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## Hollywood Media Corp. Q1 2006 Earnings Conference Call Transcript (HOLL)

### Question-and-Answer Session

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#### **Operator**

(Operator Instructions) Our first question is from Richard Ingrassia of Roth Capital.

#### **Richard Ingrassia - Roth Capital**

Thanks, Good afternoon, everybody.

#### **Mitchell Rubenstein**

Hello, Rich.

#### **Richard Ingrassia - Roth Capital**

Mitch, last year the prior quarter deferred revenue balance wasn't a perfect predictor of forward quarter revenues, but the ratio was actually fairly consistent. I'm just wondering if there was some unexpected change in the composition of ticket sales this quarter? Or maybe the composition of deferred revenues is changing here?

#### **Mitchell Rubenstein**

I'll have our chief accounting officer, Scott Gomez answer that.

#### **Scott Gomez**

How are you doing, Rich? The deferred revenue balances as of December 31st, as of the end of the year were classified in deferred revenue. What we have done with the 1Q06 going forward, something of an auditor point that was brought up. In order to establish for ongoing periods, if you move any deferred revenue associated with hotels or restaurant vouchers to customer deposits. That is why we broke out the customer deposit amount right there on the face, and you will actually see the deferred revenue amounts have changed from December 31st, '05 as presented in the 1Q06 Q and the December 31, 2005 that was filed in the K.

#### **Richard Ingrassia - Roth Capital**

I think I understand that. What I'm talking about more is how the prior quarter, the December deferred revenue balance indicated a higher revenue. If you use the multiples that were consistent in '05, it indicated higher ticketing revenues for the first quarter of '06.

#### **Scott Gomez**

I see. Well, basically on that question, deferred revenue is a leading indicator of future ticketing revenues, but not necessarily for the quarter following the deferred revenue balance. So, for example, the amount on December 31st, 2005 in that case related in part to sales that are going to happen and be booked in 2Q06 and in 4Q06.

Generally, it does relate to the subsequent quarter, but when you are in a seasonally slow quarter like 1Q06 it's less applicable to relate to that quarter. So the deferred revenue that exists on our balance sheet relating to sales up until this point for future periods, up until March 31, 2006 for future period, not necessarily the majority but the largest quarter in which that will appear will be 2Q06, because that is a seasonally strong quarter.

When you look at it on 12/31/05 it is not necessarily indicative of what sales will be in 1Q06 as much as it would be as to the seasonally strong quarters, Q2 and Q4. Notwithstanding perhaps what it might have been last year. Does that makes sense?

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