

1Q05 results in brief

The consolidated financial statements of R.S. Promotion Public Company Limited and its subsidiaries for the three-month period ended March 31, 2005 (Q1/2005) presented net profit of THB 7.3 million, represented THB 49.1 million change from net loss of THB 41.8 million for the same period of the year 2004 (Q1/2004). The key drivers of the result were as follow:

Total revenues for the three-month period ended March 31, 2005 totaled THB 606.1 million, an increase of THB 33.6 million or 5.9% from the same period last year due to:

- Revenue from copyrights rose by THB 84.5 million which was contributed mainly by the revenue recognition from sales of VCD/DVD copyrights on 3 movies, namely "Necromancer", "Sakai-United" and "Bangkok-Loco", an increase in ringtone & other download revenue
- Revenue from advertising income increased by THB 83.4 million or 92.2% contributed by:
 - o Increase in advertising income from radio business which resulted from higher popularity rating of 93 Cool FM and 88.5 FM Max, and also from the addition of 106 Life FM which has begun its operation since July last year.
 - o Revenue from TV-program advertising increased over 63.8% due to increase in numbers of non-music program productions in prime time slot in Q1/2005.
- Nonetheless, the abovementioned increase in revenues were offset by sluggish market consumption after Tsunami incident, which resulted in THB 87.5 million decrease in revenue from sales due to reduced numbers of music album released in Q1/2005 and THB 43.5 million decrease in revenue from production due to less delivery of TV drama series and lower activities in event productions and advertising film productions.

Cost of sales and production increased from the same period last year by THB 18.8 million (3.9%) due to more productions of TV programs and operation of radio stations despite less numbers of music albums released.

Selling and administrative expenses increased by THB 6.8 million (5.4%) from the same period last year due to higher marketing & promotional expenses and personnel-related expenses.

Financial Highlight

	(Million Baht)				
	Q104	Q404	Q105	QOQ	YOY
Total revenue	572.46	737.36	606.10	(17.8)%	5.9%
Total cost of sales	482.17	504.06	463.34	(8.1)%	(3.9)%
Gross profit	90.30	233.30	142.76	(38.8)%	58.1%
Selling and administrative expense	124.86	203.34	131.65	(35.3)%	5.4%
EBIT	(34.56)	29.96	11.11	(62.9)%	132.1%
Net profit	(41.77)	31.14	7.32	(76.5)%	117.5%

Revenue breakdown by business group

	(Million Baht)				
	Q104	Q404	Q105	QOQ	YOY
Music	344.85	467.12	317.42	(32.0)%	(8.0)%
Media	59.46	112.04	158.43	41.4%	166.4%
Motion Picture, Telemovie, and Production House	151.60	154.38	127.44	(17.4)%	(15.9)%
Support	12.25	0.03	2.08	6,183.6%	(83.0)%
Total revenue from operation	568.17	733.57	605.37	(17.5)%	6.5%
Other revenue	4.29	3.79	0.73	(80.8)%	(83.0)%
Total Revenue	572.46	737.36	606.10	(17.8)%	5.9%



Revenue breakdown (%)

	(Million Baht)				
	Q104	Q404	Q105	QOQ	YOY
Music	60.2%	63.3%	52.4%	(17.3)%	(13.1)%
Media	10.4%	15.2%	26.1%	72.0%	151.7%
Motion Picture, Telemovie, and Production House	26.5%	20.9%	21.0%	0.4%	(20.6)%
Support	2.1%	0.0%	0.3%	7,544.4%	(84.0)%
Other revenue	0.8%	0.5%	0.1%	(76.6)%	(84.0)%
Total Revenue	100.0%	100.0%	100.0%	(0.0)%	0.0%

Sector Analysis

1. Music Business

	(Million Baht)				
	Q104	Q404	Q105	QOQ	YOY
Sales	213.30	277.85	150.62	(45.8)%	(29.4)%
Advertising	30.32	19.83	21.29	7.4%	(29.8)%
Concert & Event	40.48	67.57	58.55	(13.4)%	44.7%
Copyright	48.28	99.27	84.59	(14.8)%	75.2%
Service	0.02	0.37	(0.10)	(126.4)%	(582.0)%
Revenues from copyright infringement	12.46	2.23	2.47	10.6%	(80.2)%
Total Revenue	344.85	467.12	317.42	(32.0)%	(8.0)%

Music Business group reported total revenue of 317.42 MB for the three-month period ended March 31, 2005, a decrease of 27.43 MB or 8.0 % from the same period in a prior year. The main reasons are fewer numbers of music albums released as well as the shrinkage in consumption after tsunami.

Music Albums Releases

	(Albums)		
	Q104	Q404	Q105
New	22	27	29
Compilation	32	54	16
Total	54	81	45

Even though the main source of revenue in music business is sales of physical products including tape cassette, CDs, VCDs, and DVDs which accounts for 47.33% of total music revenue, its proportion decreased by 14% from last year. On the contrary, music copyright revenue has given higher contribution as its proportion climbed up to 26.68% as compared to 14% last year.

Proportion Sales in Units and Values

	% in Units	% in Million Baht
Tape	14.4%	11.2%
CD	33.2%	36.0%
VCD	52.1%	52.5%
DVD	0.3%	0.2%
Total	100.0%	100.0%

Music Program as of March 2005

No.	Programs	Day	Time	Channel
1	1000MIC	Tue	1.00 2.30	3
2	TVRELAX	Tue	14.00 14.30	5
3	T-UNITED	Sat	11.05 12.00	5

No.	Programs	Day	Time		Channel
4	SATURDAYSHOW	Sat	15.00	15.55	5
5	POP-UP LIVE (Karaoke)	Sat	0.05	2.00	5
6	POP-UP LIVE (Gift Night)	Sat	0.05	2.00	5
7	ROOM	Mon	0.15	1.15	7
8	2NITELIVE	Wed-Thu	0.15	1.15	7
9	HOLIDAY MENU	Holiday	13.00	14.00	7
10	BACKPACKER	Mon	1.15	2.00	9
11	KOMCENTER	Fri	0.30	1.30	9
12	SEESAWSCENE	Sun	17.05	17.30	9

Copyright Revenues

(Million Baht)

	Q104	Q404	Q105	QOQ	YOY
New Media	14.84	67.80	53.71	(20.8)%	261.8%
Music Copyright Collection	27.57	31.30	30.32	(3.1)%	10.0%
Others	5.87	0.16	0.57	249.5%	(90.3)%
Total Revenue	48.28	99.27	84.59	(14.8)%	75.2%

Music copyright revenues had significantly improved from the previous year by 75.2% due to a growth in both new media and (karaoke) copyright collection. A huge growth in new media revenue came from content downloads through mobile phones, WAP services (wap.mobclub.net), whole sales such as product bundling, and new businesses. As for music copyright collection, 10% growth came from more sources of revenue as well as an organic growth from karaoke business.

Karaoke customers at end of March 31, 2005

(Units)

Products	Q104	Q404	Q105
Station	44,790	41,598	39,371
Booth	5,381	7,793	8,273
Shop	17,068	20,475	20,469
JukeBox	1,659	1,420	1,352
Total	68,897	71,286	69,466

2. Media Business

(Million Baht)

	Q104	Q404	Q105	QOQ	YOY
Sales	1.30	0.41	1.03	150.7%	(21.0)%
Advertising	58.05	111.05	152.55	37.4%	162.8%
Copyright	0.12	0.06	0.88	1,333.4%	662.5%
Service	0.00	0.51	3.97	675.2%	0.0%
Total Revenue	59.46	112.04	158.43	41.4%	166.4%

Media Breakdown

(Million Baht)

	Q104	Q404	Q105	QOQ	YOY
TV	32.80	57.04	80.96	41.9%	146.8%
Radio	21.90	53.01	71.57	35.0%	226.7%
Publishing	4.67	1.42	1.74	22.6%	(62.8)%
Other	0.09	0.57	4.17	626.1%	4,419.1%
Total	59.46	112.04	158.43	41.4%	166.4%

Media business reported total revenue of 158.43 MB, a sharp increase of 166.4 % from last year. Most of revenue derived from advertising in various kinds of media such as TV, radio and publishing.

Revenues from TV advertising rose by 146.8 % due to an increase in numbers of non-music program productions in prime time slot. At the end of March 31, 2005, we had 2 drama series, 5 variety programs, 3 game shows, and 1 reality show that were currently on-air.

No.	Programs	Type	Day	Time	Channel
1	DEU NAK RAK LEOY	Dramas	Sat-Sun	10.20 11.05	3
2	SAMRANRAT	Game Show	Sat	14.00 14.45	3
3	RAIWANBANTERNG	Variety	Mon-Fri	11.00 11.30	5
4	KENGKARNCHANG	Game Show	Mon-Fri	11.30 12.00	5
5	FRONT	Variety	Sat	8.00 8.30	5
6	MORE MOM	Variety	Sun	8.00 8.30	5
7	MAHAGAMGAOSHOW	Game Show	Sat	18.00 19.00	5
8	MUCH ROOM	Variety	Sun	18.00 19.00	5
9	MUANGTHAIVARIETY	Variety	Mon-Fri	21.30 22.00	5
10	GAMESAMAKLEN	Reality Show	Sun	16.00 17.00	9
11	PEE NONG SONG LEARD	Dramas	Sat-Sun	21.00 22.00	9

As for radio business, at the end of March 31, 2005, we operated 3 stations including 88.5 FM MAX, 93.0 Cool FM, and 106.0 Life FM. Revenues from radio business increased by 49.66 MB or 226.7 % from the same period last year since all of our three radio stations were ranked in the five top rating stations.

AC Nielsen's top rating radio stations as of March 2005

No.	Station	Operators	Average Persons (000's)	No. of Listeners (000's)	% Share of Listeners
1	95.0	MCOT	155	1,733	13.90%
2	106.0	Sky High Network (R.S)	106	1,357	9.50%
3	93.0	Sky High Network (R.S)	81	1,584	7.30%
4	88.5	Sky High Network (R.S)	72	1,120	6.50%
5	98.0	Traffic Corner	70	960	6.30%

TAPSCAN's top rating radio stations as of March 2005

No.	Station	Operators	Average Persons (000's)	No. of Listeners (000's)	% Share of Listeners
1	95.0	MCOT	74.8	550.4	11.20%
2	106.0	Sky High Network (R.S)	63.2	374.5	9.50%
3	93.0	Sky High Network (R.S)	62.5	469.4	9.40%
4	95.5	Virgin Radio	56.1	423.2	8.40%
5	88.5	Sky High Network (R.S)	47.7	319.3	7.10%

Results from the research conducted by AC Nielsen showed that we gained 23.3% share of total listeners in Bangkok Metropolitan area while TAPSCAN correspondingly indicated we had 26% share of total market.

Revenues contributed by publishing business had dramatically declined by 62.8 % from the previous year as we temporarily discontinued our publishing business for restructuring before re-launching it in the third quarter.

Radio air-time advertising rates as at March 31, 2005

No.	Station	Price (Baht/30 Sec)	Broadcast (Hr/Day)	Advertising Time (Min/Day)
1	88.5	2,400	24.0	130.0
2	93.0	3,000	24.0	150.0
3	106.0	2,800	24.0	125.0

3. Motion Pictures, Home Entertainment, and Production Houses

(Million Baht)

	Q104	Q404	Q105	QOQ	YOY
Sales	18.05	(1.63)	0.30	118.4%	(98.3)%
Advertising	2.10	4.12	0.00	(100.0)%	(100.0)%
Motion Picture	32.27	22.93	24.09	5.1%	(25.3)%
Production House	97.86	84.79	54.34	(35.9)%	(44.5)%
Copyright	1.32	44.18	48.71	10.3%	3,602.7%
Total Revenue	151.60	154.38	127.44	(17.4)%	(15.9)%

Revenues by Sources

(Million Baht)

	Q104	Q404	Q105	QOQ	YOY
Motion Pictures	64.36	34.97	71.38	104.1%	10.9%
Telemovies	(10.63)	34.21	1.56	(95.4)%	114.7%
Production House	97.86	85.20	54.51	(36.0)%	(44.3)%
Total Revenue	151.60	154.38	127.44	(17.4)%	(15.9)%

For the three-month period ended March 31, 2005, we reported revenues from this business group totaling 127.44 MB, a decrease of 24.16 MB from the same period last year. Despite of declines in other revenues, copyright revenues alone rose by more than 3,600%. Key factors are as follows;

- The group earned revenue from motion pictures totaling 71.38 MB, 10.9 % higher than last year, resulted from the following:
 - o Motion picture revenues including box office and revenue from provincial distribution of only one movie, Necromancer,
 - o Three movies, Necromancer, Sakai-United and Bangkok-LoCo, were sold for VCD/DVD right to Mangpong and another movie, Ta Lum Puk, was sold to Free TV, compared to revenues from VCD sales (as of in-house distributor) of three movies including "Talking Dick", "Club Zaa", and "The Park" during the same period last year,
 - o Copyright of seven movies totaling 5.34 MB were traded in international markets.
- Although not important in its value, revenues from telemovies rose by 114.7% from last year as 32 telemovies were sold to Cable TV.
- Total production house revenue was 54.51MB, 44.3% decrease from last year, due to the followings:
 - o Drama production of 3 series, only 41 episodes, that the group delivered, compared to 6 series delivered during the first quarter last year,
 - o Governmental projects of 2 projects were partly delivered.

List of Dramas produced for the Network in Q105

Dramas	Day	Time	Channel
Hoi An Chan Rak ter	Fri-Sun	20.20 21.51	3
Rak Nid Nid Tong Sit Up	Sun	13.00 14.00	7
Rak Wan La Nid	Sat	13.00 14.00	7



Outlook in Q205

- Number of music albums released should be similar to that of the first quarter.
- On-line music store was officially launched on May 19. The substantial contribution is not expected in the early stage. However, it represents another important distribution channel for our music products in the future.
- Media-TV will gain even more importance in our product portfolio in the second quarter. Programs started at the beginning of this year will gradually earn more revenue as the program rating started to establish.
- Media-Radio is expected to register higher growth as we now secure the highest number of listeners in the market (Bangkok Metropolitan area)
- Media-Publishing will start to book revenue in the third quarter once our magazines are re-launched.
- There are only one movie released in the second quarter which is "The Mia"

Disclaimer

"Some statements made in this presentation are forward-looking statements, which are subject to various risks and uncertainties. These include statements with respect to our corporate plans, strategies and beliefs and other statements that are not historical facts. These statements can be identified by the use of forward-looking terminology such as "may", "will", "expect", "anticipate", "intend", "estimate", "continue", "plan" or other similar words. The statements are based on our management's assumptions and beliefs in light of the information currently available to us. These assumptions involve risks and uncertainties which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements."

