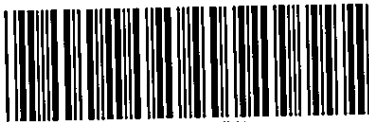


AES Ballylumford Holdings Limited
Annual report
for the period from incorporation
on 21 May 2010 to 31 December 2010



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AES Ballylumford Holdings Limited

Annual report for the period ended 31 December 2010

	Pages
Directors and advisors	1
Directors' report	2 – 3
Directors' responsibilities statement	4
Independent auditors' report	5 – 6
Profit and loss account	7
Note of historical cost profits and losses	8
Reconciliation of movement in shareholders' funds	8
Balance sheet	9
Cash flow statement	10
Notes to the financial statements	11 – 15

Directors and advisors

Directors

D Lehman
M Miller
M Reynolds

Company secretary

D Lehman

Registered office

37-39 Kew Foot Road
Richmond
Surrey
TW9 2SS

Statutory auditors

Ernst & Young LLP
Chartered Accountants and Statutory Auditors
16 Bedford Street
Belfast
BT2 7DT

Directors' report for the period ended 31 December 2010

The directors present their report and the audited financial statements of the company for the period ended 31 December 2010

Principal activity

The principal activity of the company is that of holding investments in associated undertakings

Business review

Incorporation

The company was incorporated on 21 May 2010

Development and performance

On 11 August 2010 the company acquired the entire issued share capital of AES Ballylumford Limited (previously Premier Power Limited), a company whose principal activity is the generation and sale of electricity. The total consideration was £81,642,833. Following a group restructuring arrangement the investment was increased to £103,132,183.

On 17 November 2010 the company acquired the entire issued share capital of AES Barry Operations Limited. The total consideration was £40,041,105.

The year end financial position and business activity level of the company has been acceptable.

Key performance indicators

Given the straightforward nature of its business the company's directors are of the opinion that the use of KPIs is not necessary for an understanding of the development, performance, or position of the business.

Results and dividends

The company's loss for the financial period after taxation is £4.5 million. The directors do not recommend the payment of a dividend.

Directors

The directors who held office during the period are given below:

D Lehman	(Appointed 21 May 2010)
M Miller	(Appointed 21 May 2010)
M Reynolds	(Appointed 21 May 2010)

Donations

The company made no charitable donations during the period to local and national charities. No donations for political purposes were made during the period.

Directors' report for the period ended 31 December 2010

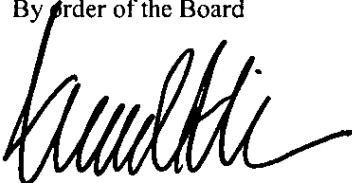
Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report 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, the directors have taken all 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 section 485 of the Companies Act 2006, a resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



M Miller
Director

28 September 2011

Directors' Responsibilities Statement

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 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 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 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 Ballylumford Holdings Limited

We have audited the financial statements of AES Ballylumford Holdings Limited for the period ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement 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 auditor

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. 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 2010 and of its loss for the period 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.

Independent auditors' report to the members of AES Ballylumford Holdings Limited

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

28 September 2011

Profit and loss account for the period ended 31 December 2010

	Notes	2010 £'000
Turnover	2	-
Cost of sales		-
Gross profit		-
Administrative expenses		(3,679)
Other income		-
Operating loss		(3,679)
Loss on ordinary activities before interest and taxation		(3,679)
Interest receivable and similar income		334
Interest payable and similar charges		(1,442)
Loss on ordinary activities before taxation		(4,787)
Tax on profit on ordinary activities	5	318
Loss for the financial period	11	(4,469)

All amounts above relate to continuing operations of the company

Statement of total recognised gains and losses for the period ended 31 December 2010

	2010 £'000
Loss for the financial period	(4,469)
Total recognised gains and losses recognised since last annual report	(4,469)

Note of historical cost profits and losses for the period ended 31 December 2010

	2010 £'000
Reported loss on ordinary activities before taxation	(4,787)
Historical cost loss on ordinary activities before taxation	(4,787)
Historical cost loss for the year retained after taxation	(4,469)

Reconciliation of movements in shareholders' funds

	2010 £'000
Loss for the financial period	(4,469)
Capital contribution received	73,313
Net movement during the period	68,844
Opening shareholders' funds	-
Closing shareholders' funds	68,844

Balance sheet as at 31 December 2010

Registered number: 07261857

	Notes	2010 £'000
Fixed assets		
Investments in group undertakings	6	143,173
		143,173
Current assets		
Debtors	7	3,847
Cash at bank and in hand		-
		3,847
Creditors: amounts falling due within one year	8	(4,216)
Net current liabilities		(369)
Total assets less current liabilities		142,804
Creditors: amounts falling due after more than one year	9	(73,960)
Net assets		68,844
Capital and reserves		
Called up share capital	10	-
Share premium account	11	73,313
Profit and loss account	11	(4,469)
Total shareholders' funds		68,844

The financial statements on pages 7 to 15 were approved by the board of directors on 28 September 2011 and were signed on its behalf by



M Miller
Director

Cash flow statement for the period ended 31 December 2010

	Notes	2010 £'000
Net cash inflow from operating activities	12	69,860
Taxation		
Corporation tax paid		-
		-
Acquisitions		
Purchase of investments		(143,173)
		(143,173)
Financing		
Issue of ordinary share capital		73,313
		73,313
Increase / (decrease) in cash in the period	13-14	-

Notes to the financial statements for the period ended 31 December 2010

1 Accounting policies

These 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 in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the period, are set out below.

The company is not required to prepare group financial statements by virtue of section 400 of the Companies Act 2006 as it is a wholly owned subsidiary of a company incorporated in the United Kingdom and established under the law of a member state of the European Union, for which consolidated accounts are prepared and in which the company and its subsidiary undertakings are included. The financial statements therefore present information in respect of the company as an individual undertaking and not its group.

Debtors

Debtors are stated after all known bad debts have been written off and after specific provision has been made for debts considered doubtful of collection.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of services supplied together with accrued revenues.

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

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

Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. 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.

2 Turnover

The company did not trade during the period under review.

Notes to the financial statements for the period ended 31 December 2010

3 Employee information

The company did not employ any staff during the period under review

4 Directors' emoluments

2010
£'000

Aggregate emoluments

-

The directors are remunerated through the other group undertakings. No specific recharge is made for their services to this company

5 Tax on loss on ordinary activities

2010
£'000

Current tax

UK Corporation Tax recoverable on loss for the period at 28%

(318)

Adjustment in respect of previous periods

-

Total current tax

(318)

Deferred tax:

Origination and reversal of timing differences

-

Adjustment in respect of previous periods

-

Total deferred tax

-

Tax on loss on ordinary activities

(318)

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 28%

The differences are explained below

2010
£'000

Loss on ordinary activities before tax

(4,787)

Loss on ordinary activities multiplied by standard rate in the UK 28%

(1,340)

Effects of

Expenses not deductible for tax purposes

1,022

Current tax credit for the period

(318)

Notes to the financial statements for the period ended 31 December 2010

6 Investments in group undertakings

2010
£'000

Shares in group undertakings

At 21 May

-

Additions in period

143,173

At 31 December

143,173

On 11 August the Company acquired the entire issued share capital of AES Ballylumford Limited (previously Premier Power Limited) for a total consideration of £81,642,833. Following a group restructuring arrangement the investment was increased to £103,132,183.

On 17 November the company acquired the entire share capital of AES Barry Operations Limited for a total consideration of £40,041,105.

7 Debtors

2010
£'000

Amounts falling due within one year.

Amounts owed by group undertakings

896

Other debtors

119

Corporation tax recoverable

318

1,333

Amounts due after more than one year:

Amounts owed by group undertakings

2,514

3,847

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.

8 Creditors: amounts falling due within one year

2010
£'000

Amounts owed to group undertakings

3,787

Accruals and deferred income

429

4,216

Notes to the financial statements for the period ended 31 December 2010

9 Creditors: amounts falling after more than one year

	2010 £'000
Loans owed to group undertakings	73,960
	73,960

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

	2010 £
Allotted and unpaid	
103 ordinary shares of £1 each	103

11 Reserves

	Share Premium Account £'000	Profit and loss account £'000	Total £'000
At 21 May 2010	-	-	-
Loss for the financial period	73,313	(4,469)	68,844
At 31 December 2010	73,313	(4,469)	68,844

During the period 103 ordinary shares were issued. The nominal value of these shares was £103 and the consideration received was £73,313,489.

12 Reconciliation of operating profit to net cash inflow from operating activities

	2010 £'000
Operating loss	(3,679)
Movement in debtors	(3,063)
Movement in creditors	76,602
Net cash inflow from operating activities	69,860

13 Analysis of net funds

	21 May 2010 £'000	Cash flow £'000	31 December 2010 £'000
Cash at bank and in hand	-	-	-
Net funds	-	-	-

Notes to the financial statements for the period ended 31 December 2010

14 Reconciliation of net cash flow to movement in net funds

	2010 £'000
Increase / (decrease) in cash in financial period	-
Net funds at beginning of the period	-
Net funds at end of the period	-

15 Related party transactions

The company has taken advantage of the exemptions contained in FRS 8 - "Related Party Transactions" not to disclose transactions with its parent undertakings or fellow subsidiary undertakings on the grounds that it is a 100% owned subsidiary and the consolidated financial statements of which the company is included are publicly available

The ultimate parent undertaking is AES Corporation. Copies of the AES Corporation consolidated financial statements can be obtained from the Company Secretary at 4300 Wilson Boulevard, Arlington, Virginia 22203

16 Ultimate controlling party

The company's immediate parent undertaking is AES UK Holdings Limited, a company incorporated in England

The company's ultimate parent undertaking, and the undertaking of the only group of undertakings for which group accounts are drawn up and of which the company is a member, is The AES Corporation, a company incorporated in the United States of America

The company does not have an ultimate controlling party as the ultimate parent undertaking is a public limited company