

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 2008



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

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AES TEP Power II Investments Limited
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OFFICERS AND PROFESSIONAL ADVISERS

Directors:

The following directors were in office during the financial year ended 31 March 2008 and subsequently, except where noted.

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

Company's Secretary:

Neil Hopkins (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 2008

The Directors present their report and the financial statements for the year ended 31 March 2008.

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.

The profit on ordinary activities after tax was £1,666,570 (2007: £167,177).

DIRECTORS

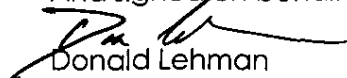
The membership of the Board is shown on page 1.

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 A THE DIRECTORS' REPORT
AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Director's 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 prepared the financial statement in accordance with UK Accounting Standard 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 2008 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 2008 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 2008

	Notes	2008 £	2007 £
Other income		121,534	-
Administrative expenses	(2)	<u>(5,417)</u>	<u>(5,417)</u>
Operating profit /(loss)		116,117	(5,417)
Interest receivable and similar income	(3)	1,824,062	1,168,464
Interest payable and similar charges	(3)	<u>-</u>	<u>(820,600)</u>
Profit on Ordinary Activities Before Taxation		1,940,179	342,447
Tax on Profit on Ordinary Activities	(5)	<u>(273,609)</u>	<u>(175,270)</u>
Profit for the financial year		<u>1,666,570</u>	<u>167,177</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 2008

	Notes	2008 £	2007 £
Profit for the financial year		1,666,570	167,177
Exchange movements	(10)	<u>(315,813)</u>	<u>(55,040)</u>
Total recognised gains and losses		<u>1,350,757</u>	<u>112,137</u>

AES TEP Power II Investments Limited
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BALANCE SHEET

31 March 2008

	Notes	2008 £	2007 £
FIXED ASSETS – Investment in subsidiary	(6)	19,943,926	20,210,347
CURRENT ASSETS			
DEBTORS – (Including £ 666,696 (2007: 706,853) due after more than one year)	(7)	4,186,462	2,563,867
CREDITORS – Amounts due within one year	(8)	(10,834)	(5,414)
NET CURRENT ASSETS		4,175,628	2,558,450
NET ASSETS		24,119,554	22,768,797
CAPITAL AND RESERVES			
Share Capital	(10)	1,001	1,001
Share premium	(10)	21,810,259	21,810,259
Profit and loss account	(10)	2,308,294	957,537
TOTAL EQUITY SHAREHOLDERS FUNDS		24,119,554	22,768,797

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 2008

1. ACCOUNTING POLICIES

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

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.

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2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

Profit on ordinary activities before is stated after charging:

	2008 £	2007 £
Auditors' remuneration – Audit of these financial statements	3,917	3,917
Penalties	1,500	1,500

3. INTEREST RECEIVABLE AND PAYABLE

	2008 £	2007 £
Interest receivable on loan to subsidiary undertaking	1,824,062	1,168,464
Interest payable on loan from Group company	-	(820,600)

4. STAFF NUMBERS AND COST

The average number of persons employed by the Company (excluding directors) during the year was zero (2007: 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

	2008 £	2007 £
Current tax charge	547,218	278,454
Double taxation relief	(273,609)	(103,184)
Current tax charge, being to total for the year	273,609	175,270

Factors affecting tax charge for the current year

The tax credit for the year is lower (2007: higher) than the standard rate of corporation tax in the UK at 30% (2007: 30%). The difference explained below:

	2008 £	2007 £
Current tax reconciliation		
Profit on Ordinary Activities Before Taxation	1,940,179	342,447
Expected tax charge at 30%	582,053	102,734
Effect of:		
Expenses not deductible	450	450
Higher tax rates on overseas earnings	-	72,086
Group relief claimed for no consideration	(308,894)	-
Total tax	273,609	175,270

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

	2008	2007
	£	£
Shares in subsidiary undertaking		
Balance brought forward	8,084,139	9,122,369
Foreign exchange revaluation loss	<u>(106,569)</u>	<u>(1,038,230)</u>
Balance carried forward	<u>7,977,570</u>	<u>8,084,139</u>
Loans to subsidiary undertaking		
Balance brought forward	12,126,208	11,921,281
Additions in the year	-	1,561,721
Foreign exchange revaluation loss	<u>(159,852)</u>	<u>(1,356,794)</u>
Balance carried forward	<u>11,966,356</u>	<u>12,126,208</u>
Total	<u>19,943,926</u>	<u>20,210,347</u>

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).

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7. DEBTORS

	2008 £	2007 £
Amounts due from parent company	667,696	707,853
Amounts due from subsidiary for interest on loan	3,395,954	1,856,014
Amounts due from other group companies	122,812	-
Total	<u>4,186,462</u>	<u>2,563,867</u>

8. CREDITORS

	2008 £	2007 £
Accruals	<u>10,834</u>	<u>5,417</u>

9. SHARE CAPITAL

	2008 £	2007 £
Authorised 10,000 ordinary, equity shares of £1 each	10,000	10,000
Allotted, called up and fully paid 1,001 ordinary, equity shares of £1 each	<u>1,001</u>	<u>1,001</u>

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10. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	Issued Share capital £	Share Premium £	Profit and Loss account £	Total £
At 1 April 2007	1,001	21,810,259	957,537	22,768,797
Exchange movements			(315,813)	(315,813)
Profit for the year	-	-	1,666,570	1,666,570
At 31 March 2008	1,001	21,810,259	2,308,294	24,119,554

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.

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