

Registered in England and Wales, No.212618

AES TEP Power II Investments Limited

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2014



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
Statements of Total Recognised Gains and Losses	8
Balance Sheet	9
Notes to the Financial Statements	10

AES TEP Power II Investments Limited

OFFICERS AND PROFESSIONAL ADVISERS

Directors:

The following directors were in office during the financial year ended 31 March 2014 and subsequently, except where noted.

Tihomir Mladenov
Julian Jose Nebreda Marquez

Company's Secretary:

Tihomir Mladenov

Registered Office:

21 ST Thomas Street
Bristol
United Kingdom
BS1 6JS

Auditors:

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

AES TEP Power II Investments Limited

DIRECTORS' REPORT

Year Ended 31 March 2014

The Directors present their report and the financial statements for the year ended 31 March 2014.

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 £654,003 (2013: £886,211). The Company paid £4,154,825 dividend in 2014 (2013: £6,203,395).

PRINCIPLE RISKS AND UNCERTAINTIES FACING THE BUSINESS

The Company's investment in AES TEG II Mexican Holdings, S. de R.L. de C.V. 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.

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

Tihomir Mladenov
Director
30 July 2014

A handwritten signature in black ink, consisting of several loops and a long vertical stroke, positioned to the right of the printed name and date.

**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 2014 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 auditors

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.

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 2014 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

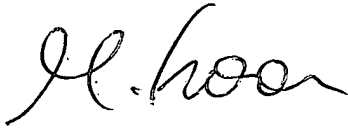
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

30 July 2014

AES TEP Power II Investments Limited

PROFIT & LOSS ACCOUNT

Year Ended 31 March 2014

	Notes	2014 £	2013 £
Other income	(2)	583,804	623,056
Administrative expenses	(3)	(39,257)	(88,588)
Operating profit		544,547	534,468
Foreign exchange (gains) losses		(20,274)	8,708
Interest receivable and similar income	(4)	325,081	638,618
Profit on Ordinary Activities Before Taxation		849,354	1,181,794
Taxation on profit on ordinary activities	(6)	(195,351)	(295,583)
Profit for the financial Year		654,003	886,211

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

STATEMENTS OF TOTAL RECOGNISED GAINS AND LOSSES
Year Ended 31 March 2014

	Notes	2014 £	2013 £
Profit for the Financial year	(12)	654,003	886,211
Exchange movements	(12)	(2,127,066)	1,382,275
Total recognised losses and gains		(1,473,063)	2,268,486

AES TEP Power II Investments Limited

BALANCE SHEET

31 March 2014

	Notes	2014 £	2013 £
FIXED ASSETS - Investment in subsidiary	(7)	9,510,498	14,724,395
CURRENT ASSETS			
DEBTORS - Amounts due after more than one year	(8)	10,239,235	10,606,322
CREDITORS - amounts due within one year	(9)	(63,247)	(6,954)
NET CURRENT ASSETS		10,175,988	10,599,368
TOTAL ASSETS LESS CURRENT LIABILITIES		19,686,486	25,323,763
PROVISIONS FOR LIABILITIES AND CHARGES	(10)	(142,412)	(151,801)
NET ASSETS		19,544,074	25,171,962
CAPITAL AND RESERVES			
Share capital	(11)	1,001	1,001
Share premium	(12)	11,810,259	21,810,259
Profit and loss account	(12)	7,732,814	3,360,702
TOTAL EQUITY SHAREHOLDERS FUNDS		19,544,074	25,171,962

These financial statements were approved by the Board of Directors on 30 July 2014.

Signed on behalf of the Board of Directors.

Tihomir Mladenov
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.

Transactions not undertaken in the functional currency are recorded using

AES TEP Power II Investments Limited

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 2014 is £125,531,447 (2013: £124,947,643).

AES TEP Power II Investments Limited

3. ADMINISTRATIVE EXPENSES

Administrative expenses are stated after charging:

	2014	2013
	£	£
Auditor's remuneration – Audit of these financial statements	6,400	6,278

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014	2013
	£	£
Interest receivable on loan to subsidiary Undertaking	325,081	638,618

5. STAFF NUMBERS AND COSTS

The average number of persons employed by the Company (excluding directors) during the year was Zero (2013: Zero).

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

6. TAXATION

Analysis of charge in the current year

	2014	2013
	£	£
Current Tax		
UK corporation tax credit on profit for the	195,351	295,583
Double taxation relief	-	-
	195,351	295,583
Adjustments in respect of prior years	-	-
Total tax charge for the year	195,351	295,583

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 23% (2013: 24%) to the loss before tax is as follows:

	2014	2013
	£	£
Profit on Ordinary Activities Before Taxation	849,354	1,181,794
Tax on group profit on ordinary activities at Standard UK corporation tax rate of 23% (2013: 24%)	195,351	283,631
Effect of:		
Non-deductible expenses	-	-
Other timing differences	-	11,952
Group relief claimed for no consideration	-	-
Adjustments in respect of prior years	-	-
Total tax charge for the year	195,351	295,583

A deferred tax asset of £31,010 (2013: £34,914) 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. The deferred tax asset at 31 December 2013 has been calculated at 20%.

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and 23% (effective 1 April 2013) were substantially enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantially enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.