

Company registration no: 330764

Warner Bros. Theatres Limited

Report and Financial Statements

31 December 2008

TUESDAY



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Warner Bros. Theatres Limited

Company registration no: 330764

Directors

D Bioni
R J Fox
M Emanuele
S Mertz

Secretary

D Bioni

Registered Office

Warner House
98 Theobald's Road
London
WC1X 8WB

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Bankers

Barclays Bank PLC
Barclays Business Centre
8/9 Hanover Square
London
W1A 4ZW

Warner Bros. Theatres Limited

Directors' report

The Directors present their annual report and financial statements for the year ended 31 December 2008.

Results and dividends

The company's profit for the year after taxation amounted to £660,141 (2007 - £814,870).

No dividends were paid during the year (2007 - £1,900,000).

Principal activity and review of the business

The company now acts as an investment company.

A business review has not been completed for the company because it is defined under section 247 of the Companies Act as a small company.

Principal risks and uncertainties

A summary of the principal risks and uncertainties facing the company has not been completed because it is defined under Section 247 as a small company.

Directors

The Directors of the Company who served during the period were as follows:

D Bisoni

R J Fox

M L Ochs (resigned 15th October 2008)

D A Pearson (resigned 15th October 2008)

C J Young (resigned 24th July 2008)

M Emanuele (appointed 14th August 2008)

S Mertz (appointed 15 October 2008)

Except as noted above, all directors served throughout the year and are still directors at the date of this report.

The Articles of Association do not require directors to retire either by rotation or in the year of appointment.

Directors qualifying third party indemnity provisions

The Company may indemnify one or more directors of the Company against liability in respect of proceedings brought by third parties subject to the conditions set out in the Companies Act 1985 and the Company may purchase insurance for this purpose. Time Warner Inc. has purchased a directors and officers liability insurance policy for the benefit of the Company and its directors and such policy was in force during the period and is in force as at the date of approving the Directors' Report.

Disclosure of information to the auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

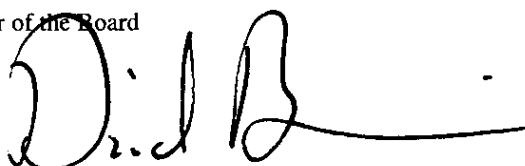
Warner Bros. Theatres Limited

Directors' report (continued)

Auditors

In accordance with section 386 of the Companies Act 1985, a resolution to dispense with the obligation to appoint auditors annually was passed. Accordingly, Ernst & Young LLP shall be deemed to be reappointed as auditors.

By order of the Board

A handwritten signature in black ink, appearing to be 'D. J. B.', followed by a long horizontal flourish.

Director

Date:

23 JUL 2009

Warner Bros. Theatres Limited

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- . select suitable accounting policies and then apply them consistently;
- . make judgements and estimates that are reasonable and prudent;
- . state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- . prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Warner Bros. Theatres Limited

We have audited the company's financial statements for the year ended 31 December 2008 which comprise the profit and loss account, balance sheet and the related notes 1 to 13. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report

to the members of Warner Bros. Theatres Limited

(continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

23 JUL 2009

Warner Bros. Theatres Limited

Profit and Loss account for the year ended 31 December 2008

	Notes	Year ended 31 December 2008 £	Year ended 31 December 2007 £
Administrative expenses		(3,189)	(5,033)
Operating loss	3	(3,189)	(5,033)
Interest receivable	4	982,330	1,168,403
Profit on ordinary activities before taxation		979,141	1,163,370
Tax on profit on ordinary activities	5	(319,000)	(348,500)
Profit on ordinary activities after taxation	10	660,141	814,870

All amounts relate to continuing operations.

There have been no recognised gains or losses since the last annual report other than those presented above and accordingly no separate statement of total recognised gains and losses has been presented.

All profits and losses have been accounted for on a historical cost basis.

Warner Bros. Theatres Limited

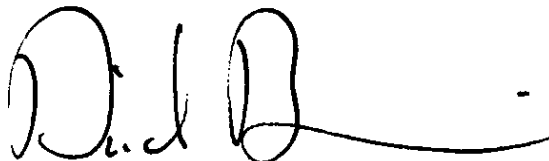
Balance sheet

at 31 December 2008

	Notes	31 December 2008 £	31 December 2007 £
Current assets			
Debtors	7	21,421,407	20,796,684
Cash at bank and in hand		37,202	147,634
		<u>21,458,609</u>	<u>20,944,318</u>
Creditors: amounts falling due within one year	8	(206,150)	(352,000)
		<u>21,252,459</u>	<u>20,592,318</u>
Capital and reserves			
Called up share capital	9	5,005,000	5,005,000
Profit and loss account	10	16,247,459	15,587,318
Total shareholders' funds	10	<u>21,252,459</u>	<u>20,592,318</u>

The financial statements on pages 7 to 12 were approved and authorised for issue by the board of directors on _____ and were signed on its behalf by:

Director



23 JUL 2009

Warner Bros. Theatres Limited

Notes to the financial statements

at 31 December 2008

1 Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost convention and in accordance with applicable United Kingdom law and accounting standards.

Statement of cash flows

The Company had taken advantage of the exemption in FRS 1 (Revised) "Cash Flow Statements." A statement of cash flows has not been prepared as the Company is a wholly owned subsidiary undertaking of Time Warner Inc., a Company incorporated in the United States of America, which prepared a statement of cash flows (see note 13).

2 Directors emoluments

The Directors received no remuneration for their services to the company during the year (2007 – £Nil).

3 Operating loss

This is stated after charging:

	Year ended 31 December 2008 £	Year ended 31 December 2007 £
Auditors' remuneration - audit services	3,150	3,000

There were no employees other than the Directors during the period.

4 Interest receivable and similar income

	Year ended 31 December 2008 £	Year ended 31 December 2007 £
Interest receivable	982,330	1,168,403

Warner Bros. Theatres Limited

Notes to the financial statements

at 31 December 2008

5 Taxation on profit on ordinary activities

	Year ended 31 December 2008 £	Year ended 31 December 2007 £
(a) The charge based on the results for the year is as follows		
Taxation based on the profit for the year		
Corporation tax payable at 28.5%	279,000	-
Group relief payments	-	349,000
Under/(Over) provision for prior years	40,000	(500)
Total current tax charge	319,000	348,500
Total tax charge on profit on ordinary activities	319,000	348,500

b) Circumstances affecting current charge:

The standard rate of current tax for the period, based on the UK standard rate of corporation tax, is 28.5% (2007 - 30%). The current tax charge for the period differs from the standard rate for the reasons in the reconciliation below:

	Year ended 31 December 2008 £	Year ended 31 December 2007 £
Profit on ordinary activities before tax	979,141	1,163,370
Tax on profit on ordinary activities at standard rate	279,055	349,011
Factors affecting charge:		
Tax under/(over) provided in previous years	40,000	(500)
Other	(55)	(11)
Total current tax (note (a) above)	319,000	348,500

6 Dividends

	31 December 2008 £'000	31 December 2007 £'000
Dividends on ordinary shares:		
Interim dividends paid (2007 - 37.96p per share)	-	1,900

Warner Bros. Theatres Limited

Notes to the financial statements

at 31 December 2008

7 Debtors	31 December 2008 £	31 December 2007 £
Amounts owed by group undertakings	21,421,407	20,723,684
Corporation tax receivable	-	73,000
	<u>21,421,407</u>	<u>20,796,684</u>

Amounts owed by group undertakings includes a long-term loan.
This is repayable in full on 31 October 2012. Interest on this loan is variable.

8 Creditors: amounts falling due within one year	31 December 2008 £	31 December 2007 £
Group relief payable	-	349,000
Corporation tax payable	203,000	-
Accruals	3,150	3,000
	<u>206,150</u>	<u>352,000</u>

9 Share capital	Authorised 31 December 2008 £	31 December 2007 £
10,000,000 Ordinary shares of £1 each	10,000,000	10,000,000
	<u>10,000,000</u>	<u>10,000,000</u>
	Allocated, called up and fully paid	
	31 December 2008 £	31 December 2007 £
5,005,000 Ordinary shares of £1 each	5,005,000	5,005,000
	<u>5,005,000</u>	<u>5,005,000</u>

10 Reconciliations of movements in shareholders' funds and movement in reserves

	Share capital £	Profit and loss account £	Total shareholders funds £
At 31 December 2007	5,005,000	15,587,318	20,592,318
Profit for the financial year	-	660,141	660,141
At 31 December 2008	<u>5,005,000</u>	<u>16,247,459</u>	<u>21,252,459</u>

Warner Bros. Theatres Limited

Notes to the financial statements

at 31 December 2008

11 Related party transactions

The Company has taken advantage of the exemption under Financial Reporting Standard 8 not to disclose transactions with related parties.

12 Contingent liability

The company has entered into a group composite accounting agreement with its bankers. The terms of the agreement permit the bankers, without notice, to draw down funds deposited into the system in order to offset borrowings drawn down from the system by other group members who are also parties to those arrangements. At the balance sheet date funds deposited by the company into the system, and potentially at risk to cover liabilities elsewhere in the group, amounted to £37,202 (2007 - £147,634).

13 Ultimate parent undertaking

The Company's immediate parent undertaking is Time Warner Entertainment Limited, a company registered in England & Wales.

Time Warner Holdings Limited is the parent undertaking of the smallest group of undertakings of which the company is a member and for which group financial statements are drawn up. Time Warner Holdings Limited is registered in England and copies of its financial statements may be obtained from the Registrar of Companies in Cardiff.

At 31 December 2008, Time Warner Inc., a company incorporated in the United States of America, was the ultimate parent undertaking and the parent undertaking of the largest group of undertakings of which the company is a member and for which group financial statements are drawn up. Copies of time Warner Inc.'s financial statements can be obtained from One Time Warner Center, New York, NY 10019, USA.