

10. Internal Control

The Board of Directors has always realized the significance of its internal control system by authorizing the Audit Committee comprising independent directors to audit the evaluation of the internal control system, whereby the Internal Audit Office directly reporting to the Audit Committee performs the duty to audit the work operation system in various departments of the Company as per the annual audit plan approved by the Audit Committee to ensure each department's efficient and effective performance of work and optimized use of the Company's resources. This also includes the control of the work performance, the timely, accurate and reliable financial reports, as well as the compliance with the policy in accordance with the laws and regulations of the government agencies. Furthermore, the efficiency of the control system is regularly reviewed to ensure the optimum benefit to the shareholders from the business operation based on the fairness in terms of benefits to all interested persons. In addition, the Audit Committee shall have the duties to consider, select and submit for appointment of the auditor, including remuneration of the auditor, consider disclosure of the Company's connected transactions or any transactions which may give rise to any conflicts of interest to be accurate and complete.

In regard to risk management, the Company has major concern on this matter by authorizing the Corporate Governance and Risk Management Committee to take into account various risk factors currently sustained or threatened to be sustained in the future by the Company to analyze impact and possibility of such risks and to determine measures to prevent and deal with such risks. The efficiency of the risk management system is reviewed and evaluated every year, and for every time when the risk level has changed, the results are regularly monitored. The significant risk factors are described in Risk Factors on pages 1-1 to 1-9.

In 2009, the Audit Committee convened four meetings, whereby the executives of the Company attended all such meetings, and the Audit Committee convened a meeting with the auditor without the management attending the meeting in the consideration of the 2009 financial statements. The Board of Directors and the Audit Committee have evaluated the internal control system as per the internal control adequacy evaluation form, comprising five components, i.e., organization structure and environment, risk management, control of the performance of work of the management team, information and communication system, follow-up system for the performance of work along with the audit results of the Internal Audit Office, and concluded that the Company's internal control system was considered adequate and appropriate to the business operation without material fault in the internal control system; and it could prevent improper or unauthorized use by executives or employees of the property of the Company and the Subsidiary. The financial report of the Company was made in accordance with the generally accepted accounting principles. Disclosure of information in the financial report was accurate and reliable. The Company's business operation was in accordance with the law on securities and exchange and other applicable laws.

Furthermore, the Board of Directors, the Audit Committee and the auditor were of the opinion that the Company's business operation was in accordance with the transparent corporate governance principles, its internal control system was suitable, efficient and capable of preventing improper or unauthorized use by executives or employees of the property of the Company.