

Management Discussion & Analysis

Serving the daily needs of Indonesian households with more than 5000 SKUs entailing basic needs, PT Sumber Alfaria Trijaya Tbk. (Alfamart/ the Company) is considered one of the largest minimarket chains by Nielsen. From financial viewpoint, we have managed to deliver consistent improvement from year to year.

For 2008 Alfamart booked Net Revenues of Rp 8,309,032 million, which increased by 37% compared to Rp 6,056,255 million in 2007. Our Operating Income jumped by 83% to Rp 176,037 million from Rp 95,954 million in 2007. Accordingly, Net Income increased by 5% to Rp 132,752 million from Rp 126,289 million in the previous year.

Retail Industry Perspective: Growing Prudently at Hard Times

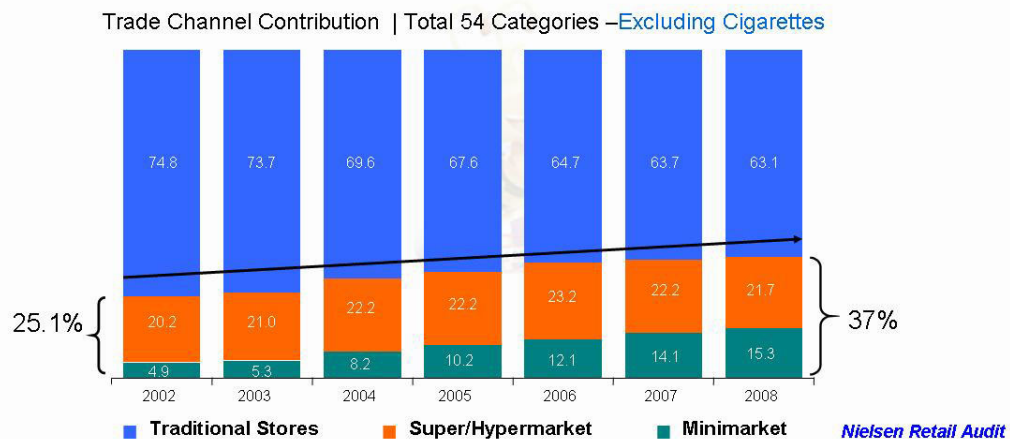
The minimarket industry is able to withstand economic uncertainties – like the recession currently distressing the global economy - as the products offered mainly consist of basic needs. Having exercised all possible spending cuts, consumers would strive to maintain consumption of basic necessities, albeit at reduced level. As a result, sales of consumer retailers like Alfamart would not be severely affected.

In Indonesia's case, the industry has registered consistent growth in the past few years, particularly from 2003 to 2008.

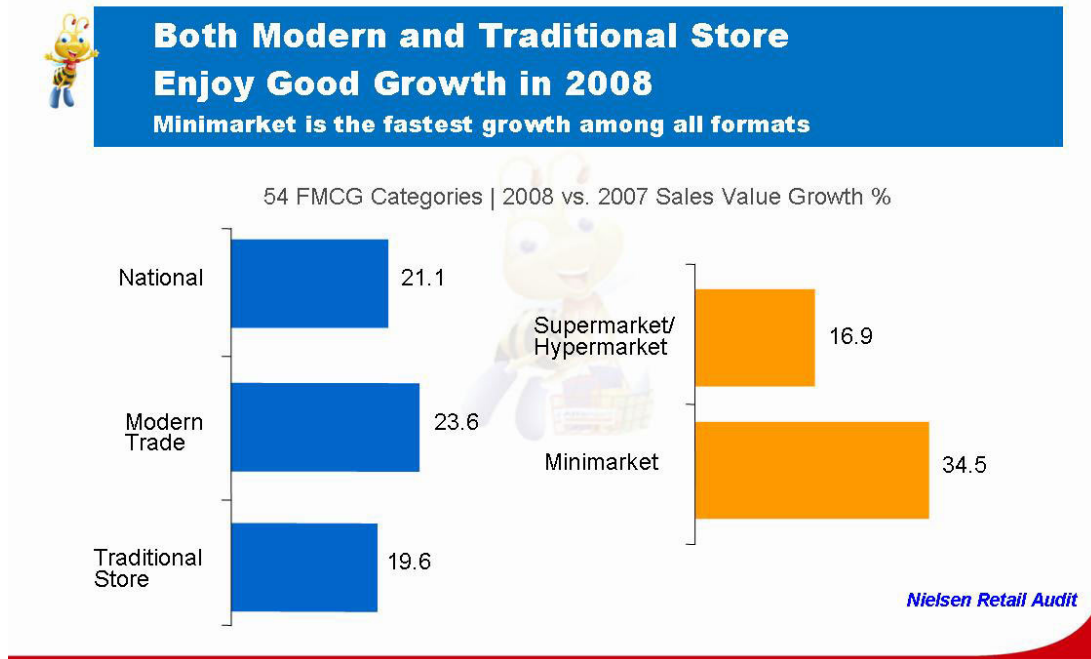
Such assertion is strengthened by 2008 Nielsen Retail Audit, which found that in 2008 modern trade contributed up to 37% of total FMCG (fast moving consumer goods) sales in Indonesia. Minimarket specifically, was responsible for 15.3%, which albeit conservatively, has grown steadily from 4.9% in 2002.



Modern Trade Contributes Up to 37% of Total Indonesia's Branded FMCG Sales, Excluding Cigarettes



Not less importantly, in 2008 minimarket claimed the top spot in terms of growth rate (34.5%), surpassing supermarket/ hypermarket (16.9%). The trend is reflected on a broader level, with modern trade increasing by 23.6% or outperforming that of traditional store (19.6%).



RESULTS OF OPERATIONS

Net Revenues

Our Net Revenues entailed income received from sales of food and non-food items. For 2008 we booked Net Revenues of Rp 8,309,032 million, which increased by 37% compared to Rp 6,056,255 million in 2007.

Of this figure, Rp 5,800,239 million was obtained from sales of food items, which registered a growth of 37% from Rp 4,220,405 million in 2007. The rest Rp 2,508,793 million was derived from sales of non-food items, generating an increase of 37% compared to Rp 1,835,850 million in the previous year.

Specifically, Net Revenues from sales to franchisees increased by 63% to Rp 1,619,440 million from Rp 994,580 in 2007.