

AES Horizons Investments Limited

Annual report

for the year ended

31 December 2012

Registered number: 2676624

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AES Horizons Investments Limited

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Directors and advisors

Directors

D Lehman
J Nebreda

Company Secretary

D Lehman

Registered office

37 Kew Foot Road
Richmond
Surrey
TW9 2SS

Solicitors

Arthur Cox
Capital House
3 Upper Queen Street
Belfast
BT1 6PU

Bankers

Bank of Ireland
4 – 8 High Street
Belfast
BT1 2BA

Barclays
Donegall House
Donegall Square North
Belfast
BT1 5GB

Independent auditors

Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast
BT2 7DT

Registered number: 2676624

Directors' report for the year ended 31 December 2012

The directors present their report and the audited financial statements of the company for the year ended 31 December 2012

Principal activity

The principal activity of the company is that of investment

Review of business and future developments

The directors believe that both the level of business and the year end financial position are satisfactory. However, the level of activity in the following years will be affected by lower dividend income from AES (NI) Limited, principally due to redemption reserve requirements

Key performance indicators ('KPIs')

The directors manage the company's operations on a divisional basis. For this reason, the company's directors believe that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business of the company

Environment

The company recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts. The directors' continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible

Health and safety

The company is committed to achieving the highest practicable standards in health and safety management and strives to make all sites and offices safe environments

Financial risk management

The company's operations expose it to a variety of financial 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 the related finance costs

Price risk

The company has no price risk as its income is derived from its investment in an associate company

Credit risk

The company is not exposed to a significant credit risk as its investment income is derived from a company that is wholly owned within The AES Corporation

Foreign exchange risk

While the greater part of the company's revenues and expenses are denominated in sterling, the company is exposed to some foreign exchange risk in the normal course of business. The company has a policy of hedging certain foreign exchange transactions over a prescribed minimum size. Cover generally takes the form of a forward purchase of foreign currencies

Directors' report for the year ended 31 December 2012(continued)

Financial risk management (continued)

Liquidity risk

The company actively maintains and monitors its bank accounts to ensure that it always has sufficient funds available for its operations

Interest rate cash flow risk

The company has an interest bearing asset in the form of an investment in an associate company within The AES Corporation group. Interest is earned at a fixed rate.

Results and dividends

The profit after taxation for the financial year was £2,664,000 (2011: £1,711,000)

The company has(received) / paid the following dividends during 2012 and 2011.

	2012 £'000	2011 £'000
Interim dividend received	(3,557)	(1,097)
Interim dividend paid	3,557	-

The directors do not recommend a final dividend payment for the year ended 31 December 2012 (2011: £Nil)

Directors

The directors who served during the year are shown on page 1

In accordance with the articles of association, none of the directors are required to retire by rotation

There were no contracts of significance subsisting during or at the end of the financial year, in which a director of the company was materially interested

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.

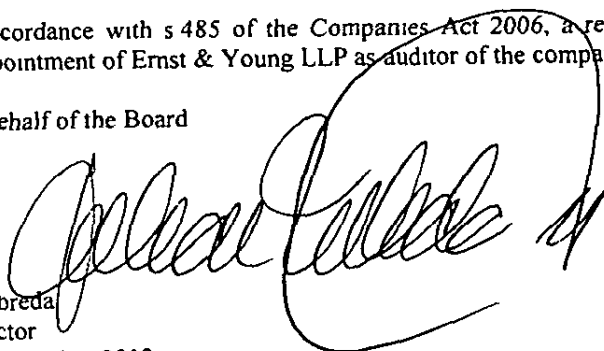
Auditors

In accordance with s 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the company

On behalf of the Board

J Nebreda
Director

17 September 2013



Statement of directors' responsibilities

The directors are responsible for preparing 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 the profit or loss for that period.

In preparing these 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, 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 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 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.

The directors confirm that they have complied with these requirements and, having a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the financial statements.

Independent auditors' report to the members of AES Horizons Investments Limited

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We have audited the financial statements of AES Horizons Investments Limited for the year ended 31 December 2012 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 Statement of Directors' Responsibilities 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 (APB'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 annual report to identify material inconsistencies with the audited financial statements. 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 2012 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 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
23 September 2013

Profit and loss account for the year ended 31 December 2012

	Notes	2012 £'000	2011 £'000
Turnover		146	271
Other operating costs		(1,471)	(16)
Operating (loss)/profit		(1,325)	255
Interest receivable and similar income	4	3,903	1,471
Profit on ordinary activities before taxation	5	2,578	1,726
Tax on profit on ordinary activities	6	86	(15)
Profit on ordinary activities after taxation	12	2,664	1,711

All amounts above relate to continuing operations of the company

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

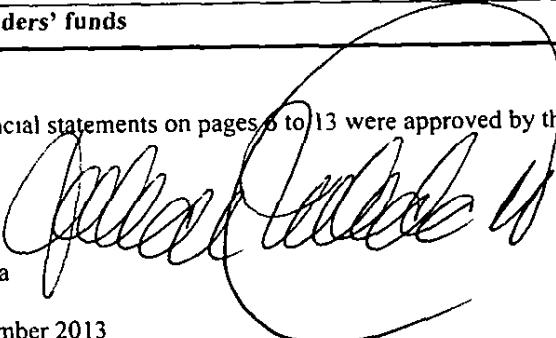
The company has no recognised gains or losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

Balance sheet at 31 December 2012

Registered number 2676624

	Notes	2012 £'000	2011 £'000
Fixed assets			
Investments in associates	7	12,850	14,942
		12,850	14,942
Current assets			
Debtors	8	8,881	9,055
Cash at bank and in hand		196	60
		9,077	9,115
Creditors: amounts falling due within one year	9	(4,474)	(5,711)
Net current assets		4,603	3,404
Total assets less current liabilities		17,453	18,346
Creditors: amounts falling due after more than one year	10	(12,388)	(12,388)
Net assets		5,065	5,958
Capital and reserves			
Called up share capital	11	3,125	3,125
Profit and loss reserve	12	1,940	2,833
Shareholders' funds	13	5,065	5,958

The financial statements on pages 6 to 13 were approved by the board and were signed on its behalf by


 J Nebreda
 Director
 17 September 2013

Notes to the financial statements for the year ended 31 December 2012

1 Accounting policies

The financial statements are prepared on the going concern basis under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards. The principal accounting policies adopted are set out below.

Basis of consolidation

The financial statements contain information about AES Horizons Investments Limited as an individual company and do not contain consolidated information as the parent of the group. The company is exempt under Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, The AES Corporation, a company incorporated in the United States of America.

Turnover

Turnover represents guarantee fee income earned from a related undertaking.

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive the payment is established.

Dividend payable

Final dividends are recorded in the accounts 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.

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.

Foreign currency translation

Transactions in foreign currencies (different to the Euro which is the functional currency) 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 and are reported at the rate of exchange prevailing at the date. Exchange differences are included in the profit and loss account.

Cash flow statement

The company is exempt from preparing a cash flow statement under the terms of Financial Reporting Standard (FRS) 1 (1996) as it is a wholly-owned subsidiary, for which the ultimate parent company prepares consolidated financial statements which include the results of the company and are publicly available.

Notes to the financial statements for the year ended 31 December 2012**2 Directors' emoluments**

The directors received total remuneration for the year of £1,014,000 (2011 £1,329,000) all of which was paid by various subsidiaries of The AES Corporation. The directors do not believe that it is practical to apportion this amount between their services as directors of the company and their services as employees of other companies within The AES Corporation.

3 Employee information

The company had no employees in the years ended 31 December 2012 and 31 December 2011.

4 Interest receivable and similar income

	2012	2011
	£'000	£'000
Interest receivable from related undertakings	346	374
Dividends received from related undertaking	3,557	1,097
	3,903	1,471

5 Profit on ordinary activities before taxation

	2012	2011
	£'000	£'000
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration - audit services	1	1

Notes to the financial statements for the year ended 31 December 2012

6 Tax on profit on ordinary activities

	2012 £'000	2011 £'000
Current tax:		
UK corporation tax at 24.5% (2011: 26.5%)	(236)	30
Adjustment in respect of previous years	150	(15)
Tax on profit on ordinary activities	(86)	15

The current tax assessed for the year differs from the standard rate of corporation tax in the UK (24.5%) (2011: 26.5%). The differences are explained below:

	2012 £'000	2011 £'000
Profit on ordinary activities before tax	2,578	1,726
Profit on ordinary activities multiplied by standard rate in the UK 24.5% (2011: 26.5%)	632	457
Effects of		
Income not taxable	(868)	(427)
Adjustment in respect of previous years	150	(15)
Current tax charge/(credit) for the year	(86)	15

In the budget of March 2012, change in future corporation rates in the UK were proposed of 1% per annum reducing to 23% by 2013. Further reductions in the UK Corporation Tax rate (to 21% from 1 April 2014) were announced in the Chancellor's Statement on 5 December 2012.

The Chancellor's Budget of 20 March 2013 announced further rate reductions to 20% from 1 April 2015.

7 Fixed asset investments

	Related undertaking £'000	Loan stock held in related undertakings £'000	Total £'000
Cost			
At 1 January 2012	9,790	5,152	14,942
Repayments	-	(2,092)	(2,092)
At 31 December 2012	9,790	3,060	12,850
Net book amount			
At 31 December 2012	9,790	3,060	12,850
At 1 January 2012	9,790	5,152	14,942

Notes to the financial statements for the year ended 31 December 2012

7 Fixed asset investments (continued)

Interest in group undertakings	Country of incorporation or registration	Description of shares held	Company %	Proportion of nominal value of issued shares held by: Group %
Name of undertaking				
AES (NI) Limited	N Ireland	Ordinary £1 shares	51	99
AES Kilroot Power Limited	N Ireland	Ordinary £1 shares	-	99
AES Belfast West Power Limited	N Ireland	Ordinary £1 shares	-	99
Cloghan Limited	N Ireland	Ordinary £1 shares	50	100
Cloghan Point (Holdings) Limited	N Ireland	Ordinary £1 shares	-	100
Kilroot Electric Limited	Cayman Islands	Ordinary US \$1 shares	-	99
AES Kilroot Generating Limited	N Ireland	Ordinary £1 shares	-	99

The principal business activities of these related undertakings are

- (i) AES (NI) Limited, AES Kilroot Power Limited and AES Belfast West Power Limited - generation of electricity
- (ii) Kilroot Electric Limited - investment company
- (iii) Cloghan Point (Holdings) Limited – provision of an oil tanker berthing facility and oil storage facility

Cloghan Limited and AES Kilroot Generating Limited did not trade during the current or prior year

Loan stock

As at 31 December 2012 the company holds £3,060,000(2011 £5,152,000) floating rate subordinated deferred loan stock

Interest levied on the loan stock is calculated as the sum of

- (i) the applicable margin, 6% and
- (ii) LIBOR on quotation date

8 Debtors

	2012 £'000	2011 £'000
Amounts owed by related undertaking	8,197	8,648
Corporation tax	665	-
Other tax and social security	19	407
	8,881	9,055

Notes to the financial statements for the year ended 31 December 2012

9 Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Amounts owed to related undertaking	4,419	5,644
Corporation tax	-	30
Accruals and deferred income	55	37
	4,474	5,711

10 Creditors: amounts falling due after more than one year

	2012 £'000	2011 £'000
Amounts owed to related undertaking	12,388	12,388

11 Called up share capital

	2012 £'000	2011 £'000
Authorised		
3,125,000 ordinary shares of £1 each	3,125	3,125
Allotted and fully paid		
3,125,000 ordinary shares of £1 each	3,125	3,125

12 Profit and loss reserve

	2012 £'000	2011 £'000
At 1 January	2,833	1,122
Profit for the financial year	2,664	1,711
Interim dividend	(3,557)	-
At 31 December	1,940	2,833

The Company has granted a fixed charge over its dividends as continuing security for the payment and discharge of secured obligations with the Trustees of the NIGEN pension scheme

13 Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Profit for the financial year	2,664	1,711
Interim dividend	(3,557)	-
Net movement during the year	(893)	1,711
Opening shareholders' funds	5,958	4,247
Closing shareholders' funds	5,065	5,958

Notes to the financial statements for the year ended 31 December 2012

14 Related party transactions

The company has taken advantage of the exemptions contained in FRS 8 "Related Party Transactions" not to disclose transactions with related parties as all of the voting rights of the company are ultimately controlled by The AES Corporation

15 Ultimate parent company

The immediate parent undertaking and controlling party is AES Electric Limited, a company incorporated in England and Wales

The ultimate parent company and controlling entity, and parent of the smallest and largest group for which consolidated financial statements are prepared of which this company is a part, is the AES Corporation, a company incorporated in the State of Delaware, USA. 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