

AUDIT COMMITTEE REPORT



Mr. Chaikasem Nitisiri

Chairman of the Audit Committee
Thai Oil Public Company Limited

To the Shareholders

Appointed by the Board of Directors, the Audit Committee consists of knowledgeable independent directors with considerable experience in accounting, finance, economics, law, and the petroleum, petrochemical, and energy businesses and 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. Chaikasem Nitisiri, with Mr. Apisit Rujikeatkamjorn, Mr. Somchai Sujjapongse, and Mr. Tanawat Ampunant as members.

During the year, the committee held seven meetings, of

which one was held with the external auditor in the absence of the management to seek free views on key issues for the preparation of financial statements and disclosure of helpful information to their users. In addition, the committee acknowledged the accounting audit performance, audit remarks, as well as problems and obstacles encountered during such audit.

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 appointment of the external auditor. Below are the essences of such reviews this year:

1. Financial Statements: The committee reviewed essential data of quarterly and annual financial statements jointly with the external auditor, senior management, and Internal Systems Audit Manager. Their interrogation about preparation of financial statements under the Thai Financial Reporting Standards was duly answered. The committee concluded that Thaioil commanded accurate, full financial statements that were credible, conformed to generally accepted accounting principles, and contained adequate, timely disclosure of information for investors and other users of the statements.

2. Connected Transactions: In reviewing the disclosure of connected transactions among Thaioil Group with potential conflicts of interest, the committee concluded that Thaioil had observed regular business practices, exercised fairness and sensibility, avoided siphoning of benefits, and commanded complete and adequate disclosure of information in compliance with its corporate governance policy and the announcement of the SET Board.

3. Risk Management: To ensure that Thaioil commanded an efficient, effective risk management system, the committee

reviewed this system and concluded that it had conformed to the plan. During the year, Thairoil consistently valued and evolved such a system by appointing the risk management committee at the Board level to devise a relevant framework and ensure that risk management compatible with effective business execution was practiced across Thairoil Group. The goal was to achieve effective practices compatible with the goals and strategic plans (both short-term and long-term) of Thairoil Group.

4. Internal Controls: The committee reviewed the adequacy and suitability of Thairoil Group's internal controls for 2012 to support Thairoil's objective and goal achievement, in addition to providing helpful recommendations for business improvement. It ensured continual monitoring of business process improvement as recommended in the audit report and the committee's comments by improving its internal controls in line with prevailing circumstances. The committee considered Thairoil's internal controls suitable for its business. In addition, in assessing the outcome of the internal control system affecting Thairoil's financial statements, the external auditor found no essential shortcoming in such statements.

5. Internal Audit Supervision: The committee ensured that Internal System Audit carried out its work independently by having the unit report directly to the committee. It also ensured that the Internal System Audit complied with international standards while commanding an effective audit system. To this end, the committee approved the year's internal audit plan, monitored plan implementation, and provided helpful recommendations for greater efficiency of the internal audit system.

6. Compliance with Securities and Exchange Laws, SET Requirements, and Relevant Laws: The committee reviewed and ensured strict compliance with these laws and relevant requirements. It concluded that the year had seen no violation of the law and relevant regulations.

7. Appointment of the External Auditor for 2013: In selecting its external auditor for 2013-2015, Thairoil underwent a bidding process together with PTT Group companies. The criteria included technical competencies and sensible compensation, as well as the external auditor's independence. The committee forwarded its opinion to the Board for the 2013 AGM shareholders' approval of KPMG Phoomchai Audit Ltd., represented by one of these gentlemen, as Thairoil's external auditor for 2013: Mr. Winid Silamongkol, CPA registration No. 3378, Mr. Charoen Phosamritlert, CPA registration No. 4068, or Mr. Vairoj Jindamaneepitak, CPA registration No. 3565.

The Audit Committee monitored operations in 2012 against its assigned scope of responsibility and concluded that Thai Oil Public Company Limited had prepared essential and reliable financial statements complete with adequate disclosure of connected transactions or transactions with potential conflicts of interest; that it commanded good corporate governance, suitable risk management, and a suitable internal control system for its own businesses; and that it had fully complied with all relevant legislation and regulations for the benefit of its excellence and sustainability.

December 19, 2012

On behalf of the Audit Committee



(Mr. Chaikasem Nitisiri)

Chairman of the Audit Committee
Thai Oil Public Company Limited