

3475309

DEEP BLUE PRODUCTIONS LIMITED

Report and Financial Statements

30 November 2001

 ERNST & YOUNG



Deep Blue Productions Limited

Registered No. 3475309

DIRECTORS

R D Button

D L Sagal

S W Mertz

SECRETARY

A R Parsons

AUDITORS

Ernst & Young LLP

Becket House

1 Lambeth Palace Road

London SE1 7EU


REGISTERED OFFICE

Warner Suite

Pinewood Studios

Iver Heath

Bucks SL0 0NH

 **ERNST & YOUNG**

Deep Blue Productions Limited

DIRECTORS' REPORT

The directors present their report and financial statements for the period ended 30 November 2001.

RESULTS AND DIVIDENDS

The company made neither a profit nor a loss after taxation for the period (2000 – profit £1,280).

The directors do not recommend the payment of a dividend for the period.

PRINCIPAL ACTIVITY

The company's principal activity has been the provision of film production services to WV Film Partners II L.P. (formerly WV Deep Blue L.P.) and WV Films II LLC (formerly WV Deep Blue LLC) in respect of the making of the film "Deep Blue Sea" for which the company received a fee for production services provided. All of the production and other costs of this film incurred by the company were reimbursed by WV Film Partners II L.P. (formerly WV Deep Blue L.P.) and WV Films II LLC (formerly WV Deep Blue LLC).

The company ceased operations in 2000.

DIRECTORS AND THEIR INTEREST

The directors of the company during the period were as follows:

R D Button
E H Senat (resigned 31 January 2001)
D L Sagal
S W Mertz (appointed 31 January 2001)

There are no directors' interests requiring disclosure under the Companies Act 1985.

AUDITORS

On 28 June 2001, Ernst & Young, the company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to reappoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

By order of the Board



Secretary

02 AUG 2002

Deep Blue Productions Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial period which 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 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 DEEP BLUE PRODUCTIONS LIMITED

We have audited the company's financial statements for the period ended 30 November 2001, which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 8. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom Auditing Standards 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 judgements 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 November 2001 and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young LLP
Registered Auditor
London

02 AUG 2002

Deep Blue Productions Limited

PROFIT AND LOSS ACCOUNT for the period ended 30 November 2001

		<i>Period ended 30 November 2001</i>	<i>Period ended 30 November 2000</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
TURNOVER		-	-
Administrative expenses		-	(1,280)
RESULT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		-	(1,280)
Tax on result/(loss) on ordinary activities	3	-	-
RESULT/(LOSS) RETAINED FOR THE FINANCIAL PERIOD	7	-	(1,280)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses other than the result attributable to the shareholders of the company for the period ended 30 November 2001 and the loss of £1,280 for the period ended 30 November 2000.

Deep Blue Productions Limited

BALANCE SHEET at 30 November 2001

		30 November 2001	30 November 2000
	Notes	£	£
CURRENT ASSETS			
Debtors	4	32,222	34,972
CREDITORS: amounts falling due within one year	5	—	(2,750)
NET CURRENT ASSETS		<u>32,222</u>	<u>32,222</u>
CAPITAL AND RESERVES			
Called up share capital	6	2	2
Profit and loss account	7	32,220	32,220
Equity shareholders' funds	7	<u>32,222</u>	<u>32,222</u>



Director

02 AUG 2002

Deep Blue Productions Limited

NOTES TO THE FINANCIAL STATEMENTS at 30 November 2001

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

Accounting period

The company prepares financial statements for either 52 or 53 periods ending within one week of 30 November.

Foreign currencies

Transactions in foreign currencies are recorded at the rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Related parties

The company has taken advantage of the exemption in FRS 8 not to disclose related party transactions with fellow group undertakings.

Statement of cash flows

A statement of cash flows has not been prepared as the company is a wholly owned subsidiary of another company registered in England and Wales (see note 8).

2. PROFIT AND LOSS ACCOUNT

The company provided film production services to WV Film Partners II L.P. (formerly WV Deep Blue L.P.) and WV Films II LLC (formerly WV Deep Blue LLC), in respect of the making of the film "Deep Blue Sea", for which the company received a fee for production services provided. All the production and other costs of this film incurred by the company are reimbursed by WV Film Partners II L.P. (formerly WV Deep Blue L.P.) and WV Films II LLC (formerly WV Deep Blue LLC).

There were no employees, other than the directors, during the period. The directors did not receive any remuneration during the period.

The auditors remuneration was £nil for the period (2000 – £1,000). The auditors' remuneration has been borne by another group undertaking.

3. TAX ON RESULT/(LOSS) ON ORDINARY ACTIVITIES

There is no tax charge in the current or prior period due to losses incurred.

4. DEBTORS

	30 November 2001 £	30 November 2000 £
Due from parent undertaking	32,222	34,972

Deep Blue Productions Limited

NOTES TO THE FINANCIAL STATEMENTS at 30 November 2001

5. CREDITORS: amounts falling due within one year

	30 November 2001	30 November 2000
	£	£
Accruals	–	2,750
	<u> </u>	<u> </u>

6. SHARE CAPITAL

	30 November 2001	30 November 2000
	£	£
Authorised: Ordinary shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>

	30 November 2001	30 November 2000
	£	£
Allotted, called up and fully paid: Ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>

7. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £	Profit and loss account £	Total £
At 27 November 1999	2	33,500	33,502
Retained loss for the period	–	(1,280)	(1,280)
At 30 November 2000	<u>2</u>	<u>32,220</u>	<u>32,222</u>
Retained result for the period	–	–	–
At 30 November 2001	<u>2</u>	<u>32,220</u>	<u>32,222</u>

Deep Blue Productions Limited

NOTES TO THE FINANCIAL STATEMENTS at 30 November 2001

8. ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is Warner Bros. Productions Limited, a company registered in England and Wales.

Time Warner Entertainment 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 Entertainment Limited is registered in England and Wales and copies of its financial statements can be obtained from the Registrar of Companies in Cardiff.

At 30 November 2001, AOL 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 AOL Time Warner Inc.'s financial statements can be obtained from 75 Rockefeller Plaza, New York, NY 10019, USA.