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ANNUAL REPORT 2011

MATAHARI
 PT MATAHARI PUTRA PRIMA Tbk

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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 Aggressive expansion : 10 Departement Stores, 4 Kids2Kids, 13 Hypermarkets, 4 Cut Prices, 1 Matahari Supermarket • First Matahari Departement Store in China
- 2006 • Top 500 Asia Pacific Retail Award : #1 - Indonesia
- 2006 • Continued aggressive expansion : +18 new MDS / Hypermart / Specialty Stores.
- 2006 • Top 500 Asia Pacific 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 aggressive 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 • Aggressive 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.
- 2011 • **Ratings** : A+ rating with Stable Outlook from PEFINDO; B+ rating with Stable Outlook from Standard & Poor's; B1 rating with Negative Outlook from Moody's • **Achievements** : 2010 Retail Asia Top 500 Awards for the 8th consecutive years from Retail Asia, Euromonitor International and KPMG; 1st Ranking of SWA 100: Indonesia Best Public Companies 2011 for Retailing Category, Record breaking for the opening of 12 Hypermart stores.

AWARDS

DID YOU KNOW?
THE MODERN TRADE RETAIL
MARKET ONLY REPRESENTS 11%
OF TOTAL RETAIL MARKET OF
US\$ 53 MILLION



CHARTA PEDULI INDONESIA 2011



CSR AWARD 2011



SUPERBRANDS
INDONESIA CHOICE 2011



RETAIL ASIA PACIFIC
TOP 500 2011



SOCIAL MEDIA AWARDS 2011



PMI AWARDS 2011



MURI AWARD 2011



OFFICIAL RETAILER



CHARTA PEDULI INDONESIA 2011



INDONESIA SWA 100
BEST WEALTH CREATORS 2011

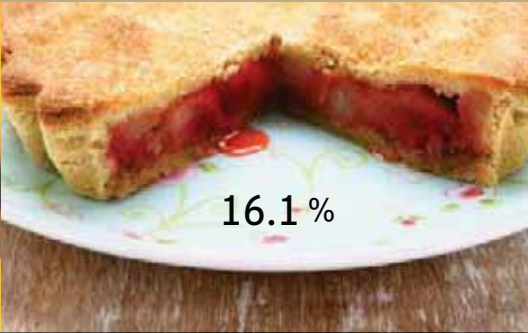


RETAIL ASIA PACIFIC TOP 500 2011

COMPANY ACHIEVEMENT



CAGR Sales Growth
Matahari Food Business (2004-2011)



Matahari Food Business's Market Share in FMCG industry (2011)



"Retail Asia Top 500 Gold Award - Indonesia"



Number of operating Hypermart stores until 2011



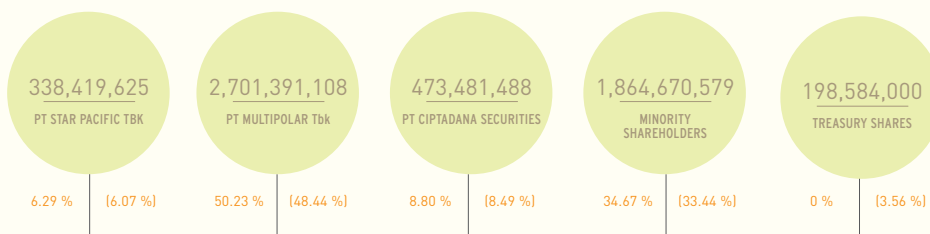
HYPERMART new stores opened in 2011



Total number of employees PT Matahari Putra Prima Tbk

FINANCIAL HIGHLIGHTS

COMPANY SHAREHOLDING STRUCTURE (as of 31 December 2011)



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 (%)
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 ⁽¹⁾	4.5%
2010	5,800,640	180	5,555,812,690	1,000,046 ⁽²⁾	17.2%
		180	5,559,284,239	1,000,671 ⁽³⁾	17.3%
		180	5,576,546,800	1,003,778 ⁽⁴⁾	17.3%
		300	5,576,546,800	1,672,964 ⁽⁵⁾	28.8%

(1) Additional warrant exercise from 31 December 2009 until 10 June 2010
(2) Interim Dividend I (paid on May 12, 2010)
(3) Interim Dividend II (paid on June 28, 2010)
(4) Interim Dividend III (paid on January 10, 2011)
(5) Final Dividend IV (paid on March 22, 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

(in billions Rp)	2007	2008	2009	2010**	2011
Consolidated Statements of Income					
Sales from direct purchase and other trade revenue	6,331	7,738	8,759	8,164	8,840
Consignment sales	3,437	4,239	5,028	1,383	429
Cost of consignment sales	(2,400)	(2,950)	(3,506)	(1,002)	(360)
Commission from consignment sales	1,037	1,289	1,522	381	69
Net sales	7,368	9,027	10,281	8,545	8,909
Cost of sales	(4,789)	(5,903)	(6,724)	(6,678)	(7,351)
Gross Profit	2,579	3,124	3,557	1,867	1,558
Selling Expense	(673)	(938)	(1,109)	(561)	(285)
General and Administrative Expense	(1,503)	(1,695)	(1,943)	(1,252)	(1,197)
Gain on disposal of subsidiary - net				5,733	
Other income (charges) - net	(195)	(540)	(132)	5	85
Share of net profit (loss) of associates	31	(22)	1	(2)	3
Income (loss) before income tax	239	(71)	374	5,790	164
EBITDA	953	1,094	1,451	6,502	669
Income tax expense (benefit)	(37)	74	(77)	29	(44)
Net Income (Profit attributable to Owners of the Company)	180	11	300	5,801	105
Number of share (in million)*	4,380.2 ⁽¹⁾	4,513.3	4,515.9	5,169.6	5,378.0
Earning per share (in full Rp)	41 ⁽¹⁾	2	66	1,122	20

Consolidated Statements of Financial Position					
Cash and short-term investments	3,142	2,914	3,417	3,955	1,795
Merchandise inventories	906	983	1,172	970	1,266
Current assets	4,429	5,082	5,066	5,407	3,619
Investment in associated companies	115	88	32	30	33
Total assets	8,514	9,801	10,560	11,421	10,308
Accounts payable - trade	967	1,192	1,295	988	1,290
Current liabilities	1,971	4,531	3,145	3,064	2,960
Total liabilities	5,163	6,594	6,999	4,227	4,625
Stockholders' equity - net	3,351	3,207	3,561	7,194	5,683
Debt	2,677	3,282	4,225	1,163	2,273
Net cash	465	(368)	(808)	2,792	(485)
Working capital - net	2,458	551	1,921	2,343	659

Financial Ratios					
Net Income / total assets (%)	2.1	0.1	2.8	50.8	1.0
Net Income / total stockholders' equity - net (%)	5.4	0.3	8.4	80.6	1.8
Current ratio (x)	2.2	1.1	1.6	1.8	1.2
Liabilities / total stockholders' equity - net (x)	1.5	2.1	2.0	0.6	0.8
Liabilities / total assets (x)	0.6	0.7	0.7	0.4	0.4
Net sales to total assets (x)	0.9	0.9	1.0	0.7	0.9
EBITDA to total sales (%)	12.9	12.1	14.1	76.1	7.5
Net cash to equity (%)	14	(11)	(23)	39	(8)

Others					
Number of Employees	17,658	18,900	19,400	9,069	10,980 ***
Gross Space (sqm)	835,452	910,227	964,926	396,658	456,063 ****
Number of Stores Location	92	98	101	79	86 ****

* Excluding treasury shares

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

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

*** Employees of PT Matahari Putra Prima Tbk.

**** Store Location Matahari Food Business



7.5%
CAGR growth rate of
middle class expanding to 40%
of population in 2011



9

Average number of new
Hypermart stores per year
since 2004



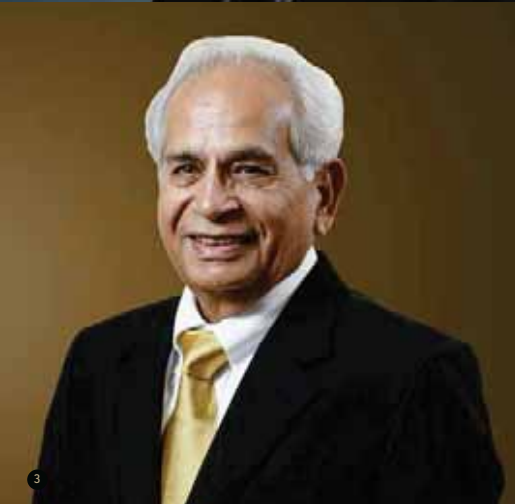
LETTER FROM BOARD OF COMMISSIONERS



1



2



3



4



5



6

1 DR. CHENG CHENG WEN
President Commissioner

2 JONATHAN L. PARAPAK
Independent Commissioner

3 GANESH C. GROVER
Independent Commissioner

4 JOHN BELLIS
Independent Commissioner

5 JEFFREY K. WONSONO
Commissioner

6 PROF. DR. ADRIANUS MOOY
Independent Commissioner

Dear Shareholders,

Indonesia economy did well in 2011. In spite of the uncertainties of US and Europe brought by the debt crisis, Indonesia economy moved forward in both public and private sectors. Foreign funds inflow increased and channeled into various promising sectors that made the performance index of Indonesia Stock Exchange recorded another record year. Following this trend, the modern retail industry posted a record breaking year. It also brought modern and global lifestyle to Indonesia consumers throughout the country. Matahari ("MPP") has been benefited by these opportunities. Accompanied with its aggressive expansion strategy, our market position has been further strengthened.

MPP continued its growing trend in 2011, Matahari MFB (Modern Food Business) Strategic Unit opened 12 new Hypermarkets, 1 Foodmart and 8 Boston HBC outlets, adding approximately 44,700 square meters of selling space to its store network. Through its subsidiaries, MPP also added 3 and 9 new outlets of Times Bookstores and restaurant chain services respectively, complementing its core retail business. An aggressive expansion plan has been set for 2012, the Company plans to open approximately 17 new Hypermarkets and several other outlets

of its smaller formats throughout the region with particular focus toward the eastern part of Indonesia. This will continue strengthen the Company's market position within the fast-growth FMCG industry making its Hypermart brand as the growth leader in the market.

MPP Gross Sales in 2011 reached Rp 9.3 trillion (including consignment sales of Rp 0.4 trillion), EBITDA improved to Rp 668.8 billion and Net Earning amounted to Rp 120.3 billion. Cash flow improved and achieved a strong cash position in excess of Rp 1.4 trillion at year end despite aggressive new store opening program and Rp 2.6 trillion cash dividend paid within the year. MPP successfully maintained its existing banking facilities while a leading Indonesian bank offered higher facilities. It enhances the Company's resources to strengthen its leadership position in Indonesia. MFB recorded a sales growth of 15% reaching Rp 8.8 trillion (including consignment sales of Rp 0.4 trillion). Comparable store sales growth continued to produce higher results compared from its competitors at 8% at 2011 end. EBITDA improved 29.5% from 2010. Format innovation and improvement continued to be the cornerstone of MFB's drive of the Hypermart.

In 2011, MPP received industry recognitions both domestically and internationally. After de-consolidation of its former core retail business, Matahari Department Store (MDS) Unit, it maintained its relatively sound financial ratings from various rating agencies, **A+ with Stable Outlook from PEFINDO, B+ with Stable Outlook from Standard & Poor's and B1 rating with Negative Outlook from Moody's**. MPP also received several industry awards, e.g., the 2010 Retail Asia Top 500 Awards for the 8th consecutive years from Retail Asia, Euromonitor International, KPMG; 1st Ranking of SWA 100: Indonesia Best Public Companies 2011 for Retailing category; and Hypermart and Foodmart as Environmental Ambassadors from EPI Environment Technology, Inc.

To assure Good Corporate Governance practices, our Board of Commissioners take their duties prudently in supervising and supporting Board of Directors and management team to perform their respective duties without any violation from the Company's direction and regulation. The Audit Committee reported that all business aspects had been performed prudently and correctly without any deviations to the prevailing Company's standards and procedures.

Looking forward, with great uncertainties in the global economy, we remain cautiously optimistic in entering the year 2012 thanks to the stable economic condition of Indonesia. The future outlook remains attractive and positive for our business to step solidly further through new aggressive expansions and maintaining the existing stores performance at optimum level, despite the global interests indicated by several worldwide retail players into our Hypermart as shown since early 2011. Our main priority for MPP 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.

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 2011. We treasure your continuing supports in 2012 and beyond.

On behalf of Board of Commissioners,



DR. CHENG CHENG WEN
President Commissioner



MPP received Hall of Fame from “Top 500 Asia Pacific Retail Award” in 2011 after received Best of Best for the last 3 consecutive years.





Left – Right (Stand)

CARMELITO J. REGALADO
Director
HENDRA SIDIN
Director

Left – Right (Seated)

R. SOEPARMADI
Director
BENJAMIN J. MAILLOO
President Director
LINA H. LATIF
Director



LETTER FROM BOARD OF DIRECTORS

WE HAVE SUCCESSFULLY EXPANDED ALL OF OUR BUSINESS LINES WITHIN THE YEAR THROUGH SERIES OF SUCCESSFUL AGGRESSIVE EXPANSIONS OF NEW STORES AS WELL AS MAINTAINING EXISTING STORES' UPWARD PERFORMANCE

Dear Shareholders,

We are pleased to see MPP grew well in 2011. Capitalizing the vast growing modern retail industry with changes of consumers' lifestyle within the market, we have ensured that our businesses moving into the right strategic long-term direction. We have successfully expanded all of our business lines within the year through series of successful aggressive expansions of new stores as well as maintaining existing stores' upward performance. Through our Matahari Food Business (MFB) strategic unit, we have successfully opened 12 new Hypermarts, 1 Foodmarts and 8 Boston HBC outlets, adding approximately 44,700 additional square meters of selling space into our store network. We have also added 3 and new outlets of Times Bookstores and restaurant services respectively to complement our core Hypermart business as well as strengthening our competitive position in the market as a leading modern retailer.

Completing its previous achievements, in 2011 MPP received industry recognitions both domestically and internationally with relatively sound financial ratings from rating agencies, **A+ with Stable Outlook from PEFINDO, B+ with Stable Outlook from Standard & Poor's and B1 rating with Negative Outlook from Moody's** despite de-consolidation of our former core retail business, Matahari Department Store (MDS). MPP also received several prestigious awards **the 2010**

Retail Asia Top 500 Awards for the 8th consecutive years from Retail Asia, Euromonitor International and KPMG, 1st Ranking of SWA 100: Indonesia Best Public Companies 2011 for Retailing category and Hypermart and Foodmart as Environmental Ambassadors from EPI Environment Technology, Inc. Various other CSR activities as seen in later sections of this report, also completed our overall objective to not only becoming a leading modern retailer but also being a responsible corporate citizen in supporting and building the nation.

MPP also successfully maintained its existing working facilities from existing creditors and received higher facilities from a leading Indonesian bank. It does not only demonstrate the continuing trusts toward MPP's strong credit history, but also represents a safety net providing the Company with invaluable resources to strengthen its leadership position in the Indonesia's retail sector going forward.

In 2011, the Company recorded another sales milestone with Total Gross Sales reaching Rp 9.3 trillion (including consignment sales of Rp 0.4 trillion), driven by Hypermart business. As core key growth contributor, MFB contributed Rp 8.8 trillion sales, a 15% solid growth from last year with its comparable store sales growth continued to play a pivotal role at 8%, higher results from industry averages.



Format innovation and improvement continued to be the cornerstone of MFB's drive of the Hypermart.

Consolidated Gross Profit increased to Rp 1.6 trillion or 17% of sales, in-line with our expectation as fast-growth FMCG player. At business unit level, MFB prudently produced its gross margin at 19.1% in 2011 compared to 18.5% in 2010 as a result of prudent planning of its merchandise strategy and marketing aggressiveness.

Strict cost control measures continued to lead the consolidated Operating Expenses amounting to 16% of Gross Sales in 2011 compared to 19% of Gross Sales last year. This allowed the Company to register another year of favorable Operating Income/EBIT results of Rp 75.0 billion in 2011 compared to Rp 54.0 billion in 2010. EBITDA remained strong at Rp 668.8 billion.

Despite modest interest charges and tax expenses-net of Rp 245.3 billion and Rp 44 billion, respectively, Net Earning After Tax reached Rp 120.3 billion, or Rp 20 per share, a more proper representation of a corporation's net result

operating within FMCG business and incomparable to last year's Rp 5.8 trillion net earnings due to a one-time extraordinary gain from MDS' spin-off at that time.

With those positive developments, the Company successfully increased its cashflows soundness and achieved a strong cash position in excess of Rp 1.4 trillion at yearend despite having to incur aggressive new store openings capex, interest payments and Rp 2.6 trillion cash dividends payment within the year.

Looking our prospect ahead, 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. With its accelerating real GDP growth of approximately 6.2% in 2011 with steady inflation rate at 5-6%, the country's attractiveness as an investment destination is supported by the fairly low penetration of modern retail concepts at 11% rate in relation to total retail market size of US\$53 million. The continuing trend for modern customer lifestyles with expanding middle-class at a rate of 7.5% CAGR from 10 years ago also accounts up

to 40% of total population nowadays becomes the key propellers for investment opportunities and favorable momentum for years ahead.

Moving into 2012, we aim to further maximize shareholders value by maintaining MPP's market leadership through a solid plan of new store expansions and existing store optimum performance. MPP 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 hard work and dedication of our staff and management teams, without them 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,

BENJAMIN J. MAILOOL
President Director



Left - Right (Stand)

TRAVIS SAUCER
CEO - Retail Group

JOHANNES JANY
Director -
Real Estate & Store Planning

STEVEN A. MARTIN
Director -
Head Of Retail Strategic Planning

Left - Right (Seated)

DANNY KOJONGIAN
Director -
Corporate Communication

ANDRE RUMANTIR
Director -
Corporate HRD



LETTER FROM CEO RETAIL GROUP

We are proud to report the Matahari Retail Group had another great year of achievement in 2011. It continues to add value for our shareholders with its successful retail operations and aggressive expansion. 2011 set new records of achievement for the Matahari Retail Group with revenue approaching 1 billion USD. We successfully added 12 new Hypermart stores gaining an additional 44,700 square meters of new selling space; thus making us the fastest growing hypermart chain in Indonesia. We also outperformed our peers with 7.9 % same store sales growth despite the shadow cast by the global economic crisis.

We successfully launched Hypermart's new loyalty card program called "hi-card" along with a new Hypermart website (www.hymart.co.id). These vehicles allow us to better communicate and interact with our valued customers. The new hi-card has already attracted over 800,000 loyalty members.

Matahari Food Business had record-breaking profit as well with EBITDA growth of over 33%. Driven by our superior growth strategies and talented management team; we now have the capability of opening in excess of 20 new stores per year to take advantage of Indonesia's expanding opportunities. We target to roll out approximately 17 stores in 2012 with a special focus on Eastern Indonesia.

We are also delighted to see equally good growth from our smaller supporting businesses. Time Zone had over an 11% same store sales growth while at the same time increasing its profit margin as a result of stringent cost control. Time Zone will open 12 new stores in 2012 maintaining its market competitiveness.

Our other supporting business; Times Bookstore has grown to over 22 stores with good same store sales growth and higher profitability. We are excited about bringing new concepts to this format with higher quality books and e-commerce. In addition, our restaurant service business will undergo a major system upgrade with the implementation of Epique integrated e-hospitality system.

In order to better communicate Company's information, activities and overall on-going promotional programs to our valued customers, investors and public at large, we have introduced our new corporate website (www.mataharigroup.co.id). The new website is also associated with its own account at Facebook and Twitter for a faster interaction with its connected readers.

The Matahari Retail Group continues to produce world-class growth with higher profitability and is pleased to report another banner year; thus accelerating our shareholder value.



* Left – Right

DEBORAH ROSANTI
Associate Director - Store Planning & Dev.

ISHAK KURNIAWAN
Director - HRD & GA

IWAN GOENADI
Director - MIS

CARMELITO J. REGALADO
President & COO

RICHARD H. SETIADI
CFO

ANG KASMIN RASILIM
Director - Risk Management

GILLES PIVON
Format Director - Hypermarket

MESHVARA KANJAYA
Director - Merchandising & Marketing

EMI NUEL
Format Director - Supermarket



MATAHARI FOOD BUSINESS

Matahari Food Business ("MFB") is a multi-channel modern food retailer operating the widest geographical coverage in Indonesia through its three channels: the hypermarket channel with "Hypermart" brand, the supermarket channel with "Foodmart" brand and the health and beauty store with "Boston Health & Beauty ("BHC")" brand. Our goal is to become the number one multi-channel food retailer in Indonesia and we believe that the achievement of our goal is fast approaching.

Our multi-channel operations began in early 2004 when we launched the compact Hypermart and since then it represents the fastest growing hypermarket group in the rapidly developing Indonesian modern retail market. Our focus on high quality fresh products has allowed us to build strong customer loyalty and effectively differentiate our positioning. Hypermart is widely known for its affordable prices and comprehensive product offerings while Foodmart is recognized for offering convenient and modern grocery shopping experience. BHC provides the customer with extensive variety of health and beauty products.

MFB multi-channel strategy consisting of innovative compact Hypermart complemented by the selective positioning of Foodmart and BHC, provides optimal format channel flexibility and will continue to enable rapid expansion. This strategy allows MFB to penetrate and capture growth opportunities in untapped or underserved cities

throughout Indonesia. MFB's extensive store network is supported by its industry-leading distribution centers and logistics network. Currently, MFB has three strategically located distribution centers which allow for efficient and timely distribution of merchandise across its nationwide store network. These give us greater flexibility to expand into new and high growth areas outside of Java island. With its 59 % of sales through-put in 2011, the distribution centers allow all stores to maintain high in-stock level. Within 2004 to 2011, the distribution centers have grown its throughput performance at CAGR of 44%.

Part of our growth strategy is to gain competitive advantage through lower cost. In order to achieve this cost advantage requires success at two levels, superior productivity at store level to generate lower cost relative to sales in each store and greater overall sales to leverage central expenses including distribution cost.

WE CLOSED 2011 ON A HIGH NOTE WITH STRONG SALES, HIGHER MARGIN, LOWER EXPENSES, STRONG EBITDA AND POSITIVE TRENDS THROUGHOUT THE CHAIN.

In 2011, MFB successfully opened 12 new stores representing 23% increase in number of stores reaching 63 stores in 37 cities in Indonesia. While the overall FMCG industry grew by 8.5 % in 2011, MFB outperformed the industry with its 15% sales growth reaching Rp 8.8 trillion for the period with its 2004-2011 CAGR of 28.6%. This eventually drove our market share in food retail sector from 15.5% in 2010 to 16.1% in 2011.

MFB EBITDA was Rp 513 billion, a growth of Rp 117 billion or 29.5 % from 2010. From its EBITDA breakeven in 2005, our profitability now stands at 5.8% of sales or 60 basis points improvement from 2010.

The key success to our profitability achievement was due to tight expenses control and continuous employees' productivity improvement. 2011 total shrinkage was 1.42 % of sales which was the lowest ratio since 2004. Our expense ratio to sales dropped by 30 basis points from 15% in 2010 to 14.7%, which allowed us to invest part of its benefits into aggressive promotion and pricing strategies, thus increasing our market share within the market.

Our experience in driving aggressive promotion has enabled us to drive sales and improve gross profit performance. We concentrated our efforts on promotions being highly valued by our customers

and supported by our suppliers, who appreciate our abilities to support their business growth faster than our competitor. This benefits was clearly shown by the 60 basis points improvement of our gross profit over last year reaching 19.1% of sales, whilst comparable store sales growth stood firmly at 8 % for the period.

We closed 2011 on a high note with strong sales, higher margin, lower expenses, strong EBITDA and positive trends throughout the chain.

At the business level, Hypermart now accounts for over 90% of MFB overall sales and is clearly our primary engine of growth. 2011 is a good year for Hypermart whose total sales reaching Rp 7.9 trillion, a 15% growth over last year. Hypermart margin also increased to 18.9% or 60 basis points over last year. All Hypermart stores are solidly profitable and exhibiting positive trends. Outside Java stores are performing equally well compared to stores in Java, while their operating margins are generally higher than their Java stores counterparts. This trend supports our future expansion strategy with primary focus toward new stores development outside Java island. Supported by its astounding sales growth, healthy gross margin and continuous tight expenses control, Hypermart has been able to produce a healthy 19.2% growth of its store-level EBITDA reaching Rp 753.5 billion.



2011 Foodmart sales reached Rp 806.8 billion or 14.8% improvement over last year with its comparable store sales grew at 12.9 %. The continuous tight expenses control led Foodmart to achieve store-level operating expenses ratio of 12.1% of sales, or 150 basis points lower from previous year. Store EBITDA of Rp 73.8 billion was 31 % over last year. We foresee a growth in the number of Foodmart store on a market niche basis.

Boston Health and Beauty sales reached Rp 71.1 billion in 2011 which was 13% higher than 2010. With tight expenses control, its store-level EBITDA stood at 22.4% of sales or 110 basis points improvement over last year.

At 2011 yearend, MFB operated 63 Hypermarts in 37 cities, 24 Foodmarts in 15 cities and 63 Boston health and beauty in 34 cities. This clearly confirms MFB as the FMCG modern retailer with widest geographical footprint in Indonesia. While we successfully added 12 new stores in 2011,

we continue our aggressive expansion strategy by targeting between 23 to 31 new Hypermarts, most of which will include Boston Health and Beauty, as well as 2 Foodmarts to open. With this new store growth, along with our accelerated pace of comparable store sales growth, we remain prudently optimistic to achieve MFB targetted growth of 40%.

Since 2004, MFB has shown rapid growth and exciting profitability increase. We have built our business based upon proven successful strategies and have grown to the point we enjoy increasing competitive advantages. We are committed and positioned to deliver superior value to our shareholders and provide an enjoyable and rewarding shopping experience to all our customers.



THROUGH ITS CORPORATE SOCIAL RESPONSIBILITY (CSR),
THE COMPANY IS DIRECTLY INVOLVED IN
VARIOUS SOCIAL ACTIVITIES FOCUSED ON COMMUNITY
DEVELOPMENT AND EDUCATION.



GOOD CORPORATE GOVERNANCE

The growing business industry nowadays leads the Company to heighten its focus toward the proper implementation of Good Corporate Governance ("GCG") as an integrated chain and shall be conducted consistently and consequently in every aspect of organization and its operational activities.

Understanding this importance within the Company governance, PT Matahari Putra Prima Tbk as a listed company whose main business in consumer goods modern retail through its format "Hypermart" and "Foodmart", further strengthens its confidence in implementing the principles of GCG in every corporate action as part of its efforts to achieve accelerated growth and effective protection to shareholders.

The implementation of GCG in Company's activities is conducted based upon the General Guidance of GCG Indonesia issued by National Committee on Governance Policy, which is based on the following main principles:

1. Transparency
2. Accountability
3. Independence
4. Fairness and Equality
5. Responsibility

IMPLEMENTATION OF GCG PRINCIPLES IN THE COMPANY

TRANSPARENCY

Company always attempts to maintain its objectivity in its decision making of business operation including dispersing relevant and material information in an easily accessible and understandable fashion. Company provides information transparently to the public and shareholders in compliance to existing Bapepam-LK regulations. All reports and announcements are released on regular basis in a timely manner, including Quarterly Financial Reports, Half Year Financial Reports, Audited Annual Financial Reports, Annual Reports and press releases. Those informations are also dispersed through public exposes, print and electronics media and investor forums.

ACCOUNTABILITY

Company has management system supporting the clarity of function, authority and responsibility of Company's organ so that the corporate governance can be conducted effectively. Various steps taken to uphold the accountability principle include Directors' Report to Board of Commissioners for annual budget plan and evaluation of Company's performance, reporting of financial results within Annual Shareholders Meeting, formation of Internal Audit and appointment of external auditor as well as enforcement of Company's Business Ethics and Code of Conduct.

INDEPENDENCY

Company ensures that the corporate governance is conducted professionally and independently, where each aspect of the Company will not dominate each other and can not be intervened by conflicting parties. Board of Commissioners and Directors give their professional and independent views for any decision makings, with possibility to consider inputs from independent consultants relating to financials, laws and regulations and human resources.

FAIRNESS AND EQUALITY

Company applies fair and equal treatment proportionally in order to meet the public rights, capital market authority requirements, capital market community and other related parties with compliance to the prevailing laws and regulations, as well as its relationship with staffs to be continuously maintained with upholding the right and responsibility fairly and equally.

RESPONSIBILITY

Company always gives meaning to every business step taken with priority to comply toward prevailing regulation and conducts its responsibility to the society and environment with proper values away from conflicting interests so that long-term efforts can be maintained continuously and receives recognition as good corporate citizen.

STRUCTURE OF GOOD CORPORATE GOVERNANCE

The structure of Company's GCG consists of main organ: Annual Shareholders Meeting, Board of Commissioners, Directors and supporting organ: Internal Audit, Audit Committee, Corporate Secretary and Corporate Communication.

A. Main Organ

ANNUAL SHAREHOLDERS MEETING (AGM)

AGM holds the highest authority within GCG structure which includes appointment and dismissal members of Board of Commissioners and Directors, evaluation of Board of Commissioners and Directors' performance, approval for changes of Article of Association, approval for Annual Report and determine form and amount of Board of Commissioners and Directors' remuneration.

In 2011, Company hold its AGM on February 14, 2011 at Monas 2 Room, Mezzanine Floor, Aryaduta Hotel Jakarta, JL. Prapatan No 44-48, Jakarta 10110, and released the following resolutions:

- Accept and approve the Board of Commissioners and Directors' Report for the Company's Operational and Financial Results for the fiscal year 2010, including:
 - Report of divestment PT Matahari Department Store (MDS) Tbk previously owned by the Company;
 - Report of Company's use of proceeds from the divestment of PT MDS Tbk;
 - Cooperation with several supporting professional institutions and programs of procurement, purchasing, rental, adjustment, cancellation of new stores contract;
 - Implementation of IT Outsourcing
 - Implementation of Internal Restructuring toward subsidiaries;
 - Company's future plan.
- Endorsement of 2010 Financial Results and acquit et de charge to Board of Commissioners and Directors from their responsibilities and duties for the year.
- Approve Company's plan of usage for 2010 profitability in the amount of Rp 5.8 trillion:
 - Rp 2 billion to be allocated as reserve in accordance to Article 70 UU No 40 year 2007 regarding Limited Company;
 - Rp 4.5 trillion to be paid as final cash dividend;
 - Rp 1.3 trillion to be booked as Retained Earnings.
- Authorize Board of Commissioners and/or Directors to appoint External Auditor to perform audit process for Company's 2011 financials and grant Directors to decide the honorarium and other related requirements.
- Appoint the structure of Board of Commissioners, including Independent Commissioners, and Directors for the period 2011-2012

Board of Commissioners :

Chairman	: Dr. Cheng Cheng Wen
Independent Commissioner	: Jonathan Limbong Parapak
Independent Commissioner	: John Bellis
Independent Commissioner	: Prof. Dr. Adrianus Mooy
Independent Commissioner	: Ganesh Chander Grover
Commissioner	: Jeffrey Koes Wonsono

Directors :

President Director	: Benjamin Jonatan Mailool
Director	: Lina Haryanti Latif
Director	: Hendra Sidin
Director	: Carmelito Jimenez Regalado
Director	: Raden Soeparmadi

BOARD OF COMMISSIONERS

The Company's Board of Commissioners is collectively responsible and has important role in supervision, strategic direction and optimization on Directors' effectiveness and efficiencies to reach the Company's objectives. Board of Commissioners' main duty is to supervise Directors performing their duties and responsibilities as well as to ensure the Company performing within the GCG principles. Each member of the Board has equal standing.

Eligibility, Membership and Tenure

All Board of Commissioners' members have fulfilled all requirements in accordance to prevailing regulation and have been adjusted to the Company's needs and business nature.

Structure of Board of Commissioners as of December 31, 2011:

- Cheng Cheng Wen (Chairman)
- Jeffrey Koes Wonsono (Commissioner)
- Jonathan Limbong Parapak (Independent Commissioner)
- John Bellis (Independent Commissioner)
- Adrianus Mooy (Independent Commissioner)
- Ganesh Chander Grover (Independent Commissioner)

The Independency of Board of Commissioners

Board of Commissioners consists of Chairman and 5 (five) members, in which 4 (four) representing more than 30% from the Board are Independent Commissioners in accordance to Bapepam Chairman's Circular Letter No. SE-03/PM/2000 dated May 5, 2000 and IDX Regulation No. 1-A dated July 19, 2004. The Independent Commissioners are to encourage an objective working environment and climate as well as to emphasize fairness and equality within all interests including minority shareholders and other stakeholders.

Duty, Responsibility and Obligation of Board of Commissioners

Board of Commissioners is responsible to supervise Directors' operation and give advice to Directors when needed according to Article of Association, AGM Resolution, Company policy and other prevailing regulations.

Board of Commissioners takes important role in the implementation of GCG principles according to its supervising function. Through Directors and Committee's reports, Board of Commissioners monitors and evaluates the execution of Company's strategic direction, including the effectiveness of risk management and internal audit. Each member is responsible to perform its supervising duty and gives advice to Directors with good faith, prudence and responsible to AGM.

Relating to AGM, Board of Commissioners has responsibility to give advise toward Company's annual business plan and budget, to report if it detects any downgraded performance, to review annual report as well as be responsible all duties to AGM.



Evidence of the Company's commitment to continue its social responsibility has gained public acknowledgement with the receipt of CSR Award 2011 from Harian Seputar Indonesia (SINDO) to Hypermart for its consistency in implementing CSR programs that focus on involving children, communities and suppliers with a program called CCS (Community Children Supplier).

Board of Commissioners' Meeting

Board of Commissioners' Meeting is held at least 4 (four) times in a year without limiting at any time to call a meeting if it is deemed necessary by Chairman or 2 (two) other members. Meeting resolution is considered valid and binding if it is attended more than ½ from total members. In each meeting, each member is eligible for one vote and can grant its voting right to other members. During 2011, the average quorum and number of votes in favor exceeded 80%.

DIRECTORS

Eligibility, Membership and Tenure

Members of Directors have been qualified for formal and other prevailing material requirements. The formal requirements are in general to comply with prevailing regulations, while material requirements are especially to comply with Company's needs and business nature.

Directors consists of 5 (five) people including 1 (one) President Director and 4 (four) Directors. Members of Directors are selected and elected legally by shareholders in the AGM with tenure effective from the AGM closing until the next AGM. Directors' tenure can be ceased for the following reasons: resignation, disqualification, event of death and dismissal by Board of Commissioners or based on AGM Resolution. The Directors is also supported by other competent executives in respective fields who have accountables authorities equal to Directors.

Structure of Directors as of December 31, 2011:

- | | |
|----|---|
| 1. | Bunjamin Jonatan Mailool (President Director) |
| 2. | Hendra Sidin (Director) |
| 3. | Lina Haryanti Latif (Director) |
| 4. | Carmelito Jimenez Regalado (Director) |
| 5. | Raden Soeparmadi (Director) |

Responsibility of Directors

Directors are accountable for supervising the Company with good faith and responsibly, where each member is responsible personally and mutually for any Company's losses caused if proven guilty.

Directors are also responsible for managing the Company with proper risk management and good corporate governance to all levels within the organization. The Directors' responsibility includes implementation of controlling structure, internal audit function with related steps to be taken based upon audit findings with direction from Board of Commissioners. Directors is also responsible to formulate business strategy including work plan and budget as well

as implementation of accounting practice and book-keeping records pursuant to public company requirements. Moreover, Directors is also held accountable for their performing duties to shareholders in the AGM.

Directors' Meeting

Implementation of the function and role of Directors are carried out by always creating a continuous coordination between Directors through the Directors's Meeting led by President Director to discuss Company's performance and other matters pertaining to strategic steps. Directors' Meeting is held at any time if deemed necessary and legitimate and entitled to issue binding decisions if more than ½ (one half) of the total members of Directors present or represented at the meeting. Similar to Board of Commissioners' Meeting, the average number of quorum and affirmative vote at Directors' meetings held during 2011 is more than 80%.

B. Supporting Organ

AUDIT COMMITTEE

Board of Commissioners has established an Audit Committee as a supporter in carrying out their duties and obligations, and to formulate appropriate BOC policies to the job scope of the committee concerned. The committee formation is conducted through the BOC Decree and is chaired by a member of the Board of Commissioners appointed by the Board of Commissioners.

In performing their duties, the Audit Committee is guided to prevailing legislations which include BAPEPAM & LK. Appendix IX.1.5 Chairman Decree No. BAPEPAM & LK. 29/PM/2004 dated September 24, 2004 on the Establishment and Implementation Guidelines for the Audit Committee, the Indonesia Stock Exchange Regulation No. I-A Annex of IDX Directors Decree No 305/BEJ/07-2001 dated July 19, 2004 and Article 121 of Law No. 40 Year 2007 regarding Limited Liability Company. In addition, the implementation of the tasks are stipulated in the Audit Committee Charter which has been determined by the Board of Commissioners and Directors on January 30, 2008, as amended on November 23, 2009.

Structure and membership of the Audit Committee was established by decision of the Board of Commissioners meeting set out in the Assessment Letter of Board of Commissioners of PT Matahari Putra Prima Tbk No. 022/Dkom-MPPA/III/2011 dated March 1, 2011. Company has also reported the composition of the Audit Committee to Indonesia Stock Exchange along with a copy to the BAPEPAM & LK, and Mega Bank as the Company's Trustee by letter No. 028/III/2011-CSExt dated March 3, 2011.

The Audit Committee consists of 3 (three) members, out of which 1 (one) member as Chairman concurrently as independent commissioner and 2 (two) independent members. All members of the Audit Committee have met the criteria of independence, expertise, experience and integrity required under prevailing legislation.

Structure of Audit Committee as of December 31, 2011 :

- | | |
|----|---|
| 1. | Prof. DR. Adrianus Mooy (Chairman/Independent Commissioner) |
| 2. | Ridwan Masui (Member/Independent) |
| 3. | Jeffrey Turangan (Member/Independent) |

The independence of Audit Committee

The Company realizes that independence is very important to the Audit Committee in performing its duties and responsibilities, and is influenced the work of the Audit Committee itself. Therefore, to guarantee its independence, the Company's Audit Committee is chaired by an Independent Commissioner.

Duty and Responsibility of Audit Committee

The Audit Committee has a very important and strategic role in assisting the Board of Commissioners with its main task to promote the implementation of Good Corporate Governance, the establishment of adequate internal control structure, improve the quality of disclosure and financial reporting, and review the scope, accuracy, independence and objectivity of the public accountant.

The Audit Committee is responsible to the Board of Commissioners and assist the Board to perform the following tasks:

- Conduct a review of financial information that will be incurred by the Company such as financial statements and other financial information
- Conducted a review of Company's compliance to prevailing legislation and capital market laws and regulations related to the activities of the Company
- Conduct a review of the implementation of the examination by the External Auditor
- Report to the Board of Commissioners for various risks facing the Company and implementation of risk management by the Directors
- Carry out other tasks given by the Board of Commissioners within the scope of duties and obligations of the Board of Commissioners under the provisions of applicable legislation
- Implementing other provisions as contained in the the Audit Committee Charter.

The Audit Committee is authorized to access the records or information about employees, funds, assets and other resources of the Company relating to the execution of their duties. In exercising its authority, Audit Committee shall cooperate with the party that performs the function of Internal Audit.

Implementation of Duty and Responsibility of Audit Committee

In 2011, the Audit Committee has performed the following tasks:

- Discuss the Financial Statements and Quarterly Management Report
- Take an active role in determining the work program / scope of audit by the Internal Auditor
- Review of internal auditor's audit findings and application/ implementation of audit recommendations
- Conduct regular meetings and communication with the public accountant to discuss the key findings and results of financial audits conducted by public accounting firm RSM Aryanto, Amir Jusuf, Rose & Saptoto
- Conduct an assessment to the public accountant nomination recommended by the Directors
- Review the Company's compliance toward capital market's laws and regulations
- Review the application of Good Corporate Governance principles in the Company's operations.

INTERNAL AUDIT

Internal Audit Work Unit has main task to ensure internal control activities performing well. As a working guide of Internal Audit, the Company has renewed the Internal Audit Charter ("Company Audit Charter") as determined by the Company's Directors and approved by the Board of Commissioners on December 21, 2009.

CORPORATE SECRETARY

With reference to BAPEPAM and LK Regulation No. IX.1.4 and Regulation of the Indonesia Stock Exchange (BEI) No. IA, the Company has appointed a Company Secretary who acts as a liaison officer in carrying out the Company's intermediary functions with the Capital Market Authority, investors and public. Corporate Secretary is responsible to the Directors and also reports the performance of its duties to the Board of Commissioners.



The existence of Corporate Secretary is a “conditio sine quanon” for the Company to implement the functions of transparency and is responsible for the main tasks as follows:

1. Follow the Capital Market development specifically the prevailing regulations
2. Provide the public with all information needed by investors relating to the Company's condition
3. Advise the Directors regarding compliance with the provisions of Law No. 8 Year 2005 concerning Capital Market and its implementing regulations
4. Act as a liaison between the Company and the Bapepam and the public.

CORPORATE COMMUNICATION

Investor Relation and Corporate Communication also have very important roles as part of the GCG implementation. Investor Relation has strategic management responsibility that integrates aspects of finance, communication, marketing and compliance with securities regulation that allow the creation of most effective two-way communication between the Company, the financial community and other parties that ultimately affect the formation of a reasonable valuation of the Company's shares. The Company has always sought to establish a good image through the development of relations with investors, especially relating to the Company's performance and prospects.

Main duty of Investor Relation includes the following:

1. Build a good relationship with the financial community (investors, analysts, and media)
2. Follow the development of stock markets and provide advice to management relating to the Company's shares
3. Provide information about the Company's condition to the financial community
4. Provide answers to many questions in financial aspects

As a public company who has always upheld aspects of openness (transparency), the Company constantly works on improving quality and access of information to investors, shareholders and public. For this, the Corporate Communication perform its role in the implementation of GCG using various media as a means to convey information as possible about the the Company's business activities.

In 2011, the Investor Relation function is focused intensively toward meetings held with investors and analysts in both domestic and regional level in the format of one-on-one meeting or conference. In addition, the Corporate Communication also regularly represents the Company in meetings with public and fosters positive and professional relationships with the press media both at domestic, regional and international level in order to spread information related to the Company.

Submission of information is done through press releases, correspondences to Bapepam-LK and the Indonesia Stock Exchange, Quarterly and Annual Financial Reports, press conferences, road shows, analyst meetings, investor conferences, website and other communication media. Recognizing the growing importance of corporate website as an effective medium of information dissemination, the Company has launched its new official website www.mataharigroup.co.id in order to improve the communication of information disbursement, overall business activities, promotional programs to our customers, investors and public as a whole. The site is also connected with Facebook and Twitter accounts to facilitate interactions more quickly to the readers connected on the internet.

IMPLEMENTATION OF SOCIAL RESPONSIBILITY AND AWARDS OBTAINED BY THE COMPANY

Through its Corporate Social Responsibility (CSR), the Company is directly involved in various social activities focused on community development and education.

Company's commitment to bring awareness and social responsibility is manifested in a variety of programs and social action through Hypermart business unit, including:

- Hypermart in cooperation with suppliers in the program “Sharing To Forward” educational assistance funds to help 12,000 elementary school (SD) and High School (SMP) students scattered in several major cities in the province of North Sumatra, West Java, Central Java, East Java, Banten and Jakarta. This activity is expected to help the government through direct participation in improving the quality of human resources in Indonesia with the distribution of basic education. Total funds raise amounted to Rp 2,600,196,000.-
- Participated in the Thrift Shop at Jayanti Subdistrict, Tangerang, initiated by the Ministry of Commerce and the Indonesia Retail Company Association (APRINDO)
- Through the program “Caring for Each Other”, Hypermart gave donations obtained from its customers' money change in the period October 2010 to June 2011 to the Red Cross Indonesia (PMI). Total funds transferred amounted to Rp 2,326,301,661.-
- Hypermart in cooperation with PT Kalbe Farma as a supplier providing books to 50 elementary and 50 kindergarten schools with the theme “10,000 book offerings for Generation Platinum Indonesia”. Total books collected were as many as 15,000 books.
- Through the program “A Heart for Children Education in Indonesia”, Hypermart donated laboratory devices for students at SMK Diponegoro Rawamangun, SMK Khazanah Kebajikan and SMA Yapia Parung. This activity was a result of cooperation between Hypermart with PT Coca Cola Amatil Indonesia and UNESCO.
- Providing scholarships to 20 talented children for soccer academy through the program “Milo Youth Soccer Academy” as a result of cooperation between Hypermart and PT Nestle Indonesia and the Asian Soccer Academy (ASA).
- Through the PAUD program (Early Childhood Program), Hypermart handed over the facility of earthquake-proof school building to the citizen of Sukabumi, West Java. This activity was a result of cooperation between Hypermart and PT. P&G as the supplier and the Zakat House.
- Supported the environment preservation with the theme “One Seed for the Earth” by planting trees within the green area of BSD town ship. This activity was carried out to support local government program and in collaboration with PT APP Hypermart (Paseo) and the Association of Climate Change.
- Through the program “Practical Infaq at Hypermart cashier”, Hypermart submitted infaq obtained from customers in the period from July to August 2011 to Dhuafa Wallet. Total infaq handed over was Rp 884,193,281.-
- Simultaneous blood donor at Hypermart outlets through the program “A drop of blood for helping each other” was conducted on the National Memorial Day.



Evidence of the Company's commitment to continue its social responsibility has gained public acknowledgement with the receipt of CSR Award 2011 from Harian Seputar Indonesia (SINDO) to Hypermart for its consistency in implementing CSR programs that focus on involving children, communities and suppliers with a program called CCS (Community Children Supplier).

In 2011, the Company received the international retail world prestigious awards such as 2010 Retail Asia Top 500 Award from Retail Asia, Euromonitor International, KPMG and the 1st rank of SWA 100: Indonesia 2011 Best Public Companies for Retail category.

In addition the Company's business units, namely Hypermart and Foodmart were honored as Environment Ambassador by EPI Environmental Technology, Inc.

Despite less favorable global economic condition, the Company still managed to maintain a relatively positive rating as a retail company with positive financial liquidity and promising business prospect. Those rating results issued by domestic and international rating agencies in 2011 are as follows:

- A+ with Stable Outlook from PEFINDO.
- B+ with Stable Outlook from Standard & Poor's.
- B1 rating with Negative Outlook from Moody's.

COMPANY HAS MANAGEMENT SYSTEM SUPPORTING THE CLARITY OF FUNCTION, AUTHORITY AND RESPONSIBILITY OF COMPANY'S ORGAN SO THAT THE CORPORATE GOVERNANCE CAN BE CONDUCTED EFFECTIVELY



Company always gives meaning to every business step taken with priority to comply toward prevailing regulation and conducts its responsibility to the society and environment



AUDIT COMMITTEE REPORT

In compliance with the regulation as stipulated in the Chairman of BAPEPAM-LK regulation No.IX.I.5 Attachment of BAPEPAM-LK Chairman No.Kep-29/PM/2004 regarding Audit Committee dated 24 September 2004 and The Jakarta Stock Exchange Regulation No. I-A Attachment of IDX Chairman No.Kep-305/BEJ/07-2004 regarding the General Rules on the Registration of the Equity like Securities on the Stock Exchange dated 19 July 2004, 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, 2011.
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 February 14, 2011.
- 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, 2011
Audit Committee of PT Matahari Putra Prima Tbk,



PROF. DR. ADRIANUS MOOY
Chairman



RIDWAN MASUI
Member



JEFFREY TURANGAN
Member



The structure of Company's GCG consists of main organ: Annual Shareholders Meeting, Board of Commissioners, Directors and supporting organ: Internal Audit, Audit Committee, Corporate Secretary and Corporate Communication.

HUMAN RESOURCES

As per December 31, 2011

Job Profile	Total	%
Advisor	1	0.01
Director	17	0.15
General Manager	76	0.69
Manager	1,815	16.53
Supervisor	2,044	18.62
Staff	7,027	64.00
TOTAL	10,980	100.00

Education	Total	%
Post Graduate	26	0.24
Bachelor	1,886	17.18
Diploma	2,024	18.43
Senior High School	6,682	60.86
Junior High School	98	0.89
Others	264	2.40
TOTAL	10,980	100.00

Note :

Employees of PT Matahari Putra Prima Tbk

In-line with its fast growing business development as the leading modern retailer, the Company has long-term strategic vision with the recognition of Human Resources ("HR") being an important aspect as its invaluable asset. This can be seen through various steps adopted continuously by the Company in developing and enactment of HR, transforming from being supporting function into Company's strategic function in order to create more added values strengthening its business strategy. Alignment between HR and Company's needs with existing business development is continuously conducted to support the Company's performance.

In order to support its growth and optimize existing HR, the Company continues to re-organize its HR more efficiently and effectively in order to allow a proper translation process of its vision, mission and business objectives to all internal parties. Moreover, the Company has also mapped out the HR potentials and allocated into proper organization (business units or Company's group) as well as continued career development as efforts to strengthening the overall organization.

Age	Total	%
≤ 25	6,202	56.48
26 - 30	2,207	20.10
31 - 35	1,011	9.21
36 - 40	814	7.41
41 - 45	518	4.72
⇒ 46	228	2.08
TOTAL	10,980	100.00

To support the overall business strategy, the Company also continues to develop and implement the competence-based human resources management for supervising HR procedures, organization, recruitment and selection, performance appraisal, career development and compensation in order to produce effective, innovative HR with high integrity to meet Company's business achievements.

Various training programs as well as advanced training and development are also conducted with the objective to prepare Company's future leaders on continual basis. The management development program is not only designed to enhance skills and required competences, but also to engraft the Company's culture. Main priority from this human capital development is to ensure all staffs actively being involved in every career steps toward the Company's efforts, objectives and core values. Several training and development programs have been already conducted including Basic Supervisory Refreshment Training & Development Program, Career Development Program & Management Training, Certified Professional Program, General Management Training, dan Training for Trainers.



The management development program is not only designed to enhance skills and required competences, but also to engraft the Company's culture

To effectively map out staffs' potentials and increase the efficiency of HR development, the Company has also implemented Human Resources Information System ("HRIS"), in which management team can retrieve real-time information transparently for any related HR information. Moreover, HRIS would allow time and cost efficiencies for the Company as compared to its manual implementation since it allows accurate recording of staffs information, performance appraisal and recruitments. HRIS development will be continued with additional related HR modules such as attendance records, health, business trips, leave allowances and budget control integrated into all HR activities.

Other important aspects relating to human capital development is the Rewards as the appreciation given by the Company to performing staffs in order to stimulate challenging working environment where staffs are expected to be motivated higher to perform their best. Thus, Rewards strategy has become an integral part of human capital strategy in order to support the Company's business.

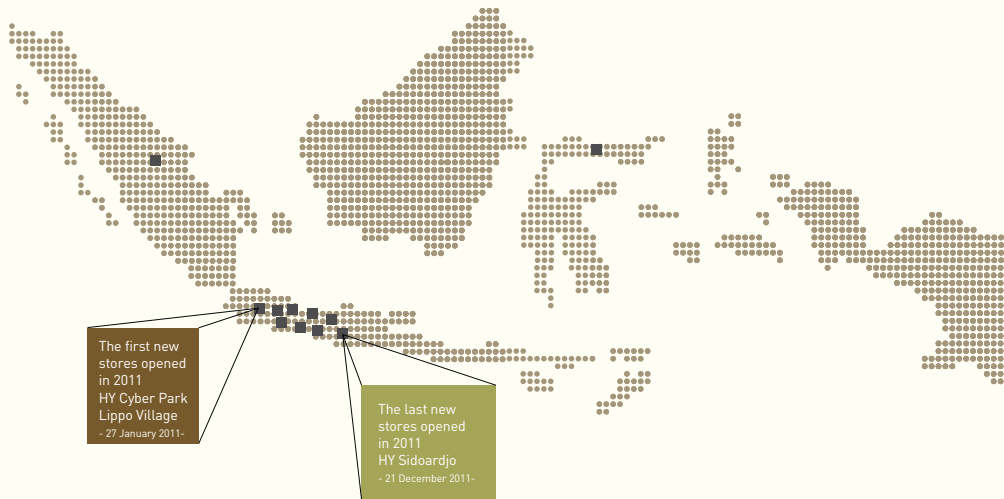
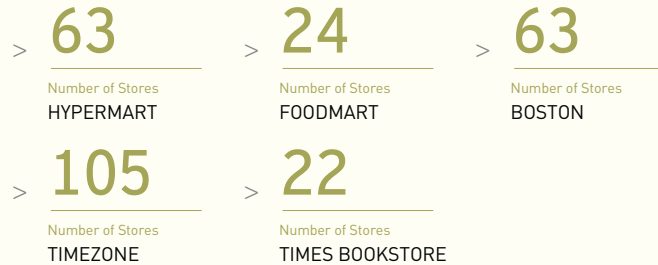
The Company also continues to maintain positive relationships among staffs as well as with management through IKM - Management Communication Forum ("IKM"). Since its inception in 2003, IKM now has representatives in headquarter, stores and distribution center.

IKM Chairman is elected periodically by the staffs' working units where IKM operates. Its activities are focused in 4 (four) main areas: Social, Religion, Sports and Communication, and is expected to strengthen relationships, increase work productivity, uphold order and job disciplines. IKM is also driven to be able to manage its activities for the staffs' welfare. Through Bipartit Cooperation Agency (Lembaga Kerjasama (LKS) Bipartit), IKM actively participates in assisting problem solving for matters related to industrial relations, and/or follow up and coordinate as well as consult those various aspects to Company's management. In return, Company also fully supports those IKM activities by providing various facilities and funding budget.

In building and developing the positive working relationship, the Company management periodically perform store visits to directly meet and discuss with staffs' representatives (IKM, LKS Bipartit and Cooperative). This activity represents one of management's concern, especially in developing and prospering quality industrial relations.

MATAHARI'S PRESENCE IN INDONESIA

Data as per December 31, 2011



> **44.700 m²**

Additional new selling space

HYPERMART

- HY Ciputra World Surabaya 22 July 2011
- HY Serang 4 August 2011
- HY Kediri Town Square 10 August 2011
- HY Gresik Plaza 22 September 2011
- HY Kudus 10 November 2011

- HY Batu Malang 17 November 2011
- HY Cirebon 24 November 2011
- HY Gorontalo 8 December 2011
- HY Pekanbaru 12 December 2011
- HY Kemang Village 15 December 2011

JABODETABEK

HYPERMART

HY MALL WTC SERPONG
HY SUPERMALL KARAWACI
HY METROPOLIS TOWN SQUARE
HY GAJAH MADA
HY JACC PLAZA
HY DAAN MOGOT
HY CIBUBUR JUNCTION
HY DEPOK TOWN 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
HY CYBER PARK LIPPO VILLAGE
HY KEMANG VILLAGE

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 MRCCC
FM KEMANG VILLAGE

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 METROPOLIS TOWN SQUARE
BHB GAJAH MADA PLAZA
BHB JACC
BHB CYBER PARK LIPPO VILLAGE

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 SEMANGI
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 SILOAM HOSPITAL
TB KEMANG VILLAGE
TB UI - NEW LIBRARY BUILDING

JAWA BARAT

HYPERMART

HY SENTUL
HY METRO TRADE CENTRE
HY HPM MAYOFIELD CIANJUR
HY BIP PLAZA
HY MAYOFIELD CILEGON
HY MIKO MALL BANDUNG
HY SERANG
HY CIREBON SUPER BLOK

FOODMART

FM KARAWANG
FM GRAGE MALL

BOSTON

BHB MTC BANDUNG
BHB BELLANOVA BUKIT SENTUL
BHB KARAWANG
BHB CIANJUR
BHB GRAGE CIREBON
BHB MIKO BANDUNG
BHB CILEGON
BHB SERANG

TIMES BOOKSTORES

TB BANDUNG INDAH PLAZA
TB ISTANA PLAZA - BANDUNG

JAWA TENGAH

HYPERMART

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

FOODMART

FM KLATEN
FM PURWOKERTO
FM CONVENIENCE GALL
JOGJAKARTA

BOSTON

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

JAWA TIMUR

HYPERMART

HY MALANG TOWN SQUARE
HY SUPERMALL PAKUWON
HY ROYAL SURABAYA
HY CITY OF TOMORROW
HY MADIUN
EAST COAST (Patos)
HY BATU MALANG
HY CIPUTRA WORLD MALL
HY KEDIRI TOWN SQUARE
HY GRESIK PLAZA
HY SIDOARJO

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)
BHB GRESIK
BHB KEDIRI
BHB SIDOARJO

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 BASKO PADANG

BOSTON

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

TIMES BOOKSTORES

TB PLAZA MEDAN FAIR

KALIMANTAN

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

TIMES BOOKSTORES

TB SILOAM HOSPITALS BALIKPAPAN

SULAWESI

HYPERMART

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

BOSTON

BHB MANADO TOWN SQUARE
BHB TJ BUNGA MAKASAR
BHB HYPER PANAKULANG

BALI

HYPERMART

HY MAL BALI GALLERIA

FOODMART

FM CONVENIENCE KUTA SQUARE

BOSTON

BHB GALERIA BALI
BHB KUTA SQUARE BALI

TIMES BOOKSTORES

TB KUTA SQUARE
TB BEBEK BENGIL UBUD

INDONESIA TIMUR

FOODMART

FM AMBON

MOMENTS 2011



Hypermart in-cooperation with P & G build PAUD in Sukabumi

Through the PAUD program (Early Childhood Program), Hypermart collaborated with P&G in "Children CSR Program" to reached 100 children by handed over the facility of earthquake-proof school building to the citizen of Purwasari Village, Cicurug - Sukabumi, West Java. It was handed over on 21 December 2011. Hypermart and P&G were also provided educational tools for the children.



Hypermart and Coca Cola Amatil launched "A Heart for Children Education in Indonesia" Program

PT Coca Cola Amatil Indonesia (CCAI) and Hypermart showed its commitment for educational development in Indonesia. CCAI and Hypermart collaborated in CSR Program supported by UNESCO and the Ministry of Education and Culture. CCAI and Hypermart signed Cooperation Agreement for the program "A Heart for Children Education in Indonesia" where through the program "A Heart for Children Education in Indonesia", Hypermart donated laboratory devices for students at SMK Diponegoro Rawamangun, SMK Khazanah Kebajikan and SMA Yapia Parung on 14 December 2011.



Dompot Dhuafa Donation via Cashier

July 28, 2011 held in Hypermart WTC Serpong - Tangerang, Hypermart launched its "Practical Infaq at Hypermart Cashier" program. Through this program, Hypermart submitted infaq obtained from its customers in the period from July to August 2011 to Dompot Dhuafa. The ceremony also attended by Ismail A. Said as President Director of Dompot Dhuafa, Meshvara Kanjaya as Merchandising & Marketing Director and artist Tasya as "Infaq at Hypermart Cashier 2011" ambassador. This is the 6th year of its program "Infaq at Hypermart Cashier" with total infaq collected and handed over was Rp 4,300,645,912,-



10,000 book offerings for Generation Platinum Indonesia

Hypermart in cooperation with PT Kalbe Farma as a supplier providing books to 50 elementary and 50 kindergarten schools with the theme "10,000 book offerings for Generation Platinum Indonesia". Total books collected were as many as 15,000 books.

Hypermart's Customer Donation to PMI

Carmelito J. Regalado, as President of Matahari Food Business (MFB) delivered the donation to the Chairman of Red Cross Indonesia (PMI), H. Jusuf Kalla on August 4, 2011 coincide with the opening of the 55th Hypermart stores in Mall of Serang - Banten. Through the program "Caring for Each Other", Hypermart gave donations obtained from its customers' money change in the period October 2010 to June 2011 to the Red Cross Indonesia (PMI). Total funds transferred amounted to Rp 2,326,301,661,-



Launching of HiCard as the new Hypermart's loyalty card

July 22, 2011 Hypermart launched its new customers' loyalty card "HiCard" held at Supermal Pakuwon, Surabaya. Coincide on the same day, Hypermart opened its 54th Hypermart stores at Ciputra World, Surabaya. This new loyalty card represents the appreciation and willingness from Hypermart for always provide excellent services for its valued customers. HiCard launched was marked with Rp 1 billion prize promotion program.



Hypermart and Milo Providing Scholarship

Hypermart in cooperation with PT Nestle Indonesia (MILO) submitted Hypermart's customer donations collected through the mechanism of Milo product purchases. The scholarship provided to 20 talented children for soccer academy through the program "Milo Youth Soccer Academy" supported the Asian Soccer Academy (ASA). Scholarship delivery was conducted on 26 October 2011 at Hypermart Pejaten Village, Jakarta.



Paseo and Hypermart Launched CSR Program "One Seed For Earth"

Paseo and Hypermart supported the environment preservation with the theme "One Seed for the Earth" by planting trees within the green area of BSD town ship. This CSR Program launched at Hypermart Lippo Cyber Park on 21 July 2011. It was carried out to support local government program and in collaboration between Hypermart, PT Asia Pulp & Paper (Paseo) and the Association of Climate Change.



Opening of the 64th Hypermart stores in Sidoarjo Town Square - East Java

On December 21, 2011, Hypermart opened its 64th stores in Sidoarjo Town Square - East Java. The store was officially opened by H. Saiful Ilah SH.MHum as the Regent of Sidoarjo, Carmelito J. Regalado - President MFB and attended by all regional leaders forum and management team Hypermart Sidoarjo. Hypermart Sidoarjo was the last store opened in 2011. On this occasion, Hypermart also handed over donation to orphaned children.





MANAGEMENT PROFILE

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).

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 LIMBONG 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).



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

BENJAMIN JONATHAN MAILLOOL

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 HARYANTI 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 JIMENEZ 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).

RADEN 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. Currently, he also serves as Director of PT Matahari Department Store Tbk (MDS).

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

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. Currently, he also serves as Director of PT Matahari Department Store Tbk (MDS).

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
 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.

JOHANES JANY

Property and Asset Management Director
 Joined the Company in 1989, he later assumed several key positions in the Company's subsidiaries, as President Director of Timezone and Real Estate & Store Planning Director of Matahari Department Store. In 2011, he returned to the Company and currently serves as Property & Asset Management Director. He is a graduate of University of North Sumatra, Medan majoring Accounting.

MANAGEMENT OF MATAHARI FOOD BUSINESS**CARMELITO JIMENEZ REGALADO**
President & COO

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).

GILLES PIVON

Hypermarket Format Director
 Joined the Company in 2009 as VP Sales Development FMCG's Non Food of Hypermarket. He started his professional career in hypermarket business in 1986 by joining the Carrefour Group, France. During his career path, he has assumed several key positions, include the

Regional Director of Carrefour Taiwan (2004-2006) and the Regional Director of Carrefour Belgium (2007-2009). He graduated from the Institute Pitiot Lyon majoring in Marketing.

EMI NUEL

Supermarket Format Director
 Joined the Company in 2004 as VP-Head of Operation Hypermarket. 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
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 Greenwch University, Hawaii.

ISHAK KURNIAWAN**Human Resources & General Affair Director**

Joined the Company in 2011, he started his professional career by joining Citibank N.A, Jakarta (1991-2008) with his last position as Country Human Resources Officer. He is an MBA graduate from San Diego State University, California – USA. Currently, he also serves as Director of PT Lippo Karawaci Tbk.

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

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www.makeslaw.com

The 2011 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 2012

BOARD OF COMMISSIONERS



DR. CHENG CHENG WEN
President Commissioner



JONATHAN L. PARAPAK
Independent Commissioner



JOHN BELLIS
Independent Commissioner



GANESH C. GROVER
Independent Commissioner

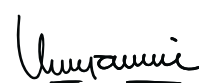


PROF. DR. ADRIANUS MOOY
Independent Commissioner



JEFFREY K. WONSONO
Commissioner

BOARD OF DIRECTORS



BENJAMIN J. MAILOOL
President Director



LINA H. LATIF
Director



HENDRA SIDIN
Director



CARMELITO J. REGALADO
Director



R. SOEPARMADI
Director

PT MATAHARI PUTRA PRIMA Tbk
AND SUBSIDIARIES

Consolidated Financial Statements
For the Years Ended December 31, 2011 and 2010

PT MATAHARI PUTRA PRIMA Tbk

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**DIRECTOR'S DECLARATION OF RESPONSIBILITY
FOR ANNUAL FINANCIAL STATEMENTS AS OF 31 DECEMBER 2011
PT MATAHARI PUTRA PRIMA Tbk**

We, the undersigned:

1. Name Office Address Residential Address / as per ID Card or other identity card Phone Title	2. Name Office Address Residential Address / as per ID Card or other identity card Phone Title
: BUNJAMIN J. MAILLOOL : Menara Matahari 20th floor : Jl. Bulevar Palem Raya No. 7 : Lippo Karawaci 1200, Tangerang 15811 : Gading Griya Lestari C117 RT. 012 / RW. 005 : Kec. Sukapura, Jakarta Utara : 5475333, 5469333 : President Director	: HENDRA SIDIN : Menara Matahari 20th floor : Jl. Bulevar Palem Raya No. 7 : Lippo Karawaci 1200, Tangerang 15811 : Perum Citra 3-D-10/14 RT. 015 / RW. 013 : Kel. Pegadungan, Kec. Kali Deres : Jakarta Barat : 5475333, 5469333 : 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, 14 March 2012

Sincerely,
PT MATAHARI PUTRA PRIMA Tbk.


BUNJAMIN J. MAILLOOL
President Director


HENDRA SIDIN
Director

PT. Matahari Putra Prima, Tbk

Gajah Mada Plaza Lt. 5G, Jl. Gajah Mada No. 19-26 Petjo 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 (hurufing) Fax. 62 21 5475229

This report is originally issued in Indonesian language

Number : R/078.AGA-El/dwd.3/2012

Kantor Auditus Publik
Aryanto, Amir Jusuf, Mawar & Saptoto
RSM AAJ Associates
Plaza ABRA, 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 statements of financial position of PT Matahari Putra Prima Tbk and subsidiaries as of December 31, 2011, 2010 and 2009, and the related consolidated statements of income, statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2011 and 2010. 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, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of PT Matahari Putra Prima Tbk and subsidiaries as of December 31, 2011, 2010 and 2009, and the consolidated results of their operations, changes in their equity, and their cash flows for the years ended December 31, 2011 and 2010, in conformity with Indonesian Financial Accounting Standards.

RSM AAJ Associates

This report is originally issued in Indonesian language

As disclosed in Notes 2 and 36 to the consolidated financial statements, PT Matahari Putra Prima Tbk and subsidiaries have implemented certain Statements of Financial Accounting Standards (SFAS) which become effective starting January 1, 2011, on prospective and retrospective basis and made reclassification of certain accounts. Accordingly, the consolidated statements of financial position as of December 31, 2010 and 2009 and consolidated statement of income for the year ended December 31, 2010 have been restated to adopt SFAS 1 (Revised 2009): Presentation of Financial Statements.



Didik Wahyudiyanto
Public Accountant License Number: AP.0502

Jakarta, March 14, 2012.

The accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in 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.

These consolidated financial statements are originally issued in Indonesian language.

PT MATAHARI PUTRA PRIMA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2011, 2010 and 2009
(Expressed in millions of Indonesian rupiah, except share data)

	Notes	2011	2010	2009
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	4,28	1,403,075	2,565,235	2,252,173
Short-term investments	5,19,28			
- Third parties		311,442	44,545	94,368
- Related parties	8	80,000	1,345,000	1,070,000
Account receivables	6			
Trade		34,711	20,305	30,993
Others - net				
- Third parties	36	220,369	177,471	135,967
- Related parties	8	2,516	1,509	968
Merchandise inventories	7	1,266,120	969,713	1,171,805
Prepaid taxes	16	95,639	102,164	111,782
Prepaid expenses				
- Third parties		113,661	102,129	133,175
- Related parties	8	24,162	14,104	15,135
Other current assets		66,868	65,220	49,873
Total Current Assets		3,618,563	5,407,395	5,066,239
NON-CURRENT ASSETS				
Due from related parties - net	8,36	9,502	12,513	9,447
Other long-term receivable	9,30,36	1,171,243	1,088,359	-
Deferred tax assets - net	16	276,883	304,730	50,423
Investments in associates	8,10	32,794	29,667	31,500
Other long-term investments	8,10	883,853	1,069,278	174,709
Property and equipment	8,11,36			
Carrying value		3,260,249	2,933,233	4,000,233
Accumulated depreciation		(1,538,461)	(1,351,491)	(1,821,740)
Impairment of assets		(78,283)	(78,283)	-
Net				
Rental advances dan deposits - net	8,12,30,36	1,643,505	1,503,459	2,178,493
Prepaid long-term rent - net	13,36	1,665,588	1,394,535	2,036,912
- Third parties		358,317	347,947	564,206
- Related parties	8	337,019	136,325	150,248
Other non-current assets - net	8,36	310,902	126,392	297,967
Total Non-current Assets		6,689,606	6,013,205	5,493,905
TOTAL ASSETS		10,308,169	11,420,600	10,560,144

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

These consolidated financial statements are originally issued in Indonesian language.

PT MATAHARI PUTRA PRIMA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
December 31, 2011, 2010 and 2009
(Expressed in millions of Indonesian rupiah, except share data)

	Notes	2011	2010	2009
LIABILITIES AND EQUITY				
LIABILITIES				
CURRENT LIABILITIES				
Account payables	14	1,290,377	987,993	1,294,678
Trade				
Others	15,28,29,36	249,710	1,110,258	187,121
Taxes payable	16	43,424	83,199	43,616
Accrued expenses	17,27	595,393	467,787	566,481
Current maturities of long-term debts:				
Bank loans	18,28	440,000	370,000	1,011,667
Bonds payable - net	19	339,431	-	-
Current portion of deferred gain on asset sale and lease transactions	11	2,098	44,745	41,431
Total Current Liabilities		2,960,433	3,063,982	3,144,994
NON-CURRENT LIABILITIES				
Due to related parties - net	8,30	3,416	6,284	5,520
Deferred tax liabilities - net	16	2,308	1,070	-
Notes payable - net		-	-	1,788,211
Long-term debts - net of current maturities:				
Bank loans	18,28,30	1,307,040	269,730	903,333
Bonds payable - net	5,19	186,505	523,666	521,807
Others		-	-	4,460
Deferred gain on asset sale and lease transaction - net of current portion	11	10,247	263,251	307,996
Other non-current liabilities	27	154,772	98,585	322,796
Total Non-current Liabilities		1,664,288	1,162,586	3,854,123
Total Liabilities		4,624,721	4,226,568	6,999,117

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

These consolidated financial statements are originally issued in Indonesian language.

PT MATAHARI PUTRA PRIMA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
December 31, 2011, 2010 and 2009
(Expressed in millions of Indonesian rupiah, except share data)

	Notes	2011	2010	2009
EQUITY				
Equity attributable to owners of the parent				
Capital stock - Rp500 par value				
Authorized - 10,800,000,000 shares				
Issued and fully paid - 5,576,546,800 shares in 2011 and 2010; and 4,721,073,575 shares in 2009				
Additional paid-in capital - net	20	2,788,273	2,788,273	2,360,537
Other components of equity	21	324,652	324,652	(17,537)
Retained earnings		1,030	1,028	(85,743)
Appropriated	29	24,000	22,000	20,000
Unappropriated		2,618,389	4,128,741	1,313,077
Treasury stock	20	(123,236)	(123,236)	(123,236)
Total		5,633,108	7,141,458	3,467,098
Non-controlling interests	36	50,340	52,574	93,929
Total Equity - net		5,683,448	7,194,032	3,561,027
TOTAL LIABILITIES AND EQUITY		10,308,169	11,420,600	10,560,144

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

These consolidated financial statements are originally issued in Indonesian language.

PT MATAHARI PUTRA PRIMA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
Years ended December 31, 2011 and 2010
(Expressed in millions of Indonesian rupiah, except for earnings per share)

	Notes	2011	2010*
SALES FROM DIRECT PURCHASE AND OTHER TRADE REVENUE	22	8,839,528	8,163,877
CONSIGNMENT SALES	22	428,623	1,383,158
COST OF CONSIGNMENT SALES	22	<u>(359,540)</u>	<u>(1,002,257)</u>
COMMISSIONS FROM CONSIGNMENT SALES		69,083	380,901
NET SALES		<u>8,908,611</u>	<u>8,544,778</u>
COST OF SALES	11,23	<u>(7,351,010)</u>	<u>(6,677,889)</u>
GROSS PROFIT		<u>1,557,601</u>	<u>1,866,889</u>
Selling expenses	8,24,30	(285,102)	(561,061)
General and administrative expenses	8,11,25,27	(1,197,463)	(1,251,868)
Interest Income - net	8,26	60,144	16,026
Gain on disposal of Subsidiary - net	36	-	5,518,619
Other income (charges) - net	16	26,065	(11,515)
Share of net profit (loss) of associates	8,10	3,127	(1,833)
INCOME BEFORE INCOME TAX		<u>164,372</u>	<u>5,575,257</u>
INCOME TAX BENEFIT (EXPENSE) - Net	16,36	(14,985)	(33,546)
Current		(29,088)	277,537
Deferred		(44,073)	243,991
Net		<u>120,299</u>	<u>5,819,248</u>
INCOME FOR THE YEAR		<u>120,299</u>	<u>5,819,248</u>
Attributable to:			
Owners of the parent		105,037	5,800,640
Non-controlling interests		15,262	18,608
		<u>120,299</u>	<u>5,819,248</u>
BASIC EARNINGS PER SHARE		<u>20</u>	<u>1,122</u>

*) Include the figure of PT Matahari Department Store Tbk (formerly PT Pacific Utama Tbk) that was deconsolidated starting April 1, 2010 (Note 1c)

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

These consolidated financial statements are originally issued in Indonesian language.

PT MATAHARI PUTRA PRIMA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years ended December 31, 2011 and 2010
(Expressed in millions of Indonesian rupiah, except for earnings per share)

	Notes	2011	2010
INCOME FOR THE YEAR		120,299	5,819,248
Other comprehensive income:			
Exchange differences from financial statements translation		2	39
Difference in changes in equity transaction of Subsidiary		-	86,732
Total comprehensive income for the year		120,301	5,906,019
Comprehensive income attributable to:			
Owners of the parent		105,039	5,887,411
Non-controlling interests		15,262	18,608
		120,301	5,906,019

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

These consolidated financial statements are originally issued in Indonesian language.

PT MATAHARI PUTRA PRIMA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Years ended December 31, 2011 and 2010
(Expressed in millions of Indonesian rupiah)

Equity Attributable to Owners of The Parent										
Notes	Capital Stock	Additional Paid-in Capital - net	Other Components of Equity		Retained Earnings			Total	Non-controlling Interests	Total Equity - net
			Exchange Differences from Financial Statements Translation	Difference in Changes in Equity Transaction of Subsidiary	Appropriated	Unappropriated	Treasury Stock			
Balance, January 1, 2010	2,360,537	(17,537)	989	(86,732)	20,000	1,313,077	(123,236)	3,467,098	93,929	3,561,027
Resolution during the Annual General Meeting of the Stockholders on May 14, 2010:	29									
Declaration of cash dividend - net of treasury stock	-	-	-	-	-	(85,716)	-	(85,716)	-	(85,716)
Appropriation of retained earnings	-	-	-	-	2,000	(2,000)	-	-	-	-
Distribution of interim dividend	29	-	-	-	-	(2,897,260)	-	(2,897,260)	-	(2,897,260)
Exercise of warrant to capital stock	20,21	427,736	342,189	-	-	-	-	769,925	-	769,925
Distribution of dividend to non-controlling interests		-	-	-	-	-	-	-	(10,997)	(10,997)
Disposal of Subsidiary	36	-	-	-	-	-	-	-	(48,966)	(48,966)
Total comprehensive income for the year		-	-	39	86,732	-	5,800,640	-	5,887,411	5,906,019
Balance, December 31, 2010	2,788,273	324,652	1,028	-	22,000	4,128,741	(123,236)	7,141,458	52,574	7,194,032
Resolution during the Annual General Meeting of the Stockholders on February 14, 2011:	29									
Declaration of cash dividend - net of treasury stock	-	-	-	-	-	(1,613,389)	-	(1,613,389)	-	(1,613,389)
Appropriation of retained earnings	-	-	-	-	2,000	(2,000)	-	-	-	-
Distribution of dividend to non-controlling interests		-	-	-	-	-	-	-	(17,496)	(17,496)
Total comprehensive income for the year		-	-	2	-	105,037	-	105,039	15,262	120,301
Balance, December 31, 2011	2,788,273	324,652	1,030	-	24,000	2,618,389	(123,236)	5,633,108	50,340	5,683,448

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

These consolidated financial statements are originally issued in Indonesian language.

PT MATAHARI PUTRA PRIMA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2011 and 2010
(Expressed in millions of Indonesian rupiah)

	Notes	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Collection from sales		9,253,744	9,552,033
Cash received from rental income		213,368	185,883
Cash paid for:			
Purchase of merchandise inventories including payment for cost of consignment		(7,704,032)	(7,159,255)
Rentals		(521,788)	(520,445)
Salaries and wages		(470,469)	(490,085)
Other selling expenses		(428,412)	(512,008)
Cash received from operations		342,411	1,056,123
Decrease (increase) in other receivables		6,458	(6,744)
Other income		446,163	385,385
Other expenses		(597,345)	(849,286)
Net Cash Provided by Operating Activities		197,687	585,478
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of short-term investments		1,346,872	806,778
Proceeds from sale of other long-term investments - net		196,465	5,048,158
Proceeds from sale of property and equipment	11	14,500	21,411
Increase in short-term investments		(346,353)	(1,033,053)
Acquisitions of property and equipment	11	(340,856)	(98,908)
Increase in rental advances and deposits		(546,974)	(21,967)
Increase in other current assets - net		(1,645)	(28,900)
Increase in other non-current assets		(151,057)	(116,358)
Net Cash Provided by Investing Activities		170,952	4,577,161
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in bank loans		2,745,000	639,730
Interest income		174,496	304,756
Cash dividend paid by the Company		(2,581,422)	(2,014,943)
Payment of bank loans		(1,640,000)	(1,915,000)
Interest expense		(214,481)	(385,487)
Distribution of dividend to non-controlling interests		(9,998)	(10,998)
Increase (decrease) in amount due to related parties		(2,868)	764
Proceeds from warrant		-	769,925
Payments and buy-back of notes		-	(1,886,225)
Net Cash Used in Financing Activities		(1,529,273)	(4,497,478)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(1,160,634)	665,161
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4	2,565,235	2,252,173
Effects in Foreign Exchange Changes in Cash and Cash Equivalents		(1,526)	(13,582)
DECONSOLIDATED SUBSIDIARY - PT MATAHARI DEPARTMENT STORE TBK		-	(338,517)
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	1,403,075	2,565,235

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

These consolidated financial statements are originally issued in Indonesian language.

PT MATAHARI PUTRA PRIMA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (continues)
Years ended December 31, 2011 and 2010
(Expressed in millions of Indonesian rupiah)

	Notes	2011	2010
Supplemental cash flows information:			
Transactions not affecting cash flows:			
Reclassification of rental advances and deposits to prepaid rent		275,921	3,067
Reclassification of other non-current assets to property and equipment		45,748	136,610
Reclassification of other current assets to other long-term investments		1,000	-
Proceeds from sale of investment in subsidiary through other long-term receivable		-	1,000,000
Proceeds from sale of investment in subsidiary through other long-term investments		-	882,848

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

PT MATAHARI PUTRA PRIMA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2011 and 2010
(Expressed in millions of Indonesian rupiah and thousands of foreign currencies,
except share data/unit)

1. GENERAL

a. Company's Establishment

PT Matahari Putra Prima Tbk ("the Company") was established in the Republic of Indonesia on March 11, 1986 based on notarial deed No. 30 dated March 11, 1986 of Budiarti Kamadi, S.H. and was approved by the Minister of Justice of the Republic of Indonesia in its Decision Letter No. C2-5238.HT.01-01.Th.86 dated July 26, 1986, and was published in Supplement No. 73 of State Gazette No. 2954 dated September 10, 1991. The Company's articles of association have been amended several times, and have been amended to comply with Corporate Law no. 40 year 2007 as notarized under notarial deed of meeting resolution No. 39 dated August 8, 2008 of Ny. Poerbangsih Adi Warsito, S.H., which has been approved by the Minister of Justice and Human Rights of the Republic of Indonesia in its decision letter No. AHU-887903.AH.01.02.Th2008 dated November 21, 2008 and published in Supplement No. 13 of State Gazette No. 4395 dated February 13, 2009. The last amendment has been notarized under notarial deed of meeting resolution No. 10 dated November 4, 2010 of Ny. Poerbangsih Adi Warsito, S.H. This last amendment has been received and recorded in the database Administration System for Legal Entity of Ministry of Justice and Human Rights of the Republic of Indonesia based on the letter No. AHU-AH.01.10-03447 dated February 2, 2011.

The Company and Subsidiaries operate (i) a chain of stores which sell such items as daily needs, stationery, books, toys, drugs, clothes, accessories, bags, shoes, cosmetics and electrical equipment, and (ii) family entertainment centers known as Time Zone. The Company started commercial operations in 1986.

The Company's head office is located in Menara Matahari 20th Floor, No. 7 Boulevard Palen Raya, Lippo Karawaci - Tangerang, West Java.

As of December 31, 2011, the Company operates stores in 89 locations, while PT Matahari Graha Fantasi operates 71 permanent family entertainment centers and 34 non-permanent family entertainment centers, PT Times Prima Indonesia operates 22 stores, PT Prima Gerbang Persada operates 2 malls and PT Prima Cipta Lestari operates 9 restaurants and outlets. All of these stores, family entertainment centers, mall and restaurants are located in Jakarta and other cities in Indonesia.

b. Company's Public Offerings

On November 29, 1992, the Company's Registration Statement to offer its Initial Public Offering of shares was declared effective. In December 1992, the Company listed all of its shares on the Jakarta Stock Exchange and the Surabaya Stock Exchange, which are now merged as the Indonesia Stock Exchange.

On June 9, 1995, September 11, 1996 and October 13, 1997, the Company's Registration Statements to offer its First, Second and Third Limited Public Offerings, respectively, with pre-emptive rights to stockholders, totaling 75,166,500 shares (at Rp1,400 per share), 225,499,500 shares (at Rp1,000 per share) and 1,803,996,000 shares (at Rp500 per share), respectively, were declared effective. The Company listed all such new shares on the Jakarta Stock Exchange and the Surabaya Stock Exchange.

On the Company's Stockholders' Extraordinary Meeting held on June 23, 1997 the minutes of which are notarized under deed No. 142 dated June 23, 1997 of Ny. Poerbangsih Adi Warsito, S.H., the stockholders resolved to change the par value of share from Rp1,000 per share to Rp500 per share. This change was approved by the Minister of Justice in the Decision letter No. C2-6666 HT.01.04.Th97 dated July 15, 1997. The process of stock split has completed on September 15, 1997 and all new shares issued from the stock split were traded in the stock exchange on the same date.

These consolidated financial statements are originally issued in Indonesian language.

PT MATAHARI PUTRA PRIMA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2011 and 2010
(Expressed in millions of Indonesian rupiah and thousands of foreign currencies,
except share data/unit)

1. GENERAL (continued)

b. Company's Public Offerings (continued)

Based on the letter No. S-1068/PM/2004 dated April 28, 2004 of the Capital Market and Financial Institution Supervisory Agency ("BAPEPAM-LK"), the Company's Registration Statement to offer its Second Matahari Bonds and First Matahari Syariah Ijarah Bonds totaling Rp300,000 and Rp150,000, respectively, to the public on the Surabaya Stock Exchange was declared effective. These two bonds were fully repaid at their maturity date in May 2009.

On December 27, 2006, the Company's Registration Statement to offer its Fourth Limited Public Offering with pre-emptive rights to stockholders totaling 2,005,928,000 shares (at Rp500 per share) and a maximum of 877,593,500 Series I warrants, was declared effective. The Company listed all such new shares on the Jakarta Stock Exchange and the Surabaya Stock Exchange (Note 20).

Based on the letter No. S-2469/BL/2009 dated March 31, 2009 of BAPEPAM-LK, the Company's Registration Statement to offer its Third Matahari Bonds and Second Matahari Sukuk Ijarah with a total maximum amount of Rp350,000 and Rp250,000, respectively, to the public on the Indonesia Stock Exchange (Note 19) was declared effective.

c. Structure of the Company and Subsidiaries

As of December 31, 2011 and 2010, the Company has consolidated all of its subsidiaries in line with the policies as described in Note 2b, "Principles of consolidation". For presentation purposes, only subsidiaries (owned either directly or indirectly) which have assets above Rp10,000 are presented in the table below:

Subsidiaries	Location of Operations	Nature of Business	Start of Commercial Operations	Percentage of Ownership	Total Assets	
					2011	2010
PT Matahari Pacific ("PT MP")	Tangerang, West Java	Trading and services	2010	100.00	2,083,724	1,984,022
PT Nadya Putra Investama ("PT NPI")*	Tangerang, West Java	General Trading	1998	100.00	1,185,213	946,614
PT Mentari Sinar Persada ("PT MSP")*	Tangerang, West Java	General Trading	2010	100.00	376,394	220,775
PT Prima Gerbang Persada ("PT PGP")	Tangerang, West Java	General Trading	2009	100.00	277,111	204,105
PT Mulia Persada Peritwi ("PT Mulia")	Tangerang, West Java	General Trading	2011	100.00	87,273	17,500
Tristar Capital Limited ("Tristar")	Labuan, Malaysia	Investment company	2007	100.00	342,419	313,836
PT Nadya Prima Indonesia ("PT NPI", formerly PT Matahari Mega Swalayan)	Tangerang, West Java	General Trading	2010	100.00	216,814	199,566
PT Matahari Graha Fantasi ("PT MGF")	Jakarta	Family entertainment	1995	50.01	185,431	174,197
PT Mitra Prima Kreasi ("PT MPK")*	Tangerang, West Java	General Trading	2010	100.00	122,458	122,040
PT Prima Cipta Lestari ("PT Prima")	Tangerang, West Java	Restaurant	2009	100.00	60,984	63,107
PT Times Prima Indonesia ("PT TPI")	Tangerang, West Java	General Trading	2008	100.00	51,876	56,787
PT Prima Mentari Persada ("PT PMP")*	Tangerang, West Java	General Trading	2010	100.00	44,120	7,557
PT Surya Persada Lestari ("PT SPL")	Tangerang, West Java	General Trading	-	100.00	28,872	7,507
PT Surya Asri Lestari ("PT SAL")	Tangerang, West Java	General Trading	-	100.00	10,121	1,000
Matahari International B.V. ("MIBV")	Amsterdam, Netherlands	Financing business	2009	100.00	34,355	22,213
Matahari Finance B.V. ("MIF")	Amsterdam, Netherlands	Financing business	2006	100.00	26,989	29,248

These consolidated financial statements are originally issued in Indonesian language.

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1. GENERAL (continued)

c. Structure of the Company and Subsidiaries (continued)

Subsidiaries	Location of Operations	Nature of Business	Start of Commercial Operations	Percentage of Ownership	Total Assets	
					2011	2010
PT Mitra Mega Lestari ("PT MML", formerly PT Matahari Mega Toserba)	Tangerang, West Java	General Trading	2010	100.00	22,356	20,916
PT Taraprima Reksabuwana ("PT TPRB")	Jakarta	Sale and marketing of mineral water	1998	100.00	22,299	20,857

* Including subsidiaries that have not started commercial operations yet

On January 23, 2010, the Company sold all of its ownership in PT Matahari Department Store Tbk ("PT MDS"), a Subsidiary, to PT Meadow Indonesia, a party appointed as the buyer by Meadow Asia Company Limited, at a price of Rp2,705.33 (full amount) per share or amounting to Rp7,164,309. The difference between book value and sales price has been recorded as part of "Gain on disposal of subsidiary - net" in the consolidated financial statements of the Company.

On April 1, 2010, the transaction was completed and since that date, the financial statements of PT MDS was deconsolidated in the consolidated financial statements of the Company.

In September 2010, PT NPI and PT MP invested in PT MPK, PT MSP and PT PMP, representing ownership interests of 99% and 1%, respectively.

In September 2010, PT Matahari Mega Swalayan has changed its name into PT Nadya Prima Indonesia.

In November 2010, PT Matahari Mega Toserba has changed its name into PT Mitra Mega Lestari.

For the purposes of restructuring of Subsidiaries which have been approved by the stockholders in Subsidiaries' Stockholders' Extraordinary General Meeting, in November 2010, there have been transfers of ownership of certain subsidiaries in the Company's Group. These shares transfers were internal transaction and did not result in change of control of the Company over its Subsidiaries.

d. Employees, the Board of Commissioners and Directors and Audit Committee

As of December 31, 2011 and 2010, the members of the Board of Commissioners and the Board of Directors based on a resolution at the Company's Stockholders' Annual General Meeting held on February 14, 2011 which was notarized under deed No. 13 dated February 14, 2011 of Ny. Poerbaningsih Adi Warsito, S.H.; and on May 14, 2010 which was notarized under deed No. 40 dated May 14, 2010 of Ny. Poerbaningsih Adi Warsito, S.H. are as follows:

President Commissioner	:	DR. Cheng Cheng Wen
Independent Commissioners	:	Jonathan L. Parapak John Bellis
Commissioner	:	DR. Adrianus Mooy Ganesh Chander Grover Jeffrey Koes Wonsono
President Director	:	Bunjamin Jonatan Maillool
Unaffiliated Director	:	Carmelito J. Regalado
Directors	:	Lina Haryanti Latif Hendra Sidin R. Soeparnadi

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1. GENERAL (continued)

d. Employees, the Board of Commissioners and Directors and Audit Committee (continued)

As of December 31, 2011 and 2010, the members of the Audit Committee are as follows:

Chairman	:	Prof. DR. Adrianus Mooy
Members	:	Ridwan Masui
		Jeffrey Turangan

As of December 31, 2011 and 2010, the establishment of the Audit Committee is in accordance with BAPEPAM-LK Regulation No. IX.1.5.

As of December 31, 2011 and 2010, the Company's corporate secretary is Lina Haryanti Latif.

The Company has approximately 12,000 and 10,000 employees (unaudited) as of December 31, 2011 and 2010, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Consolidated Financial Statements

The consolidated financial statements are presented in accordance with Statements of Financial Accounting Standards ("PSAK") and BAPEPAM-LK regulations No. VIII.G.7, "Guidelines on Financial Statements Presentation" and SE-02/PM/2002, "Guidelines on Financial Statements Presentation and Disclosures of Listed or Public Companies in the Retail Industries", as far as the BAPEPAM and LK regulations were not regulated and not contradictory with PSAK.

The consolidated financial statements are prepared under the historical cost basis of accounting, except for merchandise inventory which is stated at the lower of cost or net realizable value and certain investments which are stated at fair value or at net assets value, or accounted for under the equity method for associated companies representing equity interest of at least 20% but not more than 50%.

The consolidated statements of cash flows present cash receipts and payments classified into operating, investing and financing activities. The cash flows from operating activities are presented under the direct method.

The reporting currency used in the consolidated financial statements is the Indonesian rupiah.

New Accounting Standards

The Company has adopted the revised PSAK and standard interpretations ("ISAK") that have effective on or after January 1, 2011 in the consolidated financial statements:

- PSAK 1 (revised 2009): "Presentation of Financial Statements"
- PSAK 1 (revised 2009) introduces terminology changes (including revised titles for the financial statements) and changes in format and content of the financial statements that affect the presentation of the Company's consolidated financial statements as follow:
 - Balance sheet is changed to Statements of Financial Position
 - Statements of Income is changed to Statements of Comprehensive Income
 - The term for assets, liabilities and minority interest are changed to follow the revised standards

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of Consolidated Financial Statements (continued)

New Accounting Standards (continued)

- PSAK 1 (revised 2009): "Presentation of Financial Statements" (continued)
The revised PSAK also results in some additional disclosures in the Company's consolidated financial statements. Recognition and measurement of assets, liabilities, revenues and expenses of the Company is unchanged. However, several accounts of income and expense that are recognized directly in the equity section of the Company are now recognized in the statements of comprehensive income as "Other comprehensive income".

In addition, this PSAK also changes the presentation of non-controlling interests from presented between liabilities and equity to be presented as part of equity and also does not allow the presentation of extraordinary items in the financial statements. Due to these changes, according to the comparative period required by PSAK 1 (revised 2009), the Company has presented a statement of financial position at beginning of the earliest comparative period in the consolidated financial statements of the Company for the year ended December 31, 2011.

- PSAK 2 (revised 2009): Statement of Cash Flow
PSAK 2 (revised 2009) provides additional guidance on the cash flow for certain transactions and the recording of profits or losses from those certain transactions that are not explicitly regulated by the previous PSAK 2. The adoption of PSAK 2 (revised 2009) does not have a significant impact on the Company's consolidated financial statements.
- PSAK 3 (revised 2010): Interim Financial Statements
PSAK 3 (revised 2010) introduces 2 types of interim financial statements, which are complete interim financial statements and condensed interim financial statements. Furthermore, PSAK 3 (revised 2010) provides guidance on minimal components, format and content of the report, as well as the comparative reporting period in the interim financial statements. The Company has chosen to present the complete financial statements in preparing the Company's interim consolidated financial statements during 2011.
- PSAK 4 (revised 2009): Consolidated and Separate Financial Statements
PSAK 4 (revised 2009) abolishes the settings not to consolidate a subsidiary if the control is intended for temporary or limited by a long-term restriction. Under PSAK 4 (revised 2009), all subsidiaries are consolidated if a company has control over the subsidiaries and the existence of potential voting rights should be taken into account in assessing the existence of control. The adoption of PSAK 4 (revised 2009) does not affect the Company's consolidated financial statements.
- PSAK 5 (revised 2009): Operating Segments
PSAK 5 (revised 2009) identifies operating segments based on internal management reports which are reviewed regularly by the Company's operating decision maker. PSAK 5 (revised 2009) also makes several changes to the methodology and format of segment reporting. The impact of PSAK 5 (revised 2009) on the consolidated financial statements is relatively minor because the Company has determined that reporting of operating segments in accordance with PSAK 5 (revised 2009) are the same as the primary form of segment reporting previously identified under PSAK 5. The adoption of PSAK 5 (revised 2009) resulted in some additional disclosures in the Company's consolidated financial statements.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of Consolidated Financial Statements (continued)

New Accounting Standards (continued)

- PSAK 7 (revised 2010): Related Party Disclosures
PSAK 7 (revised 2010) changes the term in Indonesian for 'related party' to follow the revised standards, other than that, this revised PSAK clarifies the definition of related party and requires some additional disclosures of the related party. PSAK 7 (revised 2010) resulted in some additional disclosures in the Company's consolidated financial statements.
- PSAK 8 (revised 2010): Events After The Reporting period
PSAK 8 (revised 2010) sets on when the Company has to adjust its financial statements for events after the reporting period and the disclosures made about the Company's financial statements authorized for publication and events after the reporting period. This revised PSAK does not affect the Company's consolidated financial statements.
- PSAK 15 (revised 2009): Investment in Associate
PSAK 15 (revised 2009) determines that a significant influence should not only on the basis of existing ownership percentage, but also must consider the potential voting rights. In addition, the adoption of equity method under revised PSAK eliminates the amortization of goodwill. PSAK 15 (revised 2009) does not affect the Company's consolidated financial statements.
- PSAK 19 (revised 2010): Intangible Assets
PSAK 19 (revised 2010) adds guidance on the acquisition of intangible assets that are part of a business combination, as well as on the determination of useful lives for intangible assets that can be finite or infinite. Intangible assets with infinite useful lives are not amortized and should be tested for impairment of assets each year. This revised PSAK does not affect the Company's consolidated financial statements.
- PSAK 23 (revised 2010): Revenue
PSAK 23 (revised 2010) does not much differ compared to the previous PSAK 23; however the revised PSAK is equipped with an adopted attachment from the appendix IAS 18. The adoption of revised PSAK does not affect the Company's consolidated financial statements.
- ISAK 10: Customer Loyalty Programs
ISAK 10 addresses accounting by entities that grant loyalty award credits (such as customer points) to customers who buy other goods or services. Specifically, it explains how such entities should account for their obligations to provide free or discounted goods or services to customers who redeem award credits. The Company has adopted ISAK 10 in the consolidated financial statements. The Customer Loyalty Programs undertaken by the Company is a short-term program, so that the adoption of ISAK 10 does not give a significant impact on the Company's financial statements, therefore, the Company does not restate the effect on adopting ISAK 10 for the period prior to January 1, 2011.
- PSAK 25 (revised 2009): Accounting Policies, Changes in Accounting Estimate and Error
PSAK 25 (revised 2009) provides guidance on accounting policy choices when there are no specifically applicable PSAK to transactions, events or other conditions. This revised PSAK also requires retrospective adoption of an accounting policy unless required otherwise by the adoption of initial PSAK or impractical to determine the period specific effects or the cumulative impact of those changes. This revised PSAK does not affect the Company's consolidated financial statements.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of Consolidated Financial Statements (continued)

New Accounting Standards (continued)

- PSAK 48 (revised 2009): Impairment of Assets
PSAK 48 (revised 2009) provides a number of regulations that has not been regulated in the previous PSAK 48 such as, certain assets that should be tested for annual assessments of impairment although there are no indications of impairment. regulation regarding future cash flows in foreign currencies, and method to perform impairment tests on goodwill. This revised PSAK does not affect the Company's consolidated financial statements.
- ISAK 17: Interim Financial Statements and Impairment
ISAK 17 requires the Company not to reverse an impairment loss recognized in prior interim periods related to goodwill or investments in equity instruments or financial assets carried at cost. This ISAK does not affect the Company's consolidated financial statements.
- PSAK 57 (revised 2009): Provisions, Contingent Liabilities and Contingent Assets
PSAK 57 (revised 2009) provides a clearer arrangement regarding provisions that must be recognized by the Company if certain conditions met, other than that, this revised PSAK is also set more guidance regarding the provisions related to company restructuring. The adoption of PSAK 57 (revised 2009) does not affect the Company's consolidated financial statements.

Below are the revised standards and interpretations of standards that must be applied for the first time on or after January 1, 2011, but are not relevant to the Company's consolidated financial statements:

- PSAK 12 (revised 2009): Interests in Joint Venture
- PSAK 22 (revised 2010): Business Combinations
- PSAK 58 (revised 2009): Non-current Assets Held for Sale and Discontinued Operations
- ISAK 7: Consolidation of Special Purposes Entities
- ISAK 9: Changes in Existing Decommissioning, Restoration and Similar Liabilities
- ISAK 11: Distributions of Non-cash to Owners
- ISAK 12: Joint Controlled Entity - Non-monetary Contributions
- ISAK 14: Intangible Assets - Web Site Costs

b. Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its Subsidiaries. All significant intercompany accounts and transactions are eliminated.

The carrying value of the Company's investment in a Subsidiary is correspondingly adjusted for the net change in its investment in the Subsidiary's equity by crediting or debiting "Difference in Changes in Equity Transactions of Subsidiaries" which is presented as separate component at the Company's equity in "Other Components of Equity".

The accounts of foreign subsidiaries which are not an integral part of the Company are translated into rupiah amounts at the middle rates of exchange prevailing at reporting date for financial position accounts and the average rate during the year for comprehensive profit and loss accounts. The resulting differences arising from the translations are debited/credited to and presented as "Exchange Difference From Financial Statements Translation", which is presented as separate component at the Company's equity in "Other Components of Equity". The accounts of foreign Subsidiaries which are an integral part of the Company are translated to rupiah currency on the reporting date as described in Note 2s. The resulting differences are debited/credited to "Other Income (Charges) - net" in the current year profit and loss.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Principles of Consolidation (continued)

Acquisitions of subsidiaries that qualify as a restructuring transaction of entities under common control are accounted for in accordance with PSAK 38 (Revised 2004), "Accounting for Restructuring of Companies under Common Control". Based on this standard, acquisition of a subsidiary is accounted based on the pooling of interest, wherein assets and liabilities of a subsidiary are recorded at their book values. The difference between the transfer price and the Company's interest in the subsidiary's book values, if any, is recorded as "Difference in Value from Restructuring Transactions of Entities under Common Control" and presented as a separate component in the Company's Equity. The balance of "Difference in Value from Restructuring Transactions of Entities under Common Control" can be realized to gain or loss from the time the common control no longer exists between the entities that entered into the transaction.

c. Cash Equivalents

Cash equivalents include all highly liquid investments purchased with original maturities of three months or less and which are not pledged as collateral to loans.

Restricted cash (sinking fund) is recorded as part of short-term investments and other non-current assets (Note 19).

d. Financial Assets and Financial Liabilities

The Company classifies the financial instruments in form of financial assets and financial liabilities.

Financial assets are classified as follows:

1. Financial assets at fair value through profit or loss

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term or where there is evidence of a recent actual pattern of short-term profit-taking. Derivative assets are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the consolidated statements of financial position at fair value. Unrealized gains or losses are recognized in the current year.

Financial assets at fair value through profit or loss comprise of part of the Company's short-term investments that are held for trading.

2. Held to maturities investments

Held to maturities investments are non-derivative financial assets with fixed or determinable payments and fixed maturities, and the management has the positive intention and ability to hold them to maturity, except:

- a. those that the Company upon initial recognition designates as at fair value through profit or loss;
- b. those that the Company designates as available for sale; and
- c. those that meet the definition of loans and receivables.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial Assets and Financial Liabilities (continued)

Financial assets are classified as follows (continued):

2. Held to maturities investments (continued)

After initial measurement, held to maturities investments are measured at fair value and their transaction costs and subsequently measured at amortized cost using the effective interest rate method.

Held to maturities investments comprise of part of the Company's long-term investments that are held to maturities.

3. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At initial measurement, loans and receivables are measured at fair value and their transaction costs and subsequently measured at amortized cost using the effective interest rate method, except for short-term loans and receivables where the effect of discounting is immaterial.

Loans and receivables comprise of cash and cash equivalents (Note 2c); trade and other receivables, due from related parties and other long-term receivable (Note 2f) in the consolidated statements of financial position.

4. Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. At initial measurement, these assets are recorded at fair value. The difference between the acquisition cost with fair value at the reporting date is recorded as unrealized gain or loss and presented as part of equity.

As of December 31, 2010, financial assets that are classified as available for sale financial assets comprise of part of the Company's long-term investments.

The Company uses accounting for settlement date for regular-way contracts when recorded financial assets transactions.

Financial liabilities are classified as follows:

1. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial liabilities that are transferable in a short-term period. Derivative instruments are classified as financial liabilities at fair value through profit or loss unless they are designated as effective hedging instruments.

There are no financial liabilities that are classified as financial liabilities at fair value through profit or loss.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial Assets and Financial Liabilities (continued)

Financial liabilities are classified as follows (continued):

2. Financial liabilities measured at amortized cost

Financial liabilities that are not classified as financial liabilities at fair value through profit or loss are categorized as financial liabilities measured at amortized cost.

Financial liabilities measured at amortized cost comprise of, among others, trade payables, other payables, accrued expenses, due to related parties, loans and bonds payables.

e. Investments

Investments consist of:

1. Investment in associated company

The Company's investment in associated companies accounted for under the equity method. A company is considered as an associate if the Company has significant influence in that company. Significant influence is presumed to exist through the inclusion of at least 20% but not more than 50% of ownership, unless it can be clearly demonstrated that the Company has no significant influence.

Under the equity method, the investments are carried at cost, and subsequently adjusted by the interest in the profits or losses of associated companies that are proportional to the ownership percentage of the companies, less dividends income. Goodwill related to associated company at the time of acquisition is included in the carrying value of investments. Amortization of goodwill is not permitted.

If the interest in the loss of an associate equals or exceeds the Company's ownership in associated companies, the Company stopped the recognition of its share of further losses. The obligation to recognize additional losses exceeding the Company's ownership is only recognized to the extent that the Company has incurred legal or constructive obligations to make payments on behalf of the associate.

2. Long-term investments in shares of stock without available fair values

Investment in share of stock without available fair value wherein the Company has an ownership interest of less than 20% and other long-term investments are stated at cost.

f. Account Receivables

On each reporting date, the Company evaluates whether there is objective evidence that impairment of receivables are exist.

g. Merchandise Inventories

Merchandise inventories are stated at the lower of cost, determined by the conventional retail method, or net realizable value.

Merchandise inventories do not include consignment goods.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Prepaid Expenses

Prepaid expenses are amortized over the periods benefited using the straight-line method.

i. Lease

The classification of a lease is determined based on whether the lessor or lessee controls substantially all the risks and rewards incidental to ownership. Leases which do not transfer substantially all the risks and rewards incidental to ownership are classified as operating leases. Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Lease income from operating leases is amortized on a straight-line basis over the lease term.

The gain or loss on sale-and-leaseback transaction that results in an operating lease, where it is clear that the transaction is established at fair value, shall be recognized immediately. If the sale price is below fair value, any profit or loss shall be recognized immediately except that, if the loss is compensated for by future lease payments at below market price, it shall be deferred and amortized in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value shall be deferred and amortized over the period for which the asset is expected to be used.

The gain or loss on a sale-and-leaseback transaction that results in a finance lease is deferred and amortized over the lease term.

Long-term lease with contract value payable in installments over a period shorter than the lease period is recorded when the lease agreement is effective by debiting "Prepaid Long-term Rent" at the contract value and crediting the unpaid portion to "Long-term Debts - Others".

Prepaid long-term rent, generally on store space, is being amortized on the straight-line method starting from the opening of the leased store/renewal of the lease over the lease period. The portion of the rent chargeable to operations within one year is reclassified and presented under current assets as part of "Prepaid Expenses".

j. Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of maintenance and repairs is charged to profit and loss as incurred; significant renewals and betterments are capitalized. When assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in profit and loss for the year.

Depreciation is computed as follows:

	Methods	Years	Rates
Buildings	Straight-line	20	-
Building renovation	Straight-line	2 - 5	-
Equipment and installations	Double-declining balance	-	15% and 25%
Motor vehicles	Double-declining balance	-	50%
Machines	Straight-line	3 - 5	-

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Property and Equipment (continued)

Landrights are stated at cost and are not amortized, unless there is a management's prediction or the probability that extension or renewal of the title is highly unlikely or definitely will not be obtained.

In accordance with PSAK 47, "Accounting for Land", the Company recognizes the acquisition cost of land separately from the legal expenditures incurred to acquire the landrights and the expenditures for the subsequent extension thereof. These expenditures are deferred and presented as part of "Other Non-current Assets" in the consolidated statements of financial position and are amortized over the period the landrights.

k. Investment Properties

Investment properties (charged to "Other Non-current Assets") stated at cost and are depreciated using the straight-line method over 20 years, except land which is not depreciated.

The Company's investment properties consist of land, buildings and improvements, which are held by the Company to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business.

Investment property is derecognized when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses are recognized in the statements of income for the year.

l. Deferred Gain on Asset Sale and Lease Transactions

The gain or loss on the implementation of the restructuring program of certain assets of the Company involving asset sale and lease transactions is deferred and amortized proportionally based on the rent expenses related to those assets.

m. Impairment of Assets Value

Impairment of non-financial assets

Non-financial assets are reviewed by the Company for impairment whenever events or changes in circumstances indicate that the carrying values are not recoverable. Losses due to impairment are recognized at the carrying amount exceeds the recoverable amount. Recoverable amount is the higher of the fair value less costs to sell and value in use.

For the assessing impairment purposes, the assets are grouped at the smallest group of cash-generating units. Non-financial assets that have been impaired are reviewed for possible reversal of the impairment on each reporting date.

Impairment of financial assets

On each reporting date, the Company assesses whether there is objective evidence that the Company's financial assets are impaired. For securities in equity that are classified as available for sale, a significant impairment or prolonged below its cost is an indicator that the securities are impaired.

If there is evidence that financial assets that are classified as available for sale are impaired, the cumulative losses to those assets that are recorded in the equity section should be removed and recognized in current year of profit and loss. Impairment loss recognized in current year of profit and loss should not be reversed.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Intangible Assets - Computer Software Costs

Cost of computer software purchased and the cost of subsequent updating thereof (charged to "Other Non-current Assets") are deferred and amortized on the straight-line method over 4 years.

o. Bonds/Notes Issuance Cost

The issuance cost of bonds/notes are deducted from proceeds in consolidated statements of financial position and amortized using effective interest rate method over the term of bonds/notes.

p. Treasury Bonds

Repurchased instruments of indebtedness that are not retired are treated in the consolidated financial statements as if they were retired. The difference between the face value of the instruments of indebtedness and the fair value at the date of repurchase is credited or charged to current operations.

q. Treasury Stock

Treasury stock, which is shown under the Equity section of the consolidated statements of financial position, is stated at acquisition cost. The cost of the treasury stock resold is determined by the average method.

The difference between the acquisition cost and the selling price of treasury stock is charged or credited to "Additional Paid-in Capital". When the difference creates a negative balance in the "Additional Paid-in Capital" account as a result of reacquisition transactions, such negative balance is charged to retained earnings.

r. Revenue and Expense Recognition

Revenue from sales of merchandise inventories (except revenue from sales on "Cash-on-Delivery" basis which is recognized when the goods are delivered to customers) is recognized when the goods are paid for at the sales counter. Revenue from consignment sales is recorded at the amount of sales of consigned goods to customers, while the related cost is recorded at the amounts payable to consignors.

For customer loyalty program that is held by the Company, if it meets the criteria as set forth in ISAK 10, the Company records the points reward in the program as a separate identified component of sales transaction at the time of initial sale as deferred revenue, which is recognized as revenue over the period of program.

Revenue from sales of prepaid cards (known as "power cards") by the family entertainment centers is initially recorded as unearned income and then proportionately recognized as revenue based on the actual use of the cards by customers. Revenue from sales of tokens is recognized at the time the tokens are purchased by customers.

Expenses are recognized when incurred.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. Foreign Currency Transactions and Balances

Transactions involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made. On reporting date, monetary assets and liabilities denominated in foreign currencies are adjusted to reflect the last prevailing rates as of reporting date and the resulting gains or losses are credited or charged to current operations.

On December 31, 2011 and 2010, the rates of exchange used (in full amounts) are computed by taking the average of the last buying and selling rates for transaction exchange rates for the year, are as follow:

	2011	2010
USD1	Rp9,068	Rp8,991
SGD1	Rp6,974	Rp6,981

t. Income Tax

Current tax expense is provided based on the estimated taxable income for the year. Deferred tax assets and liabilities are recognized for temporary differences between the financial and the tax bases of assets and liabilities on each reporting date. Future tax benefits, such as the carryover of unused tax losses, are also recognized to the extent that such benefits are more likely than not to be realized. The tax effects for the year are allocated to current operations, except for the tax effects from transactions which are directly charged or credited to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted on the reporting date. Changes in the carrying amount of deferred tax assets and liabilities due to a change in tax rates are charged or credited to current year operations, except to the extent that they relate to items previously charged or credited to equity.

For each of the consolidated entities, the tax effects of temporary differences and tax loss carryover, which individually are either assets or liabilities, are shown at the applicable net amounts.

Amendment to tax obligation is recorded when an assessment is received or, if appealed against by the Company, when the result of the appeal is determined.

u. Employee Benefits

The Company recognizes provision for employee service entitlements in accordance with Labor Law No. 13/2003 dated March 25, 2003 ("Labor Law No. 13").

Under PSAK 24 (Revised 2004), the cost of providing employee benefits under Labor Law No. 13 is determined using the Projected-Unit-Credit actuarial valuation method. Actuarial gains or losses are recognized as income or expense when the net cumulative unrecognized actuarial gains or losses for each individual plan at the end of the previous reporting period exceed 10% of the present value of the defined benefit obligation at that date. These gains or losses are recognized on a straight-line basis over the expected average remaining working lives of the employees. Further, past service costs arising from the introduction of a defined benefit plan or changes in the benefits payable of an existing plan are required to be amortized over the period until the benefits concerned become vested.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Operating Segment Reporting

Operating segments are identified in a manner consistent with the internal reporting viewed by the chief operating decision-maker. The Company identifies retail business and family entertainment center as its operating segments. Activities outside retail business and family entertainment center are presented under others category since they do not meet the quantitative thresholds. The financial information which is used by management for evaluating segment performance is presented in Note 31.

w. Earnings per Share

Earnings per share is computed by dividing income attributable to owners of the parent by the weighted average number of issued and fully paid shares during the year after deducting treasury stock acquired.

In calculating diluted income per share, the number of weighted average number of outstanding common shares has to be adjusted by considering the impact of all potentially dilutive common shares effect. There are no dilutive effect as of December 31, 2011 and 2010 because there are no outstanding potentially dilutive common shares effects.

The income attributable to owners of the parent for the years ended December 31, 2011 and 2010 are Rp105,037 and Rp5,800,640, respectively. The number of weighted average issued and fully paid shares are 5,377,962,800 shares and 5,169,552,072 shares for the years ended December 31, 2011 and 2010, respectively.

x. Transaction with Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements ("the reporting entity"):

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity (b) taking into account item (c) below), if any of the following conditions applies:
 - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

x. Transaction with Related Parties (continued)

(c) In this context, the following are not related parties:

- (i) Two entities simply because they have a director or other member of key management personnel in common or because a member of key management personnel of one entity has significant influence over the other entity.
- (ii) Two venturers simply because they share joint control over a joint venture.
- (iii) (1) providers of finance,
(2) trade unions,
(3) public utilities, and
(4) departments and agencies of a government that does not control, jointly control or significantly influence the reporting entity, simply by virtue of their normal dealings with an entity (even though they may affect the freedom of action of an entity or participate in its decision-making process).
- (iv) A customer, supplier, franchisor, distributor or general agent with whom an entity transacts a significant volume of business, simply by virtue of the resulting economic dependence.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The calculation of employee benefits obligation depends on the actuarial assumptions used, such as: discount rate, resignation rate and some other key assumptions which are based in part on current market conditions.

The recognition of deferred tax assets depends on the expectation and estimates of availability of future taxable income.

The useful lives and depreciation expenses of the property and equipment are determined based on estimates, where as the depreciation expenses will be revised if the useful lives are different from those previously estimated or if the assets will be written off or impaired due to obsolesce or retirement. Assessment on asset impairment requires the Company to review whether there is an indication of impairment.

Any changes in assumptions, estimates and judgments as stated above, may have risks which expose an adjustment to the carrying value of assets and liabilities within the next reporting period.

4. CASH AND CASH EQUIVALENTS

This account consists of the following:

	2011	2010
Cash on hand:		
Rupiah	18,808	13,704
Foreign currencies	74	55
Current accounts:		
Rupiah		
PT Bank Danamon Indonesia Tbk ("Danamon")	457,178	731,443
PT Bank CIMB Niaga Tbk ("CIMB")	268,865	970,004
PT Bank Mega Tbk	77,339	299,392
Other banks, below Rp50,000 each	62,402	122,516

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4. CASH AND CASH EQUIVALENTS (continued)

This account consists of the following (continued):

	2011	2010
Current accounts (continued):		
Foreign currencies:		
Bank Julius Baer & Co. Ltd., Singapore	308,233	92,612
Danamon	90,734	-
CIMB	50,409	301,073
Other banks, below Rp50,000 each	48,900	18,168
Time deposits:		
Rupiah:		
PT Bank Mayapada Internasional Tbk	10,000	10,000
Other banks, below Rp10,000 each	10,133	6,268
Total	1,403,075	2,565,235

The time deposits earned interest at annual rates ranging from 5% to 8.25%; and from 6.75% to 8.5% for the years ended December 31, 2011 and 2010, respectively.

As of December 31, 2011, no cash and cash equivalents are used as collateral.

Details of balances in foreign currencies are disclosed in Note 28.

5. SHORT-TERM INVESTMENTS

The short-term investments consist of the following:

	2011	2010
<u>Investment in managed fund</u>		
Third party	262,980	-
Related party (Note 8)	80,000	1,345,000
Sub - total	342,980	1,345,000
<u>Investment in debt and equity securities</u>		
<u>Held-to-maturity</u>		
Third parties		
Commercial papers - USD4,338 in 2011 and USD4,335 in 2010	39,338	38,975
<u>Trading securities</u>		
Third parties		
Bonds and shares of stock	1,672	4,918
<u>Restricted funds</u>		
Third party	6,800	-
<u>Time deposit</u>		
Third party - SGD93 in 2011 and 2010	652	652
Total	391,442	1,389,545

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5. SHORT-TERM INVESTMENTS (continued)

As of December 31, 2011, investment in third party managed fund follows the agreement "Kontrak Pengelolaan Portofolio Efek Untuk Kepentingan Nasabah Secara Individual" with PT Buana Megah Abadi ("PT BMA"), where as under the agreement, the Company appointed PT BMA as investment manager.

The Company entered into several managed fund agreements with PT Ciptadana Securities ("PT CS", an affiliate). Based on these agreements, which can be extended, the Company placed funds in PT CS for the purchase of investments, such as bonds and other debentures which are not issued by the Company's related parties.

In April 2009, PT NPI invested in commercial papers issued by Prime Venture Pte. Ltd. and One Earth Holdings Pte. Ltd. with face values of USD8,000 and USD5,000, respectively. The commercial papers were bought at the price 97.087% and have annual interest rate of 6%. These commercial papers have been extended up to March 26, 2012. As of December 31, 2011, the face values of the holding commercial papers issued by Prime Venture Pte. Ltd. and One Earth Holdings Pte. Ltd. are USD3,000 and USD1,400, respectively.

The bonds bore interest at annual rates ranging from 8.37% to 13.13%, and from 8.37% to 16.15% for the years ended December 31, 2011 and 2010, respectively.

Restricted funds represent the sinking fund for Third Matahari Bonds and Second Matahari Sukuk Ijarah which will mature on April 14, 2012 (Note 19).

The Company recognized net loss amounting to Rp126 from the sale of its investments in debt securities for the year ended December 31, 2011; while for the year ended December 31, 2010, the Company recognized net gain amounting to Rp719 from the sale of its investments in managed funds, debt securities and shares of stock.

6. ACCOUNT RECEIVABLES

Account receivables - trade consist of third-party receivables from customers sales through credit cards and joint promotion.

The account receivables - trade as of December 31, 2011 and 2010 are collectible in next quarter.

Account receivables - others consist of the following:

	2011	2010
<u>Rent</u>		
Third parties	194,112	116,770
Related parties (Note 8)	2,516	1,509
Sub-total	196,628	118,279
<u>Insurance claim</u>		
Third parties	15,969	14,921
<u>Others - net</u>		
Third parties	10,288	45,780
Total	222,885	178,980

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6. ACCOUNT RECEIVABLES (continued)

The management believes that all account receivables are collectible; therefore, no allowance for impairment of receivables has been provided for the years ended December 31, 2011 and 2010.

As of December 31, 2011, no receivables are used as collateral.

7. MERCHANDISE INVENTORIES

Merchandise inventories consist of the following:

	2011	2010
Daily needs, food and beverages	1,237,851	940,397
Books, stationeries and toys	28,269	29,316
Total	1,266,120	969,713

The management believes that the merchandise inventories value represent the net realizable value.

As of December 31, 2011, no merchandise inventories are used as collateral.

The Company carries insurance on their respective merchandise inventories from fire and other risks for Rp2,404,842 as of December 31, 2011. The management believes that the insurance coverage is adequate to cover the possible losses from fire and other risks. The insurance coverage is covered by PT Asuransi Central Asia, PT Lippo General Insurance Tbk (affiliate) and PT Asuransi Bintang Tbk.

8. ACCOUNTS AND TRANSACTIONS WITH RELATED PARTIES

Parent Company

PT Multipolar Tbk is the parent company, which respectively owned 50.2308% of the total Company's capital stocks as of December 31, 2011 and 2010 (Note 20).

Direct and indirect subsidiaries

Details of direct and indirect Subsidiaries are disclosed in Note 1c.

Investments in Associates and Other Long-term Investments

Details of investment in associates and other long-term investments are disclosed in Note 10.

Transactions With Related Parties

The details of the accounts with related parties (mainly affiliates) are as follows:

	2011	2010
<u>Short-term investments (Note 5)</u>		
Investment in managed funds - PT Ciptadana Securities	80,000	1,345,000
Percentage of total assets	0.78	11.78

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8. ACCOUNTS AND TRANSACTIONS WITH RELATED PARTIES (continued)

The details of the accounts with related parties (mainly affiliates) are as follows (continued):

	2011	2010
<u>Account receivables - others - net (Note 6)</u>		
<u>Rent</u>		
PT Lippo Karawaci Tbk	1,843	1,407
Others	673	102
Total	2,516	1,509
Percentage of total assets	0.02	0.01
<u>Prepaid expenses</u>		
PT Mandiri Cipta Gemilang	9,791	9,791
PT Menara Bhumimegah	7,928	-
PT Direct Power	3,532	3,532
PT Villa Permata Cibodas	2,300	-
Others	611	781
Total	24,162	14,104
Percentage of total assets	0.23	0.12
<u>Due from related parties - net</u>		
PT Bintang Sidoraya	7,702	10,713
PT Karya Dinamika Investama	1,600	1,600
Others	200	200
Total	9,502	12,513
Percentage of total assets	0.09	0.11
<u>Purchase of property and equipment</u>		
PT Multipolar Tbk	6,734	4,425
PT Visionet Internasional	2,253	-
Total	8,987	4,425
Percentage of total assets	0.09	0.04
<u>Proceeds from sale of property and equipment (Note 11)</u>		
PT Visionet Internasional	-	18,700
Percentage of total assets	-	0.16
<u>Rental advances and deposits (Note 12)</u>		
PT Mandiri Cipta Gemilang (Note 30)	324,260	324,260
PT Menara Bhumimegah	-	286,433
PT Villa Permata Cibodas	-	15,000
Total	324,260	625,693
Percentage of total assets	3.15	5.48

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8. ACCOUNTS AND TRANSACTIONS WITH RELATED PARTIES (continued)

The details of the accounts with related parties (mainly affiliates) are as follows (continued):

	2011	2010
<u>Prepaid long-term rent - net (Note 13)</u>		
PT Menara Bhumimegah	172,426	-
PT Direct Power	72,413	75,946
PT Mandiri Cipta Gemilang	50,588	60,379
PT Villa Permata Cibodas	41,592	-
Total	337,019	136,325
Percentage of total assets	3.27	1.19
<u>Proceeds from transfer of prepaid long-term rent</u>		
PT Visionet Internasional	-	10,500
Percentage of total assets	-	0.09
<u>Other non-current assets - net</u>		
PT Visionet Internasional	1,231	-
Percentage of total assets	0.01	-
<u>Proceeds from sale of other non-current assets - net</u>		
PT Multipolar Tbk	-	42,500
Percentage of total assets	-	0.37
<u>Due to related parties - net</u>		
Avel Pty. Limited, Australia	2,531	2,285
PT Matahari Leisure	885	1,182
PT Buana Trans Mandiri	-	1,467
PT Bintang Taratrans Buana	-	1,350
Total	3,416	6,284
Percentage of total liabilities	0.07	0.14
The following is a summary of significant transactions (affecting revenues/income and expenses) entered into with related parties (mainly affiliates):		
	2011	2010
<u>Selling Expenses</u>		
Rental expenses (including rental amortization)		
PT Mandiri Cipta Gemilang	(10,026)	(9,791)
PT Direct Power	(3,532)	(3,532)
PT Villa Permata Cibodas	(2,108)	-
Others (below Rp1,000 each)	(977)	(1,222)
Total	(16,643)	(14,545)
Percentage of rental expenses	2.90	2.39

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8. ACCOUNTS AND TRANSACTIONS WITH RELATED PARTIES (continued)

The following is a summary of significant transactions (affecting revenues/income and expenses) entered into with related parties (mainly affiliates) (continued):

	2011	2010
<u>Selling Expenses (continued)</u>		
<u>Rental income</u>		
PT Lippo Karawaci Tbk	2,964	3,086
PT Multipolar Tbk	1,262	911
Total	4,226	3,997
Percentage of rental income	1.47	1.91
<u>Other expenses</u>		
PT Visionet Internasional	(12,841)	-
Avel Pty. Limited, Australia	(8,644)	(7,856)
PT Air Pasifik Utama	(1,825)	(10,750)
PT Multipolar Tbk	(1,167)	-
Total	(24,477)	(18,606)
Percentage of other expenses	3.89	2.80
<u>General and Administrative Expenses</u>		
<u>Salaries and employee benefits expenses</u>		
Boards of Commissioners and Directors (short-term employee benefits)	(27,151)	(51,478)
Percentage of salaries and employee benefits expenses	5.01	9.11
<u>Consultant fees</u>		
PT Sharestar Indonesia	(397)	(1,233)
Percentage of consultant fees	0.90	5.20
<u>Insurance expenses</u>		
PT Lippo General Insurance Tbk	(1,999)	(3,585)
Percentage of insurance expenses	7.46	13.71
<u>Other expenses</u>		
PT Ciptadana Securities	(233)	(1,486)
PT Multipolar Tbk	-	(4,705)
Other	(395)	-
Total	(628)	(6,191)
Percentage of other expenses	1.45	9.36
<u>Interest income</u>		
PT Ciptadana Securities	120,509	205,329
Percentage of interest income	39.45	49.82

Transactions with the related parties are made under terms comparable to those that would be obtained in similar transactions with unrelated parties, except for account receivables - others and certain amounts due from related parties which are non-interest bearing.

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8. ACCOUNTS AND TRANSACTIONS WITH RELATED PARTIES (continued)

Transactions with the related parties do not result in conflict of interest as discussed in BAPEPAM-LK Regulation No. IX.E.1.

The relationship and nature of account balances/transactions with related parties are as follows:

No.	Related Parties	Relationship	Nature of	
			Account Balances/Transactions	
1.	PT Ciptadana Securities	Affiliate, common controlled entity	Investment in managed funds, other expenses and interest income	
2.	PT Lippo Karawaci Tbk ("PT LK")	Affiliate, common controlled entity	Account receivables - others, rental income and intercompany account	
3.	PT Mandiri Cipta Gemilang PT Menara Bhumimegah PT Villa Permata Cibodas	Affiliate, subsidiary of PT LK	Prepaid expenses, rental advances and deposits, prepaid long-term rent - net and rental expenses	
4.	PT Direct Power	Affiliate, subsidiary of PT LK	Prepaid expenses, prepaid long-term rent - net and rental expenses	
5.	PT Bintang Sidoraya	PT TPRB's associate	Intercompany account	
6.	PT Karya Dinamika Investama	PT NPI's associate	Intercompany account	
7.	PT Multipolar Tbk	Company's major stockholder	Purchase of property and equipment, other non-current assets, proceeds from sale of computer software, rental income, promotion expenses, other expenses, account receivables - others, prepaid expenses and rental expenses	
8.	PT Visionet Internasional	Affiliate, subsidiary of PT Multipolar Tbk	Purchase of property and equipment, proceeds from sale of property and equipment, proceeds from transfer of prepaid long-term rent, other non-current assets, promotion expense and other expenses	
9.	Avel Pty. Limited, Australia	Affiliate	Intercompany account and payment for promotion expenses	
10.	PT Matahari Leisure	Associate	Intercompany account	
11.	PT Buana Trans Mandiri	PT TPRB's associate	Intercompany account	
12.	PT Bintang Taratrans Buana	Affiliate, subsidiary of PT Multipolar Tbk	Payment for promotion expenses	
13.	PT Air Pasifik Utama	PT Multipolar Tbk	Payment of salaries	
14.	Boards of Commissioners and Directors	Boards of Commissioners and Directors	Consultant expenses	
15.	PT Sharestar Indonesia	Affiliate, subsidiary of PT Multipolar Tbk	Insurance expenses and prepaid expenses	
15.	PT Lippo General Insurance Tbk	Affiliate, common controlled entity	Insurance expenses and prepaid expenses	

The account balances/transactions with other related parties (below Rp1,000 each) primarily consist of account receivables - others, prepaid expenses, regular intercompany accounts, rental expenses and other expenses.

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9. OTHER LONG-TERM RECEIVABLE

On December 31, 2011 and 2010, other long-term receivable represents receivable to PT Meadow Indonesia ("PT MI") in connection with the sale of shares of PT Matahari Department Store Tbk ("PT MDS") (Note 1c). On September 30, 2011, PT MI had effectively merged with PT MDS; therefore the receivable was transferred to PT MDS. In accordance with PSAK 7 (revised 2010): Related Party Disclosures, concerning the definition of related party, since January 1, 2011, PT MDS was no longer a related party to the Company (Note 36).

10. INVESTMENTS

Investments in Associates

The Company's investments in associates consist of the following:

	Percentage of Ownership	Carrying Value		Accumulated Equity in Undistributed Net Earnings (Loss) of investee	
		2011	2010	2011	2010
PT Matahari Leisure ("PT ML")	50.00	27,932	24,805	26,495	23,368
PT Bintang Sidoraya ("PT BSR")	24.00	2,380	2,380	(18,581)	(18,581)
PT Tason Mitra Prima ("PT TMP")	50.00	2,082	2,082	(918)	(918)
PT Kenya Dinamika Investama ("PT KDI")	36.36	400	400	-	-
Total		32,794	29,667	6,996	3,869

PT ML

The Company owns 50% equity in PT ML. PT ML is engaged in the manufacture of amusement machines. The equity in net earnings (loss) of this investee amounting to Rp3,127 and (Rp1,833) for the years ended December 31, 2011 and 2010, respectively.

PT BSR and PT TMP

The investments in PT BSR and PT TMP were acquired through PT TPRB. PT BSR is engaged in the sale and marketing of beer while PT TMP has not started its commercial operations yet.

PT KDI

PT NPI owns the 36.36% equity in PT KDI. PT KDI has not started commercial operations yet.

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10. INVESTMENTS (continued)

Other Long-term Investments

The Company's other long-term investments consist of the following:

	2011	2010
<u>Investments in shares of stock which are accounted for under the cost method</u>		
Meadow Asia Company Limited ("MAC")		
Preferred stock	711,252	711,252
Common stock	171,596	171,596
Sub - total	882,848	882,848
PT Langgeng Mandiri Lestari ("PT LML")	1,000	-
Other long-term investment - net	5	5
Sub - total	883,853	882,853
<u>Investment in Unit Trust</u>		
LMIR Trust - SGD26,706 in 2010	-	186,425
Total	883,853	1,069,278

MAC

PT MP owns investments in MAC's preferred stocks and common stocks, in connection with the transfer of all shares ownership of PT MDS, amounted to Rp711,252 and Rp171,596, respectively. These preferred stocks have no voting rights (non-voting) except for those rights that are associated with changes in the rights of preferred stocks or on the liquidation of the company. The preferred stocks give the stockholders a cumulative dividend of 13% per annum. The decision to distribute the preferred stocks dividend is solely based on the authority of MAC and MAC has the power to redeem these stocks at any time.

MAC does not have other businesses aside from the investment in Asia Color Company Limited ("ACC"). ACC has sole investment in PT MDS. Indirect ownership of PT MP in PT MDS is 19.63%. With indirect ownership of less than 20%, the Company is considered not having a significant influence on MAC, therefore the investment is accounted using the cost method. Under the cost method, an investor records its investment in an investee at acquisition cost (Note 2e).

PT LML

PT SAL has ownership of 7.14% in PT LML. PT LML is engaged in the leasing office space.

LMIR Trust

On December 31, 2010, Tristar had investment of 50,389,000 units of LMIR Trust, a trust which has investments in assets such as commercial mall and retail spaces. The investment was classified as available-for-sale investment and recorded at market value.

In May 2011, Tristar had sold the investment and recognized net gain amounted to Rp10,040.

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11. PROPERTY AND EQUIPMENT

The details of property and equipment are as follows:

		Transaction during the Year				
	Beginning Balance	Additions	Reclassifications*	Disposals	Ending Balance	
2011						
Carrying Value						
Landrights	146,045	20,699	10,393	8,289	168,848	
Buildings	1,012,400	123,371	-	12,490	1,123,281	
Buildings renovation	196,894	21,908	7,022	28,426	197,398	
Equipment and Installations	1,226,060	159,648	13,431	8,716	1,390,423	
Motor vehicles	22,060	2,112	-	802	23,370	
Machines	329,774	13,118	14,902	865	356,929	
Total	2,933,233	340,856	45,748	59,588	3,260,249	
Accumulated depreciation						
Landrights	1,254	265	-	1,519	-	
Buildings	332,508	45,486	-	8,915	369,079	
Buildings renovation	103,158	36,007	-	27,975	111,190	
Equipment and Installations	608,337	127,796	-	6,510	729,623	
Motor vehicles	17,538	2,191	-	802	18,927	
Machines	288,696	21,811	-	865	309,642	
Total	1,351,491	233,556	-	46,586	1,538,461	
Impairment of assets						
Landrights	7,161	-	-	-	7,161	
Buildings	68,496	-	-	-	68,496	
Equipment and Installations	2,626	-	-	-	2,626	
Total	78,283	-	-	-	78,283	
Net	1,503,459				1,643,505	
* reclassification from other non-current assets						
2010		Transaction during the Year			Ending Balance	
	Beginning Balance	Additions	Reclassifications*	Disposals**		
Carrying Value						
Landrights	108,809	37,236	-	-	146,045	
Buildings	1,008,972	-	4,007	579	1,012,400	
Buildings renovation	433,604	12,619	25,895	275,224	196,894	
Equipment and Installations	2,094,030	39,074	97,677	1,004,721	1,226,060	
Motor vehicles	33,134	468	160	11,702	22,060	
Machines	321,684	9,511	8,871	10,292	329,774	
Total	4,000,233	98,908	136,610	1,302,518	2,933,233	
Accumulated depreciation						
Landrights	462	792	-	-	1,254	
Buildings	283,181	49,598	-	271	332,508	
Buildings renovation	184,704	46,589	-	128,135	103,158	
Equipment and Installations	1,053,866	152,668	-	598,197	608,337	
Motor vehicles	25,159	3,137	-	10,758	17,538	
Machines	274,368	24,617	-	10,289	288,696	
Total	1,821,740	277,401	-	747,650	1,351,491	

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11. PROPERTY AND EQUIPMENT (continued)

<u>2010 (continued)</u>	Transaction during the Year				Ending Balance
	Beginning Balance	Additions	Reclassifications*	Disposals**	
Impairment of assets	-	7,161	-	-	7,161
Landrights	-	68,496	-	-	68,496
Buildings	-	868	-	868	-
Buildings renovation	-	13,163	-	10,537	2,626
Equipment and installations	-	-	-	-	-
Total	-	89,688	-	11,405	78,283
Net	2,178,493				1,503,459

* reclassification from other non-current assets

** including property and equipment of PT MDS amounted to Rp521,036 which was deconsolidated starting April 1, 2010 (Note 1c)

For the years ended December 31, 2011 and 2010, the Company sold certain property and equipment as follows:

	2011	2010
Proceeds	14,500	21,411
Net book value	(13,002)	(22,427)
Gain (Loss)	1,498	(1,016)

Proceeds from sale of property and equipment to related party amounted to Rp18,700 for the year ended December 31, 2010 (Note 8).

In 2007, the Company and Tristar entered into sale of investment in shares and asset sale and lease transactions on properties. The difference between the proceeds from the sale and net book value was recorded as deferred gain on asset sale and lease transactions and amortized proportionally over the rental period based on the rent expenses related to those assets. In connection with the sale of LMIR Trust unit by Tristar in May 2011 (Note 10), the balance of deferred gain on sale of investment in shares is fully recognized in profit and loss for the year. Details of Deferred Gain on Asset Sale and Lease Transactions are as follow:

	2011	2010
Balance at beginning of year	307,996	349,427
Amortization	(295,651)	(41,431)
Balance at end of year	12,345	307,996
Less current portion	2,098	44,745
Long-term portion	10,247	263,251

The depreciation for the years ended December 31, 2011 and 2010 was charged to the following:

	2011	2010
General and administrative expenses (Note 25)	233,015	275,624
Cost of sales - bakery overhead	541	161
Other charges - others	-	1,616
Total	233,556	277,401

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11. PROPERTY AND EQUIPMENT (continued)

The landrights represent rights (Hak Guna Bangunan or "HGB" and Hak Milik Rumah Susun or "HMRS") on parcels of land and buildings located in several cities in Indonesia. These HGB and HMRS will expire on various dates from year 2012 to 2041. The HGB and HMRS are under the Company's and Subsidiaries' names.

In 2010, the Company reviewed some of its assets and impaired certain of its property and equipment amounted to Rp89,688.

The Company carries insurance for Rp118,187 and USD543,842 as of December 31, 2011, on their respective property and equipment, except land, from fire and other risks. The management believes that the insurance coverage is adequate to cover possible losses from fire and other risks. The insurance coverage is covered by PT Asuransi Central Asia, PT Lippo General Insurance (affiliate) and PT Asuransi Bintang Tbk.

12. RENTAL ADVANCES AND DEPOSITS - NET

This account represents rental advances and deposits made to building owners for new stores (Note 30). The rental advances are used for rental payment at the start of the rental period.

As of December 31, 2011 and 2010, the rental advances to related parties amounted to Rp324,260 and Rp625,693, respectively (Note 8).

In connection with the sale of its investment in PT MDS, in April 2010, the Company reviewed some of its assets and impaired the value of rental advances amounted to Rp644,721 (Note 36).

13. PREPAID LONG-TERM RENT - NET

This account represents the long-term rent prepayment for the Company's stores located at Kemang Village, Pejaten Village, Bellanova Country Mall, Puri Paragon City, Mega Mall Pluit and other locations in 2011; and Pejaten Village, Bellanova Country Mall, Puri Paragon City, Mega Mall Pluit, Cibubur Junction and other locations in 2010.

As of December 31, 2011 and 2010, the prepaid long-term rent to related parties - net, amounted to Rp337,019 and Rp136,325, respectively (Note 8).

In connection with the sale of its investment in PT MDS, in April 2010, the Company reviewed some of its assets and impaired the value of leased assets amounted to Rp129,215 (Note 36).

14. ACCOUNT PAYABLES - TRADE

This account represents liabilities to suppliers (third parties) for merchandise purchased under the following arrangements:

	2011	2010
Direct purchase	1,251,433	956,662
Consignment	38,944	31,331
Total	1,290,377	987,993

The amounts due to suppliers as of December 31, 2011 and 2010 are all payable in next quarter.

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15. ACCOUNT PAYABLES - OTHERS

On December 31, 2010, this account mainly represents third interim dividend payable amounted to Rp968,033 (Note 29). In addition, this account represents liabilities to contractors for building renovation work, including store decoration, and to other parties for marketing expenses.

16. TAXATION

Taxes payable consist of the following:

	2011	2010
Income tax payable (less prepayments of Rp9,761 in 2011 and Rp4,016 in 2010)	5,224	7,148
Other taxes payable:		
Income Tax		
Article 21	22,563	47,732
Article 23	7,487	6,125
Article 25	536	-
Article 26	1,103	557
Value Added Tax	4,707	19,772
Others	1,804	1,865
Total	43,424	83,199

Reconciliation between consolidated income before income tax and estimated fiscal loss of the Company is as follows:

	2011	2010
Consolidated income before Income Tax	164,372	5,575,257
Subsidiaries' income before income tax - net	(320,041)	(106,543)
Share of net loss (profit) of associates - net	(3,127)	1,833
Income (loss) before Income Tax of the Company	(158,796)	5,470,547
Temporary differences:		
Depreciation and amortization	(37,049)	(13,724)
Impairment of assets	-	848,656
Difference in value from Restructuring Transaction of Entities under Common Control	-	(210,834)
Others	593	35,378
Permanent differences:		
Income already subjected to final tax/non-tax objects		
- Rent - net	(51,814)	(26,052)
- Interest	(28,037)	(96,416)
- Dividend	(79)	(7)
- Others - net	124,900	-
Realized/unrealized holding gain on listed shares of stock	154	(7)
Gain on disposal of Subsidiary - net	-	(6,377,002)
Estimated fiscal loss of the Company	(150,128)	(369,461)
Accumulated fiscal losses - net	(312,305)	(198,652)
Cumulative losses at ending of year	(462,433)	(568,113)

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16. TAXATION (continued)

The computation of Income Tax benefit (expense) is as follows:

	2011	2010
Taxable income		
Subsidiaries	59,940	134,184
Income Tax expense - current year	(14,985)	(33,546)
Income Tax benefit (expense) - deferred at enacted maximum tax rate of 25% Company		
Effects on temporary differences:		
Fiscal loss correction years 2009 and 2010	(63,952)	-
Depreciation and amortization	(9,262)	(3,431)
Impairment of assets	-	212,165
Difference in value from Restructuring Transaction of Entities under Common Control	-	(52,709)
Others	148	28,311
Effect on estimated fiscal loss current year	37,532	92,365
Net	(35,534)	276,701
Subsidiaries	6,446	836
Income Tax benefit (expense) - deferred	(29,088)	277,537
Income Tax benefit (expense) - current and deferred Company	(35,534)	276,701
Subsidiaries	(8,539)	(32,710)
Net	(44,073)	243,991

The computation of the estimated Income Tax payable (claims for tax refund) is as follows:

	2011	2010
Income Tax expense - current		
Subsidiaries	14,985	33,546
Prepayments of Income Tax Company		
Article 23	52,273	38,978
Subsidiaries		
Article 22	-	2
Article 23	21,108	2,875
Article 25	5,398	1,139
Sub - total	26,506	4,016
Total prepayments	78,779	42,994

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16. TAXATION (continued)

The computation of the estimated Income Tax payable (claims for tax refund) is as follows (continued):

	2011	2010
Estimated Income Tax payable (claim for tax refund)		
Company	(52,273)	(38,978)
Subsidiaries	(11,521)	29,530
Net	(63,794)	(9,448)

In April 2011, the Company received tax assessment ("Surat Ketetapan Pajak or SKP") and Tax Collection ("Surat Tagihan Pajak or STP") for fiscal years 2007, 2008 and 2009. Based on the SKP and STP, the Company was billed with additional income tax (Article 4 (2), 21, 23 and 26), Corporate Income Tax and Value Added Tax ("VAT") along with the tax penalties of Rp138,050, after considering claim for tax refund / prepaid tax. Based on an assessment letter for tax overpayment ("Surat Ketetapan Pajak Lebih Bayar or SKPLB") in 2009, the Company's fiscal loss was adjusted to Rp42,508. In August 2011, the Company also received SKP and STP for fiscal year 2010. Based on the SKP and STP, the Company was billed with additional income tax (Article 4 (2), 21, 23 and 26) and VAT along with the tax penalties of Rp11,078. Based on SKPLB year 2010, the Company's fiscal loss was adjusted to Rp269,798 and Company's claim for tax refund of Rp52,957 was approved by the Directorate General of Taxation. The adjustment for claim for tax refund, correction of fiscal losses and additional tax payable and tax penalties were charged to current operations.

In July 2011, PT MGF received SKP and STP for fiscal year 2009. Based on the SKPLB, PT MGF's claim for tax refund of Rp1,185 was approved by the Directorate General of Taxation, which it would be offset by additional tax due. Based on tax assessment letters for tax underpayment ("Surat Ketetapan Pajak Kurang Bayar or SKPKB") and STP, PT MGF was billed with addition Income Tax payable (Article 4 (2), 21, 23 and 26) and VAT along with tax penalties of Rp213. In November 2011, PT MGF received STP for fiscal year 2010. Based on the STP, PT MGF was billed with interest on Corporate Income Tax amounted to Rp24. The adjustment for claim for tax refund, income tax payable along with tax penalties and interest were charged to current operations.

The reconciliation between the Income Tax benefit (expense) calculated by applying the applicable tax rate to the consolidated income before Income Tax and the net Income Tax benefit (expense) for the years ended December 31, 2011 and 2010 is as follows:

	2011	2010
Consolidated Income before Income Tax	164,372	5,575,257
Income Tax expense at the applicable tax rate of 25%	(41,093)	(1,393,814)
Tax effect on permanent differences:		
Income already subjected to final tax/non-tax objects - net	(11,359)	1,629,421
Employee benefits	(242)	(227)
Others - net	72,573	8,611
Fiscal loss correction years 2009 and 2010	(63,952)	-
Consolidated Income Tax benefit (expense) - net	(44,073)	243,991

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16. TAXATION (continued)

In September 2008, Law No. 7 Year 1983 regarding "Income Tax" was revised for the fourth time with the issuance of Law No. 36 Year 2008. The revised Law stipulates changes in corporate tax rates from progressive tax rates to a single rate of 28% for fiscal year 2009 and 25% for fiscal year 2010 and onwards.

In December 2007, the Government issued a regulation relating to a further tax reduction of 5% from the applicable tax rates for publicly-listed companies effective January 1, 2008, if they comply with the certain requirements relating to shareholding composition. The Company was in the fiscal losses position for the years ended December 31, 2011 and 2010. Therefore, no allowance for corporate income tax (current year) was provided for the years.

The tax effects of the significant temporary differences between financial and tax reporting which are outstanding as of December 31, 2011 and 2010 are as follows:

	2011	2010
Company:		
Deferred tax assets		
Impairment of assets	212,165	212,165
Accumulated fiscal losses	115,608	142,028
Deferred rental expenses	3,565	2,613
Gain on asset sale and lease transactions	3,086	3,611
Interest income	-	83
Total	334,424	360,500
Deferred tax liabilities		
Depreciation and amortization	83,055	73,793
Insurance claim	3,515	3,515
Interest income	196	-
Total	86,766	77,308
Deferred tax assets - net		
Company	247,658	283,192
Subsidiaries	29,225	21,538
Total	276,883	304,730
Deferred tax liabilities - net		
Subsidiary	2,308	1,070

As of the financial statements completion date, the Company has submitted 2011 Annual Tax Return ("Surat Pemberitahuan Tahunan or SPT") to the Tax Office. The Company's estimated fiscal loss for the years 2011 and 2010 were agreed with the amount reported in SPT submitted by the Company to the Tax Office.

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17. ACCRUED EXPENSES

This account consists of the following:

	2011	2010
Salaries and employee benefits (Note 27)	180,232	124,247
Marketing and supplies	117,413	100,949
Electricity and energy	35,496	28,800
Rental	32,174	27,429
Interest	27,462	22,891
Others	202,616	163,471
Total	595,393	467,787

18. BANK LOANS

This account consists of the following third-party loans:

	2011	2010
PT Bank Mandiri (Persero) Tbk ("Mandiri")	500,000	-
PT Bank Danamon Indonesia Tbk ("Danamon")	400,000	235,000
Bank of China ("BoC") - USD30,000	272,040	269,730
PT Bank CIMB Niaga Tbk, ("CIMB")	240,000	-
PT Bank Internasional Indonesia Tbk ("BII")	200,000	-
The Hongkong and Shanghai Banking Corporation Limited ("HSBC")	135,000	135,000
Sub-total	1,747,040	639,730
Less current maturities	440,000	370,000
Long-term portion	1,307,040	269,730

Mandiri

On October 28, 2011, the Company obtained from Mandiri a revolving credit facility amounted to Rp1,000,000 in 2011 and additional facility of Rp1,000,000 when the Company' sales achieve a certain amount. The facilities are available up to October 27, 2013.

As of December 31, 2011, the unutilized loan facilities amounted to Rp500,000 (Note 30).

Danamon

On September 8, 2006 and September 19, 2006, the Company obtained from Danamon two revolving working capital loan facilities amounted to Rp125,000 and Rp110,000, respectively. On September 29, 2011, the Company obtained additional working capital loan facilities amounted to Rp165,000. The facilities are available up to July 31, 2013.

As of December 31, 2011, the full amounts of the facilities have been drawn down.

BoC

On January 14, 2010, the Company obtained from BoC a revolving loan facility amounted to USD30,000. The facility is available up to January 14, 2012. On December 27, 2011, the facility has been extended up to January 14, 2014.

As of December 31, 2011, the full amount of the facility has been drawn down.

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18. BANK LOANS (continued)

CIMB

On December 13, 2007, the Company obtained from CIMB a Fixed Loan on Demand 3 facility amounted to Rp240,000. The loan facility is available up to December 13, 2012. Therefore, as of December 31, 2011, all of the used loan facility is represented as "Current Maturities of Long-term Debts - Bank Loans".

As of December 31, 2011, the full amount of the facility has been drawn down.

BI

On December 13, 2007, the Company obtained from BI a revolving promissory loan facility amounted to Rp200,000. On December 23, 2010, the Company obtained an additional revolving promissory loan facility amounted to Rp200,000. These loan facilities are available up to December 13, 2012. Therefore, as of December 31, 2011, all of the used loan facility is represented as "Current Maturities of Long-term Debts - Bank Loans".

As of December 31, 2011, the unutilized loan facilities amounted to Rp200,000 (Note 30).

HSBC

The Company obtained a working capital loan facility from HSBC with a principal amounted to Rp135,000 (or its U.S. dollar equivalent up to a maximum of USD15,000). This facility is available up to December 19, 2011. On December 19, 2011, the facility has been extended up to December 19, 2013.

In September 2006, the Company obtained a cross currency swap facility amounted to USD29,000 from HSBC which is to be used to hedge the Company's currency fluctuation exposure. On July 26, 2007, the cross currency swap facility was reduced to USD10,000 and is available up to May 31, 2011. On December 19, 2011, the facility has been extended up to May 31, 2012.

As of December 31, 2011, the working capital loan facility has been drawn down.

BN

On September 21, 2006, the Company obtained from BNI a credit line facility with a maximum amount of Rp500,000 and on December 27, 2011, the facility has turned to revolving working capital facility which is available up to December 22, 2014.

As of December 31, 2011, the full amount of the facility has not been utilized yet (Note 30).

For all the above facilities denominated in rupiah, the Company' loans bear interest at annual rates ranging from 9.5% to 12% and from 10.5% to 14% for the years ended December 31, 2011 and 2010, respectively, while those in U.S. Dollar, the Company' loan bears interest at annual rates ranging from 4.19% to 4.8% and 4.3% for the years ended December 31, 2011 and 2010, respectively. The Company is required to comply with certain conditions, which all of the conditions have been met as of December 31, 2011 and 2010. The loans obtained by the Company from the facilities are unsecured.

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19. BONDS PAYABLE - NET

Bonds payable consist of the following:

	2011	2010
Third Matahari Bonds in Year 2009 with Fixed Rates ("Third Matahari Bonds")	302,000	302,000
Second Matahari Sukuk Ijarah in Year 2009 ("Second Matahari Sukuk Ijarah")	226,000	226,000
Nominal value	528,000	528,000
Unamortized Bonds Issuance Cost	(2,064)	(4,334)
Net	525,936	523,666
Less current maturities - net	339,431	-
Long-term portion - net	186,505	523,666

On April 14, 2009, the Company issued Third Matahari Bonds and Second Matahari Sukuk Ijarah, with details as follows:

- Third Matahari Bonds Series A, with total face value of Rp250,000 in Rp5 denomination. The bonds bear interest at the fixed rate of 16% per annum for 3 years and will mature on April 14, 2012;
- Third Matahari Bonds Series B, with total face value of Rp52,000 in Rp5 denomination. The bonds bear interest at fixed rate of 17% per annum for 5 years and will mature on April 14, 2014;
- Second Matahari Sukuk Ijarah Series A, with total face value of Rp90,000 in Rp5 denomination. Each bondholder is entitled to "Ijarah fee" amounted to Rp160 per annum for each Rp1,000. The fee shall be paid for 3 years. The bonds will mature on April 14, 2012; and
- Second Matahari Sukuk Ijarah Series B, with total face value of Rp136,000 in Rp5 denomination. Each bondholder is entitled to "Ijarah fee" amounted to Rp170 per annum for each Rp1,000. The fee shall be paid for 5 years. The bonds will mature on April 14, 2014.

On December 31, 2011, Third Matahari Bonds Series A and Second Matahari Sukuk Ijarah Series A have been presented in the Company's statements of financial position as "Current maturities of long-term debts - Bonds payable - net".

Third Matahari Bonds and Second Matahari Sukuk Ijarah are listed on the Indonesia Stock Exchange. PT Kustodian Sentral Efek Indonesia, acts as the payment agent, pays quarterly interest for Third Matahari Bonds and "Ijarah fee" for Second Matahari Sukuk Ijarah.

The ratings given by PT Pemeringkat Efek Indonesia were idA^{+} (Stable Outlook) for Third Matahari Bonds and $idA^{+}_{(sy)}$ (Stable Outlook) for the Second Matahari Sukuk Ijarah at the time the bonds were issued.

PT Bank Mega Tbk acts as trustee for the Third Matahari Bonds and Second Matahari Sukuk Ijarah.

The Third Matahari Bonds and Second Matahari Sukuk Ijarah will not be secured with a specific collateral.

The proceeds of the Third Matahari Bonds had been earmarked to be used for refinancing the Second Matahari Bonds which had matured on May 11, 2009 and the proceeds of the Second Matahari Sukuk Ijarah had been earmarked to be used for the lease of store spaces which had been determined in "Akad Wakalah".

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19. BONDS PAYABLE - NET (continued)

Based on the Bonds Indenture, the Company is required to comply with certain conditions, which all of the conditions have been met as of December 31, 2011.

The amortization of bonds issuance cost charged to operations for the years ended December 31, 2011 and 2010 amounted to Rp2,270 and Rp1,859, respectively.

If the bonds' annual rating downgraded below ^{id}A- for the Third Matahari Bonds and ^{id}A-(^{sy}) for the Second Matahari Sukuk Ijarah, the Company should provide a sinking fund in the occurrence year and in the following years for as long as the rating remains at below ^{id}A- and ^{id}A-(^{sy}) respectively, in amounts determined as follows:

- First year, 10% of the face value of the Third Matahari Bonds or Second Matahari Sukuk Ijarah; or
- Second year, cumulative 15% of the face value of the Third Matahari Bonds or Second Matahari Sukuk Ijarah; or
- Third year, cumulative 20% of the face value of the Third Matahari Bonds or Second Matahari Sukuk Ijarah; or
- Fourth year, cumulative 25% of the face value of the Third Matahari Bonds or Second Matahari Sukuk Ijarah; or
- Fifth year, cumulative 30% of the face value of the Third Matahari Bonds or Second Matahari Sukuk Ijarah.

Based on General Bondholders' Meeting of Third Matahari Bonds and Second Matahari Sukuk Ijarah held on March 29, 2010, the Company paid extra one-time coupon of 0.4% from the principal amount of Third Matahari Bonds and Second Matahari Sukuk Ijarah to the Bondholders. In addition, the Company shall provide a sinking fund, that will be used as a reserve against payment as follows:

- 2% from the principal amount of Third Matahari Bonds and Second Matahari Sukuk Ijarah, which was executed on April 14, 2011;
- 2% from the principal amount of Third Matahari Bonds and Second Matahari Sukuk Ijarah, which will be executed on April 14, 2012;
- 2% from the principal amount of Third Matahari Bonds and Second Matahari Sukuk Ijarah, which will be executed on April 14, 2013.

20. CAPITAL STOCK

Starting October 11, 2000, the Company's shares have been traded on a scripless basis on the stock exchanges.

The Company's stockholders as of December 31, 2011 and 2010 are as follows:

	Number of Shares Issued and Fully Paid	Percentage of Ownership	Amount
PT Multipolar Tbk	2,701,391,108	50.2308	1,350,695
PT Star Pacific Tbk	338,419,625	6.2927	169,210
Others - public (below 5% each)	2,338,152,067	43.4765	1,169,076
Sub-total	5,377,962,800	100.0000	2,688,981
Treasury stock	198,584,000		99,292
Total	5,576,546,800		2,788,273

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20. CAPITAL STOCK (continued)

As of December 31, 2011 and 2010, no Company's stockholders are part of the Company's management.

In the Company's Stockholders' Extraordinary Meeting held on January 8, 2002 the minutes of which are notarized under deed No. 19 dated January 8, 2002 of Ny. Poerbaningih Adi Warsito, S.H., the stockholders resolved to, among others, approved the buy-back of the Company's shares held by the public with the maximum total number of the buy-back shares was 270,599,400 shares or 10% of the Company's issued and fully paid capital stock. The Company's shares buy-back program ended on July 9, 2003. As of this date, the Company had bought 198,584,000 (73.39% of maximum total buy-back shares allowed) of its shares from the market for Rp123,236.

Based on the minutes of the Stockholders' Extraordinary Meeting as notarized under Deed No. 77 dated December 27, 2006 of Ny. Poerbaningih Adi Warsito, S.H., the stockholders approved the issuance, through the Fourth Limited Public Offering with Pre-emptive Rights to stockholders, of 2,005,928,000 (at Rp500 per share) new shares and a maximum of 877,593,500 Series I warrants that will be given for free as an incentive to the stockholders that exercise their rights. Each 16 new shares purchased from the Fourth Limited Public Offering will get 7 Series I warrants which can be used to buy new shares at the price of Rp900 per share. The warrants can be exercised starting April 11, 2008 up to July 12, 2010. As of the end of the exercise date, 864,624,800 warrants were exercised into stock.

Based on the Company's meeting resolution as notarized under deed No. 10 dated November 4, 2010 of Ny. Poerbaningih Adi Warsito S.H., shares of converted warrants had been issued and fully paid, thus the total number of issued and fully paid shares are 5,576,546,800 shares.

21. ADDITIONAL PAID-IN CAPITAL - NET

The details of this account as of December 31, 2011 and 2010 are as follows:

Premium on capital stock from:	
- First Limited Public Offering with Pre-emptive Rights to the stockholders	30,067
- Conversion of bonds into shares of stock	144
- Exercise of warrants into shares of stock	345,850
Stock issuance costs	(51,409)
Net	324,652

Stock issuance costs arising from the Company's First, Second, Third and Fourth Limited Public Offerings with Pre-emptive Rights to the stockholders amounted to Rp1,312, Rp2,475, Rp32,780 and Rp14,842, respectively.

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22. SALES

The details of sales from direct purchase and other trade revenue are as follows:

	2011	2010
Supermarket/hypermarket	8,365,310	7,294,225
Family entertainment centers	330,229	303,741
Department stores	-	452,571
Others	143,989	113,340
Total	8,839,528	8,163,877

Consignment sales and cost of consignment for the year ended December 31, 2010 were mainly from PT MDS.

There were no individual sales which exceeded 10% of net sales for the years ended December 31, 2011 and 2010.

23. COST OF SALES

The details of cost of sales are as follows:

	2011	2010
Merchandise inventories at beginning of year	969,713	1,171,805
Net purchases	7,624,256	6,783,143
Merchandise inventories available for sale	8,593,969	7,954,948
Deconsolidated Subsidiary - PT MDS (Note 1c)	-	324,984
Merchandise inventories at end of year	1,266,120	969,713
Cost of sales before bakery overhead	7,327,849	6,660,251
Bakery overhead	23,161	17,638
Cost of Sales	7,351,010	6,677,889

There were no purchases of merchandise inventory from any supplier which exceeded 10% of net sales for the years ended December 31, 2011 and 2010.

24. SELLING EXPENSES

The details of selling expenses are as follows:

	2011	2010
Rental - net	286,387	398,349
Others - net	(1,285)	162,712
Total	285,102	561,061

Rental - net represents rental expenses net of rental income of Rp288,277 and Rp209,702 for the years ended December 31, 2011 and 2010, respectively.

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25. GENERAL AND ADMINISTRATIVE EXPENSES

The details of general and administrative expenses are as follows:

	2011	2010
Salaries and employee benefits (Note 27)	542,085	565,265
Depreciation (Note 11)	233,015	275,624
Electricity and energy	205,844	220,028
Taxes and licenses	52,769	30,840
Consultant fees	44,162	23,706
Traveling	33,423	26,576
Insurance	26,810	26,150
Communication	16,012	17,519
Others	43,343	66,160
Total	1,197,463	1,251,868

26. INTEREST INCOME - NET

This account consists of the following:

	2011	2010
Interest income	305,466	412,122
Interest expense	(245,322)	(396,096)
Net	60,144	16,026

27. EMPLOYEE BENEFITS

Based on Labor Law No. 13/2003 dated March 25, 2003, The Company and Subsidiaries recognized provision for termination, gratuity and compensation benefits of employees. Such benefits are included as part of general and administrative expenses (salaries and employee benefits) in the current years statements of income.

The detail of cost of employee benefits consists of the following:

	2011	2010
Current service cost	18,023	15,835
Interest cost	13,985	16,268
Amortization of actuarial loss	2,157	1,887
Amortization of unrecognized past service cost - non-vested benefits	5	87
Immediate recognition of past service cost - vested benefits	634	-
Net	34,804	34,077
Compensation	3,549	5,636
Curtailment gain	(712)	(927)
Settlement gain	(366)	(303)
Total	37,275	38,483

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27. EMPLOYEE BENEFITS (continued)

The above provisions were determined based on actuarial calculations as of December 31, 2011 and 2010, prepared by PT Dayamandiri Dharmakonsilindo, an independent actuary, by adopting the Projected-Unit-Credit method with the following assumptions:

Annual discount rate	: 6.5% - 6.95% in 2011 and 8.5% - 9.06% in 2010
Annual salary increase rate	: 8% in 2011 and 10% in 2010
Table of mortality	: Commissioners Standard Ordinary 1980 (CSO'80)
Disability rate	: 10% of mortality rate
Retirement rate	: 100% at normal retirement age
Resignation rate	: 2-9% per annum at age 20 up to age 54
Normal retirement age	: 55 years old

Movements in the liability for employee benefits are as follows:

	2011	2010
Beginning balance	106,752	197,545
Provision	37,275	38,483
Payments	(5,193)	(8,399)
Deconsolidated subsidiary - PT MDS (Note 1c)	-	(120,877)
Net	138,834	106,752

28. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

Monetary assets and liabilities in foreign currencies as of December 31, 2011 and 2010 are as follows:

	2011	2010
	Amount in Foreign Currencies	Amount in Foreign Currencies
	Rupiah Equivalent	Rupiah Equivalent
Assets		
Cash and cash equivalents		
USD	36,685	44,967
SGD	23,601	877
Euro	64	96
RMB	129	130
JPY	1,189	1,195
HKD	20	28
USD	4,338	4,335
SGD	93	93
Total Assets	538,340	451,535
Liabilities		
Account payables - others	93	93
USD	65	65
SGD	590	584
Current maturities of long-term debts - bank loans	30,000	-
USD	272,040	-
Long-term debts - net of current maturities - bank loans	-	30,000
USD	-	269,730
Total Liabilities	273,282	270,966
Assets - net	265,058	180,569

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29. DISTRIBUTION OF INCOME AND APPROPRIATION OF RETAINED EARNINGS

In the Company's Stockholders' Annual General Meeting held on February 14, 2011, the minutes of which are notarized under deed No. 13 of Ny. Poerbaningsih Adi Warsito, S.H., the stockholders resolved to, among others, declare cash dividend amounted to Rp1,613,389 or Rp300 (in full amount) per share, payable to stockholders listed in the stockholders' register as of March 10, 2011 and to appropriate Rp2,000 from retained earnings as a general reserve. The payment of annual dividend was made on March 22, 2011.

In the Company's Stockholders' Annual General Meeting held on May 14, 2010, the minutes of which are notarized under deed No. 40 of Ny. Poerbaningsih Adi Warsito, S.H., the stockholders resolved to, among others, declare cash dividend amounted to Rp85,716 or Rp16 (in full amount) per share, payable to stockholders listed in the stockholders' register as of June 10, 2010 and to appropriate Rp2,000 from retained earnings as a general reserve. The payment of annual dividend was made on June 23, 2010.

In 2010, the Company declared first, second and third interim dividends amounted to Rp180 (in full amount) per share, respectively. The payment of those interim dividends was made on May 12, 2010, June 28, 2010 and January 10, 2011, respectively.

30. COMMITMENTS AND CONTINGENCY

COMMITMENTS

a. The Company entered into a license agreement with IGA, Inc. ("IGA") in March 2001, whereby IGA authorized and licensed the Company to use the IGA trademarks (1) to identify the Company as an IGA member, (2) in connection with the distribution and promotion of products with the quality standards established by IGA, solely in the Company's stores, and rendering of services relating to IGA systems in those stores, and (3) in connection with the procurement and labeling of products with the quality standards established by IGA.

On the same date, the Company entered into a service agreement with IGA to obtain service and support from IGA, including guidance and counsel, international public relations assistance, and attendance at major key events. As of December 31, 2011 and 2010, the Company recognized license fee amounted to Rp220 and Rp271, respectively.

b. The Company entered into a management agreement with PT MGF in December 2002, whereby the Company agreed to provide management consultation services to PT MGF. The Company earns an annual management fee as compensation, which is computed at a certain percentage of the gross revenue of PT MGF. The agreement is effective for a 12-year period starting January 1, 2003.

In November 2010, simultaneously with the transfer of ownership in PT MGF to PT NPH (Note 1c), the management agreement was also transferred as well.

The related reciprocal management fee income and expense amounted to Rp3,929 and Rp3,571 for the years ended December 31, 2011 and 2010, respectively, have been eliminated in the consolidated financial statements.

c. PT MGF entered into a "Business System License Agreement" with Avel Pty. Limited, Australia (licensor) in January 2003, whereby the licensor granted PT MGF the exclusive right in Indonesia to use the "Timezone Business System". The licensor earns an annual royalty as compensation, which is computed at a certain percentage of the gross revenue of PT MGF. The agreement is effective for a 12-year period starting January 1, 2003.

The royalty fees charged to current operations as part of "Selling Expenses (Others)" amounted to Rp8,644 and Rp7,856 for the years ended December 31, 2011 and 2010, respectively.

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30. COMMITMENTS AND CONTINGENCY (continued)

COMMITMENTS (continued)

- d. The Company entered into a lease agreement with PT Donindo Menara Utama in August 2004, covering lease of store space with a floor area of 4,000 square meters in Banjarmasin. The lease period covers 11 years to start at the opening day of the store and is extendable. As required in the agreement, the Company made rental deposit amounted to Rp667 as of December 31, 2011, which is presented as part of "Rental Advances and Deposits". The store has not opened yet as of December 31, 2011.
- e. The Company entered into a lease agreement with PT Gerbang Perkasa in February 2007 and has been renewed in May 2010, covering a store with floor area of 20,343 square meters in Yogyakarta. The lease period covers 15 years to start on the opening day of the store with total rental charge of Rp129,000. As required in the agreement, the Company has made the rental payment amounted to Rp129,000 as of December 31, 2011, which is presented as part of "Rental Advances and Deposits".

Based on the addendum of the lease agreement, the hand-over of the store space will be made not later than July 2012, the Company will receive, as compensation, additional 7 years' lease period and participation fee for opening store promotion amounted to Rp3,800. The store has not opened yet as of December 31, 2011.
- f. The Company entered into a lease agreement with PT Perisai Emas in March 2007 and has been renewed in December 2010, covering a store with floor area of 15,267 square meters in Bali. The lease period covers 20 years to start on the opening day of the store with total rental charge of Rp214,827. As required in the agreement, the Company has made the rental payment amounted to Rp214,827 as of December 31, 2011, which is presented as part of "Rental Advances and Deposits".

Based on the addendum of the lease agreement, the hand-over of the store space will be made not later than June 2012, the Company will receive, as compensation, additional 7 years and 4 months' lease period and participation fee for opening store promotion amounted to Rp6,400. The store has not opened yet as of December 31, 2011.
- g. The Company entered into a lease term-sheet with PT Gaya Kreasindo Permai in July and November 2007, covering a store with floor area of 14,715 square meters in Jakarta. The lease period covers 11 years to start on the opening day of the store. The store has not opened yet as of December 31, 2011.
- h. The Company entered into a lease agreement with PT Trimitra Exelindo Utama Karya in March 2008 and has been renewed in January 2011, covering a store with floor area of 20,000 square meters in Semarang. The lease period covers 15 years to start on the opening day of the store with total rental charge of Rp113,353. As required in the agreement, the Company has made rental payment amounted to Rp113,353 as of December 31, 2011, which is presented as part of "Rental Advances and Deposits".

Based on the addendum of the lease agreement, the hand-over of the store space will be made not later than June 2012, the Company will receive, as compensation, additional 3 years and 1 month' lease period and participation fee amounted to Rp3,400. The store has not opened yet as of December 31, 2011.
- i. The Company entered into a lease agreement with PT Bima Mitra Utama Energi in March 2008, covering land and building with floor area of 40,500 square meters and 9,968 square meters, respectively, in Jakarta. The lease period covers 10 years to start on the opening day of the store with total rental charge of Rp117,682. As required in the agreement, the Company has made rental payment amounted to Rp117,682 as of December 31, 2011, which is presented as part of "Rental Advances and Deposits".

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30. COMMITMENTS AND CONTINGENCY (continued)

COMMITMENTS (continued)

Based on the addendum of the lease agreement that was signed in May 2010, the hand-over of the store space will be made not later than April 2012, the Company will receive, as compensation, additional 2 years and 10 months' lease period and participation fee amounted to Rp3,530. The store has not opened yet as of December 31, 2011.

- j. The Company re-entered into a lease agreement with PT Rang kai Ribu Parem as in March 2008, covering a store with floor area of 14,000 square meters in Jakarta. The lease period covers 15 years to start on the opening day of the store with total rental charge of Rp154,433. As required in the agreement, the Company has made rental payment amounted to Rp154,433 as of December 31, 2011, which is presented as part of "Rental Advances and Deposits".

Based on the addendum of the lease agreement that was signed in May 2011, the hand-over of the store space will be made not later than December 2012, the Company will receive, as compensation, additional 2 years and 3 months' lease period. The store has not opened yet as of December 31, 2011.

- k. The Company entered into a lease agreement with PT Khatulistiwa Multipromo in September 2008, covering a store with floor area of 19,660 square meters in Jakarta. The lease period covers 15 years to start on the opening day of the store with total rental charge of Rp196,600. As required in the agreement, the Company has made rental payment amounted to Rp196,600 as of December 31, 2011, which is presented as part of "Rental Advances and Deposits".

Based on the addendum of the lease agreement that was signed in December 2010, the hand-over of the store space will be made not later than October 2012, the Company will receive, as compensation, additional 2 years and 9 months' lease period and participation fee for opening store promotion amounted to Rp5,900. The store has not opened yet as of December 31, 2011.

- l. The Company entered into a lease agreement with PT Inovasi Ragam Abadi in September 2008, covering a store with floor area of 10,789 square meters in Bali. The lease period covers 15 years to start on the opening day of the store with total rental charge of Rp140,956. As required in the agreement, the Company has made rental payment amounted to Rp140,956 as of December 31, 2011, which is presented as part of "Rental Advances and Deposits".

Based on the addendum of the lease agreement that was signed in December 2010, the hand-over of the store space will be made not later than October 2012, the Company will receive, as compensation, additional 2 years and 9 months' lease period and participation fee for opening store promotion amounted to Rp4,230. The store has not opened yet as of December 31, 2011.

- m. The Company entered into a lease agreement with PT Sityco Riwani Jaya in September 2008, covering a store with floor area of 22,739 square meters in Surabaya. The lease period covers 20 years to start on the opening day of the store with total rental charge of Rp197,716. As required in the agreement, the Company has made rental payment amounted to Rp197,716 as of December 31, 2011, which is presented as part of "Rental Advances and Deposits".

Based on the addendum of the lease agreement that was signed in December 2010, the hand-over of the store space will be made not later than August 2012, the Company will receive, as compensation, additional 3 years and 4 months' lease period and participation fee for opening store promotion amounted to Rp5,930. The store has not opened yet as of December 31, 2011.

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30. COMMITMENTS AND CONTINGENCY (continued)

COMMITMENTS (continued)

- n. The Company entered into a lease agreement with PT Mandiri Cipta Gemilang on November 12, 2008, covering a store with floor area of 24,858.91 square meters in Jakarta. The lease period covers 20 years to start on the opening day of the store with total rental charge of Rp324,260. As required in the agreement, the Company has made rental payment amounted to Rp324,260 as of December 31, 2011, which is presented as part of "Rental Advances and Deposits".

Based on the addendum of the lease agreement that was signed in December 2010, the hand-over of the store space will be made not later than June 2013, the Company will receive, as compensation, additional 5 years' lease period and participation fee for opening store promotion amounted to Rp9,700. The store has not opened yet as of December 31, 2011.

- o. The Company entered into a lease agreement with PT Papetra Perkasa Utama on August 26, 2009, covering a store with floor area of 7,300 square meters in Manado. The lease period covers 11 years to start on the opening day of the store with total rental charge of Rp14,016. As required in the agreement, the Company has made rental payment amounted to Rp10,512 as of December 31, 2011, which is presented as part of "Rental Advances and Deposits". The store has not opened yet as of December 31, 2011.

- p. PT MP has entered into Vendor Loan Agreement Security Assignment with PT Bank CIMB Niaga Tbk ("CIMB") on March 29, 2010, whereby PT MP has pledged the receivables from PT MI (on September 30, 2011, PT MI had effectively merged with PT MDS) to CIMB, to guarantee the PT MDS's loan.

- q. The Company entered into a Service Agreement for Information Technology System with PT Visionet Internasional on July 1, 2010, whereby PT Visionet Internasional will supply the information technology system and supporting services to support all the Company's business operations.

- r. The Company entered into a lease term-sheet with PT Diyatama Banua Raya in October 2010, covering a store with floor area of 5,081 square meters in Kalimantan. The lease period covers 11 years to start on the opening day of the store. As required in the term-sheet, the Company has made rental payment and rental deposit amounted to Rp915 and Rp686, respectively, as of December 31, 2011, which are presented as part of "Rental Advances and Deposits". The store has not opened yet as of December 31, 2011.

- s. The Company entered into a lease term-sheet with PT Modern Widya Tehnical in November 2010, covering a store with floor area of 4,760 square meters in Jayapura. The lease period covers 11 years to start on the opening day of the store. As required in the term-sheet, the Company has made rental payment amounted to Rp1,628 as of December 31, 2011, which is presented as part of "Rental Advances and Deposits". The store has not opened yet as of December 31, 2011.

- t. The Company entered into a lease term-sheet with PT Mega Pasanggrahan Indah in January 2011 covering a non-residential unit with floor area of 5,779 square meters in Depok. The lease period covers 11 years to start on the opening day of the store. As required in the term-sheet, the Company has made rental payment amounted to Rp1,075 as of December 31, 2011, which is presented as part of "Rental Advances and Deposits". The store has not opened yet as of December 31, 2011.

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30. COMMITMENTS AND CONTINGENCY (continued)

COMMITMENTS (continued)

- u. The Company entered into a lease term-sheet with PT Borneo Inti Graha in February 2011 covering a store with floor area of 7,000 square meters in Samarinda. The lease period covers 11 years to start on the opening day of the store. As required in the term-sheet, the Company has made rental payment amounted to Rp8,400 as of December 31, 2011, which is presented as part of "Rental Advances and Deposits". The store has not opened yet as of December 31, 2011.
- v. The Company entered into a lease term-sheet with PT Paramita Bangun Persada in February 2011 covering a store with floor area of 7,300 square meters in Tangerang. The lease period covers 11 years to start on the opening day of the store. As required in the term-sheet, the Company has made rental payment amounted to Rp1,478 as of December 31, 2011, which is presented as part of "Rental Advances and Deposits". The store has not opened yet as of December 31, 2011.
- w. The Company entered into a lease agreement with PT Bliss Properti Indonesia in April 2011 covering a store with floor area of 6,570 square meters in Ambon. The lease period covers 11 years to start on the opening day of the store. As required in the agreement, the Company has made rental payment and rental deposit amounted to Rp872 and Rp10,000, respectively, as of December 31, 2011, which are presented as part of "Rental Advances and Deposits". The store has not opened yet as of December 31, 2011.
- x. The Company entered into a lease term-sheet with PT Lippo Karawaci Tbk in May 2011 covering a store with floor area of 1,500 square meters in Tangerang. The lease period covers 11 years to start on the opening day of the store. The store has not opened yet as of December 31, 2011.
- y. The Company entered into a lease term-sheet with PT Abadi Mas Cemerlang in July 2011 covering a store with floor area of 5,000 square meters in Jakarta. The lease period covers 11 years to start on the opening day of the store. The store has not opened yet as of December 31, 2011.
- z. The Company entered into a lease term-sheet with PT Sinar Bahana Mulya in August 2011 covering a store with floor area of 5,240 square meters in Cibubur. The lease period covers 12 years to start on the opening day of the store. As required in the term-sheet, the Company has made rental payment amounted to Rp1,415 as of December 31, 2011, which is presented as part of "Rental Advances and Deposits". The store has not opened yet as of December 31, 2011.
- aa. The Company entered into a lease agreement with PT Palembangparagon Mall in October 2011 covering a store with floor area of 7,000 square meters in Palembang. The lease period covers 20 years to start on the opening day of the store. As required in the agreement, the Company has made rental deposit amounted to Rp84,000 as of December 31, 2011, which is presented as part of "Rental Advances and Deposits". The store has not opened yet as of December 31, 2011.
- bb. The Company entered into a lease term-sheet with PT Permata Bungo Plaza in November 2011 covering a store with floor area of 4,133 square meters in Jambi. The lease period covers 11 years to start on the opening day of the store. The store has not opened yet as of December 31, 2011.
- cc. The Company entered into a lease agreement with PT Mitra Anda Sukses Bersama in November 2011 covering a store with floor area of 5,000 square meters in Kendar. The lease period covers 20 years to start on the opening day of the store. As required in the agreement, the Company has made rental deposit amounted to Rp60,000 as of December 31, 2011, which is presented as part of "Rental Advances and Deposits". The store has not opened yet as of December 31, 2011.

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30. COMMITMENTS AND CONTINGENCY (continued)

COMMITMENTS (continued)

- dd. The Company entered into a lease term-sheet with PT Harun Plaza in November 2011 covering a store with floor area of 5,000 square meters in Aceh. The lease period covers 11 years to start on the opening day of the store. The store has not opened yet as of December 31, 2011.
- ee. The Company entered into a lease term-sheet with PT Lamfata Retailindo Perkasa in December 2011 covering a store with floor area of 5,000 square meters in Kalimantan. The lease period covers 12 years to start on the opening day of the store. The store has not opened yet as of December 31, 2011.
- ff. The Company entered into a lease term-sheet with PT Suramadu Sukses in December 2011 covering a store with floor area of 4,333 square meters in Madura. The lease period covers 10 years to start on the opening day of the store. The store has not opened yet as of December 31, 2011.
- gg. The Company entered into a lease agreement with PT Garsa Geniliang in December 2011 covering a store with floor area of 6,000 square meters in North Sulawesi. The lease period covers 20 years to start on the opening day of the store. As required in the agreement, the Company has made rental deposit amounted to Rp54,000 as of December 31, 2011, which is presented as part of "Rental Advances and Deposits". The store has not opened yet as of December 31, 2011.
- hh. The Company entered into a lease agreement with PT Nusa Investa Mandiri in December 2011 covering a store with floor area of 6,000 square meters in Kupang. The lease period covers 20 years to start on the opening day of the store. As required in the agreement, the Company has made rental deposit amounted to Rp54,000 as of December 31, 2011, which is presented as part of "Rental Advances and Deposits". The store has not opened yet as of December 31, 2011.
- ii. The Company entered into a lease agreement with PT Nusa Bahana Niaga in December 2011 covering a store with floor area of 6,000 square meters in Kupang. The lease period covers 20 years to start on the opening day of the store. As required in the agreement, the Company has made rental deposit amounted to Rp72,000 as of December 31, 2011, which is presented as part of "Rental Advances and Deposits". The store has not opened yet as of December 31, 2011.
- jj. The Company entered into a lease agreement with PT Sinergi Utama Mitra Properindo in December 2011 covering a store with floor area of 6,000 square meters in Jakarta. The lease period covers 20 years to start on the opening day of the store. As required in the agreement, the Company has made rental deposit amounted to Rp90,000 as of December 31, 2011, which is presented as part of "Rental Advances and Deposits". The store has not opened yet as of December 31, 2011.
- kk. The Company entered into a lease agreement with PT Sarana Horizon Investama in December 2011 covering a store with floor area of 4,500 square meters in Tangerang. The lease period covers 20 years to start on the opening day of the store. As required in the agreement, the Company has made rental deposit amounted to Rp54,000 as of December 31, 2011, which is presented as part of "Rental Advances and Deposits". The store has not opened yet as of December 31, 2011.
- ll. As of December 31, 2011, total of the Company's unutilized loans facilities are Rp1,200,000 (Note 18).

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30. COMMITMENTS AND CONTINGENCY (continued)

CONTINGENCY

On December 9, 2010, the Company signed an offering letter from PT Griyapesona Mentari ("GPM") which stated among others: the Company has been offered to buy a strata title unit with floor area of 10,258 square meters in Supermall Cilegon with price of Rp50,000, wherein Rp40,000 paid by the Company on December 10, 2010, and the remaining amount of Rp10,000, will be paid on April 9, 2011. The Company has the option to cancel the purchase plan by sending written notification not later than January 31, 2011 to GPM, and if this occurs then GPM will refund Rp40,000 plus interest payments of 12% per annum or the entire amount could be treated as lease payments at the Supermall Cilegon, Supermall Karawang, Supermall Cianjur and Supermall Sukabumi.

On January 28, 2011, the Company sent a letter to GPM informing that the Company took the option to cancel the purchase plan of the strata title unit, hence, under the signed offering letter, GPM is obliged to refund the received money not later than April 9, 2011.

On April 28, 2011, GPM sent a letter to the Company requesting for delaying the refund until the end of June 2011.

On June 16, 2011, GPM has been declared bankrupt by the Commercial Court Decision of Central Jakarta District Court No. 10/PKPU/2011/PN.NIAGA.JKT.PST ("Bankruptcy Decision") and appointed Yana Supriyatna, S.H, as the Curator of GPM. Over this bankruptcy decision, GPM has filed an appeal to the Supreme Court and up to now the appeal is still in the process. Although GPM is in bankruptcy status, Supervisory Judge as stipulated in the Decree No. 03/HP/VII/2011/PN.JKT.PST-10/PKPU/2011/PN.NIAGA.JKT.PST dated July 6, 2011 has given permission and or approval to the Curator to continue GPM's business so that the building/mall owned by GPM (under bankruptcy supervision) can still operate. Related to the Bankruptcy Decision, the Company has registered itself as concurrent creditor by filing charge to Curator of GPM amounted to Rp42,507 which represented principal payments plus interest (calculated up to June 16, 2011). At the meeting of debt verification, Curator only verified Rp42,101 of all charge filed by the Company. Therefore, by letter No. 173/LIT-Ext/X/2011 dated October 31, 2011, the Company filed objection or Renvoi Procedure. Until now, the bankruptcy process is still in the stage of the appeal process and the examination of objection or Renvoi Procedure.

31. OPERATING SEGMENTS INFORMATION

In identifying operating segments, management considers business types that represent the main activities of the Company that are Retail Business and Family Entertainment Center.

In addition, information about business activities beside two main activities are grouped and presented under category "Others". The content of others segment represents revenue and expense generated by the Subsidiaries' activities that engaged in investment, general trading, restaurant and other services.

Operating segments are managed as separate legal entities because each operating segment provides different service/product. All inter-segment transactions have been eliminated.

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31. OPERATING SEGMENTS INFORMATION (continued)

Consolidated informations based on operating segments are as follows:

	Retail Business	Family Entertainment Center	Others	Total
2011				
Operation Results				
Sales from Direct Purchase and Other	8,365,310	330,229	143,989	8,839,528
Trade Revenue	416,790	-	11,833	428,623
Consignment Sales	(351,386)	-	(8,154)	(359,540)
Cost of Consignment Sales	(90,691)	1,136	149,699	60,144
Interest income (expense) - net	(198,433)	(28,147)	(32,485)	(259,065)
Depreciation and amortization	-	-	3,127	3,127
Share of net profit of associate	(35,534)	(9,510)	971	(44,073)
Income Tax benefit (expense) - net	(331,030)	34,438	416,891	120,299
Income (Loss) for the year				
Segment Information				
Investment in associates	-	-	32,794	32,794
Capital expenditures	337,571	44,027	133,282	514,880
Reported assets segment	7,040,245	185,431	3,082,493	10,308,169
Reported liabilities segment	4,473,102	75,538	76,081	4,624,721
2010				
Operation Results				
Sales from Direct Purchase and Other				
Trade Revenue	7,746,796	303,741	113,340	8,163,877
Consignment Sales	1,372,561	-	10,597	1,383,158
Cost of Consignment Sales	(994,844)	-	(7,413)	(1,002,257)
Interest income (expense) - net	18,429	781	(3,184)	16,026
Depreciation and amortization	(255,880)	(36,999)	(23,033)	(315,912)
Share of net profit (loss) of associate	(1,955)	-	122	(1,833)
Income Tax benefit (expense) - net	252,370	(7,763)	(616)	243,991
Income (Loss) for the year	5,857,599	24,587	(62,938)	5,819,248
Segment Information				
Investment in associates	-	-	29,667	29,667
Capital expenditures	164,956	27,849	43,678	236,483
Reported assets segment	8,491,288	174,197	2,755,115	11,420,600
Reported liabilities segment	3,830,373	67,503	328,692	4,226,568

All of the Company's sales are located in Indonesia. The Company's Non-current Assets by geographical are as follows:

	2011	2010
Indonesia	6,403,216	5,509,532
Outside Indonesia	5	186,430
Total Non-current Assets segment^{*)}	6,403,221	5,695,962

^{*)} excluded the amount of due from related parties and deferred tax assets

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32. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The main financial risks faced by the Company are credit risk, currency risk, interest risk, interest rate risk, liquidity risk and price risk. Through the risk management approach, the Company tried to minimize the potential negative impact of the above risks.

(i) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company's financial instruments that have the potential for credit risk consist of cash and cash equivalents in bank, account receivables, other receivables and certain investments. The maximum exposure of credit risk is equal to the carrying value of these accounts.

For credit risk associated with banks, only banks with good predicate are selected. As for financial institutions, the management has made certain criteria in which only use the services of experienced and trusted investment manager. In addition, it is policy of the Company not to limit the exposure only to one particular institution; therefore the Company has cash and cash equivalents in the banks, receivables and investments in various financial institutions.

(ii) Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company conducts certain transactions using foreign currencies, including capital expenditures, transactions conducted in foreign subsidiaries, and Company's loan. Thus, the Company must convert the Rupiah to the currency foreign, especially U.S. Dollars, to meet the liabilities in foreign currencies at maturity. The fluctuations in the exchange rate of rupiah against the U. S. dollar could have an impact on our financial condition.

The Company manages the currency risk by monitoring the fluctuations in foreign currency exchange rate continuously so that it can perform appropriate actions such as the use of hedging transactions if necessary to reduce the risk of foreign currency.

(iii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

The Company has interest rate risk mainly due to conducting loans using the floating interest rate. The Company monitors the impact of interest rate movements to minimize the negative impact on the Company.

The information regarding the loan interest rate in the Company is explained in Note 18.

(iv) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments.

The Company manages liquidity risk by maintaining cash and marketable securities sufficient to enable the Company to meet the Company's commitment to normal operation of the Company. In addition, the Company also conducts supervision of projected and actual cash flows on a continuous basis and monitors the maturities date of financial assets and liabilities.

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32. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(v) Price Risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Company has the price risk mainly due to the Company's investment on financial assets classified as available-for-sale. The Company manages the price risk by performing internal control that is supervised by the management on a continuous basis.

Fair Value of Financial Instrument

Except for investments that are classified as trading and available for sale, the carrying value of financial assets and liabilities carried at amortized cost in the consolidated financial statements are close to their fair value because its short-term in nature and or with a floating interest rate. Investments in trading and available for sale securities are recorded by reference to quoted market prices that are published on an active market.

33. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy debt and capital ratios in order to support its business in the future and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the company strategic objectives.

To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, issue new shares, acquire new loan or make loan repayment.

34. EVENTS AFTER THE REPORTING PERIOD

On December 31, 2011, the exchange rates (in full amounts) were Rp9,068 to USD1 and Rp6,974 to SGD1 while on March 14, 2012, the rates were Rp9,193 to USD1 and Rp7,286 to SGD1. On the basis of the rates on March 14, 2012, the Company recognized foreign exchange gain amounted to approximately Rp8,742 on its net foreign currency assets as of December 31, 2011.

35. REVISED PSAK

The Financial Accounting Standard Board - Indonesian Institute of Accountants has issued the following revised financial accounting standards which might have an impact on the Company's consolidated financial statements which applicable for the financial statements covering periods beginning on or after January 1, 2012 or later periods:

- PSAK 10: The Effects of Changes in Foreign Exchange Rates
- PSAK 13: Investment Property
- PSAK 16: Property, Plant and Equipment
- PSAK 18: Accounting and Reporting by Retirement Benefit Plans
- PSAK 24: Employee Benefits
- PSAK 26: Borrowing Costs
- PSAK 28: Accounting for Loss Insurance Contract
- PSAK 30: Lease
- PSAK 34: Construction Contracts
- PSAK 36: Accounting for Life Insurance
- PSAK 45: Financial Reporting for Non-profit Organization

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35. REVISED PSAK (continued)

- PSAK 46: Income Taxes
- PSAK 50: Financial Instrument - Presentation
- PSAK 53: Share-based Payments
- PSAK 55: Financial Instrument - Recognition and Measurement
- PSAK 56: Earnings per Share
- PSAK 60: Financial Instrument - Disclosures
- PSAK 61: Accounting for Government Grants and Disclosure of Government Assistance
- PSAK 62: Insurance Contract
- PSAK 63: Financial Reporting in Hyperinflationary Economies
- PSAK 64: Exploration for and Evaluation of Mineral Resources

The Company has not adopted early any of these PSAKs. The Company is currently evaluating them and has not yet determined the related effects on the consolidated financial statements.

36. ACCOUNT RECLASSIFICATION

As described in Note 2a, in connection with the adoption of new PSAKs, and to be consistent with the presentation of the consolidated financial statements, the Company has reclassified some accounts of consolidated financial position and profit and loss for the year ended December 31, 2010.

Reclassified accounts are as follows:

	Previously reported	Reclassification addition (deduction)	After reclassification
<u>Accounts of financial position</u>			
Account receivables - Others - net*	164,986	12,485	177,471
- Third parties			12,513
Due from related parties - net	1,113,357	(1,100,844)	1,088,359
Other long-term receivable	-	1,088,359	
Advance for purchase of property and equipment	26,233	(26,233)	-
Rental advances and deposits - net	1,340,049	54,486	1,394,535
Other non-current assets	154,645	(28,253)	126,392
Account payables - Others	1,108,223	2,035	1,110,258
Current maturities of long-term debts - Others	2,035	(2,035)	-
Liabilities - Minority interest**	52,574	(52,574)	-
Equity - Non-controlling interests	-	52,574	52,574

* Reclassified to comply with PSAK 7 (Revised 2010): Related Parties Disclosures

** Reclassified to comply with PSAK 1 (Revised 2009): Presentation of Financial Statements

<u>Accounts of profit and loss</u>			
Extraordinary item	5,733,215	(5,733,215)	-
Gain on disposal of Subsidiary - net	-	5,518,619	5,518,619
Income tax benefit - deferred	62,941	214,596	277,537

Extraordinary item that was reclassified as part of Gain on disposal of Subsidiary - net and Income tax benefit in consolidated statement of income for the year ended December 31, 2010 constitutes net value after taking into account other related expenses borne by the Company on the sale of ownership-share of PT MDS (Notes 1c, 11, 12 and 13).

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37. COMPLETION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The management of the Company is responsible for the preparation of the consolidated financial statements that were completed on March 14, 2012.