

Company Registration No. 2222066

AES ELECTRIC LIMITED

Report and Financial Statements

31 December 2007



AES ELECTRIC LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

CONTENTS

Page

Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes to the accounts	8

AES ELECTRIC LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

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

John McLaren
Mark Reynolds
Neil Hopkins
Shahzad Qasim (appointed 2 June 2006, resigned 21 March 2007)
Timothy Stuart Clarke (appointed 21 March 2007).

COMPANY SECRETARY

Neil Hopkins

REGISTERED OFFICE

37 Kew Foot Road
Richmond
Surrey
TW9 2SS

AUDITORS

Deloitte LLP
Chartered Accountants
London

AES ELECTRIC LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company together with the financial statements and auditors' report for the year ended 31 December 2007.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company is a wholly owned subsidiary of The AES Corporation and operates within the group's European, Commonwealth of Independent States, and Africa region.

The company's principal activity is the development of new electricity generating facilities across Europe. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any major changes in the company's activity subsequent to 31 December 2007. In addition, the company continues to indirectly hold an investment in AES Kilroot Power Limited, which operates the Kilroot Power Station in Belfast. The subsidiary undertakings are listed in note 9 to the accounts.

The profit for the year ended 31 December 2007 after taxation amounted to £12,516,000 (2006: £43,445,000). As disclosed in the profit and loss account on page 6, the decline in dividends received from its investment in AES Kilroot Power Limited from £45,379,000 in 2006 to £1,367,000 in 2007 partly offset by the receipt of tax credits of £7,203,000 in 2007 has led to the decline in the year on year performance of the company. Turnover and cost of project development have declined in 2007 as the Maritza project in Bulgaria reached financial close in 2006.

The balance sheet on page 7 of the financial statements shows that the company's financial position at the year end has improved, with net assets increasing from £158,716,000 to £171,232,000, driven by the profit for the year.

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.

Credit risk

The company's principal financial assets are bank balances, cash and other receivables. The company's credit risk is primarily attributable to its receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The company has no significant concentration of credit risk, with exposure spread over large number of related parties.

Liquidity risk

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

Interest rate cash flow risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include bank accounts and inter-group loans which earn interest at variable rates. The company's interest bearing liabilities are mainly inter-group loans which also bear interest at variable rates. Where appropriate, the company fixes the interest rate on inter-group loans to minimise the interest rate cash flow risk.

DIVIDENDS

The directors do not recommend the payment of a dividend (2006: £nil).

AES ELECTRIC LIMITED

DIRECTORS' REPORT

CHARITABLE CONTRIBUTIONS

Contributions made by the company for charitable purposes were £11,224 (2006: £17,655).

DIRECTORS

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

INFORMATION TO AUDITORS

Each of the directors at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (2) the director has 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.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

The AES Corporation of which the company is part put its audit out to tender during the year and decided to appoint another firm of auditors in 2008.

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



Neil Hopkins
Director

March 27 2009

AES ELECTRIC LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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). 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; 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 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AES ELECTRIC LIMITED

We have audited the financial statements of AES Electric Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 21. 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 director's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

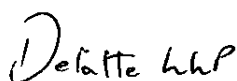
We conducted our audit in accordance with International Standards on auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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.

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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 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.



Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
27 March 2009

AES ELECTRIC LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2007

	Notes	2007 £'000	2006 £'000
TURNOVER		5,895	18,661
Cost of sales		(5,138)	(23,046)
GROSS PROFIT		757	(4,385)
Administrative expenses		(6,705)	(4,478)
Other operating income, net	6	880	47
OPERATING LOSS		(5,068)	(8,816)
Income from group undertakings		1,367	45,379
Interest receivable and similar income	4	11,967	8,942
Interest payable and similar charges	5	(3,986)	(2,716)
Other income		989	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	5,269	42,789
Tax credit on profit on ordinary activities	7	7,247	656
PROFIT FOR THE FINANCIAL YEAR		12,516	43,445

All amounts are derived from continuing operations in both the current and preceding year.

There are no recognised gains or losses 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 prepared.

AES ELECTRIC LIMITED

BALANCE SHEET 31 December 2007

	Notes	2007 £'000	2006 £'000
FIXED ASSETS			
Tangible assets	8	170	189
Investments	9	58,944	59,180
		<u>59,114</u>	<u>59,369</u>
CURRENT ASSETS			
Work in progress		1,774	-
Debtors			
- due within one year	10	49,901	44,467
- due after more than one year	10	163,852	122,419
Cash at bank and in hand		6,284	10,873
		<u>221,811</u>	<u>177,759</u>
CREDITORS : Amounts falling due within one year	11	<u>(53,357)</u>	<u>(41,421)</u>
NET CURRENT ASSETS		<u>168,454</u>	<u>136,338</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>227,568</u>	<u>195,707</u>
CREDITORS: Amounts falling due after more than one year	12	<u>(56,336)</u>	<u>(36,640)</u>
PROVISION FOR ONEROUS LEASE	13	<u>-</u>	<u>(351)</u>
NET ASSETS		<u>171,232</u>	<u>158,716</u>
CAPITAL AND RESERVES			
Called up share capital	14	30,309	30,309
Share premium	16	54,917	54,917
Profit and loss account	16	86,006	73,490
SHAREHOLDER'S FUNDS	15	<u>171,232</u>	<u>158,716</u>

These financial statements were approved by the Board of Directors on
Signed on behalf of the Board of Directors

Mr L 27

2009.

Neil Hopkins

Neil Hopkins
Director

AES ELECTRIC LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2007**

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have all been applied consistently throughout both the current and preceding year.

Basis of accounting

The financial statements are prepared under the historical cost convention.

In accordance with Section 228A of the Companies Act 1985, 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.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' report on page 2. The financial position of the company is described in the balance sheet on page 7. The company's borrowings and available facility are described in notes 11 and 12 on pages 17 and 18. In addition the Directors' report on page 2 includes the company's financial risk management objectives and its exposures to credit risk and liquidity risk.

The company has considerable financial resources together with available credit facility. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided in equal annual instalments over the estimated useful lives of the assets. The estimated useful lives are:

Leasehold improvements	The term of the lease
Fixtures, fittings, tools and equipment	Between 3 and 10 years

Investments

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

Development projects

Work in progress

Work in progress represents projects in development. These costs represent directly attributable amounts incurred for professional services, salaries, permits, options and other related costs when it is virtually certain that a contract will be obtained and the contract is expected to result in future net cash inflows with a present value no less than all amounts recognised as an asset. Upon completion of the projects, they are sold or transferred to other group companies. Work in progress is stated at the lower of cost or net realisable value.

Assets under construction

If our intention at the outset is to retain the assets, the projects are capitalised as assets under construction and on completion are transferred to developed projects and are depreciated on a straight-line basis over the life of the project. Provision for impairment is made if the directors determine that a particular project will no longer be developed.

AES ELECTRIC LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2007

1. ACCOUNTING POLICIES - continued

Turnover

Turnover represents amounts receivable from other group companies for completed projects sold in the normal course of business, net of discounts, VAT and other sales-related taxes. All turnover is generated from continuing operations in the United Kingdom.

Foreign currency translation

Transactions expressed in foreign currencies are translated into sterling at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the year end. Any resulting gains or losses are taken to the profit and loss account.

Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

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.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2007 £'000	2006 £'000
Directors' emoluments		
Fees and other emoluments	723	694
Pension contributions	102	156
	<u>825</u>	<u>850</u>
Remuneration of the highest paid director	<u>428</u>	<u>446</u>

None of the directors' emoluments have been capitalised (2006: none) since it is considered that they did not directly relate to projects in development.

AES ELECTRIC LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2007

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES - continued

Three directors are members of defined contribution pension schemes (2006: three). The contributions paid in respect of the highest paid director were £38,070 (2006: £37,202).

	2007 No.	2006 No.
Average number of persons employed (including directors)		
Administration	22	17
Development	17	18
	<u>39</u>	<u>35</u>

	2007 £'000	2006 £'000
Staff costs during the year (including directors)		
Wages and salaries	4,042	2,990
Social security costs	490	553
Pension costs	550	394
	<u>5,082</u>	<u>3,937</u>

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2007 £'000	2006 £'000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation – owned assets	63	81
Rentals under operating leases:		
Other operating leases	410	410
Write-back /(impairment) of ESOP	(83)	370
Auditors' remuneration:		
Fees payable to the company's auditors for the audit of the company's annual accounts	20	20
Fees payable to the company's auditors for the audit of the other AES companies' annual accounts	92	102
	<u>92</u>	<u>102</u>

AES ELECTRIC LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2007

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2007 £'000	2006 £'000
Interest receivable from group companies	9,884	7,198
Bank interest receivable	148	487
Foreign exchange gain	1,935	1,257
	<u>11,967</u>	<u>8,942</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2007 £'000	2006 £'000
Interest payable to group companies	3,964	2,716
Interest expense on unwinding of provision	22	-
	<u>3,986</u>	<u>2,716</u>

6. OTHER OPERATING INCOME, NET

	2007 £'000	2006 £'000
Write-back /(impairment) of ESOP (note 9)	(83)	370
Write-back/(impairment) of amounts owed by group undertakings	963	(323)
	<u>880</u>	<u>47</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007 £'000	2006 £'000
UK corporation tax on profits for the period	-	-
Adjustments in respect of previous periods	7,247	(656)
	<u>7,247</u>	<u>(656)</u>

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 can be reconciled as follows:

AES ELECTRIC LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2007

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

	2007 £'000	2006 £'000
Profit on ordinary activities before taxation	5,269	42,789
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2005 – 30%)	1,581	12,837
Effect of:		
Expenses not deductible for tax purposes	75	1,092
Fixed asset timing differences	(19)	34
Movement in short term timing differences	15	22
UK dividends not subject to UK taxation	(410)	(13,614)
Brought forward losses utilised	(1,242)	(371)
Receipt for group relief surrender for prior years	(7,203)	-
Adjustment in respect of prior years	(44)	(656)
Current tax credit for the period	(7,247)	(656)

Deferred tax assets of £8,028,000 (2006: £10,286,000) in respect of revenue losses, £9,628,000 (2006: £10,315,000) in respect of capital losses and £176,000 (2006: £240,000) in respect of other timing differences have not been recognised as there is insufficient evidence that the assets will be recovered. The assets would be recovered if the company made suitable taxable profits in the future.

8. TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost:			
At 1 January 2007	-	904	904
Additions	32	12	44
At 31 December 2007	32	916	948
Accumulated depreciation:			
At 1 January 2007	-	715	715
Charge for the year	8	55	63
At 31 December 2007	8	770	778
Net book value:			
At 31 December 2007	24	146	170
At 31 December 2006	-	189	189

AES ELECTRIC LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2007

9. INVESTMENTS HELD AS FIXED ASSETS

	Shares in group undertakings £'000	Participating interests £'000	Loans to undertakings in which the company has a participating interest £'000	Total £'000
Cost				
At 1 January 2007	86,856	3,140	9,384	99,380
Disposals	(153)	-	-	(153)
Transfers	-	3,134	(3,134)	-
At 31 December 2007	86,703	6,274	6,250	99,227
Provision for impairment				
At 1 January 2007	40,200	-	-	40,200
Impairment	83	-	-	83
At 31 December 2007	40,283	-	-	40,283
Net book value:				
At 31 December 2007	46,420	6,274	6,250	58,944
At 31 December 2006	46,656	3,140	9,384	59,180

Included in the shares in group undertakings is an ESOP trust sponsored by the company, effective since July 1998 which comprises of 165,335 (2006: 180,360) shares in the AES Corporation. At the balance sheet date the share price was \$21.66 (2006: \$22.04) with a total market value of £1,793,000 (2006: £2,029,000) and therefore a diminution in the value of £83,000 (2006: reversal of diminution in the value of £370,000) has been recorded during the year. The terms of the ESOP are that pre-existing employees (prior to 2001) can purchase shares at a value not less than the cost of the shares to the company. Accordingly, no liability is recorded in the company in respect of the shares to be purchased by employees. During the year 15,025 shares held by the trust were sold to employees at a price of £10.17 per share.

Included in loans to undertakings in which the company has a participating interest above is floating rate subordinated loan stock of £6,250,000 in AES (NI) Limited, on which interest levied is calculated as the sum of the applicable margin (6%) and LIBOR on quotation date.

During the year the convertible deferred loan stock of £3,134,000 in AES (NI) Limited was converted into 12,536,000 ordinary shares at 25p per share. The number of ordinary shares issued on exercise of a conversion right was determined by dividing the principal amount of the loan stock being converted by the conversion price in effect on the conversion date.

AES ELECTRIC LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2007

9. INVESTMENTS HELD AS FIXED ASSETS (continued)

Details of the investments in which the company held more than 20% of the nominal value of any class of share capital either directly or indirectly as at 31 December 2006 were as follows:

Name of company	Country of incorporation	Type of shares	Proportion of voting rights and shares held	Nature of business	Net income (loss) for the year ended 31 December 2007 £'000	Aggregate capital and reserves (deficit) as of 31 December 2007 £'000
Subsidiary undertakings:						
AES Medway Electric Limited	Great Britain	Ordinary	100%	Non-trading	-	-
AES Barry Operations Limited	Great Britain	Ordinary	100%	Non-trading	-	429
AES K2 Limited *	Great Britain	Ordinary	100%	Project development	678	1,278
AES Wind Generation Asset Management Services Limited (formerly AES Frontier Limited)	Great Britain	Ordinary	100%	Non-trading	-	(4,669)
AES East Usk Limited	Great Britain	Ordinary	100%	Non-trading	4	71
AES Horizons Investments Limited	Great Britain	Ordinary	100%	Holding company	2,829	8,849
AES Energy Limited	Great Britain	Ordinary	100%	Non-trading	318	(2,049)
Associated undertakings:						
AES (NI) Limited **	Northern Ireland	Ordinary	45.76%	Electricity generation	20,528	25,258
Cloghan Limited	Northern Ireland	Ordinary	50%	Holding company	-	-

* based on unaudited financial statements

** Indirect holding

10. DEBTORS

	2007 £'000	2006 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	47,895	42,078
VAT recoverable	262	208
Other debtors	147	833
Prepayments and accrued income	125	130
Group relief debtor owed by group undertaking	1,218	1,218
Corporation tax	254	-
	<u>49,901</u>	<u>44,467</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>163,852</u>	<u>122,419</u>

The amounts owed by group undertakings due after more than one year are repayable on the agreement of both parties, after a period of at least one year. This includes £26,256,062 receivable from AES UK Holdings Limited for the sale of AES Pakistan Holdings Limited in 2003. This amount does not bear interest.

AES ELECTRIC LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2007

10. DEBTORS (continued)

Also included within amounts owed by group undertakings after more than one year is a loan receivable from AES UK Holdings Limited of £56,289,656 (2006: £56,289,656) which bears interest at 8% per annum and is repayable in 2014, and a loan receivable from AES Summit Generation Limited of £3,583,000 (2006: £3,654,000) which bears interest at 5.75%. The accumulated interest related to the loan receivable from AES UK Holdings Limited which does not bear interest is £17,423,000 (2006: £12,919,000) as of 31 December 2007.

There is also a loan to AES (NI) Limited of £44,700,000 (2006: £23,300,000) which bears interest at LIBOR plus 6%.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £'000	2006 £'000
Trade creditors	712	645
Amounts owed to group undertakings	49,183	37,007
Other creditors	45	275
Accruals and deferred income	3,104	3,121
Current portion of provision for onerous lease	313	373
	<u>53,357</u>	<u>41,421</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2007 £'000	2006 £'000
Amounts owed to group undertakings	56,321	36,640
Other creditors - finance lease	15	-
	<u>56,336</u>	<u>36,640</u>

The maturity profile of amounts owed to group undertakings as at 31 December is as follows:

Between one year and two years	413	362
Between two year and five years	1,238	1,237
After five years	54,670	35,041
	<u>56,321</u>	<u>36,640</u>

Included in the amounts above is a loan the company took out from AES Tisza Eromu Kft on 28 February 2002 which accrues interest at 5.75%. The company must repay the loan in instalments by 28 March 2017. The amount outstanding as at 31 December 2007 was £3,938,000 (2006: £4,016,000) including £355,000 (2006: £362,000) repayable in less than one year.

AES ELECTRIC LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2007

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

On 15 March 2005, AES Global Energy Holdings BV and the Company entered into an Intercompany Credit Facility Agreement whereby the former will extend the latter a credit facility of \$100,000,000. At 31 December 2007, the company has drawn down £27,292,000 (2006: £15,700,000) which accrues interest at LIBOR plus 6% and repayable in 2011. The company has also drawn down £19,521,000 (2006: £16,171,000) which bears interest at LIBOR plus 1% and is repayable in 2014.

13. PROVISION FOR ONEROUS LEASE

The company recorded a provision for an onerous lease for the property located at 18 Parkshot, Richmond as the company moved office location in December 2006 and it is unlikely to sub-lease the property within two years of the balance sheet date. The premises will be occupied in 2009 with the expansion of the UK operations of the AES group. Provision has been calculated based on the discounted cash flows expected to arise under the lease.

	2007 £'000	2006 £'000
At 1 January	724	-
Additions during the year	-	724
Charge for the year	(433)	-
Unwinding of discount	22	-
	<hr/>	<hr/>
At 31 December	313	724
Less: current portion (note 11)	(313)	(373)
	<hr/>	<hr/>
Non-current portion of provision for onerous lease	-	351

14. CALLED UP SHARE CAPITAL

	2007 £'000	2006 £'000
Authorised:		
50,000,000 (2005: 50,000,000) ordinary shares of £1 each	50,000	50,000
	<hr/>	<hr/>
Called up, allotted and fully paid:		
30,309,352 (2005: 30,309,352) ordinary shares of £1 each	30,309	30,309
	<hr/>	<hr/>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2007 £'000	2006 £'000
Profit for the financial year	12,516	43,445
Opening shareholder's funds	158,716	115,271
	<hr/>	<hr/>
Closing shareholder's funds	171,232	158,716

AES ELECTRIC LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2007

16. MOVEMENTS ON RESERVE

	Share premium £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2007	54,917	73,490	128,407
Profit for the year	-	12,516	12,516
Balance at 31 December 2007	54,917	86,006	140,923

17. FINANCIAL COMMITMENTS

On 4 December 1997, the company signed a 15-year lease for office premises at an annual rent of £260,000 per annum. The company is also committed to making payments totalling £100,000 within the next year under an operating lease on its old premises (2006: £100,000). However, these premises were sublet for £100,000 per annum as from 14 April 1998. This sublease runs until the end of the original 15 year lease, which is due to expire in December 2010.

18. OPERATING LEASE COMMITMENTS

	Buildings 2007 £'000	Buildings 2006 £'000
Commitment under operating leases expiring after five years:		
Payments due within one year	360	360
	360	360

19. PENSION SCHEME

The Company maintains a defined contribution pension scheme for all eligible full time employees. The total charge for the period was £550,000 (2006: £394,000).

20. ULTIMATE PARENT COMPANY

The immediate parent company is AES UK Holdings Limited, a company incorporated in England and Wales.

The ultimate parent company and controlling entity, 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 the parent company's financial statements can be obtained from the Securities and Exchange Commission, 450 5th Street NW, Washington DC 20549, USA.

21. RELATED PARTIES AND CASH FLOW STATEMENT

The company has taken advantage of the exemption granted by Financial Reporting Standard 8 "Related Party Disclosures" not to disclose transactions with other undertakings within, and related parties of, The AES Corporation Group. The company is also exempt from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996) as it is a wholly-owned subsidiary, for which the ultimate parent company prepares consolidated accounts which include the results of the company and are publicly available.