

03 AUDIT COMMITTEE REPORT

Mr. Apisit Rujikeatkamjorn

Chairman of the Audit Committee
Thai Oil Public Company Limited



To the Shareholders

Appointed by the Board of Directors, the Audit Committee is made up of knowledgeable independent directors with considerable experience in accounting, finance, economics, law, and the petroleum, petrochemical, and energy businesses. These members 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). The present committee is led by Mr. Apisit Rujikeatkamjorn, with Mr. Chulasingh Vasantasingh, Ms. Chularat Suteethorn, and Mr. Tanawat Ampunant as members.

The committee independently undertook its Board-assigned duties under its own charter, which fully aligned with the requirements of SEC and SET, namely the review of financial statements, connected transactions, risk management, and internal controls. It also provided oversight to the internal audit, compliance, and nomination of the external auditor, as well as its fees. During the year, the committee held eight meetings. Below are the essences of such reviews this year:

1. Financial Statements: The committee reviewed essential data of quarterly and annual financial statements for the company and its subsidiaries jointly with the external auditor, senior management, and Internal Systems Audit Manager. In its views, Thaioil had prepared its financial reports comprehensively and credibly, with conformance to legal requirements and financial report standards.

The financial statements were found to contain adequate, timely disclosure of information for users. Such was the external auditor's unqualified view after its review and scrutiny. In addition, the committee held a meeting with the external auditor in the absence of the management to freely discuss the freedom of the audit, material data for the preparation of Thaioil Group's financial statements, and major obstacles faced during the audit, which were reported by the auditor to be non-existent.

2. Connected Transactions: In reviewing pertinent connected transactions under the 2003 SEC announcement on information disclosure and operation of listed companies on transactions with potential conflicts of interest, the committee concluded that Thaioil had observed regular business practices, exercised fairness and sensibility, produced no siphoning of benefits, and commanded adequate disclosure of information in conformance to its corporate governance policy and the relevant announcement of the SET Board.

3. Risk Management: To ensure Thaioil's suitably effective risk management system, the committee reviewed risk management processes and concluded that not only did the company conform to the policy and plan, but its operations also effectively agreed with Thaioil Group's short-term and long-term goals as well as strategic plans. Under restructured risk management in line with the group's

revamped management structure, risk management would align more with external and internal circumstance changes, spanning all of Thairoil Group.

4. Internal Controls: The committee reviewed Thairoil Group's internal control system for 2013 against the requirements of SEC and SET. To this end, the management of relevant units assessed internal controls against the system adequacy checklist of The Committee of Sponsoring Organizations of the Treadway Commission (COSO). The findings were that the company's internal controls adequately suited its businesses, agreeing with the views of the external auditor in similar assessment concerning Thairoil's preparation of financial statements for the group. In other words, the external auditor considered the system suitable, staff adequately competent, and data adequately disclosed.

5. Internal Audit Supervision: The committee ensured that Internal System Audit carried out its work freely by having the unit report directly to it. Supervising and providing feedback on its operation, the committee also ensured that Internal System Audit conformed to the approved 2013 audit plan to supplement lasting, continual value to the company. The committee's findings were that the unit's execution had achieved the goals and plans. The committee also reviewed the suitability of Internal System Audit's structure, audit process, and manpower for efficient, effective execution by international standards.

6. Compliance with the Law: The committee reviewed and ensured strict compliance with legislation related to securities and exchange, regulations, and relevant requirements, concluding that the year had seen no violation.

7. Appointment of the External Auditor for 2014: In selecting the external auditor, the committee reviewed the external auditor's performance, freedom, and fees. It then forwarded its views to the Board for the shareholders' approval of

KPMG Phoomchai Audit Ltd. as Thairoil's external auditor for 2014 (quarterly financial statements included): Mr. Winid Silamongkol, CPA registration No. 3378, Mr. Charoen Phosamritlert, CPA registration No. 4068, or Mr. Vairoj Jindamaneepitak, CPA registration No. 3565. The proposed audit fees amounted to 2.54 million baht.

In summary, leveraging its competency and adequate freedom in fulfilling its charter-specified duties, the Audit Committee concluded that Thairoil had prepared essential, credible financial statements in line with generally accepted accounting principles, complete with adequate disclosure of connected transactions or transactions with potential conflicts of interest; that it commanded good corporate governance, adequate risk management, and a suitable, effective internal control system; and that it had fully complied with all relevant legislation and regulations for its businesses.

February 11, 2014

On behalf of the Audit Committee



(Mr. Apisit Rujikeatkamjorn)

Chairman of the Audit Committee
Thai Oil Public Company Limited