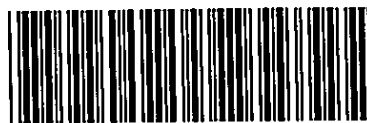


AES Horizons Investments Limited

**Annual report
for the year ended 31 December 2009**

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Directors and advisers

Directors

J McLaren (Resigned 1 September 2009)
N Hopkins (Resigned 30 April 2009)
D Lehman (Appointed 30 April 2009)
J Marquez (Appointed 1 September 2009)

Company Secretary

N Hopkins (Resigned 30 April 2009)
D Lehman (Appointed 30 April 2009)

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

Independent auditors

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

Registered number: 2676624

Directors' report for the year ended 31 December 2009

The directors present their report and the audited financial statements of the company for the year ended 31 December 2009

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 for employees and customers alike.

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 2009(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 for the financial year was £6,643,000 (2008 £1,046,000)

The directors have paid the following dividends during 2009 and 2008

	2009 £'000	2008 £'000
Interim Dividend	8,359	-

The directors do not recommend a final dividend payment for the year ended 31 December 2009 (2008 £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

Statement of disclosure of information to auditors

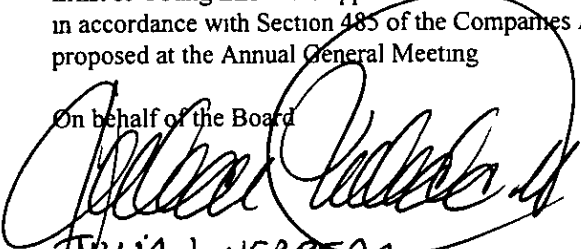
So far as each of the directors in office at the date of approval of these financial statements are aware

- there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware, and
- 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 company's auditor is aware of that information

Auditors

Ernst & Young LLP were appointed as auditors during the year and have indicated their willingness to continue in office, and in accordance with Section 485 of the Companies Act 2006 a resolution concerning their reappointment as auditor will be proposed at the Annual General Meeting

On behalf of the Board



JULIAN NEBREDAS

Director
24 May 2010

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulation

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 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.

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

We have audited the financial statements of AES Horizons Investments Limited for the year ended 31 December 2009 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. 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 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.

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 2009 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.

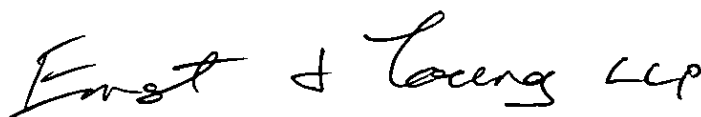
Opinion on other matter prescribed by the Companies Act 2006

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.



Keith Jess (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Registered Auditors
Belfast
31 May 2010

Profit and loss account for the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
Turnover		402	271
Other operating income		-	51
Other operating costs		(1,540)	-
Operating (loss) / profit		(1,138)	322
Interest receivable and similar income	4	7,370	760
Profit on ordinary activities before taxation	5	6,232	1,082
Tax on profit on ordinary activities	6	411	(36)
Profit for financial year	13	6,643	1,046

All amounts above relate to continuing operations of the company

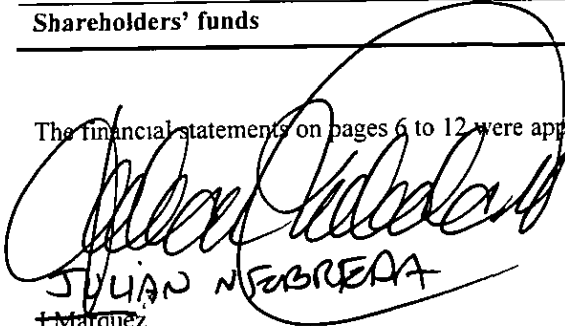
There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

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 2009

	Notes	2009 £'000	2008 £'000
Investments			
Investments in associates	7	16,040	16,040
Current assets			
Debtors	8	6,548	6,806
Cash at bank and in hand		2	1
		6,550	6,807
Creditors: amounts falling due within one year	9	(2,023)	(564)
Net current assets		4,527	6,243
Total assets less current liabilities		20,567	22,283
Creditors amounts falling due after more than one year	10	(12,388)	(12,388)
Net assets		8,179	9,895
Capital and reserves			
Called up share capital	12	3,125	3,125
Profit and loss reserve	13	5,054	6,770
Shareholders' funds	14	8,179	9,895

The financial statements on pages 6 to 12 were approved by the board on 24 May 2010 and were signed on its behalf by



JULIAN N. FEBRERA
 J. Marquez
 Director

Notes to the financial statements for the year ended 31 December 2009

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.

Turnover

Turnover represents guarantee fee income earned from a related undertaking.

Investments

Fixed asset investments are stated at their purchase cost less any provision for diminution in value. Investment income is included in the profit and loss accounts on an accruals basis.

Deferred taxation

Deferred tax is recognised in respect of all 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. Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax assets are regarded as recoverable to the extent that, 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 assets and liabilities recognised have not been discounted.

Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date or the exchange rate of a related foreign exchange contract where appropriate. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the date of the transaction. The resulting gain or loss is dealt with in the profit and loss account.

Consolidated financial statements

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.

Cash flow

The company is a wholly owned subsidiary of The AES Corporation and cash flows of the company are included in the consolidated cash flow statement of The AES Corporation. Consequently the company is exempt under the terms of FRS 1 from publishing a cash flow statement.

2 Directors' emoluments

There were no emoluments paid to the directors during 2009 and 2008.

3 Employee information

The company had no employees in the years ended 31 December 2009 and 31 December 2008.

Notes to the financial statements for the year ended 31 December 2009

4 Interest receivable and similar income

	2009	2008
	£'000	£'000
Interest receivable from related undertaking	547	760
Dividends received from related undertaking	6,823	-
	7,370	760

5 Profit on ordinary activities before taxation

	2009	2008
	£'000	£'000
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration - audit services	1	1

6 Tax on profit on ordinary activities

	2009	2008
	£'000	£'000
Current tax:		
UK corporation tax at 28% (2008 28.5%)	165	309
Adjustment in respect of previous years	246	(273)
Tax on profit on ordinary activities	411	(36)

The current tax assessed for the year differs from the standard rate of corporation tax in the UK (28%) (2008 28.5%) The differences are explained below

	2009	2008
	£'000	£'000
Profit on ordinary activities before tax	6,232	1,082
Profit on ordinary activities multiplied by standard rate in the UK 28% (2008 28.5%)	1,745	309
Effects of		
Income not taxable	(1,910)	-
Adjustment in respect of previous years	(246)	(273)
Current tax (credit)/ charge for the year	(411)	36

Notes to the financial statements for the year ended 31 December 2009

7 Fixed asset investments

	Related undertaking £'000	Loan stock held in related undertakings £'000	Total £'000
Cost			
At 1 January 2009 and at 31 December 2009	9,790	6,250	16,040
Net book amount			
At 1 January 2009 and at 31 December 2009	9,790	6,250	16,040

Interest in group undertakings

Name of undertaking	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held by:	
			Company %	Group %
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
Eden Village Produce Limited	N Ireland	Ordinary £1 shares	-	99
Kilroot Electric Limited	Cayman Islands	Ordinary US \$1 shares	-	99
AES Kilroot Generating Limited	N Ireland	Ordinary £1 shares	-	99
Nigen Supply 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

Cloghan Limited, Eden Village Produce Limited, AES Kilroot Generating Limited and Nigen Supply Limited did not trade during the current or prior year

Loan stock

As at 31 December 2009 the company holds £6,250,000 floating rate subordinated deferred loan stock

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

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

Notes to the financial statements for the year ended 31 December 2009

8 Debtors

	2009	2008
	£'000	£'000
Amounts owed by related undertaking	6,548	6,806

9 Creditors: amounts falling due within one year

	2009	2008
	£'000	£'000
Amounts owed to related undertaking	2,017	6
Corporation tax	-	555
Accruals and deferred income	6	3
	2,023	564

10 Creditors: amounts falling due after more than one year

	2009	2008
	£'000	£'000
Amounts owed to related undertaking	12,388	12,388

11 Deferred taxation

Deferred taxation is not provided in the financial statements as there are no timing differences arising

12 Called up share capital

	2009	2008
	£'000	£'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

13 Profit and loss reserve

	£'000
At 1 January 2009	6,770
Profit for the financial year	6,643
Interim dividend paid	(8,359)
At 31 December 2009	5,054

Notes to the financial statements for the year ended 31 December 2009

14 Reconciliation of movements in shareholders' funds

	2009	2008
	£'000	£'000
Profit for the financial year	6,643	1,046
Interim dividend	(8,359)	-
Net movement during the year	(1,716)	1,046
Opening shareholders' funds	9,895	8,849
Closing shareholders' funds	8,179	9,895

15 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 controlled within the group

At the 31 December 2009, the company holds £6,250,000 (2008 £6,250,000) floating rate subordinated deferred loan stock with AES (NI) Limited

During the year the company earned interest of £547,000 (2008 £760,000) on the floating rate subordinated loan stock. At 31 December 2009, the interest due to the company in respect of the floating rate subordinated loan stock is £273,000 (2008 £1,262,000)

The company surrendered tax losses to AES Kilroot Power Limited in respect of the periods ended 31 December 2008 and 31 December 2009. AES Kilroot Power Limited will reimburse the company for the losses surrendered at the relevant tax rate. At 31 December 2009 an amount of £378,000 (2008 £Nil) is due to the company.

During the year, the company received an interim dividend of £6,823,000 (2008 £Nil) from AES (NI) Limited.

16 Ultimate parent company

The company is 100% owned by AES Electric Limited, a company registered in England and Wales.

The ultimate parent undertaking and controlling party is The AES Corporation, a company registered in the United States of America, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of The AES Corporation consolidated financial statements can be obtained from the Company Secretary at 4300 Wilson Boulevard, Arlington, Virginia 22203.