

ATTACHMENT :

Decision of the Chairman of BAPEPAM

Number : Kep-20/PM/2002

Date : November 12, 2002

RULE NUMBER VIII.A.2 : INDEPENDENCE OF ACCOUNTANT WHO IS GIVING AUDIT SERVICES IN CAPITAL MARKET

1. Definition of terms for the purposes of this rule:
 - a. Audit Period and Professional Designation Period :
 - 1) Audit Period is the period covered by financial statement being audited or reviewed.
 - 2) Professional Designation Period is the period of designation to audit or review the client's financial statement or to prepare report to Bapepam.
 - b. Close Family Members include husband or wife, parents, dependent and non-dependent children, and siblings.
 - c. Contingent fee is a fee for conducting a professional service which is charged in the presence of findings or specific results in which the amount is subject to the aforementioned findings or specific results. A fee is not considered a contingent fee if it is stated by the Court, a regulatory body, or in taxation field, as long the base of the fee is the result of a legal settlement or findings of a controlling body.
 - d. Insiders of a Public Accounting Firm :
 - 1) Individuals involved in Audit Designation Team; all partners, directors, and professional staffs participating in the audit, review or attestation, and also those conducting further review or act as a second partner during the audit or attestation period related to technical issues or specific industry, transaction, or material events.
 - 2) Individual involved in chain of command is individual who :
 - a) supervises or has direct management responsibility for the audit;
 - b) evaluates the performance or recommends the compensation of the audit designation partner; or
 - c) provides quality control or other oversight of the audit;
- or

- 3) Any other partners, principal, or other professional staffs of the Accounting Firm providing non-audit services to the clients.
 - e. Key Staff are individuals who have the authority and responsibility to plan, organize and control the activity of the reporting company. The staff include member of the commissioners, directors, and managers of the reporting company.
2. The Duration of Professional Designation Period :
- a. Professional Designation Period starts at the beginning of the fieldwork or at the time designation letter was signed, which ever is earlier.
 - b. Professional Designation Period finishes on auditor report date or when there is a written announcement, either from the public accountant or the clients, to Bapepam stating that the designation has been completed, which ever is earlier.
3. In giving its professional services, especially in issuing opinion or assessing a financial statement, an accountant must keep his independence. An accountant is not considered independent if during the audit and professional designation period, the Accountant, Accounting Firm, or Insider of the Accounting Firm;
- a. has material financial interest, directly or indirectly, to the clients, such as:
 - 1) Investing in the Clients; or
 - 2) Other financial relation with the client which may cause conflict of interest.
 - b. has employment relation to client, such as:
 - 1) Working as Client's Key Staff
 - 2) Having Close Family Member working as a member of Key Staff for the clients in accounting or financial fields.
 - 3) Having former partner or professional staff of the Accounting Firm who used to work as a member of Key Staff in accounting and financial field in the Client's company, unless the aforementioned individual has no longer worked working for the Accounting Firm for more than 1 (one) year; or-
 - 4) Having partner or professional staff of the Accounting Firm previously working for the Client as a Key Staff in accounting and financial field, unless the aforementioned individual does not involved in the designation.
 - c. has material business relation, directly or indirectly, with the client, Key Staff of the client, or with major shareholder of the Client. Business relation as mentioned in this rule does not include business relation in which the Accountant, Accounting Firm, or Insiders the Accounting Firm give audit or non audit services to client, or is a consumer of the products or services of the client in its operational activities.

- d. gives non audit services to client, such as :
 - 1) Bookkeeping or other services related to the client's accounting record or financial statements ;
 - 2) Financial Information System design and implementation ;
 - 3) Appraisal services or fairness opinion ;
 - 4) Actuarial services ;
 - 5) Internal audit services ;
 - 6) Management consultation services ;
 - 7) Human resources consultation services;
 - 8) Tax consultation services;
 - 9) Financial and Investment Advise ; or
 - 10) Other services which may cause conflict of interest
- e. gives services/selling products based on Contingent Fee, or receive Contingent Fee from the Client.

4. Quality Control System

Public Accounting Firm must have quality control system that provides adequate assurance that the Public Accounting Firm or the Staffs maintain their independence, with respect to the size and practical matter of the Public Accounting Firm.

5. Limitation of Audit Designation

- a. Rendering general audit services of client's financial report by the same public accounting firm can only be done in no more than 5 (five) consecutive fiscal years, and by the same accountant in no more than 3 (three) consecutive fiscal years.
- b. Public Accounting Firms and Accountants are permitted to audit a client, after they have not audited the client for 3 (three) consecutive fiscal years.
- c. Provisions referred to in item 5 a and b do not apply for interim financial report being audited for public offering purposes.

6. Transitional Provisions

- a. Public Accountant Firms that have given general audit services for 5 (five) consecutive years or more and still hold general audit designation for the

- following year by the time this rule becomes effective are permitted to perform the assignment only for the following 1 (one) fiscal year.
- b. Public Accountants who have given general audit services for 3 (three) consecutive years or more and still hold general audit assignment for the following year by the time this rule become effective are permitted to perform the engagement for the following 1 (one) fiscal year.
7. By no means undermining criminal provisions in capital market, Bapepam may impose sanctions on any violations of this rule, as well as on any Person that causes the violation to occur.

Signed in Jakarta
On November 12, 2002
Chairman of Indonesian Capital Market
Supervisory Agency

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Copied as appears on the original version
Secretary

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