

# 03 / AUDIT COMMITTEE REPORT

## Mr. Chulasingh Vasantasingh

Chairman of the Audit Committee  
Thai Oil Public Company Limited



## To the Shareholders

The Audit Committee is made up of knowledgeable independent directors with pertinent experience in accounting, finance, economics, law, and the petroleum, petrochemical, and energy businesses. These members are 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 chaired by Mr. Chulasingh Vasantasingh, with two independent directors, namely Ms. Chularat Suteethorn and Mr. Suvit Maesincee, as members.

The committee undertook its Board-assigned duties under its own charter, which aligned with the requirements and good practices of SEC and SET. This year it held 12 meetings, including consultations held with the management, the internal auditor, and the external auditor as applicable to each. At one meeting the committee met separately with the external auditor in the absence of the management. Below is a summary of its performance this year:

**1. Financial Statements:** The committee reviewed material items of quarterly and annual financial statements for the Company and its subsidiaries, about which clarification was given by the external auditor and senior management. It found that Thairoil had prepared its financial reports accurately, comprehensively, and credibly. The financial statements contained adequate disclosure of information for investors and users. Account recording conformed to IFRS, which was the external auditor's unqualified view. At its meeting with the external auditor in the absence of the management, material data and audit-related internal control, the financial statements, and major obstacles faced during the audit were discussed. No material observation was filed by the external auditor. Assessment of the internal control system found that it was suitable, with no data concealment.

**2. Connected Transactions:** In reviewing connected transactions or those potentially posing conflicts of interest under the SET and SEC'S announcement, the committee concluded that Thairoil had 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 for itself and its shareholders. The committee also reviewed such information disclosure for accuracy and completeness.

**3. Risk Management:** To ensure Thairoil's suitably effective risk management system, the committee reviewed risk management processes for continued efficiency improvement, regarded as an element of corporate governance. It was found that the Company had restructured its risk management into three aspects: strategy and investment project, operation, and business continuity management. Such

restructuring raises the efficiency of risk management to encompass all aspects and respond to dynamic external changes that affected business, while aligning with the Company's short-term and long-term goals and strategic plans, leading to value supplementation and sustainable growth for Thairoil Group. To this end, awareness is promoted of risks, as is risk management process development so that the processes suit prevailing settings and circumstances. Additionally, IT system is introduced to support risk management practices across Thairoil Group.

**4. Internal Controls:** The committee reviewed Thairoil Group's internal control system for the year to become reasonably confident in the Company's efficient and effective business, and in the achievement of the defined objectives and goals. To this end, the Company established internal control by assigning the management to undertake internal control assessment using the system adequacy checklist of The Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company found that its good internal control system adequately suited its businesses, leading to efficient and effective job performance. The view was endorsed by the committee and the Board.

**5. Internal Audit Supervision:** By having Internal System Audit report directly to it, the committee ensured that the unit carried out its work freely. The committee reviewed and approved the annual internal audit plans, supervised audit work against plans, mentored the unit, and assessed the annual performance of the head of Internal System Audit.

**6. Compliance with the Law:** The committee reviewed that the Company strictly comply with legislation related to securities and exchange, SEC and SET regulations, and relevant laws. The committee found that the Company complied with all relevant regulations as listed above.

**7. Appointment of the External Auditor for 2015:** In selecting the external auditor, the committee nominated the auditor team based on independence, skills, competence, and experience in energy-business audits, as well as audit's fee. The committee therefore advised the Board to seek approval from the shareholders' meeting to nominated KPMG Phoomchai Audit Ltd., with Mr. Winid Silamongkol, CPA registration No. 3378, or Mr. Charoen Phosamritlert, CPA registration No. 4068, or Mr. Vairoj Jindamaneepitak, CPA registration No. 3565, or Mr. Waiyawat Kosamarnchaiyakij, CPA registration No. 6333 as the 2015's external auditor team. The proposed audit fees amounted to Baht 2.54 million.

In summary, the Audit Committee concluded that this year, Thai Oil Plc. had valued efficient and effective business conduct and prepared material, credible financial statements in line with generally accepted accounting principles, complete with adequate disclosure of connected transactions with potential conflicts of interest; that it commanded good corporate governance, adequate risk management, and a suitable, watertight internal control system; and that it had fully complied with all relevant legislation and regulations for its businesses.

February 12, 2015

On behalf of the Audit Committee



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