



INTERNAL AUDIT CHARTER

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INTERNAL AUDIT CHARTER

MISSION

Providing assurance and consulting that is independent and objective with the aim to increase value and improve the operational of the Company, through systematic approaches, by evaluating and enhancing the effectiveness of risk management, control, and corporate governance processes.

SCOPE OF WORK

Ensuring whether the risk management, control, and management of the Company are designed and performed by management is adequate and well-functioning, including:

- Risks have been adequately identified and managed.
- Interaction across management takes place in duly manner.
- Important financial, managerial and operational information is accurate, reliable and punctual.
- Employee conduct is in accordance with the prevailing policies, standards, procedures, laws, and regulations.
- Resources are obtained economically, used efficiently, and adequately protected.
- Programs, Plans and Targets are achievable.
- Quality and continuous improvement is well maintained within the control process of the Company.
- Significant laws and regulations that affect the Company are recognized and taken notice properly.

Potential improvements on management control, profitability, and image of the Company may be identified during the audit process and will be communicated to the adequate management level.

Internal Audit may also act as a problem solving partner for management and operational problems encountered by the Company.

STRUCTURE AND POSITION

The structure and position of Internal Audit Unit is as follow:

- Internal Audit Unit is led by a Head of Internal Audit Unit.
- Head of Internal Audit is appointed and dismissed by the President Director with the approval of the Board of Commissioners.
- President Director may dismiss the Head of Internal Audit, subsequent to obtaining approval from the Board of Commissioners, should the Head of Internal Audit does not fulfill the requirements as an internal auditor as stipulated in this Charter and/or fails or is unable to perform its duties.
- Head of Internal Audit is responsible to the President Director.
- Auditors lie within Internal Audit Unit are directly responsible to the Head of Internal Audit.
- Prohibition of concurrent duties and positions as auditors and executors which lie in the Internal Audit Unit of the execution of operational activities within the Company and its subsidiaries.

DUTIES AND RESPONSIBILITIES

Internal Audit Unit has the following duties and responsibilities:

- Prepare and perform Annual Internal Audit Plan.
- Test and evaluate the implementation of internal control and risk management system in accordance with the Company's policies.
- Conduct examinations and assessments on the efficiencies and effectiveness of finance, accounting, operations, human resources, marketing, information technology and other activities.
- Provide suggestions for improvements and objective information on all the examined activities to all levels of the Management.
- Produce and submit audit report to the President Director and the Board of Commissioners.
- Supervise, analyze and report the follow-up actions of the suggested improvements.
- Work closely with the Audit Committee.
- Develop a program to evaluate the quality of internal audit activities conducted.
- Perform special investigation if necessary.

AUTHORITY

Internal Audit Unit has the following authorities:

- Have access to all relevant information of the Company related to its tasks and functions.
- Communicate directly with the Board of Directors, the Board of Commissioners, and/or Audit Committee as well as the members of the Board of Directors, the Board of Commissioners, and/or Audit Committee.
- Hold regular and incidental meetings with the Board of Directors, the Board of Commissioners, and/or Audit Committee.
- Coordinate the audit activities with the activities of external auditors.
- Allocate human resources, decide the frequencies, choose subjects, determine the scope of tasks and apply the required techniques to reach audit objectives.

CODE OF ETHICS

The Internal Audit Code of Ethics comprises two elements, namely (1) Principles and (2) Rules of Conduct.

Principles

Internal Auditor is expected to apply and uphold the following principles:

Integrity

The integrity of an internal auditor establishes trust and thus provides the foundation for the reliability of their internal audit judgments.

Objectivity

Internal auditors portray the highest level of professional objectivity in collecting, evaluating and communicating information regarding the activities or processes examined. Internal auditors perform a well-balanced assessment of all relevant circumstances and are not highly influenced by the interests of themselves or others in making their judgments.

Confidentiality

Internal Auditors respect values and proprietorship of the information they obtain and do not disseminate the information without lawful authority unless there is a legitimate legal or professional urgency to do so.

Competency

Internal Auditors apply knowledge, skills, and expertise required in providing internal audit services.

Rule of Conduct

Integrity

Internal Auditors:

- Shall perform its duties in honest, diligent, and responsible manner.
- Shall keep track of law and produce the disclosure as expected by law and professional.
- Willfully not be a part of any unauthorized activities, or involve in a conduct that may discourage the reliability of internal audit profession or the Internal Audit Unit.
- Shall respect and contribute to the attainment of the Company's legitimate and ethical objectives.

Objectivity

Internal Auditors:

- Will not take part in any activities or relationship that may or are suspected to damage their non-biased judgments. The participation concerned includes activities or relationship that may go against the Company's interest.
- Will not accept anything that may or is suspected to damage their ability to make professional judgments.
- Shall disclose all significant facts they recognize that if not disclosed may change the reporting of the activities being examined.

Confidentiality

Internal Auditors:

- Shall be careful in using and protecting the information obtained during their duties
- Will not use information for any personal benefit or in any way that would go against the law or that would harm the Company's legitimate and ethical objectives.

Competency

Internal Auditors:

- Shall only involve themselves in services where they have adequate knowledge, skills, and expertise as required.
- Shall conduct internal audit services in accordance with Internal Audit Professional Practices Standards.
- Shall continuously improve capabilities and the effectiveness and the quality of the services.

RESPONSIBILITIES

Head of Internal Audit Unit in carrying out its duties is responsible to the President Director and has access to the Board of Commissioners, to:

- Deliver the results of the annual review of the adequacy and the effectiveness of internal control and risk management of the operation processes of the existing companies/business units.
- Report important issues in relation to internal control of the Company/business units, and recommendations for potential improvements.
- Periodically convey the status and the results of the Annual Internal Audit Plan and the sufficiency of the Unit's resources.
- Coordinate and cooperate with other existing control functions (audit committee, external auditor, etc.).

Jakarta, December 4, 2009

Stipulated by,

The Board of Directors of PT Ciputra Development Tbk.

Candra Ciputra
President Director

Budiarsa Sastrawinata
Director

With the approval of,

The Board of Commissioners of PT Ciputra Development Tbk.

DR. Ir. Ciputra
President Commissioner

Dian Sumeler
Commissioner

DISCLAIMER

This document constitutes an English translation of Internal Audit Charter of PT Ciputra Development Tbk, originally drafted, published and authenticated in Indonesian. While reasonable efforts are made to provide accurate information, portions may be incorrect and PT Ciputra Development Tbk cannot take responsibility for any errors. In case of a discrepancy, the Indonesian original will prevail.