

**Registered in England and Wales, No. 212618**

AES TEP Power II Investments Limited  
(Formerly Alstom Power Tamuin II Holdings Ltd.)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2007



AES TEP Power II Investments Limited  
(Formerly Alstom Power Tamuin II Holdings Ltd.)

**CONTENTS**

	Page
Officers and Professional Advisers	1
Directors' Report	2
Statement of Directors' Responsibilities	3
Independent Auditor's Report	4
Profit and Loss Account	6
Statements of Total Recognised Gains and Losses	7
Balance Sheet	8
Notes to the Financial Statements	9

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## **OFFICERS AND PROFESSIONAL ADVISERS**

### **Directors:**

The following directors were in office during the financial year ended 31 March 2007 and subsequently, except where noted.

A D Cledwyn-Davies (resigned 9 February 2007)  
J A Tyler (resigned 9 February 2007)  
M Flicker (resigned 9 February 2007)  
John McLaren (appointed 9 February 2007)  
Neil Hopkins (appointed 9 February 2007, resigned 30 April 2009)  
Donald Lehman (appointed 30 April 2009)  
D Vitter (resigned 1 July 2006)

### **Company's Secretary:**

A D Cledwyn-Davies (resigned 9 February 2007)  
Neil Hopkins (appointed 9 February 2007, resigned 30 April 2009)  
Donald Lehman (appointed 30 April 2009)

### **Registered Office:**

37-39 Kew Foot Road  
Richmond  
Surrey  
TW9 2SS

### **Auditors:**

KPMG LLP  
2 Cornwall Street  
Birmingham  
B3 2DL

AES TEP Power II Investments Limited  
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**DIRECTORS' REPORT**  
**Year Ended 31 March 2007**

The Directors present their report and the financial statements for the year ended 31 March 2007.

**PRINCIPAL ACTIVITIES**

The Company is an intermediary holding company for an overseas subsidiary engaged in building and operating a power plant in Mexico.

**REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

The Company has interest receivable on a US Dollar denominated loan to a Mexican subsidiary.

On 29 January 2007 it was agreed that Alstom NV, the immediate parent undertaking of AES TEP Power Investments Limited, waive the outstanding debt of £ 21,810,260 owed to it by AES TEP Power II Investments Limited in return for the issue of one share in AES TEP Power Investments Limited. As part of the same agreement, AES TEP Power II Investments Limited issued one share to AES TEP Power Investments Limited for consideration of £ 21,810,260, in order to capitalise the debt in the books of AES TEP Power II Investments Limited.

The profit on ordinary activities after tax was £167,177 (2006 profit: £814,050)

**DIRECTORS**

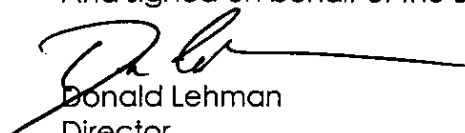
The membership of the Board is shown on page 1.

**DISCLOSURE OF INFORMATION TO AUDITORS**

The directors who held office at the date of approval of this report confirm that:

1. So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
2. The directors have taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board of directors  
And signed on behalf of the Board

  
Donald Lehman  
Director  
2 June 2009.

AES TEP Power II Investments Limited  
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## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS REPORT AND THE FINANCIAL STATEMENTS**

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

United Kingdom Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 these 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 being 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 which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

AES TEP Power II Investments Limited  
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## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AES TEP POWER II INVESTMENTS LIMITED**

We have audited the financial statements of AES TEP Power II Investments Limited for the year ended 31 March 2007 which comprise the profit and loss account, the statement of recognised gains and losses, and the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

AES TEP Power II Investments Limited  
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We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2007 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

*KPMG LLP*

KPMG LLP  
Chartered Accountants  
Registered Auditor  
Birmingham

2 June 2009

AES TEP Power II Investments Limited  
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**PROFIT & LOSS ACCOUNT**  
**Year Ended 31 March 2007**

	<b>Notes</b>	<b>2007 £</b>	<b>2006 £</b>
Administrative expenses and operating loss	(2)	(5,417)	-
Interest receivable and similar income	(3)	1,168,464	4,411,292
Interest payable and similar charges	(3)	<u>(820,600)</u>	<u>(2,935,548)</u>
<b>Profit on Ordinary Activities Before Taxation</b>		342,447	1,475,744
Tax on Profit on Ordinary Activities	(5)	<u>(175,270)</u>	<u>(661,694)</u>
<b>Profit for the financial year</b>		<u>167,177</u>	<u>814,050</u>

All activities derive from continuing operations.

A reconciliation of the movement in reserves is shown in note 10. There is no difference between the results reported above and those prepared on a historical cost basis.



AES TEP Power II Investments Limited  
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**STATEMENTS OF TOTAL RECOGNISED GAINS AND LOSSES**  
**Year Ended 31 March 2007**

	<b>Notes</b>	<b>2007 £</b>	<b>2006 £</b>
Profit for the financial year		167,177	814,050
Exchange movements	(10)	<u>(55,040)</u>	<u>31,350</u>
<b>Total recognised gains and losses</b>		<u>112,137</u>	<u>845,400</u>

AES TEP Power II Investments Limited  
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**BALANCE SHEET**  
**31 March 2007**

	Notes	2007 £	2006 £
<b>FIXED ASSETS</b> – Investment in subsidiary	(6)	20,210,347	21,043,645
<b>CURRENT ASSETS</b>			
DEBTORS - (Including £ 706,853 due after more than one year)	(7)	2,563,867	3,844,310
CREDITORS – amounts due within one year	(8)	(5,417)	(24,041,555)
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		2,558,450	(20,197,245)
<b>NET ASSETS</b>		22,768,797	846,400
<b>CAPITAL AND RESERVES</b>			
Share Capital	(10)	1,001	1,000
Share premium	(10)	21,810,259	-
Profit and loss account	(10)	957,537	845,400
<b>TOTAL EQUITY SHAREHOLDERS FUNDS</b>		22,768,797	846,400

These financial statements were approved by the Board of Directors on 2 June 2009.

Signed on behalf of the Board of Directors

  
Donald Lehman  
Director

AES TEP Power II Investments Limited  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended 31 March 2007**

**1. ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

**a. Basis of preparation**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under Financial Reporting Standard 1 (revised) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the group in its own published consolidated financial statements.

Consolidated financial statements have not been presented on the basis of the exemption under Section 228A of the Companies Act 1985 that the Company is a wholly owned subsidiary of AES Corporation.

As the Company is ultimately a wholly owned subsidiary of AES Corporation, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

The directors have decided to present the financial statements in sterling. However the Company's functional currency is US Dollar. The reporting currency and functional currency are consistent in both years.

**b. Fixed asset investments**

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

**c. Taxation**

Taxation on profit on ordinary activities is that which has become or becomes payable in respect of the profits of the period, and takes into account taxation deferred because of timing differences between the treatments of certain items for taxation and accounting purposes.

AES TEP Power II Investments Limited  
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**2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAX**

Profit on ordinary activities before is stated after changing:

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Auditors' remuneration – Audit of these financial statements	3,917	-
Penalty charges	1,500	-

In the year ended 31 March 2006 the auditors' remuneration was borne by a fellow group undertaking on the Company's behalf.

**3. INTEREST RECEIVABLE AND PAYABLE**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Interest receivable on loan to subsidiary undertaking	1,168,464	4,411,292
Interest payable on loan from Group company	(820,600)	(2,935,548)

**4. STAFF NUMBERS AND COST**

The average number of persons employed by the Company (excluding directors) during the year was zero (2006: Zero).

No employee (including directors) received any emoluments or pension contribution during the year.

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**5. TAXATION**

***Analysis of charge in the current year***

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Current tax charge	278,454	1,104,417
Double taxation relief	(103,184)	(442,723)
Total tax charge for the year	<u>175,270</u>	<u>661,694</u>

***Factors affecting tax charge for the current year***

The tax charge for the year is higher (2006: higher) than the standard rate of corporation tax in the UK at 30% (2006: 30%). The difference is explained below:

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Current tax reconciliation		
<b>Profit on Ordinary Activities Before Taxation</b>	<u>342,447</u>	<u>1,475,744</u>
Expected tax charge at 30%	102,734	442,723
Effect of:		
Expenses not deductible	450	-
Higher tax rates on overseas earnings	<u>72,086</u>	<u>218,971</u>
Total tax	<u>175,270</u>	<u>661,694</u>

***Factors affecting the future tax charge***

On 1 April 2008 the UK Corporation tax rate changed from 30% to 28%. This should not impact the Company due to the double taxation relief available.

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**6. FIXED ASSET INVESTMENTS**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Shares in subsidiary undertaking		
Balance brought forward	9,122,369	8,420,593
Foreign exchange revaluation (loss) / gain	(1,038,230)	701,773
Balance carried forward	8,084,139	9,122,366
Loans to subsidiary undertaking		
Balance brought forward	11,921,281	10,394,472
Additions in the year	1,561,721	660,530
Foreign exchange revaluation (loss)/gain	(1,356,794)	866,277
Balance carried forward	12,126,208	11,921,279
Total	20,210,347	21,043,645

The investment represents 99.99% of the issued share capital in AES TEG II Mexican Holdings, S. de R.L. de c. v. a company that is registered and operates in Mexico. Interest accrues on the loan at a rate of 11.765% per annum after 9 February 2007 (10% before that date).

**7. DEBTORS**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Amounts due from parent company	707,853	1,000
Amounts due from subsidiary for interest on loan	1,856,014	3,843,310
Total	2,563,867	3,844,310

Included in the above is £ 706,853 due after more than one year.

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**8. CREDITORS**

	2007 £	2006 £
Accruals	5,417	-
Loan from Group company – Principal	-	21,043,645
Group interest payable on the principal	-	2,997,910
Amounts due	5,417	24,041,555

The loan was an amount drawn down against two credit facilities with a fellow group company. The loan in 2006 was subject to interest of 8.5%.

On 8 February 2007 the loan and all accrued interest thereon were capitalised by way of issuing on share to AES TEP Power Investments Limited for consideration of £21,810,260.

**9. SHARE CAPITAL**

	2007 £	2006 £
Authorised 10,000 (2006: 1,000) ordinary, equity shares of £1 each	10,000	1,000
Allotted, called up and fully paid 1,001 (2006: 1,000) ordinary, equity shares of £1 each	1,001	1,000

On 8 February 2007, the Company issued one share to its parent company AES TEP Power investments limited for consideration of £21,810,260.

**10. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS**

	Issued Share capital £	Share Premium £	Profit and Loss account £	Total £
At 1 April 2006	1,000	-	845,400	846,400
Exchange movements			(55,040)	(55,040)
Profit for the year	-	-	167,177	167,177
Issue of shares	1	21,810,259	-	21,810,260
At 31 March 2007	1,001	21,810,259	957,537	22,768,797

AES TEP Power II Investments Limited  
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## **11. PARENT UNDERTAKINGS**

The Company's immediate parent undertaking is AES TEP Power Investments Limited (formerly Alstom Power Investment Projects II Limited), a company incorporated in England & Wales.

The Company's ultimate parent undertaking and ultimate controlling party, is the AES Corporation, a company incorporated in the State of Delaware, USA (ALSTOM in 2006, a company incorporated in France).

The largest and smallest group in which the results of the Company are consolidated is that headed by AES Corporation (ALSTOM in 2006). Copies of the parent company's financial statements can be obtained from the Securities and Exchange Commission, 450 5<sup>th</sup> Street NW, Washington, USA.