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annual report 2007

PT. MATAHARI PUTRA PRIMA Tbk.





a great start
is about to
set another
milestone
achievements

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it's not just
about what
we **dream**,
it's about how
we drive our
business

VISION

To be Consumers' Most Preferred Retailer.

MISSION

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



becoming
better as
we **grow**

05

<p>First store in Pasar Baru, Jakarta</p> <p>1958</p>	 <p>Opening of first store outside Jakarta - Sinar Matahari Bogor</p> <p>1980</p>	<p>Core Business Expansion to Supermarket Operation.</p> <p>1st Rights Issue - Rp 75B</p> <p>1995</p>	 <p>Launch of Matahari Club Card (MCC)</p> <p>2000</p>	 <p>Settlement of 5-year US\$ 100 Million Bond</p> <p>2001</p>	<ul style="list-style-type: none"> - Consolidation Year - Closure of Non-profitable stores - Re-focus to internal infrastructure, resources & company's foundation <p>2003</p>	<ul style="list-style-type: none"> - Successfull aggressive expansion <ul style="list-style-type: none"> • 10 Department store • 4 Kids2Kids • 13 Hypermart • 4 Cut Price • 1 Matahari Supermarket - First Matahari Dept. Store in China - Top 500 As-Pac Retail Award: #1 - Indonesia. <p>2005</p>	<ul style="list-style-type: none"> - Cont'd aggressive expansion: +18new Hyper/MDS/ Specialty Stores. - Top 500 As-Pac Retail Award: #1 - Indonesia. - Issuance of 3-year USD 150 M, Unsecured Notes <10% - Company Ratings: B1 (Moody's) B+ (S&P's) <p>2006</p>
<p>1972</p> <p>Pioneer of Department Store concept in Indonesia</p>		<p>1992</p> <p>IPO at Jakarta Stock Exchange and Surabaya Stock Exchange</p>	<p>1996</p> <p>Issuance of 5-year US\$ 100 Million Bond</p> <p>2nd Rights Issue - Rp226B</p>	<p>1997</p> <p>Multipolar became majority shareholder</p> <p>3rd Rights Issue - Rp902B</p>	<p>2002</p> <ul style="list-style-type: none"> - New Management Team - Core Business Restructuring: Matahari Department Store, Matahari Supermarket & TimeZone - Independent and transparent Business Units <p>Issuance of 5-year Obligasi I - Rp 450 Billion</p>	<p>2004</p>  <ul style="list-style-type: none"> - Launch of Hypermart - Top 500 As-Pac Retail Award: #1 - Indonesia. <p>Issuance of 5-year Obligasi II - Rp 300 B & Syariah I Rp 150 B</p>	<p>2007</p> <ul style="list-style-type: none"> - Continued aggressive expansion : +15 new MDS/ Hypermart/ Specialty Stores & 3rd Distribution Center in Eastern Indonesia - Launch of Parisian new department 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 - Successful participation in REIT program - Company Ratings: <ul style="list-style-type: none"> • B+ with Stable Outlook (Standard & Poor's) • B1 with Stable Outlook (Moody's) • A+ with Stable Outlook (PEFINDO)

these are
reflections of
consumers'
heart for our
endeavors for
the best

07

The Company continuously performs at its best in all business aspects through series of excellent capitalization strategies.

The achievements made by the Company in the Financial Market are its proven commitment in becoming the leader of retail industry in Indonesia and strengthen the trust and loyalty of all stakeholders towards Matahari.

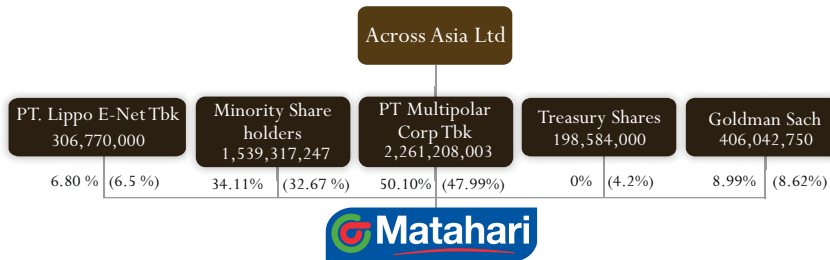
history of share listing

Description	Listing Date at BEJ	Listing Date at BES	Total Shares
Initial Public Offering	15 December 1992	18 December 1992	8,700,000
Company Listing	15 December 1992	18 December 1992	33,366,320
Conversion of Convertible Bond	19 July 1993	6 August 1993	926,457
Conversion of Convertible Bond	6 August 1993	6 August 1993	1,727,628
Conversion of Convertible Bond	13 August 1993	6 August 1993	824,250
Conversion of Convertible Bond	13 August 1993	13 August 1993	3,297
Conversion of Convertible Bond	25 August 1993	18 August 1993	1,648,500
Conversion of Convertible Bond	02 September 1993	24 August 1993	3,297
Conversion of Convertible Bond	13 September 1993	03 September 1993	3,297
Conversion of Convertible Bond	23 September 1993	20 September 1993	3,297
Conversion of Convertible Bond	24 November 1993	17 November 1993	2,884,875
Conversion of Convertible Bond	23 March 1994	22 March 1994	3,297
Conversion of Convertible Bond	30 March 1994	21 April 1994	3,297
Conversion of Convertible Bond	16 May 1994	11 May 1994	9,891
Bonus Share	15 July 1994	14 July 1994	100,215,406
Conversion of Convertible Bond	17 October 1994	10 October 1994	9,891
Rights Issue I	30 June 1995	30 June 1995	75,166,500
Rights Issue II	10 October 1996	10 October 1996	225,499,500
Stock Split	15 September 1997	15 September 1997	450,999,000
Rights Issue III	03 November 1997	03 November 1997	1,803,996,000
Rights Issue IV	11 January 2007	11 January 2007	2,005,928,000
Total Listed Shares			4,711,922,000

FINANCIAL HIGHLIGHTS

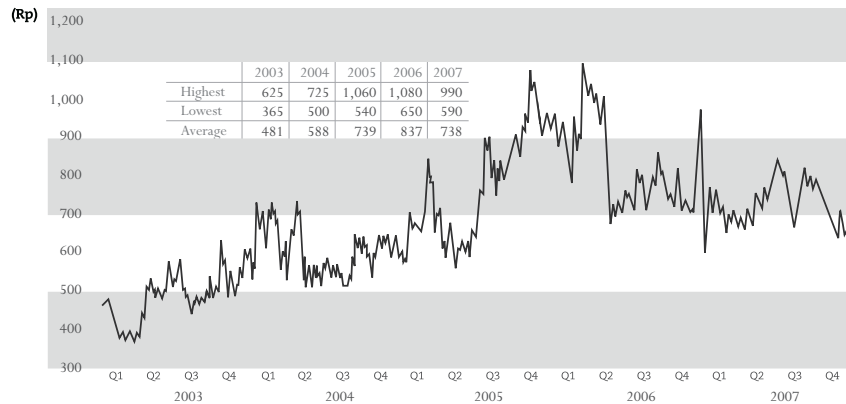
company shareholding structure

(as of 31 December 2007)



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

share price performance



dividend history

(for the last 5 years)

Year	Net Profit (in mio Rp)	Dividend/Share (Rp)	Number of Shares	Total Cash Dividend (in mio Rp)	Dividend Payout Ratio (%)
2002	105,305	12	2,705,994,000	32.472	30.8%
2003	115,466	13	2,705,994,000	35.178	30.5%
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	4,711,922,000	49.004	30.5%

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

			2005			
In billions rp	2003	2004	AUDITED	EXC. DIVESTMENT OF INVESTMENT IN A COMPANY	2006	2007
Consolidated Statements of Income						
Net Sales	5,065	5,620	6,916	6,916	8,488	9,768
Cost of Sales	3,521	3,853	4,905	4,905	6,177	7,189
Gross Profit	1,545	1,767	2,011	2,011	2,310	2,579
Operating Expense	1,394	1,534	1,702	1,702	1,909	2,171
Operating Income	151	233	309	309	401	408
EBITDA	386	482	677	606	751	924
Other Income (Charges)	-	(51)	(60)	(131)	(212)	(203)
Equity in Net Income of Investees	3	4	6	6	6	8
Income Before Tax	154	186	255	184	196	214
Income Tax	16	40	29	29	38	37
Net Income	115	127	223	152	160	180
Number of shares (in million)*	2,566.5	2,507.4	2,507.4	2,507.4	2,915.7 ⁽¹⁾	4,380.2 ⁽¹⁾
Earning per Shares (Rp)	45	51	89	62	55 ⁽¹⁾	41 ⁽¹⁾
Consolidated Balance Sheets						
Cash & Short Term Investments	753	1,251	588	517	1,306	3,141
Inventory	390	410	676	676	791	906
Current Assets	1,306	1,834	1,525	1,454	2,460	4,426
Total investment in associated companies	32	34	40	40	46	52
Total Assets	3,421	4,086	4,578	4,507	6,048	8,403
Account Payable - Trade	447	449	544	544	631	967
Current Liabilities	1,148	1,223	1,184	1,184	1,517	1,969
Total Liabilities	1,672	2,207	2,511	2,511	3,883	5,158
Stockholder's Equity - Net	1,749	1,879	2,067	1,996	2,166	3,245
Debt	637	1,073	1,203	1,203	2,495	2,659
Net Cash	116	178	(615)	(686)	(1,190)	481
Working Capital - net	158	611	341	270	941	1,074
Financial Ratio						
Net Income / Total Assets (%)	3.4	3.1	4.9	3.4	2.7	2.1
Net Income / Total Stockholder's Equity - net (%)	6.6	6.8	10.8	7.6	7.4	5.6
Current Ratio (x)	1.1	1.5	1.3	1.2	1.6	2.2
Liabilities / Stockholder's Equity - net (x)	1.0	1.2	1.2	1.3	1.8	1.6
Liabilities / Total Assets (x)	0.5	0.5	0.5	0.6	0.6	0.6
P / E Ratio (x)	11.7	11.3	10.8	15.5	14.6	16.8
Sales to Total Assets (x)	1.5	1.4	1.5	1.5	1.4	1.2
EBITDA to Sales (%)	7.6	8.6	9.8	8.8	8.9	9.5
Net Cash to Equity (%)	7	9	(30)	(34)	(55)	15
Others						
Number of Employees	14,984	14,982	18,193	18,193	20,400	17,658
Gross Space (sqm)	755,084	784,940	725,313	725,313	808,586	835,452
Number of Store Location	82	79	84	84	84	92

*Excluding Treasury Shares

(1) FY 2006 Earning Per Share (EPS) was re-instated for the additional new shares issuance for Rights Issue IV

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it is not
just about
managing the
company;
it is all about
managing the
people

DR. Cheng Cheng Wen
President Commissioner



Letter from BOARD OF COMMISSIONERS

Dear Shareholders,

We are pleased to report another good year of performance for Matahari in 2007. Total Sales grew by 15.1% to Rp 9.8 trillion increased, EBITDA improved 23.1% to Rp 923.6 billion from Rp 750 billion in 2006. EBIT reached Rp 408 billion.

Both the Department Store and Food Business Divisions performed well. Store space of Matahari Department Store Division (MDS) reached 524,498 sqm with a combination of three new store openings, four existing store expansions and eight store closures. Total Sales grew by 12.9% to Rp 5.0 trillion. Comparable store sales grew a respectable 13.7% higher than most international standards. Gross Margin and EBIT were successfully maintained at respectable levels of 33.6% and 10.4%, respectively put Matahari among the top performing retailers in the world. In December 2007, Matahari opened the first store of a new upscale department store chain **PARISIAN**. This is to broaden our customer base and to offer service to the rapid expanding affluent consumers in Indonesia.

Matahari Food Business Division (MFB) continued its rapid growth through the expansion of our Hypermart chain. In 2007 Matahari Food Business added 61,067 sqm of new store space through the opening of nine Hypermart stores. Total Sales grew by 20.8% from last year reaching Rp 4.5 trillion. Gross Margin reached 19.6% and delivered a positive EBITDA of Rp 116.4 billion for 2007. Matahari is well on route to be the nation's No 1 multi-format food retailer with

three distinct format stores, "**Hypermart**" as hypermarket; "**Foodmart**" as lifestyle grocery stores, "**Foodmart Express**" as convenience stores in high traffic areas and "**Boston HBC Center**" as center of health and beauty products. We are on track of our strategic development program.

Our Audit Committee has reported that all business aspects had been performed prudently and correctly without any major deviations to the prevailing Company's standards and procedures following good corporate governance practices.

To further strengthen Matahari capital structure to fully support its growth potential, the Company has successfully completed its Rp 1 trillion rights issue in early 2007. This rights issue should give our shareholders the confidence for the Company's long term development and to maintain its leading retailer position in Indonesia. To strengthen the liquidity of its balance sheet Matahari successfully placed seven stores into a REIT (Real Estate Investment Trust) issue and received a net proceed of 161 SGD trillion in the form of cash & REIT Units. The REIT placement has enabled the Company to optimize its asset value.

Financial communities recognized the enduring strength of Matahari, the Company has maintained its international ratings in 2007 with B+ with Stable Outlook from **Standard & Poor's**; B1 with Stable Outlook from **Moody's** as well as rating upgrade to A+ with Stable Outlook from **PEFINDO**, Indonesia's leading rating agency.



Matahari has again been awarded as the top retailer in Indonesia and won the Gold Award in the **2007 Retail Asia Top 500 Awards** by Retail Asia, Euromonitor International and KPMG. We are also delighted to report that Matahari has been awarded the prestigious award – **Best Of Best, 2007 Retail Asia Pacific Top 500 Awards** which represents the recognition of Matahari's sound performance by the international retail community.

We are mindful of the evolving global economic turbulence caused by the sub-prime crisis in the USA. We are closely watching its development and will safeguard the well-being of Matahari. We are cautiously optimistic to achieve further growth of our business in 2008. We will ensure the Company maintains its position as the leading retailer in Indonesia through the improvement of its competitiveness, competence and creativity.

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 2007. We treasure your continuing supports in the coming years.

Signed on behalf of Board of Commissioners,

DR. Cheng Cheng Wen
President Commissioner

left - right :
Carmelito J. Regalado
Director
Eddy Handoko (sitting)
Director
Benjamin J. Mailool
President Director
Lina Latif (sitting)
Director
Hendra Sidin
Director



Letter FROM BOARD OF DIRECTORS

Dear Shareholders,

The performance in 2007 has met our expectation. The rapid expansions and various improvements demonstrated by our core business have firmly strengthened our confidence that Matahari has been performing and aligning in the right direction throughout the year to become the Indonesia's leading multi-format modern retailer.

The Company has consistently pursued aggressive expansion plan to dominate Indonesian market by opening more stores and increasing the company's retail floor space in Indonesia – to expand its geographical coverage and influence. Throughout the year 2007, Matahari has substantially increased its stores in Indonesia to a total of 80 department stores, 36 hypermarkets, 32 supermarkets, 39 health and beauty centers and more than 90 family entertainment centers nationwide at 2007 yearend. Its retail floor space has gone up to 853,423 sqm from 808,586 sqm under the previous year. This achievement has reconfirmed our domestic position and market penetration as the largest modern retailer in Indonesia.

Our continued focus and effort to lead Matahari to achieve its milestone have yielded highly regarded international recognitions from industry

leaders. For four consecutive years 2004-2007, Matahari has consistently achieved regional recognition and received the prestigious **Gold Award** in the **Retail Asia Pacific Top 500 Awards**. Moreover, we are also delighted and proud to receive the most prestigious award for the first time – **Best Of Best, 2007 Retail Asia Pacific Top 500 Awards** which represents the highest recognition within the retail industries in Asia Pacific regions for the Company's outstanding internationally-recognized milestone achievements. Both awards were presented by Retail Asia – the region's leading retail business publication, in cooperation with Euromonitor International and KPMG. It is a recognition that firmly puts Matahari on the map among the region's leading and most dynamic retail corporation.

The positive recognition also extends to the financial communities as the Company was able to maintain its international ratings: B+ with Stable Outlook from **Standard & Poor's** and B1 with Stable Outlook from **Moody's**; **PEFINDO** - the Indonesia's leading rating agency has also upgraded the rating to A+ with Stable Outlook in 2007.

To further strengthen its financial structure, the Company has successfully completed its Rp 1 trillion rights issue in early 2007. This signifies the stakeholders' continuing confidence on the

The Company continued to demonstrate its outstanding sales achievement. These continued focus and effort to lead Matahari to achieve its milestone have yielded highly regarded international recognitions from industry leaders.

Company's long-term strategic plan to expand aggressively, to capitalize prevailing market opportunities and to maintain its strategic position as the leading multi-format modern retailer in Indonesia.

The Company continued to demonstrate its outstanding sales achievement with 15.1% growth reaching Rp 9.8 trillion. The outstanding sales performance was derived from the solid growth in MDS and MFB sales contribution. MDS' sales has gone up to Rp 5.0 trillion from Rp 4.4 trillion in prior year, of which store-like-store sales was remarkably set at 13.7% growth, the highest in ever-known Matahari history and outperforming other retail players in Indonesia. MFB, the second biggest sales contributor, recorded total sales of Rp 4.5 trillion underpinned by the strong sales growth of 20.8% from new hypermarket stores.

The Gross Profit has increased from last year by 11.6% to Rp 2.6 trillion. Nevertheless, higher sales contribution from the lower-margin, high-volume hypermarket business had inevitably lowered consolidated gross margin percentage from 27.2% last year to 26.4%. The operating expense was tightly controlled which led to a further decrease from last year's 22.5% to 22.2%. This achievement led the Company to achieve Operating Income of Rp 408 billion and in EBITDA growth of 23.1% to Rp 923.6 billion at 2007 yearend.

In 2007, the Company has successfully participated into Real Estate Investment Trust (REIT) by offering its 7 store retail locations into the program. The completed REIT has enabled the Company to capitalize market opportunity and create value from its stores properties. Upon completion of the program, the Company received a net proceed of SGD 161 million in the form of 75% cash and 25% REIT Units, and recorded a net gain in the amount of Rp 427 billion from the transaction, which will be amortized for 10 years.

Upon the completion of the Asset Restructuring Program through the above REIT, it has enabled the Company to receiving several positive advantages to move forward as the leading retailer within the region, which include but not limited to:

- Additional cash resource to strengthen its future funding plans, which is considered as another milestone achievement as well as rare opportunity from the financial perspective within this tough and difficult economic environment post global sub-prime mortgages issue.
- Streamlined balance sheet structure through the optimization of productive asset to support the Company's core retail business.
- Opportunity for the market gains of the Company's assets.
- Improved financial ratios.
- Proven record and experience for great opportunities of future REIT's issuance.

As the result of above condition in addition to other non-operating expenses mainly from net interest expenses of USD 150 million Bond and banking facilities, the Company had to record Net Income After Tax in the amount of Rp 180.2 billion (Rp 41/share), which represented 12.3% growth from last year and was in-line with the management's earlier expectation communicated to the public previously.

We are proud to present on-going business viability and continued improvement in every aspect of our core retail operations. We have been performing in the right direction and yielding positive achievements. On behalf of the Board of Directors, I would like to thank the two CEO of MDS and MFB, **Travis Saucer** and **Noel Trinder**, for their leaderships in bringing Matahari retail business to this high standard. A more detailed explanation of the businesses will be presented on their behalf at the subsequent Operational Review section of this Report.

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operational review

matahari department store

The MDS is the preeminent retailer within Indonesia in the apparel and fashion categories, and also offers an edited selection of home merchandise. The business unit operates an extensive nationwide network of 80 department stores in Indonesia. MDS had an exceptional year in 2007 both in terms of achieving financial results as well as developing business strategies that should enable the Company to increase its scope in the future.

Under the leadership of Travis Saucer, who was appointed as the new CEO in early 2007, and embraced by the strong support of his management team & staffs, MDS registered some significant achievements. Driven by strong comparable store sales growth, MDS produced EBIT margins in excess of 10% reaching almost Rp 517 Billion. As part of a strategy to increase organic growth, MDS has successfully opened the first store in its new upscale PARISIAN format at 2007 yearend. This is intended to be the first of several new strategic developments in the near future.

MDS and the Matahari Group believe that a retailer can most effectively generate shareholder value based on a three-pronged strategy of superior returns, strong comparable store sales growth, and store expansion programs capitalizing any potential opportunities presented by the changing nature of the retail marketplace. Historically, MDS has steadily met the first of these objectives by almost any measure of return. In term of EBIT margin performance, MDS has consistently produced results in the 9 to 9.5% of sales range, but reached a new level of 10.4% in 2007. We believe this sort of performance would proudly put us among the leading retailers worldwide.

The comparable store sales growth, our second objective, although positive has been less successful, as MDS has reported results between 2 and 6% in the past few years. In 2007 MDS made a huge leap forward with the achievement of its comparable store sales growth of 13.7%, driven by tighter adherence to merchandising and operating

disciplines, and a more carefully managed promotional schedule. Total Sales increased by just under 13% to Rp 5.0 trillion. These gains were accompanied by an actual improvement in gross margin from 33.1% to 33.6%. This performance enabled MDS to grow EBIT by 24.4% without a contribution from new store growth. In fact our store count actually declined by five during the year as we closed underperforming stores and temporarily shut down two stores for conversion to the new Parisian format. The third prong of our shareholder value strategy demands that we find ways to grow our highly profitable business more aggressively, and take advantage of our position as Indonesia's largest and most admired retailer.

In order to do this, we performed a strategic review of our situation in 2007 and reached several conclusions. The Indonesian economy is poised to generate consistent real growth in the 5 to 6% range over the next few years, with a disproportionate increase in the upper income segments. Much of this growth will take place outside of Jakarta and the handful of population centers where most modern retailers have congregated. Furthermore, the average income in Indonesia has reached the point where rapid expansion of modern retail formats occurs in most economies.

Our analysis showed that Indonesians can be divided into three income segments, possessing distinctively different retail needs. Our existing MDS format occupies the dominant position in the middle of these three segments, but there are large areas of the country where we can still expand our fleet of stores. Furthermore, opportunities abound in the other two segments. To take advantage of the rapidly growing upper segment, we have launched our Parisian brand. Going forward, we have also identified further strategic opportunities in each of the segments and niches.

One development from our flagship business will be the introduction of a new store design. We have listened to our customers and have identified a number of improvements in terms of convenience and fashion, without sacrificing our appreciated emphasis on price and value, which will be reflected in the new design. This design



Travis Saucer

CEO

"Although I have been running retail business for over twenty five years, 2007 will always stand out in my mind as one of the best I have ever been associated with for several reasons. First, a true breakout year in comparable store sales of 13.7% that led to a 10.4% EBIT margin. In addition we developed a five-year strategic plan that will keep us focused on building shareholder value".

will help us to better standardize our stores, leading to improved operating effectiveness as well as better customer service.

The first of the new Parisian format stores was opened at Mal Taman Anggrek, Jakarta at 2007 year-end. Parisian addresses the upper class customer by providing a world class shopping environment. In addition to an offering of high quality local brands, Parisian emphasizes exclusive international brands. Service and ambience will be of superior quality exceeding the expectations of the discriminating customer.

Three more Parisian stores will be added in 2008. Although three of the first four stores will be conversions from the MDS format, most future stores will be situated in new strategic locations to provide the best service to our target customers. We plan to expand aggressively but prudently in the future and our growth will be governed by our ability to find appropriate locations where we can ensure that our store economics will work successfully.

There should be no such limitation on the expansion of our Matahari stores, however, as our research suggests that there are still many potential locations with more being created monthly as the economy expands. Therefore, we will extend Matahari's dominance in fashion retailing by accelerating the expansion of our Matahari Department Store network in 2008. We plan for 7-10 new additional stores to open throughout the year to further capitalize upon the prevailing high growth in the middle class segment.

We have always believed in active management of our fleet of stores. In 2007 we completed space

expansion in four existing stores. Additionally, we continued our extensive renovation program, which has modernized more than half of our total stores in the past four years. In 2007 three stores totaling 18,676 sqm underwent major renovation while one store (10,451 sqm) received minor renovation.

A necessary store closure program also was continued throughout the year whereby four older stores (21,918 sqm) were permanently closed; two stores (25,542 sqm) were temporarily closed for conversion into the Parisian format; and two stores (12,659 sqm) were closed for moving to better nearby locations. At the end of 2007 MDS' selling space totaled about 515,000 sqm.

We will continue our rapid remodeling program in 2008 to ensure that our stores offer a modern, consistent, and customer-focused environment. In 2008, we plan for three stores with 16,600 sqm to undergo major renovations while one store (7,260 sqm) will receive minor renovation. Additionally, six other existing stores will receive space expansion (9,300 sqm) to fulfill the growing needs of its valued customers.

With world-class profitability and the ability to generate strong comparable store sales growth from a preminent position in one of the world's great growth economies, MDS has a bright future. As we increase store expansion within the context of our multi-format strategy, we believe our shareholder value story will become increasingly exciting. ■



operational review
matahari food business

this is
where we
deliver
your daily
needs

As a Key Contributor toward the Matahari Group's retail portfolio, MFB continued to deliver a strong performance through its Multi Format strategy, improving its market share and strengthening its position within the fast growing modern retail sector in Indonesia.

In 2007 MFB posted yet another outstanding result with top line sales grew by 20.8 % to Rp 4.5 trillion. This followed its last 2 years of significant growth of 49.4% in 2006 and 63.0% in 2005 respectively.

MFB profit contribution grew by over 110% from prior year driven by higher volume, improved margin and continued lowering SG&A costs, which further confirms its direction toward achieving its position as a leading Multi Format Retailer in Indonesia.

This achievement was underpinned by its Hypermarket Format, which outperformed its competitors, posting an overall sales growth of 35.8 % with comparable store sales growth more than 5.0%. Hypermart store EBITDA continued to strengthen, increasing by 33% from last year to 8.8% of sales.

Noel Trinder

CEO

"In 2007 our market share of the FMCG industry continued to climb, and we were able to outperform our key competitors, particularly in the hypermarket sector. We are confident that the Food Business Unit will continue to deliver a superior performance in 2008 in line with its clear direction and strategy".



In addition, its Supermarket (Foodmart) division also enjoyed continued growth in EBITDA to 7.9% of sales as a result from its rationalization and modernization program carried out throughout the year.

Based on AC Nielsen information, MFB's market share of the modern food retail sector continued to climb reaching 15.0% for 2007, while it charted the highest record of 15.8 % in the 4th quarter of 2007.

Complimenting the existing two distribution centers around Greater Jakarta to strategically support the ongoing aggressive expansion plans, MFB also successfully opened its third 10,000 sqm distribution center in Surabaya in 2007 to better service its Eastern Indonesia operation more effectively and efficiently. Technology enhancement also continued with the successful completion of upgrading process to the new Retek v.10 as part of the Company's IT conversion program started in late 2005.

By 2007 yearend, MFB actively operates 36 Hypermarkets, 32 Foodmarts and 39 Boston Health Beauty Centers for a total space area of 310,953 sqm. During the year, MFB successfully added net additional 51,487 sqm new store space through the opening of nine Hypermarkets (62,103 sqm) while it also closed three older supermarket stores (4,018 sqm). Additionally, MFB also temporarily closed three supermarket stores (6,598 sqm) for conversion and to be opened as Hypermart.

Format innovation continued to give MFB a competitive edge within this highly competitive market, whereas its Hypermarket Format evolving into 4th generation format with much improvements in in-store visual communication, merchandising & product categories, compared to its previous generation. Similarly, the Boston HBC Centers also received a major upgrade into 2nd generation format to represent the latest interpretation of health beauty center concept going forward. Another important step was also taken by MFB in 2007 to upgrade the brand identity of its supermarket format to "Foodmart" which would strategically strengthen its food retail offering with strong brand identities of Hypermart and Foodmart going forward. By 2007 yearend, all existing supermarket stores have been upgraded from the former Matahari Supermarket brand into Foodmart.

In-line with our vision to be the nation's No 1 Multi-Format FMCG Retailer by 2010, MFB has set its long-term strategy to align its future business direction with multi-format approach consisting of :

1. **Hypermart** as the main driver of growth and market share dominance;
2. **Foodmart** as the ideal format positioning of lifestyle grocery shopping and to fill-in any strategic areas where Hypermart cannot penetrate;
3. **Foodmart Express** to add additional boost of growth through opening of the new convenience store format in strategic, high-traffic areas.
4. **Boston Health Beauty Center** to complement the total offering of food retailing in Hypermart and Foodmart and through its strategic Alliance with Siloam Hospitals.

Moving into 2008, another phase of aggressive expansion strategy is planned, which will further add 9 new Hypermarkets, 3 Foodmarts, 4 Foodmart Express and 16 Boston HBCs for a total net additional space of approximately nearly 70,000 sqm into its nationwide store network. ■

We will continue to chart another growth of our business through another phase of expansion strategy underpinned with cautiously optimistic steps to align Matahari's strategic direction with the increasingly competitive and tough market environment albeit its inspiring potential outlook going forward.

On the aspect of Good Corporate Governance (GCG) implementation, the Company has and will continue to implement the GCG's main principles including but not limited to:

- The organization structure, whose main characteristic includes systematic, conducive, efficient and effective with clear job descriptions, roles and responsibilities for each member of Board of Commissioners, Board of Directors and strategic key executives, which is clearly defined and institutionalized. Each role within the Board is filled by multinational professional executives with high competency, capability and experience in each respective field.
- Company's Internal Audit division whose function is monitored and supervised directly by Audit Committee, which consists of members from Independent Commissioner and external, independent parties. The Audit Committee and Internal Audit division also work in closed relationship with multinational, independent auditor on the aspect of finance.
- Company's system procedures on operational guidelines for each line of business, which is executed consistently, transparently and accordingly to the procedures.

More new quality stores from our various retail formats will be strategically launched to capitalize further any opportunities arising from the market as well as to preserve the Matahari's strategic position in the market.

We would like to extend our sincere gratitude to our valued customers and stakeholders for their continuing supports as well as the high commitment from our staffs and management team, in which the Company's success and achievements would not have been possible without these efforts. On behalf of the Board of Directors, I thank you for your support and confidence on us.

Signed on behalf of Board of Directors,

Benjamin J. Mailool
President Director

Moving into 2008, we will continue to chart another growth of our business through another phase of expansion strategy underpinned with cautiously optimistic steps to align Matahari's strategic direction with the increasingly competitive and tough market environment albeit its inspiring potential outlook going forward.



it is not just
a **structured**
organization,
it is all about
communication
and **transparency**
inside

Achievements and performance achieved by the Company in 2007 is a strategic synergized effort from all the Company's staff based on focus for business and supported with Good Corporate Governance ("GCG"). The GCG is an important Company's guideline in order to establish a corporation with professional governance and to provide an effective protection to all stakeholders. The implementation of GCG is not only for the purpose of complying toward various regulations set by the capital market authorities, but also demonstrates the Company's consciousness as an integrated element within its daily operation.

STRUCTURE OF THE COMPANY'S GOVERNANCE

Within Matahari's corporate structure, the Company's elements comprise of General Meeting of Shareholders, Board of Commissioners and Directors. The General Meeting of Shareholders represents the highest element whose authority is delegated to the Board of Commissioners and Directors as regulated within the Company's Article of Association.

Board Of Commissioners

As regulated within the Article of Association, the Board of Commissioners performs the supervisory and advisory functions to the Directors in performing their duties. The supervisory function is enforced to all operational aspects including its social responsibilities while the advisory function is focused on 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 Board of Commissioners conduct 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 2007, the average of attendance and decisions quorums were more than 80% (eighty percent).



The Board of Commissioners consists of Chairman and 7 (seven) members, in which 6 (six) 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/V/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 Directors conducts 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 2007.

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.1.5. 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 2007, the Committee Audit has conducted 4 (four) meetings with more than 75% 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 April 29, 2005. The Company has also reported the Audit Committee's latest structure through its letter No. 048/V/2007-CSExt dated May 21, 2007 to Jakarta Stock Exchange with copies sent to BAPEPAM, Financial Institution, Surabaya Stock Exchange and PT. Bank Negara Indonesia (Corporation) Tbk, with members as follows:

Chairman	: Jusuf Arbianto Tjondrolukito (Independent Commissioner)
Member	: Ganesh C. Grover
Member	: Ridwan Masui

In 2007, 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 Purwantono, Sarwoko & Sandjaja 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 GGC 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.

In-line with BAPEPAM Regulation IX.1.4., Corporate Secretary is 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 Law No. 8, 1995 and accompanying regulations.
- To act as the contact party between the Company and BAPEPAM and the public.

IMPLEMENTATION OF GCG IN MATAHARI

Transparency

Matahari 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, JSX & SSX, 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

As an integral part of the society and a reputable player in the industry, the Company conducts its business within permissible corridors and in strict compliance with applicable laws and regulations. Additionally, we are continuously engaged in establishing corporate social responsibility of fulfilling and enhancing public welfare on a nationwide scale. We involve ourselves in various charity programs such as providing relief aids to victims of natural disasters and contributing to educational facilities and infrastructure and other related support.

Within its implementation, during year 2007 the Company held several social activities among others as follows:

February

- Together with Yayasan Obor Berkas Indonesia, Matahari helped the flood victims in Jakarta and greater Jakarta region.
- Through Matahari Suppliers Club Association (AMSC), Matahari distributed aid in form of food and medical supplies to the flood victims in Jakarta region.

March

- In-cooperation with Indonesia Retail Association (Aprindo), Matahari donated to Jakarta's Red Cross Organization (PMI DKI).
- Matahari donated rice supplies to POLDA METRO Jaya to be further distributed to the POLDA police workforce members.

August

- Through Indonesia Retail Association (Aprindo), Matahari donated to support Jakarta's social activities (Bakti Sosial DKI).
- Celebrating Indonesia's Independence Day by giving donation to several schools in several areas in Jakarta and Tangerang.
- In-cooperation with Foreign Affairs Department, Matahari had donated special packages for teachers in isolated areas throughout Indonesia.
- Through AMSC, Matahari organized Blood Donation Day in-cooperation with Indonesia's Red Cross (PMI).

September

- Together with Suara Pembaruan Group and Yayasan Obor Berkas Indonesia, Matahari disbursed aid to the victims of earthquakes in Sumatera.

October

- Matahari through Hypermart and in-cooperation with Dompot Dhuafa had gathered funds to help those in needs.
- In the month of Ramadhan, through Matahari's Employees Union (IKM), Matahari had given scholarship to unfortunate children surrounding Lippo Karawaci area.

November

- Matahari had participated in "Cheap Bazaar" organized by POLDA METRO Jaya.

December

- Through AMSC, Matahari had donated the unfortunate children in Abigail Foster Home, Ciputat.
- In-cooperation with Yayasan Obor Berkas Indonesia, Matahari help donated in form of food and medical supplies to the flood victims of Bengawan Solo in the end of 2007.

COMPLIANCE TO BOND'S COVENANTS AND CAPITAL MARKET REGULATIONS

Compliance to Bond and USD Notes' Covenants

- Matahari has issued the Bond I, Bond II and Sjariah Bond Ijarah I, and also issued USD Notes with value of USD\$ 150.000.000 through its wholly-owned subsidiary - Matahari Finance B.V. For those liabilities, the Company always comply with the Bond and USD Notes' covenants and the regulations as well as other related regulations.
- Payment for interest coupons of Bond and USD Notes was executed as scheduled and the Company always ensures that all financial ratios are complied to the conditions set within the Trustee Contract.
- On 25 September 2007, the Company has settled its Bond I at maturity for the amount of Rp 450 billion as scheduled.

Compliance to REIT's Covenants

- Matahari through its wholly-owned subsidiary - Tristar Capital Ltd., has become a vendor of **Lippo-Mapletree Indonesia Retail Trust (LMIR Trust)** listed in Singapore Stock Exchange on 19 November 2007. The Company has also appended its seven stores location in LMIR Trust agreement. All the covenants stipulated from Capital Market Regulation relating with the compliance of the transaction implementation have been reported to related institutions accordingly.

Conflict of Interests and Material Transactions

The Company always conducts intensive reviews for any possible conflicting interests and material transactions as set forth.

In year 2007, in order to optimize productive assets for increased liquidity and maximization of investment returns, the Company has conducted restructuring program for several of its assets

through LMIR REIT program. The implementation of this program is not classified as conflicting or material transactions as noted in BAPEPAM Regulation No. IX.E.1. regarding conflicting transaction, but classified as material transaction as noted in BAPEPAM Regulation No. IX.E.2. regarding material transaction and changes of business activities. In order to comply this regulation, the Company has informed the plan of asset restructuring program to the shareholders through an official announcement published in Investor Daily newspaper dated 12 March 2007 and 16 April 2007 and has received shareholders' approval from The General Meeting of Shareholders held on 27 April 2007.

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 kept and prepared by Share Registrar, while the Special Shareholders List is 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.

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COMPANY'S CURRENT LITIGATION ISSUES

There are several current litigation issues and/or charges by third parties, which the Company currently has to encounter. As far as the Company's best knowledge, those litigation and/or charges issue are immaterial and do not have any potential to halt the Company's overall business operation, several of which are follows:

- Lawsuit No. 152/Pdt.G/2001/PN.Jkt.Pst dated 16 April 2001 at The District Court of Central Jakarta. The Company as the Defendant I/the Respondent of appeal at The Supreme Court I with basic of such lawsuit is Tort. This case is waiting for the verdict/sentence from The Supreme Court.
- Lawsuit No. 02/Pdt.G/2002/PN.Bpp dated 7 January 2002 jo. No. 28/Pdt/2003/PT.KT.SMDA dated 12 June 2003 at The District Court of Balikpapan. The Company as the Defendant/the respondent of appeal at The High Court/the Respondent of the appeal at The Supreme Court with basic of such lawsuit is Tort. This case is waiting for the verdict/sentence from The Supreme Court.
- Lawsuit No. 260/Pdt.G/2004/PN.Tng dated 20 October 2004 jo. No. 64/Pdt/2005/PT.Btn dated 4 October 2005 at The District Court of Tangerang. The Company as the Plaintiff/the respondent of appeal at The High Court/the Respondent of the appeal at The Supreme Court with basic of such lawsuit are Tort. This case is waiting for the verdict/sentence from The Supreme Court.
- Lawsuit No. 95/Pdt.G/2004/PN.Bgr dated 3 December 2004 jo. No. 287/Pdt/2005/PT.Bdg dated 27 January 2006 at The District Court of Bogor. The Company as the Plaintiff/the respondent of appeal at The High Court/the Applicant of the appeal at The Supreme Court with basic of such lawsuit is breach of contract (default). This case is waiting for the verdict/sentence from The Supreme Court.
- Lawsuit No. 99/Pdt.G/2005/PN.Jkt.Pst dated 30 March 2005 jo. No. 175/Pdt/2006/PT.DKI dated 3 August 2006 at The District Court of Central Jakarta. The Company as the Plaintiff/the respondent of appeal at The High Court/the Respondent of the appeal at The Supreme Court with basic of such lawsuit are breach of contract (default). This case is waiting for the verdict/sentence from The Supreme Court.
- Lawsuit No. 14/Pdt.G/2006/PN.TSM dated 2 October 2006 at The District Court Grade IB of Tasikmalaya. The Company as Co-Defendant III with basic of such lawsuit is Tort. This case is waiting for the verdict/sentence from The Supreme Court.
- Execution Lawsuit No. 06/Pdt/Eks/2005/PN.Bgr jo No. 23/Pdt.G/1989/PN.Bgr jo. No. 43/Pdt.Bth/1997/PN.Bgr dated 17 January 2007 at The District Court of Bogor. The object of such execution includes the land and the building owned by the Company that bought validly from the previous owner (seller). This execution matters was settled with a Settlement Agreement inside of Court (Dading) No. 07/Pdt/Bth/2007/PN.Bogor released by The District Court of Bogor dated 4 April 2007.

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In compliance with the regulation as stipulated in the Chairman of Bapepam's Regulation No. Kep-29/PM/2004 regarding the 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 of the Company's Financial Statements, Financial Projections and other financial information for one (1) year period ending at December 31, 2007.
2. Review of the independency and objectivity of the External Auditor.
3. 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
4. Review of audit findings and the implementation of the auditors' recommendations.
5. Evaluation of the appointment of the External Auditor recommended by the Board of Directors.
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 Directors' meetings, or deviations in the implementation of the decisions of the Board of Directors' meetings.

In the performance of the above-mentioned reviews, besides examinations of the Company's financial report, the Intend 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 regulations 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 held on April 27, 2007.
- e. No potentials of the abuse of authority or misconduct have been identified which need the attention and the consideration of the Company's Board of Commissioners.

Thank you for your kind attention.

Komite Audit PT. Matahari Putra Prima Tbk,



Jusuf Arbianto Tjondrolukito
Chairman



Ganesh Chander Grover
member



Ridwan Masui
member

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JOB PROFILE	TOTAL	%
Advisor	3	0.02
Director	38	0.22
General Manager	163	0.92
Manager	1,157	6.55
Assistant Manager	401	2.27
Supervisor	2,387	13.52
Staff	13,509	76.50
TOTAL	17,658	100.00

EDUCATION	TOTAL	%
Post Graduate	78	0.44
Bachelor	1,791	10.14
Diploma	619	3.51
Senior High School	14,519	82.22
Junior High School	125	0.71
Others	526	2.98
TOTAL	17,658	100.00

AGE	TOTAL	%
<= 25	7,357	41.66
26 - 30	3,706	20.99
31 - 35	3,648	20.66
36 - 40	2,122	12.02
41 - 45	500	2.83
=> 46	325	1.84
TOTAL	17,658	100.00

In-line with the dynamic yet competitive development and growth of the retail industry in Indonesia, also supported by the Company's exciting and uplift performance in 2007, the needs for quality employees has been vastly increasing. This has been inspiring the Human Resource Division ("HRD") to provide its greater contribution in preparing quality and prominent work forces in order to support the Company's expansion and continuing succession program in the implementation of "the right man at the right place" in various strategic positions within the Company's growing organization structure. The effort of HR empowerment is continuously improved through Human Capital Management and Intellectual Capital.

The role of strategic partners pioneered and conducted by the HRD has yielded to improvement in communication and cooperation within the unit divisions. Along with that, the Company has built a joint effort with several leading educational institutions externally and utilized the information technology of Career Development in order to fulfill the needs of high caliber work force as well as to recruit potential, high quality employees and to strengthen the Company's image to those prospective employees.

Through its Training and Development Division, the HRD conduct various intensive training sessions, which are continuously upgraded and improved in-line with the Company's commitment and effort to increase the ability, knowledge and core competency of each employee to their best as well as to prepare future leaders.

The Company has also employed HRD management based on Competency Based Human Resources Management, ranging from recruitment, personnel development to employees' performance appraisal (scorecard), which is also continuously improved.

Several training programs conducted by the Company in 2007 are as follows:

• BASIC TRAINING

To provide newly recruited employees with basic knowledge, skills (e.g. buying skills, managing merchandises, selling skills, etc) and positive attitudes related to their job areas. In addition, this training session also introduce the Matahari's organization and corporate culture to those newcomers.

• BASIC SUPERVISORY

To provide knowledge and basic skills to become a mid-level leader. The change of role and function from staff to supervisory level is

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also followed by greater responsibility to perform better, wider apprehension, and ability to become role model.

• REFRESHMENT TRAINING

To refresh existing store employees with updated knowledge, skills and attitudes needed to perform and improve their performances.

• DEVELOPMENT PROGRAM

The Company's HRD has already implemented Competency Based-Human Resource Management, an integrated system of all HR practices (recruitment & selection, training, retention, motivation). Matahari Integrated Development Program (MIDP) is a part of the system to be implemented into employees' development process.

• CAREER DEVELOPMENT PROGRAM AND MANAGEMENT TRAINING.

This program is designed to develop potential employees to be promoted to become store managers and/or MD. We also recruit fresh graduate to be assigned as Management Trainee as a "balancing factor" between internal promotion and external recruitment.

• CERTIFIED PROFESSIONAL PROGRAM – STRATEGIC ALLIANCE PROGRAMS (MATAHARI & UPH BUSINESS SCHOOL).

This strategic cooperation is to provide academic knowledge to staffs in managerial level that already have practical experiences. The program consists of 6 courses: Retail Management, Consumer Behavior & Business Ethics, Management Business Logistic, Human Resources Skills & Leadership, and Analytical Tools.

• GENERAL TRAINING

• **Induction Training**
To provide Head Office's newcomers with information and rules/regulations about Matahari as a public company.

• Training For Trainer

The Company always conducts the training and development programs through its internal resources. This program is to prepare internal trainers for each store/department with knowledge, skills and/ attitudes needed

as a professional trainer / instructor. They will support training and development programs as the trainers.

• Conducting Performance Appraisal (PA) sessions

To provide Managers / Leaders with appropriate skills and attitudes needed in conducting performance appraisal sessions to their subordinates.

• External Training

To provide employees with who needs knowledge and/or skills which are not available within the Company.

• TRAINING FOR TRAINER.

Supervisor and Manager are trainer by nature in their daily operations. The successfulness in educating and training subordinates will lead to the great impact of end results. As such, every leader needs to have the ability in becoming a professional trainer in everyday activities in order to direct its subordinates to achieve the expected results.

• EXTERNAL TRAINING.

Learning from the external side of the Company will enrich the knowledge and skills of employees in executing their duties. Beside that, the competitive work environment often demands us to increase our knowledge and skills by learning new knowledge externally.

During the year 2007 Matahari has commenced more than 250 training sessions for more than 9,500 employees in various level from the Company's total employees of 17,658 people at 2007 year end.

The Oracle HRMS system is chosen by the Company to support HRD's tasks through an integrated administration application. The system has extensive IT-based of integrated modern features to monitor each employee's performance and database.

The implementation of Oracle HRMS is divided into 2 phases: Oracle Core HR whose main function is to setup the Matahari's organization structure, employee database, recruitment process, mutation & promotion, HRD budgeting process and administration of employment termination. The second phase will include the mapping of employee's core competencies, payroll, working hour administration and employee's attendance. The implementation of Oracle HRMS has connected on-line from the Head Office to all the stores nationwide, thus enable HRD to perform better and effectively in time based and provide employee's data, also in fulfilling the HRD's managerial report.

The HRD also realized the essentials of effective communication in the work place in order to create a harmonious, dynamic, conducive and open working environment in creating a solid teamwork. Thus, the Company management supports various gathering activities with the employees held every month. This gathering is expected to heighten the Corporate's cultural values, solidarity, strengthen collective commitment and preparation for any changes within the organization as well as reaching the Company's vision and mission.



serving
consumers' needs
throughout indonesia

GREATER JAKARTA

MATAHARI DEPT. STORE

MDS KRAMAT JATI
GALLERIA PASAR BARU
MDS KTC KELAPA GADING
MDS GRAND MALL BEKASI
MDS ARION
MDS LOKASARI
MDS METROPOLITAN MALL BEKASI
MDS LIPPO CIKARANG
MDS ATRIUM
MDS KLENDER
MDS METROPOLIS
MDS WTC SERPONG
MDS LIPPO KARAWACI
MDS TOWN SQUARE CILANDAK
MDS CITRALAND
GALLERIA BLOK M
MDS DAAN MOGOT
MDS CIBUBUR JUNCTION
MDS DEPOK TOWN SQUARE
MDS DEPOK MALL
MDS SM BOGOR
MDS EKALOSARI

HYPERMART

HY MALL WTC MATAHARI SERPONG
HY SUPERMALL KARAWACI
HY METROPOLIS TOWN SQUARE
HY GAJAH MADA PLAZA
HY JHCC PLAZA
HY MALL MATAHARI DAAN MOGOT
HY CIBUBUR JUNCTION
HY DEPOK TOWN SQUARE
HY KTC KELAPA GADING
HY GRAND MALL BEKASI
HY MALL LIPPO CIKARANG
HY MEGA GLODOK KEMAYORAN
HY HPM KEDUNG BADAK

FOODMART

FM CILANDAK TOWN SQUARE
FM ATRIUM PLAZA
FM KLENDER
FM CONVENIENCE GALL. PASAR BARU
FM CONVENIENCE KARAWACI-HO
FM REST AREA KM 13,5
FM EKALOSARI BOGOR
FM CONVENIENCE SM BOGOR

WEST JAVA

MATAHARI DEPT. STORE

MDS TASIKMALAYA
MDS KING PLAZA BANDUNG
MDS PELITA SUKABUMI
GALLERIA BANDUNG
MDS GRAGE MALL CIREBON
MDS CILEGON
MDS KARAWANG

HYPERMART

HY SENTUL
HY METRO TRADE CENTRE
HY HPM MAYOFIELD CIANJUR
HY BIP PLAZA

FOODMART

FM KARAWANG
FM GRAGE MALL

CENTRAL JAVA

MATAHARI DEPT. STORE

MDS SOLO SQUARE
MDS SINGOSAREN
MDS JAVA SUPERMALL
MDS MAGELANG
MDS SIMPANG LIMA SEMARANG
MDS MALIOBORO I
MDS KUDUS
MDS GRAND MALL SOLO
MDS MALIOBORO II / MALIOBORO MALL
MDS KLATEN
GALLERIA JOGJA
MDS PEKALONGAN
MDS PURWOKERTO

HYPERMART

HY SOLO
HY JAVA MALL

FOODMART

FM MAGELANG
FM SOLO SINGOSAREN
FM PEKALONGAN
FM KUDUS
FM KLATEN
FM PURWOKERTO
FM CONVENIENCE GALL. JOGJAKARTA

EAST JAVA

MATAHARI DEPT. STORE

MDS MALANG TOWN SQUARE
MDS PASAR BESAR MALANG
MDS ROYAL PLAZA
MDS MADRIN
MDS PAKUWON SURABAYA
MDS TUNJUNGAN PLAZA
MDS SIDOARDJO
MDS JOHAR PLAZA (JEMBER)
GALLERIA DELTA SURABAYA

HYPERMART

HY MALANG TOWN SQUARE
HY SUPERMALL PAKUWON INDAH
HY ROYAL SURABAYA
HY CITY OF TOMORROW

FOODMART

FM SURABAYA TOWN SQUARE
FM MADRIN
FM JEMBER

SUMATERA

MATAHARI DEPT. STORE

MDS MEDAN FAIR
MDS CIPUTRA SERAYA PEKAN BARU
MDS SKA PEKAN BARU
MDS MEGA MALL BATAM
MDS GRAND PALLADIUM
MDS NAGOYA HILL BATAM
MDS KARTINI LAMPUNG
MDS INTERNATIONAL PLAZA PALEMBANG
MDS MEDAN THAMRIN
MDS PADANG
MDS PLAZA CITRA PEKAN BARU
MDS MEDAN MALL
MDS ANGSO DUO JAMBI
MDS BINJAI

HYPERMART

HY MALL GRAND PALLADIUM
HY SUN PLAZA
HY BINJAI SUPERMALL
HY MALL SKA
HY PALEMBANG INDAH MALL
HY MEGA MALL BATAM CENTRE
HY NAGOYA HILL BATAM

FOODMART

FM KARTINI LAMPUNG
FM PADANG
FM PEKAN BARU

SULAWESI

MATAHARI DEPT. STORE

MDS PANAKUKANG MAKASSAR
MDS GTC TANJUNG BUNGA MAKASSAR
MDS MAKASSAR MALL
MDS MEGA MALL MANADO
MDS BOULEVARD CENTER MANADO

HYPERMART

HY GTC MAKASSAR
HY PANAKUKANG
HY MANADO TOWN SQUARE

BORNEO

MATAHARI DEPT. STORE

MDS LEMBUSWANA SAMARINDA
MDS BALIKPAPAN
MDS DUTA MALL BANJARMASIN

HYPERMART

HY AYANI MEGAMALL PONTIANAK
HY DUTA MALL BANJARMASIN

FOODMART

FM SAMARINDA

BALI

MATAHARI DEPT. STORE

GALLERIA SIMPANG SIUR BALI
MDS DUTA PLAZA I
MDS KUTA SQUARE

FOODMART

FM CONVENIENCE KUTA SQUARE BALI

EAST INDONESIA

MATAHARI DEPT. STORE

MDS AMBON

FOODMART

FM AMBON PLAZA



leaving our mark of excellence in 2007

MARK OF EXCELLENCE IN 2007



As one momentum in celebrating Indonesia's 62nd Independence Day, Matahari hosted a social event to express its appreciation and concerns towards teachers' welfare, both elementary teachers and teachers in handicapped schools in isolated areas. This event was also supported by **Dr. Hassan Wirajuda**, Indonesia's Foreign Minister.

PT Matahari Putra Prima Tbk (MPPA) hold its Annual General Meeting and Extraordinary General Meeting in Aryaduta Hotel - Jakarta, 27 April 2007. Pictures of Matahari's BOC and BOD (from left to right): **Dr. Godman H. Gn. Ph.D.**, Prof. Dr. Adrianus Mooy, Yusuf Arbianto Tjondrolukito, Jonathan L. Parapak, Benjamin J. Mailool, Lina Latif, Carmelito J. Regalado, Eddy Handoko.



Matahari was awarded **Best Of The Best, 2007 Retail Asia Pacific Top 500** presented by Retail Asia – the region's leading retail business publication. This award is an essential part from Matahari's achievements and milestones as The largest multi-format retailer in Indonesia and drive us to move forward and reach for the best in years ahead.



Foreign investors visited MDS and Hypermart Supermal Lippo Karawaci at December 14th, 2007. This visit represented a positive recognition from the investors for Matahari's outstanding performance as well as review for further potentials in future developments. The hospitality visit was completed with luncheon with Matahari's senior management in MYC Auditorium, Universitas Pelita Harapan, Lippo Karawaci.

The 36th Hypermart store opening in Cianjur was held on Wednesday, 19 December 2007. This is the first Hypermart outlet in Cianjur area, which also represented the last store opening in 2007 for a total 9 new stores opened throughout the year.



Matahari Cares for Flood Victims
28 December 2007, the flood emerged in Central Java, caused by the rising density level of Bengawan Solo river. Matahari in-cooperation with Yayasan Obor Berkat Indonesia have helped those in needs by donating food and giving medical examinations and supplies.



The store opening celebration of Matahari Department Store in Mayofield Mall - Cilegon was held on Wednesday, 31 October 2007. This event was hosted by MDS Management and Mayofield Mall Management.



AMSC through a joint cooperation with Hypermart and Aprindo organized a One Day Seminar in Menara Peninsula - Jakarta, 24 April 2007, with theme "Sweeping Product without MD, ML and SNI in 2007". This event was presented by competent speakers, as such: Handaka Santosa (Aprindo), Husna Zahir (YLIK), DR. Sunarya (BSW), Srie Agustina (DEPDAG RI) and Husnia Rubiana Thamrin (AKIB BPOM).



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the management's
profile – a way
to show their
**strengths and
expertise to lead
the company**

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 29 years expertise of international R&D and Management in high tech industries. Prior to joining Across Asia Multimedia Ltd until now, 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 the responsibility as a Rector of Pelita Harapan University.

John Bellis

Independent Commissioner

Joined the Company in the Company in 2001. Prior assuming his current position, he was the Senior Advisor & 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.

Mardi Sutanto

Independent Commissioner

Joined the company in 1997. Prior to joining Matahari, his professional career started at Chevron Oil & Gas, San Francisco, USA; Bank of Trade, San Francisco and Los Angeles, USA; Vice President – Corporate Finance & Banking Group of Citibank N.A., Jakarta. During the period of 1998-2000, he fulfilled his duty as Senior Vice President of Indonesian Banking Restructuring Agency (IBRA), afterward he returned to the Company. He finished his graduate school at the University of Pittsburgh, USA (1989).

Jusuf Arbiyanto Tjondrolukito

Independent Commissioner

Joined the Company in 1998. His career path includes Division Head of Real Estate & Construction and Head of Suspense Accounts/Problem Loans in Citibank N.A. (1968 – 1980) and Commissioner in charge of Corporate Culture / TQM at Bank Danamon Indonesia (1980 – 1998). He contributes experience and expertise in reputable institutions such as Senior Lecturer at SESPIBANK – Bank Indonesia,

Arbiter at Indonesian National Board of Arbitration (BANI); and Advisory Board Members of Petra University, Duta Wacana University and University of the Nations, Hawaii.

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 Department of University Gajah Mada (1958-1959); Teaching Professor in Economics Department of University of Indonesia (1987); Governor of Bank Indonesia (1988-1993) and Chair Professor in Economics Department of STIE Perbanas, Jakarta. Currently he also serves as Senior Mentor of Business School, Pelita Harapan University, Jakarta. He holds several graduate degrees of Master of Science in Economics (1960) and PhD in Economics from University of Wisconsin, USA (1966).

MANAGEMENT PROFILE

Dr. Godman H. Gn., PhD

Independent Commissioner

Joined the Company in 2007. His professional career started as Credit Analyst (1981-1982) and Senior Credit Analyst (1983-1984) at First Interstate Bank of California, Singapore Branch. During 1984-1995, he served as Assistant Professor at National University of Singapore. Currently he serves as Head of Management Department, Pelita Harapan University, Indonesia. He holds a Bachelor degree in Business Administration from National University, Singapore (1983) and PhD degree in Finance from Wharton School, University of Pennsylvania, USA (1990).

Jeffrey Koes Wonsono

Commissioner

Joined the Company in 1997 and is presently the President Director of PT. Multipolar Corporation Tbk. and PT. AsiaNet Multimedia, a representative of Across Asia Multimedia Ltd.

AUDIT COMMITTEE

Jusuf Arbiyanto Tjondrolukito

Chairman

Joined the Company in 1998. His career path includes Division Head of Real Estate & Construction and Head of Suspense Accounts/Problem Loans in Citibank N.A. (1968 – 1980) and Commissioner in charge of Corporate Culture / TQM at Bank Danamon Indonesia (1980 – 1998). He contributes experience and expertise in reputable institutions such as Senior Lecturer at SESPIBANK – Bank Indonesia, Arbiter at Indonesian National Board of Arbitration (BANI); and Advisory Board Members of Petra University, Duta Wacana University and University of the Nations, Hawaii.

Ridwan Masui

Member

Joined the Company in 2006 as member of Audit Committee. He is a prominent figure in the Indonesian banking industry. He has been holding several key positions within Bank Indonesia (Indonesian Central Bank) since 1988 to 2004, including Section Head of Mataram branch (1985-1988), Banking Investigator Level III (1988 – 1995), Executive Banking Superintendent in Jakarta (1995 – 1996) and Surabaya (1996 – 1998), Deputy Director of Superintendence Directorate I, Jakarta (1998 -1999), Senior Executive Analyst, Jakarta (1999-2000), Senior Executive Banking Superintendent in Bandung (2000 – 2001), Director of Banking Investigation Directorate 2, Jakarta (2003 – 2004) and Specialist Staff of Deputy Governor of Banking Section, Jakarta (2004). Currently, he also serves as Commissioners in several companies. He is a graduate from Sekolah Tinggi Ilmu Ekonomi (STIE) Swadaya, Jakarta in 1996.

Ganesh Chander Grover

Member

Joined the company in March 2002. 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). Currently, he takes the responsibility as The Audit Committee Member of PT Matahari Putra Prima Tbk.



BOARD OF DIRECTORS

Benjamin 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.

Lina 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 of 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 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 of PT Lippo Karawaci Tbk (1997-2001) and PT Lippoland Development Tbk (1999-2001). He is graduate of University Indonesia majoring in Accounting & Economics.

Carmelito J. Regalado*Director*

Joined the Company in March 2002. 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.

CORPORATE DIRECTORS

Carl W. (Pete) Huffstetler*Senior Advisor*

Joined the company in 2002. He started his retail career at J.B Ivey & Co (1980 - 1990) and held various position with the latest position being Divisional Merchandise Manager and then moved to Belk Inc., Charlotte, N.C., USA (1993 - 2002) where he held the positions of SVP General Merchandise Manager, SVP Director of Stores, and President. He achieved a BA degree from University of North Carolina, Charlotte, USA in 1978 and then completed the Executive Management Program at the Kenan-Flagler School of Business, University of North Carolina, Chapel Hill, USA.

Andre Rumanitir*Director*

Joined the Company in May 2005. His professional career includes 26 years experience in holding key positions in multinational companies such as PT International Nickel Indonesia Tbk (INCO) 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.

Johanes Jany*Director*

Joined the Company in 1989 and then assumed several key positions in the Company's subsidiary, Matahari Time Zone. Currently, he serves as Property & Asset Management Director in Matahari. He is a graduate from University of North Sumatera, Medan, Indonesia majoring in Accounting

Eddy Handoko*Director*

Joined the Company since 2005 and appointed as Director in 2007. He started his professional career in banking industries by joining Citibank N.A. for the period of 1980-1987 with latest position as Head of Credit for Consumer Group. He also held various key positions at Unibank, Lippo Bank and Mayatex Dian Industry. Currently, he also serves as Vice President Director of PT Multipolar Corporation Tbk.

Danny Kojongian*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 role 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.

Avril Tjokrorahardjo*Director*

Joined the Company in 2002. Graduated from Boston University with Bachelor in Mathematics and Economics (1999) and Master in Applied Statistics (2000). Her professional career started as Store Manager in MDS Lippo Karawaci before she became responsible as the Head of Business Process Division. Currently, she is responsible as Director - Information Technology.

MANAGEMENT OF DEPARTMENT STORE DIVISION

Travis Saucer*CEO*

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. He is a graduate from Troy State University, Alabama, USA.

Steven A. Martin*CFO*

Joined the Company as the MDS' CFO in 2007. 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.

Keith Jones*Director*

Joined the Company in July 2005 after serving the Company's distribution and logistic aspects as Senior Consultant from PT Exel Indonesia since 2004. His 32-years professional career has been intensively focused on distribution & supply chain management with the experience in holding several key positions in leading logistic companies, such as ASDA Superstores, Buck & Hickman Ltd, Hanson Transport Ltd, Cougar Express/ BMW Singapore, TNT Logistic (M) Sdn Bhd. He is a member of UK Road Transport Industrial Training Board and Institute of Transport & Logistics.

Adrian C. McKay*Director*

Joined the Company in March 2004. He has spent a large part of his career working in international advertising agencies in Australia and Indonesia. Prior to joining Matahari, he worked as Technical Advisor for McCann Erickson Worldwide during 1999-2004. His tertiary education was completed at Monash University in Melbourne, Australia in 1988 with degree in Business and Marketing.

Danny L. Crayton*Director*

Joined the Company since in 2002. He started his career in Belk Inc (1975 – 2000) with last positions as Senior Vice President of Merchandising. He is a graduate of Queens College, Charlotte, USA.

Ruby Sjabana*Director*

Joined the Company in 2007. She started her professional career in the fashion and branding businesses as Marketing Manager of sport shoes manufacturer (Interinvest Dinamika Shoes) in 1989-1991, Chief Representative of Haksan Limited, a Korea-based trading company focusing in textile and footwear (1991-1996), Director of Mitra Adi Perkasa focusing on Reebok brand (1996-2005) and Marks & Spencer brand in Indonesia (2005-2007). She is a graduate from Charles Sturt University, Australia with degree in Bachelor of Business.

Purnomo Utoyo*Director*

Joined the company in 1995. He started his professional career in 1977 with PT Goodyear Indonesia and assumed several different positions including Marketing Services Manager, Material Management Manager and Logistic, Distribution, and Export Manager. He is a graduate of New Port University, USA, with Master Degree in Business Administration

Sunny Setiawan*Director*

Joined the Company in 2003. Her career includes several key positions in reputable companies such as PT. Johnsons & Sons, Duty Free Shoppers and PT. Mitra Adiperkasa. She is a graduate of University of Tarumanegara in 1987 with a degree of Economics.

Christian Kurnia*Director*

Joined the Company in 2002. He started his career in PT. Metrodata Electronics (1992 – 2002) with last positions as Distribution Director. He participated in some training and seminars arranged by TACK Training Indonesia, Seagate Technology, Markplus and PQM. He received several awards for Hundred

Percent Achiever (1993 - 1998) and Business Management Award (1999 - 2000). He is a graduate of Bandung Institute of Technology.

Martin Laihad*Director*

Joined the Company in 2005 to lead the Property Division. His professional experience includes holding several key positions in several leading companies such as PT Multi Prima Sejahtera, PT Kymco Lippo Motor Indonesia and PT Walsin Lippo Industries. He is a graduate from Technical University, Berlin, Germany.

MANAGEMENT OF FOOD BUSINESS DIVISION

Noel Trinder*CEO*

Joined the Company since 2003. He started his career in Boans Department Stores in 1970 before he joined Coles Supermarket (1974 – 1988) with last positions as Senior Controller Merchandising. He assumed several key positions in reputable retail company during the past few years including Hero Supermarket (1996-2000) as Director of Merchandising & Trading Operations and Tops Retail (Malaysia) as Country Manager. He is a graduate of University of Southern California, USA and Macquarie University, Australia.

His key positions in reputable Asia retail companies for the past several years includes Directors of Merchandising & Trading Operations of Hero Supermarket Indonesia (1996 - 2000) and Managing Director of Tops Retail Malaysia (2000 - 2003) with an overseeing role for Tops Retail operations in Indonesia.

In 2004 he was elected as the chairman of the 1st Coca-Cola Retail Research Council in Asia (CRRCA) for the period 2004 - 2005 and is still an active member of the Council. He has completed a number of Advanced Retail courses conducted by the University of Southern California USA & Macquarie University, NSW, Australia as well an MBA graduate from University of Auckland, New Zealand.

Philippe Prejent*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 (2001 - 2003). He is a graduate of BTEC Hotel Business School at Thonon-les-bains.

Huw Jenkins*Format Director*

Joined the Company in 2005 as Senior Advisor in supermarket business and appointed as the Format Director in 2007. He started his professional career mainly in food industry as Grocery Counter Service of Home & Colonial Stores, UK (1965-1968); Store Manager Fain Fare Supermarket, UK (1968-1976); Store Manager designate of J. Sanbury Plc, UK (1976-1981); Senior Food Hall Manager of Savacenter Ltd, UK (1981-1983); Cold Storage Retail (Project Manager, Malaysia in 1983-1984 and Operation Manager, Singapore in 1984-1989); General Manager of 7-Eleven Stores Singapore (1989-1991); General Manager/CEO of Cold Storage Supermarket Singapore (1991-2001); Director, Specialty Supermarket Development South Asia, Dairy Farm HK (2001-2002) and Director of HJ Associates (2002-2005). He is a graduate from Treforest Polytechnic, Pontypridd, South Wales, UK.

Carmelito J. Regalado*Director*

Joined the Company in March 2002. He started his career as Auditor for SGV & Co in Philippines (1977 – 1982) and continued at Lippo Securities in 1998

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as Senior Vice President of Corporate Finance. He is a graduate of University of Saint Thomas, Philippines in 1977 with a degree in Accounting and received his CPA title in 1978.

Keith Dolling*Director*

Joined the Company in January 2004 as Logistics Advisor. He started his career in mid-70's by joining Coles-Myer Group Australia. His 32 - years professional career has been intensively focused on distribution & logistic aspects with the experience in holding several directorship positions in TOPS Retail (Malaysia) Sdn Bhd, Daria-Varia Laboratoria Group, Kalbe Farma Group and TNT Logistics Indonesia. He is a graduate from Swinburne Institute of Technology, Melbourne, Australia.

Richard H. Setiadi*Director*

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

Irwin Abuthan*Director*

Joined the Company in March 2002. He started his career in Corporate Finance with Bank Credit Lyonnais Indonesia (1995 – 1997) before he joined American Express Bank Ltd. as Corporate Finance Manager (1997 – 1999) and Indonesian Banking Restructuring Agency (1999 – 2002) as Vice President in Asset Management Investment Division. He is a graduate of Curtin University of Technology, Australia, with a degree in Banking and Finance.

Iwan Goenadi*Director*

Joined the Company as Head of Management System (MIS) in 1988. He was appointed as Head Store Operations

Supermarket in 1999 and MIS Director since 2002. He is a graduate of Institute of Technology Bandung in 1984 and Utah State University in 1987.

Kasmin Rasilim*Director*

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

Mulyadi Haryanto*Senior Vice President*

Joined the Company in 1993. He attended Retail Executive Program in Cornell University (2002) and participated in various course and training held by USDA, University of California, Davis, The Coca-Cola Company and IGA Institute. He is a graduate of Atmajaya University in 1993 with a degree in Economics.



CORPORATE ADDRESS

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Investor Relations

Phone : (62-21) 547 5478
Email : investor.relation@matahari.co.id

SUPPORTING INSTITUTIONS

Independent Auditor

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The Jakarta Stock Exchange Building
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Sudirman Central Business District
Jl. Jend. Sudirman Kav. 52 - 53
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Fax : (021) 5289 4100
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The 2007 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, February 2008

BOARD OF COMMISSIONERS



DR. Cheng Cheng Wen
PRESIDENT COMMISSIONER



Jonathan L. Parapak
INDEPENDENT
COMMISSIONER



John Bellis
INDEPENDENT
COMMISSIONER



Mardi Sutanto
INDEPENDENT
COMMISSIONER



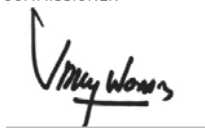
Jusuf Arbianto
Tjondrolukito
INDEPENDENT
COMMISSIONER



Prof. Dr. Adrianus Mooy
INDEPENDENT
COMMISSIONER



Dr. Godman H. Gn., Ph.D
INDEPENDENT
COMMISSIONER



Jeffrey Koes Wonsono
COMMISSIONER

BOARD OF DIRECTORS



Benjamin J. Mailool
PRESIDENT DIRECTOR



Lina Latif
DIRECTOR



Hendra Sidin
DIRECTOR



Carmelito J. Regalado
DIRECTOR



Eddy Handoko
DIRECTOR

ANNUAL REPORT 2007



PT. MATAHARI PUTRA PRIMA TBK and SUBSIDIARIES
Consolidated Financial Statements
With Independent Auditors' Report
Years Ended December 31, 2007 and 2006
(Indonesian Currency)

These consolidated financial statements are originally issued in Indonesian Language

