

AUDIT COMMITTEE REPORT

To the Shareholders

Appointed by the Board of Directors, the Audit Committee consisted of three Independent Directors, namely:

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| 1. Mr. Manu Leoparote | Chairman |
| 2. Mr. Chaikasem Nitisiri | Member |
| 3. Mr. Utid Tamwatin | Member |

All three are knowledgeable, with considerable experience in accounting, finance, economics, law, and the petroleum, petrochemical, and energy businesses. An expert in financial accounting, the Chairman is qualified to review the credibility of Thaioil's financial statements against the requirements of the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

This committee held a total of six meetings during the year and one meeting with the external auditor in the absence of Thaioil management to seek free views on key issues for the preparation of financial statements and disclosure of key 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 has performed its Board-assigned duties as indicated in its own charter, which completely aligns with the requirements of SEC and SET, namely the reviews of financial statements, risk management, and internal control. Below are the essences of such reviews:

1. Financial Statements: The committee reviewed quarterly and annual financial statements jointly with senior management and the external auditor to ensure that Thaioil commanded accurate and complete financial statements that are credible, bear generally accepted accounting principles, and contain adequate and timely disclosure of information for the benefit of investors and other users of the statements.

2. Connected Transactions: The committee reviewed the disclosure of connected transactions between Thaioil and its subsidiaries and affiliates with potential conflicts of interest against the announcements of SEC and SET. It concluded that Thaioil had observed regular business practices, fairness and rationales, without siphoning of benefits, and commanded complete and adequate disclosure of information in strict compliance with its corporate governance policy and the announcement of the SET.

3. Risk Management: The committee reviewed Thaioil's annual risk management plan and, each quarter, monitored the progress of such management affecting its business to ensure that Thaioil had efficiently managed its risks to acceptable levels. The year's review has shown that the Board and Thaioil executives had valued risk management while thoroughly implementing the plan to lower key risks and potential impacts on Thaioil's business. During the year, Thaioil hired a reputable, independent consultant to assess the quality of its risk management in its fourth consecutive year. The outcome of such assessment for Thaioil Group showed a score of 88%.

4. Internal Controls: The committee reviewed the adequacy of Thaioil Group's internal controls for 2010 to support its goal and objective achievement by continually following up on business improvement as recommended in the audit report and the committee's comments, and by improving its internal controls in line with changing circumstances. The committee considers Thaioil's internal controls both adequate and efficient.

5. Internal Audit Supervision: The committee reviewed the 2010 audit plan, acknowledged its implementation, and reviewed the audit findings while providing comments and following up on corrections of significant aspects as contained in the report to ensure good corporate governance. In addition, in 2010 the committee endorsed the hiring of a reputable consultant to assess the quality of Thaioil's present internal audit against international professional audit standards, and to recommend ways to improve the quality of internal audit by relying on the international standards defined by the Institute of Internal Auditors (IIA).

6. Compliance with Securities and Exchange Laws, SET Requirements, and Relevant Laws: The committee reviewed and supervised strict compliance with these laws and requirements.

7. Appointment of the External Auditor for 2011: Having chosen an external auditor with due independence and defining a reasonable compensation for the auditor, the committee has forwarded its opinion to the Board for the approval from the 2011 Annual General Meeting of Shareholders to appoint Mr. Winid Silamongkol Certified Public Accountant Registration No. 3378, or Mr. Chareon Phosamritlert, Certified Public Accountant Registration No. 4068, or Mr. Vairoj Jindamaneepitak, Certified Public Accountant Registration No.3565, of KPMG Phoomchai Audit Ltd., as Thaioil's external auditor for 2011.

February 9, 2011

On behalf of the Audit Committee



(Manu Leopaivote)

Chairman of the Audit Committee

Thai Oil Public Company Limited