

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

AES TEP Power II Investments Limited

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2013



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AES TEP Power II Investments Limited

**CONTENTS**

	Page
Officers and Professional Advisers	1
Directors' Report	2
Statement of Directors' Responsibilities	4
Independent Auditor's Report	5
Profit and Loss Account	7
Statement of Total Recognised Gains and Losses	8
Balance Sheet	9
Notes to the Financial Statements	10

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AES TEP Power II Investments Limited

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **Directors**

The following directors were in office during the financial year ended 31 March 2013 and subsequently, except where noted

Donald Lehman  
Julian Jose Nebreda Marquez

### **Company's Secretary**

Donald Lehman

### **Registered Office.**

37-39 Kew Foot Road  
Richmond  
Surrey  
TW9 2SS

### **Auditors**

KPMG LLP  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

AES TEP Power II Investments Limited

**DIRECTORS' REPORT**  
**Year Ended 31 March 2013**

The Directors present their report and the financial statements for the year ended 31 March 2013

**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 £886,211 (2012 £1,089,088) The Company paid £6,203,395 dividend in 2013 (2012 £NIL)

**PRINCIPLE RISKS AND UNCERTAINTIES FACING THE BUSINESS**

The Company's investment in AES TEG II Mexican Holdings, S de RL de CV continues to be a key risk to the business in terms of its carrying value and dividend policy The financial performance of the business is therefore exposed to the underlying performance of the subsidiary

The Company remains exposed to fluctuations in the rate of exchange between the US Dollar and British Pound This risk arises due to transactions and associated balances being recognised in a currency that is different to the Company's functional currency

**DIRECTORS**

The membership of the Board is shown on page 1


AES TEP Power II Investments Limited

**DISCLOSURE OF INFORMATION TO AUDITORS**

The directors who held office at the date of approval of this report confirms 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

A handwritten signature in black ink, appearing to read 'Donald Lehman', followed by a long horizontal line extending to the right.

Donald Lehman  
Director  
26 June 2013

**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

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)

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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements 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 adequate 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**INDEPENDENT AUDITOR'S 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 2013 set out on pages 7 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditor**

As explained more fully in the Directors' Responsibilities Statement 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, and express an opinion on, 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**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 March 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with UK 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.

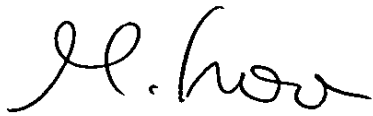
**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the

AES TEP Power II Investments Limited

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



**Michael Froom (Senior Statutory Auditor)**  
**For and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

23 July

2013



AES TEP Power II Investments Limited

**PROFIT & LOSS ACCOUNT**  
**Year Ended 31 March 2013**

	<b>Notes</b>	<b>2013 £</b>	<b>2012 £</b>
Other income	(2)	623,056	650,158
Administrative expenses	(3)	(88,588)	(22,683)
<b>Operating profit</b>		534,468	627,475
Foreign exchange losses		8,708	84
Interest receivable and similar income	(4)	638,618	840,437
<b>Profit on Ordinary Activities Before Taxation</b>		1,181,794	1,467,996
Taxation on profit on ordinary activities	(6)	(295,583)	(378,908)
<b>Profit for the financial Year</b>		<u>886,211</u>	<u>1,089,088</u>

All activities derive from continuing operations

A reconciliation of the movement in reserves is shown in note 12. There is no difference between the results reported above and those prepared on a historical cost basis.

AES TEP Power II Investments Limited

**STATEMENT OF TOTAL RECOGNISED GAINS AND  
LOSSES**

**Year Ended 31 March 2013**

	<b>Notes</b>	<b>2013 £</b>	<b>2012 £</b>
Profit for the Financial year	(12)	886,211	1,089,088
Exchange movements	(12)	1,382,275	39,636
<b>Total recognised losses and gains</b>		<b>2,268,486</b>	<b>1,128,724</b>

AES TEP Power II Investments Limited

**BALANCE SHEET**  
**31 March 2013**

	Notes	2013 £	2012 £
<b>FIXED ASSETS</b> - Investment in subsidiary	(7)	14,724,395	19,153,575
<b>CURRENT ASSETS</b>			
<b>DEBTORS</b> - Amounts due after more than one year	(8)	10,606,322	10,074,514
<b>CREDITORS</b> - amounts due within one year	(9)	(6,954)	(19,218)
<b>NET CURRENT ASSETS</b>		10,599,368	10,055,296
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		25,323,763	29,208,871
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	(10)	(151,801)	(102,000)
<b>NET ASSETS</b>		25,171,962	29,106,871
<b>CAPITAL AND RESERVES</b>			
Share capital	(11)	1,001	1,001
Share premium	(12)	21,810,259	21,810,259
Profit and loss account	(12)	3,360,702	7,295,611
<b>TOTAL EQUITY SHAREHOLDERS FUNDS</b>		25,171,962	29,106,871

These financial statements were approved by the Board of Directors on 26 June 2013

Signed on behalf of the Board of Directors



Donald Lehman  
Director

Company No 212618

AES TEP Power II Investments Limited

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended 31 March 2013**

**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 400 of the Companies Act 2006 that the Company is a wholly owned subsidiary of AES Corporation, which is incorporated in the USA. These financial statements disclose information about the Company as an individual undertaking, and not about its group

**Related parties**

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)

**Going concern**

The directors have reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. Therefore they continue to adopt the going concern basis of accounting in preparing these financial statements

**b. Functional currency**

The directors have decided to present the financial statements in sterling. However the Company's functional currency is US Dollar. The reporting and functional currencies are both consistent with the prior year. In accordance with the provisions of FRS 23, translation differences arising on conversion to the reporting currency are included in the statement of total recognised gains and losses

## AES TEP Power II Investments Limited

Transactions not undertaken in the functional currency are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities not denominated in the functional currency are translated using the contracted rate or the rate of exchange ruling at the balance sheet date, and the gains or losses on translation are included in the profit and loss account.

### **c. Fixed asset investments**

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

### **d 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.

### **e. Dividends**

Dividends payable are accounted in the Company's Financial Statements when the Company declares the payment of the dividend and it is no longer at the discretion of the Company. Dividends receivable are accounted for when approved.

## **2. OTHER INCOME**

Other income item is a guarantee collecting fee in respect of Banco Nacional de México, S A, Business trust 111076-2 "TEG II Trust", in accordance with the Guarantee agreement between both on 27 December 2007. The Company guarantees the punctual and irrevocable payment of all principal and interest from time to time payable by the TEG II Trust to Lenders. The maximum exposure of the Company under the guarantee at 31 March 2013 is £ 124,947,643.

AES TEP Power II Investments Limited

**3. ADMINISTRATIVE EXPENSES**

Administrative expenses are stated after charging

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Auditor's remuneration – Audit of these financial statements	6,278	6,278

**4. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Interest receivable on loan to subsidiary Undertaking	638,618	840,437

**5. STAFF NUMBERS AND COSTS**

The average number of persons employed by the Company (excluding directors) during the year was Zero (2012 Zero)

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

## 6. TAXATION

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

	2013 £	2012 £
<b>Current Tax</b>		
UK corporation tax credit on profit for the	295,583	378,908
Double taxation relief	-	-
	295,583	378,908
Adjustments in respect of prior years	-	-
Total tax charge for the year	295,583	378,908

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

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax of 24% (2012 26%) to the loss before tax is as follows

	2013 £	2012 £
<b>Profit on Ordinary Activities Before Taxation</b>	1,181,794	1,467,996
Tax on group profit on ordinary activities at Standard UK corporation tax rate of 24% (2012 26%)	283,631	381,679
Effect of		
Non-deductible expenses	-	(2,771)
Other timing differences	11,952	-
Group relief claimed for no consideration	-	-
Adjustments in respect of prior years	-	-
Total tax charge for the year	295,583	378,908

A deferred tax asset of £34,914 (2012 £24,480) in respect of other timing differences has not been recognised as there is insufficient evidence that the assets will be recovered. The assets would be recovered should the company make suitable taxable profits in the future.

A reduction to the main rate of UK corporation tax to 24% with effect from 1 April 2012 was enacted in March 2012 and to 23% from 1 April 2013 was enacted in July 2012. In addition, effective from 1 April 2014 the main rate of UK corporation tax is expected to be 21% and 20% effective from 1 April 2015. These rates have not yet been substantively enacted and accordingly their impact is not reflected in these financial statements.

## AES TEP Power II Investments Limited

The phased reduction to the main rate of UK corporation tax is expected to have an impact on the future income statement tax charge of the company as a lower tax rate is applied to taxable profits

### 7. FIXED ASSET INVESTMENTS

	2013 £	2012 £
Shares in subsidiary undertaking		
Balance brought forward	9,921,419	9,891,092
Foreign exchange revaluation loss	522,834	30,327
Balance carried forward	10,444,253	9,921,419
Loans to subsidiary undertaking		
Balance brought forward	9,232,156	12,331,057
Loan principal repayment	(5,438,524)	(3,136,710)
Foreign exchange revaluation	486,510	37,809
Balance carried forward	4,280,142	9,232,156
Total	14,724,395	19,153,575

The investment represents 99.97% of the issued share capital in AES TEG II Mexican Holdings, S de RL de CV a company that is registered and operates in Mexico. Interest accrues on the loan at a rate of 11.765% per annum.

### 8. DEBTORS

	2012 £	2012 £
Amounts due from parent company	4,122,338	4,491,168
Amounts due from subsidiary for interest on loan	6,465,218	5,425,438
Amounts due from subsidiary other than interest	18,766	157,908
Total	10,606,322	10,074,514

Of the amounts due from parent company above, £10,606,322 (2012 £10,074,514) falls due after more than one year.



## AES TEP Power II Investments Limited

### 9. CREDITORS

	2013	2012
	£	£
Accruals	6,954	19,218
Total	6,954	19,218

### 10 PROVISIONS

	2013	2012
	£	£
At start of period	102,000	120,000
(Released)/ charged to profit and loss		
Account	49,801	(18,000)
At end of period	151,801	102,000

In 1970's the Company operated as GEC Machines Limited which has been involved in damage lawsuit arising out of industrial deafness claims. As at 31 March 2013 the Company has provided for 100% of the estimated costs of settlement with the claimants, which are expected to be utilised, on an ongoing basis, within the next 5 years.

### 11. SHARE CAPITAL

	2013	2012
	£	£
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	1,001	1,001

## AES TEP Power II Investments Limited

### 12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	Issued Share capital £	Share premium £	Profit and Loss account £	Total £
At 1 April 2012	1,001	21,810,259	7,295,611	29,106,871
Exchange movements	-	-	1,382,275	1,382,275
Dividends paid	-	-	(6,203,395)	(6,203,395)
Profit for the year	-	-	886,211	886,211
At 31 March 2013	1,001	21,810,259	3,360,702	25,171,962

### 13. PARENT UNDERTAKINGS

The Company's immediate parent undertaking is AES TEP Power Investments Limited, a company incorporated in England

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 5<sup>th</sup> Street NW, Washington, USA