

AES BALLYLUMFORD HOLDINGS LIMITED

Annual Report and Financial Statements

31 December 2013



AES BALLYLUMFORD HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2013

CONTENTS

	Page
COMPANY INFORMATION	1
STRATEGIC REPORT	2
DIRECTORS' REPORT	3
DIRECTORS' RESPONSIBILITIES STATEMENT	4
INDEPENDENT AUDITOR'S REPORT	5
PROFIT AND LOSS ACCOUNT	6
BALANCE SHEET	7
NOTES TO THE FINANCIAL STATEMENTS	8

AES BALLYLUMFORD HOLDINGS LIMITED

COMPANY INFORMATION

DIRECTORS

The following directors were in office during the financial year ended 31 December 2013 and subsequently, except where noted:

Name	Appointed	Resigned
Tihomir Mladenov	30 September 2013	
Mark Reynolds		
Mark Miller		
Mark Green	2 September 2013	
Donald Lehman		2 September 2013

COMPANY SECRETARY

Tihomir Mladenov	30 September 2013	
Julie Leeburn	2 September 2013	10 January 2014
Donald Lehman		2 September 2013

REGISTERED OFFICE

21 St Thomas Street
Bristol
United Kingdom
BS1 6JS

AUDITORS

Ernst & Young LLP
16 Bedford Street
Belfast
BT2 7DT

STRATEGIC REPORT

PRINCIPAL ACTIVITIES, TRADING REVIEW AND FUTURE DEVELOPMENTS

There have not been any significant changes in the company's principal activities in the year under review. The principal activity of the company is that of holding investments in associated undertakings. The company continues to hold an investment in AES Ballylumford Limited, which operates an electricity generating station near Belfast and in AES Barry Operations Limited, a holding company with investments in a power plant in Maritza and an investment in the Turkish operation of the AES Corporation.

FINANCIAL RISK MANAGEMENT

The company's activities are exposed to a number of financial risks which the directors considered to be the company's principal risks. The group to which the company belongs has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring the levels of debt finance and related finance costs. The company does not use derivative financial instruments for speculative purposes.

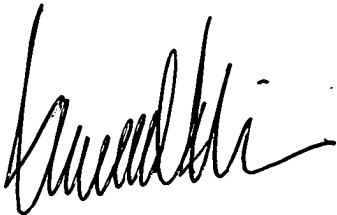
Credit risk

The company's principal financial asset is other receivables. The company has no significant concentration of credit risk, with exposure spread over large number of related parties.

Interest rate cash flow risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets are mainly inter-group loans which earn interest at variable rates. The company's interest bearing liabilities are mainly inter-group loans which also bear interest at variable rates. Where appropriate, the company fixes the interest rate on inter-group loans to minimise the interest rate cash flow risk.

By order of the Board



Mark Miller

Director

29 September 2014

AES BALLYLUMFORD HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 December 2013.

RESULTS AND DIVIDENDS

The company's results for the year ended 31 December 2013 showed a profit after taxation of £23,228,000 (2012: £13,813,000).

The directors paid an interim dividend in the year of £23,308,000 (2012: £16,833,000). The directors do not recommend the payment of a final dividend (2012: £nil).

POST BALANCE SHEET

In 2014 AES Ballylumford Holdings Limited received and paid dividends as follows:

In March 2014 the company received a dividend of £553,057 from its subsidiary AES Ballylumford Limited.

In May 2014 the company received a dividend of £5,000,000 from its subsidiary AES Ballylumford Limited.

In July 2014 the company declared and paid a dividend of £4,200,000 to its immediate parent AES UK Holdings Limited.

DIRECTORS

The directors of the company who served throughout the year and to the date of these financial statements (except as noted) are given on page 1.

DIRECTORS' INDEMNITY

The company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006.

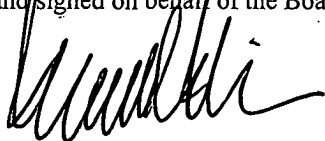
STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

So far as each of the directors in office at the date of approval of these financial statements is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

Approved by the Board of Directors
and signed on behalf of the Board



Mark Miller

Director

29 September 2014

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Directors' 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

AES BALLYLUMFORD HOLDINGS LIMITED

We have audited the financial statements of AES Ballylumford Holdings Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Keith Jess (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast

30 September 2014

AES BALLYLUMFORD HOLDINGS LIMITED**PROFIT AND LOSS ACCOUNT**
Year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
Revenue		26,463	16,833
Administrative expenses		(40)	(64)
OPERATING PROFIT		26,423	16,769
Interest receivable and similar income	3	1,057	1,227
Interest payable and similar charges	4	(4,252)	(4,863)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		23,228	13,133
Tax on ordinary activities	5	524	680
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		23,752	13,813

All of the results relate to continuing operations in both the current and previous year.

There are no recognised gains or losses or other movements in shareholder's funds for the current and preceding financial year other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses has been prepared.

AES BALLYLUMFORD HOLDINGS LIMITED

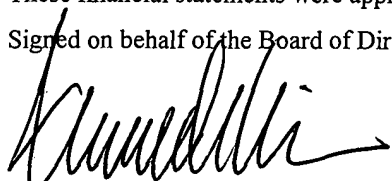
BALANCE SHEET

As at 31 December 2013

	Notes	2013 £'000	2012 £'000
FIXED ASSETS			
Investments in group undertakings	6	184,667	154,745
		<u>184,667</u>	<u>154,745</u>
CURRENT ASSETS			
Debtors	7	3,370	11,637
CREDITORS: amounts falling due within one year	8	<u>(7,869)</u>	<u>(16,581)</u>
NET CURRENT LIABILITIES		<u>(4,499)</u>	<u>(4,944)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>180,168</u>	<u>149,801</u>
CREDITORS: amounts falling due after more than one year	9	<u>(73,960)</u>	<u>(73,960)</u>
NET ASSETS		<u>106,208</u>	<u>75,841</u>
CAPITAL AND RESERVES			
Called up share capital	10	-	-
Share premium account	12	94,818	64,895
Profit and loss account	12	11,390	10,946
SHAREHOLDER'S FUNDS	13	<u>106,208</u>	<u>75,841</u>

These financial statements were approved by the Board of Directors on 29 September 2014.

Signed on behalf of the Board of Directors



Mark Miller

Director

AES BALLYLUMFORD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have all been applied consistently throughout both the current and preceding year.

Basis of preparation

The financial statements are prepared under the historical cost convention. The directors consider it appropriate to prepare the accounts on a going concern basis.

Group financial statements

In accordance with Section 400(1) of the Companies Act 2006, consolidated financial statements have not been presented as the company is a wholly owned subsidiary of the AES Corporation, a company incorporated in the state of Delaware, USA and incorporates the financial statements of this company. These financial statements present information about the company as an individual undertaking and not about its group.

Cash flow statement

The company has taken advantage of the exemption granted by Financial Reporting Standard 1 (Revised), whereby it is not required to publish its own cash flow statement as it is a wholly-owned subsidiary, for which the ultimate parent company prepares consolidated financial statements that include a consolidated cash flow statement.

Foreign currency translation

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities are denominated in foreign currencies at balance sheet date are reported at the rate of exchange prevailing at the date.

Dividend income

Dividend income from investments is recognised when the shareholders' right to receive the payment is established. As the company is a holding company, dividends received are recognised as Revenue in the financial statements.

Dividends payable

Final dividends are recorded in the financial statements in the year in which they are approved by the company's shareholders. Interim dividends are recorded in the year in which they are approved and paid.

Investment

Investments held as fixed assets are stated at cost less provision for any impairment in value.

At each balance sheet date, the company reviews the carrying amounts of its investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the investment is estimated in order to determine the extent of the impairment loss (if any).

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided on timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profit and its results as stated in the financial statements that arise from the inclusion of gains and losses in the tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the average tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

AES BALLYLUMFORD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

1. ACCOUNTING POLICIES (CONTINUED)

Use of estimates

The preparation of accounts in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from those estimates.

2. INFORMATION REGARDING DIRECTORS, EMPLOYEES AND AUDITORS

The directors received total remuneration for the year of £1,926,000 (2012: £982,000), all of which was paid by various subsidiaries of the AES Corporation. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as employees of other companies within AES Corporation.

The company has no employees (2012: nil).

Auditor's remuneration for the audit of the company's annual financial statements for the current year was £6,300 (2012: £6,000).

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2013 £'000	2012 £'000
Interest income from group undertakings	1,057	1,227
	<u>1,057</u>	<u>1,227</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £'000	2012 £'000
Interest payable to group undertakings	4,204	4,863
Foreign currency exchange loss	48	-
	<u>4,252</u>	<u>4,863</u>

AES BALLYLUMFORD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

5. TAX ON ORDINARY ACTIVITIES

	2013 £'000	2012 £'000
Current tax		
UK corporation tax recoverable on loss for the period	524	(688)
Adjustments in respect of prior period	-	8
	<u>524</u>	<u>(680)</u>

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax can be reconciled as follows:

	2013 £'000	2012 £'000
Profit on ordinary activities before taxation	<u>23,228</u>	<u>13,133</u>
Tax charge on ordinary activities at standard UK corporation tax rate of 23.25% (2012: 24.5%)	5,400	3,218
Effect of:		
Expenses not deductible for tax purposes	228	218
Non-taxable income	(6,152)	(4,124)
Group relief surrendered for no consideration	-	-
Adjustment in respect of prior years	-	8
Current tax charge / (credit) for the period	<u>524</u>	<u>(680)</u>

A reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and 23% (effective 1 April 2013) were substantially enacted on 26 March 2012 and 3 July 2012 respectively.

Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantially enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

AES BALLYLUMFORD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

6. INVESTMENTS

	Fixed asset investments £'000
Cost	
At 1 January 2013	154,745
Additions	29,922
	<hr/>
At 31 December 2013	184,667
	<hr/> <hr/>
Impaired provided	
At 1 January 2013	-
and at 31 December 2013	-
	<hr/> <hr/>
Net book value:	
At 31 December 2013	184,667
	<hr/> <hr/>
At 31 December 2012	154,745
	<hr/> <hr/>

During the year the company made further investment in AES Barry Operations Limited of £29,922,000. AES Barry Operations Limited holds the investments in the Bulgarian Operations of the AES Corporation and through its investment in AES Mont Blanc BV holds the investment in the Turkish operation of the AES Corporation.

Name of company	Country of incorporation	Type of shares	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings:				
<i>Directly owned</i>				
AES Ballylumford Limited	Northern Ireland	Ordinary	100%	Electricity generation
AES Barry Operations	England & Wales	Ordinary	100%	Holding company

7. DEBTORS

	2013 £'000	2012 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	856	9,123
	<hr/>	<hr/>
	856	9,123
	<hr/>	<hr/>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	2,514	2,514
	<hr/>	<hr/>
	3,370	11,637
	<hr/> <hr/>	<hr/> <hr/>

Amounts falling due after more than one year represent loans made to subsidiary undertakings. The loans are unsecured, interest bearing and are due for repayment in 2020.

AES BALLYLUMFORD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

8. CREDITORS: amounts falling due within one year

	2013 £'000	2012 £'000
Amounts owed to group undertakings	1,810	10,521
Corporation tax	6,013	6,012
Accruals and deferred income	46	48
	<u>7,869</u>	<u>16,581</u>

9. CREDITORS: amounts falling due after more than one year

	2013 £'000	2012 £'000
Loans owed to group undertakings	<u>73,960</u>	<u>73,960</u>

Loans owed to group undertakings represent a loan made from the immediate parent undertaking. The loan is unsecured, interest bearing and is due for repayment in 2020.

10. CALLED UP SHARE CAPITAL

	2013 £	2012 £
Called up, allotted and fully paid:		
6 ordinary shares of £1	6	-
107 ordinary shares of £1	107	107
	<u>113</u>	<u>107</u>

During the year shares have been allotted to parent company as below.

Date	Ordinary shares issued	Premium paid
	No	£'000
28 February 2013	1	493
29 May 2013	1	326
23 December 2013	4	29,103
	<u>6</u>	<u>29,922</u>

AES BALLYLUMFORD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

11. DIVIDENDS

	2013	2012
	£'000	£'000
Declared and paid during the year:		
Interim paid - March 2012: £157,314.78 per share	-	16,833
Interim paid – March 2013: £54,407.74 per share	5,876	-
Interim paid – March 2013: £101,851.85 per share	11,000	-
Interim paid – December 2013: £59,009.17 per share	6,432	-
	<u>23,308</u>	<u>16,833</u>

12. CAPITAL AND RESERVES

	Called up share capital £'000	Share Premium account £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2013	-	64,895	10,946	75,841
Profit for the year	-	-	23,752	23,752
Issue of shares	-	29,923	-	29,923
Dividends declared and paid	-	-	(23,308)	(23,308)
Balance at 31 December 2013	<u>-</u>	<u>94,818</u>	<u>11,390</u>	<u>106,208</u>

During the year the company issued six £1 ordinary shares in its capital to its parent undertaking AES UK Holdings Limited for a total consideration of £29,923,000.

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2013 £'000	2012 £'000
Profit for the financial year	23,752	13,813
Issue of shares	29,923	-
Dividends paid	(23,308)	(16,833)
Net increase / (decrease) in shareholder's interest	<u>30,367</u>	<u>(3,020)</u>
Shareholder's interest at 1 January	75,841	78,861
Shareholder's interest at 31 December	<u>106,208</u>	<u>75,841</u>

AES BALLYLUMFORD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

14. POST BALANCE SHEET EVENTS

In 2014 AES Ballylumford Holdings Limited received and paid dividends as follows:

In March 2014 the company received a dividend of £553,057 from its subsidiary AES Ballylumford Limited.

In May 2014 the company received a dividend of £5,000,000 from its subsidiary AES Ballylumford Limited.

In July 2014 the company declared and paid a dividend of £4,200,000 to its immediate parent AES UK Holdings Limited.

15. ULTIMATE PARENT COMPANY

The company is controlled by its immediate parent undertaking, AES UK Holdings Limited, a company incorporated in England and Wales.

The ultimate controlling party is AES Corporation, a company incorporated in the State of Delaware, USA.

The company is a subsidiary undertaking of AES Corporation which is the ultimate parent undertaking.

The largest and smallest group in which the results of the company are controlled is that headed by AES Corporation.

Copies of the parent company's financial statements can be obtained from the Securities and Exchange Commission, 450 5th Street NW, Washington DC 20549, USA

The company has taken advantage of the exemption granted by Financial Reporting Standard 8 "Related Party Disclosures" not to disclose transactions with other undertakings within, and related parties of, The AES Corporation Group. There are no other related party transactions during the current and preceding year.