

**AES BORSOD HOLDINGS LIMITED**

**Report and Financial Statements**

**31 December 2009**



# **AES BORSOD HOLDINGS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2009**

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## **AES BORSOD HOLDINGS LIMITED**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

The following directors were in office during the financial year ended 31 December 2009 and subsequently, except where noted

Evgeniya Rodionova

Wesley Stam

Donald Lehman (appointed 30 April 2009)

#### **SECRETARY**

Neil Hopkins (resigned 30 April 2009)

#### **REGISTERED OFFICE**

37-39 Kew Foot Road

Richmond

Surrey

TW9 2SS

#### **AUDITORS**

Ernst & Young LLP

1, More London Place

London

SE1 2AF

# **AES BORSOD HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report for the year ended 31 December 2009

### **ACTIVITIES, REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

In 2009, a decision was made to use the company (dormant in 2008) to invest in two project companies, Borsod CFB Project Company and AES Tiszapalkonya Villamosipari Termelő és Szolgáltató Kft a project company both companies based in Hungary (see note 5) As a result of this fundamental change in the business the directors have decided to change the functional and reporting currency from GBP to US Dollars as at 1 January 2009

### **RESULTS FOR THE YEAR AND DIVIDENDS**

The company's results for the year ended 31 December 2009 showed a loss of \$6,110 (2008 \$nil)

The directors do not recommend the payment of a dividend (2008 \$nil)

### **DIRECTORS**

The directors of the company who served throughout the year and to the date of these financial statements are given on page 1

### **FINANCIAL RISK MANAGEMENT**

The company's activities expose it to a number 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 related finance costs The company does not use derivative financial instruments for speculative purposes

#### *Currency risk*

The company's activities expose it to the financial risks of changes in foreign currency exchange rates The company manages this risk by forward purchase of foreign currencies and regular monitoring of the foreign currency exchange rates

### **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**

No auditors were appointed by the directors in 2008 because the Company was entitled to the exemption provided by section 480 of the Companies Act 2006 relating to dormant companies Ernst & Young LLP were appointed auditors to the company on 23 June 2010 and have expressed their willingness to continue in office

In the absence of a notice proposing that the appointment be terminated, Ernst & Young LLP will be deemed to be re-appointed as the company's auditor for the next year

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



Donald Lehman  
Director  
21 September 2010

## **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 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.

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 accounts.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AES BORSOD HOLDINGS LIMITED**

We have audited the financial statements of AES Borsod Holdings for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 9. 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, 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 loss 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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.

*Ernst & Young LLP*

David Coulon (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
22 September 2010

## **AES BORSOD HOLDINGS LIMITED**

### **PROFIT AND LOSS ACCOUNT**

**Year ended 31 December 2009**

|  |   | <b>2009</b>    | <b>2008</b> |
|--|---|----------------|-------------|
|  |   | <b>\$</b>      | <b>\$</b>   |
| Other expenses                                     | 3 | (6,110)        | -           |
| <b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b> |   | <b>(6,110)</b> | <b>-</b>    |
| Tax credit on loss on ordinary activities          | 4 | -              | -           |
| <b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>  |   | <b>(6,110)</b> | <b>-</b>    |

All of the results relate to continuing operations in the current year

There are no recognised gains or losses or other movements in shareholder's funds for the current or 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.

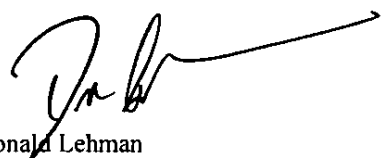
# AES BORSOD HOLDINGS LIMITED

## BALANCE SHEET As at 31 December 2009

|   | Note | 2009<br>\$ | 2008<br>\$ |
|---|------|------------|------------|
| <b>FIXED ASSETS</b>                                   |      |            |            |
| Investments   | 5    | 17,827     | -          |
| <b>CREDITORS: amounts falling due within one year</b> | 6    | (23,937)   | -          |
| <b>NET CURRENT LIABILITIES</b>                        |      | (23,937)   | -          |
| <b>NET LIABILITIES</b>                                |      | (6,110)    | -          |
| <b>CAPITAL AND RESERVES</b>                           |      |            |            |
| Called up share capital                               | 7    | 28,958     | 28,958     |
| Profit and loss account                               |      | (35,068)   | (28,958)   |
| <b>SHAREHOLDER'S DEFICIT</b>                          | 8    | (6,110)    | -          |

These financial statements were approved by the Board of Directors on 21 September 2010

Signed on behalf of the Board of Directors



Donald Lehman  
Director



# AES BORSOD HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS

As at 31 December 2009

### 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 in both the current and preceding year.

#### Basis of accounting

The financial statements are prepared under the historical cost convention.

#### Functional currency

As of January 1, 2009 the company has made a reassessment of the functional currency as a consequence of the changes in the business and in the circumstances underlying prior to initial determination. Therefore, considering the available information and based on the management analysis for the future expected cash flows, the USD has been determined as the functional currency as from that date.

#### Investments

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

#### Impairment of investments

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).

#### 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.

#### 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 accounts which include the results of the company and are publicly available.

#### 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. Where losses are surrendered between group undertakings they are paid in full.

#### 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. LOSS ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION

No director received any emoluments for their services to the company. The company has no employees (2008: nil).

### 3 AUDITOR'S REMUNERATION

|                                   | 2009<br>\$ | 2008<br>\$ |
|-----------------------------------|------------|------------|
| Fees for the audit of the company | 6,110      | -          |

# AES BORSOD HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS

As at 31 December 2009

### 4. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

|  | 2009<br>\$ | 2008<br>\$ |
|--|------------|------------|
| UK corporation tax on profits for the period | -          | -          |
| Adjustments in respect of previous periods   | -          | -          |
|  | <u>-</u>   | <u>-</u>   |
| Tax credit on loss on ordinary activities    | <u>-</u>   | <u>-</u>   |

The difference between the total current tax charge shown above and the amount calculated by applying the standard rate of Dutch corporate income tax to the loss before tax can be reconciled as follows

|  | 2009<br>\$ | 2008<br>\$ |
|--|------------|------------|
| Loss before taxation   | (6,110)    | -          |
| Tax on loss on ordinary activities at standard<br>Dutch corporate income tax rate of 25.5% (2008: 25.5%) | (1,558)    | -          |
| Effect of<br>Group relief surrendered for no consideration   | 1,558      | -          |
|  | <u>-</u>   | <u>-</u>   |
| Current tax credit for period  | <u>-</u>   | <u>-</u>   |

### 5. INVESTMENTS

|                     | Shares in group<br>undertakings<br>\$ |
|---------------------|---------------------------------------|
| Cost                |                                       |
| At 1 January 2009   | -                                     |
| Additions           | 17,827                                |
|                     | <u>17,827</u>                         |
| At 31 December 2009 | <u>17,827</u>                         |
| Net book value      |                                       |
| At 31 December 2009 | -                                     |
|                     | <u>-</u>                              |
| At 31 December 2009 | <u>17,827</u>                         |

During the year AES Borsod Holding acquired two companies involved in the development and operation of independent power generation facilities in Hungary

| Name of company   | Country | Type of<br>shares | Proportion of<br>voting rights and<br>shares held | Nature of business |
|---|---------|-------------------|---|--------------------|
| <b>Subsidiary undertakings:</b>                               |         |                   |   |                    |
| AES Borsod CFB Project Kft                                    | Hungary | Ordinary          | 100%  | Project company    |
| AES Tiszapalkonya Villamosipari<br>Termelő és Szolgáltató Kft | Hungary | Ordinary          | 100%  | Project company    |

# AES BORSOD HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS

As at 31 December 2009

### 6. CREDITORS: Amounts falling due within one year

|                | 2009          | 2008     |
|----------------|---------------|----------|
|                | \$            | \$       |
| Intercompany * | 17,827        | -        |
| Accruals       | 6,110         | -        |
|                | <u>23,937</u> | <u>4</u> |
|                |               | -        |

\* amounts due to AES Tisza Holding BV its immediate parent company

### 7. CALLED UP SHARE CAPITAL

|  | 2009           | 2008           |
|--|----------------|----------------|
|  | \$             | \$             |
| <b>Authorised:</b>                         |                |                |
| 100,000 ordinary shares of £1 each         | <u>144,790</u> | <u>144,790</u> |
| <b>Called up, allotted and fully paid:</b> |                |                |
| 20,000 ordinary shares of £1 each          | <u>28,958</u>  | <u>28,958</u>  |

### 8. RECONCILIATION OF SHAREHOLDER'S DEFICIT

|                                    | 2009           | 2008     |
|------------------------------------|----------------|----------|
|                                    | \$             | \$       |
| Shareholder's funds at 1 January   | -              | -        |
| Loss for year                      | <u>(6,110)</u> | <u>-</u> |
| Shareholder's funds at 31 December | <u>(6,110)</u> | <u>-</u> |

### 9. ULTIMATE PARENT COMPANY

The ultimate parent company and controlling entity, and parent of the smallest and largest group for which consolidated accounts 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 ultimate 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 FRS 8 "Related Party Disclosures" not to disclose transactions with other undertakings within, and related parties of, The AES Corporation Group.