



PT. ITAMARAYA Tbk.

Jl. Rungkut Industri 2 / 45 Surabaya 60291 - Indonesia
Telp. (031) 8418289, 8419365, 8439224, 8439447, 8431829
Fax. : 0062 – 31 – 8439212, 8494310

Audit Committee Charter

Introduction Audit Committee Charter is developed as a guideline for the Audit Committee in conducting its duties.

Reference Bapepam – LK Regulation No. IX I.5

Overall Purposes / Objectives Audit Committee is the committee established by and report to the Board of Commissioners to assist the Board in conducting its oversight function.

The Audit Committee will oversee the financial reporting process to ensure the balance, transparency and integrity of published financial information. The Audit Committee shall review:

- Effectiveness of the company's internal control on corporate financial management and risk management systems.
- Effectiveness of the internal audit functions.
- Performance of external audit.
- The Company's compliance with the prevailing laws and regulations and its code of business conduct.

In performing its duties, Audit Committee shall maintain working relationships with the Board of Commissioners, the Board of Directors, management, company's subsidiaries, and the external and internal auditors.

To perform his or her role effectively, each committee member shall need to develop and maintain his or her skills and knowledge, including an understanding of the committee's responsibilities and of the Company's business, operations and risks.

Continued on next page

Policy and Procedure	Approved by	Publish Date	Review Date
Audit Committee Charter – Policy and Procedure	President Commissioner	-----	20th Aug 2010
	Section No.	Version	Page No
			1 of 9



PT. ITAMARAYA Tbk.

Jl. Rungkut Industri 2 / 45 Surabaya 60291 - Indonesia
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Fax. : 0062 – 31 – 8439212, 8494310

Audit Committee Charter

Continued

Authority

The Audit Committee's responsibilities are:

- Perform activities within the scope established in this charter.
- Engage competent independent counsel as it deems necessary to carry out its duties.
- Ensure the attendance of Company officers at Audit Committee's meeting as appropriate.
- Have unrestricted access to members of management, employees, documents and relevant information.
- Provide recommendation on the appointment, compensation, retention, and oversight of the work of the external auditor.
- Approve all audit engagement fees and terms as well as reviewing policies for the provision of non-audit services by the external auditors as well as the procedure for the approval of such services.
- Coordinate with other business units related to its duties and activities.
- Voting – Each member of the Audit Committee shall have one vote on any matter requiring action by the Audit Committee.
- The Audit Committee shall review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrong doing in financial reporting, accounting, auditing or other matters. The Committee shall ensure that these arrangements allow independent investigation of such matters and appropriate follow up action. (Whistle Blowing)
- Review the statement of significant related party transactions submitted by the management, including review of the significant criteria/materiality thresholds decided by the management. (Related Party Transactions)

The following details shall be placed periodically before the Audit Committee to oversee the potential conflict of interest situations :

- A statement in summary form of transactions with related parties in the ordinary course of business.
- Details of material individual transactions ('materiality' threshold to be defined by management and reviewed by the Audit Committee) with related parties which are not in the normal course of business.
- Details of material individual transactions ('materiality' threshold to be defined by management and reviewed by the Audit Committee) with related parties or others, which are not on arm's length basis, together with Management's justification for the same.

Continued on next page

Policy and Procedure	Approved by	Publish Date	Review Date
Audit Committee Charter – Policy and Procedure	President Commissioner	-----	20th Aug 2010
	Section No.	Version	Page No
			2 of 9



PT. ITAMARAYA Tbk.

Jl. Rungkut Industri 2 / 45 Surabaya 60291 - Indonesia
Telp. (031) 8418289, 8419365, 8439224, 8439447, 8431829
Fax. : 0062 – 31 – 8439212, 8494310

Audit Committee Charter

Continue

Term of Office Term of office of the members of the Audit Committee should not be more than the term of office of the Board of Commissioners and can be re-appointed.

Membership The membership of the Audit Committee are as follows:

- The members of the Audit Committee shall be appointed and dismissed by the President Commissioner.
- The Chairman and the members of the Audit Committee should be independent from the Company's management.
- The Chairman and the members of the Audit Committee should be independent from the external auditor.
- Each member should have skills and experiences appropriate to the Company's business.
- Each member shall be financially literate. At least one member must have expertise on accounting or financial.
- A secretary can be assigned to assist the Audit Committee.

Duties and Responsibilities Related to Internal Control Duties and responsibilities related to internal control are:

- Evaluate whether management is establishing the appropriate system and control culture by communicating the importance of internal control and risk management.
- Understand the internal control systems implemented by management for the approval of transactions and the recording and processing of financial data.
- Understand the financial control system and its implementation by management to ensure that the financial statements is prepared and comply to general accepted accounting principles issued by the authorized body.
- Evaluate the overall effectiveness of internal control system and risk management and ensure that the recommendations made by the internal and external auditors have been implemented properly by management.
- Evaluate whether the management has conducted security measures of computer systems and applications, and the contingency plans for processing financial information in the event of a systems breakdown or to protect it against computer fraud or misuse.

Continued on next page

Policy and Procedure	Approved by	Publish Date	Review Date
Audit Committee Charter – Policy and Procedure	President Commissioner	-----	20th Aug 2010
	Section No.	Version	Page No
			3 of 9

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PT. ITAMARAYA Tbk.

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Telp. (031) 8418289, 8419365, 8439224, 8439447, 8431829
Fax. : 0062 – 31 – 8439212, 8494310

Audit Committee Charter

Continue

Duties and Responsibilities Related to Financial Reporting

Duties and responsibilities related to financial reporting are:

- Understand the current areas of greatest financial risks and how these risks are being mitigated.
- Review significant accounting and reporting issues, including recently issued regulations, and understand their impacts on financial reports;
- Oversee the periodic financial reporting process implemented by management and review the interim and annual financial statements prior to their release.
- Review management's processes for ensuring that information contained in analyst briefings and press conferences is consistent with published financial information, are accurate and transparent.
- Conduct meetings with management and the external auditor to review the financial statements, the key accounting policies and adjustments, and the audit results.
- Ensure that significant adjustments, unadjusted differences, differences in opinions with management and critical accounting policies and practices are being discussed with the external auditor.

Duties and Responsibilities Related to the Compliance with the Laws and Regulations

Duties and responsibilities related to the compliance with the laws and regulations are:

- Review the effectiveness of the system for monitoring compliance with laws and regulations, including compliance with code of conduct and the result of management's investigation and its follow up (including disciplinary action when necessary) of any violation or non compliance on the prevailing laws and regulations.
- Obtain regular updates from management and Company's legal counsel regarding compliance issues with laws and regulations that might have material impact on the company's financial statements or compliance policies.
- Ensure that all regulatory compliance issues related to business of the company have been considered in the preparation of the financial statements.
- Review the material finding from examinations of Company's internal and external legal counsels.

Continued on the next page

Policy and Procedure	Approved by	Publish Date	Review Date
Audit Committee Charter – Policy and Procedure	President Commissioner	-----	20th Aug 2010
	Section No.	Version	Page No
			4 of 9

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PT. ITAMARAYA Tbk.

Jl. Rungkut Industri 2 / 45 Surabaya 60291 - Indonesia
Telp. (031) 8418289, 8419365, 8439224, 8439447, 8431829
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Audit Committee Charter

Continue

Duties and Responsibilities Related to the External Audit

Duties and responsibilities related to the external audit are:

- Review the professional qualification of the auditors (including background and experience of their partners and auditing personnel);
- Consider the independence of the external auditors and any potential conflicts of interest, including (if any) other services provided by the external auditors.
- Review on an annual basis the performance of the external auditors and make recommendations to the Board of Commissioners for the appointment, reappointment, and termination of appointment of the existing external auditors.
- Review the external auditors' proposed audit scope and approach for the current year from the perspective of company's current circumstances and changes in regulations and other requirements.
- Discuss with the external auditor regarding any audit problem encountered, including any restriction on audit scope or access to information.
- Ensure that significant findings and recommendations provided by the external auditors and management's proposed responses are received, discussed and properly followed up.
- Discuss with the external auditor the appropriateness of the accounting policies applied in the company's financial reports based on the generally accepted accounting principles.
- Conduct separate meetings with the external auditors to discuss any matters that the committee or external auditors believe must be discussed privately. Ensure the auditors have access to the Chairman of the Audit Committee when required.
- Review policies for the provision of non-audit services by the external auditor (and where applicable the framework for pre-approval of non-audit services).

Continued on the next page

Policy and Procedure	Approved by	Publish Date	Review Date
Audit Committee Charter – Policy and Procedure	President Commissioner	-----	20th Aug 2010
	Section No.	Version	Page No
			5 of 9



PT. ITAMARAYA Tbk.

Jl. Rungkut Industri 2 / 45 Surabaya 60291 - Indonesia
Telp. (031) 8418289, 8419365, 8439224, 8439447, 8431829
Fax. : 0062 – 31 – 8439212, 8494310

Audit Committee Charter

Continue

Duties and Responsibilities Related to the Internal Audit

Duties and responsibilities related to the internal audit are:

- Review the activities, resources and organizational structure of the internal audit function and ensure that there is no unjustified restriction or limitation.
- Participate in the appointment, promotion, or dismissal of internal auditor.
- Review the effectiveness of the internal audit function and ensure that it has appropriate standing within the Company.
- Conduct separate meeting the internal auditor to discuss any matter that the committee or internal auditor believe should be discussed privately.
- Ensure that main findings and recommendations made by the internal auditors and management's proposed response are received, discussed and properly followed up.
- Review the proposed internal audit plan for the coming year and ensure that it addresses key risk areas.
- Terms of Remuneration for Internal Audit shall be determined by Board in its sole discretion.

Orientation Program

New member of the committee should receive an information package and the appointment letter as the member of the Audit Committee.

The information should include the Audit Committee's Charter and other information such as the minutes of meetings of the Audit Committee, the executive summary of the internal audit reports with recommendations and implementation dates, external auditor's last scope of audit, and other relevant documents such as risk management and company's strategic change issues.

Continued on next page

Policy and Procedure	Approved by	Publish Date	Review Date
Audit Committee Charter – Policy and Procedure	President Commissioner	-----	20th Aug 2010
	Section No.	Version	Page No
			6 of 9



PT. ITAMARAYA Tbk.

Jl. Rungkut Industri 2 / 45 Surabaya 60291 - Indonesia
Telp. (031) 8418289, 8419365, 8439224, 8439447, 8431829
Fax. : 0062 – 31 – 8439212, 8494310

Audit Committee Charter

Continued

Orientation Program,

The members of the Audit Committee should also be given an orientation program to familiarize them with their roles and responsibilities as follows:

- Rights, authorities, duties and responsibilities of the Audit Committee;
- Expected time commitment from the members in conducting their duties;
- Overview of the strategy, plan, business and operations of the company that covers company's products and services, key risks, financial condition, accounting policies, business code of conduct, etc;
- An introduction to the company's finance staffs;
- Background and qualifications of senior executives and financial management;
- An organization structure setting out reporting lines and responsibilities;
- Internal audit;
- External audit;
- Orientation program should also cover meetings with the executive management and visits to the company or company's primary subsidiary locations.

Continuous Development Program

Audit Committee members should always maintain and improve their knowledge and skills on a regular basis, such as in the areas of risk management and finance, Company's accounting and reporting systems, prevailing regulations and requirements to the Company, business sector trends, and good corporate governance.

Meeting

Procedures of the Committee's meeting are:

- If necessary, the Audit Committee can invite other persons to attend the meetings (such as the President Director, Chief Executive Officer, Chief Operational Officer, the Chief Financial Officer, the Head of Internal Audit, the Corporate Secretary and engagement partner of the external auditor).
- Only Audit Committee members are entitled to attend the committee's meetings and each Audit Committee's member is obliged to attend the committee's meetings. When necessary, the committee can invite other officer to attend the meetings (such as the President Director, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Internal Audit, Corporate Secretary and engagement partner of the external auditor).

Continued on next page

Policy and Procedure	Approved by	Publish Date	Review Date
Audit Committee Charter – Policy and Procedure	President Commissioner	-----	20th Aug 2010
	Section No.	Version	Page No
			7 of 9



PT. ITAMARAYA Tbk.

Jl. Rungkut Industri 2 / 45 Surabaya 60291 - Indonesia
Telp. (031) 8418289, 8419365, 8439224, 8439447, 8431829
Fax. : 0062 – 31 – 8439212, 8494310

Audit Committee Charter

Continued

Meeting,

- Meeting should be held not less than 4 times a year (quarterly meetings) or at any time deemed necessary. The secretary should circulate the agenda and invitation to the audit committee members at least 7 days prior to the meetings and the supporting documents should be circulated at least 3 days prior to the meetings.
- Minutes of meetings should be taken from every meeting and should be signed by the minute taker and all members of the Audit Committee who attended the meeting.
- The minutes of meetings should be circulated to all members of the Board of Commissioners, the chairman and members of the Audit Committee (and to other related parties such as director, internal auditor and external auditor where appropriate).
- At the minimum, the Chairman of the committee (or other member of the committee) should attend the joint meeting of the Board of Commissioners and the Board of Directors at which the annual financial statements are approved.
- Meeting with the internal legal counsel should be conducted on a regular basis, while meeting with outside legal counsel can be conducted when deemed necessary.
- Meeting with the external auditor should be conducted at least once a year without management presence.
- Meetings with the internal audit should be conducted at least once a year without management presence.
- Compensation – Sitting fee, if any, for the members of the Audit Committee shall be determined by the Board in its sole discretion.

Report to the Board of Commissioners

Audit Committee should submit a report to the Board of Commissioners on a regular basis (at least every 3 months) regarding its performed activities and duties and make appropriate recommendations about their activities or findings.

The contents of the report should be able to make the Board of Commissioners aware and understand significant issues that might impact the company's financial condition, operations, and business.

Continued on next page

Policy and Procedure	Approved by	Publish Date	Review Date
Audit Committee Charter – Policy and Procedure	President Commissioner	-----	20th Aug 2010
	Section No.	Version	Page No
			8 of 9



PT. ITAMARAYA Tbk.

Jl. Rungkut Industri 2 / 45 Surabaya 60291 - Indonesia
Telp. (031) 8418289, 8419365, 8439224, 8439447, 8431829
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Audit Committee Charter

Continued

Performance Evaluation

On a regular basis, at least once a year, Audit Committee should evaluate its own performance, including its individual member's performance and collective performance.

Performance evaluation can be conducted by assessing the achievement of the duties specified in the charter. Furthermore, the results of the evaluation should be reported to the Board of Commissioners.

Evaluation of the Audit Committee Charter

Jakarta, 20th August 2010

PT Itamaraya Tbk

Rizal Yamin

Chairman of Audit Committee

Approved by,

K V Rao

President Commissioner

Policy and Procedure	Approved by	Publish Date	Review Date
Audit Committee Charter – Policy and Procedure	President Commissioner	-----	20th Aug 2010
	Section No.	Version	Page No
			9 of 9