INTERNAL AUDIT DIVISION CHARTER (Effective September 1, 2008)

The Charter of the Internal Audit Division (IAD) identifies the purpose, authority, responsibility and ethical standards of the Division.

1. Purpose

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplishing its objectives by having a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Internal Audit Division strives to assist all members of management in the effective discharge of their responsibilities by:

- Providing objective analyses and appraisals of activities reviewed.
- Identifying good operations and practices for sharing.
- Identifying system design shortfalls.
- Assisting with implementation of corrective action plans.
- Reviewing the effectiveness of risk mitigation initiatives.
- Reviewing the effectiveness of Good Corporate Governance (GCG) implementation.

2. Authority

As mandated by Capital Market and Financial Institution Supervisory Agency (Bapepam-LK), PT Indocement Tunggal Praharsa Tbk. has established the Audit Committee to help the Board of Commissioner in exercising its role and responsibility. The Internal Audit Division reports functionally to the Board of Directors and Audit Committee, and administratively to the Finance Director but has unrestricted access to the other member of the Board of Directors and Audit Committee. These reporting relationships ensure independence, promote comprehensive audit coverage and help to ensure appropriate consideration is given to all reported issues.

Under the assignments directed by the Board of Directors and Audit Committee, Internal Audit Division personnel have full, free, and unrestricted access to all Company activities, records, property, and employees in the performance of their assigned engagements.
3. Responsibilities

The Internal Audit Division is responsible for assessing the various functions, processes, risks and control systems of the Company (and its subsidiaries/affiliates) and for advising management concerning their operation. This responsibility includes, but is not limited to, the following:

- Appraising the design, effectiveness and application of administrative, financial, operational and security controls and reliability and integrity of associated data that is developed and reported by the Company.

- Evaluating sufficiency of and adherence to Company plans, policies and procedures and compliance with governmental laws and regulations.

- Ascertaining the adequacy of controls for safeguarding Company assets and, when appropriate, verifying the existence of assets.

- Performing special reviews requested by Company management or the Board of Directors or Audit Committee.

- Conducting appraisals of economical and efficient use of Company resources and making appropriate recommendations to management.

To maintain objectivity and a degree of independence, the Internal Audit Division shall have no direct responsibility or authority for any of the activities reviewed, nor does the review and appraisal of other persons responsibilities in the organization.

Internal Audit Division Manager proposes an annual audit plan to Board of Directors and Audit Committee for their approval. Identification and prioritization of auditable areas are to be based on risk assessment pertaining to Indocement’s current and future operation. In developing the annual audit plan, IAD will consult with external auditor, Board of Directors, Audit Committee, relevant senior managers of Indocement and HeidelbergCement Group Internal Auditor (GIA).

A written report will be prepared and issued by Internal Audit Division at the conclusion of each audit, and distributed to designated recipient.

The Indocement Board of Directors assigns Finance Director as day-to-day director in-charge to supervise and facilitate IAD to perform the above responsibilities.
4. Ethical Standards

All Internal Audit Division activities are to be conducted in compliance with Company objectives and policies outlined in the Company’s Code of Conduct and Management Manual documentation. In addition, all IAD personnel are members of the Institute of Internal Auditors (IIA). Accordingly, IAD personnel are expected to comply with the "Standards for the Professional Practice of Internal Auditing" and the "Code of Ethics" issued by the IIA.

All Internal Audit Division personnel are expected to use due professional care and manners when performing their duties. Due professional care is the application of the care and skill expected of a reasonably prudent and competent Internal Auditor in the same circumstances. Exercising due professional care requires being alert to the possibility of intentional wrongdoing, errors and omissions, inefficiency, waste, ineffectiveness and conflicts of interest. In addition, IAD personnel should identify key risk, inadequate controls and recommend improvements to promote compliance with acceptable procedures and practices.

Engagement work papers should be adequately safeguarded at all times and not released to anyone outside of the Internal Audit Division without the approval of an Internal Audit Division Manager or the Board of Directors. Information obtained while performing engagements of any type or concern should not be discussed with anyone outside of the Internal Audit Division.

5. Internal Audit Division Manual

Indocement Audit Division (IAD) work as a local audit division within Indocement organization, and under oversight of Indocement's Board of Directors and Audit Committee. With respect to the applied audit methodology, IAD will collaborate with HeidelbergCement Group Internal Auditor (GIA), to achieve standardization and consistency in conducting the audit. To support this intention, Internal Audit Division develops Internal Audit Manual ("Manual") to administer the audit activities.
PT INDOCEMENT TUNGGAL PRAKARSA Tbk.
INTERNAL AUDIT CHARTER

The Manual contains a description of the Internal Audit Division's approach towards the performance of audit and consultative engagements. The Manual is intended as a guide for use during various phases of engagements performed by Internal Audit Division (IAD) personnel. The Manual provides current Division policies, practices, procedures and related guidelines.

The Manual is intended to be a living document with sections updated from time to time to meet the changing needs of the Division and the Company, or due to new requirements established by professional or regulatory organizations. The Manual will be maintained electronically and updated periodically, as required.

Approved by the Audit Committee and Board of Directors on August 21, 2008

I Nyoman Tjager
Chairman Audit Committee

Daniel Lavalle
President Director