



RS 2008 ANNUAL REPORT

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world





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Message from the Chairman and Chief Executive Officer

RS 2008 ANNUAL REPORT





Mr. Kriengkai Chetchotisak
Chairman

Mr. Surachai Chetchotisak
Chief Executive Officer

Dear Shareholders,

2008 was the year Thai economy was hard hit by the negative factors both inside and outside the country, for instance, the airport blockade in November that resulted in a decrease in number of tourists to a historic low level and posed adverse effects on the country as an international tourism hub. Although the financial crisis in the United States of America and Europe did not abruptly affect domestic purchasing power, it is a structural problem in the global economy that can eventually jeopardize Thai economy due to the country's dependence on export rather than domestic consumption. These factors led to the poor figure of Thai economic growth last year as low as 2.6 percent.

Regarding the business operations as a whole, the Music Business has as yet remained scathed by a decline in sales of music products (physical products) due to a rapid change in consumption patterns of main consumer groups. The Company has therefore attached importance to the expansion of digital content market, especially the use of music products as the audible ringing on mobile phones (ring back tone) which has enjoyed more than 100 percent growth, thus resulting in a 42-percent increase in revenues from overall digital content business, and it is seen as a key channel of generating big revenues in the future for the Music Business.

The Company's Entertainment Online Business launched last year made a big hit thanks to the research on teen behaviors which found that teenagers spend most of their time surfing websites and indicated an increasing trend and popularity in online media among teenagers. The leading website of the Company i.e. www.zheza.com inaugurated two years ago has been a rendezvous or a center of edutainment (community website) where over two million teen members meet nowadays.

The Movie Business last year suffered a decline both in numbers and revenues since they were shown in the early and the end periods of the year, so the Company was unable to realize the income from every channel. Four movies were shown in 2008, compared with five movies in 2007.

The mega-project in 2008 that extremely affected the business performance of the Company was the live broadcast of 2008 Euro football matches in June. The revenues were pretty much lower than the target and the content itself did not gain widespread popularity as it was expected because the favorite football teams of Thai audience failed to enter the play-off rounds and the sponsors started to slow down their media spending.

The Sports Business i.e. the administration of indoor football stadium in terms of advertising media management, which commenced its operation in May 2008, has received great feedback from sponsors and tenants. This business has attracted the attention of general public and the press because it is an indoor arena for 7-a-side football with the highest-standard quality in Thailand.

The Company performed exceptionally well in the Media Business after the launch of point-of-sale (POS) advertising in modern trade segment commonly called “In-store Media”, by achieving more than 300 percent revenue growth in the midyear 2007 with the expansion nationwide in 900 branches of 4 superstores namely Tesco Lotus, Big C, Carrefour, and Tops Supermarket.

Furthermore, the Company decided to cut back on the investment in Publishing Business to remain only 25 percent after the assessment of profit-making potential in this business amid intense competition as well as assessing competitive edges and coordinated efforts within RS group of companies. The combined revenues of radio and television advertising declined by 13 percent due to the reduction in number of music programs and radio stations; anyhow, on the plus side, it resulted in better profit-making efficiency.

By the profit-oriented strategy rather than revenue growth, the Company in 2008 realized the total revenue of Baht 2,344 million, representing a year-on-year decrease by Baht 112 million or 4.5 percent. The costs of sales and production amounted to Baht 2,102.7 million representing a year-on-year increase by Baht 259.8 million or 14.1 percent which was largely due to the increased broadcasts of Euro football matches. The gross profit margin for the year 2008 was 10.3 percent, down from the year 2007 for which the gross profit margin stood at 24.9 percent.

To deal with the economic situation that is so hard to predict and shows no sign of bottoming out in the year 2009, RS has a policy to focus on the Group’s main business lines and extremely prudent expansion as well as cutting back on investment in a risky business. As the Company does not have a powerful competitive edge over the rivals in a certain business line, for example - Showbiz Business; and the customers have made big cuts in their mainstream media spending, the Company turns to create alternative media such as online advertising in a more substantial manner.

Pertaining to corporate social responsibility, RS has persistently adhered to the policy, no matter how business environment changes, on dual commitments that benefits both the community and the Group’s business. Importantly, all executives and employees are encouraged to take part in activities for social benefits. In 2008, RS collaborated with **Habitat For Humanity (Thailand)** in “**Home Building Mission for the Underprivileged**”, initiated projects - in cooperation with **WWF (Worldwide Fund for Nature)** - the world's largest independent conservation organization, worked in partnership with **Thai Society for the Prevention of Cruelty to Animals (TSPCA)** to stage/support the campaigns for animal welfare, and sent our artists to attend charity events or activities, held by public and private sectors, for social causes and setting an example to the youth.

The Company has been committed to promoting and developing the policy on good corporate governance which reflects efficient, transparent and ethical management with the awareness of social and environmental responsibilities as well as to building confidence and protecting the interests of shareholders, investors and all stakeholders. The Board has established the good corporate governance policy in writing, reviewed the said policy and the handbook of professional ethics applicable to directors and staff members within RS Group of companies, and evaluated compliance on a yearly basis. The said policy has also been disseminated via intranet or the internal website of the Company as a guideline for directors and staff members to abide by.

On behalf of the Board, we wish to thank our shareholders, our customers, governmental organizations, and our patrons/sponsors for their continuing support. We also thank our employees for their untiring efforts to develop their performance and improve the organization's efficiency to deal with the challenges of ever-changing business environment and achieve RS vision of being an entertainment provider with a unique identity that dares to make a difference and are always aware of social responsibility.



Mr. Kriengkai Chetchotisak
Chairman



Mr. Surachai Chetchotisak
Chief Executive Officer





1. Mr. Kriengkai Chetchotisak
Chairman

2. Mr. Surachai Chetchotisak
Vice Chairman

3. Mr. Suwat Chetchotisak
Director

4. Mrs. Pornpan Techarungchaikul
Director and Secretary

5. Mr. Darm Nana
Director

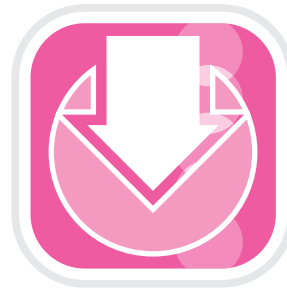
6. Mr. Danaisidh Peslapunt
Director

7. Mr. Phisit Dachanabhirom
Independent Director and
Audit Committee Chairman

8. General Pairoj Panichsamai
Independent Director and
Audit Committee

9. Associate Professor Witaya Danthamrongkul
Independent Director and Audit Committee





For over 27 years RS Public Company Limited

has been “a revolutionist in creating top-quality entertainment productions with strong commitment to social responsibility”. Our corporate social responsibility efforts through diverse activities are divided into 5 parts:

- Chet Chotisak Foundation for granting scholarships to the youth and building libraries for poor schools.
- Encouraging our executives and employees to participate in social contribution activities, for instance, the event “RS Golf Charity” of which all proceeds were donated to several foundations, the program “building homes for the poor” under the operation of Habitat for Humanity (Thailand), and a blood donation campaign in association with the Thai Red Cross Society on auspicious occasions.
- Advising our artists to help public and private organizations work on the charity drive.
- During the year 2008, the very auspicious year marking the 80th birthday anniversary of His Majesty the King, RS joined Thai people in expressing loyalty by doing good deeds constantly as a gesture of gratitude towards His Majesty (Do Good for Our King). RS has worked with some social development organizations on the campaign to build public awareness of current social issues, and raise funds to support charitable activities, for instance, “Film” Rattapoom Tokongsub is a goodwill ambassador of Habitat for Humanity Thailand.
- Excellent feedback from those charity organizations and the press constitutes a positive influence on RS and a number of our artists to move forward in promoting activities that benefit the community, “Beam” Kawee Tanjararak took up the appointment as the ambassador for World Wildlife Fund Thailand (WWF Thailand), and our girl group “Girly Berry” took up the appointment as the ambassador for Thai society for the prevention of cruelty to animals (TSPCA).
- As to the dispatch of our artists to join activities organized by public and private sectors, it can be outlined as follows:



WWF's Ambassador

Rationale

WWF is the world's largest international organization for the conservation of natural resources and environment, operating in over 150 countries. As WWF Thailand had had an idea to approach a social leader as its ambassador to raise people's consciousness in every segment of Thai society to come forward and conserve natural resources and environment in a more concrete manner, "Beam" Kawee Tanjararak, was handpicked because of his perfect qualifications deserving the appointment.

As the Company has realized the importance of raising people's consciousness in every segment to engage in the conservation of natural resources and environment, RS Public Company Limited is collaborating with WWF Thailand by sending our artists to participate in diverse activities that benefit the community. "Beam" is a singer of good image, a continuous seeker of knowledge, with a vibrant and healthy personality, so he is an idol of teenagers and recognized as a role model for Thai kids. Being a very popular singer, "Beam" is able to persuade Thai youth to actively address an environmental problem of which its situation is steadily worsening. "Beam" also plays a dynamic role in helping Thai youth become more environmental friendly, which means teenage development towards better quality.

The four requisites; food, clothing, shelter and medicines, are the basic needs for survival. Likewise, living among unpolluted nature and good environment is another key factor that promotes better quality of life. In his capacity as WWF's ambassador, "Beam" helps create a good quality of life, in a wide range, for people in the community.

In addition to his permanent role as a singer/artist, "Beam", in his capacity as WWF's ambassador, helps communicate a message to general public, particularly the youth of today who will become the nation's driving force in the future, by making them realize the importance of natural resources and environment, take care of nature and environment, and mobilize their efforts to support an environmentally friendly program in an opportune time and on a favorable occasion.



Objectives

1. Encourage our artists to engage in conservation and pay more attention to nature and environment.
2. Respond to the Company's policy aimed at being a private firm with social responsibility on the conservation of natural resources and environment.
3. Invite Thai youth to participate in activities regarding the conservation of natural resources and environment.
4. Build a good attitude in Thai youth towards the conservation of natural resources and environment make them understand and learn more about the benefit thereof.

Patterns of Action/Missions of Ambassador

1. Promote and publicize important events such as World Environment Day, Thai Environment Day, World Wetland Day and etc.
2. Invite Thai youth to participate in the activities of Panda club for the conservation of natural resources and environment.
3. Promote fund-raising activities for WWF.
4. Support WWF's campaigns in a foreign country.

Activities

1. Earth Hour - lights off for one hour to reduce global warming

It was a global campaign held in 24 big cities across the world including Bangkok, inviting people to turn off their lights for one hour on March 29, from 20.00 - 21.00 o'clock local time. "Beam" Kawee Tanjararak is assigned as the presenter for this project in Thailand.

2. Environment Camp

It was the activity designed for bringing the press to see the operations regarding the conservation of natural resources and environment within a typical environment camp organized at Ganggajan Nature Observation Center in Petchburi province, having "Beam" explain the importance of natural resources in various aspects.

3. World Environment Day

Organized conservation-related activities, by proposing the program to Ministry of Natural Resources and Environment, as well as staging a ceremony for governmental bodies, private agencies, Panda club's young ambassadors, juveniles and conservationists from many different conservation groups to take the oath of commitment to taking the lead in conserving natural resources and environment.

4. Turtle beach patrol and loving Andaman program

The activities include patrolling the beach to recover or save turtle eggs from being destroyed, and scuba diving to clean up the seabed, by proposing the program to Tourism Authority of Thailand, in order to build active participation in conservation efforts and maintain the natural beauty of the Andaman Sea to last forever.

Expected Results

1. Our artist(s) obtain the comprehensive understanding of conservation needs of natural resources and environment, thus enabling him/them to further disseminate such knowledge to general public.
2. The Company gains national recognition as a private company with strong commitment to social responsibility on the conservation of natural resources and environment.
3. Thai youth are given opportunities to participate in activities regarding the conservation of natural resources and environment.
4. Thai youth attach greater importance to the conservation of natural resources and environment.



TSPCA's Ambassador

Ambassador of Thai Society for the Prevention of Cruelty to Animals

Rationale

Nowadays, Thailand is perceived by civilized countries as a nation where animal rights violation or animal abuse is reportedly rampant whether they are pet or wild or economic or laboratory animals. This perception coupled with numerous unrevealed facts made animal lovers foresee a hugely adverse impact on the nation, thus prompting them to collaborate in determining preventive and corrective measures to stop animal abuse and protect animal rights; therefore, TSPCA (Thai Society for the Prevention of Cruelty to Animals) was founded. TSPCA's objectives are to combat animal abuse, determine effective measures to prevent and solve problems in this regard in a peaceful manner. TSPCA's efforts include disseminating information to build people's understanding of animal rights, organizing diverse activities to instill an attitude of mercy towards animals in the youth and general public, persuading the community to get involved in surveillance against animal abuse, employing a community-based participatory approach to discuss animal abuse and animal rights violation and take steps to address the problems, as well as pushing for the legislation of animal welfare as it already happened in many countries.

With our awareness of the magnitude of the problems regarding animal abuse and animal rights violation, RS Public Company Limited is collaborating with Thai Society for the Prevention of Cruelty to Animals (TSPCA), by encouraging our artists and employees to engage in diverse activities organized by TSPCA to help animals.

Objectives

1. Build a good image for our artists on the prevention of animal abuse and the protection of animal rights.
2. Build a positive public image for RS Public Company Limited as a leader in corporate social responsibility.
3. Persuade adults and juveniles to care for animals and help stop animal abuse whether they are pet or wild animals.
4. Build consciousness of appreciating animal life and instill an attitude of mercy towards animals in people
5. Encourage people to engage in surveillance and prevention against animal abuse.

Activities

1. Loving Animal Program

This program is implemented through animal care activities organized at many schools aiming at instilling an attitude of mercy towards animals in schoolchildren and having them learn how to raise an animal with the understanding of its nature.

2. Volunteer Program

The purpose of this program is to invite people, students, undergraduates, graduates and whoever interested in helping TSPCA's activities, as a volunteer to take coordinated action for animal causes.

3. Foster Homes

The activities, including the management of foster homes in order; foster home visits; donation campaigns to collect food and medicines for stray dogs and alley cats; and bringing members to render services (sterilization, vaccination) at TSPCA's foster homes, are aimed to:

- Build the sense of commitment and collaboration in solving problems regarding strays.
- Be a center to coordinate collaboration between handlers and those who wish to foster strays.
- Lighten the burden of handlers.
- Give people an opportunity to do good deeds in support of strays.
- Create a better quality of life for strays i.e. improving their physical strength and health;
- Aid the government in reducing environmental pollution and promoting community health.

4. Pushing for the legislation in support of animal welfare and in protection of animal rights

Be a mouthpiece, participating in the campaign to have the Act for the prevention of cruelty to animals and for the development of animal welfare come into force in Thailand and all Asia-Pacific nations.

5. Recognition Program

The program is aimed to support and encourage ordinary persons, juristic persons, partnerships and/or business enterprises in private sector, such as animal farm owners; private zoos; animal product-related industries; manufacturers of animal food and medicines; animal processing plants and individuals keeping animals; who show no cruel behavior towards animals and/or run their business operations in a way that promotes animal welfare, by giving them credit for or award certificates in recognition of their kindness to animals.

6. Visiting Royal Society for the Prevention of Cruelty to Animals (RSPCA)

RSPCA is a charity organization in England that promotes animal welfare, working in partnership with TSPCA. As TSPCA's ambassador, "Girly Berry" girl group was sent to study RSPCA's operations.

Our Partner: Thai Society for the Prevention of Cruelty to Animals (TSPCA)

Expected Results

1. Our artists set an example for the youth to follow.
2. Private companies realize the importance of corporate social responsibility.
3. Adults and juveniles turn their attention to animal care and help stop animal abuse.
4. Adults and juveniles appreciate animal life and have a heart for animals;
5. Adults and juveniles help watch to prevent animal abuse.



Traffic Ambassador Program

Rationale

Currently, Thailand is suffering many problems from road accidents which cause a huge loss of life and property and to the nation as a whole. The major causes of road accidents are drunk driving, drowsy driving, driving against the traffic, and speeding. With our understanding of problems occurring to teenagers and our serious concern about public safety - since road accidents often lead to casualties, property damage and mental trauma - as well as our wish to echo the government's policy for reducing the casualty toll, preventing and solving the traffic accident problem, RS Public Company Limited is joining the program "Traffic Ambassador" in collaboration with Royal Thai Police, by encouraging our artists to participate in a campaign conducted by agencies, both in public and private sectors, for the reduction of road accidents. It marks another great step forward that reflects RS's firm standpoint illustrated by the statement "We are more than ready to contribute with all possible ways and means for giving back to society".

Objectives

1. Reaffirm our unwavering commitment to supporting activities that provide social benefits, by having our artists and employees participate in the program.
2. Encourage the youth to understand the importance of compliance with traffic rules and reduction of road accidents.
3. Create good collaboration and close ties between public and private sectors for concerted action in the interests of society.

Patterns of Action/Missions of Ambassadors

1. Take up the appointment as the ambassadors for the reduction of road accidents.
2. Join a campaign in persuading motorists and the youth to obey traffic rules.
3. Help promote and publicize a themed event, hosted by Royal Thai Police, for the reduction of road accidents.

Names of Artists

- | | |
|--|--------------------------------------|
| 1. "Four" (Sakolrat Woraurai) | : Phone-not-drive ambassador |
| 2. "Mod" (Sunatchaya Chairat) | : Drink-not-drive ambassador |
| 3. "Fluke I-Nam" (Jittakorn Bunson) | : Don't-run-the-red-light ambassador |
| 4. "Gug Laoloam" (Supawat Choosuwan) | : Wear-helmet ambassador |
| 5. "Vhiew (Nattapon Wongsanit) | : No-speeding ambassador |
| 6. "Notto" (Warangkanipa Puangtanasan) | : Seat-belt ambassador |

Expected Results

1. People attach greater importance to traffic rule compliance.
2. Thai youth follow a good example on social responsibility by obeying traffic rules
3. Agencies, both in public and private sectors, are more aware of and alert to the possibility of danger caused by road accidents.



RS Golf Charity

Rationale

For over 27 years RS Public Company Limited has been engaging in diverse activities for the benefits of society. With our concern for poor families and underprivileged kids, the Company in cooperation with our business partners organized a fund-raising golf tournament “RS Golf Charity” from which all the proceeds were donated to the poor through Foundation for Slum Child Care under the patronage of Her Royal Highness Princess Galyani Vadhana Krom Luang Naradhiwas Rajanagarindra, Habitat for Humanity (Thailand), the Christian Foundation for the Blind in Thailand, and Home for Mentally Disabled Children, in the hope of creating better social opportunities for them.

Objectives

1. Raise funds for contribution to Foundation for Slum Child Care under the patronage of Her Royal Highness Princess Galyani Vadhana Krom Luang Naradhiwas Rajanagarindra, Habitat for Humanity (Thailand), the Christian Foundation for the Blind in Thailand, and Home for Mentally Disabled Children.
2. Tighten relations with our business partners, by jointly organizing activities for the benefits of society.
3. Respond to the Company’s policy on corporate social responsibility, by organizing or participating in activities for the benefits of society.

Patterns of Action

RS Public Company Limited hosted “RS Golf Charity”. The tournament was held at the golf course of Suwan Golf and Country Club, consisting of 144 amateur golfers, divided into 36 teams each of which had 4 members. All the proceeds after expenses were handed to Foundation for Slum Child Care under the patronage of Her Royal Highness Princess Galyani Vadhana Krom Luang Naradhiwas Rajanagarindra, Habitat for Humanity (Thailand), the Christian Foundation for the Blind in Thailand, and Home for Mentally Disabled Children.

Expected Results

1. The charity foundations and organizations can use the funds deriving from the golf tournament to support/help poor families and underprivileged children under their care.
2. Closer ties between the Company and our business partners.
3. Private-sector entities become aware of and pay attention to problem solving for poor families and underprivileged children.

Activities for social causes during the year 2008



Winter Relief Program



The sale of Orange Jessamine for the disabled cause



The sale of Butsarana on national father's day



Home building for the underprivileged



Money donation to "Kru Noi Home Foundation"



Alcohol-refraining campaign during Buddhist Lent



Book offering

Activities for social causes during the year 2008



Smoking-free pub campaign



Road safety campaign for minimizing traffic accidents



No-smoking campaign in official places



Meal offering for weak-sighted children



World AIDS Day



Companies in which RS holds more than 10% of their shares

As of 31 December 2008

Subsidiaries	Nature of Business	Tel	Fax	Issued Shares	
				Type	Number
1 K. Master Co., Ltd.	Distributor of Tapes, CD, VCD and DVD	02-955-5655-8	02-955-5690	Common Shares	2,000,000
2 Blu Fairy Co., Ltd.	Computer graphic design	02-511-0555	02-511-2324	Common Shares	310,000
3 Idea PowerCo., Ltd. (Original name : News Generation Co., Ltd.)	Publishing business Indirect holding by Poema Co., Ltd.	02-938-5420-1	02-938-7751	Common Shares	200,000
4 Thai Copyright Collection Co., Ltd.	Copyright collection	02-938-8000	02-938-8855	Common Shares	100,000
5 Sky - High Network Co., Ltd.	Radio production	02-938-5691-3	02-938-5694	Common Shares	1,000,000
6 Poema Co., Ltd.	Production house - activities	02-511-0555	02-511-2324	Common Shares	100,000
7 RS In-store Media Co., Ltd. (Original name : P.O.V. (Point of View) Co., Ltd.)	Service media on modern trade (Start to operate in quarter 2, 2007)	02-511-0555	02-511-0555 Ext. 2751	Common Shares	300,000
8 RS International Broadcasting & Sports Management Co., Ltd.	Sports business management	02-511-0555	02-511-2324	Common Shares	500,000
9 RS Freshair Co., Ltd.	Production house - concert and activities	02-203-0075-6	02-203-0077	Common Shares	500,000
10 YAAK Co., Ltd. (Original name : Filmsurf Co., Ltd.)	Production house - drama series and TV programs	02-9385630-2	02-938-5669	Common Shares	25,000

Companies in which RS holds more than 10% of their shares

As of 31 December 2008

Subsidiaries	Nature of Business	Tel	Fax	Issued Shares	
				Type	Number
11 R Siam Co., Ltd.	Country music production and music promotion house	02-938-8596-7	02-938-8598	Common Shares	10,000
12 RSI-Dream Entertainment Co.,Ltd.	Concerts and events organizer	02-511-0555	02-511-2324	Common Shares	1,000,000
13 Moradok Entertainment Co., Ltd. *	Production house - TV programs	02-511-0555	02-511-2324	Common Shares	28,000
14 R.S. Sportmaster Co., Ltd. *	Production house-TV programs and events organizer	02-511-0555	02-511-2324	Common Shares	45,000
15 Shadow Entertainment Co., Ltd. *	Production house - drama series and TV programs	02-511-0555	02-511-2324	Common Shares	23,125
16 Magic Advertainment Co., Ltd. *	Production house - drama series and TV programs	02-511-0555	02-511-2324	Common Shares	29,375
17 Red Drama Co., Ltd. *	Production house - drama series	02-511-0555	02-511-2324	Common Shares	25,000
18 Avant Co., Ltd. *	Production house - films and drama series	02-511-0555	02-511-2324	Common Shares	40,000
19 RS Film and Distribution Co., Ltd. *	Films distributor and production house - films	02-511-0555	02-511-2324	Common Shares	50,000
20 Bangkok Organizer Co., Ltd. *	Concerts and events organizer	02-511-0555	02-511-2324	Common Shares	30,000

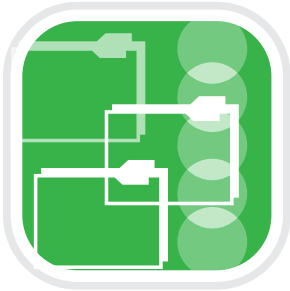
* Temporarily Suspended

Companies in which RS holds more than 10% of their shares

As of 31 December 2008

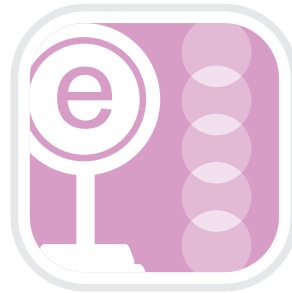
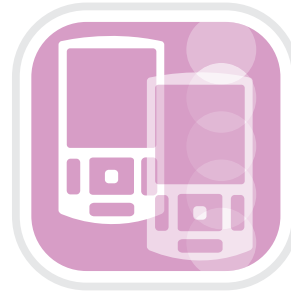
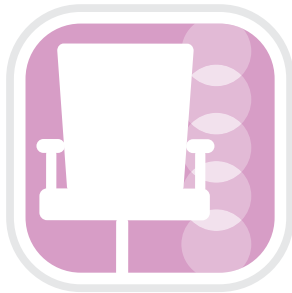
Subsidiaries	Nature of Business	Tel	Fax	Issued Shares	
				Type	Number
21 Aladdin House Co., Ltd. *	Production house - films, drama series and TV programs	02-511-0555	02-511-2324	Common Shares	50,000
22 R.S. Television Co., Ltd. *	Production house - films and TV programs	02-930-9250-1	02-930-9254	Common Shares	40,000
23 Nagasia Co., Ltd. *	Production house - films, drama series and TV programs	02-511-0555	02-511-2324	Common Shares	40,000
24 R.S. Studio Co., Ltd. *	Post production service studio	02-939-3018-24	02-939-3025	Common Shares	25,000

* Temporarily Suspended



(Baht)

Detail	Audited Consolidated 2006	Audited Consolidated 2007	Audited Consolidated 2008
Cash and cash equivalents	149,334,093	186,798,955	193,274,999
Accounts receivable - others - net	816,050,387	745,993,416	540,927,230
Inventories - net	141,757,004	67,146,048	76,996,817
Property plant and equipment - net	291,169,691	194,154,310	231,791,910
Intangible assets - net	260,626,392	407,553,043	359,124,011
Total assets	2,131,931,462	2,067,538,017	1,883,634,158
Bank overdrafts and Short-term loans from financial institutions	158,989,133	394,214,268	592,090,713
Accounts payable - others	357,342,038	410,480,966	272,280,891
Liabilities under financial lease	39,716,796	37,410,814	28,118,553
Long-term loan from financial institutions	-	-	99,700,000
Total Liabilities	997,564,284	1,164,480,846	1,383,961,091
Registered capital	700,000,000	900,000,000	900,000,000
Paid-up capital	700,000,000	700,000,000	700,000,000
Retained earnings			
Appropriated - legal reserve	5,575,472	-	-
Unappropriated	105,933,976	(21,842,427)	(420,268,109)
Total Shareholders' Equity	1,134,367,178	903,057,171	499,673,067
Total Revenues	3,140,238,263	2,515,899,327	2,371,440,703
Cost of sales and production	2,231,446,559	1,842,937,300	2,102,709,949
Selling and administrative expenses	727,187,443	785,758,840	610,293,457
Interest expenses	11,237,738	18,401,512	38,966,237
Income tax	16,717,864	4,577,002	13,694,515
Net profit (loss)	154,662,703	(121,673,373)	(398,425,682)
Weighted average number of shares at Par Baht 1	700,000,000	700,000,000	700,000,000
Basic earnings (loss) per share	0.22	(0.17)	(0.57)
Book value per share	1.62	1.29	0.71



Business Descriptions

At present, RS Group has 2 main core businesses, Entertainment and Sport Content Provider and Media Service. The revenues of Entertainment and Sport Content Provider are generated from Music Business, Digital Business, Showbiz Business, Film Business and Sport Business. The revenues of Media Service are generated from Radio Business, TV Business, Publishing Business and In-store Media Business.

Revenue Structure

Detail	2006		2007		2008	
	Amount (Million Baht)	share in total revenue (%)	Amount (Million Baht)	share in total revenue (%)	Amount (Million Baht)	share in total revenue (%)
Revenue from musical	902.6	29%	699.2	28%	460.6	19%
Revenue from digital	234.2	7%	209.1	8%	297.2	13%
Revenue from showbiz	561.4	18%	540.0	21%	591.6	25%
Revenue from film production	231.5	7%	296.3	12%	118.1	5%
Revenue from sport					214.9	9%
Revenue from media	1,126.3	36%	685.2	27%	644.6	27%
Revenue from service income and sponsorship	22.1	1%	26.8	1%	16.8	1%
Other income	62.2	2%	59.2	2%	27.3	1%
Total Revenues	3,140.3	100%	2,515.8	100%	2,371.4	100%

Source : The Company's Management obtained data from financial statements in 2006, 2007, and 2008 and rearranged them as per the newly defined revenue structure's business groups.

Music Business

Music business consists of three main parts, including song production & promotion, distribution and copyright collection

Song Production & Promotion

The factors driving the success to RS Group's businesses are as followings :

- 1) RS Group employs a fully integrated business model managing all types of related business. As a company associated with a number of artists, RS Group has produced a variety of music with continuous releases onto the market. The targeted market and music genre is presented to the music committee and each music label works on each album independently until the music album is finished. Subsequently, the music production process will be independently undertaken by the teams in each music label. The public relations plan and promotion Products and Services Descriptions strategy will also be created by those teams to be combined with the plans of Media Management Division and Distribution Division. Finally, the music marketing unit will lay-out the promotion strategy, conduct the public relation campaign and coordinate with the distributor to ensure the alignment of product's quality and market's popularity.
- 2) It is RS Group's policy to generate products in an appropriate quantity and of good quality. As a result, each album's investment yields a satisfactory outcome.
- 3) RS Group utilizes its in-house television, radio and Internet media to facilitate public relations programs.
- 4) Efficient distribution transfers products to end customers speedily; effective inventory control management can adjust appropriate levels of stock.
- 5) Efficient and systematic music copyright management creates added revenue for the business.
- 6) The policy in opening opportunities to new group of artists, song writers, and new creative channel of songs in order to develop and improve the quality of RS Group's songs to be updated and covering the target groups at all time.
- 7) The clear-cut policy on copyright's ownership of songs which rightfully belongs to song writers. This benefits people who work with RS freely with their full capabilities and opportunities in creating many quality songs.

Music business acquires most of its revenue from the following four sources :

- 1) Revenue from music products through Digital Content in the forms of Download, Ringtone, Ring-Back Tone, Wallpaper, Screen saver etc.

2) Revenue from sales of music products in the form of digital discs which consist of Thai and country songs through new albums and collection of greatest hits in various forms such as CD, VCD, Dual Disc, and including VCD and DVD concert recordings of artist/singers.

3) Revenue from Music Content Management

3.1) Sponsorship for Music Album

Sponsorship for Music Album creates revenue from advertising sales package for various products on areas covering RS music products whether in the form of front covers on CD, VCD, DVD, Dual Disc, music video's scene ending or the album's advertising spot. This also includes revenues from product placement for client who supports artist's album in music video, other additional special activities and public relation campaigns with various media such as TV, radio, or publishing in order to increase media exposure for products.

3.2) Revenue from concert organizing consists of

- Sponsorship: This is the sales of rights' package arrangement as concert sponsorship for the required products in various forms including the Sole Sponsorship, or as one of the Co-Sponsorships of many products.
- Selling of concert tickets
- Selling recorded concert through VCD, and DVD

3.3) Revenue from marketing activities

The activities include School Tour, Campus Tour, Mall Tour, or Contest in order to create marketing opportunities, and product exposure in relation to RS's artists/singers. These activities can generate marketing continuation for album, and build experience-marketing together with music penetration directly at target group which has already proved to be successful during the past years.

3.4) Revenue generates from composing songs in various occasions and special activities.

4) Revenue from copyrights collection.

Nature of Products or Services

Team and Artist Structure

Pre-Production Unit

The Pre-Production Unit under the management of RS Group is an experienced team whose responsibility covers recruitment, selection and development focusing on potential artists. By introducing new artists, the company has extended opportunities to produce more outcomes in music, drama series, advertising and films.

Music Label

The work system of RS is currently remodeled, from the original grouping by music style such as POP, ROCK, Adult Contemporary, Country and others to the grouping by employing the strategy of music segment champion.

- **Mass Group**, employing target singers/artists to cover a large number of music listeners in the large segment (mass market), is operated under “RS Music” brand, consisting of popular singers/artists such as Film-Rattapoom, Lydia, Girly Berry, Beam-Kawee, Pickthai, Black Vanilla, I-Nam, Laoloam, Sequin, Nice to Meet You, Pan Tanaporn, etc.
- **Teen Community Group**, is operated under “Kamikaze” brand, represents a trendy music that comes with difference and unique identity that is unlike anyone in Thai music industry. Target singers/artists are pre-teens, both boys and girls, aged 9-17, from primary to high school students, with a distinctive lifestyle, talent and character, who can be a trendsetter to teenagers in the society under the concept “KIDS STRIKE”, consisting of famous singers/artists like Four-Mod, Fay Fang Kaew, K-Otic, Kanomjeen, Mela, Neko Jump, etc.
- **Rock Society Group**, is operated under “9Richter and Pirate” brand, consisting of quality bands like Silly Fools, Spin Head, Butterfly Effect, including new-blood rock bands like The Papers, Silent Scream, Gluay Thai, Kid Insane, The Corset, etc, with an aim to penetrate into the teen market, targeted at male and female teenagers aged 12-30 who appreciate rock music, whether Thai or international, pursuant to a trend.
- **Easy listening Group** is operated under “Mellow Tone” brand. This sub-record label has created brilliant music works in POP, POP-JAZZ, A-Cappella and Fusion styles which are regarded a music alternative, influenced by western countries, coming into Thailand through music festivals, a top-notch entertainment in a laid-back environment. This group focus is not only singers but also musicians. The target listeners are males and females, aged 25 and up, with specific liking, including working people who appreciate an urban lifestyle, parties, drinking & entertainment, traveling and sport events. Top-quality artists in this group are Koh-Mr. Saxman, Autobahn band, Jirapan Angsawanon, etc.
- **Uni Club Group**, is operated under “Plenty Music” brand, represents an image of new generation with the power of progressive thinking, by having a music guru i.e. Somkiat Ariyachaipanich, alias Somkiat Z-Mix as the top executive, who has invited many artist fellows to join the team, to name but a few, Po-Yokee Playboy, Jerry, etc. The group is also working with leading artists such as Q Suweera Bunrod or Q of Flure band, Adul of Friday band, aiming to tap into the market of music lovers, both male and female, in the 17-24 age range, who are either high school or university students or young working people and are fond of modern Thai songs in style focusing on a new trend in music with unique singing style and distinctive character, and always update their wardrobe to keep up with fashion trends.
- **Reggae and Ska Group**, is operated under “Reggae Village” brand, presents dance music in “Reggae and Ska” style, headed by “Jo-Sorapan Gingpayom” and his team namely T-Bone, Job Banjob and Kai-Jo Brothers. This group is targeted at males and females, aged 18-30, living in Bangkok and other big cities i.e. teenagers who love hanging out, dancing and partying at a place for reggae and ska music.

- **Modern Local Country Group** or new-style country is operated under “R-Siam” brand. This subrecord label has created a diversity of Thai country songs to cover the needs of listeners across the country, for example, “Isan” or northeastern country, central country, country for life, and “Mor Lam” country groove from Isan, sung by the Group’s famous singers/artists such as Ponglang-sa-on, Baowee, Biew-Galayanee, Ying Thitikan, Kung-Sutthirat, Kratae, Luang Kai, Jintara Poonlaap, Nhu Meter, Songklod Chana, etc.

Every team is made up of producers, creative team and songwriters who are specialized and experienced in the music industry for very long time. These people’s functions are producing and recording quality songs as the master copy of audio and video productions for DVD and digital distribution in the market.

Affiliated Artist/Singer

RS Group has both String Music singers and Country Music singers. Each music style has both solo singers and groups whom have different styles. RS artists and singers include:

1) String Music singer

Artist	Solo	Group
Male	FILM-RATTAPOOM, BEAM KAWEE, TAG, DUNK-PHUNKORN, PAYU, WITH CHETTHA, VIEW, ZOMKIAT ARIYACHAIPANICH, KOH MR. SAXMAN	I-NAM, LAO-LOAM, BLACK VANILLA, 10 11, NICE 2 MEET U, K-OTIC, C QUINT, SILLY FOOLS, DR.FUU, INFAMOUS, ,THE PAPERS, KAI_JO BROTHERS, SILENT SCREAM, JO POP, FLAME, YOKEE PLAYBOY
Female	PARN-THANAPORN, , LYDIA, NOTTO, MILA, KANOM JEEN, WAI, MUD MEE, YUI NAPA-ARPA, NAEY SENORITA, MAM PATHCHARIDA, POOM ORAWAN TONG-PAKARAMAI	FOUR-MOD, GIRLY BERRY, AM FINE, NEKO JUMP, CHILLI WHITE CHOC, SISKI, FFK, CINDERELLA, PRIK-THAI, PIXEL, FLAVOUR

2) Country Music singer

Artist/ Male	Artist/ Female	Artist / Group
Nue Miter, Luang Kai, Bauwee, Sanook Singmatr, Au Pantang, Touch Na Takuatoong, Koong Sutthirath, Peter Fodify, Singha, Mekha, Talah Sena-nikom, Pitak, Song Klod Char-ma	Ying Thitikan, Biw Kanlayanee, An-Da, Cat Rattakan, Kra Tae, Karaked, Jintara Poonraph, Prem Preeyaporn, Duangjun Suwannee, Film Narinthip, Por Parichart, Nui Suweena	Paong Lang Saorn, O-A, Wong Salor, Prathom Banteung Silp,

Marketing & Research

The Marketing & Research team is the center for Music Business's revenue continuation generated from the songs' content apart from normal revenue of sales from music products. This emphasizes on revenue generation by convincing corporate client's marketing requirement in using music marketing as a marketing tool to coordinate the relationship between product and artist in various activities' format. Revenue development is done through these activities which are the main channel for album and artist promotion. By using this method, apart from increasing channel for revenue generation for the music business, it also adds promotional channel for various albums of music business through target group of that specific product as well.

Corporate Communication and Public Relation Team

The Corporate Communication and Public Relation team has the duty in looking after images and public relations of artists, albums, and corporate image by coordinating with all related parts of the Company. It is responsible for media in RS Group, including TV, radio, newspaper, magazine, and other online advertisings.

Distribution team for Music Products on CD or DVD, and Digital Content

Distribution team for disc type product is responsible for selection of supplier for products in the form of CD, DVD, etc. and then distributes to consumers through the wholesale system, retailers, and modern trade shops. The digital content team is responsible for coordinating with online service providers, mobile phone's networks, and other digital system in order to maximize efficiency on content of songs through the digital system.

Marketing and Competitive Environment

Marketing

A) Marketing Strategy

1) Strategy on Producing Music with Clear Segmentation

The Company emphasizes and stresses the importance on producing music to serve the difference lifestyle and psychographic of the target groups in order to create music closest to the target group. Importance is also given to quality of artists and music, as in creating quality artist, the Company has the searching, selecting, and the constant developing process for artist.

2) Business Continuation Strategy

Apart from creating quality and continuous music for artists through out the year, the Company has policy to build value added quality to its artists and albums systematically. Consideration will be made from market demand which consists of direct music listener's group, and organization or private company's group that requires the music content's service such as songs that have been composed for various special occasions. Moreover, the Company's music business marketing emphasizes in adding value of artists with Artist Career Management's plan. Hence, performance result of RS's artists can generate additional revenues much more than just introducing albums.

3) Music Alternative Strategy

RS's music business has policy in opening opportunity, and new alternative for listeners by introducing new musical concept with current global trend and consumers' demand. Opportunities and chances are given to new generation of song writers, and artists at all time. This generates new and unlimited musical phenomenal to listeners in order to expand the Company's listeners' base.

4) Strategy on Efficient Media Management of Affiliated Companies

The music business has to plan its public relation and marketing communication for artists and albums with optimized efficiency. Emphasize has to be made on corporate media management in order to push for wider audiences, and covering all target group which consists of TV, radio, entertainment newspapers, magazines, websites, and through other means of public relation activities. Moreover, the Company has the policy in involving the corporate communication and public relation's team to participate from the music production process so that initial concept and production work will be realize from starting point. This is to optimize efficiency in communication and public relation works.

B) Business Alliance Strategy

1) Policy on Business Alliance with Music Business

At present, the Company has realized in variety of conceptual changes concerning business transactions. Proposals or working coordination with business alliances in various forms are considered the strengthening strategy for music business to move forward even more, especially the music business can link with other business with no limit. Hence, business alliance is a wide open option that the Company always opens for proposal from its alliances.

Competitive Environment

Music market, at present, is in the adjustment period for production process, distribution, public relation, and other activities in accordance with the changing consumers' behavior. Consumers start to reduce their roles in purchasing music products through CD, or DVD, and increasingly turn to listening or downloading music through MP3. If music business operators still commence in producing music through CD or DVD at the same quantity, oversupply of product may occur.

Moreover, problem on music copyright's violation is more difficult to control as there are wide ranging copyright's violations through the online system or the digital system. As inspection and suppression are quite difficult, many small music business operators or small music label's companies have difficulties conducting their business, and sometime have to close down their business.

RS Group's Strong Points

1) Experience and Stability

Competition in the music business consists of large companies that have been in business for a long period of time, and are still operating in the business, and including medium size business to small music label companies. RS Public Company Limited, as a large company, gains more advantages in the form of experiences in music market as it can serve customers directly at the target group, and is secured on the management of human resources, and personnel in the music market. The Company

also supports artists' capabilities, advanced technology for music production, with supporting units and research data, distribution channels to its target groups, and many others. The most important point is that the Company is financially secured which is clearly the main advantaging factor over other small operators. The Company is ready in financially supporting the development on musical works, and efficient music production as it enables artists to fully utilize their capabilities, and continuously protect their royal listeners' group.

2) Stability concerning spreading of business operation's risks

Even though RS is very successful in the music business, importance is also given to the subsidiaries' business concerning music business, in order to reduce the risk impact on reducing sales of the disc products. The Company expects the related business will lead to sales of songs' content, as business continuation is expected to generate more revenue.

3) Synergy within the business group

RS Public Company Limited has variety of subsidiary companies, which are ready to synergize the best benefit for each other. For examples, the music business which produces songs in the form of album, movie business which is able to consider potential of artist who already launched the album to perform in a movie, or the TV media business that is able to introduce artist/singer as presenter for many programs.

4) Swift corporate re-organization with current situation

Even though RS is a large company, but with the management's vision that foresees far ahead, and realizes that the Company requires fast and up-to-date decision making, the Company always responses to better modifications without going through complex processes. The Company's music albums, and artists are always modern and in demand in the market.

5) Good image and reputation

As the Company's music and artists are very successful in their own rights, corporate image and reputation are considered as an important part as other supporting units. The Company has the policy in supporting the corporate social responsibility by encouraging its artists and employees to participate in activities, or projects. In 2007, RS Public Company Limited together with the "Habitat for Humanity Thailand" had appointed Rattapoom Tokongsub (Film) as the foundation ambassador for participation in the foundation's activities, and other public relation campaigns which resulted in more well known and acceptable image for the Company and the artist.

6) Distribution channel

As consumers' lifestyle and behavior have changed as stated above, the Company has to adjust itself to be competitive in order to earn more revenue from these changes. In the previous year, the music market had been emphasized mostly on digital system and download, thus, resulted in less distribution channel for the original music products in order to adjust the strategy for present competition.

Environmental Effects

-None-

Distribution Business

Nature of Products or Services

RS Music Distribution (previously known as “K. Master Company Limited”) is responsible for producing and distributing entertainment software of RS (in the forms of CD, VCD, DVD and Dual Disc) through various distribution channels. The details related to its business operation are demonstrated below.

RS Music Distribution primarily serves as the distributor of musical products for the music labels and other affiliated companies of RS as well as the distributor of non-affiliated products such as western music, country music and Thai modern music in the forms of CD, VCD, DVD and Dual Disc. It also encompasses the additional distribution of other kinds of entertainment products that are engaged with music such as edutainment software and merchandising of artists i.e. Stix-it, shirts, hats and key holders via the existing distribution channels like traditional trade (wholesale and retail stores), modern trade (hypermarket, convenience store, music and movie shop) and other new distribution channels using the following management guidelines.

Management Direction

1. Distribution System Structuring

The management is purported to ensure the distribution to the proper and pinpoint target groups. Since the target groups of customers vary with the assorted products, the distribution system conveys a significant factor to support and encourage these assorted products to reach the identified target groups. The augmentation of the number of governed store branches expected to expand nationwide will also boost more recognition and widespread dissemination of RS products.

2. Selection of product manufacturing plant with high quality control and production standard

RS Music Distribution has formulated the policy to control the standard and quality of the products. The procedure begins with the assurance of the perfection of the master product, which will be further produced into entertainment software and subsequently transfer to selected manufacturing plant that possesses modern machinery and equipment authenticated by ISO. The production will also enter the procedure of quality control to ensure the image and sound perfection and cover printing quality. The quality of the production of raw materials and relevant components such as CD and CD cases will be controlled as well for the customers to enjoy the maximized quality products.

3. Formulation of Efficient Marketing Strategy

In the process of presenting the musical products to various kinds of audience, RS Music Distribution, the musical products distributor of RS, consistently communicates with the customers in the market and, therefore, is able to conduct the monthly survey of customer demands on regular basis. The surveys are subsequently assessed and when the assessment results are derived and concluded, RS

Music Distribution will present the response of the customers to the original music labels of RS as part of its coordination. This action brings about the increasing clean-cut feedback of the customers and enables each music label to improve their products to best satisfy the demands of the market and customers. Besides ensuring that each music label of RS is able to match the products with the market demand, RS Music Distribution has also implemented the measure to utilize its affiliated resources such as television and publishing to promote the product distribution etc.

4. Control of Production and Distribution Costs

As a division to supervise and manage the overall production and distribution of RS, RS Music Distribution is obligated to create the production plans that correspond with music labels. It coordinates and creates the distribution plans in collaboration with music labels so that the volume of production befits the sale estimation. RS music business adjusted its album launching strategy by not emphasizing on the number of albums launched, but focused on its productions to attract a clearer cut target groups. On September 2006, all production machineries had been sold to make RS Music Distribution's business in accordance with RS music business and facilitated in a more flexible production cost management as well.

Another important duty of RS Music Distribution is to manage RS inventories to stay at an appropriate level. The rather high inventory turnover of musical products necessitates that RS Music Distribution formulate the management and operating policy that reflects the ever-changing market conditions. Although the distribution plans have been agreed with the music business in the initial stage, the operating plan has to be consistently modernized to prevent product obsolescence, a major factor that may affect RS inventory management.

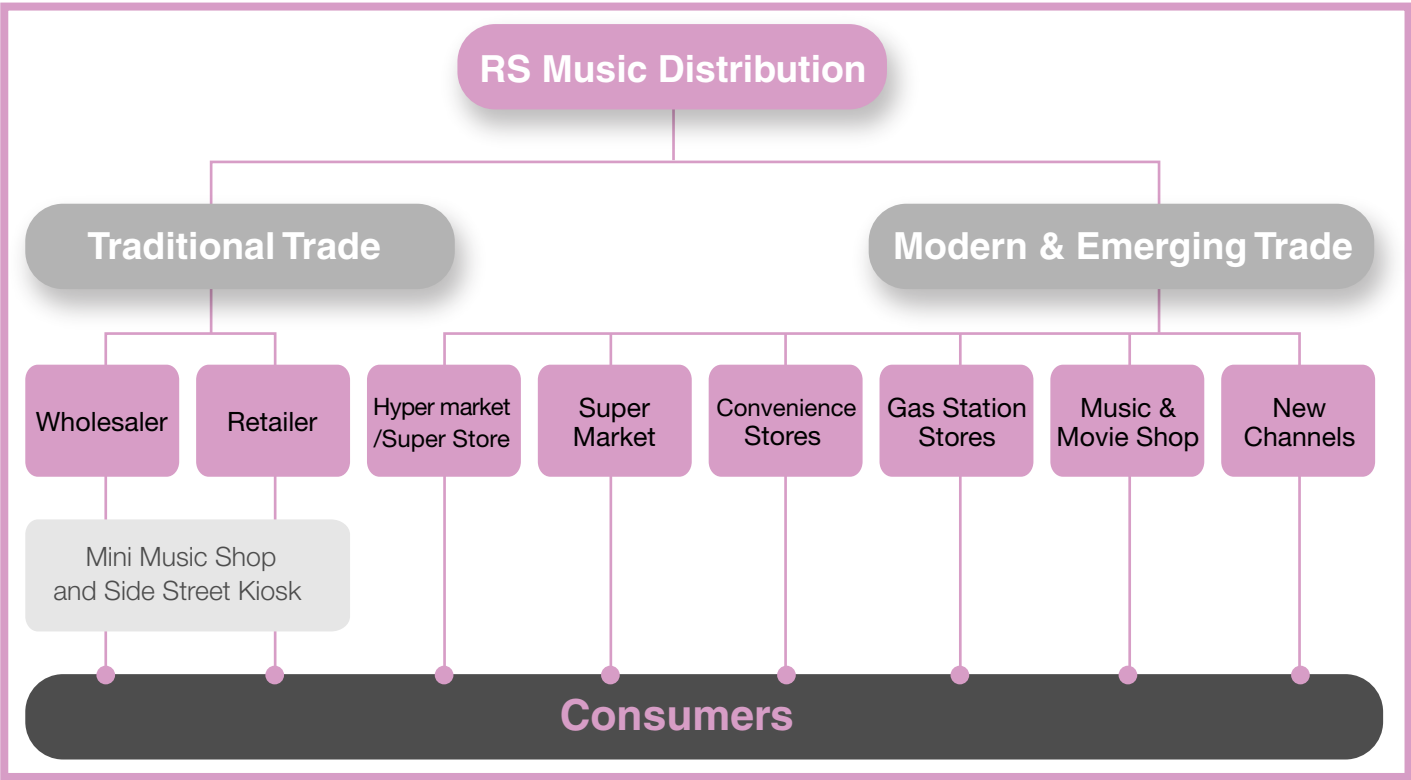
Marketing and Competitive Environment

Marketing

Marketing Strategy

1. Efficient Distribution Strategy

In order to enhance the distribution efficiency for RS products, RS Music Distribution formulates the plan in advance to ascertain the distribution of each product in the adequate volume and to the appropriate target groups via the distribution channels like open trade and modern trade at the proportion of 60% and 40% respectively. The specified structure is as follows:



2. Marketing Activities Planning

Marketing Division has planned the below the line activities in assorted fashion throughout the year for both Thai modern and country music to take turns and rotate to the points of sale populated by target customers, which will boost the sale volume of the music business. In exemplification, those activities are composed of handing out extra premium goods for album purchasers, arrangement of the artist autograph events or mini concerts and utilizing the media at the points of sale. They have been able to attract the attention of target customers to certain extent and obtained positive response from customers, as well as satisfy the agents of the company.

3. Proper and Accurate Data Analysis System

The adoption of the computer system for the data management and distribution business enables the company to inspect the sale volume and create the distribution plan of stores in a real time manner. It also facilitates Sale Division and Marketing Division in accurately adjusting the sale and marketing strategies to keep pace with the circumstances at the moment based on the information obtained from the database analysis of the system.

4. Efficient Logistic System

In its logistic management and administration, RS depends on the warehouse and logistic services rendered by Thailand’s leading reliable transportation companies in Bangkok and other provinces, which are able to meet the demand for products in a timely manner.

Competitive Environment

Competitive Environment in the Market

of several styles to the market, the competition in terms of quantity and music styles presented to consumers has increasingly intensified and, at the same time, consumers are exposed to more options to better satisfy their demands. In addition, the current advanced technology facilitates the making of pirate products, such as MP3, music download or pirate CDs, which are wide spread among consumers. This situation will spur the rapid changes in the taste of consumers. Accordingly, when it comes to copyright products distribution as of present, the concerns about employing the right channel and timing to better meet the consumer demands and the ability to flexibly adjust the marketing strategy related to product presentation are critical elements of the business.

Environmental Effects

-None-

Copyright Collection Business

Thai Copyright Collection Company Limited (TCC) is a subsidiary performing the function of collecting copyright fees for RS Group on music works or other copyrighted works used by other parties for a commercial purpose.

Nature of Products or Services

TCC divides the customers in the area of the copyright of the songs and artist images into 2 categories.

1) Copyright for general public

This is for life-show business, or in the form of various music broadcasting which includes broadcasts through recording materials and karaoke such as juke box, karaoke shop, restaurant, hotel, department store, airline, radio, etc.

2) Copyright on duplication and modification category such as

- Music programming business operators who copy music for karaoke operators
- Advertising agency uses music as the main story line or as background music in the advertising movie.
- Producer who commercially uses the re-production or modified music such as re-singing of songs from old albums, producing of adapted music, or re-recording collection of songs for any purpose.

Marketing and Competitive Environment

Marketing

Marketing Strategy

1) Strategy on Increase collection efficiency

In 2008, the Company had made improvement on its collection efficiency by allocating suitable human resources to manage area, focusing the customer services. The supporting teams were set up to provide supports to operators in the areas, check up on performance of each operator, and also improve customers' data base system as to obtain more complete, up-to-date and precise information. Consequently, the company can collect more revenue from customers with overdue contracts or overdue payments.

In 2009, the Company emphasizes the importance of boosting the collection efficiency through a territory management system in tandem with the application of mapping technology to facilitate planning for a better track of customer members. The number of staff in the monitoring team of each territory is increased to ensure thorough and precise examination, which will lead to the successful collection of copyright fees from users in a more correct way and in a greater amount.

2) Strategy on sales promotion and after sales services activities.

To cope with the economic slowdown, sales promotion activities are launched to support the business' operators for market share's protection, and building added long-term value to business.

The Company has conducted a campaign to raise business operators' awareness of the advantages of a legal use of copyrighted works and about copyright protection. Sale promotion and after-sale activities are organized together with the above campaign to build customer confidence and brand loyalty, as well as to expand the customer base of the Company. Discounts for copyright-buying members in different categories are set. Advisory services on copyright laws are also provided, and special rebate programs are offered including other activities that can respond to customer/member needs.

3) Strategy on suppression of copyright's violators in karaoke distribution

In 2009, TCC plans to suppress the copyrights violators in crucial areas especially in the karaoke business operators' group, and operators who use music in their business, there are a large number of influential people, and those who intend to violate the copyright issue. It is, then, necessary to have strategy on suppression of copyright's violators as this will result in correct payments on copyright's fee. In 2008, the Company has planned to suppress these violators in many important areas which will result in proper payment of copyright's fee.

4) Strategy on expansion in new channel of copyright's collection

Expansion in new channel of copyright's collection has a high potential, and will eventually increase the Company's coverage in its collection. Continually, since 2006-2008, the Company had already expanded in some of the marketing channels such as electrical appliances shop, computer shop, airline, hotel, radio station, department store, mini mart, convenience store, cable TV, and advertising agency group.

In 2009, the Company plans to emphasize in more copyright's collection from new target group such as Advertising Agency and TV program producer by proposing various plans to attract more copyright usages from the Company. Combination with the stated strategies above, it is expected that copyright's collection from this target group will drastically increase in 2009.

Competitive Environment

A) Copyright's collection – market value and growing trend

In 2008, the copyright's collection market in Thailand had an approximate value of Baht 490 million which was close to the value in 2007. The result was from lesser growth in the overall economy in 2008 and caused karaoke business to slow down from reduced number of customers. The karaoke business could be separated into groups as follows:-

- Reduction in the karaoke cabinet's market with less customers which resulted in operators' revenue, also there were expansion in fake stickers which deceive operators in paying for protection fee in many areas.

- Operators of booth karaoke started to close down as large operators expanded into the areas

- Overall picture of the karaoke shop was stable as old operators closed down their businesses while new operator opened the new business and made expansion.

In 2009, trend for the karaoke business is expecting to grow constantly from previous year which will result in constant copyright's collection with an expecting market growth of lower than 10%.

B) Copyright's collection organization

At present, there are only 17 copyright's collection organizations which have been correctly registered with the Department of Intellectual Property. Major players in the market are GMM Music Publishing International (GMM-MPI), with approximate market share of 41%, second one is the Thai Copyright Collection (TCC), with 37% market share, third is the Joint Venture: MCT-Phonorights, with 7% market share, and follow with Song Copyright Co., Ltd., with 5% market share.

Hence, it can be seen that there are only 2 major players in the market that acquire increased market share with combined market share of approximately 80% which are GMM-MPI and TCC.

C) Competitive trends

In the copyright's collection business, competitive situation can be separated into 2 parts as follows:-

1) Market leaders group (GMM-MPI and TCC)

They will have less competition as both operators have to exercise their already existing copyrights. Factors that will determine the result of increased copyright's collection will depend on collection efficiency, and suppression of violators.

2) Small organizations in the market

Competition will increase but not intense due to limited purchasing power of operators who have to make selection on their purchases. Small organizations, then, use the low price strategy, and free give-away to operators. Sometimes, some organizations made copyright violation arrest on other organizations' copyright, thus, causing problems within the industry.

Hence, in 2009, competition of the 2 market leaders will emphasize on collection's development, inspection to increase coverage efficiency, human resource development, system on data management, much more than competition on market share which will result in overall business growth.

Environmental Effects

-None-

Digital Business

The digital business is divided into 2 main parts i.e. Mobile Business and Online Business

Mobile Content Business

Product or Service Features

Mobile content services are divided into two main groups i.e. “Mobile Download” and “Calling Melody”. The mobile download services are provided in the forms of Ring Tone, Full Song, and Full MV (music video download). The above services not only provide music contents but also offer other applications such as Themes and Games.

As regards the calling melody services, they were introduced in Thai market two years ago and have been very popular among teenagers and young working people since then. Music services are provided through mobile network operators by which the copyrighted works are protected and cannot be infringed.

Marketing and Competition

Marketing Strategy

The mobile content business is very challenging because consumers’ behavior has rapidly changed over time and modern technologies have steadily evolved, one after another, making services accessible more easily and conveniently. A marketing strategy that will make the mobile content business a big hit must include a viable course of action to ensure that certain content is suitable for each target group, user friendly and rapidly accessible. The Company has a very wide range of customers from kids, teenagers, students, undergraduates, working people, adults, to the elderly; therefore, it is important, as key strategy, to provide a suitable content that serves particular needs of each group and to furnish a distribution channel that can directly reach customers as many as possible in each market segment. The Company’s mobile content services in the past were dependent on network providers each of which has its own channel for customers to call in and apply for diverse services. However, the Company now has its own system i.e. *4911. No matter what mobile network a customer is using, he/she simply dials *4911 to apply for the Company’s mobile content services, both calling melody and ring tone, more conveniently and rapidly. Moreover, the Company is collaborating with its business partners to have them distribute the mobile contents and diverse services for the Company in an effort to expand market reach.

Competition

An annual turnover of digital content business is worth not less than five billion bahts and tends to grow continuously as a result of the evolution of technologies both in network and client systems. Currently, 3G system is being launched and it is believed that new kinds of services will be followed by many

business operators that are content owners, service providers (a service developer without its own contents) or content aggregators (a compiler of contents and trustee for a content owner who may not be able to develop and provide the digital content service. RS Public Company Limited started developing itself into a full-scale digital content operator that is able to render services in all the three positions as content owner, service provider, and content aggregator. The competition in the digital content business is relatively intense because it deals with the rapid change of technologies; however, a content owner will always survive, as quoted in a catchphrase “Content is a king”.

Product/Service Procurement

The procurement and development of product is essential for the digital content business which requires simultaneous work in three areas i.e. network system, client system, and content development. In October 2007, the Company launched the service of full song download under the theme “hi-Q Song” with the same quality as CD’s, through operators’ networks or so called over the air (OTA). In fact, the Company had provided the full song download service for more than 3 years but the network and client systems those days were not as good as these days. In 2007, the technology in the network systems started to make big progress and was able to deal with data in a faster manner and in a larger amount coupled with the success in client systems towards the quality similar to super stereo system; hence, the Company was able to further develop the full song download by re-launching the themed “hi-q Song” service with equivalent quality to CD (file size = 5 megabytes), directly transmitted from the network to the client, when compared with an ordinary full song download of only 900 KB file size, the themed “hi-q Song” service can make music listening much more pleasurable.

Environmental Effects

-None-

Online Business

Product/Service Features

Online business is an operation that generates income from internet websites as the main source. The Company is operating two websites:

1) www.zheza.com is a community website under the concept “Virtual Digital Life”, with the following details:

- Target Group: students, aged 12-18 (Junior and senior high school students)
- Focus on presenting teen-related information.
- More than 1,700,000 subscribing members (as at 31 December 2008)
- The number of people visiting the website is 80,000-100,000 per day
- Focus on revenues from the buying and selling of items, and from diverse download services
- Focus on revenues from advertising sales, and from sponsors in support of various activities.

2) www.pleng.com is the website characterized as a content portal, offering music contents in diverse forms, for example, songs and/or images of famous artists, music videos, including behind-the-scene shots. The website’s details are as follows:

- Target Group: students, aged 12-35 (from students to working people)
- Focus on presenting helpful information and music update for web viewers from teenagers to adults
- More than 20,000 subscribing members (as at 31 December 2008)
- The number of people visiting the website is about 30,000 per day
- More than 200,000 applications/month for a code to play songs or music video on personal blog
- Focus on revenues from music download services
- Be a medium for the organization to publicize and promote entertainment contents on the internet

Marketing and Competition

Marketing Strategy

1) Zheza.com website

The website is aimed to create both online and offline activities by mainly offering activities that are suitable for the target group consisting of teenagers, students and undergraduates. This website is meant to be an important tool for encouraging member participation in the activities conducted by the Company, and is aimed to create or increase the number of contents among or with the aid of members through community-based networks or community website.

2) Pleng.com website

The website is aimed to offer entertainment contents, particularly music works, such as songs, music videos, behind-the-scene shots, etc., in many different forms, to diverse target groups from teenagers to adults.

The offerings of entertainment contents are focused on their freshness and modernity. All the contents are constantly updated to make the website always attractive. The course of action is implemented by approaching music content producers inside and outside the organization to use Pleng.com as another channel to promote their music or entertainment works in a freely manner.

Another important strategy is forming the standpoint to be a market leader in music content services by using a certain code to play music or so called “embedded code” on users’ blogs, for example, Hi5. This technology is an essential tool to increase the number of website users and promote fresh and modern contents.

Marketing and Competition

Competition

1) Zheza.com website

There is not much competition within the website group in the same type as Zheza.com in Thailand, especially among Thai website developers, since no website of any other Thai developer has yet been found comparable with Zheza.com. Nevertheless, it is considered an important obstacle in creating the understanding of corporate customers or media agencies of the website features.

2) Pleng.com website

There is an intense competition within the website group in the same type as Pleng.com, especially competing with major rivalries like Sanook.com or Kapook.com, the leaders in music content web page design. However; it is believed that Pleng.com will capitalize on the advantage, as a producer and copyright owner of a large number of songs, to create sustainable competitive edge over others by offering newer and fresher contents, and importantly, unique contents no one can imitate, and a privilege for members - be the first to see.

Product/Service Provision

1) Zheza.com website

The production and creation of contents or services of Zhaza.com are managed in the form of community-based networks or community website, by focusing on member participatory approach to create web contents and/or suggest new services for a shared use among members, which will lead to sustainable development for Zhaza.com website.

2) Pleng.com website

The production and creation of contents or services of Pleng.com are managed in collaboration with original content producers, particularly the units producing music contents and other contents within the organization, in tandem with seeking and persuading business partners outside the organization to use Pleng.com website. As for the services on the website, the Company emphasizes the importance of developing new services both on the internet and mobile phones to generate income under the revenue-sharing model to constantly bring income for content producers as another incentive to further create and develop contents/services for the Company.

Environmental Effects

-None-

Show Biz

Product/Service Features

RS Fresh Air Company Limited runs the show business for RS Public Company Limited, aiming at organizing music events, such as summer, winter and rainy music festivals, concert events, and marketing events for customers or sponsors.

Marketing and Competition

Marketing

a) Marketing Strategy

The Company wishes to deliver a significant “difference” phenomenon for music lovers through ground-breaking music festivals and bring it into an international music arena.

b) Customers and Target Group

Music lovers of all ages, party goers, adventure enthusiasts, aged 18-45, C+ up, tourists.

c) Distribution Channel

PR activities and PR people meeting the press to introduce or present a program. Tickets are managed and sold by Thai Ticket Major, Total Reservation, Sponsorship Outlets, etc.

Competition

a) Market Value and Growth Tendency

The show business tends to grow steadily because it is an image promotion every organization needs to create and develop its brands and products in the desired direction and to give customers an opportunity for a real touch with its brand conducive to buying and selling at that point.

b) Business Operators

There are a lot of show-biz operators, most of which have disunited from a large group and/or a music label to take on jobs as supplier or operate the business of their own, entailing an increase in competition by the cycle of market mechanism. Anyway, the Company is speedily pushing to make it possible for the entry of music festivals into the world calendar.

c) Competition Tendency

The business is in a state of high competition since there are lots of newcomers. Some sources of revenues are shared out due to the economic slowdown that forces sponsors or customers to try the services of new low-cost business operators that can offer lower charges. However, the operations in this business line not only depend on the abilities of management and creative thinking but also build on good relations with other business sectors - in other words, a capital and good business relations are significantly needed in this business operation, so a company or individual with the said qualities can achieve greater success and stay longer.

Product/Service Procurement

In the past year, the Company organized first ever "Summer Music Festival" in Thailand that gained great popularity from an audience of as many as 120,000, followed by the improvement and development that made the "Winter Music Festival" a success, which were divided into 2 events i.e. "Road to Country Carabao and Friends" and "Acoustic Winter Fest#3". In 2009, the Company still implements the strategy of organizing and delivering creative events for music lovers.

Environmental Effects

-None-

Film Business

Nature of Products or Services

There are five outstanding characteristics of the film business:

1. The cost of production and promotion of each film differs according to the size and type of production. On average, the production cost on each film ranges from 15 to 20 million baht and the promotion cost ranges from 15-20 million baht.

2. Production costs account for 60-70% of total cost. Production will normally be completed within three or two months.

3. Revenue chain starts from presales -selling the rights to provincial distributors VCD, DVD and cable or free TV and then international right after the movie being released in the cinema.

4. The proportion of profit sharing from ticket prices in Bangkok and Greater Bangkok, which stands at 50 per cent.

5. Popular feature films producing high income when released in VCD and DVD form.
With the goal of being market leader, RS Group plans to produce films continuously. Ability in all aspects of the business from budget to actors and capable production staff who know the market is the key factors that have made the Group's films popular from the beginning.

Marketing and Competitive Environment

Marketing

Marketing Strategy

1) Quality Work in Response to Market Needs

RS Group takes pride in its productions, whether of films, drama series or TV programs, and it pays careful attention to every aspect of the process. First, the production team will study and evaluate the market condition and the taste of the audience. After choosing suitable themes, they painstakingly begin the screenwriting, casting, shooting, editing and sound mixing to produce work of the highest quality work that will live up to the expectations of the audience.

2) Continuity

With more than 25 years' business experience, RS Group understands that continuity is the best means of gaining trust and confidence from its business partners, the TV channels cinema owners, film distributors, home entertainment companies and, of course, the audience. In addition to the continuity of its business, RS Group is continuously expanding its investment in related areas such as increasing its production staff, investing in modern filmmaking equipment and continuous marketing.

3) Development with State-of-Art-Technology

The company is the first movie producer to use the latest digital system for filmmaking in Thailand. This helps the company not only to improve the quality of its work, but also to save on production and film costs as compared with more conservative production methods.

Customers and Target Groups

Core customers are cinemas, provincial film distributors, free TV, cable TV, Home Entertainment Operator, Copyright buyer in overseas market.

Distribution Channels

1) Currently, there are five distribution channels

1. provincial film distributors
2. cable TV and free TV operator
3. cinemas
4. VDO, VCD, DVD operator
5. The overseas market

Competitive Environment

Thai Movie Market Value and Growth Trends

In 2008, the market value of the film industry was Baht 3,164 million, with increase from the value in 2007 around Baht 445 million. Thai films were valued at Baht 1,170 million from 50 released movies, decrease from last year around Baht 485 million or 29% due to King Naresuan episode 1 and 2 which totally accounted for Baht 480 million, released in last year.

RS released 4 movies in 2008, accounted for 7.61% in Thai films market share.

Film Market Value Table

(Million Baht)

	2006	2007	2008
Thai Movies	1,112	1,654	1,170
Hollywood Movies	1,772	1,857	1,849
Other Foreign movies	257	98	145
Total	3,308	3,609	3,164

Source : RS Group and Film Distribution Companies

Film Companies

There are 5 large film companies who release movies continuously: RS Group, Saha Mongkol Film, Five Stars, Film Bangkok and GTH. The company ranked third in terms of the total box office revenue.

Competitive Trend

The company has evaluated that the Thai movie business in 2009 will encounter more competition but with less movie business operators. At present, movie audiences are more selective in choosing the movie to watch, and if there are 2 or 3 Thai movies showing on screens at the same time, movie audiences will watch only one. Moreover, if there are a few movies waiting to be on screens next week, the present movie will encounter rapidly reduced screening frequencies if it does not generate enough revenue.

Hence, the company has improved its new movie business module to be in line with present market situation. One movie production will not exceed budget of Baht 20 million, and revenues must be generated from sponsors or tie-in products within the movie's scripts.

Furthermore, it is believed that the producers will attempt to expand their distribution channels to foreign markets, due to the success of several Thai movies there and the domestic difficulties as mentioned above. Moreover, the company believes that all film companies will be expanding distribution channels to the overseas market more seriously due to a precedent successful.

Procurement of Products or Services

RS Group is able to runs its business effectively with its film business model. Films made by the teams of RS Group's subsidiaries use equipment supported by RS Studio Ltd., which ensure the smooth running of the Group's production process.

The company has an independent policy for casting. The subsidiaries may select non-RS Group actors based on the suitability of the actor's character and the script of each film.

In addition to working with well-known film directors, RS Group introduces new directors selected from staff members who are creative and can present alternative films. This makes RS Group films more interesting and capable of attracting audiences. Continuity of film production attracts new personnel including screenwriters, directors, actors and production staff to join the company.

The average production period of each film is eight to ten months. The first three or four months are for preparation: selecting, writing and developing the screenplay. When the screenplay is agreed, casting begins, together with equipment planning and shooting preparation. Filming should be completed in three or four months.

After filming, the editing and post-production processes will take around two months. Later, the company will launch public relations activities and advertising to promote the film two months before it releases.

Environmental Effects

-None-

Sport Business

Product/Service Features

RS Fresh Air Company Limited has engaged in the business of sport entertainment and sport marketing, by managing S-One football stadium, located on Bangna-Trad Km.4 road, for rent for conduct of sport activities, in-house activities of the group of companies or other parties. The Company also offers for rent a 35x50 m. artificial turf field, for seven-a-side football competition, which is highly mentioned and recognized as the best field of its kind in Thailand. More importantly, apart from the rental activity, the Company is developing new media that can be used by every sponsor to advertise their products and serve many other purposes.

In the past year, the Company had many sport mega-projects operated under RS International Broadcasting and Sport Management or “RSbs”, such as the live broadcasts of important sport programs i.e. European Football Championship and Futsal World Cup, etc. Moreover, RSbs has been awarded the big projects i.e. the copyright to manage and control the live broadcasts of important football events i.e. 2008 Euro Football Championship and Football World Cup for two sessions in a row (years 2010 and 2014).

Marketing and Competition

Marketing

a) Marketing Strategy

b) Customer Features/Target Customers

Football fans, big group of companies, employees, undergraduates/ college students, football clinics and expatriates

c) Distribution Channel

Call Center 02-746-7433, check detailed information at www.S-One.in.th.

Competition

a) Market Value and Growth Tendency

The growth of sport marketing over the past three years has considerably been remarkable due to the increasing numbers of corporate sponsorship, to name but a few, Thai Beverage Company Limited, Thai Yamaha Company Limited, Sony (Thailand) Company Limited, and particularly Nike (Thailand) Company Limited in support of Thai national football team which can indicate a good future for Thailand's football and a rising numbers of football watchers. Football is the most popular sport in Thailand, as evidenced by the increasing numbers of both artificial and genuine turf fields as many as 40. An annual turnover of field rental business is estimated at 300 million bahts. Such potential growth also depends on other facilities such as equipment and PR media, which they are already the strengths of S-One's business.

b) Business Operators

Over 40 newcomers have sprung up in Bangkok following the start of S-One's operation; however, they find S-One a hard act to follow. S-One has an effective strategic approach in search of prospective sponsors and is specialized in initiating integrated campaigns/themes by combining entertainment and commercial activities in a way that can add value to products for prospective sponsors.

c) Competition Tendency

The inauguration of many football stadiums unarguably brings high competition on pricing and services but S-One is superior in terms of quality or standardized facilities for which a huge investment is needed. This strength makes S-One a better place of high-class services than others.

Product/Service Procurement

S-One has received good feedback since the start of the operation (in June). The financial performance of rental met its estimate; however, when the number of organized events was taken into consideration, there were not many. It is because some facilities are not ready or still need improvement for safety reasons while others are in a run-in period. In spite of a few big activities i.e. the grand opening, live broadcast of the “Red War Day” football match between Liverpool and Manchester United, the marathon football match, and the honorary match (Ex-Brazilian national football team VS Ex-Thai national football team & present Thai national futsal team, they have given a great value in marketing communication for S-One’s business.

Environmental Effects

-None-

Media Business

Television Business

Nature of Products or Services

The company operates advertising airtime sales in RS television programs broadcast on Channels 5, 7 and 9.

The company's programs consist of:

- Entertainment program 4 programs
- String Music 4 programs
- Country Music 5 programs
- Total 15 programs

as shown in the table below

Entertainment Program	Date	Time		Station
DARA PARTY	Wednesday	23:20	00:10	5
FAH MUANG THAI	Sunday	22:20	23:15	5
KWAR JA PEN DAO PAPARAZZI	Sunday	14:05	15:00	9
MENU WAN YUD	Holiday	12:00	13:00	7

String Music Program	Date	Time		Station
KAMIKAZE CLUB	Saturday	10:55	11:45	5
2 NITE LIVE	Sat. - Sun	00:20	01:35	5
9 RICHTER	Monday	01:00	02:00	9
VIRUS MUSIC	Friday	00:30	01:30	9

Country Music Program	Date	Time		Station
BUSSABA VARIETY	Monday	13:50	14:15	5
TV RELAX	Wed.-Thurs.	13:10	13:35	5
Y. YING SOPA	Friday	13:10	13:35	5
SAO KOON SONG	Mon.-Wed.	01:25	01:55	7
	Sunday	00:55	01:25	7
SIAM PLAZA	Mon.-Tue.	01:05	02:00	9
	Saturday	00:30	01:30	9

As for the programs “9 Richter” and “Virus Music”, they had been under the Company’s productions until the end of the year 2008. In 2009, the Company is trusted to produce another teen variety game under the name “Teen Plus Show” for Royal Thai Army Television Station (TV5), on air every Friday, 22.25- 23.05 o’clock. The Company in March this year is expanding its TV production business through a drama “Daddy Duo – Khun Por Jom Fiaw (Flirty & Fizzy) played by “Film” Rattapoom Tokongsub and “Bank” Atikit Pringprom (a member of Black Vanilla band), scheduled to be on air every Saturday and Sunday, 21.00-22.00 o’clock, on Modern Nine Television Station. Additionally, the show time of “Kamikaze Club” variety program on TV 5 is rescheduled to 15.45-16.35 o’clock.

Apart from TV program productions for the sale of advertising airtime, the Company is trusted to produce videos for many customers, in the forms of TV programs, scoops, spots including other media for marketing purposes, such as “Sony HD World” program on TV5, “LG” advertising spot, “Madd Award 2009” project by Dell & Intel, etc.

Marketing and Competition

Marketing

a) Marketing Strategies

1) Branding and program positioning

The Company clearly defines the business's market position in each program category. The communication of the Company's image and program design are aimed at responding to the needs of niche target groups, by considering the behavior of viewers in each group and current popular trends, which corresponds with the strategy of RS Group that is strong, competent and highly competitive in the market.

2) Capitalizing on RS Group's strength as a key element in producing quality TV programs

In addition to the clearly defined target groups and quality-focused program designs & productions, the Company has capitalized on RS Group's competitive strength in the teen market, which is very large with high purchasing power, by using artists/singers/actors/actresses/teen emcees in RS Group, RS music label and other RS contents as a key element in TV productions plus the team's expertise and vast experience in producing TV programs and videos. By this synergy, the Company's works always obtain top quality and excellent feedback.

3) Defining a selling model to deliver an ultimate value for customers

Deliver an ad-selling model that is tailored to serve the needs and brings an ultimate value to customers, through a packaged sale i.e. combined airtime of loose spot (a short interlude) and tie-in (inset) for building brand awareness, which has been very popular in the past five years. The production team has emphasized the great importance of creating a tie-in that looks smooth and blends well with a program's content while at the same time can effectively inform TV viewers of the properties of a merchandize, including the design of a loose spot package for broadcasting in many different programs, to make customers' TV ad spending the best value for money.

4) an overall quality for getting recognized by customers

Focus on the overall quality of every work unit in the organization to win trust and Building acceptance of customers, not only production quality but also pre and post production services, by responding to the needs of customers in a rapid and right manner, listening to and solving customers' problems, etc.

5) Developing the contents or styles of the Company's television

programs to meet the needs and taste of each target group Target viewers' needs has been constantly analyzed in an attempt to develop the programs to meet the expectations of viewers and sponsors, increase popularity of the programs, and to boost sales.

6) Managing operation costs and systems

Set up an organizational structure that facilitates robust management of operation costs and systems, whether produced by the Company's team or outside parties (outsourcing).

Client Description and Distribution Channels

1) Advertising Clients

- Agencies
- Direct Customers

RS Group makes advertising airtime sales through agencies and direct customers in the proportion of 75% and 25% of total television media sales.

2) Target Audiences

Target audiences vary among each program due to a different type of program and the on-air time.

Competitive Environment

a) Business Operators

The business operators in TV productions tend to develop their operations into one-stop production services and continuously expand their business into new market segments to boost their competence and competitive advantages. Large-scale business operators have broadcasting equipment, studios and facilities of their own while small-scale ones are determined to boost their capacity to produce quality programs and respond to the specific interests and needs of each niche market to a greater extent. There is an increasing number of small-scale business operators that focus on producing quality programs with low cost to be broadcasted on public service television or cable TV, this group is believed to intensify the competition in TV broadcasting and media business in the very near future.

b) Competition Tendency

The competition in TV media tends to be more intensified due to the economic slowdown, political instability, an increasing number of business operators, and the continuous evolution of new media such as public service television, cable television, and event marketing. Customers slow down their TV ad spending but have more choices in their media budget allocation. The ratings are a key factor used by customers to consider budget allocation for advertising their merchandizes on TV. However, it is feasible that customers may turn their attention to TV programs that focus on niche target groups. This typical TV programs are now increasing in numbers, with a specific direction, enabling customers to select a program that can best reach their target consumers (brand contact point) and deliver best value for money in their brand communication. These niche television programs have prompted a high competition in TV broadcasting and media business. To stay afloat, it is essential to develop TV programs towards a model that achieves quality standards and satisfy the needs and taste of viewers for pushing up ratings, create niche programs to deliver an infomercial message to target consumers, and design the communication of brand image and properties in a smooth and well blended manner with a program's content.

Product/Service Procurement

The Company has a recruitment policy for selecting best employees, both onstage and backstage, who are qualified, talented and recognized by target groups. As for employees onstage, the Company focuses on artists/actors/actresses within RS Group as one source, and select from a casting process for new faces or performers outside RS Group or independent artist as the other source. The production staff is divided into two parts, 1) production design and control are managed by the Company's internal team. 2) regarding production activities, some are managed by the internal team, others by an outsourced team.

As regards the Company's broadcasting tools and equipment i.e. studios, cameras, shooting facilities, image & voice editing rooms, they are leased from RS Studio Company Limited, a subsidiary of RS Group, for producing TV programs owned by the Company and those owned by others for which the Company works as their supplier, to create quality and cost-effective TV productions.



Environmental Effects

-None-

Radio Business

Nature of Products or Services

In 2008, Sky High Network Co., Ltd., produced 2 radio programs : FM 94.5 MHz and FM 93.0 MHz, focusing to generate incomes from advertising airtime sales and event organizing. They are directed to different target audience as shown in the table below:

Radio Station	F.M. 94.5 MHz. MAX 94.5 Digital Radio 	F.M. 93.0 MHz. COOL93 Fahrenheit 
Concessioner	Defense Communication Service Agency (DCSA1)	Navy Radio Station
On Air Date and Time	24 hours	24 hours
Signal Coverage	Bangkok and vicinity	Bangkok and vicinity
Program Concept	I Feel Max	Eco Evolution
Target Audience	Students aged 12-24 years old	Students and Employed people aged 20 - 34 years old

All 2 frequencies proceed as per the Company's policy in conducting the fully commercialized business of radio operation. Emphasize is still on maintaining their original popularity, and increasing their audience base. At present, each program still maintains clear audience base, and popularity, and manages to receive the most popularity vote in each of the audience base from surveying data of Nielsen Media Research. This, results in confidence in using media for advertising purpose from the Company's clients of advertising agencies, and products; owners.

Radio Station Theme

FM 94.5 MHZ (Max 94.5 i feel max) – the radio station under the control of defense communication service agency (DCSA 1)

MAX 94.5 (i feel max) is a radio station characterized as Contemporary Hits Radio (CHR) targeted at students, undergraduates and young working people, in the 12 – 24 age range, based on the concept “different people, different background, different idea, but the same feel” leading to the radio program “i feel max”, a creative program that incorporates the distinctive lifestyle of the target group, with its marketing themes as follows:

“Max Style” one feels max, represents independent spirit

“Max PJ” focuses on independent spirit, distinctive character, friendliness, approachability and response to every feel, and

“Max Music” opens hit music both Thai and international including Asian songs. The program is jazzed up by emotion music and other popular songs. All the songs played or all activities conducted by the program reflect the trendy lifestyle of young generation, communicated through PJ (program jockey) who are friendly and have distinctive characters.

F.M. 94.5 MHz. “MAX 94.5”			
Mon-Fri	PJ	Sat-Sun	PJ
08.00 - 11.00	Bin Mahadumrongkul Pafun Chatakorn Alita Blatler	08.00 - 18.00	MAX Request Day
11.00 - 15.00 15.00 - 18.00	Teema Kanchanapailin Kanisorn Patcharasorawuth Supaporn Wongtuothong		
18.00 - 20.00	Krith Harnwong Thongpoom Siripipat		
20.00 - 23.00	Paworn Kijjareonkarnkul Ranita Thongkumwong Nissara Manawongnich	18.00 - 20.00	Junjira JunPitakchai
23.00 - 01.00	Prasert Tantikawera Kunda Srithummanooprathum	20.00 - 23.00	Thanet Leungworachartkul Sukunya Raiwin
01.00 - 06.00	Kattariya Nipamanee	23.00 - 02.00 23.00 - 02.00	Nutthapol Vorakijksomboon Sweep Music

On music listening, MAX 95.4 i feel max presents songs that have been through music research in every week, and songs that the target group prefers to listen to will be played. Proportionally, Thai songs contain about 70%, and other 30% will be international songs from the United Kingdom, U.S.A., Japan and the Republic of Korea.

Moreover, Max 94.5 i feel max always delivers “happy hour special” for listeners, such as:

Max Request Hour to serve every feel of every person who wants to request a song(s). One hour is dedicated for you to enjoy your favorite songs non stop – as many as 12, the most you have ever listened.

Max Request Day, on air every Saturday and Sunday, dedicated for play list at your request, from 8.00-18.00 o’clock, 100 songs a day or 200 songs for two days, for your maximum feel without break.

Max on the Rock, on air from Monday to Friday, 01.00 – 06.00, for you to enjoy a rock feel with rock music at full volume.

Details in the program contents, whether from the songs, or activities that MAX 94.5 i feel max has been broadcasting, are aimed at the real target listening group. Thus, MAX 94.5 i feel max has consistently been listening to with rating in the top 5 of target audience between 12 – 24 years old or the Contemporary Hits Radio (CHR) from Nielsen Media Research’s poll.

Owing to the expiration of the F.M 94.5 MHz concession contract on 31 December 2008, the Company has re-entered into the 2-year concession contract with the radio station under the control of Defense Communication Service Agency (DCSA2) for the right to broadcast the program on F.M. 103.0 MHz, commencing the 24-hour broadcast on 1 January 2009.

Radio Station: FM 93.0 MHz (93 COOL FM) Navy Radio Station

F.M. 93.0 MHz. COOL93 Fahrenheit	
Mon - Fri	PJ
06.00-09.00	Rungrong Vannaroeth
09.00-12.00	Pipat Wittayapunyanon
12.30-15.00	Warongporn Wichaidith
15.00-18.00	Chatchai Jaroenchusana
20.30-23.00	Artiruth Prakitsuwan
23.00-02.00	Bunyita Ngamsappasin
02.00-06.00	Sweep music

Cool 93 Fahrenheit offers easy-listening Thai songs which are favored by their audience. It is the first radio station, hosted by accepted professional PJs, that allows the audience to listen to voted songs for 50 minutes continuously. Activities that respond to the audience's lifestyles and challenge the working group listeners are also part of the program, which enhances Cool 93 Fahrenheit to become number one radio in a short period and by mutual consent according to Neilsen Media Research polls.

With nonstop strategies in the year 2008, COOL 93 Fahrenheit has brought the trend "global warming", the world's hot agenda, to discuss and communicate with listeners under the concept "Eco Evolution", together with all-year-round activities/projects such as:

1. "Cool Outing Special in Japan" - Cool Down the Earth Project (January - February 2008). It was the beginning of year 3 of friendly trip with the mission to conquer global warming with a stake, the terrific holidays in Japan (the land of the rising sun) for office staff of 50 lives.

2. "Cool Music Fest" - Lover Maker by am:pm Live in Hua Hin (February - March 2008). It was a festival that invited you to lead your special one by the hand to listen to love songs by the beach in a very romantic atmosphere, the first ever concert of its kind on the beach in Hua Hin, presented by romantic singers to lullaby you with sweet songs you'll never forget.

3. "One Life Volume 4" - A380 The Ultimate Flight to Australia (April - May 2008). Witness a world-class spacecraft engineering "Airbus A380", the world's largest commercial airplane, with its debut flight to Australia, as well as to enjoy out-of-this-world experience in Gold Coast, known as the Hawaii of Australia.

4. "One Life Volume 5" - Canadian Rockies World's Best Train Experience (August - September 2008). A once-in-a-lifetime experience with a gold class trip on the world's most beautiful train, indulge in the stunning 360-degree panoramic views, and see the spectacular natural beauty of "Canadian Rockies", the ultimate experience of the world-class beauty.

5. "Academy Fantasia Wondercool Party Rally" (October - November 2008). A rally racing that allowed you to rub shoulder with and stay close to all dream hunters from every season, plus an exclusive concert between you and them.

All the above activities/projects made COOL93 Fahrenheit the most modern frequency, beating competitors in the radio broadcasting industry, as evidenced by the result of the poll surveying the behavior of listeners in Bangkok.

For these reasons, Cool 93 Fahrenheit has proved to be a popular radio station according to the Neilsen Media Research popularity poll, 4 years frequencies from 2004 to present (data as of December 2008). It has been ranked as the top station in the Easy Listening category for working people aged 20-34 years.

Marketing and Competitive Environment

Marketing

Marketing and Competition Strategies

1) Value for money Strategy

The company has used value for money strategies to create an optimum benefit that suits their customer's advertising budget by selling packages, expanding the loose-spot time and organizing "activities in programs" and marketing events. These have added to the value of sales promotions and investment. The customers and sponsors relied on the company to arrange the activities such as "Max Stage Mobile" throughout 2008 within the worthwhile budgets in accordance with the long-term advertisement agreements throughout the year.

2) Promotion Strategy

Surrounded by the intense competition in the radio business that necessitates the differentiation of programs for value addition to the radio frequencies, customers and products that are engaged in the promotion activities, the sale of advertisement time no longer adequately corresponded to the demand of customers and the branding of the company and 2 affiliated radio frequencies. Accordingly, the company has adjusted its policy by emphasizing the promotion activities by forging the business synergy with other kinds of alliance by joining as media partner for activities or concerts with the same target customers' group.

In all of these promotion activities, the company emphasized the quality activities that will both enlighten and entertain the participants and simultaneously correspond to the marketing policies of customers in an efficient manner. This proves to be another channel of revenue-generating of the company by arranging the promotion activities for customers.

In addition, the company used the potential of its Advertising and PR Departments to publicize the activities of its radio stations. The clients' activities were widely accepted in the form of PR news and advertisements on TV programs, in magazines, and on outdoor and mobile media.

3) Advertising Planning Service

With its long experience in the radio business, the company has a thorough understanding of all aspects of the business. Its staff can advise clients how to plan the best quality media management. They can also help them choose the most appropriate airtime or advertising package to suit their purpose and reach the audience.

The company has planned advertising campaigns with special activities to meet the needs of the customers and the limitations on each product type, especially alcohol-mixed beverages or other products that need an access to the particular market target. Based on the policies of its business partners, the company and the program sponsors have planned advertising strategies that will keep Sponsors' interested and return the greatest benefit to them as they use the company's media service.

Customer description and target group

1) Target group

- Advertising agencies
- Direct customers

2) Target audience

F.M. 94.5 MHz. MAX 94.5 i feel max : Male and female students and teenagers aged between 12 and 24.

93.0 MHz. COOL93 FAHRENHEIT : Male and female students and working adults aged between 18 and 35 years.

Distribution Channels

Some 60% of radio airtime will be distributed to the advertising agency while 40% of total airtime will go directly to the product owner.

Competitive Environment

Value of Radio Advertising Market and Growth Potential

- According to the report by Nielsen Media Research (Thailand) Company Limited, the value of advertising budget (9M/08) was 66,249 million bahts, down 1.52% year on year whereas the value of advertising spending in September fell 7.6% year on year (Source: Bangkok Business Newspaper).

- The advertising spending in September totaled 7,318 million bahts, down 7.6% year on year, which can be summarized by category i.e. TV ads fell 12.4%, press ads fell 1.3%, magazine ads fell 18.4%, outdoor ads fell 9.4%, and in-store ads fell 24.5%, but radio ads rose 25.2%, cinema ads rose 7.27% while mobile ads showed no growth year on year.

- The advertising spending in Q3/08 amounted to 22,813 million bahts, down 3.2% year on year. The budgets of only radio and mobile ads were increased whereas those of the others were cut, especially magazine and cinema ads.

Radio Station Operators

Eleven radio stations broadcasting mainly Thai songs with similar target listeners are presented on the table below.

Radio Station	Teenagers 10-18 years old	Students 15-25 years old	Working group 18-35 years old	Adults 25-45 years old
F.M. 89.0 Banana FM			Competitor	
F.M. 91.5 Hot Wave	Competitor	Competitor		
F.M. 93.0 Cool F.M.		Sky-high Network	Sky-high Network	
F.M. 94.0 E F.M.		Competitor	Competitor	
F.M. 94.5 MAX	Sky-high Network	Sky-high Network		

Radio Station	Teenagers 10-18 years old	Students 15-25 years old	Working group 18-35 years old	Adults 25-45 years old
F.M. 95.5 Virgin Hits	Competitor	Competitor	Competitor	
F.M. 97.5 Seed F.M.	Competitor	Competitor	Competitor	
F.M. 103.0 Virgin Soft			Competitor	
F.M. 103.5 FM ONE			Competitor	Competitor
F.M. 104.5 Fat Radio		Competitor		
F.M. 106.5 Green Wave			Competitor	Competitor

Competition Trends

There is strong competition in the radio business because of limits on advertising expenditure. Clients prefer to buy advertising airtime on radio stations with good ratings. Consideration is given to pricing strategies that will allow the client to buy more airtime or choose a variety of advertising styles. This will depend on the sales strategy of each company; those who can show that they are providing the best value-added service will stay ahead of the competition.

Procurement of Product or Service

PJ and Production and Creation Personnel

The company has successfully brought about the innovation to the radio circle by employing the new marketing strategy, "PJ MARKETING" after the accomplishments in the program production of 93 Cool Fahrenheit and other affiliated radio frequencies by moving the DJ era into the PJ (Program Jockey) one. Each PJ is required to enhance one's own potential by possessing the basic marketing knowledge and optimal technology utilization in particular. PJs are the key factor contributing to the reputation of the radio station as they are responsible people who have a good understanding of the music, and the ability to communicate with the listeners. With training, they can improve their knowledge of technology in order to be able to handle state-of-the-art equipment and software. They host their programs in a style that meets the taste of the target listener, and may also work externally as program hosts for sales promotion activities.

Broadcasting System

In October 2008, the naval radio station, F.M.93 MHz relocated their base station from Tungmahamek to Bangkok's naval force at Nanta Utayan Palace, and installed all brand-new transmitters, antennas and equipment to boost their broadcasting efficiency in a wider coverage and to prevent a nuisance by community radio waves. Such improvement delivers effective communication with listeners in a clearer manner and in a wider range.

Environmental Effects

-None-

Media in Modern Trade Business

Nature of Products or Services

Media Business - P.O.P Radio

RS In-Store Media Co., Ltd. is the radio program production unit for P.O.P Radio or radio media at point of purchase which obtains the sole radio broadcasting concessions in modern trade stores. These consist of 4 radio stations i.e. Tesco Lotus FM, Tops Radio, Big C Station, and Carrefour Variety Hits Radio which emphasize on sales of advertising times with different target group audiences and specific programming concepts as shown below.

Radio Station				
Stores	TESCO LOTUS LOTUS EXPRESS	TOPS	BIG C	CARREFOUR
No. of Branches	558	104	76	31
Airing Date and Time	TESCO LOTUS 09.00-23.00 LOTUS EXPRESS 24 hours	12-24 hours	12-15 hours	09.00-23.00 (14 hours)
Broadcasting Coverage	46 provinces including Bangkok, its out skirting areas and provinces	18 provinces including Bangkok, its out skirting areas and provinces	26 provinces including Bangkok, its out skirting areas and provinces	7 provinces including Bangkok, its out skirting areas and provinces
Programming concept	Easy Listening, with knowledge and entertaining concept.	Easy Listening Modern Trendy	Enjoyable shopping with knowledge and entertaining concept.	Easy Listening, with various shopping information concept.
Target group	Student, working group, and family member age 25 - 40 male 25% female 75%	Student and working group age 20 - 35 male 25% female 75%	House wife, working group, and large family age 21- 34 male 24% female 76%	House wife, working group, and large family age 25 - 40 male 30% female 70%

Production of the radio programs, for broadcasting through closed circuit wirings within these 4 megastores operate under the Company's policy with only some exceptional cases that operate under the stores' supervision. Main broadcasting music will emphasize only on RS's songs, and songs from other music labels must receive written approval prior to broadcasting. Easy listening music style with some additional joyful music is to be broadcasted. The Company realizes potential in the production of point of purchase radio (P.O.P Radio) as a new media channel which links efficiently between product advertising of the Above the Line and Below the Line concept.

On the main P.O.P Radio administration concept, customer's groups in the store must be considered as a very important aspect. Pleasant atmosphere, with assertive coloring and easy to remember tune, has to be built to lengthening listeners to stay in the store as long as possible. At present, the Company produces distinctive programs to the 4 mega stores which consistently receive more attraction from their customers. In 2007, result from the Nielsen (Thailand) Co., Ltd. surveys indicated only 66% acknowledgement of this media, comparing to recent survey in November 2008 resulted in an increase to 70% acknowledgement of this P.O.P Radio through closed circuit wirings within the megastores, or 7 from 10 persons were able to recognize this type of advertising media.

Results from surveys of Nielsen (Thailand) Co., Ltd. could also be evaluated that there were circulating listeners of 21 million people nationwide on this P.O.P Radio programs. Indications were made from more than 31 million receipts on purchases in the 4 main megastores i.e. Tesco Lotus, Tops, Big C, and Carrefour on the average of 2 – 3 visits per month. The results encouraged advertising agencies' clients, and companies who own products to have higher confidence in this P.O.P Radio media, and, thus, purchased advertising times until the end of 2008.

Type of Program in each store

1. Tops

The Company produces programs for TOPS by considering its customer's groups who come for shopping in the store, including their length of stay and the store concept as important factors. At present, there are 3 types of Tops i.e. Tops Supermarket, Tops Market, and Tops Daily which are specified by the program concepts as follows:

1.1 Tops Supermarket

The program offers contemporary easy listening Thai music presented by DJ with 2 types of program i.e. live show and recorded CD program.

1.2 Tops Market

Tops Market emphasizes on 100% international music with DJ presentation in Thai 30%, and English 70% through live show and recorded CD program similar to Tops Supermarket.

2. Tesco Lotus

The Company produces programs for Tesco Lotus by considering its customer's groups who come for shopping in the store, including their length of stay and the store concept as important factors. At present, there are 4 types of Tesco Lotus i.e. Hyper Market, Value Market, Supermarket, and Lotus Express.

The outstanding program for Tesco Lotus emphasizes on dual male and female DJ presentation, and playing only in contemporary Thai music (except branches in the provinces that include additional 1 – 2 country music songs per hour). This is considered as its highlight, and creates differentiation from other stores.

Moreover, programs for Tesco Lotus have additional highlights in separating productions as per each region such as midland, north, north eastern, and south whether in the forms of local jingle, or local back ground music. Additional country music for each particular area also results in more reach to listeners.

3. Carrefour

The Company produces programs for Carrefour by considering its customer's groups who come for shopping in the store, including their length of stay and the store concept as important factors. The program emphasizes on modernity together with classical concept as indicated by the program jingle which stresses good taste, and gives presentation through Thai easy listening music.

The program is in the form of recorded CD in MP3 format with 14 hours length producing in the Company's studio. Program will be replaced every 7 days by the Company by delivery to Carrefour head office for redistribution to each store.

4. Big C

The Company produces programs for Big C by considering its customer's groups who come for shopping in the store, including their length of stay and the store concept as important factors. The Big C consists of 2 types of store i.e. large Big C, and small Big C. The program is in the form of recorded CD in MP3 format with 12 - 15 hours length according to the opening – closing hours of each store, and will be replaced every 10 - 15 days (in accordance with the promotional period) by post.

The program emphasizes on Thai contemporary music with joyful melody together with easy listening music. Additional highlight is on production for 3 separate regions i.e. north, north eastern and middle regions with local dialects added. Jingle is mixed with local characteristic music, and program includes 1 - 2 country music with additional local dialect in every hour to make it more interesting with better reach to the listeners.

Media Business IN-STORE TELEVISION

In 2007-2008, IN-STORE TELEVISION department had spent its time in studying, and planning as well as testing the project feasibility of building monitor media in the stores. This was to create full scale

advertising sales with initial start up since 2006 in 10 branches of Tops (This was started by manually upload the advertising spots and tested with long distance controlling signal through ADSL in Tops as initial test run and to study all concerned problems for comparison on next step planning)

The long distance controlling through ADSL is the strategic innovation in response to the customers' marketing requirement on rapid and accurate changing of advertising spots in order to really enhance media capability at point of sales.

Product Description

1. LCD Monitor 15" at 10 branches of Tops, near to the checkout counters i.e. Lad Prao, Rajchada, Wang Hin, Bang Rak, Pin Klao, Sukapibarn 3, Bang Na, Rama 2, Rama 3, and Rungsit branches.

2. The installation of 42" LCD-TV monitors in the areas or sections of cashier/health & beauty/canned food & sauces/chilled & fresh food in ten branches of Carrefour superstore i.e. Rachadapisek, On-nuch, Rama IV, Suwintawong, Petchkasem, Rangsit, Bangyai, Ladprao, Suanluang and Srinakarin branches.

3. The installation of 19" LCD-TV monitors in the cashier area of BIG-C superstore, Rachadamri branch, with a plan for further installation in the year 2009 to fully cover all ten branches, in the areas or sections of cashier/health & beauty/canned food & sauces/chilled & fresh food.

MT Magazine Business

In 2009, the Company plans to launch a new print "Modern Trade Magazine" as direct marketing targeted at consumers, estimated at 2-3 millions, who shop at modern trade stores (MT). The said magazines will be mailed to top spenders of the month. A booth will be also furnished at each branch of modern trade stores where their patron members are entitled to free magazine.

Product Features

1. Be characterized as modern lifestyle shopping guides/tips with a trendy look like other leading magazines available at any bookstalls, by presenting useful information, tips, special promotion campaigns, beauty news, tourist attractions, food & beverages, and entertainment guides, targeted at women in the 20-40 age range, earning an income over 25,000 bahts, with top monthly spending at MT stores

2. The magazine is made in two sizes, 8.5"x11" and 8" x 10.5", using glossy laminated cover paper, weights 190 g and 85 g, containing 100 and 200 pages respectively. The ratio of content to advertising stands at 60:40.

3. The magazine will be published on a bimonthly basis (every two months), with a print run of 150,000 – 200,000 copies per issue. The magazine will be mailed to top spenders or big shoppers of each month and/or placed at a booth in MT stores of every branch in which its patrons, the holders of membership cards, will be entitled to free magazine.

4. Customers who are sponsors or media buyers are invited to give away sample-size products or testers in accompany with the magazine to a group of at least 50,000 patron members, as a direct marketing tool to reach consumers who have high purchasing power and regularly shop at MT stores.

Marketing and Competitive Environment

Marketing

a) Marketing Strategy and Competition

1) Monopolistic Partnership Strategy

In 2008, the Company engaged its operation on Monopolistic Partnership strategy, and made adjustment on media advertising rate to suit the economic situation and mechanism. Highest benefit to customers' budget would be generated for advertising in the form of package with special price i.e. loose spot sales. This also included arrangements on activities and events marketing for the stores, and opened opportunity for new customers to have trial on the media in order to assess its capability. Result measurements were assigned to Nielsen (Thailand)) Co., Ltd. to monitor on acknowledgement and capability of the P.O.P Radio media. Evaluation measurements showed that P.O.P Radio generated awareness of 81%, and also created brand switching deliberation, or could build brand switching deliberation from intended purchase to other brand that P.O.P Radio was advertising.

From execution of the above strategy, the Company has received trust from its customers and supporters to conduct activities under prudence budgets with signed contract through out 2009.

2) Strategy on Sales Promotion Activity

To be in accordance with present economic situation which generates intense media competition, sales on advertising times are not enough to serve customers' requirements. Advertising sales together with sales promotion activities to build additional value in the form of P.O.P Radio, and DDS are essential to customers, and products that participate in the sales promotion activities and brand awareness building of the companies. Hence, the Company has improved its operating strategy by stressing the importance to sales promotion activities by using the Monopolistic partnership strategy with various business allies, and brings activities or concerts with the same target customers' group into these 4 megastores.

The Company emphasizes only on quality sales promotion activities which generate useful information and entertainment to participants and at the same time can serve customer's marketing policy efficiently. On this part, the Company has its marketing department that is responsible for marketing strategy, and makes special sales promotion activities' proposal to customers. Activities are clearly arranged and directly aimed at the target groups, and results in generating revenue through sales promotion activities for customers.

3) Strategy on Advertising Plan Services

The Company has experienced and seasoned personnel for In-Store media with good knowledge and understanding in the media business of P.O.P Radio, and DDS. Customer's consultation in media administration planning can be given with highest quality, and media buying times, or advertising package that suits customer's requirement and listener's target groups of P.O.P Radio at the stores can also be consulted.

The Company also offers advertising plan by creating specifically special activity to serve customer's requirement, and also limitation on certain product type. The Company uses this business ally's policy with the product in creating advertising plan for all supporting products in generating deliberation and highest value in choosing the Company's media services.

b) Customer Profiles and Target Groups

1) Target Groups

- Advertising Agency
- Direct Customer

c) Distribution Channel

Sales of media time in the radio media business of P.O.P Radio and DDS will be done through the advertising agencies at 10%, and direct sales to the direct customers at 90% of total sales.

Competitive Environment

a) Advertising Market Value of Radio and Growth

Information from Nielsen (Thailand) stated that in 2007 advertising value through the In-store media for the first 9 months was Baht 552 million and Baht 502 million in 2008, or decrease by 2%.

b) Operator

The In-Store advertising media business operator consists of 4 major players

Radio Station	TESCO LOTUS	TOPS	BIG C	CARREFOUR
P.O.P. RADIO	RS IN-STORE MEDIA	RS IN-STORE MEDIA	RS IN-STORE MEDIA	RS IN-STORE MEDIA
IN-STORE TELEVISION	VGI	RS IN-STORE MEDIA	RS IN-STORE MEDIA	RS IN-STORE MEDIA
VISUAL AD	VGI		VGI	
SHELF TALKER DEMO TESTING	DEMO POWER	ACT MEDIA DEMO POWER	ACT MEDIA DEMO POWER	DEMO POWER

c) Competitive trend

Competition in media business in the modern trade has become more intense from limiting advertising budget so that customer can make selection in purchasing media advertising from stores which generate the best direct revenue. At the same time, pricing strategy is still importance towards decision making on the advertising purchase as customer can buy more advertising time, or variety on type of advertising. All these, depend on the sales strategy of each company to convince customers that their money are well spent.

Product Procurement or Services

a) DJ for P.O.P Radio and Production and Creative Personnel

At present, the Company has 40 DJs who are capable of proceeding with the already set-up P.O.P Radio programs similar to the real live show with style in accordance with the target group. The Company's present DJs must have skills in operating programs in the field on sale promotion activities in order to serve special activities which are another way of sales promotion as well.

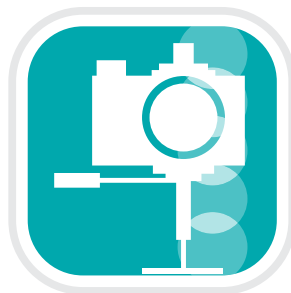
b) Recording, Production, and Editing Room

The Company has developed its recording and editing rooms since June 2007 and the production room for P.O.P Radio and DDS consists of the following:

- 4 recording rooms using modern software and hardware in helping with music selection, controlling the music play in accordance with the specified program, adding color and flexibility, and generating interesting program and contents.
- Production room has the duty to record program on CD for delivery to various stores.
- Traffic control room has the duty to control the broadcasting system
- One editing room which can be separated into 6 working channels for recording, producing edition works for P.O.P Radio and DDS with standard quality finish, and containing various techniques in creating colorful and more interesting programs.

Environmental Impact

- None -



RS Group has evaluated the risks that might affect its Companies and subsidiaries.

Economic and Legal Risks

• Economic Changes

The Company assesses that the economic changes may to a certain degree affect the operation of music business which represents its core business since the musical products are for entertainment purpose and not regarded as principal and necessary elements for consumption. However, the utilities of the entertainment products in entertaining and relaxing consumers at affordable and worthy prices have maintained their ceaseless popularity among consumers. On the contrary, the media business has been substantially affected by the economic changes as such changes directly influence the spending nature of the consumers as well as the operation of the organizations that allocate the budgets for advertisement and public relations through several kinds of media to bring about the business operation effectiveness. As a result, the Company's media business operation significantly varies with the economic conditions. The Company currently operates the television, radio and In-store Media businesses.

• Announcement on the National Radio and Television Broadcasting Act 2008.

On television business, the Company may be affected from Government's rating of television programs as most of the Company's programs have been classified as general (music, variety, soap opera). When new Government's ratings are applied, some programs may have to be moved in accordance with the station new programming setup. Music, or variety program for teenagers (aged 13 – 18 years) may be given new rating as the "Nor" type (advising required) which may be limited to show on certain specific broadcasting time by the Government. However, as the Company is very experienced in producing teenager programs, if specific timing has been allocated, the Company is still confidence that popularity from customers and viewers will not be altered.

• Passing of various laws and Acts on advertising control of certain products.

Some of the RS Public Company Limited's revenues come from sponsorship deals such as album or concert sponsorships. Sponsors will receive special privileges in public relation support for their products or companies' logos through various media of the Company. When these laws, or Acts come into affect in controlling advertising of certain type of products, these companies or organizations will no longer allowed to sponsor albums or music any more, thus, reduce opportunity for the Company to generate revenue as before.

Industrial Risks

• Proliferation of Pirated Products

The proliferation of such pirated products as pirated cassette tapes and CDs has continually overshadowed the growth of the music business to a significant extent. The music producers are unable to distribute CD, VCD and DVD products to generate the revenue or remuneration in accordance with the actual consumed quantity. At present, all parties involved, including the entrepreneurs, music composers, artists and Government have paid attention to the issue and collaborated in encouraging the consumers to purchase copyright products and refrain from supporting pirate products.

The Government gives its support to the company that collect the royalty in collection and improvement in the royalty collection system in various forms such as karaoke. The Company also proceeds with its marketing activity by publishing information to business operators who want to use copyright materials must respect the copyright's owners and make payments on copyright prior to usages. At present, business operators have widely understood, and respect the Company's copyright materials. Moreover, the Company has policy to legally enforce the copyright violators by establishing the units for control, suppress, and watch over violators all over the country. This results in reduction of copyright violators which have impacts on business operations of operators as well. However, film business is another business that has been indirectly affected from this problem, as operators who receive copyrights from the Company in distribution of VCD and DVD receive direct impacts from the distribution of pirated VCD from the first day in box office. These results in negotiation for next distribution of film, and may have to reduce its copyright fees. Nevertheless, the concerned units have tried to introduce protection measures such as close circuit television monitoring in every cinemas, including Government measures in protecting and suppression of these copyright violators as stated in the previous chapter.

• Changes in Consumers' Behavior

Present competition in the music business encounters 2 main factors from change in consumers' behavior. The change from buying of music discs into downloading music through MP3 system has increase from previous year as can be seen from decreasing sales of the CD and DVD discs, while downloading percentage through mobile phones system or through websites have significantly on the increase. Secondly, the consumers' behavior in consuming that downloading music from copyright violators' channels are normal practices. These problems result in decreasing in part of income that the Company should have. The Company, then, has to make adjustments to encounter the changing trend of consumers by developing its digital system and paying more attention on downloading music through copyright channel in order to protect the Company's revenue for consistent growth.

To keep up with ever-changing consumer behavior patterns, the Company started developing contents towards better quality for download networking on clients. Hi-Q Song, the music download service with the quality equivalent to CD, is currently provided as an alternative for consumers who want to download good-quality music, in a rightful manner, without copyright infringement. Moreover, the promotion package of unlimited ring tone download is offered at 19 baht a month allowing consumers to use the service at the affordable price.

3G Network Launch

Should there be a delay in 3G network launch, the Company could miss important business opportunities because 3G application will enable the communication industry to provide services in a wider variety of digital contents and the Company can capitalize on existing contents, especially videos, as a channel to boost revenues.

Risks in business operations

- Risks of product quantity in the market and consumers' popularity

It is essential for music and films to be distributed in a manner of timeliness as the consumers' attention to the products are limited. The existence of products at the selling point has strong influence on consumers' decision-making. The product positioning that does not conform to consumers' favor and behavior, distribution channels and timeliness may affect a Company's revenue due to products being refunded and sales opportunities being lost. A Company has a risk to lose its target customers because it cannot respond to the market in time. Last year, RS tried to reduce these risks through its appropriate initial positioning plan taking into account the market situation, consumer behavior and effective distribution channel management.

- Risk from music popularity from media

Influential media can create popularity trend towards consumers and product owners, or even projects negative result to competitors. These can be in various forms such as playing sequences of the music video, number of times on broadcasting of songs in that frequency, verbally supporting certain songs from the DJ, arranging of music chart from biased station, popularity measurement of songs without proper concept, shareholding of competitor's business in the market on neutral station. All these may result in conflict of interest, and may affect the Company's revenue.

- Radio Broadcasting Lease Contracts

Presently, the Company has signed the radio broadcasting lease contracts to operate 2 radio channels with frequencies of FM 93.0 MHz, and 103.0 MHz. The term of lease contracts are 2 years. In 2008 and 2007, the Company generated revenues from radio media in constant rate at 13-14% of total revenue.

If the contracts cannot be renewed, there will be negative effects against the Company's radio programs and revenue. In addition, seeking new airtime may cause the company's opportunity loss from business continuity and consumer favor compared to the former programs. However, RS is confident that it will be able to renew the contracts because its programs are highly recognized and have a strong audience base in addition to its payment ability and strict commitment to the terms and conditions contained within the lease contracts.

• Risks of inability to renew television program lease contracts

The Company operates television programs under one-year maximum lease contracts. The renewal can be done at regular intervals. In general, the main renewal rules include the station's policy, the program popularity rating and the lessee's payment ability. If the contracts cannot be renewed, there will be negative effects against the programs' continuity and the company's revenue. In addition, seeking new airtime may cause the Company's opportunity loss from business continuity and consumers' preference on the new programs compared to the former programs. Last year, RS undertook an evaluation of its programs' popularity, improved the programs' styles and maintained its payment ability and strict commitment to the terms and conditions in the lease contracts. However, in 2008 and 2007, the Company's revenues from television media were at 6-8% of total revenue.

• Risk from Contract Termination on Concert and Marketing Activity

As the Company starts to expand its business through concert and marketing activities from foreign artists, this may result in business risks if there is any contract termination such as from local unrest situation, natural disaster, or even from artist who is unable to perform, etc. The Company has the policy in arranging for more secured contract in order to reduce risk towards the Company if any unforeseen event happens.

• Risks of film business operation

The film business requires high investment but the revenue comes from several uncertain sources depending on different factors such as consumer preference towards a particular film, release date, local and international competition from other films, marketing policy and consumers' demand in that particular time. Each film performance cannot guarantee that of other films. The company may encounter losses if the film is not successful. In 2008, RS released 4 movies some of which generated profits and others generated losses.

However, the Company has provided risk management through quality, production cost and marketing cost controls in addition to pre-sale copyright via different channels, and also bringing in marketing supporters to participate in movie production process with prior well planned procedure.

• Dependence on Company Executives

The success of RS Group is due to the visionary leadership of the Chetchotisak Family led by Mr. Kriengkai and Mr. Surachai, but in recent years the Group has adopted a policy of greater decentralization. It has divided its core business into segments each managed by its own Managing Director and executive teams. This allows for independent decision making and makes for flexibility. Thus, the level of dependence on the Chetchotisak Family has been reduced.

As the major shareholders and founders of RS Business, the Chetchotisak Family is committed to extending the Company's activities into other sectors of the entertainment industry in order to continue its growth and add values to its business. The family will continue to maintain its position as the major shareholders.

• Risk from Movement of Artist and the Production Team

Throughout its 25 years of operation, the Company and its management have given a high priority to human resources, and the risk from this direction is low. The Company and senior executives realize that the workforce in the entertainment business is an essential component in its sustainable growth and progress. Cares have to be taken on growth and compensation for artists and its production team, and Management has to make plans and consistently review them to create satisfaction for all.

Even though the trends in moving, or no contract extension of foreign artists will result in negative impact on the Thai artists, but foreign artists mostly connect with their music label only on music production and promotion only. Their incomes from additional shows for customers' activities, and opportunity to act in play or drama or as program presenter are hardly existed, then, it is not surprise that artists have no contract extensions with their music labels, and start to produce their own albums. This is different at RS, as artists are allowed to inclusively plan and manage their own content, including launching of albums, as product presenter, acting in plays, or appearances in various activities, and other revenue generating activities for artists. These enable artists to feel secure and ready to grow and develop with the Company.

Hence, the Company believes that its ability to handle risk management efficiently has been demonstrated by the absence of significant risks in all segments of its business.

Management Risk from major shareholder holding more than 50%

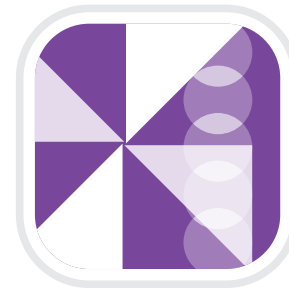
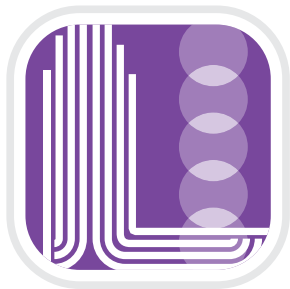
As of 1 April 2008, Chetchotisak Group held 56.1% of the Company's shares, giving the Chetchotisak Family the ability to control all resolutions of the shareholders' meeting, including appointment of directors or any other resolutions which require the majority vote of the shareholders, with the exception of issues by law or Company's article of association, which require 3/4 of votes from shareholders' meeting. As a result, other shareholders may not be able to accumulate enough votes to review and perform check and-balance tasks on issues proposed by the major shareholder.

However, as can be seen from the Company management structure which comprises of Board of Directors, the Executive Committee and the Audit Committee, it shows that the Company appointed qualified members to suitable positions and clearly set the scope of duties and authority of each committee with transparency. In matters related to the Committee, major shareholder and business controllers, or such issues with conflicts of interest, those involved will be ineligible to vote. This is to assure shareholders that the company's management is transparent in its dealings.



Shareholding Structure and Management

RS 2008 ANNUAL REPORT



Capital Structure

Company's Securities

The Company has the registered capital of Baht 900,000,000 including 900,000,000 ordinary shares at one Baht par value. The Company has the paid-up capital of Baht 700,000,000 including 700,000,000 ordinary shares at one Baht par value.

The Company has adjusted the par value from five Baht each to one Baht each, according to the resolution of the Extraordinary General Meeting of Shareholders No. 1/2006 on 19 September 2006.

Shareholders

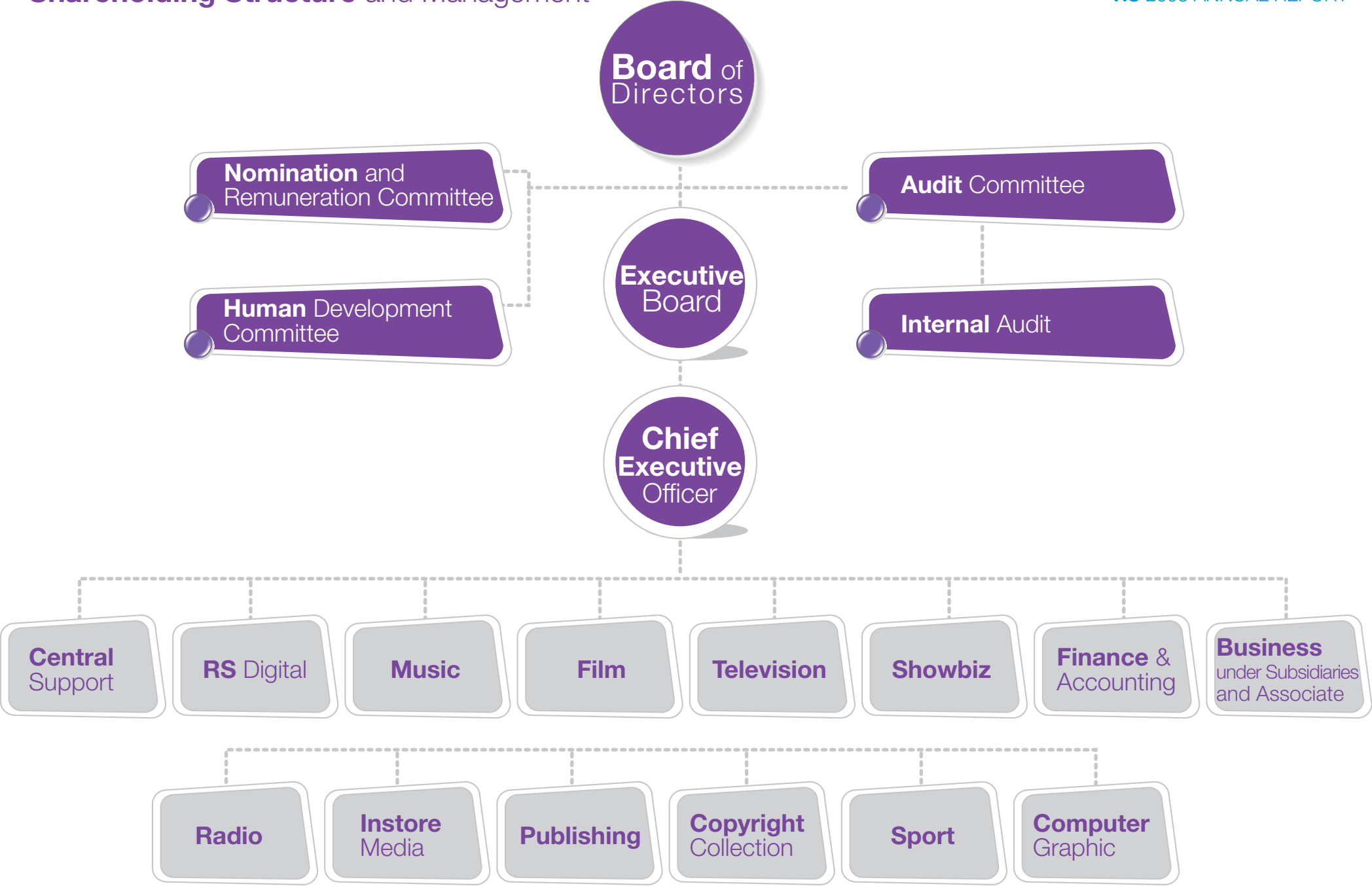
The 10 major shareholders as at the book closure date on April 1, 2008 are as follows :-

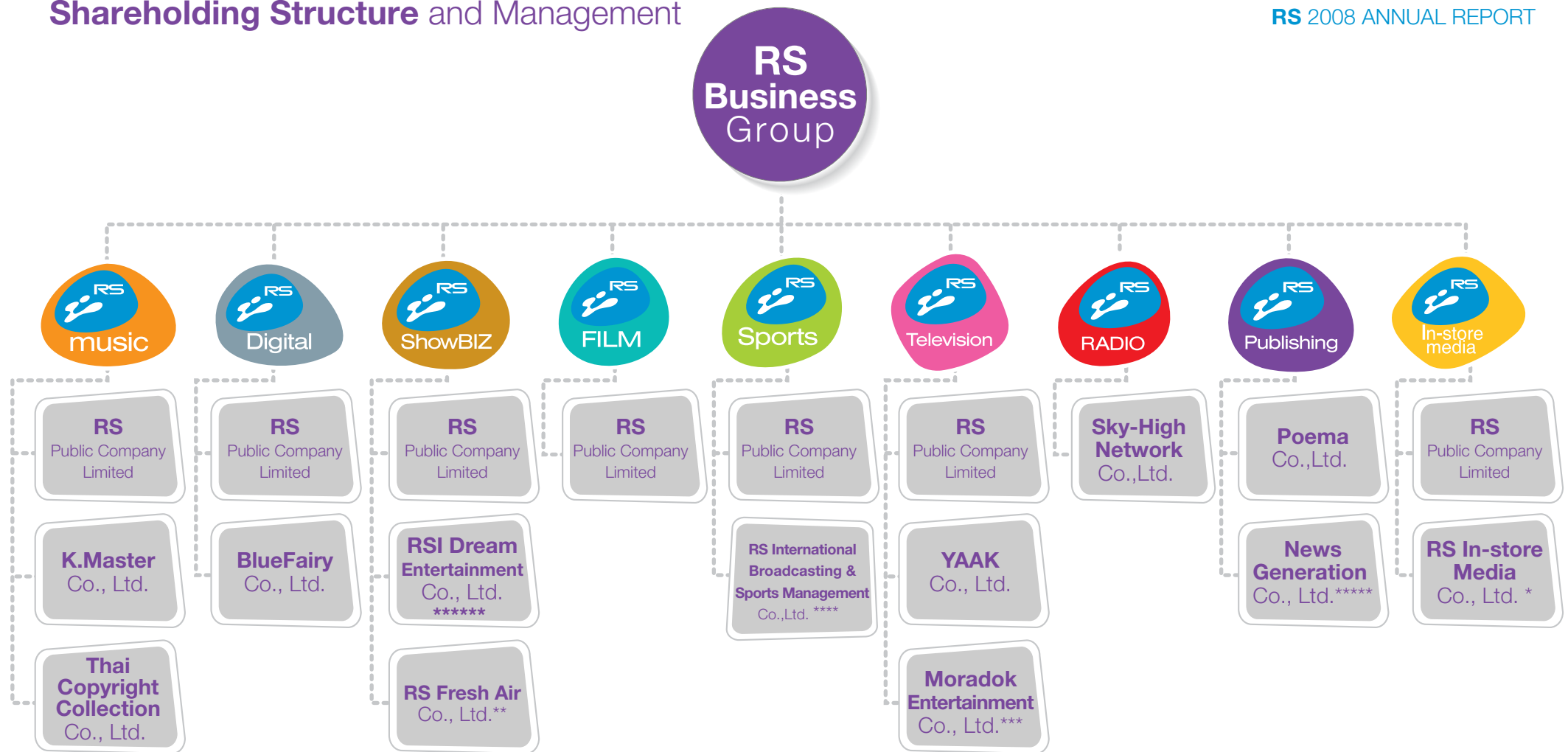
No.	Shareholder	No. of Shares	%
1.	Mr. Surachai Chetchotisak	114,000,000	16.29
2.	Mr. Kriengkai Chetchotisak	100,000,000	14.29
3.	Mr. Suwat Chetchotisak	98,192,000	14.03
4.	Miss Malee Chetchotisak	38,640,000	5.52
5.	Mr. Charnyuth Laoruthdech	29,616,700	4.23
6.	Mr. Annop Limprasert	23,670,000	3.38
7.	Mr. Chai Sibulert	18,000,000	2.57
8.	Miss Marisa Chetchotisak	17,728,000	2.53
9.	SIS-SEGAINTERSETTLE AG	15,320,000	2.18
10.	Mrs. Chonticha Yarungsi	13,324,300	1.90

List of major shareholders who, according to their conducts, were able to assert their influences towards the management policy and operation procedure of the company with ulterior motives (Shareholding groups or shareholders who owned over 10% and holding position as the company's director or sending representative as the company's director), are Mr. Kriengkai Chetchotisak, Mr. Surachai Chetchotisak and Mr. Suwat Chetchotisak.

Dividend payment policy

The company and its subsidiaries will pay a dividend not less than 50 percent of net profit after tax and legal reserve. However, the Board of Directors may consider and decide not to follow this policy, or adjust it in order to maximize the benefit to the shareholders.





* 65% shares held by RS Public Company Limited
 ** 74% shares held by RS Public Company Limited
 *** 76% shares held by RS Public Company Limited
 **** 83.33% shares held by RS Public Company Limited
 ***** 25% shares held by Poema Co., Ltd.
 **** 51% shares held by RS Public Company Limited (or 63% if using amount of money received from shareholders to calculate shareholding percentage)
 As at December 31, 2008

Temporarily Suspended

- Magic Advertainment Co., Ltd.
- Shadow Entertainment Co., Ltd.
- RS Film & Distribution Co., Ltd.
- Avant Co., Ltd.
- Red Drama Co., Ltd.
- R Siam Co., Ltd.
- R.S. Sportmaster Co., Ltd.
- R.S. Studio Co., Ltd.
- Bangkok Organizer Co., Ltd.
- R.S. Television Co., Ltd.
- Aladdin House Co., Ltd.
- Nagasia Co., Ltd.

Remark : In case of non 100% subsidiary, the rest of core shareholders are not the connected person of RS Public Company Limited.

Management structure of the company consists of 5 set of committees and subcommittees including: Board of Directors, Audit Committee, Nomination and Remuneration Committee, Executive Committee, and Human Development Committee. Details are as follows:

Board of Directors

As at December 31, 2008. The Board of Directors consists of the following qualified persons:

Mr. Kriengkai Chetchotisak	Chairman
Mr. Surachai Chetchotisak	Vice Chairman
Mr. Suwat Chetchotisak	Director
Mrs. Pornpan Techarungchaikul	Director, Secretary to the Board and Company Secretary
Mr. Darm Nana	Director
Mr. Danaisidh Peslapunt	Director
Mr. Phisit Dachanabhirom	Independent Director and Audit Committee Chairman
General Pairoj Panichsamai	Independent Director and Audit Committee
Associate Professor Witaya Danthamrongkul	Independent Director and Audit Committee

Definition of Independent Directors

Independent Directors are defined as external director, not involving in Executives, company staff, Executive Director or authorized signatory director, and be independent from major shareholders, Executives and related parties. In addition, Independent Directors are able to consider equitable treatment to shareholders and to preempt any possible conflict of interest between the company and related parties. Independent Directors shall possess the qualifications as follows:

(1) Hold shares not exceeding 0.5% of the total number of shares entitled to voting rights in the Company, the parent company, the subsidiary companies, the associated companies or any corporations that may cause a conflict of interest, which shall be inclusive of the shares held his/her related parties*.

(2) He/she has neither participated in the management nor been an employee/staff member/advisor getting salary paid, both in present time and two years before the appointment, of/by the Company, the subsidiary companies, the associated companies, the affiliated companies or any corporations that may cause a conflict of interest.

(3) No relationship by blood or legal registration as parent, spouse, sibling, son/daughter and/or son/daughter in-law of an executive officer or a major shareholder with controlling power, or a candidate who will be nominated as an executive or a person in charge of the operations of the Company or the subsidiary companies.

(4) Business relations can be divided as follows:

(a) Relationship types

Relationship between professional service providers and users

- Features: Auditors, other professional service providers such as legal consultants, financial advisors, property appraisers, etc.
- Significant levels that are categorized non-independence.
- Auditors: be prohibited in all cases
- Other professional service providers: Transaction value exceeds Baht 2 million a year.

Trade/Business Relations (apply the similar guidelines to the Stock Exchange's requirements regarding related party transactions.

- Features: Business transactions in all types including normal transactions, real property leases/ out-leases, asset/service-related transactions, and financial assistance grants or receipts.
- Significant levels that are categorized non-independence: Transaction value is \geq Baht 20 million or \geq 3% of the Company's NTA (net tangible assets), whichever is lower. While considering a value in each time of transaction, the total value of previous transactions over the past 6 months shall be inclusive.

(b) The same relationship as Type (a) with corporations that are categorized non-independence such as major shareholders, directors (except independent/audit directors) and executives or partners of those corporations.

(c) Prohibited period for no relationship in both types (a) and (b): In present time and two years before the appointment.

(d) Exemptions: In a necessary and reasonable case which does not happen frequently or constantly, an independent/audit director may bear a relationship beyond the significant levels, as set out above, during his or her term in office, provided that a prior and unanimous approval from the board of the Company is obtained. Furthermore, the board of the Company must provide the disclosure of information regarding the aforesaid relationship in a registration statement for a public offering or securities placement (filing form), an annual information disclosure (Form 56-1) and an annual report (Form 56-2). If that independent/audit director is nominated for another term, the board of the Company shall provide a description of the said relationship in the notice of the shareholders' meeting on an agenda for the election of director.

(5) Be not appointed as a representative of any board members or major shareholders of the company, as well as being not appointed as a representative of other shareholders who bear relationship with major shareholders of the Company.

(6) No restrictions that make him/her unable to freely express his/her opinions.

(7) An independent director, with the complete qualifications, as stated in clauses 1-6, may be designated and authorized by the board of the Company to make a decision regarding the operations of the Company, the parent company, the subsidiary companies, the associated companies, the affiliated companies and/or other corporations that may cause a conflict of interest, which such decision can be collectively made (collective decision).

If an independent director of the Company also holds office as an independent director for the parent company, the subsidiary companies and/or the affiliated companies, the board of the Company shall provide the disclosure of such information as well as the disclosure of overall remuneration that certain independent director gets paid, in the filing form, Form 56-1 and Form 56-2 respectively.

Notes

* Related parties mean persons under Section 258 of Securities and Exchange Act.

** Executive directors mean persons who involve in the management of the Company, hold office and are in charge of the Company as an executive, and are authorized signatories to execute a binding document on behalf of the Company, except a specified person in any transaction already been approved by the Board to sign a binding document jointly with other director(s).

***Affiliated companies mean subsidiaries of two and up having the same parent company.

Authorized signatory directors

Directors authorized to sign for the company are Mr. Kriengkai Chetchotisak, Mr. Surachai Chetchotisak, Mr. Suwat Chetchotisak, Mrs. Pornpan Techarungchaikul, Mr. Darm Nana and Mr. Danaisidh Peslapunt. Two of above directors can jointly sign and affix the company seal.

Roles of Board of Directors

The Extraordinary General Meeting of Shareholders No. 1/2003 held on January 13, 2003 had the resolution to determine the scope of Board of Directors' authority in that Board of Directors is authorized to commit any acts necessary for or related to the normal business operation of the company. The Board of Directors is in charged with overseeing the company's operations to be in compliance with the country's laws and regulations as well as the policies and resolutions of shareholders' meetings. The Board of Directors can appoint the committee or assign any other persons to take any or several actions under the control of the Board of Directors except for the actions stated below. Those actions can be performed after receiving the approval from the shareholders' meeting.

In cases where the committee or any person has a conflict of interest with the company or its subsidiaries, the committee involved in that conflict may not vote on that case.

(A) Any case that the laws mention must be in compliance with the resolution of the shareholders' meeting.

(B) Performing cases where the committee gains the interest or where the laws and regulations the Stock Exchange of Thailand are mentioned must be approved by the shareholders' meeting

The following cases must be approved by the Board of Directors' meeting and the shareholders' meeting with a voting score of three-fourths of the number of shareholders attending the meeting and voting:

- (A) Trading or transferring the company's businesses or an important part of the business.
- (B) Acquiring or receiving transferred business from other companies or private entities.
- (C) Making, rectifying or terminating the renting contracts for the entire business of the company or an important section of it. Appointing any person to run the company's business or form a merger with any person for the purpose of profit and loss sharing.
- (D) Amending the Articles of Association or Memorandum of Association.
- (E) Increasing or reducing capital, issuing debentures, forming mergers or closing the company.
- (F) Any actions mentioned in the Securities Act or announcements by the Stock Exchange of Thailand requiring the approval of the shareholders' meeting, such as the acquisition or disposal of assets of the listed company or any related items.

The company's Board of Directors is responsible for consideration the list of new Directors who have been screened and presented by the Nomination and Remuneration Committee. The listed Directors must be ready to dedicate their times, knowledge, and capabilities for the company, and understand the duties and responsibilities of Director as well. The company has in place the procedure to keep new directors informed about its business and operation for them to possess profound knowledge and understanding in the company's business.

In addition, the Board of Directors conduct the annual assessment of their performance in line with the self-assessment form to inspect, as well as enhance the efficiency of, their performance.

Board of Directors Meeting Attendance for year 2008

Name	Title	No. of Attendance
1. Mr. Kriengkai Chetchotisak	Chairman	6/6
2. Mr. Surachai Chetchotisak	Vice Chairman	6/6
3. Mr. Suwat Chetchotisak	Director	5/6
4. Mrs. Pornpan Techarungchaikul	Director	5/6
5. Mr. Darm Nana	Director	6/6
6. Mr. Danaisidh Peslapunt	Director	3/3
7. Mr. Phisit Dachanabhirom	Independent Director and Audit Committee Chairman	6/6
8. General Pairoj Panichsamai	Independent Director and Audit Committee	6/6
9. Associate Professor Witaya Danthamrongkul	Independent Director and Audit Committee	6/6

Audit Committee

As at December 31, 2008. The members of the Audit Committee are :

- | | |
|--|---|
| 1. Mr. Phisit Dachanabhirom ¹ | Independent Director and Audit Committee Chairman |
| 2. General Pairoj Panichsamai | Independent Director and Audit Committee |
| 3. Associate Professor Witaya Danthamrongkul | Independent Director and Audit Committee |

Remark : ¹ Mr. Phisit Dachanabhirom is the Audit Committee Member that has knowledges and experiences in reviewing the Financial Statements. He is the certified auditor CPA License No. 966. He renders his audit services for non-listed company.

Responsibilities of Audit Committee

Audit Committee's responsibilities are as follows:

- A. Attend the Board of Directors Meetings as to participate in policy determination, business decision making and corporate governance issues.
- B. Consider and recommend the appointment of the auditor and the proposed audit fee including the following issues :
 - To ensure the independence of the external auditor, the Audit Committee shall consider any factors that may conflict with the auditor's efficient and professional operations.
 - To freely discuss significant matters, the Audit Committee shall meet privately with the external auditor once a year, without the management team being present.
- C. Consider the policy and code of conduct of the internal audit department as to ensure their continual appropriatenesses and effectivenesses.
- D. Review the annual audit plans of the internal audit department.
- E. Review the internal control and internal audit system as to ensure their appropriatenesses and effectivenesses by coordinating with the internal and external auditors. The Audit Committee shall consider the following issues :
 - To strengthen the independence of the internal audit department, the Audit Committee shall approve any selection, promotion, rotation or termination of the department head.
 - To ensure the independence of the internal audit department, the Audit Committee shall consider other factors that might impact its independent performance, including reporting and supervision processes.
- F. Consider the quarterly audit report and recommendations of the internal and external auditors as well as follow up the action taken according to such recommendations.
- G. Review the quarterly Company and subsidiaries financial reports as to ensure that they are accurate, credible and have adequate information disclosures according to the good corporate governance principle.

- H. Ensure that the Company is in compliance with the rules or regulations prescribed by the Stock Exchange of Thailand and any other laws related to its business.
- I. Review the related transactions of the Company, its subsidiaries and any persons that may cause the conflict of interest, to ensure that the related transactions are in appropriate conditions without any benefit embezzlement.
- J. Coordinate with the external auditor to consider any problems or restrictions encountered in performing financial statements audit.
- K. Prepare the Audit Committee report. The report must be signed by the Chairman of the Audit Committee and disclosed in the Company's Annual Report. Its report should include the following information :
- The number of committee meetings and attendance of each member.
 - Comments on :
 - Accurateness, completeness and creditability of the company's financial report.
 - Adequacy of the firm's internal control system.
 - Compliance with SEC's and SET's laws and regulation and other laws relevant to the company's business.
 - Suitability of the external auditor.
 - Transactions that may cause conflicts of interest.
 - Other concerns that have arisen as the audit committee performed its duties as defined in the committee's charter.
 - Anything else which should be made available to shareholders and general investors within the scope of duties and responsibilities assigned by the Board of Directors.
- L. The Audit Committee is authorized to invite the executive directors, Management or concerned persons to either provide necessary information or attend the meeting.
- M. Consider any other matters as assigned by the Board of Directors with the consent of the Audit Committee.

Nomination and Remuneration Committee

As at December 31, 2008. Nomination and Remuneration Committee consists of four qualified persons:

- | | |
|--|----------|
| 1. Mr. Phisit Dachanabhirom | Chairman |
| 2. General Pairoj Panichsamai | Director |
| 3. Mr. Suwat Chetchotisak | Director |
| 4. Associate Professor Witaya Danthamrongkul | Director |

Responsibilities of the Nomination and Remuneration Committee

Duties and responsibilities of the Nomination and Remuneration Committee

(a) Establish criteria and procedures for selecting a person who is qualified to hold office as a director, select best candidate in adherence to the procedures set out, and make the recommendation to the board who shall subsequently propose the nominee for appointment by the meeting of the shareholders of the Company. The duties and responsibilities can be outlined as follows:

Determine qualifications of a director in accordance with the structure, size and composition set forth by the board, by taking the following steps:

- Consider a combined suitability of knowledge, experience and expertise to determine desired qualifications
- Assess the independence of each candidate to see whether he/she is completely or incompletely qualified as an independent director, and to consider whether or not it is necessary to find a new independent director in the case that the number of independent directors do not reach the numbers as stated in the board's policy.
- Consider each candidate's promising dedication of time.

Select and nominate a suitable candidate for the board to consider and propose that nominee for final consideration and appointment by the meeting of the shareholders of the Company.

- Determine a method of director selection that suits the Company's characteristics.
- Go through the list of candidates, and select the best one who meets the qualification requirements set out.
- Conduct a careful check to make sure that the best candidate who will be nominated for the appointment by the shareholders' meeting is duly qualified in accordance with the rules and regulations established by the authorities.
- Approach that qualified candidate to make sure that he/she agrees to accept the position as director when he/she is appointed by the shareholders of the Company.
- Propose his/her name for consideration and approval by the board. Upon the board's approval, a notice of the meeting of the shareholders of the Company in this regard will be made and sent to the shareholders calling them to meet, discuss and consider whether or not to appoint that nominee.

- (b) Develop a model and guidelines on the payment of directors' remuneration which will be recommended to the Board who will then propose them to the meeting of the shareholders of the Company for approval.
- (c) Establish guidelines for evaluating CEO performance.
- (d) Determine the annual remuneration of directors
- (e) Offer new ESOP (or warrants) to directors and employees under diverse conditions that will induce directors and staff members to perform duties with their best effort, add a long-time value to the shareholders, and truly enable to retain efficient and competent personnel; however, such incentive scheme should not cost too much and should be fair to the shareholders of the Company.

Executive Committee

As at December 31, 2008. The members of Executive Committee are:

Mr. Surachai Chetchotisak	- Chairman
Mr. Suwat Chetchotisak	- Vice Chairman
Mrs. Pornpan Techarungchaikul	- Director
Mr. Yanyong Akrajindanon	- Director
Mrs. Montira Limpanarom	- Director
Mr. Darm Nana	- Director
Mr. Komsan Chetchotisak	- Director

Responsibilities of the Executive Committee

The Board of Directors Meeting No. 1/2003 held on January 28, 2003 and the Board of Directors Meeting No. 5/2005 held on 31 October 2005 had the resolution to determine the scope of Executive Committee's authority in that Executive Committee is authorized to commit any acts necessary for or related to the normal business operation of the company.

- (a) To approve loans or apply for credit from financial institutions as well as acting as surety or making payments for general activities of the company. The credit limit of each item must be less than 50 million baht or equivalent.
- (b) To appoint and remove the company employees who are ranked below Managing Director (currently changed to Chief Executive Officer).
- (c) To initiate, suggest and formulate policy for the business direction and business strategy of the company and present it to the Board of Directors.
- (d) To form corporate and management structures and Executive Committee. To oversee all aspects of the recruiting, training, employment and removal of company employees.

(e) To formulate business plans and management powers. To approve the annual budget for business operations and expenses. To run the company following the business plan and strategy as well as the policy and business direction presented to the Board of Directors.

(f) To be responsible for other duties assigned by the Board of Directors in each period.

Approval for carrying out the activities mentioned above would not be granted in cases where the Executive Committee, or parties authorized by the Executive Committee, is authorized to approve activities that may conflict with the company's interests under the regulations and announcements of the Stock Exchange of Thailand.

Exceptions would be made for those activities carried out under policies and regulations approved by the Board of Directors, whereby the Board of Directors has the authority to amend or change the responsibilities of the Executive Committee whenever necessary.

Human Development Committee

As at December 31, 2008. The members of Human Development Committee are:

1. Mrs. Pornpan Techarungchaikul	Chairman
2. Mr. Yanyong Akrajindanon	Director
3. Mrs. Napaporn Treepayak	Director
4. Mr. Niwes Buakhom	Director and Secretary

Responsibilities of Human Development Committee

Human Development Committee's responsibilities are as follows :

- (A) To present human resource policy and management direction
- (B) To draw techniques and strategies for human resource development
- (C) To oversee and supervise human resource operation
- (D) To consider and make decisions on human resource development issues based on the direction approved by the company's committee

Management Team

As at December 31, 2008. The members of Management Team are as follows :-

1. Mr. Kriengkai Chetchotisak	Chairman
2. Mr. Surachai Chetchotisak	Chief Executive Officer
3. Mr. Suwat Chetchotisak	Vice Chairman to Executive Committee
4. Mrs. Pornpan Techarungchaikul	Chief Operating Officer
5. Mr. Darm Nana	Chief Financial Officer
6. Mr. Yanyong Akrajindanon	Senior Executive Vice President – Digital Business
7. Mrs. Montira Limpanarom	Senior Executive Vice President – Corporate Sales

Remark

1. “Executive” in this section refers to directors, the Chief Executive Officer and the top four executives ranked below the president or any persons of an equivalent position to the top four executives.

Roles and Responsibilities of the Chief Executive Officer

The Board of Directors Meeting No. 1/2003 held on January 28, 2003 and the Board of Directors Meeting No. 5/2005 held on 31 October 2005 had the resolution to determine the scope of Managing Director’s authority in that Managing Director (presently called “Chief Executive Officer”) is authorized to approved commit any acts necessary for or related to the normal business operation of the company. The Managing Director (presently called “Chief Executive Officer”) is concerned with the company in general and has the authority to carry out any activity that is necessary. The credit limit of each item must be less than 25 million baht or equivalent. However, the Managing Director (presently called “Chief Executive Officer”) has no authority to deal with important assets received or sold out of the company; or matters concerning persons who may be in conflict with, or have conflict of interest with the activities of the company or affiliated companies. In such instances, the Audit Committee and/or the Board of Directors, depending on the case, will consider the matter.

Nomination of Directors and Executives

The Board of Directors Meeting No. 3/2007 held on February 26, 2007 had its resolution to appoint the Nomination and Remuneration Committee and also approved the responsibilities of the Nomination and Remuneration Committee. Hence, personnel selection for the company’s Director must proceed through the Nomination and Remuneration Committee. The Director’s selection procedures must be done by the Nomination and Remuneration Committee whose consideration will be based as per qualification in section 68 of the Public Company Limited Act B.E. 2535 (1992) and the related announcements of the Securities and Exchange Commission. Moreover, considerations will be based on ability, experiences, knowledge, and specific skill for the benefit and development of company’s business, and dedicating their times and efforts in conducting their duties. Then, the list will be submitted to the Board of Directors and shareholders’ meeting for approval.

To elect the Board of Directors, the shareholders’ meeting appoints the director based on majority scores with the following regulations and guidelines:

- (A) The voting score of each shareholder is equal: one share equals one score
- (B) Shareholders can vote for each directorial appointment.
- (C) Persons who receive the highest scores will be appointed to the committee. In the case of any persons receiving equal scores, the nomination president will make the final decision.

Executive Remuneration

Cash Remuneration

(A) Directors

List	Year 2008		
	No.	Amount of money (Baht)	Detail of Remuneration
Directors	10	1,050,000	Fixed remuneration and Meeting allowance
Audit Committee	3	1,350,000	Fixed remuneration and Meeting allowance

Detail of Remuneration and Meeting allowance are as follows:

No.	Board of Director	Year 2008	
		Fixed remuneration (Baht)	Meeting allowance (Baht)
1	Mr. Kriengkai Chetchotisak	-	150,000
2	Mr. Surachai Chetchotisak	-	120,000
3	Miss Malee Chetchotisak	-	40,000
4	Mr. Suwat Chetchotisak	-	100,000
5	Mrs. Pornpan Techarungchaikul	-	100,000
6	Mr. Darm Nana	-	120,000
7	Mr. Danaisidh Peslapunt	-	60,000
8	Mr. Phisit Dachanabhirom	-	120,000
9	General Pairoj Panichsamai	-	120,000
10	Mr. Witaya Danthamrongkul	-	120,000
	Total	-	1,050,000

Note:

Director remuneration is the benefit paid to the company's directors in accordance with Section 90 of the Public Company Limited Act B.E.2535 (1992) (excluding salary and relevant benefits paid to the directors who also hold the title of the company's executives). There are no remuneration for the directors of subsidiaries.

Additional Information

In 2008, there were some changes in directors' list as follows :-

- July 30, 2008, Miss Malee Chetchotisak has resigned from the director's position.
- July 30, 2008, Mr. Danaisidh Peslapunt has been appointed as a director to replace Miss Malee Chetchotisak.

(B) Executive Directors and Management Team

List	Year 2008		
	No.	Amount of money (million baht)	Detail of Remuneration
Executive Directors	7	-	-
Management team	7	42.65	Salary/bonus/ other allowance

Other Remuneration

According to the resolutions of the Extraordinary General Meeting of Shareholders No. 1/2007 of the Company held on May 29, 2007, approved the issuing of 25,000,000 units of Employee Stock Option Program (ESOP) Warrants. The resolution of Shareholders' Meeting to offer the warrants to the directors and/or the employees of the Company and/or its subsidiaries (ESOP) of not more than 35 persons was terminated on May 28, 2008. The Company decided to cancel this warrants so the Company does not request for the approval to issue the warrant from The Stock Exchange of Thailand.

Corporate Governance

The Company has stipulated its policy on corporate governance by emphasizing on the control and internal audit system, and corporate governance of Management to efficiently following its policy. This is for long term benefits of shareholders, including transparency on business operations, information disclosure, and with proper risk management.

Summarization on corporate governance practices in 2008 are as follows:-

Good Corporate Governance Policy

The Company's Board of Directors stipulates policy on good corporate governance in a written format, and considers reviewing the good corporate governance policy and code of conduct manual for the Company Group. Follow up on evaluation of policy compliance is set to at least once a year. The Company publishes manuals to Directors and employees for references and practices and announced in the Company's intranet.

The Company's Board of Directors Meeting No. 1/2009 on February 27, 2009 reconsidered, improved, and had its resolution to approve the good corporate governance policy and code of conduct manual for the Company Group, and followed up on evaluation of policy compliance.

Shareholder Rights

The Company stresses the importance of respecting the shareholders' right by following regulations as stipulated by law.

In 2008, the Company had ordinary shareholders' meeting on April 22, 2008. All Directors attended the meetings, except for Miss Malee Chetchotisak, who missed the meeting due to urgent business engagements. (list of the Company's Board of Directors attendances could be checked at the minutes of the shareholders' meeting)

The Company has policy on equal treatment of shareholders by realizing on the importance of shareholders' right on sufficient and timely information disclosure. Concerning shareholders' meeting, the Company will issue notice of meeting which includes details on different meeting's agendas at least 7 days prior to the meeting date as stipulated by law.

In 2008, Thailand Securities Depository Co., Ltd., which was the Company's registrar, issued notice of meeting to shareholders at least 7 days in advanced, or 14 days as stipulated by law.

In 2008, the Company had issued notice of meeting which included details on different meeting's agendas prior to the meeting date as stipulated by law, and each agenda contained principles, and reasons and suggestions of the Board of Directors. Moreover, the Company also published shareholders' notice of meeting, and documents for the meeting in Thai and English language at the Company's website on <http://www.rs.co.th/corporate/th/meeting.htm>, and <http://www.rs.co.th/corporate/eng/meeting.htm>, 11 days before the meeting date to facilitate rapid access for shareholders. Minutes of the meetings in 2008 were posted in the websites 14 days afterwards. Prior to the start of meeting, Chairman of the meeting explained voting procedure to the meeting, and during the meeting, the Chairman gave equal opportunity to shareholders in asking additional questions, and making suggestions prior to vote casting in each agenda. Support was also given in using voting paper in case of important agenda for transparency and accountability. Minute of the meeting was written correctly and completely within the specific timeframe as stipulated by law, and had good filing system for shareholders' checking.

In 2008, the Company gave shareholders' right much more than stipulated by law such as publishing important and updated information through its websites, and not curtailing the shareholders' right on the Company's information that had to be disclosed by regulations. Concerning the meeting, no additional meeting agenda, or changing of important information would be conducted without prior notification to shareholders, including additional important information would not be distributed abruptly in the meeting, and not limiting shareholders' right to come in late for the meeting. During the meeting, the Chairman opened equal opportunity to shareholders to ask questions, giving ideas, and making suggestions on operating results of the Company. Moreover, shareholders were given opportunity to send in their questions in advanced of the meeting date through the Company's websites, or by mail to the Board of Directors. Thus, rights given to shareholders, and supporting shareholders to exercise their rights were in accordance with good corporate governance policy.

Equal Right to Shareholders

For shareholders who cannot attend the meeting, the Company proposes proxies to be given to the Independent Director, who is Chairman of the Audit Committee, to vote on their behalves in the meeting. In the 2008 shareholders' meeting, none of shareholder gave proxy to Chairman of the Audit Committee.

On December 1, 2008, the Company published information through its websites for minority shareholders to propose agenda for the ordinary shareholders' meeting. This included clear cut regulations in advanced for consideration on additional agenda for minority shareholders to make proposal. The Company also regulated procedures for minority shareholders to propose person's names for consideration as Director, and including assisting information on qualifications, and agreement of the proposed person. However, no shareholder proposed on new agenda, and person's name for Director.

The Company has established the measure in a written statement to prevent directors, executives, staff members and employees from abusing insider information in the interests of their own or their related parties. By this measure, the Company's directors, executives, staff members and employees are required to report a transaction that may cause a conflict of interest between the organization and them or their related parties via the designated law office to screen and forward such report completed with its comments to the Board, and the Board is fully authorized to make a decision on any transaction, which may cause a conflict of interest, for the Company's overall benefit. The Company's directors and/or executives with their interests in any transactions shall be banned from participating in a decision making process on those transactions, as detailed in the topic of insider information protection; moreover, related party transactions shall be made in accordance with relevant requirements established by Stock Exchange of Thailand, as detailed in the topic of precautionary measures or procedures for the approval of related party transactions. The certain policy has been implemented since the year 2008 for banning directors and top executives(**) from buying and selling their shares in the Company three weeks before the publication of financial statements and two days after that.

The Company has regulation in prohibiting the using of opportunity or information by Director, Executive, or employee for their own benefits, or conducting business competition with the Company, or with related business. This includes using of inside information for the Company's stock trading. All regulations have been stated in the code of conduct manual, and discloses in the topic of using of internal information.

Remark: (**) means Executive as per definition of the Securities and Exchange Commission who is responsible for changes in shareholding as stipulated by law.

Rights of Stakeholders

The Company recognizes the importance of rights for all groups of stakeholders whether from internal stakeholders such as employees, the Company's Management, and its subsidiaries, or external stakeholders such as competitors, creditors, Government agencies, and other related parties. The Company realizes the supporting pressure from stakeholders especially from communities and public, in which it always gives significance to the causes (example can be seen from the Role and Social Responsibility and Human Resources Development Policy). Regulations and procedures are in written format, including rules on disciplinary punishment, so that there will be guideline procedures for related persons to follow when performing duties for the Company with honesty and ethics towards the Company and groups of stakeholders. All RS's Directors, Management, and employees regard this as business operational guidelines when performing duties for the Company with honesty, and ethics towards the Company and groups of stakeholders. Details in the Code of Conduct manual which covers business and employee's code of conduct are as follows:-

Responsibilities toward social and environment

The company has the policy to conduct its business for the benefits of the economy, society, and environment by considering its duties and responsibilities towards the nation, society and environment. Businesses must be operated and controlled completely under the laws and regulations, as well as determinations to press on developing trends for social quality and environment internally or cooperation with Government agencies and communities. Responsibilities toward social and environment must be whole heartedly and consistently promoted to all levels of employees in order to create good corporate culture in the future. These have to be reviewed, evaluated, and followed up consistently on progress of the company's operations to ensure that policies on social and environment have been executed as planned (example can be seen from the Role and Social Responsibility and Human Resources Development Policy).

Customer

The company is determined to distribute quality products and provide quality services to its customers.

Shareholders

The company is run with a good and efficient expertise. The current and future risk is carefully assessed for the benefit of shareholders, and controlled to be certain that the operational results and financial situations of the company as well as information to shareholders are completely reported.

Employee

The company considers employees its precious assets and acknowledges the value of employees. The appropriate welfare and remuneration are arranged in line with the knowledge, ability, responsibility and performance of each employee. RS group also realizes the importance in healthcare, safety, and working environment as safe precaution against life and property of its employees, and follows on the labor laws' regulations. Hence, the company has arranged for health check, life and health insurances for employees, and consistently checks safety in the work place too.

The company supports knowledge training for its employees, Directors and executives.

Trading Partner and Creditor

The company adheres to honesty and justice towards its trading partners by taking into consideration for the best benefits to the company, and bases on justified remunerations on both sides, and avoids bias or any circumstances that give rise to the conflict of interests and upholds and complies with agreements.

Competitor

The company supports free and fair trade competition.

Virtue

The company is engrossed in doing the rightful things and performing its duties with honesty and straightforwardness in accordance with legislations and regulations. This conduct is applied to any activities and decision-making. The company operates its business with honesty and takes into account the influencing risks.

Equality for All Parties Concerned

The Company neither hinders or withholds the privileges from, nor discriminates against any persons who are different in races, nationalities, religious, genders, age, or education.

The Company's Board of Directors reviews and makes improvement on Code of Conduct manual of RS Group at least once a year. The Company's Board of Directors meeting No. 1/2008 on February 29, 2008, No. 5/2008 on November 14, 2008 and No. 1/2009, have reviewed, improved and approved RS Group's Code of Conduct manual, and publishes in the Company's website. It includes information on new employee's training for all employees' acknowledgement, and controlling process for strict compliance on the Code of Conduct.

The Company has had the policy that directors, executives and staff members at all levels are required to strictly observe and follow the best practices described in the Group's ethics handbook. In the past year, the Company and the subsidiaries had no legal dispute that significantly affected the Company's business or posed negative effects on the Group's assets of which its overall value, as at 31 December 2008, was higher than 5% of shareholders' equity. The Company and the subsidiaries had no legal dispute arisen from an out-of-the-ordinary course of business of the Group either.

The Company has anticipated in sharing the development mechanism with stakeholders in strengthening operating results of the Company. This is to build business security with information transparency, listening to comments, complaints, or suggestions, etc. Action that may lead to fraud or suspected behavior within the organization either from employee or from stakeholder can be reported directly to the Management, public relation unit, internal audit unit through website <http://www.rs.co.th/corporate> or through telephone numbers 0-2511-0555 ext. 1503 or to the stated units above. All information will be checked through the Company's stipulated process, and will be reported to the Board of Directors.

Complaint concerning financial and accounting reports, internal control, risk management, compliance with law and code of conduct can be done through the Company's secretary who receives and summarizes all topics, and quarterly submits to the Audit Committee, and Board of Directors. The Company gives importance to the secrecy of information received in order to build confidence to sender, and complaint will only be known to assigned and related persons.

Information Disclosure and Transparency

The Company gives the importance to efficient internal control system on the Management and operational levels, by clearly stipulated the Management's business authorizations. Assets' usages are controlled, and responsibilities of operator, controller, and evaluator are separated from each other to create suitable check and balance system. Moreover, there is internal control on the financial system with financial report system reporting directly to the responsible management unit.

The Company's internal control unit reports directly to the Audit Committee to be certain that the main operations and important financial activities proceed efficiently within the directed guidelines. The Company has its policy on Compliance Control in correspondence with the concerned law and related regulations.

Duties of the Board of Directors and Sub-Committees

The Company's Board of Directors appoints sub-committees in order to assist on corporate governance as follows:-

- Audit Committee has duration of 3 years, and consists of 3 Independent Directors. Names and duties of the Audit Committee are listed in topic "Shareholding Structure and Management".

In 2008, the Audit Committee had 6 meetings in which all members attended all meetings, and consistently reported their operating results to the Company's Board of Directors. There are one meeting that the Audit Committee meet privately with the external auditor without the management team being present.

- Nomination and Remuneration Committee

The Company's Board of Directors meeting No. 3/2007, on February 26, 2007, has appointed the Nomination and Remuneration Committee, its scope of authority, and remuneration. The committee consists of 4 qualified persons which has 3 Independent Directors in which one of them is the Chairman of the Nomination and Remuneration Committee, the committee has 3 years duration (details in the "Shareholding Structure and Management")

In 2008, the committee had 3 meetings in which all members attended all meetings except Mr. Suwat Chetchotisak who missed the 2 meetings due to urgent business engagement. The committee consistently reported their operating results to the Company's Board of Directors.

Details of important performances in 2008 could be summarized as follows:-

1. Considered the nomination and selection of qualified and suitable person as replacement for Audit Committee and/or Board of Directors resigned member.
2. Considered and approved the charter of the Nomination and Remuneration Committee.
3. Considered and reviewed the appropriateness of the pattern and criteria of the remuneration.
4. Reviewed the annual Directors' remuneration.
5. Considered the Chief Executive Officer evaluation criteria.
6. Reported the performances of the Nomination and Remuneration Committee to the Board of Directors on regular basis.

The Nomination and Remuneration Committee commented that the stated items were suitable to the utmost long-term benefit for the Company, Shareholders and Stakeholders.

- The Executive Committee consists of 7 qualified persons, and their names are listed in the "Shareholding Structure and Management" topic.

In 2008, the Executive Committee had total 12 meetings.

- The Human Development Committee consists of 4 qualified persons, and their names and responsibilities are listed in the "Shareholding Structure and Management" topic.

Investor Relation

The Company's Board of Directors realizes that financial and non-financial information result in decision making impact on investors and stakeholders. Then, disclosure on information must be importantly correct, complete, and adequate through various media channels of the Stock Exchange of Thailand, and the Company's website. Moreover, meetings have been arranged between the Company's Management team and securities analysts, and general investors in order to have question and answer sessions equally.

Hence, the Company assigns the "Investor Relation Unit" to communicate and provides services on information, corporate news, and Company's various activities to institutional investors, shareholders, analysts, related Government agencies, and the general public. Investors can contact this unit at telephone number 0-2511-0555 extension 1503, or at the website <http://www.rs.co.th/corporate> or at e-mail address: supanutp@rs.co.th

Moreover, in 2008, the Company published information through many activities such as:-

- Meeting of Analysts to announce the Company's operating results in every quarter. The analysts had opportunity to ask questions on various topics with the Management with the meeting's documents to be published in the Company's website.
- Report on annual form F 56-1, and the annual report F 56-2 were published through ELCID system of the Stock Exchange of Thailand, and through the Company's website. The annual report would be delivered to shareholders and general public annually.

Responsibilities of the Board of Directors

The Board of Directors Independence from Management

The Company's Board of Directors consists of 3 non-Executive Directors (3 Independent Directors), and 6 Executive Directors, details of each Directors are shown in topic "Description of Management Team and Other Persons Overseeing the Company"

Chairman of the Board of Directors must not be the same person as the Chairman of Executive Committee, and represents major group of shareholders. However, as structure of the Company's Board of Directors consists of 1/3 of Independent Directors, there is check and balance in business operations.

The Company's Board of Directors acknowledges that the 3 Independent Directors have qualified as per regulations stipulated by the Company as in details from "Management Structure of the Company". The Company's Board of Directors is in agreement and appoints Mr. Phisit Dachanabhirom, the Independent Director, who has vast knowledge and experiences in financial and accounting field, to become Chairman of the Audit Committee.

The Board of Directors supports the concept of position successor which helps facilitate smooth operations. Moreover, the Board of Directors has made arrangement on executive development project in order to make planning preparation for the position successor of the Chief Executive Officer, and high-level Executive (**) in case they cannot perform their duties.

Suitability of the Board of Directors

The Company's Board of Directors has stipulated suitable qualifications for persons to hold this position as person with knowledge, experiences, and specific capability for Company's benefit. This includes donating time, knowledge, capability, and effort in performing duty for the Company. There is also regulations for all Directors and high level Executives (**) to report their securities holding consistently to the Company's Board of Directors. Directors are not allowed to hold position as Directors in the registered companies of more than 5 companies, and holding positions of Chairman of Executive Committee, and high level Executive (**) in other registered companies must be approved by the Company's Board of Directors beforehand.

The Board of Directors' Efficiency in Performing Its Duties

Policy Stipulation

The Company's Board of Directors participates in regulating vision, mission, strategy, target, business plan, and budget of the Company. This also includes supervision on the Management team to proceed as business plan, and agreed budget efficiently and effectively, arrangement on good corporate governance policy, internal control system, internal auditing, and suitable risk management, including consistently follow up on operating performances in the Board of Directors' meeting. Moreover, the Board of Directors has to make consideration on regulations and separation of duties, and responsibilities clearly among the Board of Directors, Audit Committee, Executive Committee, and the Chief Executive Officer.

Management Supervision

The Company's Board of Directors has to make evaluation on adequacy of internal control, and result on risk management and compliance with the good corporate governance policy at least once a year. On February 27, 2009, the Company's Board of Directors meeting No. 1/2009 has evaluated on the adequacy of internal control, result on risk management and compliance with the good corporate governance policy.

Sub – Committees

The Company's Board of Directors appoints the Sub-Committees to make details screening by regulating their responsibilities and scope of duties within each committee.

Most members of the Sub-Committees are Independent Directors, and the Chairman will not hold positions as member in all committees. Moreover, it also regulates Independent Directors as Chairman of each committee with exception in the Executive Committee, and Human Development Committee. At present, the Company has 4 Sub-Committees of the Audit Committee, Nomination and Remuneration Committee, Executive Committee, and Human Development Committee.

Details concerning the member's names, duties, and responsibilities are in topic "Shareholding Structure and Management".

Company Secretary

The Board of Directors has appointed the Chief Operating Officer to be the Company Secretary. The present Company Secretary is Mrs. Pornpan Techarungchaikul. The Company Secretary duty is to ensure that the Company comply with the Good Corporate Governance of the Stock Exchange of Thailand. The major role and duty of the Company Secretary are as following :-

- Advise the legal, accounting and tax issue and necessary regulations to the Board of Directors.
- Oversee the Board of Directors' activities.
- Coordinate the concerned party as to ensure the implementation of the resolutions of the Board of Directors.
- Functioning investor relation, coordinate and communicate regulators such as the Securities and Exchange Commission and the Stock Exchange of Thailand etc.

Director Meeting

The Director meetings are arranged at least quarterly and extraordinary meetings in between as deemed necessary. All meetings have apparently set-out agenda and planned meeting date and are intended to consistently monitor company's performance. In case that the Company does not has a monthly meeting, the Company has the policy to send the monthly operational report to the Board of Directors, so that the Board of Directors can supervise, and control management's operations consistently and effectively. Invitation, agenda and information hand-outs are duly distributed 7 days prior to the meeting so directors have a chance to familiarize themselves to the issues.

Chairman of the Board of Directors and the Chief Executive Officer make decision on agendas for the Board of Directors' meeting with emphasizing that important subjects have to be in the meeting agendas. Directors can freely submit agenda and the Board of Directors can have access on necessary information from the Chief Executive Officer.

Independent Directors/ Audit Committee (the definition and qualification shown in Management Section) has attended all meetings. In 2008, there have been a total of 6 meetings at the Company premises. Every director attends all meetings except Mrs. Pornpan Techarungchaikul, who miss 1 meeting due to sick leave on the meeting date and Mr. Suwat Chetchotisak who miss 1 meeting due to urgent business engagement.

The Company's Board of Directors has its policy in allowing the non executive Directors to conduct their own meeting as deem necessary. This is to debate all issues concerning the Management without their present, and the Chief Executive Officer will be informed of the meeting result.

Self-Evaluation

The Company's Board of Directors arranges for its self-evaluation annually by using the Company's self-evaluation form. The Board of Directors will jointly consider their performances and problems in order to improve for more efficient operations. Moreover, the Nomination and Remuneration Committee will supply inputs on regulations for the evaluation on performance of Chief Executive Officer and propose for the approval of the Board of Directors. Results on the performance will be evaluated by the Company's Board of Directors which only consists of Independent Directors for further improvement.

The Company's Board of Directors arranged for its self-evaluation every year. On February 27, 2009 in the Company's Board of Directors' meeting No. 1/2009, had made annual consideration on self-evaluation of the Company's Board of Directors of 2008, so that the Company's Board of Directors could jointly consider the performances, and problems for further improvement. Results on performance of the Chief Executive Officer for the year 2008 had been evaluated by the Company's Board of Directors which consisted of only Independent Directors for further improvement.

Remuneration

The Company has clearly and transparently stipulated policy on remuneration for Directors and Executives.

During the ordinary shareholders' meeting No. 1/2003 and the Company's Board of Directors' meeting No. 5/2003, remuneration for Directors was approved to be within the similar level of the same industry which was high enough to attract and protect the qualified Directors and be in accordance with the Company's operating results. The Executives remuneration would be in accordance with the Company's operating results, and individual Executives performance. For Chief Executive Officer's performance evaluation, the Nomination and Remuneration Committee supplied inputs on regulations for the evaluation on performance of Chief Executive Officer and propose for the approval of the Board of Directors. Results on the performance were evaluated by the Company's Board of Directors which only consisted of Independent Directors. (details on remuneration for Directors and Executives were shown in "Shareholding Structure of the Company").

Directors and Executives' Development

The Company's Board of Directors has the policy on assigning the present Director to introduce new Director to the Company, and lecturing on the summarization of the Company's business plan, operating results, strategy, competitive situations, vision, corporate culture, corporate governance, and business ethics.

The Company's Board of Directors has the policy to create and develop new knowledge for Directors and Executives by encouraging them to attend seminars and meetings which provide useful topics that have been arranged by the Thai Institute of Directors, and other related organizations in order to support efficient operations, with all costs to be financially supported by the Company.

During the year 2008, the Company fully complied with the good corporate governance policy except on the following topic;

1. Remunerations that Executive Directors received from positions as Directors from other companies had not been disclosed as they were not the Company's information.

Monitoring Internal Use of Information

The company has explained to the administrators their responsibilities in reporting the number of shares in the company owned by them, their spouses and their children who are considered as minors, and any changes made to the holdings, to the Stock Exchange of Thailand, in accordance with Article 59, where the penalty is indicated in Article 275 of the Securities and Exchange Act B.E. 2535 (1992).

Apart from the legislative measures, the company has the policy covering the internal information usage written in the Code of Conduct for the group, approved by the Board of Directors on March 1, 2006, to serve as a guideline to all directors, management and employees. The Code of Conduct was latest reviewed, improved and approved by the resolution of the Board of Directors Meeting No. 1/2009 held on February 27, 2009.

In addition, the company has laid out rules and regulations on the use of the company's internal information as follows:

- (1) The Director, Executive, staff members and the employees of the company are obliged to treat the internal information of the company with confidentiality.
- (2) The Director, Executive, staff members and the employees of the company should not directly or indirectly disclose confidential or internal information of the company for the personal benefit of any individual.
- (3) The Director, Executive, the staff members and the employees of the company should not buy, sell, transfer or receive the company's assets by using the confidential or internal information that may cause direct or indirect damage to the company.

The above mentioned regulations include the spouses and children who are considered minors of the Board of Directors, the staff members and employees of the company. Any violation of the company's regulations would be considered as a serious breach of those regulations which could lead to a penalty ranging from a verbal warning to being asked to leave the company.

Personnel

The number of employees in the company and its subsidiaries as of 31 December 2008 is 1,066 persons of which categorized into RS employees of 706 persons and subsidiaries' employees of 360 persons .

The total rewards of company staff as of the year 2008 amounted to 528.98 million baht, paid in the form of salaries, overtime and welfare payments, bonus and provident fund.

Human Resources Development Policy

1. The Company considers the importance of employees as human capital, the most valuable actor that is instrumental in steering the organization towards growth on a sustainable basis.
2. The Company's human resource development is divided into three areas i.e. Organization Development, Career Development and Training Development.
3. Organization Development
 - 3.1 Encourage all-employee participatory approach and establish an understanding of Vision, Mission and Core Values of the organization to give employees clear directions and instill the organizational culture of RS Group into them through various in-house activities such as RS Visible Idea, Teambuilding, and etc.
 - 3.2 Adjust the organizational structure to flatten the hierarchies (broadbanding) which will induce short-and-precise communication and decentralized decision making (empowerment) allowing an employee to maximize his/her potential.
 - 3.3 Develop the structural outline and HR framework, which are system foundations, towards the same standard of RS Group of companies, for example, performance management systems by using KPI-based evaluation (Key Performance Indicator) and competency-based measurement, and other online systems.
4. Career Development
 - 4.1 Evaluate the competency of each employee based on his /her annual performance, aiming to improve an employee's skill in a certain area he/she still lacks, enhance his/her capacity to come to grips with the challenge of ever-changing technology both in present and future time.

4.2 Define a career path and prepare a succession plan to give an employee an opportunity for progress, thereby making each employee aware of his/her promotion path or potential transfer or job rotation. Succession planning also involves the provision of a training program to an employee with high competency and leadership potential so that he/she will be ready to perform a function in a higher position.

4.3 Set a guideline for employee promotion (promotion path), and clearly determine training hours on management for an employee who will be promoted to a managerial position, and this guideline shall be used for employee development.

5. Employee Development

5.1 Set a competency-based training course upon training need. A variety of comprehensive training courses shall be provided, both in house and public, aiming at Knowledge Development, Attitude Development and Skill Development.

5.2 Determine criteria for selecting eligible employees for training, by considering those with high competency and potential (successors) and other employees in a related field.

5.3 Conduct non-training and/or knowledge sharing events in which employees are allowed to participate according to their interests, such as a forum on best practice of various business units whether copyright collection, radio, show biz or online business, including other interesting activities like makeup courses, gift wrapping courses, personal financial planning courses, etc.

6. Additionally, the Company attaches great importance to building an employee awareness of Corporate Social Responsibility (CSR) and a sense of engagement in employees, on a continual basis, through the following activities:

6.1 Home Building with Habitat for Humanity Thailand

Objectives:	Act in support of home-building activity for the poor in Thailand while at the same time make employees proud of themselves and the organization
Type of Activity	Coordinate and participate in the program led by Habitat for Humanity Thailand, and encourage employees to be a volunteer in support of the program.
Related Organization	Habitat for Humanity Thailand
Expected Results	Employees are proud of the organization and earn self esteem from their social contribution.

6.2 Blood Donation

Objectives:	Build employees' consciousness of social responsibility and contribution.
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Internal Audit

The company emphasized the importance of building and developing an internal control system sufficiently and appropriately in line with the business operations. This is to prevent the company's assets from any damage or being exploited wrongfully, with the internal audit unit responsible for examining important financial transactions and reporting on their auditing which was carried out independently and directly by the internal audit committee.

The Board of Directors Meeting No. 1/2009 was held on February 27, 2009 with three members of the audit committee taking part. The Board evaluated the requirements of the internal control system by requesting information from the administrators. They filled in evaluation forms on the internal control system of the company themselves.

The company's internal control system is evaluated in five sectors: the organization and surrounding environment, risk management; the administrators' work control, public relations and information systems and the follow-up system. According to the Board, the company has a sufficient internal control system.

Description of Management Team and other persons overseeing the Company
As at 31 December 2008

No.	Name/ Title	Age	Director Category	Education	% of share owned	Family relationship between executive	Experience in past 5 years			Director Training with Thai Institute of Directors Association (IOD)	Directorship in other companies that are not held by RS Public Company Limited
							Period	Job Title	Employment Record		
1.	Mr. Kriengkai Chetchotisak Chairman	54	Authorized Director	Master's Degree Business Administration (Honorary) Ramkhamhaeng University	14.29	Sibling of executive No. 2-3	1992-present	Chairman	RS Public Company Limited	Director Accreditation Program (DAP) 2003	Nil.
2.	Mr. Surachai Chetchotisak Vice Chairman Chief Executive Officer	46	Authorized Director	Doctoral Degree Business Administration (Honorary) Chandrakasem Rajabhat University Bachelor's Degree Political Science Ramkhamhaeng University	18.43	Sibling of executive No. 1 and 3	2003-present 1992-present	Vice Chairman Chief Executive Officer	RS Public Company Limited RS Public Company Limited	Director Accreditation Program (DAP) 2003	Director of Chetchotisak Co., Ltd.
3.	Mr. Suwat Chetchotisak Director and Vice Chairman to Executive Committee	43	Authorized Director	Bachelor's Degree Mass Communication Bangkok University	14.03	Sibling of executive No. 1-2	2003-present October 2003-June 2005	Director and Vice Chairman to Executive Committee Deputy Managing Director - Media Business	RS Public Company Limited RS Public Company Limited	Director Accreditation Program (DAP) 2003	Director of Chetchotisak Co., Ltd.
4.	Mr. Danaisidh Peslapunt Director and Executive Vice President	53	Authorized Director	Thai Bar Degree Thai Bar Degree Institute of Legal Education Thai Bar Association Bachelor's Degree Faculty of Law Ramkhamhaeng University	-	-	2007-present 1997-2007	Executive Vice President Legal Advisor	RS Public Company Limited RS Public Company Limited	Directors Certification Program (DCP) 2008 Financial Statements for Directors (FSD) 2008 Director Accreditation Program (DAP) 2008	Nil.
5.	Mrs. Pompan Techarungchaikul Director and Executive Director Chief Operating Officer	38	Authorized Director	Master's Degree Business Administration Sasin Graduate Institute of Business Administration of Chulalongkorn University Bachelor's Degree Statistics Chulalongkorn University	-	-	April 2004-present July 2007-present 1-30 Jun. 2007 April 2003-May 2007	Director and Executive Director Chief Operating Officer Senior Executive Vice President Deputy Managing Director	RS Public Company Limited RS Public Company Limited RS Public Company Limited RS Public Company Limited	Directors Certification Program (DCP) 2007 Director Accreditation Program (DAP) 2004	Nil.
6.	Mr. Darm Nana Director Chief Financial Officer	39	Authorized Director	Master's Degree Master of Business Administration (MBA) University of Notre Dame, Indiana, U.S.A. Bachelor's Degree Economics Thammasat University	-	-	September 2007-Present January 2002-September 2007	Director and Chief Financial Officer Senior Vice President	RS Public Company Limited HSBC	Director Accreditation Program (DAP) 2008 Directors Certification Program (DCP) 2008	Nil.
7.	Mr. Phisit Dachanabhirom Independent Director Audit Committee Chairman	68	Audit Committee	Bachelor's Degree Accounting Thammasat University Commerce Thammasat University	-	-	February 2007-present 2001-present 2003-present 2003-present 2002-present 1992-present	Independent Director and Audit Committee Chairman Executive Chairman Independent Director and Audit Committee Chairman Independent Director and Audit Committee Chairman Director and Advisory of the Director / Polifarm Co., Ltd. Director	RS Public Company Limited Professional Alliance Group Limited Jaymart Public Company Limited K-Tech Construction Public Co., Ltd. Phuket International Hospital Co., Ltd. Polifarm Co., Ltd.	Directors Certification Program (DCP) 2007 Audit Committee Program (ACP) 2005 Director Accreditation Program (DAP) 2004	Executive Chairman / Professional Alliance Group Limited Independent Director and Audit Committee Chairman / Jaymart Public Company Limited Independent Director and Audit Committee Chairman / K-Tech Construction Public Company Limited
8.	General Pairoj Panichsamai	61	Audit Committee	Master's Degree Social Development National Institute of Development Administration Bachelor's Degree Royal Military Academy Sandhurst U.K. School of Law LL.N. Ramkhamhaeng University	-	-	January 2007-present 2006 2005 2000	Independent Director and Audit Committee Member Deputy Supreme Command Headquarters (SCHQ) Chairman of the RTA Advisory Board Commanding General Army Weapons Production Control Center	RS Public Company Limited Supreme Command Headquarters Royal Thai Army Royal Thai Army	Director Accreditation Program (DAP) 2007 Directors Certification Program (DCP) 2007 Audit Committee Program (ACP) 2007 Finance for Non-Finance Director (FN) 2007	Nil.
9.	Mr. Witaya Danthamrongkul	46	Audit Committee	Master's Degree Master of Business Administration (MBA) Oregon State University, U.S.A. Bachelor's Degree Economics (First Honour)/ Thammasat University	-	-	April 2007-present Present 2006-2007 2000-2001	Independent Director and Audit Committee Member Associate Professor Level 9 Lecturer of Faculty of Human Resources and Organization Management Director of MBA Journal Project Training Director	RS Public Company Limited Faculty of Commerce and Accountancy Thammasat University Faculty of Commerce and Accountancy / Thammasat University Faculty of Commerce and Accountancy / Thammasat University Institute For Small and Medium Enterprises Development (ISMED)	Director Accreditation Program (DAP) 2007 Directors Certification Program (DCP) 2007	Nil.

RS Public Company Limited

Description of Management Team and other persons overseeing the Company
As at 31 December 2008

No.	Name/ Title	Age	Director Category	Education	% of share owned	Family relationship between executive	Experience in past 5 years			Director Training with Thai Institute of Directors Association (IOD)	Directorship in other companies that are not held by RS Public Company Limited
							Period	Job Title	Employment Record		
10.	Mr. Yanyong Akrajindanon	44	-	Master's Degree Business Administration Thammasat University Bachelor's Degree Faculty of Commerce and Accountancy Thammasat University Other Directors Certification Program Class 27 Certified Professional Marketer (Asia/ Pacific)	-	-	March 2004-present 2004-2008 2001-2003	Senior Executive Vice President Independent Director and Audit Committee Member Chief Executive Officer	RS Public Company Limited Thai Unique Coil Center Public Company Limited Traffic Corner Holdings Public Company Limited	Directors Certification Program (DCP) 2003	Nil.
11.	Mrs. Montira Limpanarom	51	-	Master's Degree Business Administration Kasetsart University Bachelor's Degree Economics Thammasat University	-	-	2006-present 2000-2005	Senior Executive Vice President - Corporate Sales Senior Executive Vice President	RS Public Company Limited JSL Co., Ltd	-	Nil.



Details and information of related party transactions of the Company, subsidiary companies, and related companies are illustrated in Note 4 of the financial statements as of December 31, 2008 and 2007. The Company's Audit Committee had examined the related party transactions and made a remark that those related party transactions are in accordance with general conditions and normal business operations.

In 2008 from January 2008, the Company and its subsidiaries underwent related party transactions with individuals who may possess a conflict of interest as follows:

Person who may encounter conflicts	Relationship
Chetchotisak Company Limited	Mr. Surachai Chetchotisak is a director and shareholder holding 18.70% of the paid-up capital of Chetchotisak Co., Ltd.
	Mr. Suwat Chetchotisak is a director and shareholder holding 14.35% of the paid-up capital of Chetchotisak Co., Ltd. He is also a director and shareholder holding 14.03% of the Company's paid-up capital.
	Miss Malee Chetchotisak is a director and shareholder holding 14.50% of the paid-up capital of Chetchotisak Co., Ltd. She is a sibling of Mr. Surachai Chetchotisak and Mr. Suwat Chetchotisak.
Mr. Kriengkai Chetchotisak	He is a director and shareholder holding 14.29% of the Company's paid-up capital.
Mr. Surachai Chetchotisak	He is a director and shareholder holding 18.43% of the Company's paid-up capital.

Remark : The shareholding proportion of persons who may encounter conflicts was dated on 31 December 2008.

Nature of Related Party Transactions and Pricing Conditions and Policy

The pricing of related party transactions was principally concentrated on the assets rental and appropriate determined based on the market price and other conditions insignificantly different from those in the market. The related party transactions comprised of :

Office Rental

In the financial statements for the year ended December 31, 2008 and 2007, the Company and subsidiaries made payment of the office rental, central service fee, public utilities expense and other rentals to Chetchotisak Company Limited (representing the party with whom the conflict of interest may arise) in the amount of Baht 69.92 million and Baht 69.28 million, respectively.

The party with whom the conflict of interest may arise collected the rental and central service fee from the company at the rate of Baht 287-297 per square meter. For the rental of studios and other nearby buildings, the charter collection was applied to rental and central service fee (charter service fee collection means the rental and service fee were charged to the whole building rather than the number of square meters based on the conditions of each building for rent). The mentioned rate was reasonable when compared to the rental for nearby buildings, which were charged for Baht 400-650 per square meter. The charge of public utilities expense, including electricity and water supply, was calculated by cost plus 10% and the collection was based on the rental space (Baht 3-5 per unit for electricity on average and Baht 15-18 per unit for water supply on average).

However, the office the Company rented from Chetchotisak Company Limited was the office Chetchotisak Company Limited rented from the Company's director and improved the townhouse utility space into the office. The Company provided facilitation of public utilities and charged the rental/service fees at the charter rate, with an average rate about Baht 241 per square meter (calculate from rental / service charge as total package cost divided by average usage area of the building) which was at lower average rate than the Chetchotisak building 1-3. This was reasonable rate as in the detailed comparison in previous section. Moreover, reason that the Company had to sub-rent from the Chetchotisak Company Limited, because this company was an expert in office rental management.

Office Rental

Building/ Address	Renter	Rent by	Rented space (square metre)	Rental fee, central service fee/ month (million Baht)	Electricity charge and water supply fee		Contract period		Approved by (**)
					2007 (million Baht)	2008 (million Baht)	start	end (*)	
1. Chetchotisak Building 1 419/1 Soi Ladphrao 15, Jatujak, Bangkok	Chetchotisak Co., Ltd.	RS Public Company Limited	4,146	1.22	3.81	3.50	April 2006	March 2009	Board of Directors
2. Chetchotisak Building 2 419/2 Soi Ladphrao 15, Jatujak, Bangkok	Chetchotisak Co., Ltd.	RS Public Company Limited Sky-High Network Co., Ltd. RS In-store Media Co., Ltd.	3,965 1,410 445	1.16 0.42 0.13	4.29 1.45 0.30	4.01 1.51 0.44	April 2006 October 2006 May 2007	March 2009 March 2009 March 2009	Board of Directors Board of Directors Board of Directors
3. Chetchotisak Building 3 419/3 Soi Ladphrao 15, Jatujak, Bangkok	Chetchotisak Co., Ltd.	RS Public Company Limited RS International Broadcasting & Sports Management Co.,Ltd. Blu Fairy Co.,Ltd.	1,292 310 320	0.37 0.09 0.10	0.99 0.22 -	1.24 0.35 -	July 2007 Dec 2008 Dec 2008	July 2010 July 2010 July 2009	Management (***) Management (***) Under process by Management (***)
4. Building 164/74 Soi Ladphrao 1, Jatujak, Bangkok	Chetchotisak Co., Ltd.	RS Public Company Limited	(Lump sum price)	0.35	1.41	1.81	April 2006	March 2009	Board of Directors
5. Building 203/34-36 Soi Ladphrao 15, Jatujak, Bangkok	Mr. Kriengkai Chetchotisak / Chetchotisak Co., Ltd.	Thai Copyright Collection Co., Ltd.	(Lump sum price)	0.14	0.52	0.48	April 2006	March 2009	Board of Directors
6. Building 203/18-20 Soi Ladphrao 15, Jatujak, Bangkok	Mr. Kriengkai Chetchotisak / Chetchotisak Co., Ltd.	Thai Copyright Collection Co., Ltd.	(Lump sum price)	0.17	0.33	0.26	April 2006	March 2009	Board of Directors

Note :

* The rental agreement may be renewed at expiry. (The rental agreement renewal may not be automatically enabled and the reconsideration at any renewal shall be made).

** The Related Party Transactions were approved and disclosed as per the regulations of the Stock Exchange of Thailand.

*** This agreement was proceeded by Management since the size of the transaction did not meet the criteria that required the approval of the Board of Directors as per the stipulation of the Stock Exchange of Thailand.

Land Rental

In the financial statements for the year ended December 31, 2008 and 2007, the Company and subsidiaries made payment of land rental to Chetchotisak Company Limited in the amount of Baht 5.44 million and Baht 6.29 million, respectively.

The subsidiary company rented the land from related parties for the purpose of building the office or prop. The office incurred rather low cost and was of only one storey.

Chetchotisak Company Limited charged the land rental at the rate of Baht 150-200 per square wah, which was considered reasonable when compared to the rental charged to the nearby land. The rental details were as follows:

Land Rental

Tyle	Renter	Rent by	Contract term (*)	Rental fee/ month (Baht)	Approved by (**)
1. Land 500 square wah Soi Ladphrao 15 Jatujak, Bangkok	Chetchotisak Co., Ltd.	RS Public Company Limited	April 2006 - February 2009	75,000	Board of Directors
2. Land 1,609 square wah Soi Ladphrao 15 Jatujak, Bangkok	Chetchotisak Co., Ltd.	RS Public Company Limited	August 2008 - July 2011	204,600	Management (***)
		YAAK Co., Ltd.	Sep 2008- July 2011	82,500	
3. Land 404 square wah Soi Ladphrao 15 Jatujak, Bangkok	Chetchotisak Co., Ltd.	RS Public Company Limited	July 2006 - June 2009	86,000	Management (***)
4. Land 52 square wah Soi Ladphrao 15 Jatujak, Bangkok	Chetchotisak Co., Ltd.	Sky-High Network Co., Ltd.	December 2006 - March 2009	5,000	Management (***)

Note :

* The rental agreement may be renewed at expiry. (The rental agreement renewal may not be automatically enabled and the reconsideration at any renewal shall be made).

** The Related Party Transactions were approved and disclosed as per the regulations of the Stock Exchange of Thailand.

*** This agreement was proceeded by Management since the size of the transaction did not meet the criteria that required the approval of the Board of Directors as per the stipulation of the Stock Exchange of Thailand.

Purchase of Fixed Assets

-Nil-

Guarantee

The Company and its director had the obligation incurred from the guarantee of loan from bank for the subsidiary as at December 31, 2008 as follows:

Company	Bank Overdraft and Loan from banks at December 31, 2008 (Million Baht)	Guarantee
RS Public Company Limited	427.00	Mr. Kriengkai Chetchotisak and Mr. Surachai Chetchotisak (full collateral)
RSI-Dream Entertainment Co.,Ltd.	18.89	RS Public Company Limited (full collateral)
RS International Broadcasting & Sports Management Co.,Ltd.	146.20	RS Public Company Limited (full collateral) (*)

Note : No guarantee charge to the company and subsidiary company.

* The creditor bank requested that the Company guaranteed on full credit amount to make collateral more respectable. However, the Company made arrangement on risk management from loan guarantee for the affiliated company which had shareholding less than 100%, by allowing the Management, and/or the remaining shareholders in this particular affiliated company to make additional loan guarantee contract as in proportion to the remaining shareholding.

The Necessity and Rationale of the Related Party Transactions

All related party transactions are done under the necessity and rationale of the transactions to optimize the firm benefit. In 2008, the related party transactions between the Company and the subsidiary companies and related parties, the core transaction of which are Land rental, Office rental and Guarantee, were under normal course of business, no special condition and no transfer of interest. Pricing, fee rate and/or interest rate could be compared with other entities' transactions and has been disclosed in the notes to financial statements of 2008.

The Audit Committee has reviewed the related party transactions such as sales and purchase of goods or assets, copyright, production service, organizing concerts and marketing activities, sales of advertising, services, loan interest, and etc., disclosed in the notes to financial statements of 2008 and has the following comments.

The mentioned transactions occurred under normal course of business, necessity and rationale of the connected transactions to optimize the firm benefit.

Measures or Steps of Approval in Related Party Transactions

The company has set a policy for the approval of related party transactions. The related party transactions has rooted in necessity, rationale and optimal of the firm benefit and conditions are indifferent to the transaction with external parties. In case of the significant related party transactions, conducted in accordance with the rule governing listed securities, all approval must be consented by the Audit Committee, the Board of Directors and Shareholders' meeting excluding votes of the related persons.

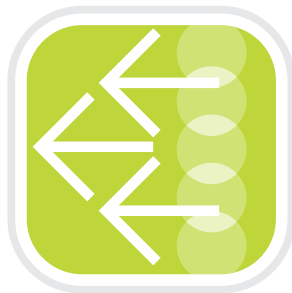
Policy and Future Potential of Related Party Transactions , including acquisition and disposal of assets

The company still maintains the policy for transactions between the company and the subsidiary companies such as office rental, land rental and guarantee of loan from bank by the company's director. However, the company has no policy that may lead to conflict of interests between the related persons (such as loan and guarantee of loan etc.), except for the case that will optimize the firm benefit, and conditions are indifferent to the transaction with external parties. The company will ensure that all transactions will be consented by the Board of Directors and Shareholders' meeting under the condition that disclosure is to be in accordance with the rule governing listed securities.



Management Discussion and Analysis

RS 2008 ANNUAL REPORT



Board of Directors' Report

To Shareholders,
RS Public Company Ltd.

The Board of Director is responsible for the reporting of the consolidated financial statements on the company and subsidiaries, contents of which have been consistently prepared with respect to the Thai generally accepted accounting standards where prudence are duly exercised and information disclosed in the notes accompanying the statements.

The Extraordinary General Meeting of Shareholders No. 1/2546 has approved an Audit Committee comprising independent directors who are not involved in the day-to-day operations to take responsibility over the quality of the financial reports and internal controls, which the Audit Committee's opinion was described in Audit Committee Report shown in this annual report.

The Board of Director has considered the consolidated financial statements of 2008 on the company and subsidiaries and concurs with the Executives and the authorised auditors that the company's the financial position and the result of operation presents fairly in conformity with generally accepted accounting principles.



(Kriengkai Chetchotisak)
Chairman

บริษัท อีสโอด จำกัด (มหาชน)
RS Public Company Limited




(Surachai Chetchotisak)
Vice Chairman / Chief Executive Officer

Audit Committee Report

To Shareholders,
RS Public Company Ltd.

In 2008, the Audit Committee performed its duties in accordance with the Audit Committee Charter approved by the Board of Directors, and encouraged to enhance good corporate governance. This was to ensure transparency, ethics, and code of conduct which created confidence towards shareholders, and other stakeholders. The financial statements of 2008 had been reviewed to ensure accuracy, and adequate disclosure especially on consideration and support on complete information disclosure of related transactions, or items that might have conflict of interest. The operations were reasonably proceed and generated optimum benefits to the Company and shareholders. The Audit Committee held meetings with internal and external auditors in order to discuss and exchange views on risk assessment, audit results and the adequacy of the internal control systems, including suggestion on prevention or reduction of risks. The Audit Committee also considered and approved internal audit plans, as well as overseeing the company's operations to ensure transparency and compliance with the related laws and regulations.

The Audit Committee has considered and concurs with the authorized auditors that the company's financial statements and financial data disclosure are correct and meet the general accounting standard. The Company's internal control systems are appropriate and no substantial defect has been found. The Company conducts its operations in accordance with the securities and exchange law, the notifications and regulations of the Stock Exchange of Thailand or related rules, and the good corporate governance policy, including the policy for transactions that might have conflict of interest. In addition, based on its duties under Audit Committee Charter the material misconduct has not been found.

The Audit Committee has considered the auditor's work and qualification that is appropriate and makes proposal to the Board of Directors that it should seek approval from the Shareholders' Meeting to appoint ANS Audit Company Limited as the company's auditor for 2009.



(Phisit Dachanabhirom)
Chairman of the Audit Committee

Financial Position and Operation Results

Financial statements

The information details of the financial statements of the Company as at December 31, 2008 and 2007 are shown as following.

Audit report summary

The financial statements of the Company for the years 2002, 2003, 2004 and 2005 were audited by KPMG Bhumichai Audit Company Limited.

The financial statements of the Company for the years 2006, 2007 and 2008 were audited by ANS Audit Company Limited.

The auditors expressed their opinions without remarks in their reports on the financial statements of the Company referred to in the preceding paragraphs that they present fairly, in all material respects, the financial position and operation results in conformity with generally accepted accounting principles.

Tables outlining financial statements
RS Public Company Limited
Consolidated financial statements
As at December 31, 2006, 2007 and 2008

(Baht)

Description	2006 (Audited)	Consolidated 2007 (Audited)	2008 (Audited)
Assets			
Current Assets			
Cash and cash equivalents	149,334,093	186,798,955	193,274,999
Accounts receivable - others - net	816,050,387	745,993,416	540,927,231
Inventories - net	141,757,004	67,146,048	76,996,817
Other current assets	415,073,368	357,330,572	379,326,986
Total current assets	1,522,214,853	1,357,268,991	1,190,526,033
Non-Current Assets			
Property, plant and equipment - net	291,169,691	194,154,310	231,791,911
Intangible assets - net	260,626,392	407,553,043	359,124,011
Other non-current assets	57,920,527*	108,561,674*	102,192,203
Total non-current assets	609,716,610	710,269,027	693,108,125
Total Assets	2,131,931,462	2,067,538,017	1,883,634,158

RS Public Company Limited
Consolidated Financial Statements (Cont'd)
As at December 31, 2006, 2007 and 2008

(Baht)

Description	2006 (Audited)	Consolidated 2007 (Audited)	2008 (Audited)
Liabilities and Shareholders'			
Equity			
Overdrafts and short-term loans			
from financial institutions	158,989,133	394,214,268	592,090,713
Accounts and notes payable - others	357,342,038	410,480,966	277,280,891
Obligations under financial leases			
within one year	6,845,427	8,687,324	8,612,072
Unearned revenues	85,349,207	84,797,291	83,669,352
Other current liabilities	354,152,144	236,621,783	297,394,604
Total current liabilities	962,677,948	1,134,801,632	1,259,047,631
Non-current liabilities			
Obligations under financial leases	32,871,369	28,723,491	19,506,480
Long-term loans from financial Institutions	-	-	99,700,000
Other non-current liabilities	2,014,967	955,724	5,706,979
Total non-current liabilities	34,886,336	29,679,215	124,913,459
Total liabilities	997,564,284	1,164,480,846	1,383,961,091
Shareholders' Equity			
Share capital			
Registered capital	700,000,000	900,000,000	900,000,000
Paid-up capital	700,000,000	700,000,000	700,000,000
Premium on common stocks	297,522,591	204,201,092	204,201,092
Other surpluses	409,440	6,230	(36,598)
Retained earnings (deficit)			
Appropriated - statutory reserve	5,575,472	-	-
Unappropriated	105,933,975	(21,842,427)	(420,268,109)
Major shareholders' equity	1,109,441,478	882,364,896	483,896,385
Minor shareholders' equity	24,925,700	20,692,275	15,776,683
Total shareholders' equity	1,134,367,178	903,057,171	499,673,067
Total liabilities and shareholders' Equity	2,131,931,462	2,067,538,017	1,883,634,158
Cash flows from operating activities	65,633,960	78,879,552*	143,359,766
Cash flows from investing activities	(139,004,768)	(156,809,309)*	(383,474,406)
Cash flows from financing activities	(4,078,964)	115,394,618*	246,590,683
Net increase (decrease) in cash and cash equivalents	(77,449,771)	37,464,862	6,476,044

Remark * Reclassified according to the Financial Statements 2008

RS Public Company Limited
Consolidated Statements of Income
As at December 31, 2006, 2007 and 2008

(Baht)

Description	2006 (Audited)	Consolidated 2007 (Audited)	2008 (Audited)
Revenues			
Income from music & digital business	1,136,865,149*	908,325,512*	757,877,392
Income from show business	561,383,951*	509,400,514*	591,657,333
Income from movie business	231,470,039	296,334,369	118,180,313
Income from sports business	- *	30,602,495*	214,954,675
Income from media business	1,126,269,798	685,220,595	644,619,757
Income from service & support business	22,120,646	26,804,582	16,813,750
Total revenues	3,078,109,583	2,456,688,066	2,344,103,220
Cost of sales and production	2,231,446,559	1,842,937,300	2,102,709,949
Gross profit	846,663,024	613,750,767	241,393,271
Other income	62,128,680	59,211,261*	27,337,482
Selling and administrative expenses	727,187,443	785,758,840*	615,513,628
Directors' remuneration	925,000	2,334,750	2,420,000
Profit (loss) before interest and income tax expenses	180,679,260	(115,131,563)	(349,202,875)
Interest expenses	11,237,738	18,401,512	38,966,237
Income tax expenses	16,717,864	4,577,002	13,694,515
Net profit (loss)	152,723,658	(138,110,077)	(401,863,627)
Net loss (profit) of minority interest	1,939,044	16,436,704	3,437,945
Net profit (loss) of majority interest	154,662,703	(121,673,373)	(398,425,682)
The weight-averaged number of shares at the par value of 1 baht per share	700,000,000	700,000,000	700,000,000
Primary earnings (deficit) per share (baht)	0.22	(0.17)	(0.57)

Source: The management of the Company had the items in the financial statements for the years 2007 and 2006 reclassified in accordance with the revenue structure for each business line.

Financial Ratios

RS Public Company Limited
Key Financial Ratios
As at December 31, 2006, 2007 and 2008

Financial Ratios	2006	2007	2008
Liquidity Ratios			
Liquidity ratio (times)	1.58	1.20	0.95
Quick ratio (times)	1.06	0.89	0.64
Cash flow liquidity ratio (times)	0.07	(0.09)	0.12
Accounts receivable turnover ratio (times)	3.90	2.91	3.27
Average collection period (days)	92.33	123.74	110.03
Inventory turnover ratio (times)	9.83	10.11	17.51
Average days sale ratio (days)	36.62	35.61	20.56
Accounts payable turnover ratio (times)	6.69	4.80	6.11
Payment period (days)	53.80	74.99	58.88
Cash cycle (days)	75.15	84.35	71.71
Profitability Ratios			
Gross profit margin (%)	27.51%	24.98%	10.30%
Operating Profit margin (%)	3.85%	(7.00%)	(15.96%)
Other Profit margin (%)	1.98%	2.35%	1.15%
Net profit margin (%)	4.93%	(4.84%)	(16.80%)
Return on equity (%)	14.80%	(11.94%)	(56.81%)
Efficiency Ratios			
Return on assets (%)	7.75%	(5.79%)	(20.17%)
Return on fixed assets (%)	78.23%	(21.84%)	(154.81%)
Asset turnover ratio (times)	1.57	1.20	1.20
Financial Policy Ratios			
Debt to equity ratio (times)	0.88	1.29	2.77
Interest coverage ratio (times)	11.05	(0.24)	6.36
Debt service coverage ratio - cash basis (times)	0.25	(0.33)	0.09
Dividend payout ratio (%)	-	67.89%	-
Share information			
Book value per share (baht)	1.62	1.29	0.71
Primary earnings per share (baht)	0.22	(0.17)	(0.57)

Source: The key financial ratios for the year 2006 were calculated from the 2006 financial statements of which its items were reclassified in accordance with the 2007 financial statements.

Explanation and analysis by the management

The explanation and analysis by the management in this section was conducted based on the operation results of RS Public Company Limited and the subsidiaries in accordance with the financial statements audited by certified public accountants for the years ended December 31, 2008, 2007 and 2006. The overall performance of RS group is illustrated in five main business lines namely music & digital business, show business, movie business, sports business, and media business.

Operation results in each business line

Based on the financial statements for the year ended December 31, 2008, 2007 and 2006, the revenue recognition of RS group can be classified by business line as follows:

Sources of Revenues	2006		2007		2008	
	(Million Baht)	(%)	(Million Baht)	(%)	(Million Baht)	(%)
Music & digital business	1,136.8	36.2%	908.3	36.1%	757.9	32.0%
Show business	561.4	17.9%	509.4	20.2%	591.7	25.0%
Movie business	231.5	7.4%	296.3	11.8%	118.2	5.0%
Sports business	-	0.0%	30.6	1.2%	214.9	9.1%
Media business	1,126.3	35.9%	685.2	27.2%	644.6	27.2%
Service & support business	22.1	0.7%	26.8	1.1%	16.8	0.7%
Total operating income	3,078.1	98.0%	2,456.6	97.6%	2,344.1	98.8%
Other income	62.1	2.0%	59.2	2.4%	27.3	1.2%
Total revenues	3,140.2	100.0%	2,515.8	100.0%	2,371.4	100.0%

Source: The management of the Company had the items in the financial statements for the years 2007 and 2006 reclassified in accordance with the revenue structure for each business line.

The comparison of the finance statements (2008 Vs 2007) showed overall performance as follows:

The consolidated financial statements for the year ended December 31, 2008 showed the net loss of Baht 398.4 million, compared with the net loss of Baht 121.7 million for the year ended December 31, 2007, thus representing a year-on-year increase in net loss by Baht 276.7 million.

Revenues

The total revenues for the year ended December 31, 2008 amounted to Baht 2,371 million showing a year-on-year decrease by Baht 144.4 million or 5.7% of which its cause can be explained by business type as follows:

Income from music and digital business

In 2008, the Company's earned income in music and digital business amounted to Baht 757.9 million representing a year-on-year decrease by Baht 150.4 million or 16.6%, which was mainly caused by the

reduced income from the distribution of music products by 47.9% and the decline in CD, VCD and DVD sales. However, the income from digital contents rose by 42.1% which was largely due to a monthly increase in revenue sharing derived from operators, and the revenue-sharing ratio in each download will be adjusted higher by the end of the year 2009, as well as a year-on-year increase in number of hit songs for download.

Unfortunately, the increased income from digital contents was unable to offset the decreased income from the distribution of music products.

Income from show business

In 2008, the Company's earned income in show business amounted to Baht 591.7 million representing a year-on-year increase by Baht 82.3 million or 16.2%.

The income from show business usually comes from concerts and marketing events, artist administration fees, and the taking of jobs as stage production contractor. In 2009, the Company has planned to take more jobs as stage production contractor and organize more concerts. The big concerts this year include Summer Festival, Carabao concert, Winter Music Festival, Ponglang Sa-On concert, Film Mission Possible Live in Concert, Pan Tanaporn concert, and "Beam" in Concert, etc.

Income from movie business

In 2008, the Company's earned income in movie business amounted to Baht 118.2 million representing a year-on-year decrease by Baht 178.1 million or 60.1% which was mainly caused by fewer numbers and smaller box-office revenues of the movies than those in 2007.

In 2008, there were totally 4 movies shown at the theatres namely "First Flight", "Dream Team", "Angel" and "Superstar", excluding "Ponglang amazing theatre" because it hit the theatre by the end of the year 2007 and was shown across the year. In 2007 there were 5 movies namely "Vow of Death", "Bus Lane", "Seven days twenty-four hours (7/24)", "The House", and "Ponglang amazing theatre".

Income from sports business

In 2008, the Company's earned income in sports business amounted to Baht 215.0 million representing a year-on-year increase by Baht 184.3 million or 602.4% which was mainly derived from the events/activities with regard to Euro football program; however, the Company extended the investment in indoor stadium (seven-a-side football) operated under the name of "S-One", commencing its operation in the middle of the year, and the said indoor football stadium has got pretty good feedback from both sponsors and players.

Income from media business

In 2008, the Company's earned income in media business amounted to Baht 644.6 million representing a year-on-year decrease by Baht 40.6 million or 5.9%

Media income came from TV, radio, in-store and print advertising.

The decrease in media-derived income was mainly caused by a drop in revenue from drama series and a reduction of music programs because they could not generate worthwhile income, compounded by a decline in revenue from print advertising by 71% because the Company has stopped running print advertising since midyear 2008.

The Company in 2008 had the full-scale expansion of in-store advertising that can stimulate impulse purchases or create opportunities for merchandizing at the point of sale; furthermore, an average price per spot is not relatively high compared to other advertising media, thus enabling the Company to efficiently manage the income from the sale of advertising space.

As for radio media, one radio wave was cancelled; however, the overall income dropped by 5 percent thanks to Cool 93.0 FM which has been the Number 1 rated radio station in the easy listening segment (according to Nielsen Research), resulting in the continuous income growth.

Costs, Selling and Administrative Expenses, Gross Profit Margin, Operating Profit Margin, and Net Profit (Loss) Margin

Costs of sales and production for the year ended December 31, 2008 amounted to Baht 2,102.7 million representing a year-on-year increase by Baht 259.8 million or 14.1% mainly due to an increase in the cost of Euro football events.

The economic slowdown during the first half of the year resulted in negative deviations from the target income compounded by the high production costs of some projects entailing a year-on-year decrease in gross profit margin by 14.7% (i.e. 10.3% in 2008 and 25.0% in 2007).

Selling and administrative expenses for the year ended December 31, 2008 amounted to Baht 610.3 million representing a year-on-year decrease by Baht 175.5 million or 22.3% due to the Company's improved efficiency in cost management whether in sales promotion, inventory control or

staff expense.

The above information, as a whole, represented the net profit (loss) margin at (16.8) percent.

The Company wishes to additionally clarify the effects from the accounting policy for recording the investment in subsidiary as follows:

In 2008, the Company changed the accounting policy for recording the investment in subsidiary from the equity method to the cost method in the company financial statement of the Company in order to comply with the announcements of Federation of Accounting Profession. The company financial statements of prior periods were therefore retroactively revised as if the investment in subsidiary has been recorded using the cost method, thus resulting in the increase in net profit margin by Baht 55.3 million (Baht 0.08 per share) for the year ended December 31, 2006 and the decrease in retained earnings brought forward to the early of the years 2007 and 2006 by Baht 115.5 million and Baht 170.9 million respectively.

However, the said change of accounting policy only affected the items regarding the investment in subsidiary in the company financial statement - in other words it did not affect the consolidated financial statements and the basic factors in running the Company's business.

Financial Position

Asset Components

As at December 31, 2008 the Company had the total asset of Baht 1,883.6 million which was divided into current asset by 63.2 percent and non-current asset by 36.8 percent.

The total asset for the year 2008 showed a year-on-year decrease by 8.9 percent largely due to the fall in accounts receivable and accrued income by 19.4 percent due to the receipt of long overdue payment, the decline in revenues from music distribution, and the amortization of intangible assets such as copyrights into production cost upon work completion.

However, the above fall offset a 19.4-percent rise in the value of property, plant and equipment from the extended investment in the football stadium ("S-One").

Asset Quality

Accounts receivable

The amounts of accounts receivable for the consolidated financial statements as at December 31, 2008, 2007 and 2006 can be classified by overdue period as follows:

(Million Baht)

	2006	2007	2008
Accounts receivable			
Not yet due	608.1	488.7	358.4
Overdue			
Less than 3 months	106.2	207.4	153.5
3 - 6 months	63.2	31.1	12.3
6 - 12 months	48.2	5.2	33.0
More than 12 months	44.9	85.9	57.3
Total	870.6	818.3	614.5
Less Allowance for doubtful accounts	(54.5)	(72.3)	(73.6)
Accounts receivable - Net	816.1	746.0	540.9

The accounts receivable of the Company are largely arisen from normal business activities that the Company may call for an advance payment/deposit in partial amounts or offer a credit term ranging between 60 and 90 days depending on each type of product or service. A debt servicing period largely conforms to a credit term given by the Company, except governmental debtors which the payment is rather delayed due to bureaucratic procedure but the risk of bad debts is relatively low.

Allowance for doubtful accounts-accounts receivable

The Company recorded the allowance for doubtful accounts, as at December 31, 2008 in an increased amount by Baht 1.3 million (from Baht 72.3 million in 2007 to Baht 73.6 million in 2008), by considering debt amounts owed by individual debtors who were likely to have problem servicing debts and incur difficulty to the Company in debt collection, and the amount taken into consideration covered all debts each debtor owed to the Company. The Company has actively chased debts and has reviewed the allowance for doubtful accounts in every quarter to ensure that the debt amount shown in the financial statements reflects the amount of debt service the Company expects to be paid.

Liquidity

Cash Flow

For the year ended December 31, 2008 the Company had an increase in cash and cash equivalents by Baht 6.5 million, which the net cash of Baht 143.4 million was derived from operating activities, the net cash of Baht 383.5 million was spent in investing activities, and the net cash of Baht 246.6 million was derived from financing activities.

The net cash spent in operating activities was arisen from the payment of copyrights and operating expenses under the normal course of business while the net cash spent in investing activities was largely the investment in fixed assets as the result of the business expansion plan. Lastly, the net cash derived from financing activities was an increase in overdrafts and loans from financial institutions for use as the working capital of the Company.

	2006	2007	2008
Liquidity Ratio (times)	1.58	1.20	0.95
Quick Ratio (times)	1.06	0.89	0.64

Despite lesser liquidity in 2008 than in 2007, the Company had no problem lacking liquidity in the operations because the Company was able to obtain loans from a back-up source of funds for use as the working capital.

Sources of Funds

Liabilities

Total liabilities in 2008 were up from those in 2007 by 18.8 percent largely due to an increase in borrowing from financial institutions for use as the working capital. As at December 31, 2008 the Company had the total liabilities of Baht 1,384.0 million, which mostly consisted of overdrafts and loans from financial institutions and accounts payable under the normal course of business operations.

Shareholders' Equity

As at December 31, 2008 the shareholders' equity was Baht 499.7 million representing a year-on-year decrease by 44.7 percent due to the operating loss.

During the year 2007, the Company transferred the share premium of Baht 93.3 million and the statutory reserve of Baht 5.6 million, totaling Baht 98.9 million to make up for the accumulated deficit, in accordance with the resolution of the extraordinary meeting of the shareholders on September 25, 2007.

Debt to Equity Ratio

	2006	2007	2008
Debt to Equity Ratio (times)	0.88	1.29	2.77

The debt to equity ratio for the year 2008 was higher than that for the year 2007 because of the increasing use of external sources of funds for managing the business operations of the Company.

Influential factors that may affect the performance or financial position of the Company in the future

Nil

Professional Fees

a) Audit Fee

The auditor's remuneration paid by the Group for the years 2008 and 2007 amounted to Baht 2.9 million and Baht 2.7 million bahts respectively.

b) Non-Audit Fee

Nil



Auditor's Report

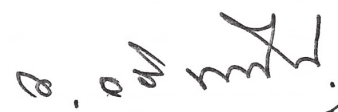
To the Shareholders and the Board of Directors of:
RS Public Company Limited:

I have audited the consolidated and separate balance sheet as at December 31, 2008, and the related consolidated and separate statement of income, consolidated and separate statement of change in shareholders' equity and consolidated and separate statement of cash flow for the year then ended of RS Public Company Limited and its subsidiaries, and of RS Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audit. The consolidated financial statements and the Company's financial statements of RS Public Company Limited and its subsidiaries, and of RS Public Company Limited, respectively, for the year ended December 31, 2007 were audited by another auditor in the same firm whose report dated February 29, 2008 expressed an unqualified opinion on those statements.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial positions as at December 31, 2008 and the consolidated and separate results of operations and the consolidated and separate cash flow for the year then ended of RS Public Company Limited and its subsidiaries, and of RS Public Company Limited, respectively, in accordance with generally accepted accounting principles.

ANS Audit Company Limited
Bangkok, February 27, 2009



Atipong Atipongsakul
Certified Public Accountant
Registration Number 3500

RS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
BALANCE SHEETS
AS AT DECEMBER 31, 2008 AND 2007

Baht

		Consolidated Financial Statements		Separated Financial Statements	
	Notes	2008	2007	2008	2007
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		193,274,998.99	186,798,955.03	97,959,057.50	84,680,558.37
Accounts receivable - related parties	4, 5	-	-	121,362,389.24	336,871,195.70
Accounts receivable - others - net	5	540,927,230.64	745,993,416.45	359,633,845.24	363,621,490.69
Short-term loans to related parties - net	4	36,290,000.00	38,000,000.00	154,882,440.30	200,707,877.56
Short-term loans to others - net		5,683,698.26	3,336,136.58	2,633,698.26	3,418,278.50
Inventories - net	4, 6	76,996,816.97	67,146,047.62	69,763,672.27	26,710,285.87
Accrued income	4	159,468,946.55	122,826,927.97	125,395,862.71	114,766,802.10
Value-added tax receivable - net		47,730,047.09	47,430,364.38	26,268,323.19	31,847,898.71
Other current assets	4, 7	130,154,294.37	145,737,142.83	64,873,602.89	51,879,262.85
Total Current Assets		1,190,526,032.87	1,357,268,990.86	1,022,772,891.60	1,214,503,650.35
NON-CURRENT ASSETS					
Investments in subsidiaries - net	8	-	-	360,207,331.27	400,710,186.32
Other long - term investment - net	2	4,277,846.75	-	-	-
Property plant and equipment - net	9	231,791,910.60	194,154,309.74	82,844,623.79	100,427,620.08
Intangible assets - net	10	359,124,011.20	407,553,043.06	90,522,640.33	77,715,998.06
Negative goodwill		-	42,828.69	-	-
Withholding tax deducted at source		74,673,716.48	99,243,732.62	36,183,557.49	50,348,472.32
Other non-current assets		23,240,640.11	9,275,112.43	601,499.08	900.00
Total Non-Current Assets		693,108,125.14	710,269,026.54	570,359,651.96	629,203,176.78
TOTAL ASSETS		1,883,634,158.01	2,067,538,017.40	1,593,132,543.56	1,843,706,827.13

The accompanying notes are integral part of the financial statement

RS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
BALANCE SHEETS
AS AT DECEMBER 31, 2008 AND 2007

Baht

		Consolidated Financial Statements		Separated Financial Statements	
	Notes	2008	2007	2008	2007
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdraft and short-term loans from financial institutions	11	592,090,712.81	394,214,267.75	427,000,000.00	278,000,000.00
Accounts payable - related parties	4	-	-	95,236,198.37	187,963,727.03
Accounts payable - others		277,280,890.64	410,480,965.76	218,893,960.01	267,379,264.89
Others payable		22,056,999.96	23,417,169.32	10,125,571.74	9,045,831.62
Current portion of liability under financial lease	13	8,612,072.37	8,687,323.91	7,759,343.40	5,040,947.51
Short-term loans from related parties	4	-	-	46,530,000.00	42,340,000.00
Unearned revenues - related parties	4	-	-	16,253,885.01	14,998,635.88
Unearned revenues - others		83,669,351.67	84,797,290.96	17,494,276.05	32,796,215.14
Accrued income tax		-	85,087.73	-	-
Accrued expenses	4	133,889,739.47	65,848,532.65	79,145,149.57	27,461,382.25
Other current liabilities	12	141,447,864.36	147,270,993.63	116,730,138.84	100,161,798.37
Total Current Liabilities		1,259,047,631.28	1,134,801,631.71	1,035,168,522.99	965,187,802.69
NON-CURRENT LIABILITIES					
Liabilities under financial lease	13	19,506,480.30	28,723,490.52	17,120,101.42	18,712,998.83
Long-term loan from financial institutions	14	99,700,000.00	-	-	-
Provision liabilities on investment in subsidiaries	8	-	-	25,619,655.73	37,982,732.05
Other non-current liabilities		5,706,978.99	955,724.03	175,482.69	175,482.66
Total Non-Current Liabilities		124,913,459.29	29,679,214.55	42,915,239.84	56,871,213.54
Total Liabilities		1,383,961,090.57	1,164,480,846.26	1,078,083,762.83	1,022,059,016.23
SHAREHOLDERS' EQUITY					
Share capital					
Authorized share capital 900,000,000 ordinary shares, Baht 1 par value	16	900,000,000.00	900,000,000.00	900,000,000.00	900,000,000.00
Issued share capital 700,000,000 ordinary, fully paid-up		700,000,000.00	700,000,000.00	700,000,000.00	700,000,000.00
Premium on share capital	17	204,201,092.03	204,201,092.03	204,201,092.03	204,201,092.03
Difference between the purchase price of investment in subsidiaries under common control and their net book value		(36,598.24)	6,230.43	-	-
Deficits		(420,268,108.91)	(21,842,426.69)	(389,152,311.30)	(82,553,281.13)
Total Shareholders' Equity of parent company		483,896,384.88	882,364,895.77	515,048,780.73	821,647,810.90
Minority interest		15,776,682.56	20,692,275.37	-	-
Total Shareholders' Equity		499,673,067.44	903,057,171.14	515,048,780.73	821,647,810.90
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,883,634,158.01	2,067,538,017.40	1,593,132,543.56	1,843,706,827.13

The accompanying notes are integral part of the financial statement

RS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF INCOME
FOR EACH OF THE YEARS ENDED DECEMBER 31, 2008 AND 2007

Baht

	Notes	Consolidated Financial Statements		Separated Financial Statements	
		2008	2007	2008	2007
REVENUES	3, 4				
Revenue from music and digital		757,877,392.22	908,325,511.75	741,841,134.49	618,470,594.28
Revenue from showbiz		591,657,332.86	509,400,514.38	434,480,589.91	423,800,185.30
Revenue from film production		118,180,313.24	296,334,369.06	117,251,815.99	298,041,054.32
Revenue from sport activities		214,954,675.42	30,602,494.50	14,277,713.33	8,582,056.08
Revenue from media		644,619,756.52	685,220,594.76	193,805,964.38	499,783,321.51
Revenue from service income and sponsorship		16,813,750.00	26,804,581.77	-	-
Total Revenues		2,344,103,220.26	2,456,688,066.22	1,501,657,218.10	1,848,677,211.49
Cost of sales, production and services	4	(2,102,709,949.24)	(1,842,937,299.50)	(1,416,422,522.10)	(1,549,346,554.35)
Gross profit (loss)		241,393,271.02	613,750,766.72	85,234,696.00	299,330,657.14
Other income	4	27,337,482.47	59,211,260.59	69,164,872.62	55,498,990.43
Selling and administrative expenses	4	(610,293,456.97)	(785,758,839.87)	(432,307,783.49)	(401,065,210.73)
Loss from percentage decrease in investments in subsidiaries - net	2	(3,194,396.83)	-	-	-
Impairment loss on others long-term investments		(2,025,774.24)	-	-	-
Directors' remuneration		(2,420,000.00)	(2,334,750.00)	(2,420,000.00)	(2,334,750.00)
Loss before interest expenses and income tax		(349,202,874.55)	(115,131,562.56)	(280,328,214.87)	(48,570,313.16)
Interest expenses	4	(38,966,237.04)	(18,401,511.94)	(20,691,239.78)	(15,977,995.41)
Income tax		(13,694,515.34)	(4,577,002.25)	(5,579,575.52)	(2,301,241.51)
Loss after interest expenses and income tax		(401,863,626.93)	(138,110,076.75)	(306,599,030.17)	(66,849,550.08)
Attributable to					
Shareholders of the parent		(398,425,682.22)	(121,673,372.84)	(306,599,030.17)	(66,849,550.08)
Minority interest		(3,437,944.71)	(16,436,703.91)	-	-
Net		(401,863,626.93)	(138,110,076.75)	(306,599,030.17)	(66,849,550.08)
Loss per share					
Shareholders of the parent		(0.57)	(0.17)	(0.44)	(0.10)
Number of ordinary shares (Shares)		700,000,000.00	700,000,000.00	700,000,000.00	700,000,000.00
Diluted Loss per share					
Shareholders of the parent		(0.54)	(0.17)	(0.41)	(0.10)
Weight average number of ordinary shares (Shares)		738,906,161.67	700,000,000.00	738,906,161.67	700,000,000.00

The accompanying notes are intergral part of the financial statement

RS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR EACH OF THE YEARS ENDED DECEMBER 31, 2008 AND 2007

Baht

Consolidated Financial Statements								
Notes	Issued and Paid-up Share Capital	Premium on Share Capital	Difference between the purchase price of investment in subsidiaries under common control and their net book value	Retained Earnings (deficit)		Shareholders of the parent	Minority Interest	Total
				Appropriated	Unappropriated			
Beginning balance as at January 1, 2008	700,000,000.00	204,201,092.03	6,230.43	-	(21,842,426.69)	882,364,895.77	20,692,275.37	903,057,171.14
Difference between the purchase price of investment in subsidiaries under common control and their net book value	-	-	(42,828.67)	-	-	(42,828.67)	-	(42,828.67)
Dividend	-	-	-	-	-	-	(1,477,648.10)	(1,477,648.10)
Net loss	-	-	-	-	(398,425,682.22)	(398,425,682.22)	(3,437,944.71)	(401,863,626.93)
Ending balance as at December 31, 2008	<u>700,000,000.00</u>	<u>204,201,092.03</u>	<u>(36,598.24)</u>	<u>-</u>	<u>(420,268,108.91)</u>	<u>483,896,384.88</u>	<u>15,776,682.56</u>	<u>499,673,067.44</u>
Beginning balance as at January 1, 2007	700,000,000.00	297,522,590.55	409,439.74	5,575,472.38	105,933,975.25	1,109,441,477.92	24,925,699.97	1,134,367,177.89
Transfer premium on share capital and legal reserves to offset with deficits	-	(93,321,498.52)	-	(5,575,472.38)	98,896,970.90	-	-	-
Premium on change in investment in subsidiaries	-	-	(409,439.74)	-	-	(409,439.74)	409,439.74	-
Increase investment in subsidiaries company	-	-	6,230.43	-	-	6,230.43	11,793,839.57	11,800,070.00
Dividend	-	-	-	-	(105,000,000.00)	(105,000,000.00)	-	(105,000,000.00)
Net loss	-	-	-	-	(121,673,372.84)	(121,673,372.84)	(16,436,703.91)	(138,110,076.75)
Ending balance as at December 31, 2007	<u>700,000,000.00</u>	<u>204,201,092.03</u>	<u>6,230.43</u>	<u>-</u>	<u>(21,842,426.69)</u>	<u>882,364,895.77</u>	<u>20,692,275.37</u>	<u>903,057,171.14</u>

RS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR EACH OF THE YEARS ENDED DECEMBER 31, 2008 AND 2007

Baht

Separated Financial Statements					
Notes	Issued and Paid-up Share Capital	Premium on Share Capital	Retained Earnings (deficit)		Total
			Appropriated	Unappropriated	
Beginning balance as at January 1, 2008	700,000,000.00	204,201,092.03	-	(82,553,281.13)	821,647,810.90
Net loss	-	-	-	(306,599,030.17)	(306,599,030.17)
Ending balance as at December 31, 2008	<u>700,000,000.00</u>	<u>204,201,092.03</u>	<u>-</u>	<u>(389,152,311.30)</u>	<u>515,048,780.73</u>
Beginning balance as at January 1, 2007	700,000,000.00	297,522,590.55	5,575,472.38	(9,600,701.95)	993,497,360.98
Transfer premium on share capital					-
and legal reserves to offset with deficits	-	(93,321,498.52)	(5,575,472.38)	98,896,970.90	-
Dividend	-	-	-	(105,000,000.00)	(105,000,000.00)
Net loss	-	-	-	(66,849,550.08)	(66,849,550.08)
Ending balance as at December 31, 2007	<u>700,000,000.00</u>	<u>204,201,092.03</u>	<u>-</u>	<u>(82,553,281.13)</u>	<u>821,647,810.90</u>

RS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR EACH OF THE YEARS ENDED DECEMBER 31, 2008 AND 2007

Baht

	Consolidated Financial Statements		Separated Financial Statements	
	2008	2007	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss before corporate income tax	(384,731,166.88)	(117,096,370.59)	(301,019,454.65)	(66,849,550.08)
Adjustments to reconcile net profit to net cash provided by (used in) operating activities:				
Depreciation and amortization	385,916,347.73	105,580,369.11	70,990,862.77	66,515,397.17
Allowance for doubtful accounts (recovery) and write off of withholding tax	6,192,930.16	76,723,188.74	5,508,842.22	51,988,393.99
Minority interest in net loss	(3,437,944.71)	(16,436,703.91)	-	-
Goodwill written off	-	2,914.33	-	-
Provision for decline in value of inventory (reversal)	(49,498,591.72)	(10,423,380.02)	(25,845,433.00)	33,770,505.48
Allowance for sales return (reversal) - net	26,809,259.26	(11,061,163.39)	44,755,631.97	(10,116,954.28)
Provision on impairment of assets (reversal)	1,079,172.76	1,636,325.41	(1,184,731.48)	(4,636,790.79)
Allowance for impairment - investment in subsidiaries (reversal)	-	-	140,502,855.05	(30,239,367.27)
Allowance for doubtful accounts - loan to subsidiaries	-	-	10,201,049.26	27,475,959.27
Provision liabilities on investment in subsidiaries (reversal) - net	-	-	(12,363,076.32)	11,019,573.65
(Gain) loss on sales and write off of equipment	2,977,911.49	(21,214,983.64)	121,326.81	(2,484,458.73)
Interest expenses	38,966,237.04	18,401,511.94	20,691,239.78	15,977,995.41
Profit (loss) from operating activities before changes in operating assets and liabilities	24,274,155.13	26,111,707.98	(47,640,887.59)	92,420,703.82
(INCREASE) DECREASE IN OPERATING ASSETS:				
Accounts receivable	203,758,543.35	52,199,421.42	219,758,031.69	145,481,118.67
Inventories	39,647,822.37	85,034,336.41	(17,207,953.40)	18,941,140.58
Other current assets	(21,364,695.35)	34,495,704.90	(29,469,208.59)	(7,632,361.88)
Other non - current assets	60,636,833.69	3,958,384.90	49,731,741.28	31,239,108.84
INCREASE (DECREASE) IN OPERATING LIABILITIES:				
Accounts payable	(134,560,244.48)	53,138,927.83	(141,212,833.54)	(43,076,371.32)
Other current liabilities	34,907,488.97	(107,271,020.39)	10,111,071.45	(103,348,666.35)
Other non - current liabilities	4,751,255.99	(1,059,241.54)	-	20,008.83
Payment of corporate income tax	(68,691,393.49)	(67,728,669.13)	(36,167,425.53)	(52,646,593.83)
Net Cash Provided by Operating Activities	143,359,766.18	78,879,552.38	7,902,535.77	81,398,087.36

RS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS (Continued)
FOR EACH OF THE YEARS ENDED DECEMBER 31, 2008 AND 2007

Baht

	Consolidated Financial Statements		Separated Financial Statements	
	2008	2007	2008	2007
CASH FLOWS FROM INVESTING ACTIVITIES:				
Increase (decrease) in short-term loans to related parties	1,710,000.00	(38,000,000.00)	(247,303,600.00)	(276,487,200.00)
Receipts from short-term loans to related parties	-	-	282,927,988.00	142,936,000.00
Decrease (increase) in other short-term loans	(2,347,561.68)	1,616,357.31	784,580.24	(1,563,590.00)
Increase in investments in subsidiaries	-	-	(100,000,000.00)	(19,199,930.00)
Cash received from decrease of share capital of subsidiaries	-	-	-	27,000,000.00
Increase in long-term investments	(6,303,620.99)	-	-	-
Purchase of fixed assets	(111,153,961.44)	(57,051,928.29)	(16,107,754.50)	(10,638,459.18)
Proceeds from disposal of fixed assets	1,337,588.89	87,522,129.04	384,267.74	7,701,544.61
Intangible assets	(266,716,850.36)	(150,895,866.65)	(41,325,508.92)	(28,681,281.65)
Net Cash Used in Investing Activities	(383,474,405.58)	(156,809,308.59)	(120,640,027.44)	(158,932,916.22)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Payment of interest expenses	(39,592,848.00)	(18,112,604.48)	(20,272,785.25)	(16,027,556.79)
Increase (decrease) in bank overdraft	(973,554.95)	5,875,135.07	-	-
Receipts of short-term loans from financial institutions	(1,540,550,000.00)	(107,000,000.00)	(171,000,000.00)	(47,000,000.00)
Repayment of short-term loans from financial institutions	1,739,400,000.00	336,350,000.00	320,000,000.00	240,000,000.00
Receipts of long-term loans from financial institutions	99,700,000.00	-	-	-
Repayment of liability under financial lease	(9,915,265.59)	(8,517,982.10)	(6,901,223.95)	(5,145,267.46)
Increase in short-term loans from related parties	-	-	4,190,000.00	6,540,000.00
Change in minority	(1,477,648.10)	11,800,070.00	-	-
Paid dividend	-	(105,000,000.00)	-	(105,000,000.00)
Net Cash Provided by Financing Activities	246,590,683.36	115,394,618.49	126,015,990.80	73,367,175.75
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,476,043.96	37,464,862.28	13,278,499.13	(4,167,653.11)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	186,798,955.03	149,334,092.75	84,680,558.37	88,848,211.48
CASH AND CASH EQUIVALENTS AT THE ENDING OF THE YEAR	193,274,998.99	186,798,955.03	97,959,057.50	84,680,558.37

ADDITION INFORMATION

In 2008, a subsidiary wrote off short - term loans receivable in the amount of Baht 15 million.
In 2007, The Company purchased vehicles in the amount of Baht 4.10 million by paying cash of Baht 0.38 million and entering into a lease agreement for Baht 3.72 million.

RS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR EACH OF THE YEARS ENDED DECEMBER 31, 2008 and 2007

1 GENERAL INFORMATION

RS Public Company Limited, the “Company”, is a company registered in Thailand and listed on the Stock Exchange of Thailand on May 22, 2003. The registered office of the Company is at 419/1 Soi Ladphao 15, Ladphao Road, Jompon, Jatujak, Bangkok, Thailand.

The principal activities of the Company and subsidiaries (together referred to as the “Group”) are entertainment businesses including music, television, radio, media on modern trade, publishing media, production houses of films, drama series and TV programs and other businesses supporting their core businesses.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are prepared in accordance with Thai Accounting Standards (“TAS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”) and in accordance with generally accepted accounting principles in Thailand.

They are prepared on the historical cost basis, except as disclosed in respective accounting policies.

The financial statements are presented in Thai Baht, unless otherwise stated.

The preparation of financial statements in conformity with TAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

In the year 2008, the Group adopted the following new and revised Thai Accounting Standards (TAS):

TAS 25 (revised 2007)	Cash Flows Statements
TAS 29 (revised 2007)	Leases
TAS 31 (revised 2007)	Inventories
TAS 33 (revised 2007)	Borrowing Costs
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 39 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41 (revised 2007)	Interim Financial Reporting

TAS 43 (revised 2007)	Business Combinations
TAS 49 (revised 2007)	Construction Contracts
TAS 51	Intangible Assets

Thai Accounting Standards that will be applied to the financial statements for the accounting period commencing on or after January 1, 2009 are as follows:

- TAS 36 (revised 2007) Impairment of assets
- TAS 54 (revised 2007) Non-current Assets Held for Sale and Discontinued Operations

The management has assessed that the adoption of these new and revised TAS does not have any material impact on the financial statements.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, in which the Company has authority to control or holds more than 50% of the subsidiaries shares.

Subsidiaries

Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The preparation of the consolidated financial statements has been based on the same accounting policies for the same or similar accounting transactions or account events.

The significant intercompany transactions and balances between the Company and the subsidiaries have been eliminated.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as follows:

		Rate of Shareholding In Percentage	
		December 31, 2008	December 31, 2007
Operating subsidiaries	Nature of Business	(%)	(%)
1. K. Master Co., Ltd.	Distributor of Tapes, CD, VCD and DVD (transferred business to the Company in 2008)	100	100
2. Yaak Co., Ltd. (Original name: Filmsurf Co., Ltd.)	Television Production and Service media and event organizer	100	100
3. News Generation Co., Ltd.	Publishing and distribution business Indirect holding by Poema Co., Ltd. (no control since 2008)	25	100
4. Thai Copyright Collection Co., Ltd.	Copyright collection	100	100
5. Sky-High Network Co., Ltd.	Radio production	100	100
6. Poema Co., Ltd.	Organizer	100	100
7. RS In-store Media Co., Ltd. (Original name: Point of View Co., Ltd.)	Service media on modern trade (Started operation in 2nd quarter of 2007)	65	65
8. RS International Broadcasting and Sport Management Co., Ltd.	Service and organizer for sport activities	83	50
9. RS Freshair Co., Ltd.	Production house - concert and organizer	74	74
Non-operating subsidiaries			
10. R Siam Co., Ltd.		100	100
11. R.S. Sportmaster Co., Ltd.		76	76
12. Shadow Entertainment Co., Ltd.		100	100
13. Magic Advertainment Co., Ltd.		100	100
14. Red Drama Co., Ltd.		100	100
15. Aladdin House Co., Ltd.		100	100
16. R.S. Television Co., Ltd.		100	100
17. Avant Co., Ltd.		100	100
18. RS Film and Distribution Co., Ltd.		100	100
19. Blu Fairy Co., Ltd.		100	100
20. Nagasia Co., Ltd.		100	100
21. R.S. Studio Co., Ltd.		100	100
22. Bangkok Organizer Co., Ltd.		100	100
23. Moradok Entertainment Co., Ltd.		76	76
24. RS I-Dream Entertainment Co., Ltd.		60	63

On June 20, 2008, Poema Co., Ltd. (subsidiary) entered into an agreement with a new investor who invested the increased 150,000 shares of News Generation Co., Ltd (subsidiary) totaling Baht 15 million. As at September 30, 2008, the new investor already paid the full amount of the increased shares. As a result, the Company's interest in News Generation Co., Ltd was diluted to 25% of the share capital. The agreement with this new investor includes the following conditions:

1. The new investor started to manage News Generation Co., Ltd. since July 1, 2008.
2. The new investor provides a person to be the only one authorized director of News Generation Co., Ltd.

According to the above conditions, the management had an opinion that the Company does not have significant influence over News Generation Co., Ltd., therefore, the Company presents this investment as general investment and states the investment at cost (equal to the proportion of its interest in net book value as of June 30, 2008). News Generation Co., Ltd. had been renamed to Idea Power Co., Ltd. since August 28, 2008.

3 SIGNIFICANT ACCOUNTING POLICIES

Foreign currencies

Transactions in foreign currencies are converted at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are converted to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising upon conversion are recognised in the statement of income.

Non-monetary assets and liabilities measured at cost in foreign currencies are converted to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investment. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Inventories and work in process

Inventories are stated at the lower of cost or net realisable value

The finished goods including cassette tapes, CDs, VCDs, DVDs, raw materials and others are stated at first-in, first-out method.

The finished goods and work in process of films, drama series, telemovies and others are stated at cost which consists of direct production cost and other production expenses.

Other inventories are valued at first-in, first-out method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

The Company set up allowance for damaged goods and obsolete stock.

Investments in subsidiaries

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method less allowance for impairment (if any).

Other long-term investment

Investments in non-marketable equity securities, which the Company classifies as other long –term investments, are stated at cost method less allowance for impairment (if any).

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

	Years	
Land improvement	8 years 7 months	as land lease agreement term
Building and construction	20	as land lease agreement term
Machines and equipment	5 - 10	
Furniture and office equipment	5 - 10	
Vehicles	5	

Goodwill

Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Negative goodwill arising on acquisition represents the excess of the fair value of the Group's share of the identifiable net assets acquired over the cost of acquisition.

Goodwill was presented at cost less provision for impairment losses. Negative goodwill was recorded the statement of income as incurred.

Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortization and impairment losses.

1. Copyright of musical master tape

Cost of copyright of musical master tape is recognized at cost comprising various related direct expenses of production.

Amortization of copyright of musical master tape is charged to the Statement of Income and calculated using the straight-line method over a period of ten years from the date of product launch.

2. Copyright of drama

Copyright of drama is recognized at cost, comprising various related direct expenses of production, and amortization is charged to the Statement of Income as follows:

Before the third quarter 2004, 80% of the copyright value when the drama is on air until the end of the first time shown; the remaining 20% over a period of 5 years from the end of first time shown.

Since the third quarter 2004 onwards, 100% of the copyright value when the new drama is on air.

3. Copyright of films

Copyright of films is recognized at cost, comprising various related direct expenses of production and filming.

Before the third quarter 2005, amortization is charged to the Statement of Income over a period of 10 years as follows:

Year 1: 60% of the copyright value based on the estimated income ratio;

Year 2 to Year 10: the remaining 40% of the copyright value using the straight-line method.

Since the third quarter 2005, the Company changed the accounting policy for movie copyright by recording the cost of movie production as expenses in the Statement of Income based on the ratio of major income for movies.

4. Software and other copyrights

Software and other copyrights are recognized at cost, comprising various related direct expenses of acquisition. Amortization is charged to the Statement of Income using the straight-line method for 3-10 years.

Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in the statement of Income. The recoverable amount is the greater of the assets' net selling price and value in use.

Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Provision for goods returns

Provision for goods returns is estimated with reference to past experience of actual goods returned and calculated based on the proportion of sales.

Employee benefits

The group compensation cost or obligation is recognized when share options are issued under employee incentive programmes. When options are exercised, equity is increased by the amount of the proceeds received.

Financial Leases

The group recorded the property, plant and equipment under financial leases as asset and liability equal to the fair value of leased assets at the time of the beginning of the leases or the present value of the minimum payment under leases. The Company used implicit interest rate for calculation of the present value of the minimum payment under the lease. Interest expense from each installment was recorded by calculating from the outstanding payables at end of each installment period.

Revenue Recognition

Revenue exclude value added taxes or other sales taxes and is arrived at after deduction of trade discounts.

Revenue from sales is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Revenue from service is recognised when service has been provided.

1. Revenue from music sales and digital

Revenue from music sales represents the revenue from sales services and revenue from copyright and revenue from digital downloads.

Revenue from copyright is recognized once the copyright has been delivered.

Revenue from digital downloads are recognized once it has been delivered or the download service has been provided.

2. Revenue from showbiz

Revenue from showbiz represents the revenue from ticket distribution, revenue from sales of advertising and sponsorship, revenue from production and revenue from artist.

Revenue from ticket distribution is recognized when the concert has been provided.

Revenue from sales of advertising and sponsorship is recognized at invoice value less discounts when the service has been provided.

Revenue from production is recognized upon delivery of completed work or recognized based on the proportion of completed service, whichever is the case.

Revenue from artist is recognized when the service has been provided.

3. Revenue from films

Revenue from films represents the revenue from box-office sharing between cinema's owner and Group of Companies, copyright and sales of sponsorship.

Revenue from box-office sharing between cinema's owner and Group of Companies is recognized when the film has been exhibited.

Revenue from film copyright is recognized when the film have been exhibited.

Revenue from sales of other film copyright is recognized based on the agreement and/or the rights attaching to the said film.

Revenue from sales of sponsorship is recognized at invoice value less discounts when service has been provided.

4. Revenue from media

Revenue from sales of advertising, being the revenue from the sales of advertising media, i.e., the media of TV, radio, modern trade, publishing and others, is recognized at invoice value less discounts when service has been provided.

Revenue from publishing distribution is recognized at invoice value once delivered, after deduction of goods returned and discounts.

Revenue from production of drama, TV programme, advertising film and other productions is recognized upon delivery of completed work or recognized based on the proportion of completed service, whichever is the case.

Revenue from production of market activities is recognized upon delivery of completed work or recognized based on the proportion of completed service, whichever is the case.

Television station sublease income is recognised over the period of the sublease.

5. Revenue from service and sponsorship

Revenue from production or service is recognized upon delivery of completed work or recognized based on the proportion of completed service, whichever is the case.

6. Interest and dividend income

Interest income is recognized in the statement of income as it accrues. Dividend income is recognized in the statement of income on the date the Group's right to receive payments is established.

Expenses

1. Operating leases

Payments made under operating leases are recognized in the statement of income on a straight line basis over the term of the lease. Lease incentives received are recognized in the statement of income as an integral part of the total lease payments made.

2. Other expenses

Expenses are recognized on an accrual basis.

3. Finance costs

Interest expense and similar costs are charged to the statement of income for the period in which they are incurred.

Income tax

Income tax on the profit for the year comprises of current tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date and applicable to the reporting period, and any adjustment to tax payable in respect of previous years.

Earnings (loss) per Share

Basic earnings (loss) per share as presented in the income statement is calculated by dividing the net income (loss) for the year by the weighted average number of ordinary shares issued and paid up during the years.

Diluted earnings (loss) per share for the period 2008 calculated by dividing the net income (loss) attributable to common shareholders by the weighted average number of common shares assuming all warrants of 175 million shares were exercised.

4 TRANSACTIONS WITH RELATED PARTIES

Related parties are those parties linked to the Group and the Company as shareholders or by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

Basis of Pricing for intercompany any revenues and expenses

- 1 Revenue from sales is determined per unit on a cost basis.
- 2 Revenue from copyright is determined either by per unit on historical cost or by a proportion of copyright usage to revenue collection.
- 3 Revenue from production is determined from original cost plus operating margin based on normal business operations. Revenue sharing from production of promotional work is based on the sales volume.
- 4 Revenue from concert and marketing activities is calculated from cost plus operating margin based on normal business operations.
- 5 Revenue from advertising is determined per unit by referring to the market price.
- 6 Services income and sponsorship is determined by referring to the market price.
- 7 Radio stations lease income is determined on a cost basis.
- 8 Interest income derived from related subsidiaries is based on the borrowing cost or at market rate of approximately 2 - 8% per annum.
- 9 In the consolidated financial statements, the transactions between the Company and its subsidiaries with Chetchotsak Co., Ltd. for each of the years ended December 31, 2008 and 2007 are summarized as follows:

	Baht	
	2008	2007
- Cost of sales and service	33,562,108.81	30,401,351.30
- Selling and administrative expense	41,799,264.13	45,167,219.90

Basis of pricing

Unit price comparable to the market price survey of rental and common area fees.

Significant balances at each balance sheet date, and transactions for each of the years ended December 31, 2008 and 2007, with related parties were as follows:

	Baht	
	2008	2007
Trade accounts Receivable		
K. Master Co., Ltd.	44,338,695.43	294,927,032.56
Thai Copyright Collection Co., Ltd.	1,103,568.04	1,038,774.16
Sky-High Network Co., Ltd.	23,108,849.04	5,273,741.52
Poema Co., Ltd.	12,181,689.67	1,786,701.55
Idea Power Co., Ltd. (Formerly: News Generation Co., Ltd.)	-	3,646,668.17
RS International Broadcasting and Sport Management Co., Ltd.	18,298,683.47	1,012,059.17
Blu Fairy Co., Ltd.	-	3,852.00
RS In-store Media Co., Ltd.	7,134,731.70	55,383.31
RS Freshair Co., Ltd.	2,156,978.34	2,126,983.26
Avant Co., Ltd.	-	6,000,000.00
Yaak Co., Ltd. (Formerly: Filmsurf Co., Ltd.)	13,039,193.55	7,500,000.00
Nagasia Co., Ltd.	-	6,000,000.00
R.S. Studio Co., Ltd.	-	7,500,000.00
Total	121,362,389.24	336,871,195.70
Loans to		
Poema Co., Ltd.	163,693,600.00	173,947,988.00
RS International Broadcasting and Sport Management Co., Ltd.	-	65,200,000.00
RS In-store Media Co., Ltd.	-	15,600,000.00
RS Freshair Co., Ltd.	60,200,000.00	6,500,000.00
RS I-Dream Entertainment Co., Ltd.	4,837,200.00	4,837,200.00
Yaak Co., Ltd. (Formerly :Filmsurf Co., Ltd.)	7,000,000.00	-
R.S. Sportmaster Co., Ltd.	3,640,000.00	7,200,000.00
Directors of subsidiaries	36,290,000.00	38,000,000.00
Total	275,660,800.00	311,285,188.00
Less Allowance for doubtful accounts	(120,778,356.70)	(110,577,310.44)
Loans to - net	154,882,443.30	200,707,877.56

As at December 31, 2008, loan to subsidiary's director, at call, of Baht 12.50 million (in 2007: Baht 10.50 million), was guaranteed by share certificate of RS In-store Media Co., Ltd., which were held by a third party, of 105,000 shares, at the par value of Baht 100 per share totalling Baht 10.50 million.

As at December 31, 2008, loan to subsidiary's director, at call, of Baht 23.79 million (in 2007: Baht 27.50 million), was guaranteed by share certificate of RS Freshair Co., Ltd., which were held by a third party, of 115,000 shares, at the par value of Baht 10 per share totalling Baht 1.15 million.

	Baht	
	2008	2007
Movement of loans to		
Beginning balance	311,285,188.00	177,733,988.00
Increase during the year	247,303,600.00	276,487,200.00
Paid during the year	(282,927,988.00)	(142,936,000.00)
Ending balance	275,660,800.00	311,285,188.00
Finished goods		
K. Master Co., Ltd.	-	249,085.10
Idea Power Co., Ltd. (Formerly :News Generation Co., Ltd.)	-	273,019.89
Total	-	522,104.99
Work in process (included in inventories)		
K. Master Co., Ltd.	-	5,000.00
Sky-High Network Co., Ltd.	30,000.00	-
Moradok Entertainment Co., Ltd.	-	54,900.00
Blu Fairy Co., Ltd.	500,000.00	-
R.S. Television co., Ltd.	-	6,143.76
RS Film and Distribution Co., Ltd.	-	30,398,550.00
Yaak Co., Ltd. (Formerly :Filmsurf Co., Ltd.)	65,400.00	-
R.S. Studio Co., Ltd.	-	46,050.00
Total	595,400.00	30,510,643.76
Prepaid expenses		
Sky-High Network Co., Ltd.	-	1,194,960.00
Total	-	1,194,960.00

	Baht	
	2008	2007
Advance		
RSI-Dream Entertainment Co., Ltd.	124.50	-
R Siam Co., Ltd.	30.00	-
RS Film and Distribution Co., Ltd.	6,103.00	-
Magic Advertainment Co., Ltd.	376.00	-
R.S. Sportmaster Co., Ltd.	10,675.50	-
Total	17,309.00	-
Accrued income		
K. Master Co., Ltd.	-	552,080.00
Sky-High Network Co., Ltd.	4,514,138.77	3,000.00
Poema Co., Ltd.	796,037.56	13,384,623.35
RS International Broadcasting and Sport Management Co., Ltd.	5,545,636.59	990,055.49
RS In-store Media Co., Ltd.	4,598.13	71,215.07
RS Freshair Co., Ltd.	3,396,556.49	36,946.41
RS I-Dream Entertainment Co., Ltd.	335,724.25	66,485.82
Yaak Co., Ltd. (Formerly :Filmsurf Co., Ltd.)	209,051.76	-
R.S. Sportmaster Co., Ltd.	744,609.12	395,309.59
Total	15,546,352.67	15,499,715.73
Trade accounts payable		
K. Master Co., Ltd.	43,649,306.81	29,808,011.65
Thai Copyright Collection Co., Ltd.	1,080,079.64	6,608,504.87
Sky-High Network Co., Ltd.	10,962,915.11	59,662,853.28
Moradok Entertainment Co., Ltd.	1,337,518.19	623,275.00
Poema Co., Ltd.	-	205,440.00
Idea Power Co., Ltd. (Formerly :News Generation Co., Ltd.)	-	38,515,259.25
RS International Broadcasting and Sport Management Co., Ltd.	-	453,680.00
Blu Fairy Co., Ltd.	2,140,000.00	2,499,009.00
RS In-store Media Co., Ltd.	33,408.48	-
RS Freshair Co., Ltd.	1,070,000.00	-
RS I-Dream Entertainment Co., Ltd.	352,095.90	-
R Siam Co., Ltd.	18,836,428.92	21,461,029.94
Red Drama Co., Ltd.	3,700,000.00	3,822,412.64
Aladdin House Co., Ltd.	3,631,467.27	3,631,467.27
R.S. Television Co., Ltd.	4,184,640.53	4,184,640.55
Avant Co., Ltd.	2,430.33	2,430.33
Yaak Co., Ltd. (Formerly :Filmsurf Co., Ltd.)	2,483,006.30	61,081.92
Nagasia Co., Ltd.	-	5,304,173.55
R.S. Sportmaster Co., Ltd.	-	1,461,213.40
R.S. Studio Co., Ltd.	1,423,603.97	9,309,947.26
Bangkok Organizer Co., Ltd.	349,296.92	349,297.12
Total	95,236,198.37	187,963,727.03

	Baht	
	2008	2007
Loans from		
Thai Copyright Collection Co., Ltd.	12,000,000.00	12,000,000.00
Moradok Entertainment Co., Ltd.	3,000,000.00	-
Blu Fiary Co., Ltd.	7,000,000.00	-
R Siam Co., Ltd.	4,960,000.00	100,000.00
Red Drama Co., Ltd.	60,000.00	40,000.00
Aladdin House Co., Ltd.	1,850,000.00	80,000.00
R.S. Television Co., Ltd.	1,190,000.00	-
Avant Co., Ltd.	900,000.00	6,850,000.00
Yaak Co., Ltd. (Formerly :Filmsurf Co., Ltd.)	-	8,640,000.00
Nagasia Co., Ltd.	220,000.00	920,000.00
Shadow Entertainment Co., Ltd.	6,210,000.00	6,050,000.00
Magic Advertainment Co., Ltd.	7,020,000.00	6,850,000.00
R.S. Studio Co., Ltd.	1,440,000.00	130,000.00
Bangkok Organizer Co., Ltd.	680,000.00	680,000.00
Total	46,530,000.00	42,340,000.00
Movement of loans from		
Beginning balance	42,340,000.00	35,800,000.00
Increase during the year	19,720,000.00	19,490,000.00
Paid during the year	(15,530,000.00)	(12,950,000.00)
Ending balance	46,530,000.00	42,340,000.00
Unearned revenues		
Thai Copyright Collection Co., Ltd.	16,231,484.01	14,998,635.88
Yaak Co., Ltd. (Formerly :Filmsurf Co., Ltd.)	22,401.00	-
Total	16,253,885.01	14,998,635.88
Accrued expenses		
Thai Copyright Collection Co., Ltd.	611,595.90	251,439.14
Sky-High Network Co., Ltd.	-	689,400.00
Moradok Entertainment Co., Ltd.	22,254.12	-
Blu Fairy Co., Ltd.	9,678.97	14,100.00
RS I-Dream Entertainment Co., Ltd.	-	218,853.00
R Siam Co., Ltd.	28,027.35	253.78
Red Drama Co., Ltd.	197.14	101.52
Aladdin House Co., Ltd.	10,415.12	203.02
Avant Co., Ltd.	6,210.94	12,255.66
Yaak Co., Ltd. (Formerly :Filmsurf Co., Ltd.)	5,320.03	15,475.91
Nagasia Co., Ltd.	1,830.36	1,673.57
Shadow Entertainment Co., Ltd.	39,769.51	12,203.61
Magic Advertainment Co., Ltd.	44,989.79	13,817.28
R.S. Studio Co., Ltd.	8,067.23	228.39
Bangkok Organizer Co., Ltd.	4,124.60	1,371.65
Total	792,481.06	1,231,376.53

The Company's financial statements include significant transactions between the Company and subsidiaries for each of the years ended December 31, 2008 and 2007 as follows:

	Baht	
	2008	2007
Revenue from sales of music		
K. Master Co., Ltd.		
- Revenue	9,594,219.30	361,474,283.73
- Sales Return	(88,473,240.79)	(55,488,256.14)
Thai Copyright Collection Co., Ltd.	98,853,061.77	71,539,825.70
Sky-High Network Co., Ltd.	3,527,449.89	60,000.00
Poema Co., Ltd.	472,345.25	5,312.50
RS International Broadcasting and Sport Management Co., Ltd.	436,224.49	-
RS In-store Media Co., Ltd.	-	3,000.00
RS Freshair Co., Ltd.	656,224.49	610,500.00
Total	25,066,284.40	378,204,665.79
Revenue from digital		
K. Master Co., Ltd.	-	236,862.00
Thai Copyright Collection Co., Ltd.	-	3,000.00
Sky-High Network Co., Ltd.	20,000.00	2,312,182.24
Poema Co., Ltd.	25,000.00	-
RS I-Dream Entertainment Co., Ltd.	-	50,000.00
Total	45,000.00	2,602,044.24
Total revenue from sales of music	25,111,284.40	380,806,710.03
Revenue from showbiz		
Thai Copyright Collection Co., Ltd.	-	329,250.00
Sky-High Network Co., Ltd.	4,835,000.00	345,000.00
Moradok Entertainment Co., Ltd.	-	10,000.00
Poema Co., Ltd.	9,754,143.50	340,238.30
Idea Power Co., Ltd. (Formerly :News Generation Co., Ltd.)	19,230.77	1,259,000.00
RS International Broadcasting and Sport Management Co., Ltd.	-	15,000.00
Blu Fairy Co., Ltd.	500,000.00	-
RS In-store Media Co., Ltd.	-	75,000.00
RS Freshair Co., Ltd.	606,000.00	363,673.46
RS I-Dream Entertainment Co., Ltd.	407,000.00	45,000.00
Total revenue from showbiz	16,121,374.27	2,782,161.76
Revenue from sports		
RS International Broadcasting and Sport Management Co., Ltd.	14,272,105.85	-
RS In-store Media Co., Ltd.	5,607.48	-
Total revenue from sports	14,277,713.33	-
Revenue from films		
RS In-store Media Co., Ltd.	700,000.00	-
R Siam Co., Ltd.	-	1,900,000.00
Total revenue from films	700,000.00	1,900,000.00

	Baht	
	2008	2007
Revenue from media		
K. Master Co., Ltd.	-	3,000.00
Sky-High Network Co., Ltd.	3,035,375.00	3,339,250.00
Moradok Entertainment Co.,Ltd.	-	1,375,000.00
Poema Co.,Ltd.	5,977,950.00	-
Idea Power Co., Ltd. (Formerly :News Generation Co., Ltd.)	1,700,200.00	107,691.59
RS International Broadcasting and Sport Management Co., Ltd.	2,892,000.00	206,060.00
RS Freshair Co., Ltd.	996,900.00	1,000,000.00
Yaak Co., Ltd. (Formerly :Filmsurf Co., Ltd.)	11,823,850.00	-
RS I-Dream Entertainment Co., Ltd.	-	106,000.00
R Siam Co., Ltd.	-	100,000.00
Total revenue from media	26,426,275.00	6,237,001.59
Interest income		
K. Master Co., Ltd.	-	1,272,907.53
Moradok Entertainment Co., Ltd.	-	263,448.61
Poema Co., Ltd.	9,705,918.05	10,260,589.34
RS International Broadcasting and Sport Management Co., Ltd.	4,555,581.10	1,387,510.97
Blu Fairy Co., Ltd.	-	363,374.57
RS In-store Media Co., Ltd.	296,155.27	162,145.89
RS Freshair Co., Ltd.	2,628,372.28	134,585.62
RSI-Dream Entertainment Co., Ltd.	269,238.43	404,259.57
Yaak Co., Ltd. (Formerly :Filmsurf Co., Ltd.)	82,038.37	-
R.S. Sportmaster Co., Ltd.	349,299.53	482,597.26
Total interest income	17,886,603.03	14,731,419.36
Other income		
K. Master Co., Ltd.	1,284,520.62	238,141.80
Thai Copyright Collection Co., Ltd.	192,978.00	299,511.20
Sky-High Network Co., Ltd.	445,237.30	376,170.97
Poema Co., Ltd.	91,450.00	88,610.92
Idea Power Co., Ltd. (Formerly :News Generation Co., Ltd.)	90,232.59	131,451.03
RS International Broadcasting and Sport Management Co., Ltd.	49,512.70	206,535.54
Blu Fairy Co., Ltd.	-	3,600.00
RS In-store Media Co., Ltd.	470,144.91	117,582.80
RS Freshair Co., Ltd.	79,901.87	14,021.37
Yaak Co., Ltd. (Formerly :Filmsurf Co., Ltd.)	91,969.22	-
RS I-Dream Entertainment Co., Ltd.	-	113,516.20
Total	2,795,947.21	1,589,141.83

	Baht	
	2008	2007
Revenue from mangement service		
Thai Copyright Collection Co., Ltd.	5,891,592.00	-
Sky-High Network Co., Ltd.	18,924,012.53	-
RS In-store Media Co., Ltd.	6,600,000.00	-
RS International Broadcasting and Sport Management Co., Ltd.	2,750,028.01	-
Yaak Co., Ltd. (Formerly :Filmsurf Co., Ltd.)	150,684.00	-
Total	34,316,316.54	-
Total other income	37,112,263.75	1,589,141.83

In the third quarter of 2008, the Company entered into a management service agreement with the above subsidiaries for the period started from Jan 1, 2008 to December 31, 2008. The subsidiaries must pay for services rendered each month in accordance with the term of the agreement at the fees determined from the cost of services which can be referenced to market price. The management service income is presented as other income in the Separated Statement of Income.

	Baht	
	2008	2007
Cost of sales and production		
K. Master Co., Ltd.	236,026.38	6,381,119.99
Thai Copyright Collection Co., Ltd.	330,000.00	4,365,985.00
Sky-High Network Co., Ltd.	12,779,676.84	5,576,542.48
Moradok Entertainment Co., Ltd.	-	782,500.00
Poema Co., Ltd.	-	310,500.00
Idea Power Co., Ltd. (Formerly :News Generation Co., Ltd.)	25,941,417.51	36,060,549.50
RS International Broadcasting and Sport Management Co., Ltd.	1,292,893.50	424,000.00
Blu Fairy Co., Ltd.	1,500,000.00	2,660,000.00
RS In-store Media Co., Ltd.	684,374.14	400,000.00
RS Freshair Co., Ltd.	1,450,000.00	-
RS I-Dream Entertainment Co., Ltd.	229,870.00	4,000,000.00
Yaak Co., Ltd. (Formerly :Filmsurf Co., Ltd.)	5,277,650.00	-
R.S. Sportmaster Co., Ltd.	-	1,038,200.00
R.S. Studio Co., Ltd.	-	411,200.00
Total cost of sales and production	49,721,908.37	62,410,596.97

	Baht	
	2008	2007
Selling and administrative expense		
K. Master Co., Ltd.	26,128.00	21,941,889.00
Sky-High Network Co., Ltd.	807,800.00	512,056.09
Idea Power Co., Ltd. (Formerly :News Generation Co., Ltd.)	175,000.00	-
Blu Fairy Co., Ltd.	55,000.00	100,000.00
RS Freshair Co., Ltd.	1,962.62	-
RS I-Dream Entertainment Co., Ltd.	327,772.69	1,620,000.00
R.S. Television Co., Ltd.	-	743,930.00
Total selling and administrative expenses	1,393,663.31	24,917,875.09
Interest expenses		
Thai Copyright Collection Co., Ltd.	316,147.60	74,178.09
Moradok Entertainment Co., Ltd.	41,639.38	-
Blu Fairy Co., Ltd.	9,678.97	-
R Siam Co., Ltd.	65,468.01	253.78
Red Drama Co., Ltd.	404.81	101.52
Aladdin House Co., Ltd.	25,605.48	6,612.28
R.S. Television Co., Ltd.	15,507.41	-
Avant Co., Ltd.	21,495.62	179,384.18
Yaak Co., Ltd. (Formerly :Filmsurf Co., Ltd.)	13,813.96	217,287.20
Nagasia Co., Ltd.	5,521.11	75,356.29
Shadow Entertainment Co., Ltd.	159,943.12	165,934.58
Magic Advertainment Co., Ltd.	181,054.10	188,734.50
R.S. Studio Co., Ltd.	19,222.99	107,624.19
Bangkok Organizer Co.,Ltd.	17,065.07	45,301.72
Total interest expenses	892,567.63	1,060,768.33

In 2008

The extraordinary shareholders' meeting of RS International Broadcasting and Sport Management Co., Ltd. "RSBS" held on October 28, 2008 passed a resolution to increase the new shares capital of this subsidiary company from Baht 50 million to Baht 150 million by issuing 1 million new shares at par value of Baht 100 per share. The increase of share capital was registered with the Ministry of Commerce on November 7, 2008. As a result, the Company holds 83 % of the RSBS shares.

In 2007

At the Board of Director's meeting of Poema Co., Ltd. held on August 30, 2007, a resolution was passed to receive common stock of News Generation Co., Ltd. from the director of News Generation Co., Ltd., of shares 12,000 with no remuneration on August 31, 2007. As a result, Poema Co., Ltd's shareholding equals to 99.99% and Poema Co., Ltd. transferred their business and their personnel to the News Generation Co., Ltd.

On July 2, 2007, the Company had invested in common stock of RS Freshair Co., Ltd., of shares 369,993 shares, at the par value of Baht 10 per share equaling to 74% of the authorized share capital.

At the Extraordinary Shareholders' Meetings of P.O.V. (Point of View) Co., Ltd. held on April 23, 2007 and May 8, 2007, a resolution was passed to increase the authorized share capital from the amount of Baht 4 million to the amount of Baht 30 million (see Note 16.5), which was joined by new investors of 105,000 shares, at the par value of

Baht 100 totalling Baht 10.50 million, equaling to 35% interest. Thus, the percentage of holding shares decreased from 100% to 65%. Subsequently, on May 9, 2007, P.O.V. (Point of View) Co., Ltd. changed its name to RS In-store Media Co., Ltd. and started its operation on modern trade- media management.

At the Board of Directors' meeting of RS In-store Media Co., Ltd., a resolution was passed to acquire modern trade-media management business by purchase of assets and intangible assets from a group of companies, which consisted of concession of media on modern trade in the amount of Baht 15 million and equipment - net in the amount of Baht 5 million.

During the years 2008 and 2007, the Company had a corporate restructuring. As a result of corporate restructuring, the subsidiaries stop their core business and transferred their business, their personnel and assets to the Company as a business unit of the Company. A subsidiary was re-operated its business. The subsidiaries which stopped their core business but have not yet closed their entities and the subsidiary which re-operated the business are as follows:

2008	2007
Non-operating subsidiaries <ul style="list-style-type: none"> - K. Master Co., Ltd. - Blu Fairy Co., Ltd. Re-Operate subsidiary <ul style="list-style-type: none"> -Yaak Co., Ltd. (Original name: Filmsurf Co., Ltd.)	Non-operating subsidiaries <ul style="list-style-type: none"> - RS I-Dream Entertainment Co., Ltd. - Moradok Entertainment Co., Ltd.

5 ACCOUNTS RECEIVABLE - NET

As at December 31, 2008 and 2007 accounts receivable was classified by aging as follows:

Baht

	Consolidated		Separate	
	2008	2007	2008	2007
Account receivable - related parties				
Current	-	-	29,133,014.02	147,635,884.25
Overdue :				
Less than 3 months	-	-	31,698,396.17	128,606,714.79
3 - 6 months	-	-	16,960,424.12	53,079,815.67
6 - 12 months	-	-	43,570,554.93	596,337.62
Over 12 months	-	-	-	6,952,443.37
Total accounts receivable - related parties	-	-	121,362,389.24	336,871,195.70
Accounts receivable - others				
Current	358,376,128.88	488,718,106.90	257,205,501.85	205,677,989.73
Overdue :				
Less than 3 months	153,556,276.87	207,459,611.11	70,901,351.55	98,992,101.71
3 - 6 months	12,387,437.03	31,060,148.48	9,731,943.99	26,702,169.38
6 - 12 months	32,983,109.53	5,212,734.63	21,113,008.98	1,703,547.00
Over 12 months	57,272,029.46	85,882,924.00	8,841,467.44	38,966,691.42
Total	614,574,981.77	818,333,525.12	367,793,273.81	372,042,499.24
<u>Less</u> Allowance for doubtful accounts	(73,647,751.13)	(72,340,108.67)	(8,159,428.57)	(8,421,008.55)
Total accounts receivable - others - net	540,927,230.64	745,993,416.45	359,633,845.24	363,621,490.69

6 INVENTORIES - NET

As at December 31, 2008 and 2007, inventories were as follows:

Baht

	Consolidated		Separate	
	2008	2007	2008	2007
Finished goods Film and Music, Tapes, CDs, VCDs, DVDs	37,354,332.88	48,092,221.62	31,868,504.86	915,200.23
Work in process: movie, drama, tele-movie and others				
Music	7,917,596.76	6,510,345.39	6,889,390.88	2,891,221.41
TV Programme	3,076,966.69	1,142,839.71	2,393,516.42	1,142,839.71
Concert and marketing activities	1,811,395.50	7,184,050.65	1,421,856.19	4,845,812.94
Drama	-	1,617,810.14	-	1,617,810.14
Telemovie	1,511,271.03	1,511,271.03	1,511,271.03	1,511,271.03
Film	40,394,180.62	51,177,123.28	38,449,470.39	49,232,413.05
Production House	3,120,319.35	9,918,937.48	15,643.75	1,941,909.28
Total work in process	57,831,729.95	79,062,377.68	50,681,148.66	63,183,277.56
Raw materials	3,026,130.65	5,908,683.62	2,959,393.03	-
Others	2,030,986.51	6,827,719.44	-	4,202,615.00
Total - Finished Goods	100,243,179.99	139,891,002.36	85,509,046.55	68,301,092.79
Less Allowance for devaluation of inventories	(23,246,363.02)	(72,744,954.74)	(15,745,374.28)	(41,590,806.92)
Inventories - net	76,996,816.97	67,146,047.62	69,763,672.27	26,710,285.87

7 OTHER CURRENT ASSETS

As at December 31, 2008 and 2007, other current assets were as follows:

Baht

	Consolidated		Separate	
	2008	2007	2008	2007
Undue input Value Added Tax	20,559,377.97	41,893,042.76	9,737,279.57	16,395,822.38
Prepaid expenses	9,607,140.57	14,634,166.73	5,525,944.80	11,220,967.44
Advance receivable	66,577,524.75	20,905,252.11	38,518,778.70	17,980,202.85
Other receivable	11,187,811.82	54,292,585.34	988,875.87	788,460.33
Advance corporate income tax	-	6,034.48	-	-
Others	22,222,439.26	14,006,061.41	10,102,723.95	5,493,809.85
Total	130,154,294.37	145,737,142.83	64,873,602.89	51,879,262.85

8 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries recorded by the cost method as at December 31, 2008 and 2007 consisted of:

Baht

	Paid up capital		Cost Method		Allowance for impairment		Carrying value		Provision		Dividend Received	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Operating subsidiaries												
K. Master Co., Ltd.	200,000,000.00	200,000,000.00	199,999,300.00	199,999,300.00	(172,172,067.22)	(120,366,951.84)	27,827,232.78	79,632,348.16	-	-	-	-
News Generation Co., Ltd.	20,000,000.00	5,000,000.00	-	-	-	-	-	-	-	19,245,896.96	-	-
Thai Copyright Collection Co., Ltd.	10,000,000.00	10,000,000.00	9,999,400.00	9,999,400.00	(9,999,400.00)	(5,809,684.91)	-	4,189,715.09	2,183,264.80	-	-	-
Sky-High Network Co., Ltd.	100,000,000.00	100,000,000.00	80,199,993.00	80,199,993.00	-	-	80,199,993.00	80,199,993.00	-	-	-	-
Poema Co., Ltd.	10,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00	(10,000,000.00)	(10,000,000.00)	-	-	-	-	-	-
RS In-store Media Co., Ltd.	30,000,000.00	30,000,000.00	19,499,300.00	19,499,300.00	-	(13,195,986.37)	19,499,300.00	6,303,313.63	-	-	-	-
Filmsurf Co., Ltd.	2,500,000.00	2,500,000.00	2,499,300.00	2,499,300.00	(2,499,300.00)	(1,178,019.91)	-	1,321,280.09	64,322.63	-	-	-
RS International Broadcasting and Sport Management Co., Ltd.	150,000,000.00	50,000,000.00	285,000,000.04	185,000,000.04	(105,770,418.05)	(8,997,520.26)	179,229,581.99	176,002,479.78	-	-	-	-
RS Freshair Co., Ltd.	5,000,000.00	5,000,000.00	3,699,930.00	3,699,930.00	-	(1,965,019.75)	3,699,930.00	1,734,910.25	-	-	-	-
Total	527,500,000.00	412,500,000.00	610,897,223.04	510,897,223.04	(300,441,185.27)	(161,513,183.04)	310,456,037.77	349,384,040.00	2,247,587.43	19,245,896.96	-	-
Non-operating subsidiaries												
R Siam Co., Ltd.	1,000,000.00	1,000,000.00	999,300.00	999,300.00	-	-	999,300.00	999,300.00	-	-	-	-
R.S. Sportmaster Co., Ltd.	4,500,000.00	4,500,000.00	2,667,594.68	2,667,594.68	(2,667,594.68)	(2,667,594.68)	-	-	2,659,109.68	-	-	-
Shadow Entertainment Co., Ltd.	2,312,500.00	2,312,500.00	2,311,700.00	2,311,700.00	-	-	2,311,700.00	2,311,700.00	-	-	-	-
Magic Advertainment Co., Ltd.	2,937,500.00	2,937,500.00	2,936,800.00	2,936,800.00	-	-	2,936,800.00	2,936,800.00	-	-	-	-
Red Drama Co., Ltd.	2,500,000.00	2,500,000.00	24,993.00	24,993.00	-	-	24,993.00	24,993.00	-	-	-	-
Aladdin House Co., Ltd.	5,000,000.00	5,000,000.00	4,999,300.00	4,999,300.00	-	-	4,999,300.00	4,999,300.00	-	-	-	5,000,000.00
R.S. Television Co., Ltd.	4,000,000.00	4,000,000.00	3,999,300.00	3,999,300.00	-	-	3,999,300.00	3,999,300.00	-	-	-	-
Avant Co., Ltd.	4,000,000.00	4,000,000.00	3,999,300.00	3,999,300.00	(2,012,740.95)	(1,999,956.04)	1,986,559.05	1,999,343.96	-	-	-	-
RS Film and Distribution Co., Ltd.	5,000,000.00	5,000,000.00	4,999,300.00	4,999,300.00	(4,999,300.00)	(4,999,300.00)	-	-	1,062,347.91	1,032,552.93	-	-
Blu Fairy Co., Ltd.	31,000,000.00	31,000,000.00	30,009,993.00	30,009,993.00	(9,139,051.55)	(7,576,983.64)	20,870,941.45	22,433,009.36	-	-	-	-
Nagasia Co., Ltd.	4,000,000.00	4,000,000.00	3,999,300.00	3,999,300.00	-	-	3,999,300.00	3,999,300.00	-	-	-	3,000,000.00
R.S. Studio Co., Ltd.	2,500,000.00	2,500,000.00	2,499,300.00	2,499,300.00	-	-	2,499,300.00	2,499,300.00	-	-	-	18,500,000.00
Bangkok Organizer Co., Ltd.	3,000,000.00	3,000,000.00	2,999,300.00	2,999,300.00	-	-	2,999,300.00	2,999,300.00	-	-	-	2,400,000.00
Moradok Entertainment Co., Ltd.	2,800,000.00	2,800,000.00	2,124,500.00	2,124,500.00	-	-	2,124,500.00	2,124,500.00	-	-	4,647,318.14	-
RS I-Dream Entertainment Co., Ltd.	8,475,450.00	8,050,000.00	5,100,000.00	5,100,000.00	(5,100,000.00)	(5,100,000.00)	-	-	19,650,610.71	17,704,282.16	-	-
Total	83,025,450.00	82,600,000.00	73,669,980.68	73,669,980.68	(23,918,687.18)	(22,343,834.36)	49,751,293.50	51,326,146.32	23,372,068.30	18,736,835.09	4,647,318.14	28,900,000.00
Grand total	610,525,450.00	495,100,000.00	684,567,203.72	584,567,203.72	(324,359,872.45)	(183,857,017.40)	360,207,331.27	400,710,186.32	25,619,655.73	37,982,732.05	4,647,318.14	28,900,000.00

9 PROPERTY, PLANT AND EQUIPMENT – NET

As at December 31, 2008 and 2007, property, plant and equipment was as follows:

Year 2008	Baht				
	Consolidated				
	Beginning Balance	Increase	Transfer (in-out) - net	Sold	Ending balance
Cost					
Land improvements	-	-	17,462,730.49	-	17,462,730.49
Buildings and building improvements	31,417,586.40	2,294,307.00	24,006,194.17	635,686.00	57,082,401.57
Machines and operating equipment	157,893,569.82	16,971,179.38	52,603,738.99	1,670,013.62	225,798,474.57
Furniture and office equipment	208,299,497.96	21,952,649.16	(6,694,009.97)	22,138,719.13	201,419,418.02
Vehicles	62,327,663.00	8,614,254.15	-	14,331,463.37	56,610,453.78
Equipment under installation	30,143,997.45	83,106,520.39	(97,562,181.03)	-	15,688,336.81
Total	490,082,314.63	132,938,910.08	(10,183,527.35)	38,775,882.12	574,061,815.24
Accumulated depreciation					
Land improvements	-	1,189,571.08	-	-	1,189,571.08
Buildings and building improvements	16,403,945.15	5,343,882.65	-	349,578.43	21,398,249.37
Machines and operating equipment	118,811,433.54	14,800,490.17	(476,753.62)	868,498.13	132,266,671.96
Furniture and office equipment	138,469,514.40	36,050,092.94	(3,738,599.05)	13,571,727.85	157,209,280.44
Vehicles	22,243,111.80	11,345,202.26	-	4,476,807.20	29,111,506.86
Total	295,928,004.89	68,729,239.10	(4,215,352.67)	19,266,611.61	341,175,279.71
Provision for impariment of asset	-				1,094,624.93
Net	194,154,309.74				231,791,910.60

Year 2008	Baht				
	Separate				
	Beginning Balance	Increase	Transfer (in-out) - net	Sold	Ending balance
Cost					
Buildings and building improvements	10,342,040.48	-	-	-	10,342,040.48
Operating equipment	16,656,259.17	-	-	-	16,656,259.17
Furniture and office equipment	157,409,957.47	15,207,613.50	-	2,224,259.81	170,393,311.16
Vehicles	39,943,930.55	8,497,864.43	-	23,501.00	48,418,293.98
Equipment under installation	-	429,000.00	-	-	429,000.00
Total	224,352,187.67	24,134,477.93	-	2,247,760.81	246,238,904.79
Accumulated depreciation					
Buildings and building improvements	2,744,124.56	1,707,636.86	-	-	4,451,761.42
Operating equipment	16,431,063.39	170,073.65	-	-	16,601,137.04
Furniture and office equipment	90,662,668.31	28,427,311.81	-	1,718,667.26	117,371,312.86
Vehicles	14,086,711.33	9,812,232.42	-	23,499.00	23,875,444.75
Total	123,924,567.59	40,117,254.74	-	1,742,166.26	162,299,656.07
Provision for impairment of asseets	-				1,094,624.93
Net	100,427,620.08				82,844,623.79

Depreciation for the year 2008 of the Group of companies are totalling Baht 68.73 million (in 2007: Baht 68.76 million). The amount of Baht 35.27 million (2007: Baht 20.15 million) was included cost of sales and service and the amount of Baht 33.46 million (in 2007: Baht 48.61 million) was included selling and administrative, in the consolidated financial statements.

Depreciation for the year 2008 of the Company are totalling Baht 40.12 million (in 2007: Baht 40.87 million). The amount of Baht 21.74 million (in 2007: Baht 17.80 million) was included cost of sales and service and the amount of Baht 18.38 million (in 2007: Baht 23.07 million) was included selling and administrative, in the separate financial statements.

As at December 31, 2008, Group of companies' property plant and equipment at cost of Baht 86.03 million (in 2007: Baht 42.10 million) have been fully depreciated but still in use.

As at December 31, 2008, the Company's property plant and equipment at cost of Baht 42.20 million (in 2007: Baht 27.42 million) have been fully depreciated but still in use.

As at December 31, 2008, the book value of vehicles and equipment under financial lease agreement (see Note 13) of the Group of companies is Baht 26.26 million (in 2007: Baht 37.67 million) and of the Company is Baht 23.47 million (in 2007: Baht 23.91 million).

10 INTANGIBLE ASSETS – NET

As at December 31, 2008 and 2007, intangible assets was as follows:

Baht

	Consolidated		Separate	
	2008	2007	2008	2007
Cost				
Beginning balance	819,117,240.88	631,550,425.02	409,458,732.93	380,777,451.28
Addition	266,790,720.13	191,071,062.37	41,325,508.93	33,681,281.65
Disposal	(3,760,403.30)	(3,504,246.51)	-	(5,000,000.00)
Carry forward balance	1,082,147,557.71	819,117,240.88	450,784,241.86	409,458,732.93
Accumulated amortization				
Beginning balance	153,328,429.37	116,430,376.07	85,193,499.95	59,552,837.74
Amortization for the year	317,187,108.63	36,898,053.30	30,873,609.04	25,640,662.21
Disposal	(3,686,533.53)	-	-	-
Carry forward balance	466,829,004.47	153,328,429.37	116,067,108.99	85,193,499.95
Balance	615,318,553.24	665,788,811.51	334,717,132.87	324,265,232.98
Less Allowance for impairment	(256,194,542.03)	(258,235,768.45)	(244,194,492.54)	(246,549,234.92)
Net book value	359,124,011.21	407,553,043.06	90,522,640.33	77,715,998.06

Intangible assets – net as at December 31, 2008 and 2007 consisted of:

Baht

	Consolidated		Separate	
	2008	2007	2008	2007
Copyright of musical	64,874,966.53	55,216,642.79	64,619,983.29	52,954,115.62
Copyright of drama	16.00	16.00	9.00	9.00
Copyright of film	278,505.31	2,403,576.35	278,500.31	2,403,571.35
Copyright of sport	257,473,054.36	309,154,695.47	-	-
Software and other copyrights	29,648,153.94	28,928,797.35	25,624,147.73	22,358,302.09
Concession of media on modern - trade	6,849,315.07	11,849,315.10	-	-
Total	359,124,011.21	407,553,043.06	90,522,640.33	77,715,998.06

11 BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

As at December 31, 2008 and 2007, the Company and subsidiaries obtained bank overdrafts and loans from financial institutions with commitments as follows:

Baht

	Consolidated		Separate	
	2008	2007	2008	2007
Bank overdrafts	8,890,712.81	9,864,267.75	-	-
Promissory notes	523,200,000.00	384,350,000.00	367,000,000.00	278,000,000.00
Short-term loan	60,000,000.00	-	60,000,000.00	-
Total	592,090,712.81	394,214,267.75	427,000,000.00	278,000,000.00

The Company

As at December 31, 2008, the Company had a short-term loan from a local bank under promissory notes for the amount of Baht 367 million (in 2007: Baht 278 million) with the interest rate based on the market rate. Maturity dates of the loan are within 1 to 3 months and interest is payable monthly. The loan was guaranteed by 2 directors of the Company.

As at December 31, 2008, the Company had a credit line of bank overdrafts in the amount of Baht 20 million with the interest rate based on the market rate, guaranteed by the Company's directors.

Subsidiaries

As at December 31, 2008, the subsidiary companies had a short-term loan from a local bank under promissory notes for the amount of Baht 156.20 million (in 2007: Baht 106.35 million) with the interest rate based on the market rate. Maturity dates of the loan are within 1 to 3 months and interest is payable monthly. The loan was guaranteed by 2 directors of the company.

As at December 31, 2008, the subsidiary companies have a credit line of bank overdrafts in the amount of Baht 10 million with the interest rate based on market rate. The loan was guaranteed by the parent company.

12 OTHER CURRENT LIABILITIES

As at December 31, 2008 and 2007, other current liabilities was as follows:

Baht

	Consolidated		Separate	
	2008	2007	2008	2007
Allowance for sale return	83,593,886.73	58,645,287.21	83,539,339.01	38,783,707.04
Undue output Value Added Tax	33,606,926.54	61,420,324.85	17,388,946.40	43,137,906.92
Others	24,247,051.09	27,205,381.57	15,801,853.43	18,240,184.41
Total	141,447,864.36	147,270,993.63	116,730,138.84	100,161,798.37

13 LIABILITY UNDER FINANCIAL LEASE

As at December 31, 2008 and 2007, the Company and subsidiaries had liability under financial lease as follows:

Baht

	Consolidated		Separate	
	2008	2007	2008	2007
Liability under financial lease	28,118,552.67	37,410,814.43	24,879,444.82	23,753,946.34
Less Current portion	(8,612,072.37)	(8,687,323.91)	(7,759,343.40)	(5,040,947.51)
Long - term liability under financial lease	19,506,480.30	28,723,490.52	17,120,101.42	18,712,998.83

As at December 31, 2008, the Group of companies had financial lease agreements for vehicles and office equipment, which are payable monthly in the amount of Baht 0.86 million (Consolidated) and Baht 0.74 million (Separate) (in 2007: Baht 0.95 million and Baht 0.56 million, respectively). The current portion of Baht 8.61 million and Baht 7.76 million, respectively, (in 2007: Baht 8.68 million and Baht 5.04 million, respectively) were presented under current liabilities.

The Company and subsidiaries have committed to pay the lease each year under the financial lease agreement as follows:

Millions Baht

	2008	
	Consolidated	Separate
Year		
1	10.06	9.15
2-5	20.73	17.95
	30.79	27.10

14 LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

On March 10, 2008, a subsidiary company entered into a loan agreement with a local bank with the credit line of Baht 150 million for its working capital. The repayments will be made within December 31, 2010. The loan bears the market interest rate and is guaranteed by the Company.

As at December 31, 2008, the outstanding long-term loan from financial institutions was Baht 99.70 million.

15 DIVIDEND RECEIVED FROM SUBSIDIARIES

	Dividend			
	Per share Baht		Total amount Millions Baht	
	2008	2007	2008	2007
Companies				
Aladdin House Co., Ltd.	-	100.00	-	5.00
Nagasia Co., Ltd.	-	30.00	-	3.00
R.S. Studio Co., Ltd.	-	185.00	-	18.50
Bangkok Organizer Co., Ltd.	-	80.00	-	2.40
Moradok Entertainment Co., Ltd.				
First	68.31	-	1.45	-
Second	150.44	-	3.20	-

16 SHARE CAPITAL

The Company

16.1 At the Extraordinary Shareholders' Meeting held on April 20, 2007, a resolution was passed to pay dividend at the rate of Baht 0.15 per share, a total of Baht 105 million.

16.2 At the Extraordinary Shareholders' Meeting held on May 29, 2007, the shareholders passed a resolution as follows:

The resolution was to issue and offer of 175,000,000 units of warrants to existing shareholders and 25,000,000 units of warrants to the directors and/or the employees of the Company and/or its subsidiaries (ESOP) of not more than 35 persons, and to increase the authorized share capital from Baht 700,000,000 to Baht 900,000,000 by issuing 200,000,000 new ordinary shares, at the par value of Baht 1 each, totaling Baht 200,000,000, reserving for the exercise of allocation of the warrants above.

The Company registered the increase of its share capital on June 4, 2007.

The features of Warrants allotted to existing shareholders

Type:	Registered and transferable warrants for the purchase of ordinary shares
Offering units:	175,000,000 units
Offering price per unit:	Baht 0 (Baht Zero)
Term:	3 years from the issuing and offering date
Exercise ratio:	1 warrant: 1 ordinary share
Exercise price:	Baht 1.80 per share

The Stock Exchange of Thailand has granted a listing of certificates representing the rights to purchase shares (warrants) of the Company from February 13, 2008 (Trade date) with the following details:

Type of Securities:	Warrants for purchase ordinary shares of RS Public Company Limited
Secondary Market:	Main Market
Number of Warrants:	174,999,984 units
Underlying Shares:	174,999,984 shares
Issuer:	RS Public Company Limited. The warrants were offered to the existing shareholders of the Company whose names appeared in the share register at the closing date of the share register book as of December 21, 2007, at the ratio of 4 ordinary shares to 1 warrant unit at Baht 0 (zero) offering price.
Rights of Warrants:	One warrant unit is entitled to purchase one ordinary share at Baht 1.80 per share (the exercise price and the exercise ratio are subject to variation in accordance with the specified adjustment)
Type of Warrants:	Specify Warrant holders and transferable
Term of Warrants:	3 years from the issued date (January 15, 2008). The last exercise date is on January 14, 2011. If the last exercise date falls on the Company's holiday, such exercise date shall be the last working day of the Company prior to the last exercise date.

Offering Price:	Baht 0 (Baht Zero)
Exercise of Warrants:	Warrant holder may exercise the warrants on the last business day of January and July throughout the term of the warrants. The first exercise date is on January 30, 2009 and the last exercise date is on January 14, 2011.

The features of Warrants allotted to the directors and/or the employees of the Company and/or its subsidiaries (ESOP)

Type:	Registered and non-transferable warrants to purchase ordinary shares
Offering units:	25,000,000 units
Offering price per unit:	Baht - 0 - (Baht zero).
Term:	5 years from the issuing and offering date.
Exercise Ratio:	1 unit of Warrant: 1 ordinary share (subject to variation in accordance with the specified adjustment conditions)
Exercise Price:	Baht 4.20 per share. However, a price adjustment may be made in accordance with the specified adjustment conditions.

The resolution of Shareholders' Meeting to offer the warrants to the directors and/or the employees of the Company and/or its subsidiaries (ESOP) of not more than 35 persons was terminated on May 28, 2008. The Company decided to cancel this warrants so the Company does not request for the approval to issue the warrant from The Stock Exchange of Thailand.

16.3 At the Extraordinary Shareholders' Meeting held on September 25, 2007, a resolution was passed to transfer premium on share capital in the amount of Baht 93,321,498.52 and legal reserves in the amount of Baht 5,575,471.38, totalling the amount of Baht 98,896,970.90 to offset with deficits.

Subsidiaries

16.4 At the Extraordinary Shareholders' Meeting held on June 13, 2008 and June 30, 2008 of News Generation Co., Ltd. (subsidiary), a resolution was passed to increase shares capital from Baht 5 million to Baht 20 million by issuing new share capital of 150,000 shares at the par value of Baht 100 per share. The subsidiary company registered the increase in shares capital with the Ministry of Commerce on June 30, 2008.

16.5 At the Extraordinary Shareholders' Meetings of RS In-store Media Co., Ltd. held on April 23, 2007 and May 8, 2007, a resolution was passed to increase the authorized share capital from Baht 4 Million to Baht 30 Million by issuing new 260,000 shares at par value of Baht 100 per share. The subsidiary company had registered the increase of its share capital with the Ministry of Commerce on May 9, 2007.

16.6 At the Extraordinary Shareholders' Meeting of Avant Co., Ltd. held on September 4, 2007 and September 19, 2007, a resolution was passed to decrease the authorized share capital from Baht 10 million to Baht 4 million by reducing 60,000 ordinary shares at Baht 100 per share for paying back to the shareholders. The subsidiary company had registered the decrease of its share capital with the Ministry of Commerce on December 28, 2007.

16.7 At the Extraordinary Shareholders' Meeting of Yaak Co., Ltd. (Formerly: Filmsurf Co., Ltd.) held on September 4, 2007 and September 19, 2007, a resolution was passed to decrease the authorized share capital from Baht 10 million to Baht 2.5 million by reducing 75,000 ordinary shares at Baht 100 per share for paying back to the shareholders. The subsidiary company had registered the decrease of its share capital with the Ministry of Commerce on December 28, 2007.

16.8 At the Extraordinary Shareholders' Meeting of Nagasia Co., Ltd. held on September 4, 2007 and September 19, 2007, a resolution was passed to decrease the authorized share capital from Baht 10 million to Baht 4 million by reducing 60,000 ordinary shares at Baht 100 per share for paying back to the shareholders. The subsidiary company had registered the decrease of its share capital with the Ministry of Commerce on December 28, 2007.

16.9 At the Extraordinary Shareholders' Meeting of RS Studio Co., Ltd. held on September 4, 2007 and September 19, 2007, a resolution was passed to decrease the authorized share capital from Baht 10 million to Baht 2.5 million by reducing 75,000 ordinary shares at Baht 100 per share for paying back to shareholders. The subsidiary company had registered the decrease of its share capital with the Ministry of Commerce on December 28, 2007.

17 SHARE PREMIUM AND LEGAL RESERVE

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription received in excess of the par value to a reserve account ("share premium"). Share premium is not available for dividend distribution.

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.

18 SIGNIFICANT EXPENSES

Significant expenses for the year 2008 and 2007 were as follows:

Thousands Baht

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Sales promotion and public relations expenses	88,669	109,937	15,943	61,110
Employee expenses	568,864	579,923	407,211	374,855
Rental and infrastructure expenses	107,772	111,650	76,096	75,387
Depreciation	68,729	68,756	40,117	40,874
Loss on destruction of obsoleted inventories and allowance for impairment	58,539	8,562	15,684	1,822
Allowance for impairment investment	-	-	138,341	8,256

19 SEGMENT INFORMATION

Segment information is presented in respect of the Group's business. The primary format / business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise of interest or dividend-earning assets and revenue, interest-bearing loans, borrowings, interest expenses and corporate expenses.

Geographic segments

Management considers that the Group operates in a single geographic area, namely in Thailand, and has, therefore, only one major geographic segment.

Business segments

For the years ended December 31, 2008, the operated information with business segment are as follows:

(Amounts : Baht)

	Music and Digital	Films	Media	Sports	Others	Total	Eliminated	Total
Revenue	783,779,412.12	118,880,313.24	723,847,644.93	231,708,191.60	622,647,457.13	2,480,863,019.02	(136,759,798.76)	2,344,103,220.26
Revenue from external	757,877,392.22	118,180,313.24	644,619,756.52	214,954,675.42	608,471,082.86	2,344,103,220.26	-	2,344,103,220.26
Revenue from internal	25,902,019.90	700,000.00	79,227,888.41	16,753,516.18	14,176,374.27	136,759,798.76	(136,759,798.76)	-
Cost of sales and services	631,382,844.59	164,952,177.29	558,153,003.30	377,912,329.45	506,864,967.82	2,239,265,322.45	(136,555,373.21)	2,102,709,949.24
Gross profit (loss)	152,396,567.53	(46,071,864.05)	165,694,641.63	(146,204,137.85)	115,782,489.31	241,597,696.57	(204,425.55)	241,393,271.02
Fixed assets	37,920,599.16	6,598,480.34	49,267,915.68	106,016,131.40	31,988,784.02	231,791,910.60	-	231,791,910.60

For the periods ended December 31, 2007, the operated information with business segment are as follows:

(Amounts : Baht)

	Music and Digital	Films	Media	Sport	Others	Total	Eliminated	Total
Revenue	1,311,247,690.71	298,041,054.32	954,622,341.19	30,602,494.50	544,650,531.37	3,139,164,112.09	(682,476,045.87)	2,456,688,066.22
Revenue from external	908,325,511.75	296,334,369.06	685,220,594.76	30,602,494.50	536,205,096.15	2,456,688,066.22	-	2,456,688,066.22
Revenue from internal	402,922,178.96	1,706,685.26	269,401,746.43	-	8,445,435.22	682,476,045.87	(682,476,045.87)	-
Cost of sales and services	1,008,398,433.57	218,517,568.60	769,572,584.72	53,253,647.65	465,156,342.44	2,514,898,576.98	(671,961,277.48)	1,842,937,299.50
Gross profit (loss)	302,849,257.14	79,523,485.72	185,049,756.47	(22,651,153.15)	79,494,188.93	624,265,535.11	(10,514,768.39)	613,750,766.72
Fixed assets	33,810,966.32	-	60,468,986.82	36,734,219.53	63,140,137.07	194,154,309.74	-	194,154,309.74

20 PROVIDENT FUND

The Group of company, and their employees jointly established a provident fund as approved by The Ministry of Finance in accordance with The Provident Fund Act B.E. 2530. The fund is contributed to by both employees and the Company and its subsidiaries.

21 COMPENSATION EXPENSE FOR RETIRED EMPLOYEES

In the year 2008, the Company had recorded compensation expenses for retired employees, as a result of the business restructuring in the amount of Baht 19.33 million (in 2007 : Baht 25.10 million).

22 DIRECTOR'S REMUNERATION

Director's remuneration represents the benefit paid to the Company's directors according to section 90 of the Public Company Limited Act. B.E. 2535 (excludes the salaries and other related benefits payable to executive directors.)

23 FINANCIAL INSTRUMENTS

The Company and its subsidiaries do not have the policy to enter the derivative financial instruments for trading or speculative purposes.

Credit risk

The Company and subsidiaries have credit risk on trade accounts receivable. However, the Company and subsidiaries have a policy of doing business with good financial status clients to reduce the risk of financial loss. The Company and subsidiaries make allowance for doubtful accounts to cover the residual risk of financial loss when receivables are expected to be uncollectible.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. Management believes that the interest rate risk is minimal because the interest rates on overdrafts and loans are at market rates and substantial portions of loans are short-term maturity. Accordingly, the Group does not hedge such risk.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Fair values

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Because the financial instruments have short-term maturity, the Group used the following methods and assumptions in estimating the fair values of financial instruments:

Cash and cash equivalents, trade accounts receivable; the carrying values approximate their fair values.

Trade accounts payable; the fair value is based on the carrying value in the balance sheets.

Bank overdrafts and short-term loans and long-term loan from financial institutions; the carrying values approximate their fair values since they bear interest rates varied according to market interest rate.

24 COMMITMENT AND CONTINGENT LIABILITIES

24.1 As at December 31, 2008 and 2007, the Company had commitment and contingent liabilities related to letter of guarantee and the guarantee of loan for its subsidiary and other companies as follows;

	Consolidated financial statements		Separate financial statements	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
Guarantee to subsidiary (Unit: US Dollar Millions)	0.87	12.68	0.87	12.68
Guarantee to other companies or other business (Unit: Baht Millions)	93.11	78.61	93.11	78.61

24.2 As at December 31, 2008, the Company and the subsidiary companies had commitment related to rental and service agreement as follows:

Baht

	Consolidated	The Company Only
Pay within		
1 year	12,592,565.34	9,855,004.94
2 - 3 year	17,809,505.00	13,203,140.00
3 years up	25,122,000.00	-

24.3 As at December 31, 2008, the Company has guaranteed the credit facilities of the subsidiaries from the financial institutions as follows:

	In Million Baht
Bank overdraft	10.00
Short-term loans (Promissory Notes)	300.00
Long-term loans	150.00

24.4 As at December 31, 2008 and 2007, the Company and the subsidiaries were being sued, with the plaintiff demanding the Company to pay for the damage caused by the Company's alleged copyright violation in the amount of Baht 72.90 million and Baht 73.58 million, respectively. However, the Company and the subsidiaries had been recorded the provision in the amount of Baht 2.62 million and Baht 0.46 million, respectively. This issue is still being adjudicated.

24.5 A subsidiary entered into purchase the sport licensing agreement with an overseas federation, resulting in the subsidiary having the commitment to pay during year 2008 to 2014 totaling USD 38.55 million. This is co-guaranteed by the Company. The commercial bank will issue the bank guarantee for each installment.

24.6 The subsidiary is committed to pay for media concession agreement with modern trade of Baht 55.88 million.

24.7 The subsidiary is committed to pay for land rental with another company for 9 years starting from January 1, 2008 to December 31, 2016 totaling of Baht 23.20 million. The subsidiary has commitment to pay monthly rental of Baht 0.23 million.

25 RECLASSIFICATION OF ACCOUNTS

Certain accounts in the financial statements for the year ended December 31, 2007 have been reclassified to conform to the presentation of the financial statements of this year.

26 APPROVAL FOR THE FINANCIAL STATEMENTS

These financial statements have been approved for issue by the authorized directors on February 27, 2009.