

# Report of the Audit Committee

The Audit Committee consists of three independent directors knowledgeable about finance and organization management, namely Khunying Jada Wattanasiritham as Chairperson, with Khun Pornthip Jala and Mr. Chulayuth Hirunyavasit as members. During the year, the Committee performed its duties as assigned by the Board, in compliance with the criteria and practical guidelines governing the Audit Committee, in line with the regulations of the Stock Exchange of Thailand (SET), namely the review of financial statements; review of risk management; review of internal audit assessment; and oversight of good corporate governance (GCG) practices. During the year, the Committee held nine meetings with the Management, the external auditor, and the head of the Office of Corporate Audit, as summarized below.

**1. Review of quarterly, annual, and consolidated financial statements.** This review was made along with the Management and the Office of Corporate Audit and, each time quarterly financial statements and annual financial statements were deliberated, with the external auditor in attendance. In reviewing such statements, the Committee asked the external auditor about the Company's complete and accurate presentation in its financial statements, its adequacy of information disclosure and disclosure of events after the preparation of financial statements, and adjustments for accounting entries materially affecting the statements. These questions ensured that the prepared financial statements complied with legal and accounting standard requirements

under the generally accepted accounting principles; that its accounting procedures and financial statements were both accurate and reliable; and that adequate and timely information was disclosed in financial statements for the benefit of investors or potential investors. This year the Committee and the external auditor held one meeting without the presence of management to deliberate accounting approaches and audit plans.

**2. Review of risk management.** To ensure acceptable risk management practices, the Committee supervised PTT Group's business by reviewing the risk management plans of 2008 and quarterly achievements against the plan. The Committee made recommendations on dealing with the major risks for PTT Group, including risk management related to foreign exchange and the volatility of oil and product prices and international trading.

**3. Review of internal audit assessment.** Together with the external auditor and the head of the Office of Corporate Audit, the Committee revised and reviewed the internal control system with a focus on resource



utilization, due care of properties, and prevention or minimization of defects, losses, waste, and fraud. It also investigated the reliability of financial and operation reports, and compliance with laws, rules, regulations, and Cabinet resolutions. The external auditor agreed that no significant findings or shortcomings were encountered. During the year, PTT assessed its internal control against the regulations of the Auditor Commission on internal control standard B.E. 2544 (2001). The Management and the Office of Corporate Audit concluded that PTT's internal control was both adequate and effective.

4. **Review of connected transactions.** The Committee looked into connected transactions with PTT Group companies and those between business groups to ensure that these were conducted at arm's length with complete and adequate information disclosure.
5. **Oversight of internal audit.** The Committee reviewed the annual audit plan and the three-year audit plan, as well as their compliance. The audit findings were reviewed and recommendations given to follow up the corrective actions of those items considered significant to bring about GCG and sufficient internal control. The Committee approved PTT's amended regulations concerning internal audits and a manual on internal audits in line with international standards. Finally, it reviewed the annual budget for the Office of Corporate Audit, including its recruitment plan, rotation, training, resource adequacy assessment, performance measurement indicators, as well as appointments and transfers, and the annual merit consideration for its head.
6. **Self-Assessment.** The Committee conducted individual (through cross assessment) and collective self-assessment against best practices. For 2008, it was found that the Committee had performed its duties efficiently.
7. **Appointment of the external auditor for 2009.** The Committee proposed the appointment of the Office of the Auditor-General as the external auditor for PTT Plc. for 2009 to the Board, which would in turn submit it for shareholders' approval at their 2009 AGM.

The Committee attaches great importance to good internal control and continuous risk management so that PTT may command GCG, sufficient internal control compatible with its business, effective risk management, together with accurate accounting practices and financial statements, and compliance with relevant laws and regulations.



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Khunying Jada Wattanasiritham  
Chairperson, Audit Committee