



PT. Matahari Putra Prima Tbk

PRESS RELEASE
For Immediate Release

MPPA FIRST QUARTER 2016 RESULTS
REVENUE Rp 3.3 TRILLION

Highlights:

- FMCG market remains weak; Sales continue to be challenging amidst a tough economic environment.
- Q1 2016 Sales declined by 2.5% versus last year; Same Store Sales improved by 130 basis points compared to Q4 2015. However on a yoy basis reflected a decline of 5.2%.
- Reduced purchases and continued inventory actions, negatively impacted sales and gross margin.
- Inventory continue to reduce from the peak in 2015 with levels down by Rp37.5 billion from Q1 2015, on a yoy basis inventory levels were 1.3% lower for the quarter.
- As result of the above actions Q1 2016 Net Income was impacted, resulting in a net loss of Rp123.0 billion.
- Profit turnaround expected in Q2 2016, with a much stronger results expected in the second half of 2016.

Lippo Village, Tangerang, Indonesia
May 2, 2016

PT Matahari Putra Prima Tbk (MPPA) reported financial results for the three months ending March 31, 2016. Net sales were Rp3.26 trillion, a 2.5% decline compared to last year while Net Loss was reported at Rp123.0 billion. The results are largely attributable to the inventory actions and reduced purchases during the quarter. Further inventory actions in 2016, will be managed with a planned clearance program.

Noel Trinder, CEO of the Company said, "The market situation continued to be weak in the first quarter. The result in Q1 2016 reflects our decision to address inventory levels due to inefficiencies in the assortment mix. A program to reduce inventory was put in place in Q3 2015 which focused on clearance of obsolete merchandise and stringent controls on inventory purchases. This resulted in reductions of purchases by 13% in Q4 2015 and further 7% in Q1 2016 on a comparative yoy basis. As part of building the platform for a Sustainable Retail Management system, the focus on addressing our inventory inefficiencies will allow us to bring in new fresh merchandise into our stores with improved purchase control, in order to boost sales growth and gross margin."

"The Inventory actions taken are also in preparation for MPPA's planned shift to the cost method of accounting, which will likely to occur in Q2 2016 with any further impact of such shift recorded against retained earnings. This shift is in line with the Company's strategy to drive comp store growth along with improved item profitability."

Mr Trinder further stated, "We remain confident that the direction and strategy we have set would better position MPPA for the remaining of 2016 and beyond. In line with the Five Pillars of Growth we articulated in our strategic plan, our new formats - G7 Hypermart, SmartClub, FMX, Boston Combo and Foodmart Primo – are performing within expectations. Our planned network expansion, store remodeling and new channels focusing on the E-Commerce opportunity will regenerate and drive future growth. Operating expenses are well controlled as we continue to drive



efficiency and productivity initiatives. We have a clear strategy in place to achieve our goals and to deliver value creation to our shareholders.”

As of March 31, 2016, MPPA operates a total of 289 stores across Indonesia (110 Hypermart, 23 Foodmart, 105 Boston, 50 FMX and 1 SmartClub). During the quarter MPPA closed 3 Hypermart stores (permanently closed 1 store and temporarily closed 2 stores later to be converted to SmartClub and Foodmart Primo).

	March 31, 2016 Rp	March 31, 2015 Rp	Growth
NET SALES	3,265,283	3,347,477	(2.5)%
OPERATING PROFIT	(109,885)	97,470	(212.7)%
INCOME BEFORE INCOME TAX	(126,302)	102,689	(223.0)%
INCOME FOR THE PERIOD	(123,071)	81,583	(250.9)%

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About PT Matahari Putra Prima Tbk (MPPA)

PT Matahari Putra Prima one of Indonesia largest retailers employs more than 30,000 associates who serve customers in 110 Hypermarkets (Hypermart), 23 Supermarkets (Foodmart Primo/Fresh), 50 Minimarket/ Convenience stores (FMX), 105 Health and Beauty format stores (Boston) and 1 Wholesale (SmartClub). As of 31 March 2016, MPPA operates 289 stores in 68 cities throughout Indonesia.

MPPA continues to receive both domestic and international acknowledgement with several awards such as: The Charter Award concerning the environmental standards from Ecolabel & Green Label Indonesia by the Ministry of Environment and Forestry of Republic of Indonesia, 2015 Indonesia WOW Brand by MarkPlus Inc, 2015 Top 50 Most Valuable Indonesian Brands by Millward Brown, 2015 Indonesia Best eMark Award by SWA & Telkom University, and 2015 Top 10 Retailers Certificate of Distinction by Retail Asia.

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otherwise arise.

Forward-Looking Statements

Certain statements in this release are or may be forward- looking statements. These statements typically contain words such as "will", "expects" and "anticipates" and words of similar import. By their nature, forward looking statements involve a number of risks and uncertainties that could cause actual events or results to differ materially from those described in this release. Factors that could cause actual results to differ include, but are not limited to, economic, social and political conditions in Indonesia; the state of the property industry in Indonesia; prevailing market conditions; increases in regulatory burdens in Indonesia, including environmental regulations and compliance costs; fluctuations in foreign currency exchange rates; interest rate trends, cost of capital and capital availability; the anticipated demand and selling prices for our developments and related capital expenditures and investments; the cost of construction; availability of real estate property; competition from other companies and venues; shifts in customer demands; changes in operation expenses, including employee wages, benefits and training, governmental and public policy changes; our ability to be and remain competitive; our financial condition, business strategy as well as the plans and objectives of our management for future operations; generation of future receivables; and environmental compliance and remediation. Should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected. Specifically, but without limitation, capital costs could increase, projects could be delayed and anticipated improvements in production, capacity or performance might not be fully realized. Although we believe that the expectations of our management as reflected by such forward-looking statements are reasonable based on information currently available to us, no assurances can be given that such expectations will prove to have been correct. You should not unduly rely on such statements. In any event, these statements speak only as of the date hereof, and we undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.



INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

March 31, 2016 (Unaudited) and December 31, 2015 (Audited)

(Expressed in millions of Indonesian rupiah, except share data)

	March 31, 2016	December 31, 2015		March 31, 2016	December 31, 2015
	Unaudited	Audited		Unaudited	Audited
ASSETS			LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT ASSETS			LIABILITIES & EQUITY		
			LIABILITIES		
			CURRENT LIABILITIES		
Cash and cash equivalents	313,909	408,945	Short-term bank loans	250,000	250,000
Trade receivables - Third Parties	20,052	26,012	Trade payables	1,780,676	1,763,250
Other receivables	435,372	647,867	Accruals	409,350	360,274
Inventories	2,774,878	2,758,970	Taxes payable	34,054	82,271
Prepaid expenses	106,582	104,345	Short-term employee benefit liabilities	91,749	55,348
Other current assets	23,561	25,050	Other current financial liabilities	187,208	210,233
Total Current Assets	3,674,354	3,971,189	Other current liabilities	90,390	93,333
			Total current liabilities	2,843,427	2,814,709
NON-CURRENT ASSETS			NON-CURRENT LIABILITIES		
Other non-current financial assets	21,990	22,253	Long-term bank loans	260,000	400,000
Other long term investments	89,886	31,750	Long-term employee benefit liabilities	243,027	247,012
Fixed Assets	1,488,243	1,461,743	Other non-current liabilities	59,731	56,895
Rental advance and deposits	228,858	229,462	Total non-current liabilities	562,758	703,907
Long-term prepaid rents	325,228	330,220			
Intangible assets	3,415	3,984	Total Liabilities	3,406,185	3,518,616
Other non-current assets	153,612	175,783			
Deferred tax assets	73,122	67,826			
Total Non-Current Assets	2,384,354	2,323,021			
TOTAL ASSETS	6,058,708	6,294,210	EQUITY		
			Equity Attributable to Equity Holders of Parent Entity		
			Capital stock - Rp 50 par value per share as at March 31, 2016 and December 31, 2015		
			Authorized - 10,800,000,000 shares		
			Issued and fully paid - 5,377,962,800 shares as at March 31, 2016 and December 31, 2015		
				268,898	268,898
			Additional paid-in capital - net		
				774,578	774,578
			Retained earnings		
			Appropriated		
				32,000	32,000
			Unappropriated		
				1,577,017	1,700,088
			Total Equity Attributable to Owners of the Parent		
				2,652,493	2,775,564
			Non-controlling interests		
				30	30
			Stockholders' Equity - Net		
				2,652,523	2,775,594
			TOTAL LIABILITIES AND EQUITY		
				6,058,708	6,294,210

**INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

**For the Three Months Period Ended March 31, 2016 and 2015
(Expressed in Millions of Indonesian Rupiah, except share data)**

	March 31, 2016 <i>Unaudited</i>	March 31, 2015 <i>Unaudited</i>
Net Sales	3,265,283	3,347,477
Cost of Sales	<u>(2,806,387)</u>	<u>(2,750,084)</u>
Gross Profit	<u>458,896</u>	<u>597,393</u>
Selling expenses	(90,021)	(53,212)
General and administrative expenses	(476,012)	(441,834)
Other expenses	(2,748)	(5,015)
Other income	-	138
Operating Profit	<u>(109,885)</u>	<u>97,470</u>
Interest income	1,681	5,500
Interest expenses	(18,098)	(281)
Income Before Tax	<u>(126,302)</u>	<u>102,689</u>
Income tax expense	5,296	(18,980)
Final tax expense	(2,065)	(2,126)
Income for the period	<u><u>(123,071)</u></u>	<u><u>81,583</u></u>
Total Comprehensive Income for the period	<u><u>(123,071)</u></u>	<u><u>81,583</u></u>
Income Attributable to:		
Owner of the Parent	(123,071)	81,583
Non-Controlling Interest	<u>(123,071)</u>	<u>81,583</u>
Total Comprehensive Income Attributable to :		
Owner of the Parent	(123,071)	81,583
Non-Controlling Interest	<u>(123,071)</u>	<u>81,583</u>
Basic Earning Per Share	<u><u>(23)</u></u>	<u><u>15</u></u>

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Period Ended March 31, 2016 and 2015
(expresses in millions of Indonesian Rupiah)

	March 31, 2016 <i>Unaudited</i>	March 31, 2015 <i>Unaudited</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	3,271,243	3,360,204
Cash paid to suppliers	(2,802,609)	(3,104,598)
Payments for operating expenses	(163,781)	(176,238)
Payments to employees	(207,529)	(241,639)
Cash receipt from rental income	42,196	68,768
Payments for rental expenses	(146,856)	(172,475)
Cash receipts from other income	425,275	253,344
Payments for other expenses	(237,299)	(230,194)
Net Cash Provided by (Used in) Operating Activities	180,640	(242,828)
CASH FLOWS FROM INVESTING ACTIVITIES		
Held to maturities investments		
Addition of other long term investments	(58,136)	-
Fixed Assets		
Proceed from sales	798	1,169
Acquisitions	(30,557)	(29,874)
Addition of Intangible Assets	(4)	-
Decrease (Increase) in other financial assets	10	(6)
Increase in rental advances and deposits	(7,896)	(28,779)
Proceeds from refund of rental advances and deposits	1,000	-
Decrease (Increase) in other current assets	(328)	(5,764)
Increase in other non-current assets	(25,079)	(32,662)
Net Cash Flows Provided by (Used in) Investing Activities	(120,192)	(95,916)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend payment to:	(140,000)	-
Finance income	1,681	5,614
Finance cost	(17,199)	(281)
Net Cash used in Financing Activities	(155,518)	5,333
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(95,070)	(333,411)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	408,945	747,710
Effect of rate change differences on cash and cash equivalents	34	(66)
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	313,909	414,233