

Company Registration No. 3958479

AES PAK GEN (UK) LIMITED

**Report and Financial Statements
31 December 2009**

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AES PAK GEN (UK) LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

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AES PAK GEN (UK) LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

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

John McLaren (resigned 1 September 2009)
Neil Hopkins (resigned 30 April 2009)
Donald Todd Lehman (appointed 30 April 2009)
Julian Jose Nebreda Marquez (appointed 1 September 2009)

SECRETARY

Neil Hopkins (resigned 30 April 2009)
Donald Lehman (appointed 30 April 2009)

REGISTERED OFFICE

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

BANKERS

Citibank
Canada Wharf
London
E14 5LB

AUDITORS

Ernst & Young LLP
1, More London Place
London
SE1 2AF

AES PAK GEN (UK) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2009. The directors' report has been prepared in accordance with the special provisions relating to small companies under the Companies Act of 2006.

PRINCIPAL ACTIVITY

The company is a holding company for a Pakistani company involved in the operation of an independent power generation facility.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The company is a holding company only and as such did not trade during the period. The company is not expected to continue in its role as a holding company for the foreseeable future.

POST BALANCE SHEET EVENT

As at 31 December 2009 the company owned 15.33% of the share capital of AES Pak Gen (Private) Limited, a company incorporated in Pakistan, which operates a power generating facility. At 11 June 2010 AES the company's shares in Pak Gen (Private) Limited was sold for a consideration of \$7,976,443 (£5,452,148). The sale consideration was less than the net assets of the company. Consequently, the value of the investment has been reduced to reflect the impairment (note 7).

PROFIT FOR THE YEAR AND DIVIDENDS

The company's results for the year ended 31 December 2009 showed a loss on ordinary activities after taxation of £2,953,593 (2008 profit of £3,816,435). In 2009 the directors paid an interim dividend of £1,237,363 (2008 £3,776,523). The directors do not recommend the payment of a final dividend.

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.

Cash flow 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.

Liquidity risk

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

DIRECTORS

The directors of the company who served throughout the year and to the date of these financial statements (except as noted) are given on page 1.

AUDITORS

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.

AES PAK GEN (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

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.

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

A handwritten signature in black ink, appearing to read 'D. Lehman', with a long horizontal stroke extending to the right.

Donald Lehman
Director

27 July 2010

Company Registration No. 3958479

AES PAK GEN (UK) LIMITED

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. Based on the assessment they have made of the significant doubt upon the company's ability to continue as a going concern and that, therefore, the company is unable to company's profitability and financial situation, they have concluded that there are material uncertainties that cast realisable its assets and discharge its liabilities in the normal course of business. Therefore the accounts have been prepared on a break-up basis.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AES PAK GEN (UK) LIMITED

We have audited the financial statements of AES Pak Gen (UK) Limited for the year ended 31 December 2009, which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. 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). The financial statements have been prepared on a break-up basis.

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 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.

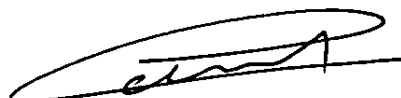
Opinion on other matter prescribed by the Companies Act 2006

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.



David Coulon (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
30 July 2010

AES PAK GEN (UK) LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2009

	Notes	2009 £	2008 £
Administrative expenses		(6,409)	(905)
GROSS LOSS		(6,409)	(905)
Other operating expenses, net	4	(4,183,922)	-
OPERATING LOSS		(4,190,331)	(905)
Income from fixed asset investments		1,347,548	4,021,709
Interest received and similar income	3	-	214
Finance (costs)/income	3	(9,744)	102,491
(LOSS) /PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(2,852,527)	4,123,509
Tax	5	(101,066)	(307,074)
(LOSS) /PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,953,593)	3,816,435

All of the results relate to continuing operations in both the current and previous 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 presented

AES PAK GEN (UK) LIMITED


BALANCE SHEET

As at 31 December 2009

	Notes	2009 £	2008 £
FIXED ASSETS			
Investments	7	5,452,148	9,636,071
CURRENT ASSETS			
Cash at bank and in hand		47,664	49,297
Debtors	8	1	1
		<u>47,665</u>	<u>49,298</u>
CREDITORS : Amounts falling due within one year	9	<u>(10,846)</u>	<u>(5,446)</u>
NET CURRENT ASSETS		<u>36,819</u>	<u>43,852</u>
NET ASSETS		<u>5,488,967</u>	<u>9,679,923</u>
CAPITAL AND RESERVES			
Called up share capital	10	9,636,072	9,636,072
Profit and loss account	11	(4,147,105)	43,851
SHAREHOLDER'S FUNDS	11	<u>5,488,967</u>	<u>9,679,923</u>

These financial statements were approved by the Board of Directors on 27 July 2010

Signed on behalf of the Board of Directors


 Donald Lehman
 Director

AES PAK GEN (UK) LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2009

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom law and 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 consolidation

In accordance with Section 400 (1) of the Companies Act 2006, consolidated financial statements have not been presented as the company is a wholly owned subsidiary of the AES Corporation, a company incorporated in the state of Delaware, USA and incorporates the financial statements of this company. These financial statements present information about the company as an individual undertaking and not about its group.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies are reported at the rates of exchange prevailing at that date.

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.

Investments

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

Cash flow statement

The company has taken advantage of the exemption granted in Financial Reporting Standard (FRS) 1 (Revised) not to produce a cash flow statement, since its ultimate parent company produces a consolidated cash flow statement including the cash flow of the company.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

No director received remuneration in respect of qualifying services to the company. The company had no employees in the current and prior year.

The auditors' remuneration of £5,400 (2008 nil) for the audit of the company's annual accounts for the current year will be borne by the company. The remuneration for 2008 was borne by AES Electric Limited, a fellow subsidiary undertaking.

3. INTEREST RECEIVED AND SIMILAR RECEIPTS

	2009 £	2008 £
Interest received	-	214

FINANCE (COSTS)/ INCOME

	2009 £	2008 £
Foreign exchange (losses) /gains	(9,744)	102,491

AES PAK GEN (UK) LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2009

4. OTHER OPERATING EXPENSES, NET

	2009	2008
	£	£
Impairment of investment	4,183,922	-

5. TAX ON (LOSS) / PROFIT ON ORDINARY ACTIVITIES

	2009	2008
	£	£
Current tax		
UK taxation	-	5,446
Overseas taxation	101,066	301,628
	<u>101,066</u>	<u>307,074</u>

The profit before tax is shown gross of withholding tax. There is no UK tax payable on the dividends received due to the availability of double taxation relief on all the foreign income. The tax charge relates to tax withheld on the receipt of the dividend which is not recoverable in the UK.

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2009	2008
	£	£
(Loss) / Profit on ordinary activities before tax	<u>(2,852,527)</u>	<u>4,123,509</u>
Tax on group profit on ordinary activities at standard		
UK Corporation tax rate of 28% (2008 28.5%)	(798,708)	1,175,200
Effect of		
Expenses not deductible for tax purposes	1,171,499	-
Dividends not subject to UK taxation	(372,791)	(1,146,187)
Foreign tax suffered	101,066	301,628
Group relief claimed for no consideration	-	(8,183)
Brought forward tax losses utilised	-	(15,384)
Current tax charge for period	<u>101,066</u>	<u>307,074</u>

6. DIVIDENDS

	2009	2008
	£	£
Interim dividends paid	<u>1,237,363</u>	<u>3,776,523</u>

As at the year end the company had negative reserves of £4,147,105 and had paid an interim dividend of £1,237,363. At the time of paying the dividend, there were sufficient distributable reserves and no indicators of any adjustments required at that point that would affect the level of reserves available for distribution. However, as a result of a post-year end impairment made to the company's investment in AES Pak Gen (Private) Limited the company moved into negative reserves. This position has been rectified post-year end by means of a share capital reduction whereby on the 26th March 2010 £9,636,071 ordinary shares of £1 each were cancelled, the relevant proceeds moved to reserves and repaid to the shareholders.

AES PAK GEN (UK) LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2009

7. INVESTMENTS

	2009 £	2008 £
Fixed asset investments at cost	9,636,071	9,636,071
Impairment	(4,183,923)	-
	<u>5,452,148</u>	<u>9,636,071</u>
Fixed asset investments at sale value	5,452,148	9,636,071

As at 31 December 2009 the company owned 15.33% of the share capital of AES Pak Gen (Private) Limited, a company incorporated in Pakistan, which operates a power generating facility. At 11 June 2010 the company's shares in AES Pak Gen (Private) Limited were sold for a consideration of \$7,976,443 (£5,452,148). The sale consideration was less than the net assets of the company. Consequently, the value of the investment has been reduced to reflect the impairment.

8. DEBTORS

	2009 £	2008 £
Amounts owed by group undertakings	<u>1</u>	<u>1</u>

9. CREDITORS: amounts falling due within one year

	2009 £	2008 £
Corporation tax	5,446	5,446
Accrued Audit Fee	5,400	-
	<u>10,846</u>	<u>5,446</u>

10. CALLED UP SHARE CAPITAL

	2009 £	2008 £
Authorised.		
15,000,000 (2008: 15,000,000) ordinary shares of £1 each	<u>15,000,000</u>	<u>15,000,000</u>
Called up, allotted and fully paid		
9,636,071 (2008: 9,636,071) ordinary shares of £1	<u>9,636,071</u>	<u>9,636,071</u>
Called up, allotted and not yet paid		
1 (2008: 1) ordinary share of £1	<u>1</u>	<u>1</u>

AES PAK GEN (UK) LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2009

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	Called up share capital £	Profit and loss account £	Total £
Balance at 1 January 2009	9,636,072	43,851	9,679,923
Loss for the year	-	(2,953,593)	(2,953,593)
Dividends declared	-	(1,237,363)	(1,237,363)
Balance at 31 December 2009	<u>9,636,072</u>	<u>(4,147,105)</u>	<u>5,488,967</u>

12. ULTIMATE PARENT COMPANY

The immediate parent company and controlling entity is AES Pakistan (Holdings) Limited

The ultimate parent company and controlling party, 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 that company's financial statements may 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 Financial Reporting Standard (FRS) 8 "Related Party Disclosures" not to disclose transactions with other undertakings within and related parties of the AES Corporation group