



PT TITAN KIMIA NUSANTARA Tbk. (the "Company")

AUDIT COMMITTEE CHARTER

Function of the Audit Committee

The Audit Committee is a committee established by the Board of Commissioners (**the "Board"**) with the function of assisting the Board in performing its oversight duties and function. The principal responsibility of the Audit Committee is to ensure the maintenance of an efficient and effective system of internal controls. This includes, among others, reviewing the processes of financial reporting, internal control, internal audit, risk management and the process for monitoring compliance with laws and regulations.

Membership

1. The Audit Committee shall be appointed and dismissed by the Board and be reported to the General Meeting of Shareholders. The Audit Committee shall comprise a minimum of three (3) members, composed of at least 1 (one) independent Commissioner and 2 (two) other independent individuals appointed from outside the Company. The committee chairman shall be the Company's Independent Commissioner.
2. The term of office of Audit Committee members shall not be longer than the term of office of the members of the Board in accordance with the Company's Articles of Association. Upon expiry of the term of office of the Audit Committee, he or she may be re-appointed as a member of the Audit Committee for only one term..

Requirements of Audit Committee

The requirements for the Audit Committee are as follows:

1. Have high integrity, sufficient capability, knowledge and experience equal to their educational background;
2. One of the members of the Audit Committee shall have an educational background in the accounting or financial field;
3. Have adequate knowledge in understanding financial reports;
4. Have adequate knowledge in the prevailing capital market regulations and other related regulations;

5. Not an employee in a Public Accountant Firm, Legal Consultant Firm, or other party providing audit services, non-audit services and/or services to the public company within the last 6 (six) months prior to their appointment;
6. Not a person having authority and responsibility in planning, leading, or controlling the activities of the public company within the last 6 (six) months prior to their appointment;
7. Do not have shares, directly or indirectly, in the Company. If the members of the Audit Committee receive any shares due to any legal actions, then within 6 (six) months after receiving such shares, they have to sell and transfer such shares to other parties;
8. Do not have any family relationship until the second degree vertically or horizontally with the Board, Board of Directors, or majority shareholders of the Company; and
9. Do not have any business relationship, directly or indirectly, related to the core business of the Company.

Meetings and Minutes

The Audit Committee shall meet four times a year, with authority to convene additional meetings, as circumstances require. The committee will invite members of management, auditors, or other to attend meetings and provide pertinent information, as necessary.

The Audit Committee shall hold private meetings with internal and external auditors at least twice a year without the presence of other directors and employees.

Each Audit Committee meeting shall be recorded in minutes of meeting which is signed by all members of the Audit Committee attended the meeting. Minutes of each meeting shall be kept and distributed to each member of the Audit Committee and of the Board. The Secretary to the Audit Committee shall be the Legal Advisor and/or the Corporate Secretary.

Quorum

The meeting of Audit Committee shall be attended by more than $\frac{1}{2}$ (one half) of the members of Audit Committee but not less than two members (one of which must be an independent commissioner). The resolution of Audit Committee meeting shall be adopted by deliberation to reach consensus, however, in the event the consensus is not reached, the resolution shall be adopted by affirmative vote of more than $\frac{3}{4}$ (three quarter) of votes validly cast in the meeting.

Duties

An Audit Committee is obliged to: (i) give a professional independent opinion to the Board on matters submitted by the Board of Directors to the Board, (ii) identify any matters which

require the Board's attention, and (iii) perform other duties in relation to the duties of the Board, among others:

- (a) Reviewing financial information issued by the Company such as Financial Report, and other financial projection and information.
- (b) Considering (but not deciding) the appointment, resignation and dismissal of external auditors and the audit fee;
- (c) Examining the independence and objectivity of the public accountants;
- (d) Reviewing the nature and scope of the audit with the internal and external auditors before the audit commences;
- (e) Performing examination of adequacy of inspection conducted by the public accountant to ensure all material risks have been evaluated;
- (f) Discussing issues and reservations arising from the interim and final audits, and any matter the external auditors may wish to discuss;
- (g) Performing examination of the effectiveness of the Company's internal control;
- (h) Reviewing the audit and investigation reports prepared by the internal and external auditors, the major findings and management's responses thereto;
- (i) Examining the level of compliance of the Company upon the prevailing laws and regulations in the Capital Market and other prevailing laws and regulation related to the Company's business;
- (j) Reviewing the adequacy of the scope, functions, competency and resources of the internal audit department and whether it has the necessary authority to carry out its work;
- (k) Examining the performance of inspection by the internal auditors;
- (l) Performing inspection upon any speculation of mistake resolved in the meeting of the Board of Directors or deviation in the implementation of resolution of the Board of Directors meeting. Such inspection can be performed by the Audit Committee or by an independent party appointed by the Audit Committee upon the Company's expense;
- (m) Approving any appointment or termination of the Chief Executives in the internal audit department;
- (n) Reviewing the evaluation of the systems of internal control with the auditors;
- (o) Reporting to the Board of Commissioners of any risks faced by the Company and the implementation of risk management by the Board of Directors;
- (p) Reviewing related party transactions entered into by the Company;
- (q) Reviewing and reporting to the Board of Commissioners upon complaints in relation to the Company; and
- (r) Maintaining the confidentiality of the Company's documents, data and information.

Authority

In undertaking its work the Audit Committee is authorized by the Board: -

- (i) To investigate any activity within its Charter and it shall have unrestricted access to information pertaining to the Company, the internal auditors, the external auditors (to the extent permitted), and to all employees of the Company;
- (ii) Have access to sufficient resources, provided by the Company in order to carry out its duties, including access to the External Adviser/Consultant and Corporate Secretary for assistance as required.

Reporting Responsibilities

The Audit Committee shall:-

- (i) Report to the Board about Audit Committee activities, issues and related recommendations periodically, at least once every 3 (three) months;
- (ii) Provide report to the Board on every given duties;
- (iii) Submit an examination result report to all member of the Board at the latest of 2 (two) days after the completion of the examination report prepared by the Audit Committee. Based on the result of the evaluation, the Board will make a recommendation or suggestion for improvement to the Board of Directors within 7 (seven) working days after the Board has received the results from the Audit Committee.
- (iv) Submit an examination result report which is considered material and recommendation or suggestion for improvement as referred to point (iii) above to the Stock Exchange, and make available of such materials at the Company's office at the latest 7 (seven) days after the Board of Directors received the recommendation or suggestion for improvement from the Board;
- (v) Submit an annual report of implementation of activities carried out by the Audit Committee to the Board;
- (vi) Compile a report to shareholders on its activities for inclusion in the Annual Report, among other related to:
 - a. Breach conducted by the Company against the prevailing laws and regulation (if any);
 - b. Inaccuracy/mistake made in preparing the financial report, internal control and independence of the Company's auditor (if any).


Review of the Audit Committee

The performance of the Audit Committee and each of the members shall be reviewed by the Board at least annually to determine whether the Audit Committee and its members have carried out their duties in accordance with its Charter.

The applicability of this Charter will be subject to the prevailing laws and regulations and the Company's current internal policy. This Charter shall be amended accordingly if any of the regulations is amended, supplemented, or revoked, or in the event the Government of Indonesia or other government agencies issue new legislations which have binding effect to the Company or if there is a change in the internal policy of the Company.

Date: 23 OCT 2008

AUDIT COMMITTEE



KEMAL AZIS STAMBOEL
Chairman



AMIN SUBEKTI
Member



HARI SETIANTO
Member

Date: 13 NOV 2008

Approved by:



WESLEY RAY VAUGHAN
President Director



WARREN WILLIAM WILDER
President Commissioner