM CENTRE
HY NAGOYA HILL BATAM
HY WTC JAMBI
HY LAMPUNG
HY BENGKULU

FOODMART

FM PEKANBARU
BASKO PADANG

BOSTON

BHB SKA PEKAN BARU
BHB MEGA BATAM CENTER
BHB NAGOYA HILL BATAM
BHB LAMPUNG NEW
BHB BINJAI
BHB JAMBI
BHB MEDAN PALLADIUM
BHB BENGKULU
BHB SUN PLAZA MEDAN
BHB PALEMBANG
BHB BATAM CENTER

TIMES BOOKSTORES

TB PLAZA MEDAN FAIR

SULAWESI

HYPERMART

HY GTC MAKASAR
HY PANAKUKANG
HY MANADO TRADE CENTER
HY MANADO TOWN SQUARE

BOSTON

BHB MANADO TOWN SQUARE
BHB TJ BUNGA MAKASAR
BHB HYPER PANAKULANG

BORNEO

HYPERMART

HY A YANI MEGAMALL PONTIANAK
HY DUTA MALL BANJARMASIN
HY BALIKPAPAN TRADE CENTRE
HY SAMARINDA

FOODMART

FM SAMARINDA
FM E-WALK SUPERBLOCK BALIKPAPAN

BOSTON

BHB BALIKPAPAN
BHB BARJARMASIN
BHB A.YANI PONTIANAK
BHB SAMARINDA

BALI

HYPERMART

HY MAL BALI GALLERIA

FOODMART

FM CONVENIENCE KUTA SQUARE BALI

BOSTON

BHB GALERIA BALI
BHB KUTA SQUARE BALI

TIMES BOOKSTORES

TB KUTA SQUARE - BALI

EAST INDONESIA

FOODMART

FM AMBON

Notes :

HYPERMART : 51 FOODMART : 25 BOSTON : 54 TIME ZONE : 106 TIMES BOOKSTORE : 19
Data update as of December 31, 2010

Moments 2010



Hypermart and Foodmart support the declaration of government's program GO ORGANIC that begin with the GO ORGANIC discussion which attended by Minister of Agriculture of Indonesia, Ir. Suswono, MMA. The organic products are available at all Hypermart and Foodmart outlets.



The official opening ceremony of Hypermart 50th store in Miko Mall, Bandung was attended by Operational Director of Matahari Food Business (MFB), Phillip Prejent; Merchandising and Marketing Director, Meshvara Kanjaya; and Miko Mall's Management. At its 6th anniversary, Hypermart has become the first hypermarket in Indonesia that successfully open 50 stores across Indonesia.



Theo Sambuaga as President of the Lippo Group gave the donations of Hypermart's customer to the Chairman of PMI, H. Jusuf Kalla. During December 2009 until July 2010, Hypermart made a success of collecting the donation with total funds collected from Hypermart's customers reached Rp. 1,528,707,123.-



In order to welcome Idul Fitri Feast, Hypermart participate in "Pasar Rakyat" Program initiated by the Ministry of SMEs Affairs, Ministry of Commerce, and Indonesian Retail Merchants Association (APRINDO). Pasar Rakyat was held from August 4th - 28th, 2010, which took place at several locations in Jakarta, Bandung, Medan, and Banten.

Hypermart achieved the **SUPERBRAND Award**, a tribute to the leading brands of people's choice. The **SUPERBRAND Award** was presented by the International Superbrand CEO, Eamonn Sadler, to the President of Matahari Food Business (MFB), Carmelito Regalado



Hypermart in cooperation with Unilever Indonesia and Aksi Cepat Tanggap (ACT) built the school building as a part of Corporate Social Responsibility action for the victims of earthquake in West Sumatera. Official ceremony was conducted on May 26th, 2010 and attended by the Vice Mayor of Padang, H. Mahyeldi Ansharullah.



Matahari as the retail company has become the national pride achieving the recognition of its existence from the world of international retailing. Matahari won 2 (two) Awards from Retail Asia Pacific Top 500 held in Beijing, China on November 9th, 2010. The first award was **"Best Retail Gold Award – Indonesia"** and the prestigious **"Hall of Fame"** Award which is given to the retailer that is able to achieve **"Best of the Best"** title for 3 (three) consecutive year in a row since 2007 until 2009.



For the second time, Hypermart achieved the recognition as "Perusahaan Paling Membanggakan" (Most Encouraging Company) from Economic Challenges Awards Metro TV. The award was given on Monday, December 6th, 2010 in their program "Economic Challenge" which was broadcasted live on Metro TV Channel with Suryopratomo (Chief Editor of Metro TV) as the host.



PT. Frisian Flag Indonesia and Hypermart officially announced their strategic partnership with the launch of "Cerdas untuk Maju" program. This program invites the community to help Indonesian children to keep their spirit to go to school, align with the Government program of 9 years Compulsory Education. The signing ceremony of the MOU was attended by the President Director of Frisian Flag Indonesia, Cees Ruygrok; Marketing & Merchandising Director Matahari Food Business, Meshvara Kanjaya; Director of GNOTA Program, Janny Kiroyan; and witnessed by the Indonesia leading education expert, Prof. DR. H. Arief Rachman, M.Pd; and Trade Marketing Director Frisian Flag Indonesia, Hendro H. Poedjono.



Hypermart & Foodmart through LIPPO Group has contributed in social activities "Donor Darah Serentak Lippo Group di 100 Pusat Perbelanjaan dan Toko Ritel Modern" (Lippo Group Collective Blood Donation at 100 retail Shopping Centers and Modern Retail Store) on December 16th, 2010. The Blood Donor Program successfully achieved record certification from Indonesian Record Museum (MURI) as the first collective blood donor activity with most locations in Indonesia. Theo Sambuaga as the President of Lippo Group and H. Jusuf Kalla as the Chairman of PMI also attended the awarding session from MURI.



MANAGEMENT PROFILE



Board of Commissioners

DR. Cheng Cheng Wen

President Commissioner

Joined the Company in 2001 and is one of the respected business executive in Hong Kong. He started his career path at Bell Telephone Manufacturing (Belgium) and Bell Laboratories (USA) and had 32 years expertise of international R&D and Management in high tech industries. Prior to joining Across Asia Multimedia Ltd, he held several key positions as COO and Executive Vice President of Philips Electronics Group in China/ Hong Kong and Taiwan as well as the founding CEO of Provisional Hong Kong Science Park Corporation.

Jonathan L. Parapak

Independent Commissioner

Joined the Company in 2000 and is a highly respected executive business leader in telecommunication industry. His professional experience included several important positions as Secretary General of Department of Tourism, Posts and Telecommunication (1991-1998); Secretary General of the Department of Tourism, Arts and Culture (1998-1999); and President Director & President Commissioner of PT. Indosat Tbk (1980-2000). Currently he takes responsibility as a Rector of Pelita Harapan University and Independent Commissioner of PT Matahari Department Store Tbk (MDS).

John Bellis

Independent Commissioner

Joined the Company in 2001. Prior assuming his current position, he was the Senior Advisor and CEO of Matahari Department Store. His career started as management trainee at John Lewis Partnership Stores, UK (1965-1970), General Manager Booker Group Zambia (1965-1970) and Edgars Stores Ltd, South Africa (1970-1999) with latest position as Managing Director. He is a NRDC graduate of St Martins College London. Currently, he also serves as President Commissioner of PT Matahari Department Store Tbk (MDS).



Ganesh Chander Grover

Independent Commissioner

Prior to assume his current position in the Company, he was also a member of Commissioner (2002-2007) and member of Audit Committee (2007). His professional career included several important positions as Chief Financial Officer of Bist Industrial Corp, India and Financial Analyst of USAID in India and Indonesia during 1964-1975, as well as Chief Financial Controller of Group Usaha Trisakti, Indonesia (1975-1990).

Jeffrey Koes Wonsono

Commissioner

Joined the Company in 1997 and is presently the President Director of PT Multipolar Corporation Tbk. His professional career started in 1980 as Senior Marketing at PT Mitsubishi Corporation. During 1981-2001, he assumed several top management positions in several banks with latest position as Chairman of Bank Mayapada International & Sona Topas. He started joining Lippo Group in 1992 until now and previously took director positions at Lippo Securities and Lippo Investments. He is an MBA graduate of Golden Gate University, San Francisco, USA.

Prof. Dr. Adrianus Mooy

Independent Commissioner

Joined the Company in 2007. He started his professional career mostly in educational field from Assistant Teacher in Economics Faculty of University Gajah Mada (1958-1959); Teaching Professor in Economics Faculty of University of Indonesia (1987); Governor of Bank Indonesia (1988-1993); Under-Secretary-General of United Nations ESCAP, Bangkok (1995-2000); Chief Consultant SEACEN Center, KL (2000-2001); Senior Advisor on Foreign Aid Management UNSFIR (2004-2005) and Institutional Advisor of ADB Bank (2006-2007). Currently he also serves as Senior Mentor of Business School, Pelita Harapan University, Jakarta; Chair Professor of ABFI Institute. He holds several graduate degrees of Master of Science in Economics (1960) and PhD in Economics from University of Wisconsin, USA (1966).

Audit Committee

Prof. Dr. Adrianus Mooy

Chairman

Joined the Company in 2007. He started his professional career mostly in educational field from Assistant Teacher in Economics Faculty of University Gajah Mada (1958–1959); Teaching Professor in Economics Faculty of University of Indonesia (1987); Governor of Bank Indonesia (1988–1993); Under-Secretary-General of United Nations ESCAP, Bangkok (1995–2000); Chief Consultant SEACEN Center, KL (2000–2001); Senior Advisor on Foreign Aid Management UNSFIR (2004–2005) and Institutional Advisor of ADB Bank (2006–2007). Currently he also serves as Senior Mentor of Business School, Pelita Harapan University, Jakarta; Chair Professor of ABFI Institute. He holds several graduate degrees of Master of Science in Economics (1960) and PhD in Economics from University of Wisconsin, USA (1966).

Ridwan Masui

Member

Rejoined the company in 2010 as a member of the Audit Committee. He is a prominent figure in the Indonesian banking industry. His career path includes several important positions at Societe Generale Bank Indonesia in the period 1988 – 2004 including as Director of Superintendence Directorate I (1998–1999), Director of the Banking Investigation Directorate II (2003–2004), Deputy Governor of Banking Section (2004). Currently, he also serves as Commissioner in several other companies, he also serves as Audit Committee in PT BCA Syariah. He is a graduate of School of Economics (STIE) Swadaya, Jakarta in 1996.

Jeffrey Turangan

Member

Joined the Company since May 2010. He started his professional career in 1971 when he joined Citibank in Jakarta. In the path of his career for more than 38 years in banking and finance, he assumed several top management positions as Executive Director of Multinational Corporate Finance – Multicor (1983–1990), Societe Generale Bank Indonesia (1993–1998) as Director and Currently, he also serves as an Independent Commissioner of PT Bank Commonwealth. He is a graduate of University Pancasila, majoring Aeronautical Engineering.

Board of Directors

Bunjamin J. Mailool

President Director

Prior to joining the Company in January 2002, he assumed his position as CEO of PT Bukit Sentul Tbk (1997–2001). He started his professional career in Citibank NA, Jakarta (1989–1997) with his last position as Vice President – Risk Management Treasury Head. He is an MBA graduate from Oklahoma, USA. Currently, he also serves as President Director of PT Matahari Department Store Tbk (MDS).

Lina H. Latif

Director

Joined the Company in 2001. Her career started as Senior Auditor at Prasetyo Utomo & Co (1979–1984) and joined Lippo Group in 1985. She assumed several key positions in Lippo Group such as Assistant Vice President Lippo Group (1985–1986); Director PT Lippo Pacific Finance and PT Lippo Merchants Finance (1989–1993) as well as PT Lippo Karawaci Tbk (1993–1998). Her last position was President Director of PT Lippo Securities Tbk (1998–1999). She is a graduate of Trisakti University, Jakarta.

Hendra Sidin

Director

Joined the Company in January 2002. His professional career started as Audit Manager in Prasetyo, Utomo & Co accounting firm (1989–1997) before he joined Lippo Group with several positions such as Finance Director PT Lippo Karawaci Tbk (1997–2001) and PT Lippoland Development Tbk (1999–2001). He is a graduate of University Indonesia majoring in Accounting & Economics.

Carmelito J. Regalado

Director

Joined the Company in March 2002 and has also served as Director of Merchandising & Marketing of Matahari Food Business Division (2002–2009). His professional career started as Auditor at SGV & Co Public Accountant Office in Philippines and continued to assume several positions in finance areas at hotel industry during 1977–1986. He also assumed several key positions in several business groups in Indonesia prior to joining the Company. He is a graduate from University of Santo Thomas, Philippines. In late 2009, he was elected at President of Matahari Food Business Division (MFB).

R. Soeparmadi

Director

Joined the Company in 2008. He is a professional executive with 29 years of experience in the area of Corporate Finance, Asset Management, Real Estate and General Management. He holds Bachelor Degree in English Literature. He started his career in Citibank NA (1969–1978) and later appointed as the Managing Director of Finconesia Financial Company. He joined Lippo Group in 1990 and has held several directorship positions in various companies within the Group: Bank Bahari, Lippo Cikarang, Lippo Land, LippoBank and latest current position as President Director & CEO of PT Gowa Makassar Tourism Development Tbk, one of Lippo Group Real Estate Development in Tanjung Bunga Makassar.



Corporate Directors

Travis Saucer

CEO – Retail Group

Joined the Company in 2006 as CEO of Matahari Department Store Division. He is a respectable executive on the USA's department store business field with his main expertise & focus in merchandising and marketing aspects. Started his career by joining JC Penney in 1973, he has been a prominent figure within department store division of Saks, Inc. by taking several key positions such as CEO of McRae's (1998-1999) and Parisian (1999-2001). Within 2001-2006, he also provides independent business consultancy to local entrepreneurial venture. In late 2009, he was appointed as the Company's CEO of Retail Group, overseeing all retail businesses. He is a graduate from Troy State University, Alabama, USA.

Andre Rumantir

Corporate HRD Director

Joined the Company in May 2005. His professional career includes 28 years experience in holding key positions in multinational companies such as PT International Nickel Indonesia Tbk and PT Goodyear Indonesia Tbk with expertise in process plant, manufacturing and human resource management. He is an MBA graduate from Greenwich University, Hawaii, USA.

Steven A. Martin

Head of Retail Strategic Planning

Joined the Company as the MDS' CFO in 2007. In late 2009, he was also appointed as the Company's Head of Retail Strategic Planning. Prior to joining Matahari, he has spent numerous professional experiences in financial fields in USA with starting career as Project Planning Manager of American Management Systems Inc. (1974-1981); Director – Budgets & Analysis of Batus Inc. (1981-1990); Director – Information Systems of Humana Inc. (1990-1992); VP – Strategy and Business of Sears, Roebuck and Co. (1993-1996); Executive VP/CFO – Sun Television and Appliances Inc. (1996-1997); Strategic Consulting (1997-1999); Senior VP/CFO – Oshman's Sporting Goods Inc. (1999-2001); Strategic Consultant/ New Business Creation (2001-present) and Partner – BFD Northwest Inc (2001-present). He is a graduate with Bachelor in Economics (High Honors) from Princeton University, NJ and MBA in Finance and Statistics from Wharton School of Business, PA.

Danny Kojongian

Corporate Communication Director

Joined the Company in 1996. His career in the Company has grown from Senior Manager to the present Director position and has been assuming the investor relations & public relations roles since 1996. He started his professional career in PT Duta Pertiwi as Treasury Senior Staff (1994-1996). He is an MBA graduate majoring in Finance & Portfolio Management from National University, San Diego, USA.

Management of Matahari Food Business

Carmelito J. Regalado

President

Joined the Company in March 2002 and has also served as Director of Merchandising & Marketing of Matahari Food Business Division (2002–2009). His professional career started as Auditor at SGV & Co Public Accountant Office in Philippines and continued to assume several positions in finance areas at hotel industry during 1977–1986. He also assumed several key positions in several business groups in Indonesia prior to joining the Company. He is a graduate from University of Santo Thomas, Philippines. In late 2009, he was elected at President of Matahari Food Business Division (MFB).

Philippe Prejent

Hypermart Format Director

Joined the Company in 2006 as the Format Director of Hypermart. He started his professional career in hypermarket business in 1980 by joining the Carrefour Group, France and assumed various key positions within the group until 1995. He continued his career within Carrefour Group by assuming Store Director of Carrefour Malaysia (1995–2001); Regional Director Hyper 1 of Carrefour Thailand (2001–2003) and Asset / Expansion & Shopping Mall Director of Carrefour South Korea (2003–2006). He is a graduate of BTEC Hotel Business School at Thonon-les-bains.

Emi Nuel

Supermarket Format Director

Joined the Company in 2004 as VP-Head of Operation Hypermart. Within 2008–2009, he assumed key position as President Director – COO of Mitra 10. In late 2009, he returned to the Company as Format Director of Foodmart. He started his professional career in Astra Group in 1990. Within 1996–1999, he was Marketing Planning Manager of DHL; and subsequently joined Carrefour as Store GM (1999–2003). He is a graduate of IPB Bogor, majoring Agro Industrial Technology.

Richard H. Setiadi

CFO

Joined the Company in 2001. He started his career as an auditor with Arthur Andersen in 1994 where he conducted audits in several reputable companies such as PT Telekomunikasi Indonesia Tbk, PT Semen Gresik Tbk, PT Great Giant Pineapple Company and Asia Pulp & Paper Co. He is a graduate of Atmajaya University, Yogyakarta majoring in Accounting.

Iwan Goenadi

Management Information System Director

Joined the Company as Head of Management System (MIS) in 1998. He was appointed as Head Store Operation Supermarket in 1999 and MIS Director since 2002. He is a graduate of Institute of Technology Bandung in 1984 and Utah State University, USA in 1987.

Ang Kasmin Rasilim

Human Resources &

Risk Management Director

Joined the Company in 2003. His career path includes positions in Gramedia Group (1989–1995) as Marketing Manager; WalMart International Jakarta (1996–1998) as Loss Prevention Country Manager and PT Hero Supermarket Tbk as Procurement General Manager. He is an MBA graduate from Greenwich University, Hawaii.

Herman Meerzorg

Technical Advisor HR & GA

Joined the Company in 2006 as Technical Advisor Fresh Food Operations Hypermart. He was later appointed as Technical Advisor of Human Resources & General Affairs for the MFB in 2009. His professional career paths includes several top management at Human Resources field such as Human Resources Director of Hero Supermarket Indonesia (1999) and TOPS Supermarket Malaysia (2001–2002). He holds a Master Degree in Management from The Erasmus Rotterdam School of Management and has a special interest in Teaching, Training and Developing People.

Meshvara Kanjaya

Merchandising & Marketing Director

Previously worked for the Company for the period of 2003-2007 as Format Director of Foodmart. In late 2009, she rejoined the Company as Director of Merchandising & Marketing. She started her career in PT Procter & Gamble Indonesia in Product Development Department as Industrial Chemist, after finishing her study in University of New South Wales, Australia. She assumed several positions in other companies such as PT Kao Indonesia, PT Frisian Flag Indonesia, PT Hero Supermarket dan PT Ahold Indonesia with latest position as COO of PT Supra Boga Lestari overseeing the Farmers Market and Ranch Market supermarkets. Meshvara also recently wrote 'Retail Rules' a book about history of Indonesia food retail & tips to move forward.

Deborah Rosanti

Associate Director Store Planning & Dev.

Joined the Company in 2002. Her professional career started in 1989 as a Staff of Architecture at PT Artha Buana Sakti. In the path of her career so far, she has proven her expertise in the field of property and project management. During 1989 - 1997, she assumed several important positions in the field of property such as Harapan Group (1989 - 1992) as Project Coordinator, Kanindo Group (1993 - 1994) as Project Manager, PT Lippo Development Group (1994 - 1999) as Project Manager. Graduated from the National Institute of Technology, majoring in Architecture.



Corporate Information

PT MATAHARI PUTRA PRIMA TBK.

Menara Matahari 20th Floor
Jl. Boulevard Palem Raya No. 7
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Indonesia
Phone : (62-21) 546 9333
Fax : (62-21) 547 5673
www.matahari.co.id

Corporate Communication Division

Email : investor.relation@mataharigroup.com
Twitter : @mataharigroup

SUPPORTING INSTITUTIONS

INDEPENDENT AUDITOR

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Fax : (021) 5140 1350
www.aaj.co.id

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Jakarta - 12950
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Fax : (021) 527 7967
www.sharestar.co.id

LEGAL CONSULTANTS

Kantor Advokat dan Konsultan Hukum
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Fax : (021) 3193 5208
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www.yanapul.com

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The Jakarta Stock Exchange Building
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Jl. Jend. Sudirman Kav. 52 - 53
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515 5092, 515 5093
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515 4850, 515 4855
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Makes & Partners Law Firm
Menara Batavia, 7th Floor
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Jakarta 10220, Indonesia
Phone : (62 21) 574 7181
Fax : (62 21) 574 7180
E-mail : makes@makeslaw.com
www.makeslaw.com

The 2010 Annual Report, including the accompanying financial statement and related information, is the responsibility of the management of PT. Matahari Putra Prima Tbk. and has been duly approved by member of the Board of Commissioners and Board of Directors.

Jakarta, January 2011

BOARD OF COMMISSIONERS



DR. Cheng Cheng Wen
PRESIDENT COMMISSIONER



Jonathan L. Parapak
INDEPENDENT COMMISSIONER



John Bellis
INDEPENDENT COMMISSIONER



Ganesh Chander Grover
INDEPENDENT COMMISSIONER



Prof. Dr. Adrianus Mooy
INDEPENDENT COMMISSIONER



Jeffrey Koes Wonsono
COMMISSIONER

BOARD OF DIRECTORS



Bunjamin J. Mailool
PRESIDENT DIRECTOR



Lina H. Latif
DIRECTOR



Hendra Sidin
DIRECTOR



Carmelito J. Regalado
DIRECTOR



R. Soeparmadi
DIRECTOR

ANNUAL REPORT 2010



PT. MATAHARI PUTRA PRIMA TBK and SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report

Years Ended December 31, 2010 and 2009

(Indonesian Currency)

These consolidated financial statements are originally issued in Indonesian Language

**DIRECTOR'S DECLARATION OF RESPONSIBILITY
FOR ANNUAL FINANCIAL STATEMENTS
PT MATAHARI PUTRA PRIMA Tbk**

We, the undersigned:

- | | | |
|--|---|--|
| 1. Name | : | BUNJAMIN J. MAILOOL |
| Office Address | : | Menara Matahari 20th floor
Jl. Bulevar Palem Raya No. 7
Lippo Karawaci 1200, Tangerang 15811 |
| Residential Address / as per
ID Card or other identity card | : | Gading Griya Lestari C1/7 RT. 012 / RW. 005
Kec. Sukapura, Jakarta Utara |
| Phone | : | 5475333, 5469333 |
| Title | : | President Director |
| | | |
| 2. Name | : | HENDRA SIDIN |
| Office Address | : | Menara Matahari 20th floor
Jl. Bulevar Palem Raya No. 7
Lippo Karawaci 1200, Tangerang 15811 |
| Residential Address / as per
ID Card or other identity card | : | Perum Citra 3-D-10/14 RT. 015 / RW. 013
Kel. Pegadungan, Kec. Kali Deres
Jakarta Barat |
| Phone | : | 5475333, 5469333 |
| Title | : | Director |

Herewith endorsed the followings :

1. Responsible for the preparation and presentation of the Company's financial statement;
2. The Company's Financial Statements has been prepared and presented in accordance with generally accepted accounting principles;
3. a. All information has been fully and correctly disclosed in the Company's Financial Statements;
b. The Company's Financial Statements does not contain any material incorrect information or facts, nor do they omit material information or facts;
4. Responsible for the Company's internal control system.

Therefore, this statement has been made truthfully.

Tangerang, 12 Januari 2011

Sincerely,

PT MATAHARI PUTRA PRIMA Tbk.



BUNJAMIN J. MAILOOL
President Director

HENDRA SIDIN
Director

PT. Matahari Putra Prima, Tbk

Gajah mada Plaza Lt. SG, Jl. Gajah Mada No. 19-26 Petojo Utara, Gambir, Jakarta Pusat 10130, Indonesia. www.matahari.co.id

Kantor Pusat Operasional :

Menara Matahari, Jl. Bulevar Palem Raya No. 7 Lippo Karawaci 1200-Tangerang 15811, Indonesia. Telp. 62 21 5469333 (hunting) Fax. 62 21 5475229

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RSM AAJ Associates

| Aryanto, Amir Jusuf, Mawar & Saptoto



**PT Matahari Putra Prima Tbk
and Subsidiaries**

**Independent Auditor's Report
and
Consolidated Financial Statements
For The Years Ended December 31, 2010 and 2009**

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This report is originally issued in Indonesia language

Number : R/005.AGA-E/9.2/2011

Kantor Akuntan Publik
Aryanto, Amir Jusuf, Mawar & Saptoto
RSM! AAJ Associates
Plaza ABDA, 10th Floor
Jl. Jend. Sudirman Kav. 59 Jakarta 12190 - Indonesia
T +62 21 5140 1340, F +62 21 5140 1350
www.rsm.aajassociates.com

Independent Auditors' Report

The Stockholders, Commissioners and Directors
PT Matahari Putra Prima Tbk

We have audited the consolidated balance sheets of PT Matahari Putra Prima Tbk and subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PT Matahari Putra Prima Tbk and subsidiaries as of December 31, 2010 and 2009, and the results of their operations, changes in their stockholders' equity, and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Indonesia.



Didik Wahyudiyanto

Public Accountant License Number: 01.1.0774

Jakarta, January 12, 2011.

The accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in shareholders' equity, and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than those in Indonesia. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in Indonesia.

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