

**THAI BEVERAGE PUBLIC COMPANY LIMITED**

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**ENCLOSURE 4**

**ASSESSMENT FORM OF SUFFICIENCY OF INTERNAL CONTROL SYSTEMS**

# **Assessment Form of Sufficiency of Internal Control System**

**Thai Beverage Public Company Limited**

Dated **16 October 2008**

**This assessment form is prepared by the Company's Audit Committee, and is an opinion on the sufficiency of the Internal Control System.**

**Part 1 Organizational Control and Environment Measure**

Organizational Control and Environment Measure mean having a good structure of organization control and environment measure which is the key base of the efficient Internal Control System. Conditions or factors supporting the Internal Control System to be proceeded as expected by the Company are, therefore, needed. This will build up controlling atmosphere to make everyone in the Company realize the need of the Internal Control System. The Management Team may, for example, focus on honesty and ethics of business operation, proper management of organization structure, clear delegation of duties and having policy and regulations in writing.

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1.1 Does the Board of Directors proceed to set an exact and assessable target of business operation for using as a guideline of employee's operation?

Yes  No

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1.2 The Board of Directors has reviewed the operational target and believes that setting the target was proceeded carefully. They also considered possibility of the set target and analyzed the incentives or benefits for employees to be reasonable, without unreasonable incentives or benefits which could lead to corruption or undue acts (for example, setting target of sale volume higher than actual which cause making up the figure of the sale volume).

Yes  No

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1.3 Does the Company arrange the organization structure to enable the Management to operate the business efficiently?

Yes  No

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1.4 Does the Company have any written code of conduct and regulation restricting the act of the Management and employees, which may cause conflicts of interest with the business, including penalty in the case of violation?

Yes

No

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1.5 Does the Company set any written policy and regulations of operation methods relating to financial transactions, purchasing and general management which can cover and prevent a corruption?

Yes

No

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1.6 In setting policy and operation plan, does the Company consider fairness for the counter party for the long-termed benefits of the Company?

Yes

No

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## **Part 2 Risk Management Measure**

Business operation of the Company is always proceeded among the business risks. The risks may be caused by internal factors, e.g. the Executive is lack of honesty and ethics, the Company expands the business so fast that working system cannot support the expansion, or supervision does not cover thoroughly. Furthermore, the risks may be caused by external factors, e.g. change of technology or consuming behavior, which affect to market share. Consequently, to bring the Company to survive from dangers of the said risks, the Executives need to regularly proceed the following actions:

- (1) Consider or contemplate characteristic of the risk which the Company is facing or expects to face (identification of risk);
- (2) Analyze effects of such risks and opportunity to occur such risks (analysis of risk);
- (3) Set a measure to reduce the risks to be in an appropriate level (management of risk).

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2.1 Does the Company regularly evaluate which factors are risk factors, both internal and external factors, which may materially affect the business operation of the Company?

Yes  No

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2.2 Does the Company analyze which events will cause the risk factors?

Yes  No

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2.3 Does the Company set a measure to monitor the event which causes the risk factors as well as to reduce such risks?

Yes  No

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2.4 Does the Company give a notice to all relevant employees to acknowledge and perform according the risk management measure?

Yes

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2.5 Does the Company monitor to be ensured that the various organizations comply with the risk management plan?

Yes

No

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### **Part 3 Management Control Activities**

The Management Control Activities are important to ensure the Company that procedures set by the Management are accepted and performed by all employees of the Company. The said procedures are as follows:

- (1) Setting appropriate power and authority levels;
- (2) Separating duties which might cause corruption;
- (3) Setting suitable steps and methods of transactions with major shareholders, directors, executives or any person relating to the said persons to prevent transfer of interest.
- (4) Setting methods to ensure that the Company is in compliance with the laws and the relevant legislation.

3.1 Does the Company set a clear scope of power and duties and limit of approval in each executive level in writing?

- Yes  No

3.2 Does the Company totally separate responsibility of the following three duties in order to monitor each other: (1) duty of approval; (2) duty of recording accounting transactions and information; and (3) duty of managing property?

- Yes  No

3.3 Should the Company have transaction with major shareholders, directors, executives or any person relating to the said persons, does the Company have any strict measure to ensure that such transaction is passed through the approval procedures which has been fixed?

- Yes  No  No such case

3.4 Should there be a transaction as per Clause 3.3, does only the person who does not have any interest on the transaction approve such transaction?

Yes  No  No such case

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3.5 Should there be a transaction as per Clause 3.3, is such transaction approved by considering the Company's interest as the most important thing and on arm's length basis?

Yes  No  No such case

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3.6 If the transaction with the relevant party is approved in the manner of binding the Company in long term (e.g. execution of sale and purchase agreement, loan facility, guarantee), is there any monitor on performance of the agreed conditions during the period of binding the Company (e.g. monitoring repayment of debt due, review of suitability of the agreement)?

Yes  No  No such case

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3.7 If the Company has measure regarding the transaction as per Clause 3.3, does the measure also cover to the case that the relevant party uses the opportunity or interest of the Company for personal benefits?

Yes  No  No such case

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3.8 If the Company has an investment in its subsidiary or associate, does the Company regularly monitor the operation of the subsidiary or associate and give a direction to the person who is appointed by the Company to act as a director or executive of such subsidiary or associate?

Yes  No  No such case

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3.9 For the purpose of reducing risks of business operation and maintaining the reputation of the Company, does the Company have any measure to monitor the operation of the Company to be in compliance with the relevant laws?

Yes

No

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3.10 If the Company had violated the law, does the Company have any measure to remedy and prevent such violation?

Yes

No

No such case

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#### **Part 4 Information and Communication Measure**

One of the principles of careful performance, whether for directors, executives, shareholders or relevant party, is making a decision on qualitative and sufficient information whether it is financial or other information. Communication to the relevant party is, therefore, very necessary and helps to enhance efficiency of the Internal Control System. The qualitative information should have the following characteristics:

- (1) Having sufficient necessary content for making a decision;
- (2) Correct and complete;
- (3) Updated;
- (4) Easy to understand;
- (5) Well-stored.

4.1 To propose any matter to the Board of Directors to consider, does the Company provide sufficient material information to support the consideration of the Board of Directors (material information are details of the matter to be considered, reasons, effects to the Company, other options, etc.)?

- Yes  No

4.2 Do the directors of the Company receive notice of meeting or documents of the meeting providing sufficient and necessary information for consideration before the meeting at least the minimum period stipulated by laws?

- Yes, they will receive the documents  No  
in an average of 7 days before the meeting date.

4.3 Does the minutes of the meeting contain sufficient details enabling the shareholders to inspect the suitability of performance of the directors e.g. recording enquiries, opinions or observations of the directors on the considered matter, opinions of the directors who disagree with the proposed matter along with reasons, etc.?

- Yes  No

4.4 Does the Company keep all documents of accounting and other accounts in groups? Is it true that the Company has never been notified by the auditor that there is any fault on such matter, or there was, but such fault had been remedied?

Yes

No

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4.5 Did the Board of Director consider that the Executives apply the Generally Accepted Accounting Principles which are suitable for the nature of business of the Company, and do not use any accounting policy which shows the operational results of the Company incorrectly?

Yes

No

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### **Part 5 Monitoring**

To operate the business efficiently and effectively, the Company needs to regularly monitor that operations are performed as targeted, the Internal Control System is proceeded continually and there is an improvement to meet with the changing situation as well as other faults are immediately corrected.

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5.1 Should the Company set a target of business operation, does the Board of Directors compare the operational results of the Executives to check whether they meet the target as set?

Yes  No  No such case

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5.2 Should the operational results differs from the set target, does the Company remedy within a reasonable period?

Yes  No  No such case

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5.3 Does the Company regularly monitor the performance of the Internal Control System?

Yes  No

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5.4 If the Company has an internal audit, does the Company require that the audit results have to be reported directly to the Board of Directors or the Audit Committee to enable the internal auditors to perform independently and report the audit results honestly?

Yes  No  No such case

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5.5 When a material fault is found, is there any report regarding such fault to the Board of Directors of the Company/the Audit Committee to remedy it within a reasonable period?

Yes

No

No such case

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5.6 Is the Company required to report the progress of fault remedy to the Board of Directors of the Company/the Audit Committee?

Yes

No

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5.7 Does the Company have a policy requiring the Executives to report to the Board of Directors of the Company immediately should there be a corruption or suspect to have a corruption, violation of laws and other abnormal act materially affecting the reputation and financial status of the Company?

Yes

No

No such case

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