

AUDIT COMMITTEE REPORT



Mr. Chulasingh Vasantasingh
Chairman of the Audit Committee
Thai Oil Public Company Limited

To the Shareholders

Appointed by the Board of Directors (Board), the Audit Committee (AC) consists of three independent directors; chaired by Mr. Chulasingh Vasantasingh with two independent directors as members, namely Ms. Chularat Suteethorn and Mr. Siri Jirapongphan. In 2015, the AC composition changed due to the resignation of Mr. Suvit Maesincee effective from August 17, and the Board meeting No. 10/2015 on October 30, appointed Mr. Siri Jirapongphan, replacing Mr. Suvit Maesincee.

All three members command pertinent experience in law, economics, finance and accounting, engineering, and the petroleum, petrochemical, and energy businesses. They are, therefore, qualified to review the credibility of financial statements against the requirements of the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). Independently, the AC undertook its duties under the charter approved by the Board, which aligned with the requirements and good practices of SEC and SET. This year, the AC held

seven meetings, including consultations with the executives, the internal auditors, and the external auditors as applicable. The AC also held the meeting with the external auditors excluding the executives. The summary of the AC performance this year is as followed:

1. Financial Statements: The AC reviewed essential information of both quarterly and annual financial statements for the Company and its subsidiaries, about which clarification was given by the external auditors and executives. It was found that Thairoil Group's financial statements and disclosure in the notes to the financial statements, with the external auditors' unqualified opinion, conformed to Thai Financial Reporting Standards (TFRS) and aligned with the International Financial Reporting Standards (IFRS). In the meeting with the external auditors excluding the executives, the significant data and internal control system relating to financial audit including major obstacles faced during the audit were discussed. The external auditors reported no material observation was filed; assessment of the internal control system was suitable; and no data concealment was found.

2. Connected Transactions: In reviewing connected transactions or those potentially posing conflicts of interest with Thairoil Group under SET's and SEC's announcements on information disclosure and connected transactions, the AC concluded that Thairoil Group observed regular business practices, exercised fairness and sensibility, and produced no siphoning of benefits. Further, optimal considerations were given to the Company's business conduct in order to maintain the Company's and its shareholders' benefits. The AC also reviewed such information disclosure to ensure accuracy and completeness.

3. Risk Management: The AC reviewed the Company's risk management process to ensure that it was suitable, and continuously improved to ensure effectiveness; the condition of which is one of the good corporate governance elements. It was found that Thailoil Group assessed, analyzed, and revised its risks in line with changes in internal and external circumstances. The Group also executed the risk management following the policies and processes as planned, ensuring the effectiveness and target-and-strategy-based benefit both short-term and long-term of Thailoil Group.

4. Internal Controls: The AC reviewed Thailoil Group's internal control system for the year 2015 to be reasonably assured that the Company's operation is done effectively and efficiently, achieving the objectives and targets as planned. The Company assessed the internal control system by asking the executives to complete the adequacy survey under the framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The result, agreed and approved by the AC and the Board, showed that the Company's internal control system adequately suited its businesses, leading to efficient and effective performance.

5. Internal Audit Supervision: Reporting directly to the AC, the Corporate Internal Systems Audit Department has its independence to review and approve the annual internal audit plans, supervise the audit work against plans, advise on the auditing, and assess the performance of Vice President - Corporate Internal System Audit. The AC concluded that the Corporate Internal Systems Audit Department completed its supervision duty.

6. Compliance with the Law: The AC reviewed and ensured the Company's strict compliance with legislation related to securities and exchange, SEC and SET regulations, and relevant laws, concluding that no violation has been done over the year 2015.

7. Appointment of the External Auditors for 2016:

In selecting the external auditors, the AC considered many aspects such as the auditor's independence, competence and skill, experience in energy business auditing including the reasonable audit fee. The AC, henceforth, advised the Board to seek approval from the shareholders' meeting for Mr. Winid Silamongkol, CPA registration No. 3378, Mr. Charoen Phosamritlert, CPA registration No. 4068, Mr. Vairoj Jindamaneepitak, CPA registration No. 3565, or Mr. Waiyawat Korsamanchaiyakij, CPA registration No. 6333, as the external auditor team for the year 2016.

In the year 2015, the Audit Committee concluded that Thai Oil Public Company Limited valued efficient and effective business conduct, prepared material credible financial statements in line with generally accepted accounting principles, sufficiently disclosed the connected transactions with potential conflicts of interest, commanded good corporate governance and suitable concise risk management and internal control system, and fully and righteously complied with laws legislations and regulations related to its businesses.

The Audit Committee and the Corporate Internal Systems Audit Department have prepared and been ready for any differences and changes in the new regulations to be announced in the coming years.

January 29, 2016

On behalf of the Audit Committee



(Mr. Chulasingh Vasantasingh)

Chairman of the Audit Committee
Thai Oil Public Company Limited