

AES BORSOD HOLDINGS LIMITED

Annual Report and Financial Statements
31 December 2010



AES BORSOD HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

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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 2010 and subsequently, except where noted

Evgeniya Rodionova
Wesley Stam

SECRETARY

Donald Lehman

REGISTERED OFFICE

37-39, Kew Foot Road
Richmond
Surrey
TW9 2SS

AES BORSOD HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report for the year ended 31 December 2010

RESULTS AND DIVIDENDS

The company did not trade during the year and consequently made neither a profit nor a loss (2009 loss of \$6,110)

The directors do not recommend the payment of a dividend (2009 \$nil)

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 decided to change the functional and reporting currency from GBP to US Dollars as at 1 January 2009

The company did not trade in the year and is not expected to trade in the foreseeable future

DIRECTORS

The directors of the company who served throughout the year and to the date of these financial statements 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

AUDITORS

No auditors were appointed by the directors in 2009 because the Company was entitled to the exemption provided by section 480 of the Companies Act 2006 relating to dormant companies

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



Evgeniya Rodionova
Director
6 April 2011

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.

AES BORSOD HOLDINGS LIMITED

BALANCE SHEET

As at 31 December 2010

	Note	2010 \$	2009 \$
FIXED ASSETS			
Investments	5	17,827	17,827
CREDITORS: amounts falling due within one year	6	(23,937)	(23,937)
NET CURRENT LIABILITIES		(23,937)	(23,937)
NET LIABILITIES		(6,110)	(6,110)
CAPITAL AND RESERVES			
Called up share capital	7	28,958	28,958
Profit and loss account		(35,068)	(35,068)
SHAREHOLDER'S DEFICIT	8	(6,110)	(6,110)

For the year ending 31 December 2010 the company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

These financial statements were approved by the Board of Directors on 6 April 2011

Signed on behalf of the Board of Directors



Evgeniya Rodionova
Director

AES BORSOD HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

As at 31 December 2010

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.

The company has net liabilities and is not expected to trade in the foreseeable future.

Basis of accounting

The financial statements are prepared under the historical cost convention.

Functional currency

As of 1 January 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. PROFIT AND LOSS ACCOUNT

The company did not trade during the year and made neither profit nor loss.

No director received any emoluments for their services to the company for the year ended 31 December 2010 or the preceding year.

The company has no employees (2009 – none).

AES BORSOD HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

As at 31 December 2010

3. AUDITOR'S REMUNERATION

	2010 \$	2009 \$
Fees for the audit of the company	-	6,110

There is no audit fee for 2010 as the company did not trade in the period and is dormant. The 2009 audit fee was borne by AES Electric Limited a fellow group company.

4. TAX ON ORDINARY ACTIVITIES

	2010 \$	2009 \$
UK corporation tax on profits for the period	-	-
Adjustments in respect of previous periods	-	-
Tax credit on loss on ordinary activities	-	-

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:

	2010 \$	2009 \$
Loss before taxation	-	(6,110)
Tax on loss on ordinary activities at standard Dutch corporate income tax rate of 25.5% (2009: 25.5%)	-	(1,558)
Effect of Group relief surrendered for no consideration	-	1,558
Current tax credit for period	-	-

5. INVESTMENTS

	Shares in group undertakings \$
Cost and Net Book Value	
At 31 December 2010	
and at 31 December 2009	17,827

The company has two companies involved in the development and operation of independent power generation facilities in Hungary:

Name of company	Country of incorporation	Type of shares	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings:				
AES Borsod CFB Project Kft	Hungary	Ordinary	100%	Project company
AES Tiszapalkonya Villamosipari Termelő és Szolgáltató Kft	Hungary	Ordinary	100%	Project company

AES BORSOD HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

As at 31 December 2010

6. CREDITORS: Amounts falling due within one year

	2010 \$	2009 \$
Amounts owed to immediate parent company	17,827	17,827
Amounts owed to group companies*	6,110	6,110
	<u>23,937</u>	<u>23,937</u>

* the 2009 balance has been reclassified to more accurately amounts owed

7. CALLED UP SHARE CAPITAL

	2010 \$	2009 \$
Authorised:		
100,000 ordinary shares of £1 each	144,790	144,790
Called up, allotted and fully paid		
20,000 ordinary shares of £1 each	28,958	28,958

8. CAPITAL AND RESERVES

	Called up share capital \$	Profit and loss account \$	Total \$
At 1 January and 31 December 2010	28,958	(35,068)	(6,110)

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S DEFICIT

	2010 \$	2009 \$
Opening shareholders' interest	(6,110)	(6,110)
Closing shareholders' interest	(6,110)	(6,110)

10. ULTIMATE PARENT COMPANY

The immediate parent company is AES Tisza Holding BV, a company registered in The Netherlands

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