

**International Research  
Corporation Public Co., Ltd.**

บมจ.เลขที่ 0107546000024

5-61EM-IRCP05-61

February 22, 2018

Subject: Submit management discussion and analysis (MD&A) for the year 2017

To: Director and Manager  
The Stock Exchange of Thailand

International Research Corporation Public Company Limited would like to clarify the operation results for the year 2017 ended December 31, 2017 as follows:

The Company had net profit (loss) of (3.57) million baht and (115.33) million baht in the previous year, or decreased from the year 2016 in the amount of 111.75 million baht. The Company had total revenue of 1.285 billion baht which was increased of 158 million baht or 14% compared with the total revenue of 1.127 billion baht in the year 2016. The Company would like to clarify the substantial reasons as follows:

1. Total revenue increased from the previous year by Baht 158 million baht, resulting from higher revenue from system development service of Baht 83.62 million baht or 15%, higher revenue from sales by Baht 67.25 million baht or 13%, and higher other income by 7 million baht or 71% mainly due to foreign exchange differences and market support.

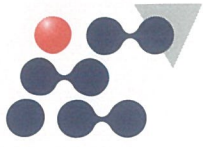
2. Total cost increased by 56.45 million baht or 5% comparing to the previous year. The details are as follows:

Cost of system development increased by 53.5 million baht or 11% and cost of sales increased by 63.5 million baht or 14%. An increase in the cost of system development and cost of sales is close to the proportion of higher revenue from system development service and sales. In the other hand, selling expenses increased by 2.8 million baht or 8% which impacted from higher promotional expenses of subsidiary companies.

Meanwhile, administrative expenses decreased by 63.3 million baht or 26% mainly due to:

- The decrease in allowance for doubtful accounts was recorded in the year 2016 of Baht 99.98 million baht from the canceled project. However, in 2017 the allowance for doubtful accounts of





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the project started in 2013 which is expected to be canceled, in the amount of Baht 17.71 million baht was already recorded.

- In the year 2017, the Company recorded the provision for penalties increased by 2.47 million baht for the project which is likely to be canceled and the Company has already paid the debt specified in the letter of guarantee amounting to 33.2 million baht. In such case, the Company had notified the bank to suspend the payment to the contractor and requested the temporary protection from the Central Administrative Court. The Central Administrative Court ruled in favor of the Company that the Company had not received any damages due to the fact that the contractor sent the letter to the bank to enforce the contract. Therefore, the Central Administrative Court refused such request. Afterwards, the bank paid money in accordance with the letter of guarantee to the contractor and called the Company to repay such debt to the bank. In this regard, the Company had already paid such amount to the bank and recorded it as expense.
  - In 2016, the Company recorded the bad debt provision for the associated company by 7.5 million baht while in 2017, was recorded the bad debt provision by 16.60 million baht.
3. Financial cost decreased by 8.4 million baht or 29% which resulted from the reduction of cost of funds and management of the credit facility to support the business and corporate income tax reduced by 1.9 million baht or 19%

Please be informed accordingly.

Sincerely yours

Mr. Don Hetrakul

Chief Executive Officer

