

AES (NI) Limited

Annual report

for the year ended

31 December 2009

Registered number NI 26332

THURSDAY



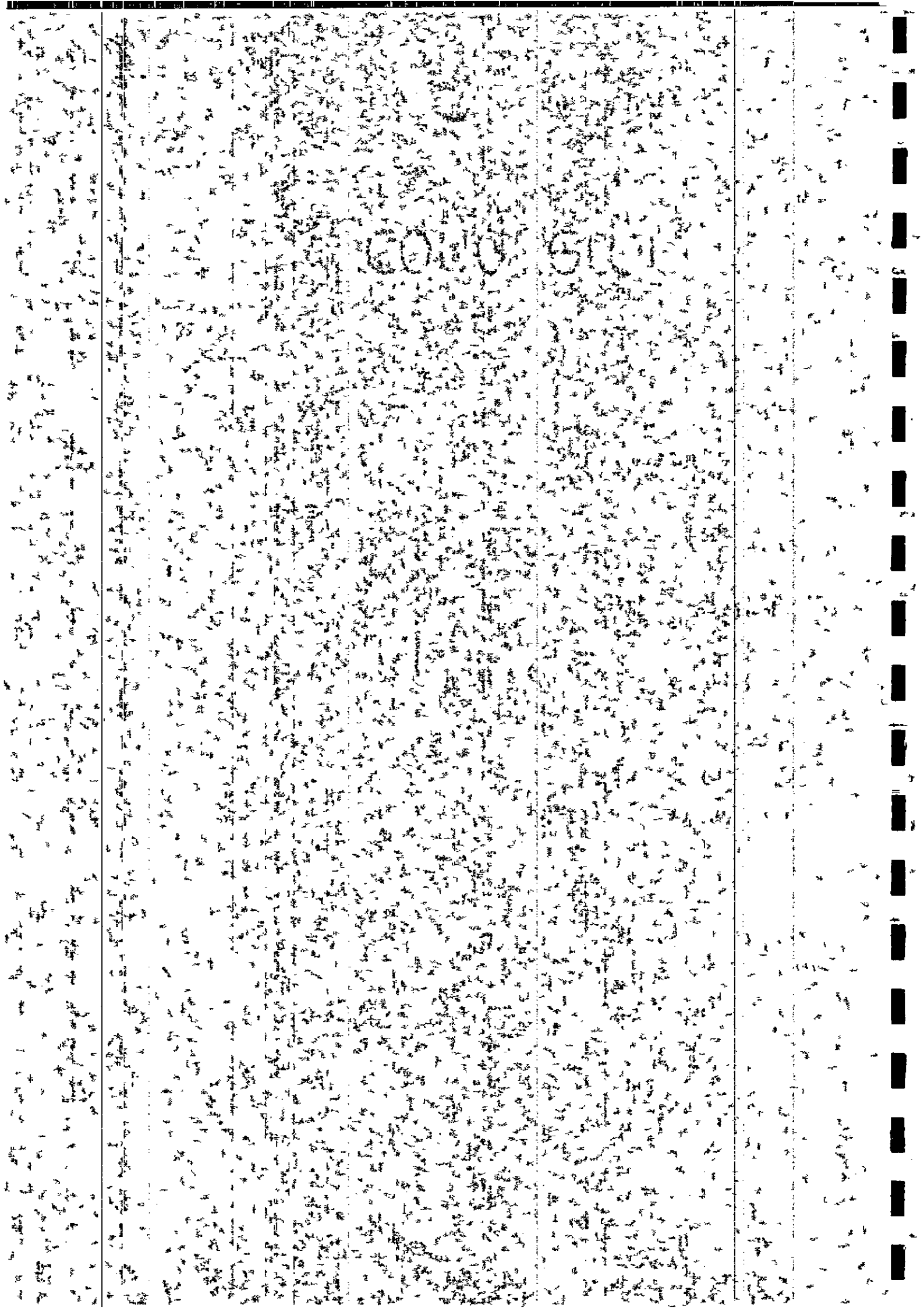
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AES (NI) Limited

Annual report for the year ended 31 December 2009

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AES (NI) Limited

Directors and advisers

Directors

J McLaren	(Resigned 29 September 2009)
D Paton	(Resigned 13 February 2009)
M Miller	(Appointed 5 March 2009)
J Marquez	(Appointed 29 September 2009)

Company Secretary

G McNeill	(Resigned 30 September 2009)
L O'Neill	(Appointed 30 September 2009)

Registered office

Kilroot Power Station
Larne Road
Carrickfergus
Co Antrim
BT38 7LX

Solicitors

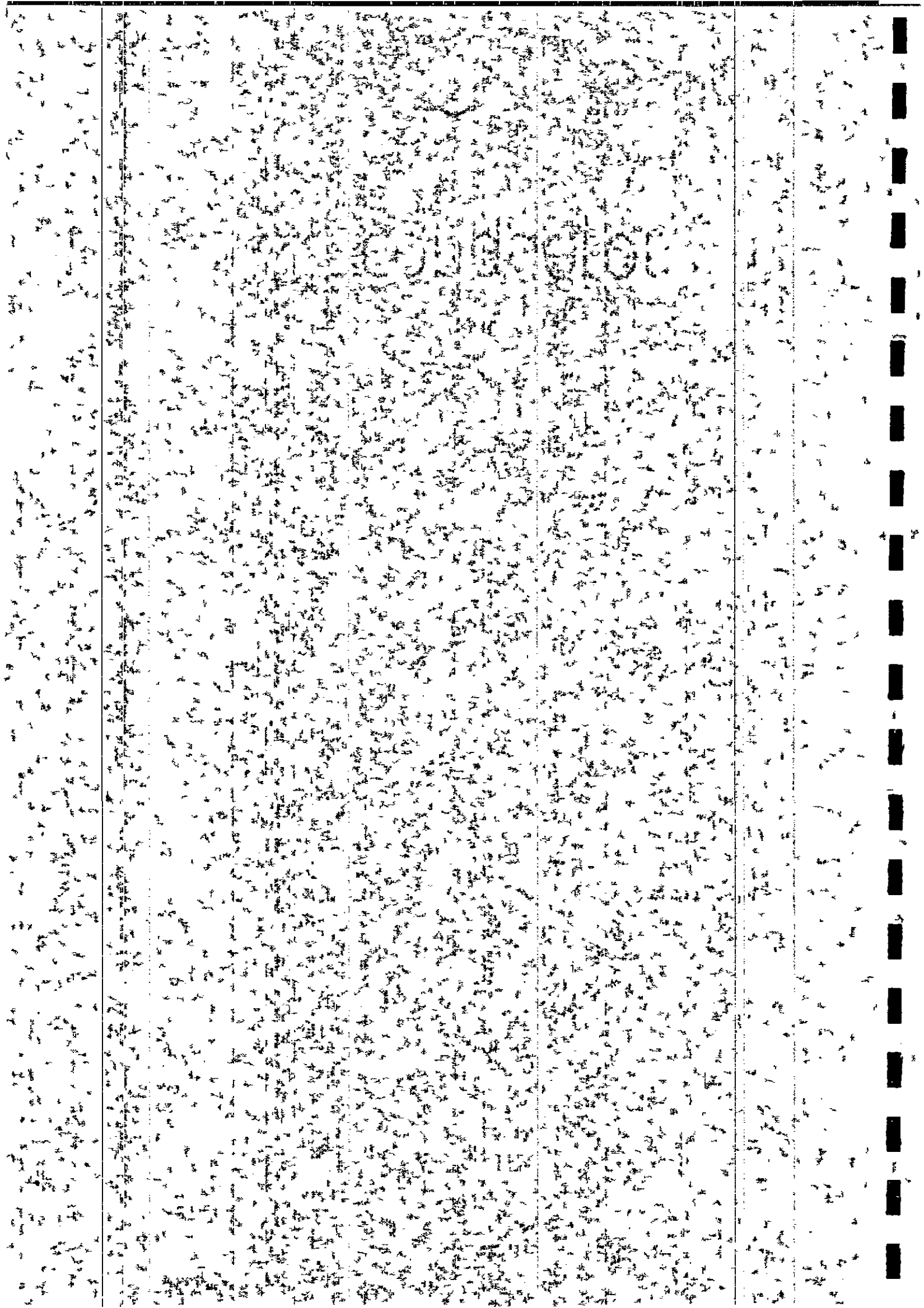
Arthur Cox
Capital House
3 Upper Queen Street
Belfast
BT1 6PU

Bankers

Bank of Ireland
4 – 8 High Street
Belfast
BT1 2BA

Independent auditors

Ernst & Young LLP
Bedford House
16 Bedford Street
BELFAST
BT2 7DT



AES (NI) Limited

Directors' report for the year ended 31 December 2009

The directors present their report and the audited financial statements for the year ended 31 December 2009

Principal activity

The principal activity of the group is that of generating electricity

Review of business and future developments

Both the level of business and the year end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future

Flue Gas Desulphurisation equipment

Under the terms of the Revised European Large Combustion Plant Directive the group was required to meet lower emission limit values for sulphur dioxide oxides of nitrogen and particulates. As a result the group has installed Flue Gas Desulphurisation equipment to enable it to operate post January 2008. The Flue Gas Desulphurisation equipment was commissioned on 30 April 2009.

Key performance indicators

The directors manage the group's operations on a divisional basis. For this reason the group's directors believe that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business of the group.

Environment

The group recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts. The directors' continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

Health and safety

The group is committed to achieving the highest practicable standards in health and safety management and strives to make all sites and offices safe environments for employees and customers alike.

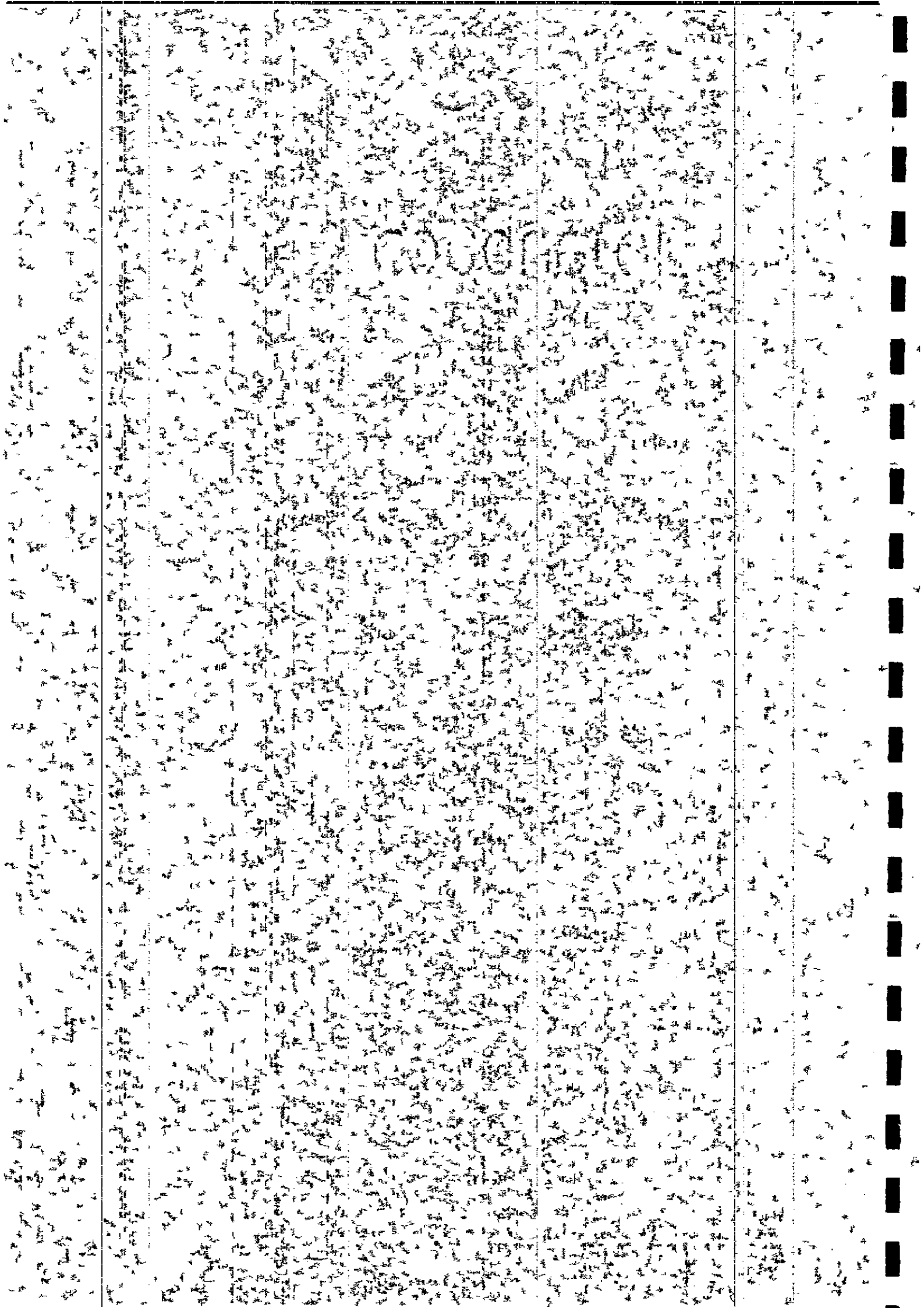
Human resources

The group's most important resource is its people. Their knowledge and experience is crucial to meeting customer requirements. Retention of key staff is critical and the group has invested increasingly in employment training and development and has introduced appropriate incentive and career progression arrangements.

Financial risk management

AES Kilroot Power Limited is the main trading subsidiary of the group. AES Kilroot Power Limited operates Kilroot Power Station under a long term Power Purchase Agreement (PPA) and has obligations under the PPA to operate and maintain the Generating Units and make available contracted capacity and generate electrical energy in accordance with certain specified characteristics. The group receives two main types of payments under the PPA: availability payments and energy payments.

Availability payments are calculated by reference to the availability of each Generating Unit and are payable whether or not power is actually dispatched. Energy payments are calculated based on the costs of fuel and specified operating and efficiency characteristics. The PPA also imposes controls on the group for the management of sulphur and nitrogen oxide emissions from the Power Station.



AES (NI) Limited

Directors' report for the year ended 31 December 2009 (continued)

Financial risk management (continued)

The group's operations expose it to a number of operational risks including reduction in plant availability through forced outages, prolonged plant breakdown or inability to operate within the agreed level of environment emissions.

In addition, operating at efficiency levels lower than those specified in the PPA may lead to loss of energy income.

The group's operations expose it to a variety of financial risks that include the availability risk, energy income risk, emissions risk, price risk, credit risk, foreign exchange risk, liquidity risk and interest rate risk. The group has in place a risk management program which seeks to limit the adverse effects of these risks on financial performance.

Availability risk

The group seeks to limit the risk to availability income through a program of continuous plant monitoring designed to identify possible plant failure in advance.

A set overhaul program has been put in place for each Generating Unit which requires thorough inspection and refurbishment every 3 years.

The group has in place adequate levels of Business Interruption insurance to limit the financial effect of a prolonged period of plant breakdown.

Energy income risk

The group seeks to maximise plant efficiency through a process of continuous plant monitoring designed to identify areas where efficiency improvements can be obtained. Once a potential reduction in efficiency has been identified, actions are taken to improve performance whenever it is economically viable to do so.

Emissions risk

The group continuously monitors its environmental emissions to ensure that the plant operates within the agreed limits.

The group keeps up to date with Environmental Legislation and is committed to implementing modifications to the plant when required.

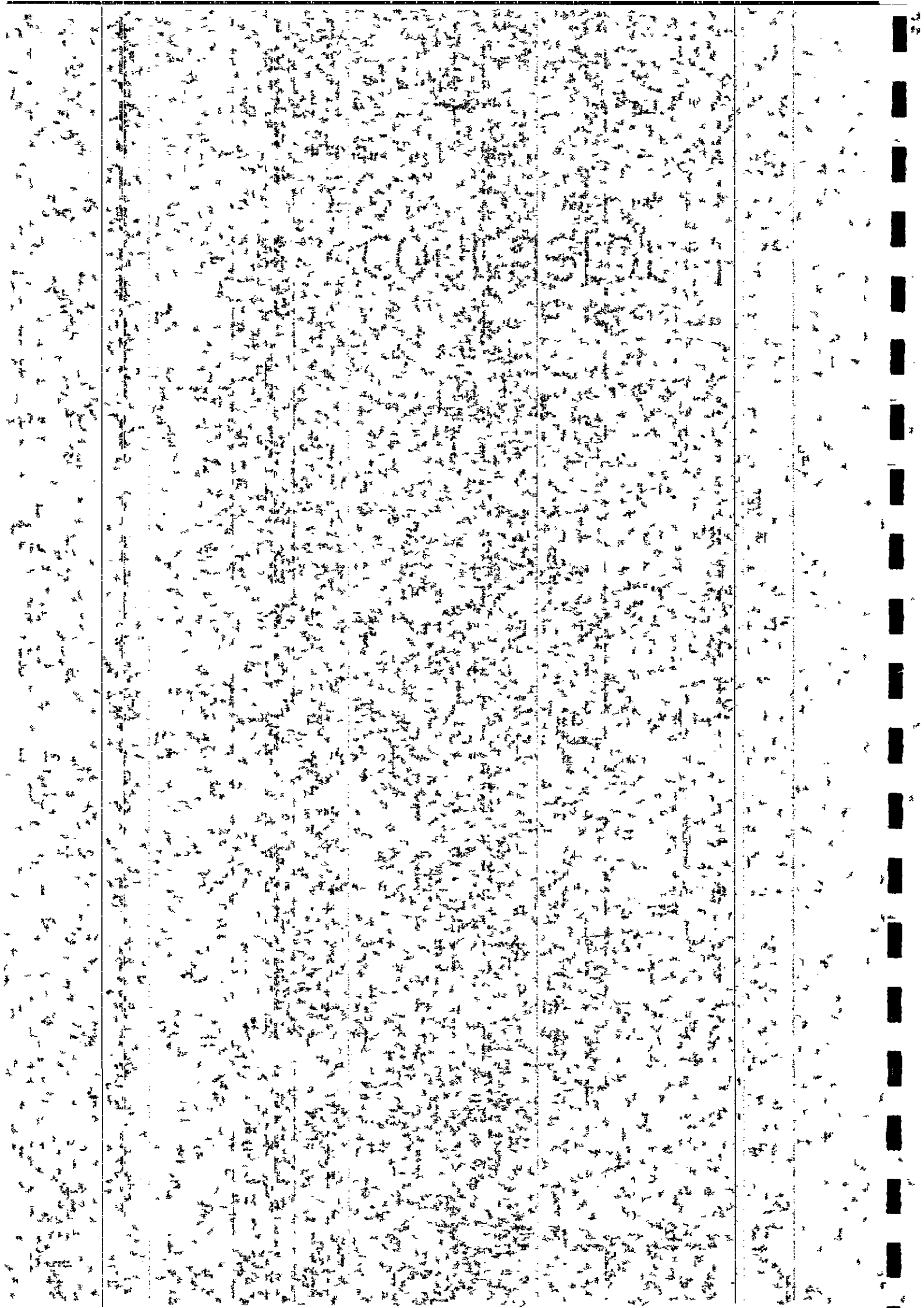
Under the PPA, the cost of modifications to the plant which are required by changes in legislation pass through to the contract off taker.

Price risk

The group is not exposed to significant price risk since the Availability payments received increase by Retail Price Index (RPI) each year and energy payments received are calculated based on the costs of fuel.

Credit risk

The group is not exposed to significant credit risk due to the high credit rating of the counterparty to the PPA.



AES (NI) Limited

Directors' report for the year ended 31 December 2009 (continued)

Financial risk management (continued)

Foreign exchange risk

While the greater part of the group's revenues and expenses are denominated in sterling the group is exposed to some foreign exchange risk in the normal course of business. The group has a policy of hedging certain foreign exchange transactions over a prescribed minimum size. Cover generally takes the form of a forward purchase of foreign currencies.

Liquidity risk

The group actively maintains a mixture of long term and short term debt finance that is designed to ensure the group has sufficient available funds for operations and planned expansions. The group minimises liquidity risk through the weekly preparation of cashflow forecasts and a policy of investing in short term bank deposits held by banks with a minimum credit rating of P1.

Interest rate cash flow risk

The group has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances, all of which earn interest at fixed rate. Interest bearing liabilities relate to debenture stock, bank loans and subordinated loan stock. The group minimises interest rate cash flow risk through its policy of investing in only short term bank deposits and continually monitoring the financial markets to identify appropriate longer term instruments including structured investment accounts and interest rate swaps.

Results and dividends

The consolidated profit and loss account for the year is set out on page 9.

The directors have paid the following dividends during 2009 and 2008:

	2009 £ 000	2008 £ 000
Interim dividend paid	13 411	

Directors

The directors who served during the year are shown on page 1.

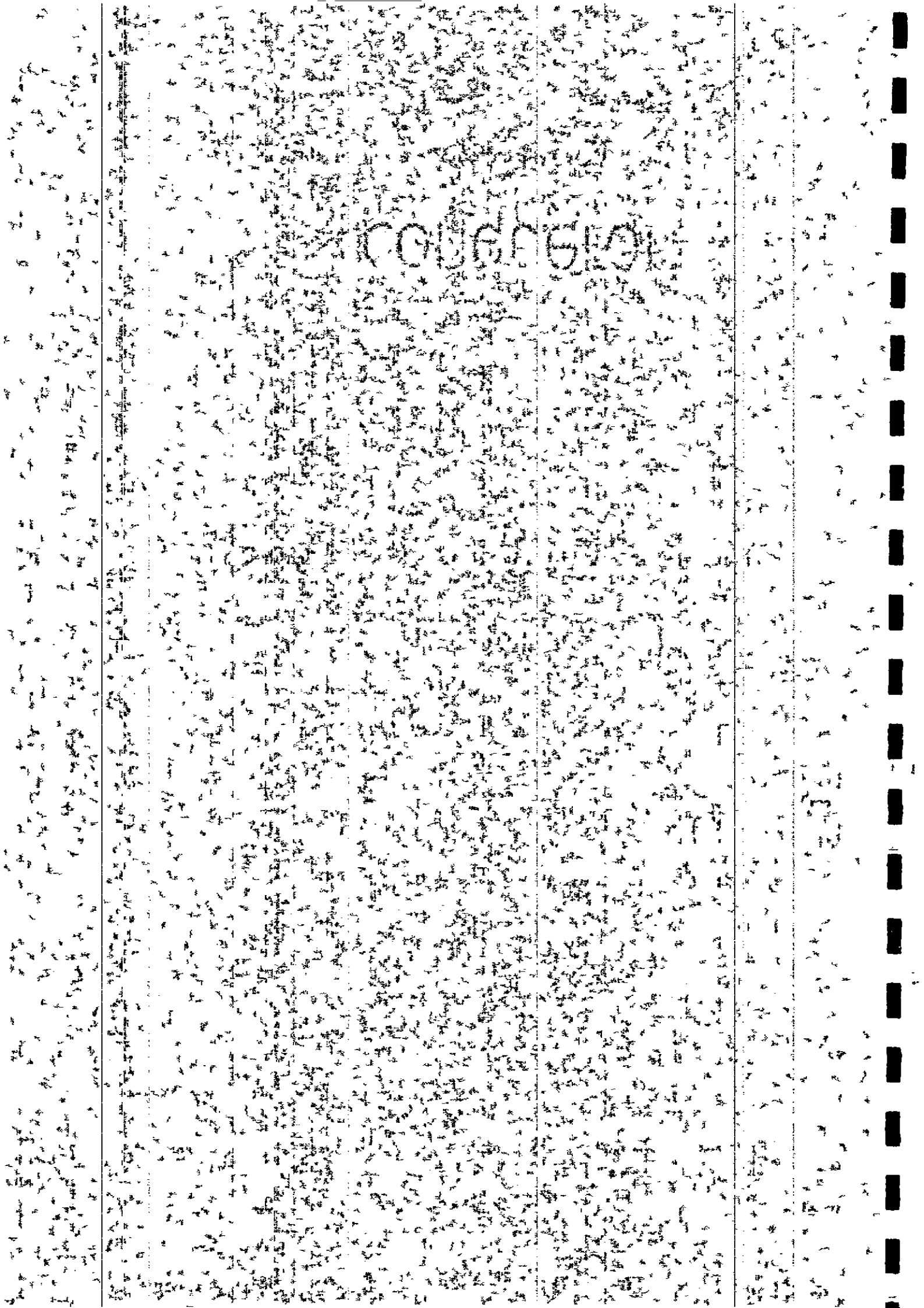
In accordance with the Articles of Association, none of the directors are required to retire by rotation.

There were no contracts of significance subsisting during or at the end of the financial year in which a director of the company was materially interested.

Charitable contributions

The group participates in a give as you earn scheme where it matches the donations of employees. During the year the group made matching donations of £27 000 (2008: £27 000).

Other charitable contributions of £24 000 (2008: £33 000) were made during the year in support of community initiatives and relationships in the UK.



AES (NI) Limited

Directors' report for the year ended 31 December 2009 (continued)

Employees

The group's policy is to consult and discuss with employees through unions and at meetings matters likely to affect employees' interests

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made whenever possible for retraining employees who become disabled to enable them to perform work identified as appropriate to their aptitudes and abilities.

The group is committed to the well being of its people and recognises its obligations under the Health and Safety at Work Order 1978. In the conduct of its business the group will assess the risk to the health and safety of employees and others who may be affected by its activities and will implement audit and review such arrangements as appropriate for effective control of risks.

Policy on the payment of creditors

The company has a policy of paying its creditors 30 days after the end of the month of invoice unless other terms have been agreed. As at 31 December 2009 the number of creditor days in respect of trade creditors was 31 days (2008: 26 days).

Policy on preservation of amenity and fisheries

The group subscribes to Schedule 9 of the Electricity (Northern Ireland) Order 1992 concerning the preservation of amenity and fisheries. Accordingly AES (NI) Limited recognises the desirability of preserving natural beauty of conserving flora, fauna and geographical or physiographical features of special interest and of protecting sites, buildings and objects of architectural, historic or archaeological interest and shall do what it reasonably can to mitigate any effect which proposals would have on the natural beauty of the countryside or on any such flora, fauna, features, sites, buildings or objects.

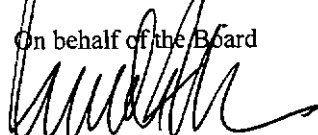
Statement of disclosure of information to auditors

So far as each of the directors in office at the date of approval of these financial statements is aware, there is no relevant audit information being information needed by the auditor in connection with preparing its report of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

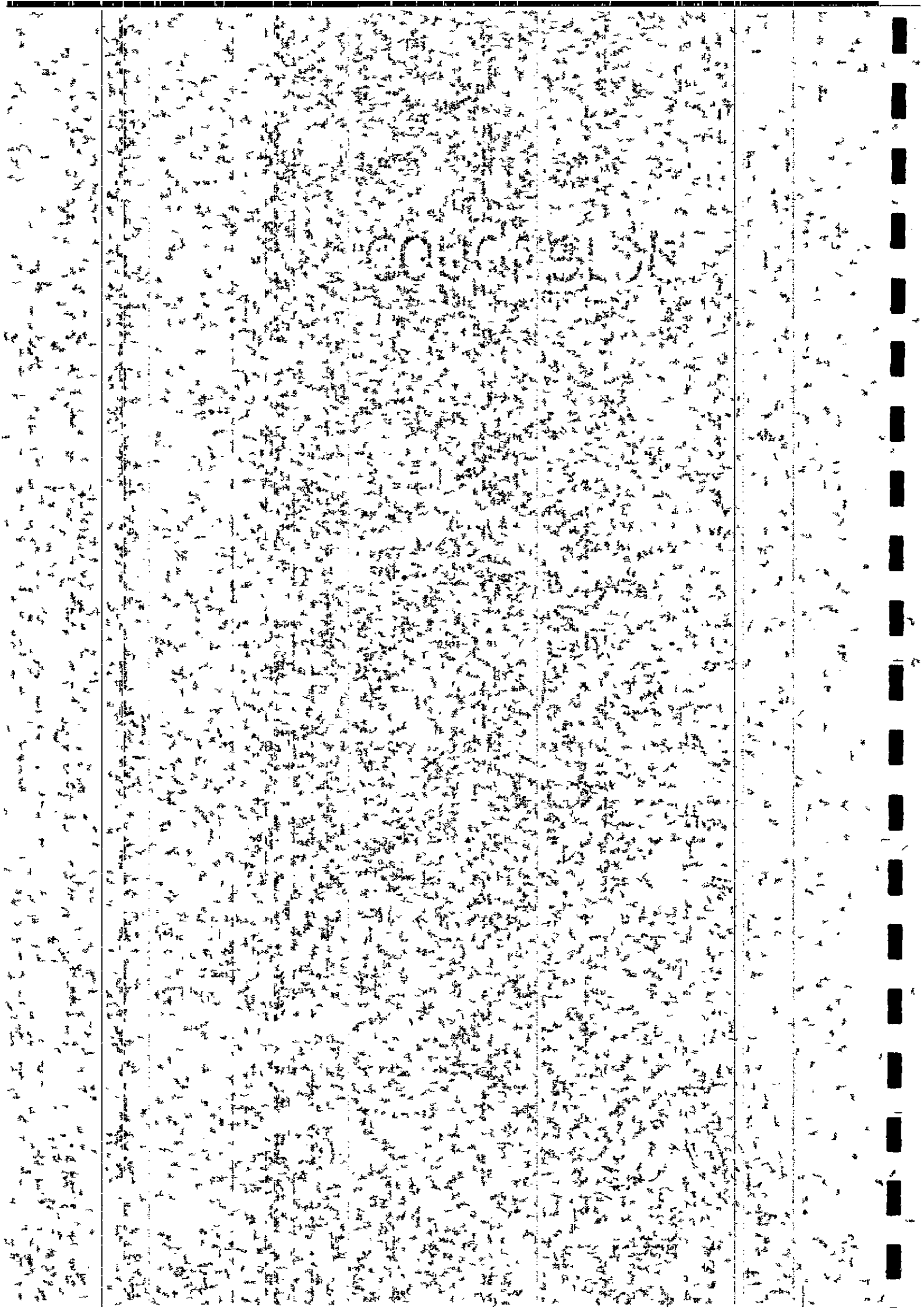
Auditors

In accordance with s 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the company.

On behalf of the Board



M Miller
Director
20 April 2010



AES (NI) Limited

Statement of directors' responsibilities

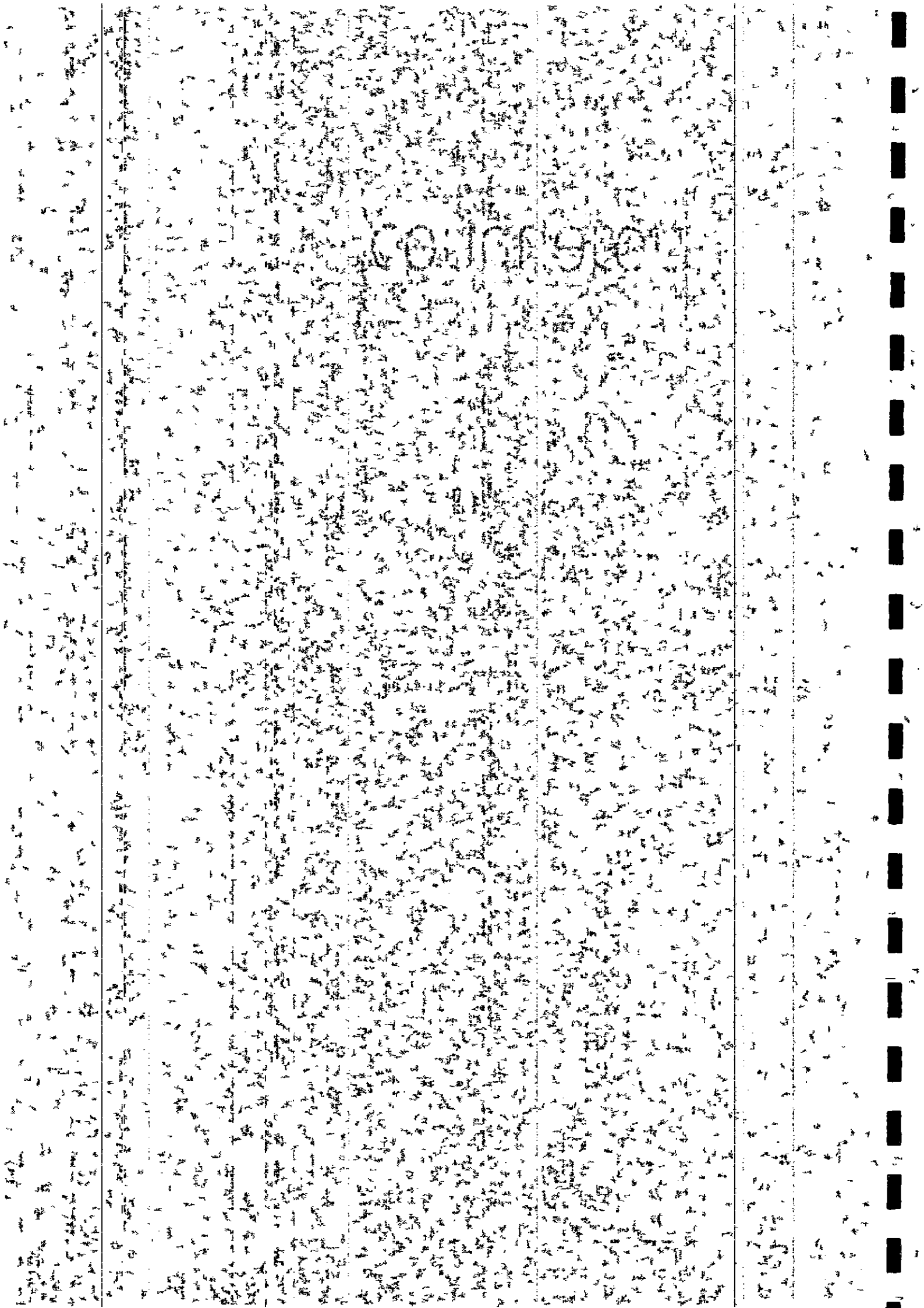
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

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). 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 group and the company and of the profit or loss of the group for that period.

In preparing those 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 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 group will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



AES (NI) Limited

Independent auditors' report to the members of AES (NI) Limited

We have audited the financial statements (the financial statements) of AES (NI) Limited for the year ended 31 December 2009 which comprise the Consolidated Profit and Loss Account the Consolidated and Company Balance Sheets the Consolidated Cash Flow Statement the Consolidated Statement of Total Recognised Gains and Losses and the related notes 1 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 Statement of Directors' Responsibilities set out on page 6, 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 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

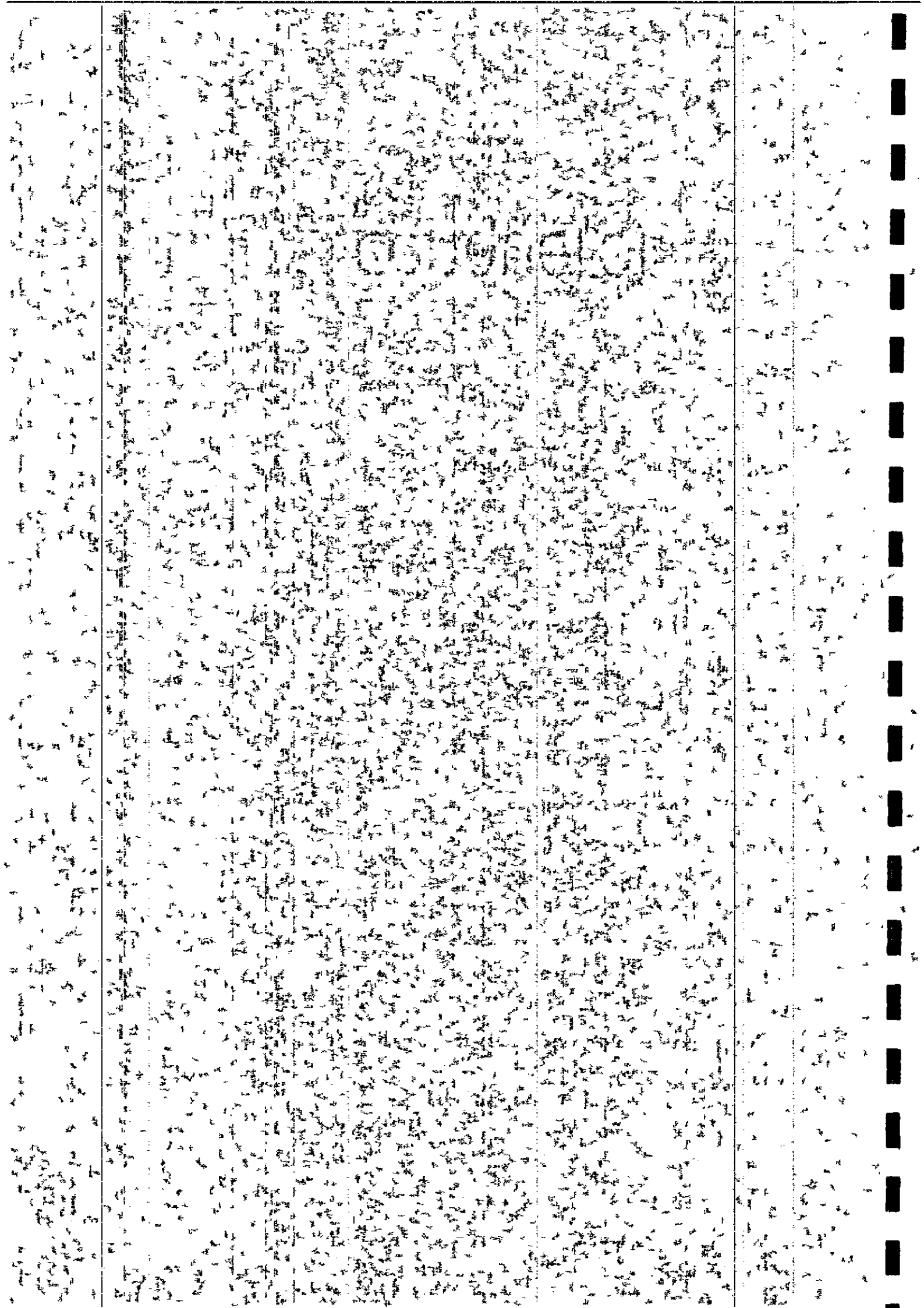
give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2009 and of the group's profit for the year then ended

have been properly prepared in accordance with United Kingdom 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.



AES (NI) Limited

Independent auditors' report to the members of AES (NI) Limited (continued)

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 by the parent company or returns adequate for our audit have not been received from branches not visited by us or

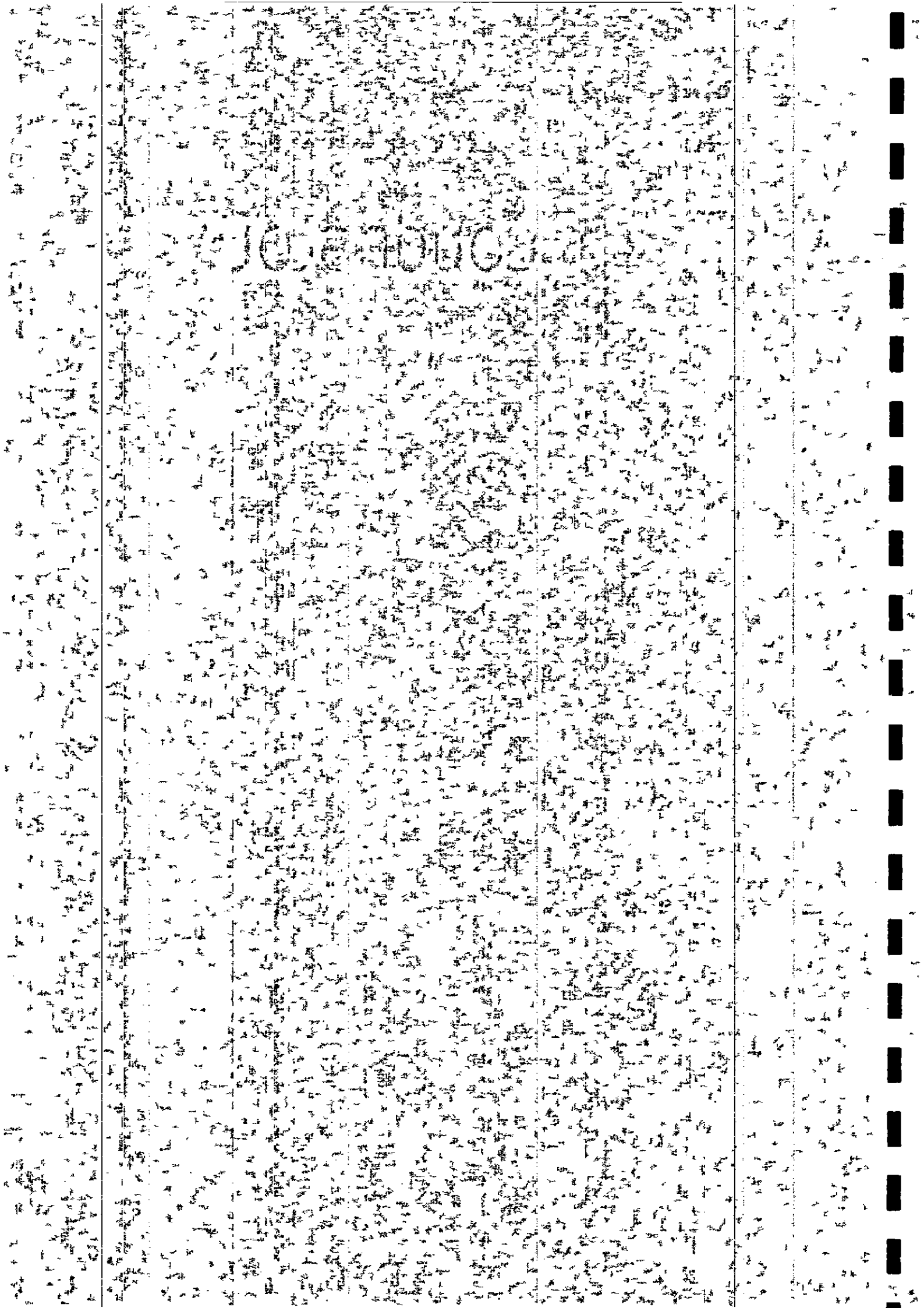
the parent company financial statements are not in agreement with the accounting records and returns or

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

Handwritten signature of Keith Jess in black ink, reading "Ernst + Young LLP".

Keith Jess (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP Statutory Auditor
Registered Auditors
Belfast
28 April 2010



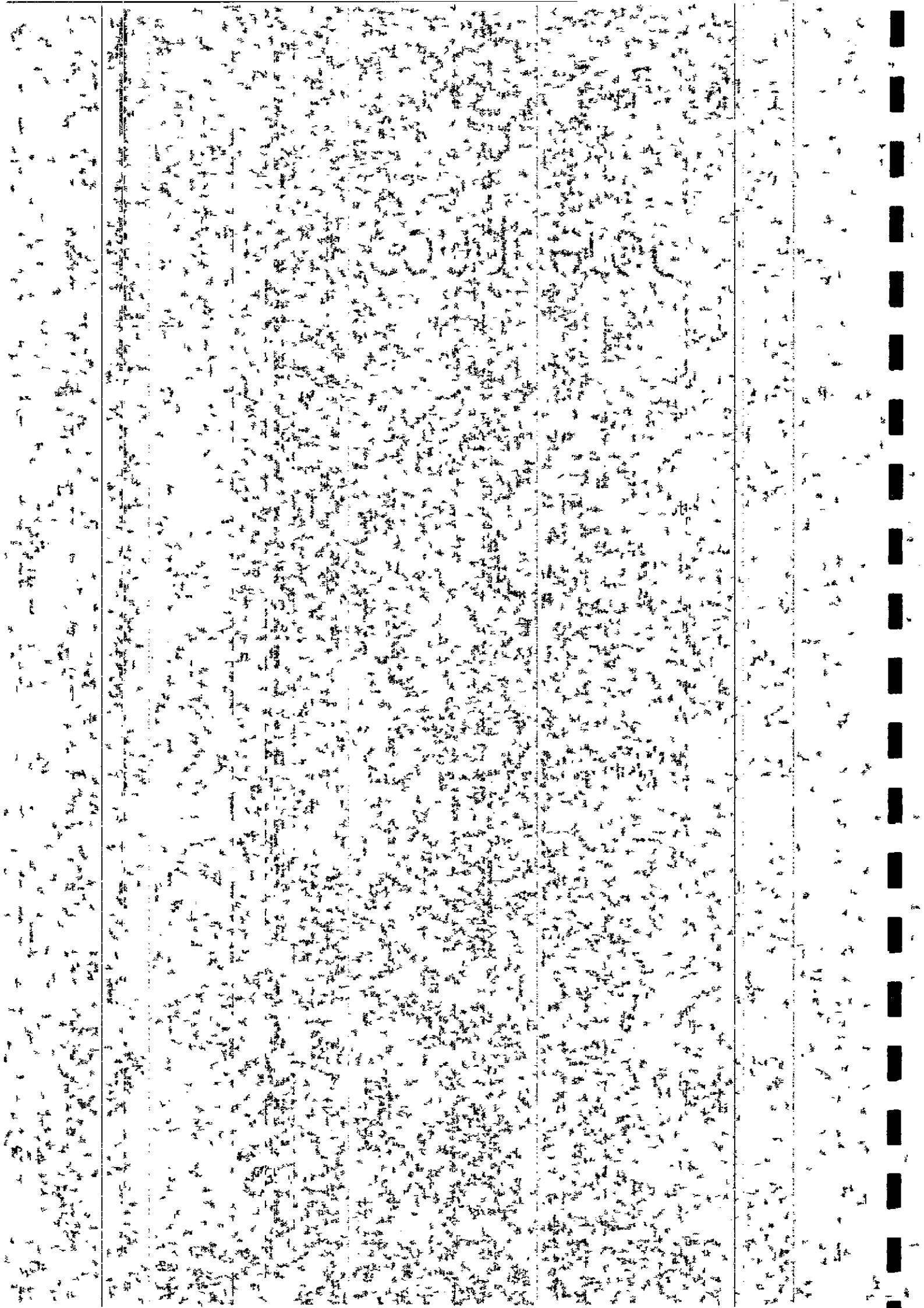
AES (NI) Limited

Consolidated profit and loss account for the year ended 31 December 2009

	Notes	2009 £ 000	2008 £ 000
Turnover	2	130 881	164 852
Cost of sales	3	(45 410)	(104 414)
Gross profit		85 471	60 438
Administrative expenses	3	(29 332)	(23 742)
Operating profit before exceptional item		56 139	36 696
Exceptional item – goodwill impairment	4	(21 628)	
Operating profit		34 511	36 696
Interest receivable and similar income	7	1 726	5 348
Interest payable and similar charges	8	(13 841)	(20 896)
Other finance costs	21	(1 374)	(604)
Profit on ordinary activities before taxation	9	21 022	20 544
Tax on profit on ordinary activities	10	(11 071)	(6 123)
Profit for the financial year	11 & 23	9 951	14 421

All amounts above relate to continuing operations of the group

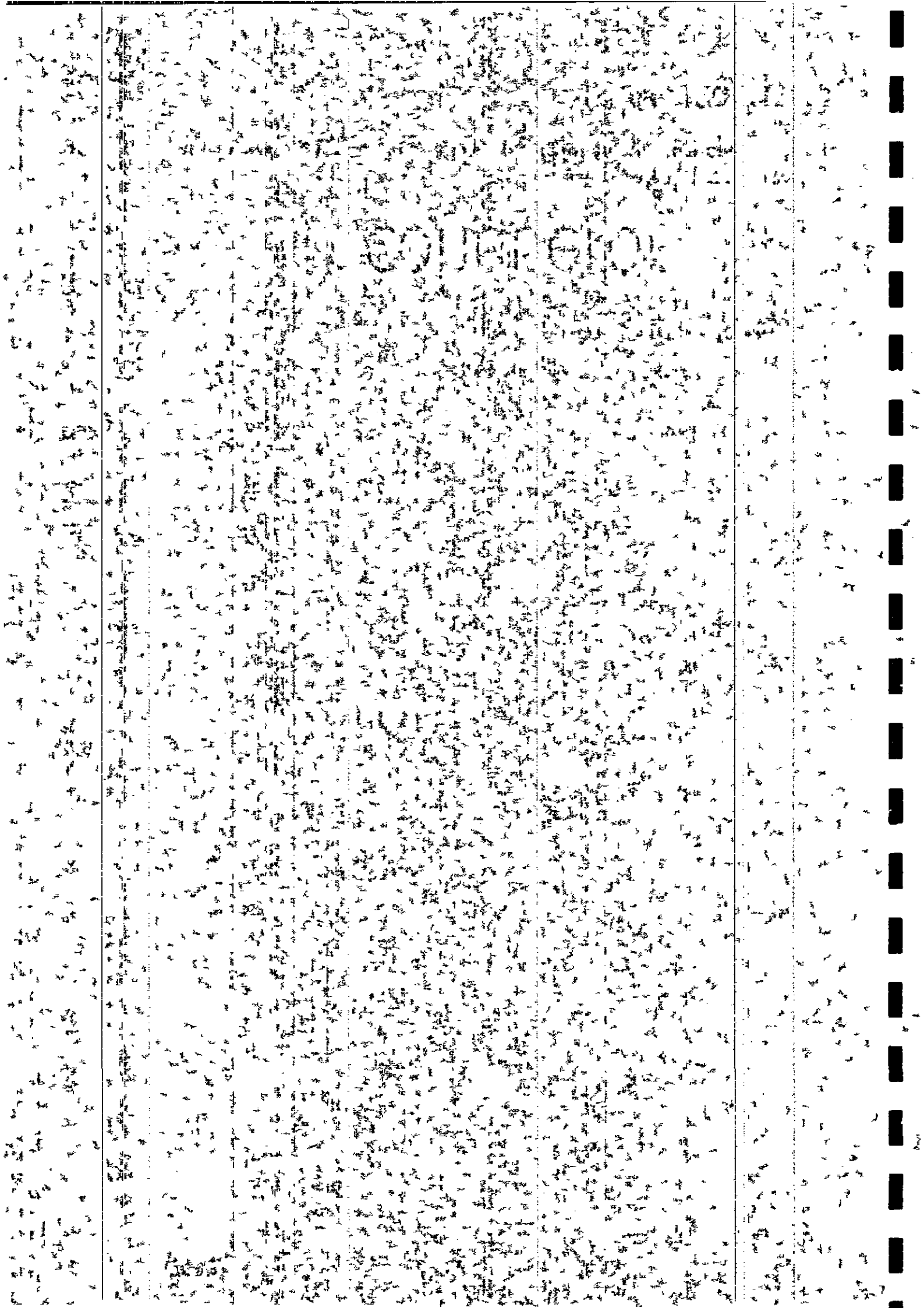
There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents



AES (NI) Limited

Consolidated Statement of total recognised gains and losses for the year ended 31 December 2009

	Notes	2009 £ 000	2008 £ 000
Profit for the financial year		9 951	14 421
Actuarial loss recognised in the pension scheme	21	(3 579)	(7 124)
Movement on deferred tax relating to pension deficit		1 002	1 995
Total recognised gains and losses since last annual report		7 374	9 292

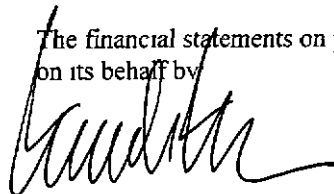


AES (NI) Limited

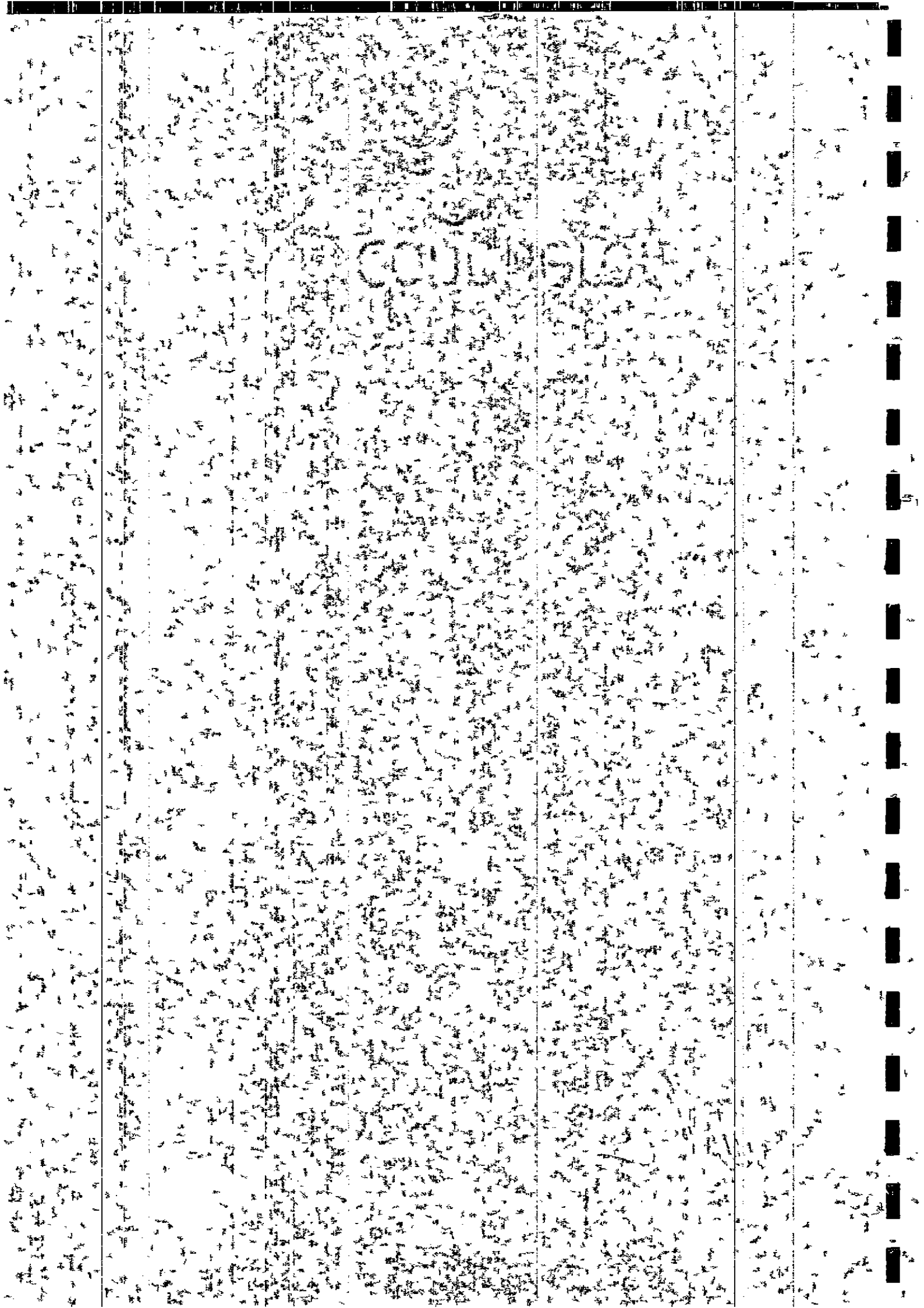
Balance sheets at 31 December 2009

		Group		Company	
	Notes	2009 £ 000	2008 £ 000	2009 £ 000	2008 £ 000
Fixed assets					
Intangible assets	13		21 627		
Tangible assets	14	191 752	193 282		
Investments	15			278 556	278 556
		<u>191 752</u>	<u>214 909</u>	<u>278 556</u>	<u>278 556</u>
Current assets					
Stocks	16	15 594	18 427		
Debtors amounts falling due after one year	17			59 215	32 000
Debtors amounts falling due within one year	17	18,373	37 162	4 059	31 434
Cash at bank and in hand		28 867	59 527	805	2 722
		<u>62 834</u>	<u>115 116</u>	<u>64 079</u>	<u>66 156</u>
Creditors amounts falling due within one year	18	(74 390)	(122 614)	(1 807)	(29 596)
Net current (liabilities)/assets		<u>(11 556)</u>	<u>(7 498)</u>	<u>62 272</u>	<u>36 560</u>
Total assets less current liabilities		<u>180 196</u>	<u>207 411</u>	<u>340 828</u>	<u>315 116</u>
Creditors amounts falling due after more than one year	19	(110 196)	(129 050)	(226 900)	(207 623)
Provisions for liabilities	20	(30 278)	(32 419)		
Net assets excluding pension deficit		<u>39 722</u>	<u>45 942</u>	<u>113 928</u>	<u>107 493</u>
Pension deficit	21	(10 740)	(10 952)		
Net assets including pension deficit		<u>28 982</u>	<u>34 990</u>	<u>113 928</u>	<u>107 493</u>
Capital and reserves					
Called up share capital	22	13 117	13 117	13 117	13 117
Share premium account	23	3 729	3 729	3 729	3 729
Profit and loss reserve	23	11 087	17 124	97 082	90 647
Other reserves	23	1 049	1 020		
Shareholders funds	25	<u>28 982</u>	<u>34 990</u>	<u>113 928</u>	<u>107 493</u>

The financial statements on pages 9 to 39 were approved by the board of directors on 20 April 2010 signed on its behalf by



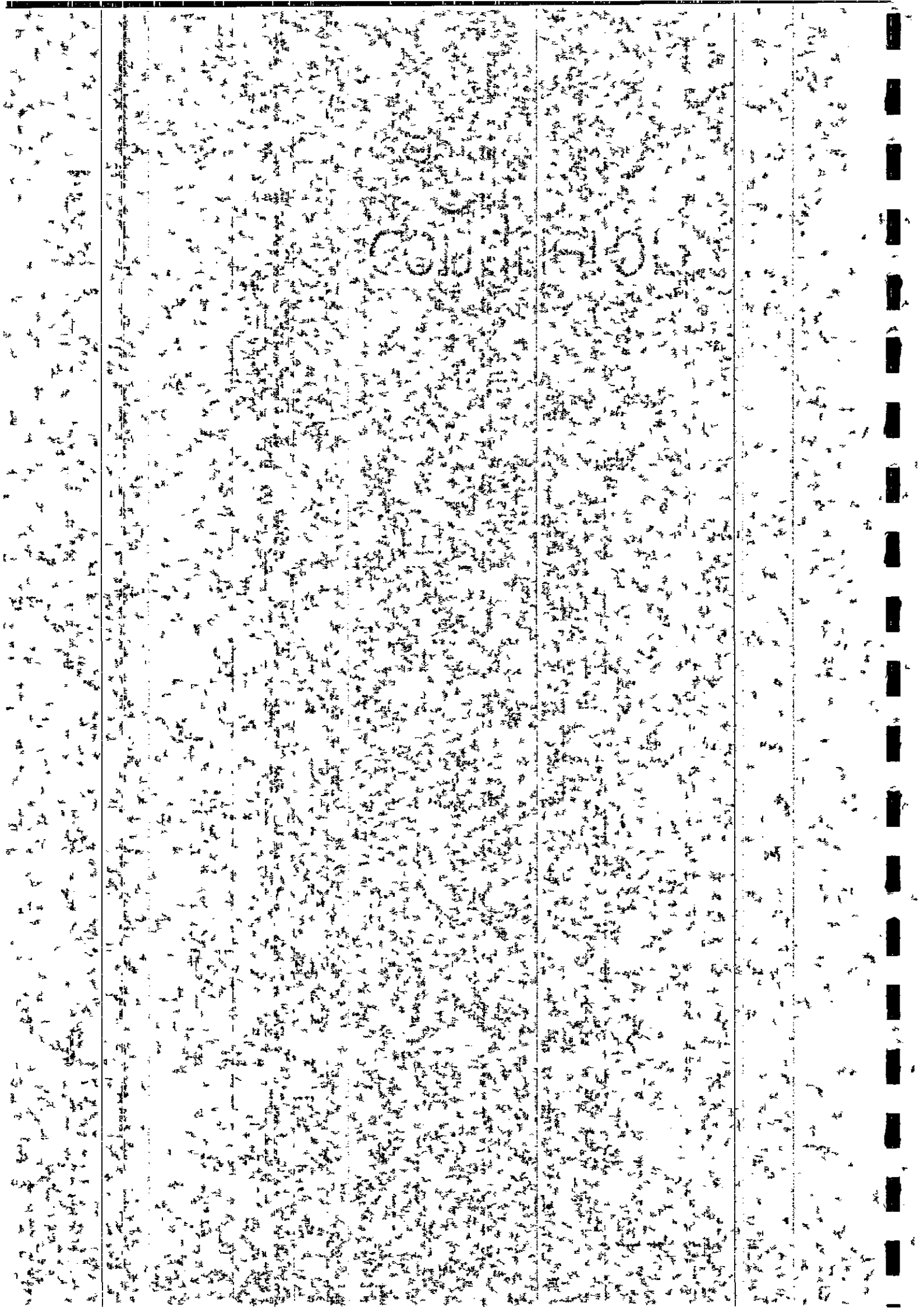
M Miller
Director



AES (NI) Limited

Consolidated cash flow statement for the year ended 31 December 2009

	Notes	2009 £ 000	2008 £ 000
Net cash inflow from operating activities	26	83,360	69,669
Returns on investments and servicing of finance			
Interest received		1,966	5,320
Interest paid		(22,272)	(15,449)
		<u>(20,306)</u>	<u>(10,129)</u>
Taxation			
Corporation tax paid including group relief payable		(7,919)	(8,415)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(20,747)	(23,611)
Sale of tangible fixed assets		12	5
		<u>(20,735)</u>	<u>(23,606)</u>
Dividends paid to shareholders		(13,411)	
Net cash inflow before use of liquid resources and financing		<u>20,989</u>	<u>27,519</u>
Management of liquid resources			
Increase in short term deposits with banks		15,000	18,300
Financing			
Repayment of loan capital		(51,334)	(45,187)
New loan capital			58,500
Issue costs		(315)	(1,893)
Transferable loan stock issued during year			26,100
Transferable loan stock repaid during year			(53,000)
		<u>(51,649)</u>	<u>(15,480)</u>
(Decrease)/ increase in cash in the year	27 & 28	<u><u>(15,660)</u></u>	<u><u>30,339</u></u>



AES (NI) Limited

Notes to the financial statements for the year ended 31 December 2009

1 Accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards. The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements include the company and its subsidiary undertakings drawn up to 31 December 2009. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the date of the acquisition or up to the date of their disposal. Intra group sales and profits are eliminated fully on consolidation. No profit and loss account is presented by AES(NI) Limited as permitted by section 408 of the Companies Act 2006.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost together with incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values on a straight line basis over the expected useful economic lives of the assets concerned. The principal periods used for this purpose are:

Asset	Life in years
Long leasehold land	12
Long leasehold generating plant and buildings on hand in 1992	12
Additions to generating plant and buildings in year	12
Motor vehicles	4
Fixtures and fittings	4
Computer equipment	4
Maintenance assets	See policy below

The group is not depreciating construction work in progress costs until the related asset is completed and ready for use.

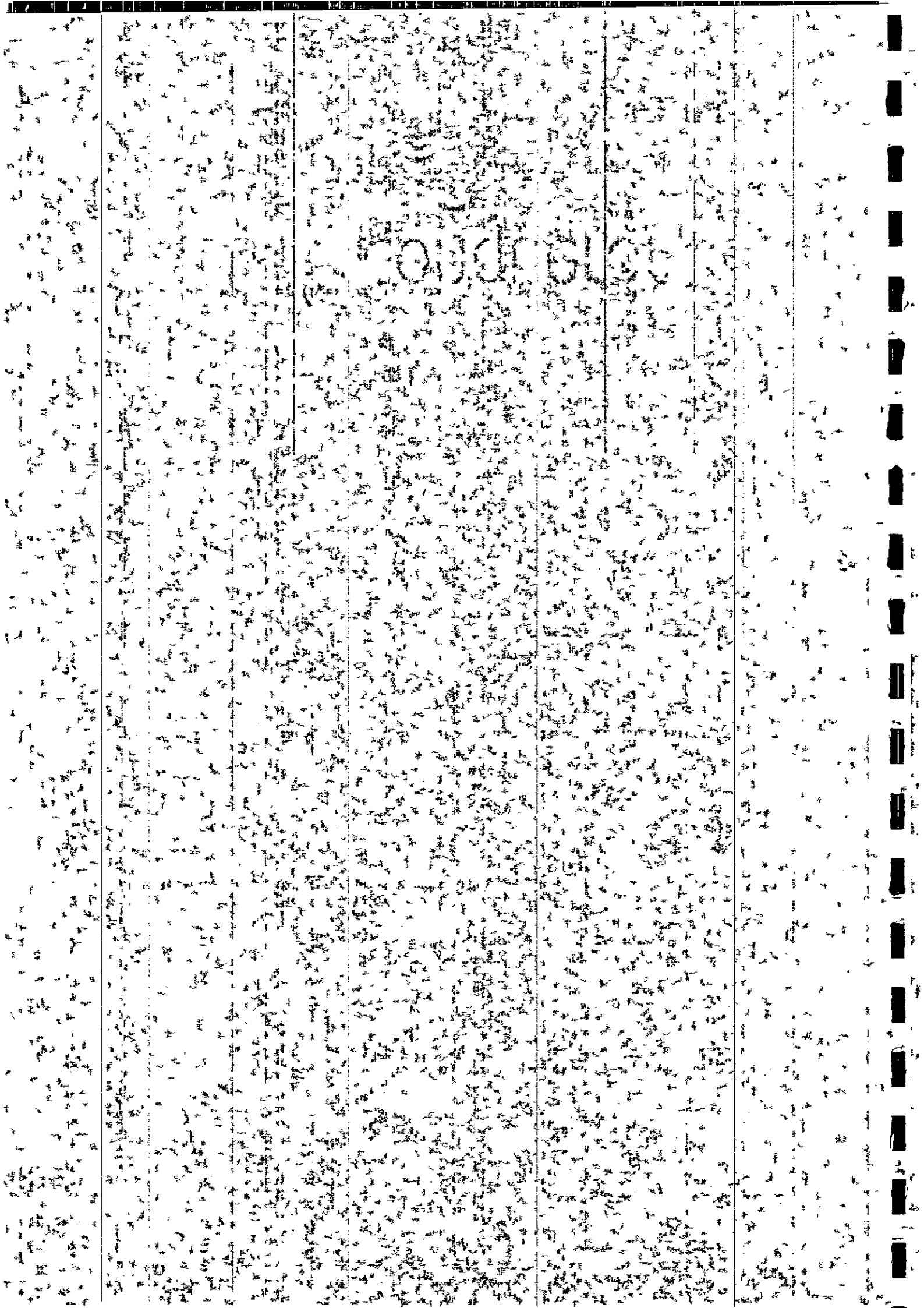
Contributions received towards the cost of tangible fixed assets are included as deferred income and credited on a straight line basis to the profit and loss account over the useful economic life of the related asset.

Strategic spares

Emergency and rotatable spare parts are included within generating plant and buildings and are depreciated over the life of the related generating plant and buildings.

Maintenance assets

In accordance with FRS 15 'Tangible fixed assets' the relevant component of the generating plant that will be overhauled is depreciated over the period until the expenditure is needed. That period is usually between three and nine years. When the overhaul expenditure takes place it is capitalised as part of the cost of the asset since it restores or replaces the previously depreciated component.



AES (NI) Limited

Notes to the financial statements for the year ended 31 December 2009

1 Accounting policies (continued)

Turnover

Turnover represents the invoiced value of generating services based on customer usage net of value added tax. Revenue is recognised when and to the extent that the group obtains the right to consideration in exchange for its performance.

Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill is amortised through the profit and loss account over the economic life of the generating agreement being 32 years.

Goodwill is subject to an annual impairment review in accordance with FRS 11. Impairment of fixed assets. The directors are of the opinion that the appropriate period for writing off goodwill is over the total contract period of 32 years rather than 20 years as presumed by FRS 10. Intangible fixed assets.

Investments

Fixed asset investments are stated at their purchase cost less any provision for diminution in value. Investment income is included in the profit and loss account on an accruals basis.

Stock

Fuel stocks and general and engineering stores are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete stocks.

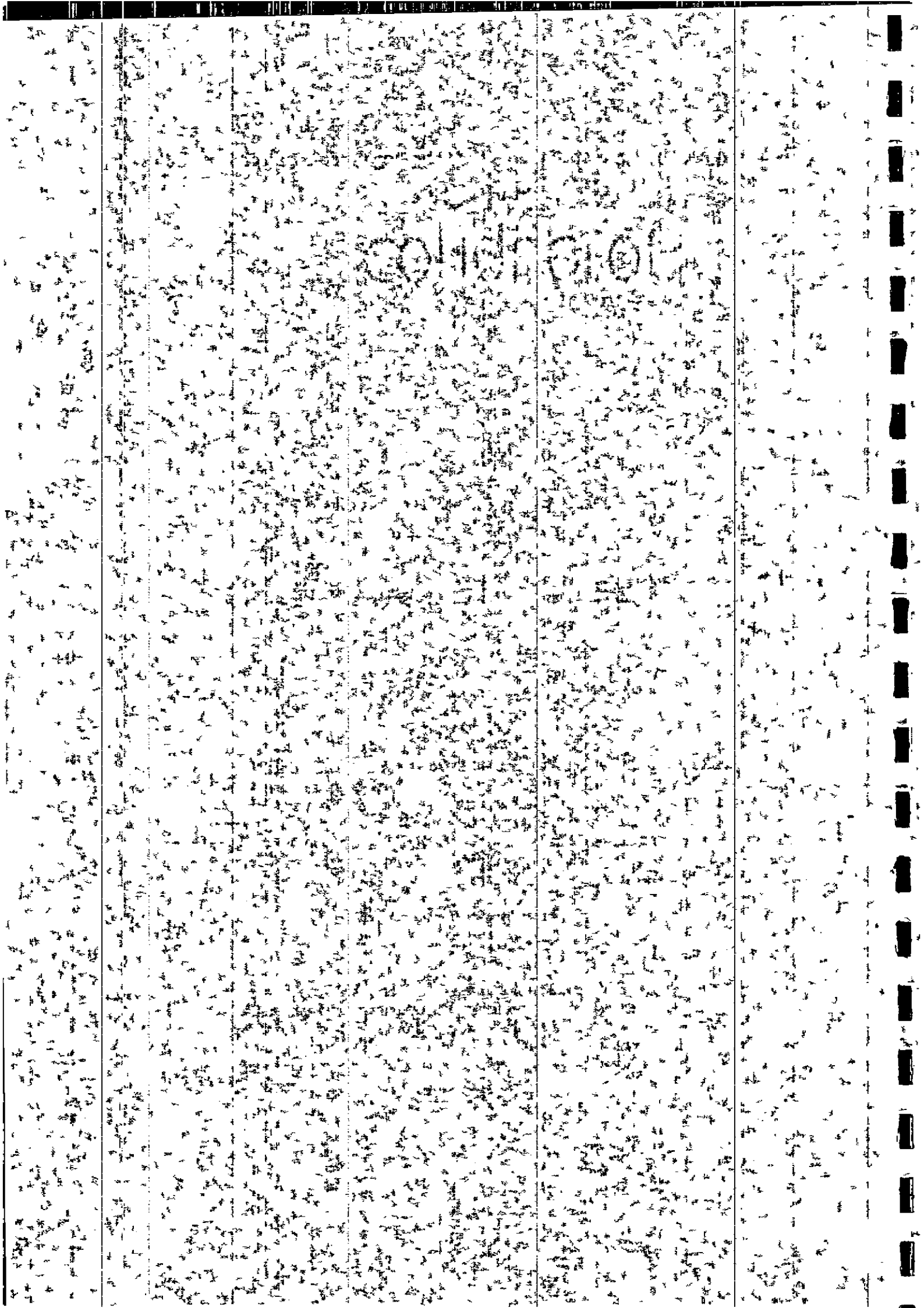
Deferred taxation

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. Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax assets are regarded as recoverable to the extent that 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 differences can be deducted.

Deferred tax assets and liabilities recognised have not been discounted.

Foreign exchange

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date or the exchange rate of a related foreign exchange contract where appropriate. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the date of the transaction. The resulting gain or loss is dealt with in the profit and loss account.



AES (NI) Limited

Notes to the financial statements for the year ended 31 December 2009

4 Exceptional item – goodwill impairment

	2009 £ 000	2008 £ 000
Goodwill impairment	21 628	

The Group tests goodwill annually for impairment

The balance of goodwill was allocated to cash generating units (CGUs) These are independent sources of income streams and represent the lowest level at which the associated goodwill is monitored for management purposes The recoverable amounts of the CGUs are determined from value in use calculations These calculations use cash flow projections approved by management The key assumptions for these forecasts are those regarding revenue variable costs and the level of working capital required to support trading which management estimates based on past experience and expectations of future changes in the market To prepare value in use calculations the cash flow forecasts are extrapolated at an estimated average long term nominal growth rate and discounted back to present value The discount rate assumptions use an estimate of AES Corporation's weighted average cost of capital The weighted average cost of capital used was 7.56% (2008: 8.70%)

Impairment tests were performed during the year ended 31 December 2009 These impairment reviews have resulted in the recording of an impairment charge of £21 628 000

The tax charge arising on the goodwill impairment is £Nil (2008: £Nil)

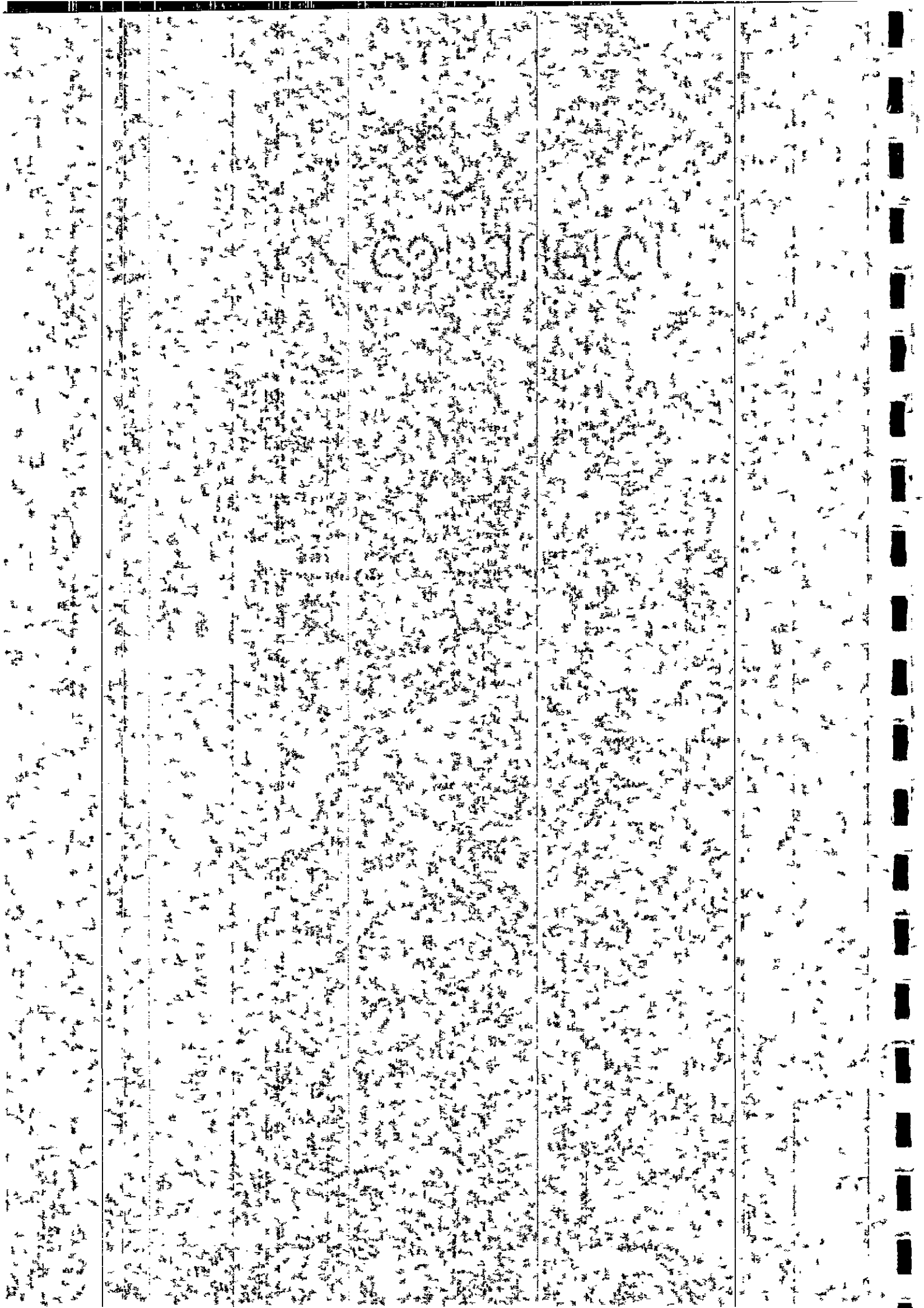
5 Employee information

The average monthly number of persons employed by the group during the year was

	2009 Number	2008 Restated Number
By activity		
Production	124	119
Administration	10	10
	<u>134</u>	<u>129</u>

The company had no employees during 2009 and 2008

	2009 £ 000	2008 £ 000
Staff costs (for the above persons)		
Wages and salaries	5 346	4 859
Social security costs	530	477
Other pension costs current service cost	352	481
Defined contribution pension cost	135	97
Cost of employee share schemes (see note 24)	29	440
	<u>6,392</u>	<u>6 354</u>



AES (NI) Limited

Notes to the financial statements for the year ended 31 December 2009

1 Accounting policies (continued)

Pension

The principal trading subsidiaries within the group participate in a defined benefit pension scheme

The funds are valued every three years by a professionally qualified independent actuary the rates of contribution being determined by the actuary In the intervening years the actuary reviews the continuing appropriateness of the rates The assets of the scheme are held separately from those of the group

Pension scheme assets are measured using bid market value Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term to the liability The increase in the present value of the liabilities of the group's defined benefit pension scheme arising from employee service in the period is charged to operating profit The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance income Actuarial gains and losses are recognised in the statement of total recognised gains and losses

The group operates a defined contribution scheme for those employees not covered by the above scheme The cost of funding the defined contribution scheme is charged to the profit and loss account as incurred

Employee share schemes

The ultimate parent company issues equity settled share based payments to certain employees of the group which must be measured at fair value and recognised as an expense in the profit and loss account with a corresponding increase in equity The fair values of these payments are measured at the dates of grant using option pricing models taking into account the terms and conditions upon which the awards are granted The fair value is recognised over the period during which employees become unconditionally entitled to the awards subject to the company's estimate of the number of awards which will lapse either due to employees leaving the company prior to vesting or due to non market based performance conditions not being met Where an award has market based performance conditions the fair value of the award is adjusted at the date of grant for the probability of achieving these via the option pricing model The total amount recognised in the profit and loss as an expense is adjusted to reflect the actual number of awards that vest, except where forfeiture is due to the failure to meet market based performance measures

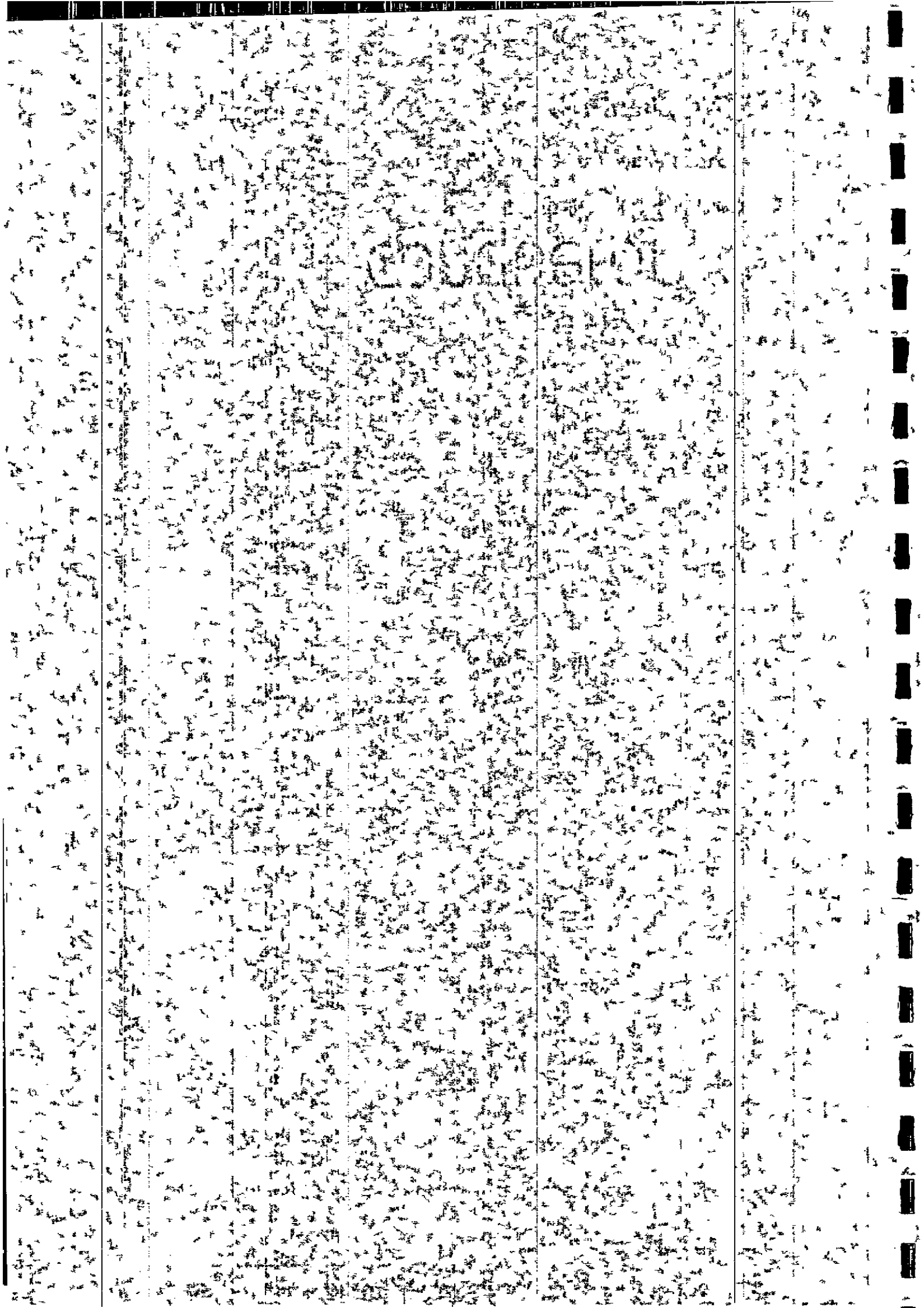
2 Turnover

The group operates principally in the electricity generation industry within Northern Ireland Turnover and profit relate primarily to a single class of business and geographical area

3 Cost of sales and administrative expenses

	2009 £ 000	2008 £ 000
Cost of sales	45 410	104 414
Administrative expenses	29 332	23 742
	<u>74 742</u>	<u>128 156</u>

The expenses above of £74 742 000 (2008 £128 156 000) relate to continuing operations



AES (NI) Limited

Notes to the financial statements for the year ended 31 December 2009

6 Directors' emoluments

	2009 £ 000	2008 £ 000
Aggregate emoluments	179	83

One group director (2008 one) has retirement benefits accruing under the group's defined benefit pension scheme

7 Interest receivable and similar income

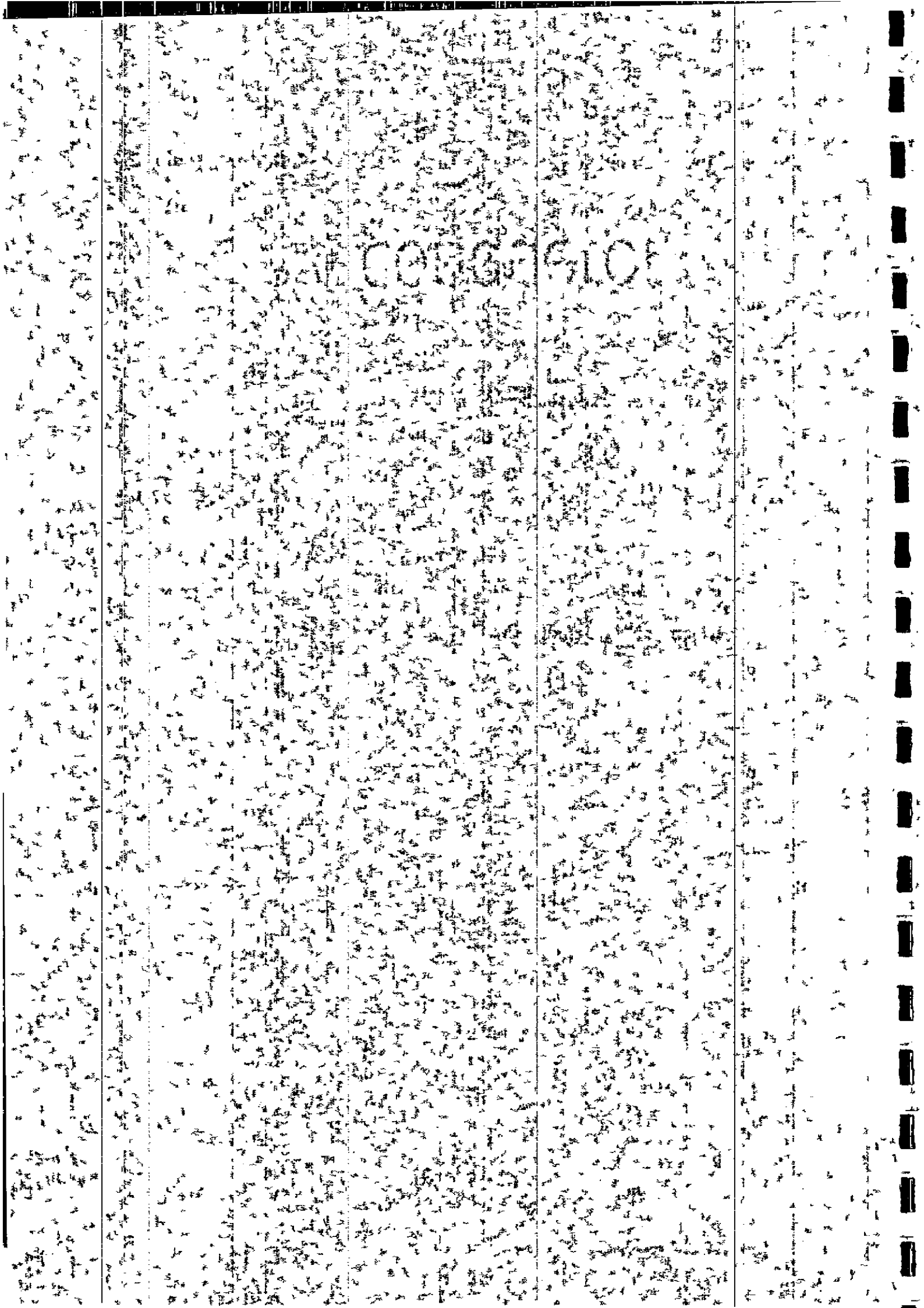
	2009 £ 000	2008 £ 000
Interest receivable on bank balances	1 651	5 271
Interest receivable on corporation tax repayments	75	77
	<u>1 726</u>	<u>5 348</u>

8 Interest payable and similar charges

	2009 £ 000	2008 £ 000
Interest payable on debentures and other loans	9 863	12 699
Interest payable to parent company	2 652	7 719
Interest payable on bank loans and overdrafts		23
Other interest payable	1 326	455
	<u>13 841</u>	<u>20 896</u>

9 Profit on ordinary activities before taxation

	2009 £ 000	2008 Restated £ 000
Profit on ordinary activities before taxation is stated after charging		
Staff costs (see note 5)	6 392	6 354
Goodwill amortisation		1 399
Goodwill impairment (see note 4)	21 628	
Depreciation of tangible fixed assets	15 755	11 216
Gain on sale of fixed assets	6	3
Hire of plant and machinery	106	122
Auditors' remuneration for audit services (company £4 000 (2008 £3 000))	53	32
for other services (company £Nil (2008 £15 000))	48	94
	<u></u>	<u></u>



AES (NI) Limited

Notes to the financial statements for the year ended 31 December 2009

10 Tax on profit on ordinary activities

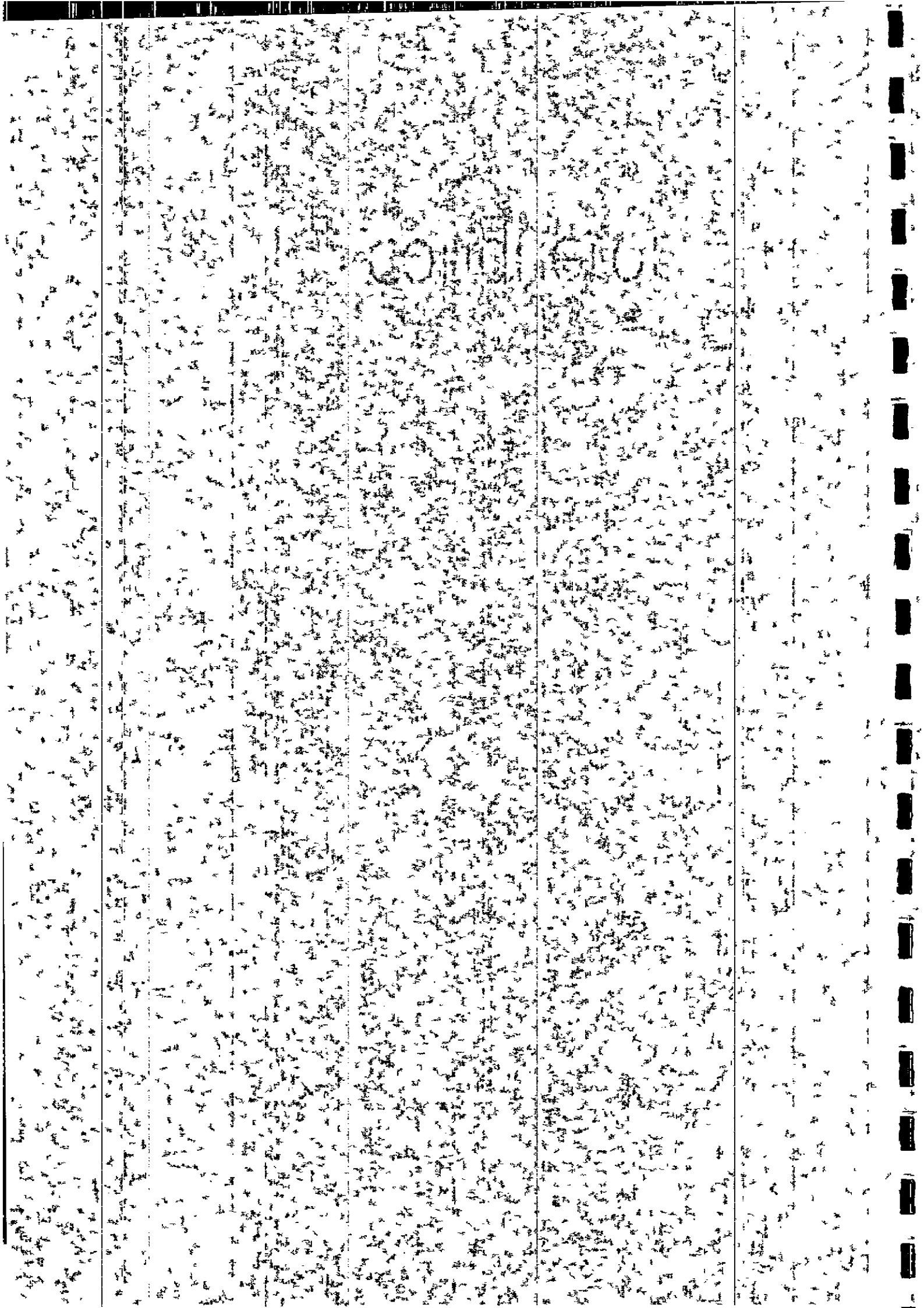
	2009 £ 000	2008 £ 000
Current tax		
UK corporation tax at 28% (2008 28.5%)	9 523	3 006
Group relief payable at 28% (2008 28.5%)	2 966	5 281
Adjustment in respect of previous years	(2 075)	(355)
Total current tax	10 414	7 932
Deferred tax		
Accelerated capital allowances and other timing differences	(428)	(2 230)
Pension contribution relief in excess of pension cost charge	1 085	398
Adjustment in respect of previous years		23
Total deferred tax	657	(1 809)
Tax on profit on ordinary activities	11 071	6 123

The tax assessed for the year differs from the standard rate of corporation tax in the UK (28%) (2008 28.5%). The differences are explained below

	2009 £ 000	2008 £ 000
Profit on ordinary activities before tax	21 022	20 544
Profit on ordinary activities multiplied by standard rate in the UK 28% (2008 28.5%)	5 886	5 855
Effects of		
Expenses not deductible for tax purposes	6 354	599
Accelerated capital allowances and other timing differences	1,334	2 230
Pension contribution relief in excess of pension cost charge	(1 085)	(397)
Adjustment in respect of previous years	(2 075)	(355)
Current tax charge for the year	10 414	7 932

Factors that may affect future tax charges

Based on the current capital investment plans the group expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar level to the current year



AES (NI) Limited

Notes to the financial statements for the year ended 31 December 2009

11 Profit for the financial year

The company's profit after tax for the year was £19 846 000 (2008: £44 498 000)

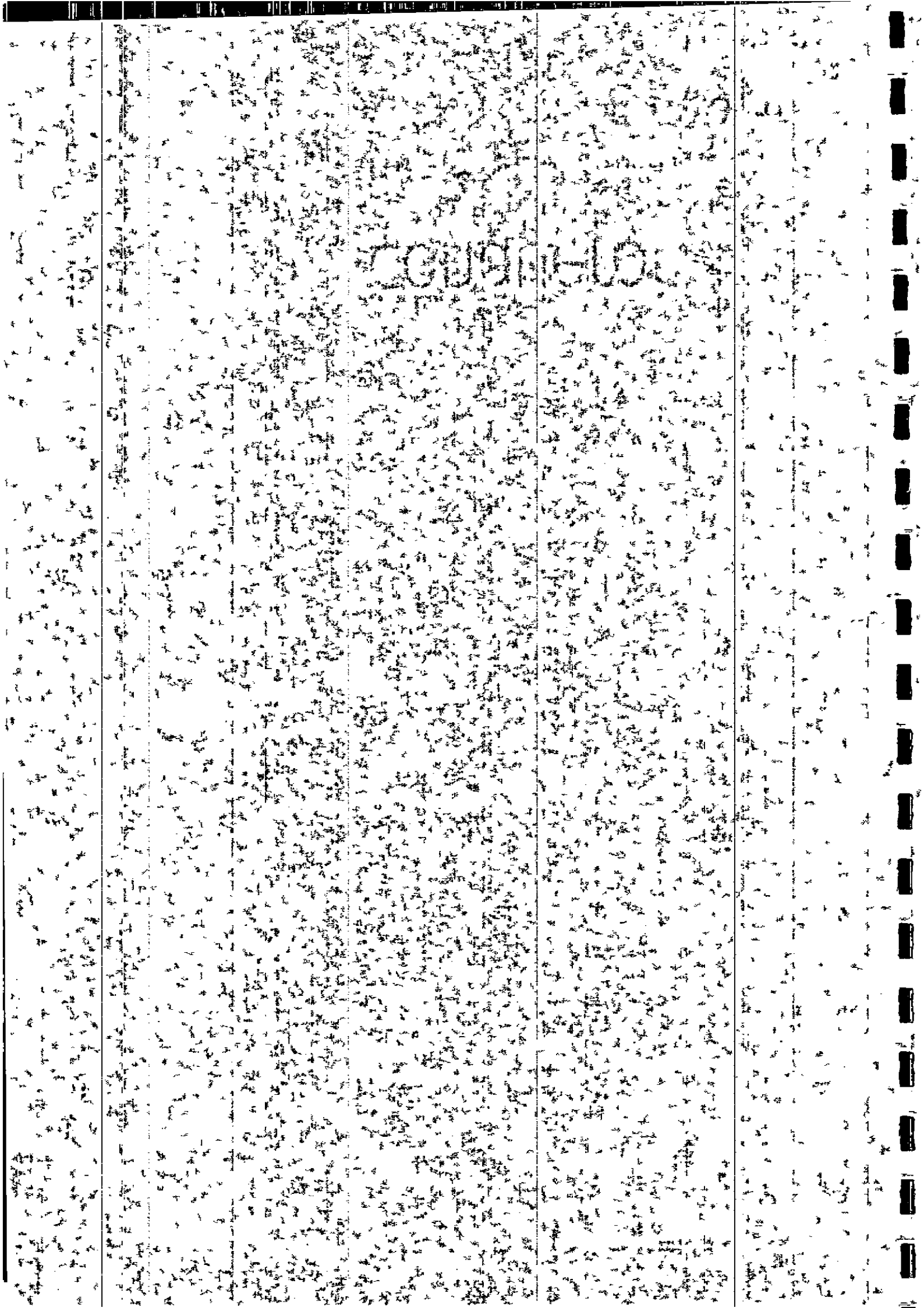
12 Dividends

	2009 £ 000	2008 £ 000
Ordinary dividend paid of £0.25561 per 25p share (2008: £Nil)	13 411	

13 Intangible assets

The company has no intangible assets. Details of those relating to the group are as follows:

	Goodwill £ 000
Cost	
At 1 January 2009 and at 31 December 2009	44 829
Accumulated amortisation	
At 1 January 2009	23 202
Provided during the year (see note 4)	21 627
At 31 December 2009	44 829
Net book amount	
At 31 December 2009	
At 31 December 2008	21 627



AES (NI) Limited

Notes to the financial statements for the year ended 31 December 2009

15 Investments

Company

	Interests in group undertakings £ 000
Cost	
At 1 January 2009 and 31 December 2009	278 556
Amounts Written Off	
At 1 January 2009 and 31 December 2009	
Net book amount	
At 31 December 2009	278 556
At 31 December 2008	278 556

Interests in principal group undertakings

Name of undertaking	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held by	
			Group /	Company %
AES Kilroot Power Limited	N Ireland	Ordinary £1 shares		100
AES Belfast West Power Limited	N Ireland	Ordinary £1 shares		100
Kilroot Electric Limited	Cayman Islands	Ordinary US \$1 shares	100	

The above companies operated principally in their country of incorporation with the exception of Kilroot Electric Limited which operated in Northern Ireland

The principal business activities of these subsidiary undertakings are

- (I) AES Kilroot Power Limited generation of electricity
- (II) Kilroot Electric Limited investment company

Financial statements of AES Kilroot Power Limited have been prepared up to 31 December 2009 and show a profit of £ 21 877 000 (2008 £23 954 000) and net assets amounting to £203 209 000 (2008 £211 161 000)

Financial statements of Kilroot Electric Limited have been prepared up to 31 December 2009 and show a loss of £122 000 (2008 profit £258 000) and net assets amounting to £134 000 (2008 £256 000)

AES Belfast West Power Limited did not trade during the year

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AES (NI) Limited

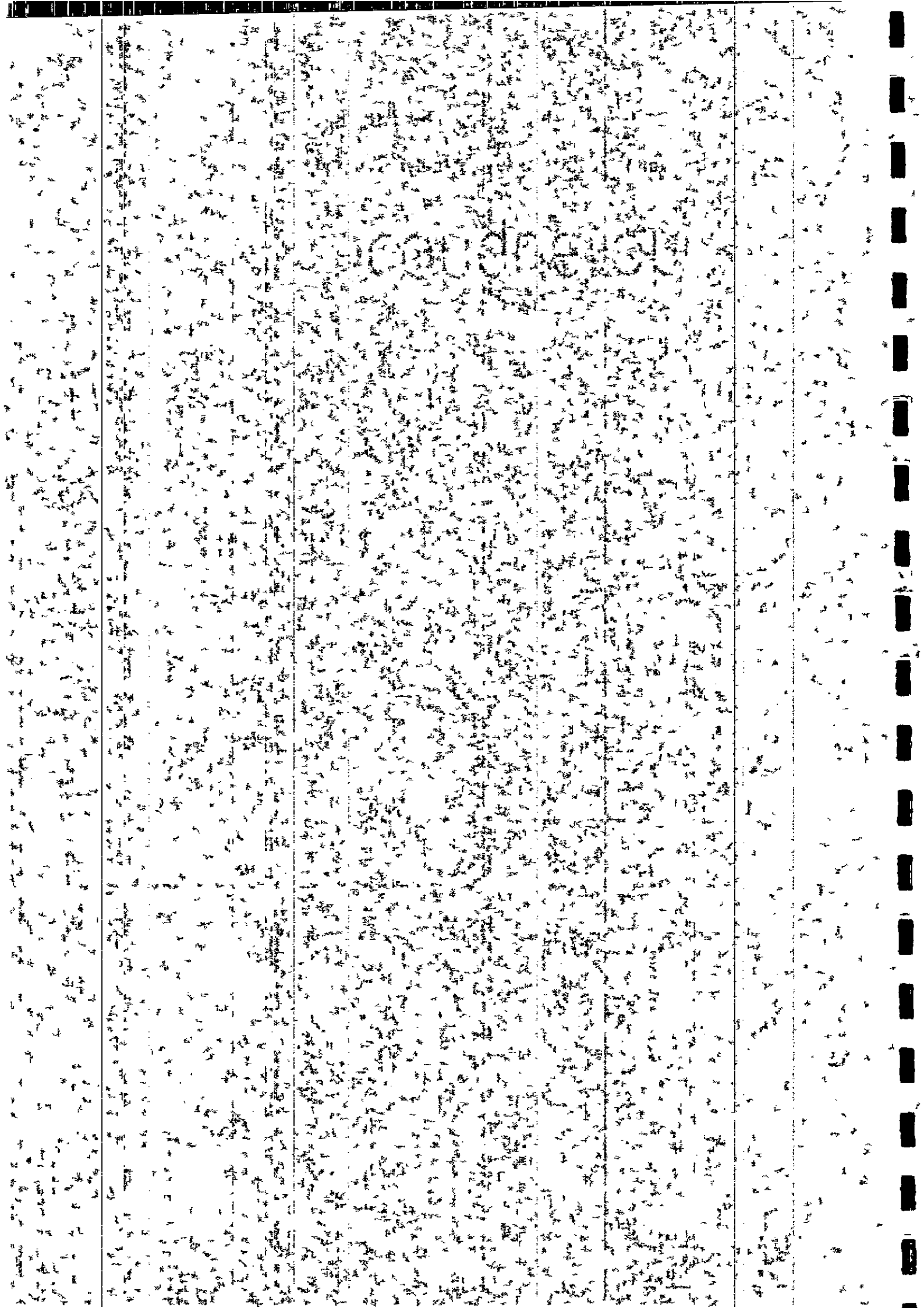
Notes to the financial statements for the year ended 31 December 2009

14 Tangible assets

The company has no tangible assets. Details of those relating to the group are as follows:

	Long leasehold land £ 000	Long leasehold generating plant and buildings £ 000	Maintenance assets £ 000	Motor vehicles £ 000	Fixtures and fittings £ 000	Computer equipment £ 000	Construction work in progress £ 000	Total £ 000
Cost								
At 1 January 2009	929	259 571	14 740	401	178	184	61 744	337 747
Additions		2 944	77	42	1	37	11 130	14 231
Disposals		(897)		(44)		(24)		(965)
Transfers		72 874					(72 874)	
At 31 December 2009	929	334 492	14 817	399	179	197		351 013
Accumulated depreciation								
At 1 January 2009	486	179 946	3 423	321	109	180		144 465
Charge for year	37	13 328	2 304	40	34	12		15 755
Eliminated in respect Of disposals		(897)		(38)		(24)		(959)
At 31 December 2009	523	192,971	5 727	323	143	168		159 261
Net book amount								
At 31 December 2009	406	182 115	9 090	76	36	29		191 752
At 31 December 2008	443	119 625	11 317	51	55	4	61 744	193,282

Included within accruals and deferred income at 31 December 2009 are contributions to the cost of construction work in progress. See note 19.



AES (NI) Limited

Notes to the financial statements for the year ended 31 December 2009

16 Stocks

The company has no stocks. Details of those relating to the group are as follows:

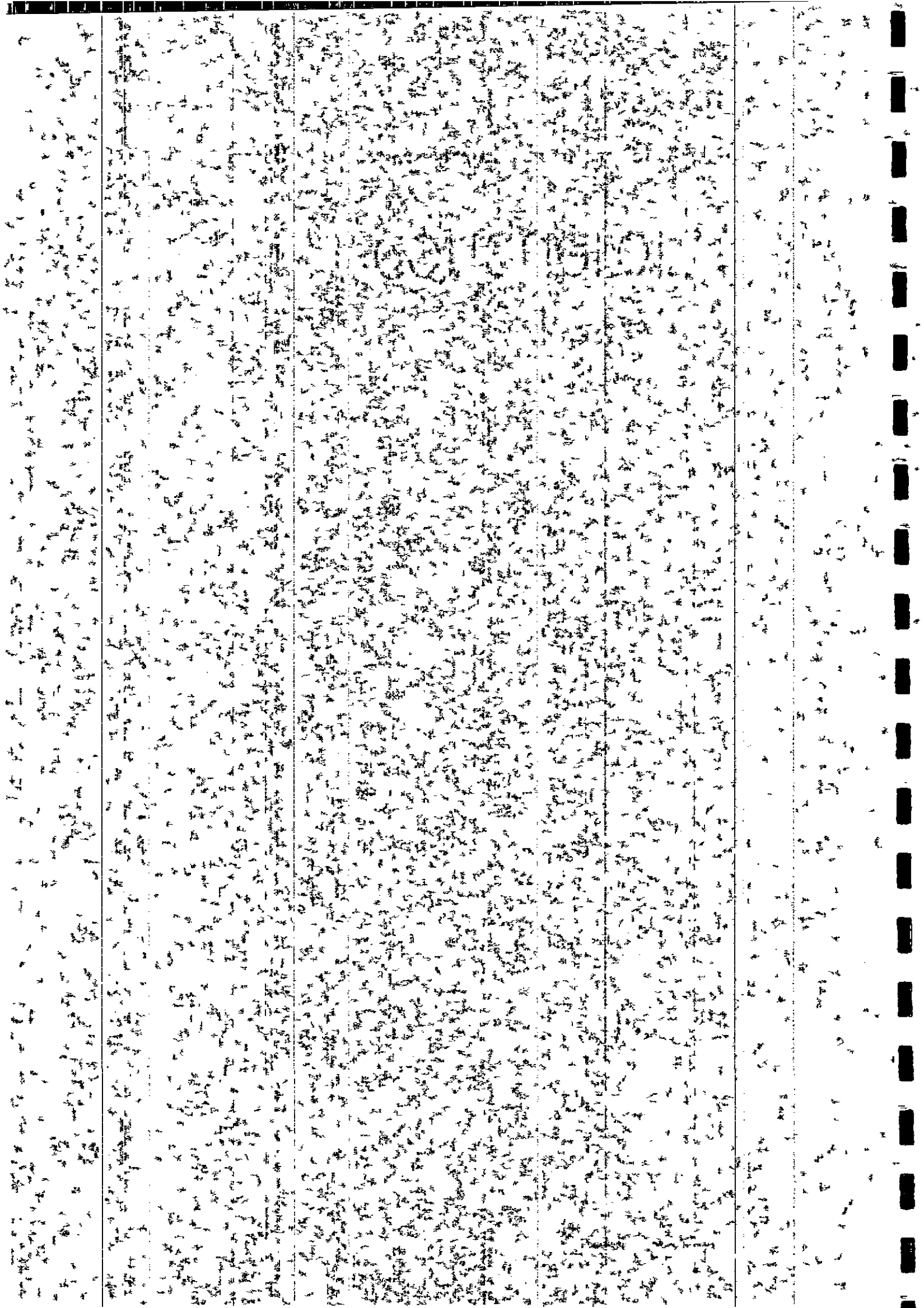
	2009 £ 000	2008 £ 000
Engineering stock	11 375	14 968
Fuel stock	4 219	3 459
	<u>15 594</u>	<u>18 427</u>

17 Debtors

	Group		Company	
	2009 £ 000	2008 £ 000	2009 £ 000	2008 £ 000
Debtors: amounts falling due after more than one year				
Amounts owed by subsidiary undertaking			59 215	32 000
			<u>59 215</u>	<u>32 000</u>

The loan to subsidiary undertaking is unsecured and repayable after more than one year.

	Group		Company	
	2009 £ 000	2008 £ 000	2009 £ 000	2008 £ 000
Debtors: amounts falling due within one year				
Trade debtors	16 819	32 859		
Group relief receivable			1 681	2 024
Amounts owed by subsidiary undertakings			2 109	29 109
Amounts owed by parent company and fellow subsidiary undertakings	27	397	10	6
Corporation tax				
Other debtors	858	3 069	258	258
Prepayments and accrued income	669	837	1	37
	<u>18 373</u>	<u>37 162</u>	<u>4 059</u>	<u>31 434</u>



AES (NI) Limited

Notes to the financial statements for the year ended 31 December 2009

18 Creditors amounts falling due within one year

	Group		Company	
	2009	2008	2009	2008
	£ 000	£ 000	£ 000	£ 000
Bank loan	10 082	6 985		
Debenture stock (2006 2010)	39 525	39 700		
Trade creditors	6 389	21 866		
Amounts owed to subsidiary undertakings			175	1 736
Amounts owed to parent company and fellow subsidiary undertakings	5 722	5 694	1,363	9 791
Floating rate subordinated loan stock		17 800		17 800
Corporation tax	3 405	1 253		
Other taxation and social security	2 647	780		
Other creditors	541	10 402	258	258
Accruals and deferred income	6 079	18 134	11	
	<u>74 390</u>	<u>122 614</u>	<u>1 807</u>	<u>29 596</u>

19 Creditors amounts falling due after more than one year

	Group		Company	
	2009	2008	2009	2008
	£ 000	£ 000	£ 000	£ 000
Bank Loan	30 262	44 405		
Debenture stock (2006 2010)		39 350		
Amounts owed to parent company and fellow subsidiary undertakings	2 800			
Loan from subsidiary undertaking			196 600	195 123
Floating rate subordinated loan stock	30 300	12 500	30,300	12 500
Accruals and deferred income	46 834	32 795		
	<u>110 196</u>	<u>129 050</u>	<u>226 900</u>	<u>207 623</u>

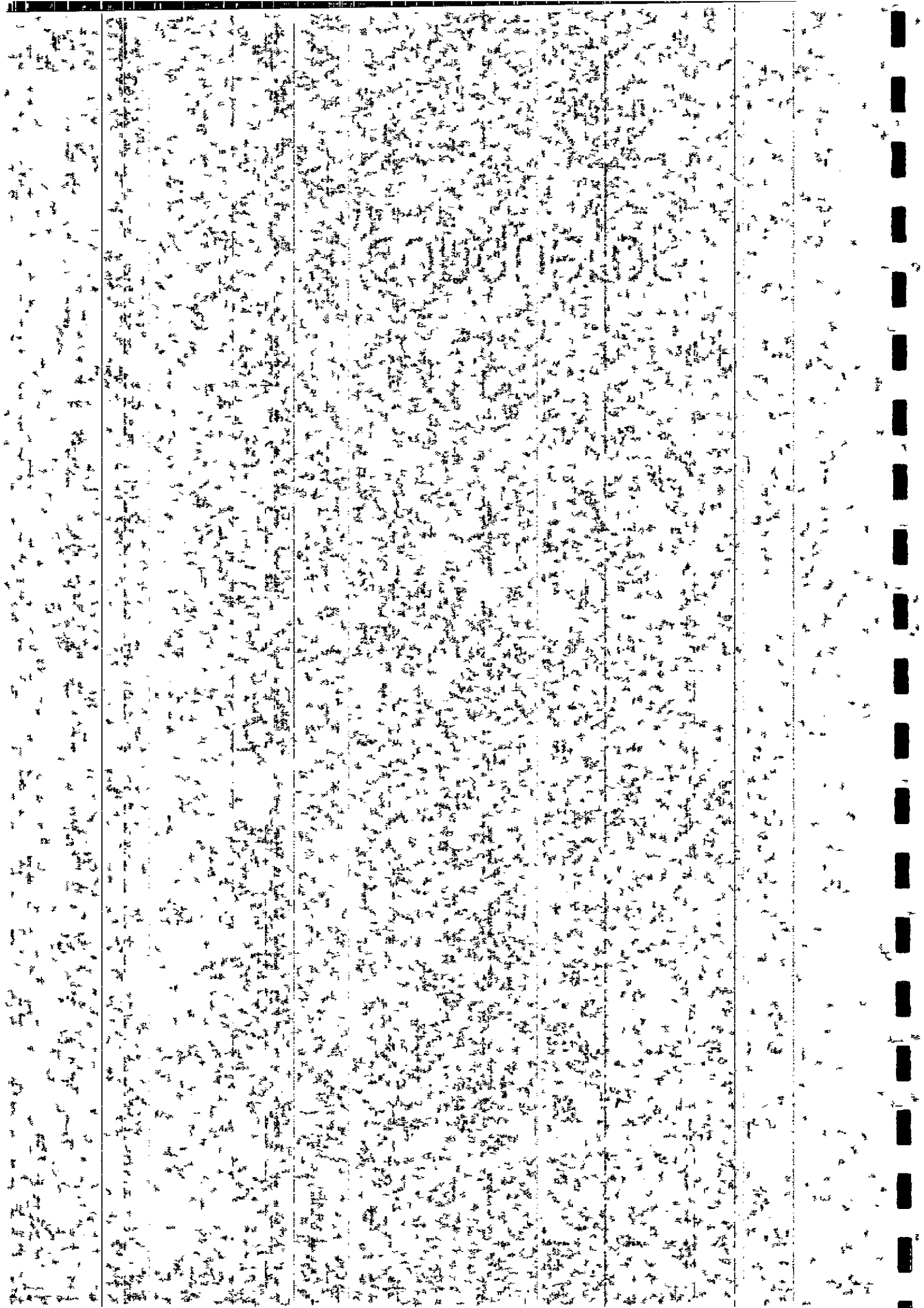
Bank Loan

Group

On 5 September 2008 the group obtained financing from BNP Paribas in order to meet the long term financing requirements of the AES (NI) Group

The loan carries interest at LIBOR plus a margin of 2.25% until 31 December 2010 and a margin of 2.75% per annum thereafter. The loan is repayable in bi annual instalments with the remaining balance being repaid in June 2011.

The loan is secured by secondary charges over the assets and share capital of AES Kilroot Power Limited.



AES (NI) Limited

Notes to the financial statements for the year ended 31 December 2009

19 Creditors amounts falling due after more than one year (continued)

The carrying value of the bank loan included above and in note 18 amounted to £40 344 000 (2008 £51 390 000) after adjustment for financing costs of £2 208 000 which are amortised over the life of the loan

The entire loan is repayable in less than five years and repayable as follows

	2009 £ 000	2008 £ 000
In one year or less	10 082	6 985
In more than one year but not more than two years	30 262	10 092
In more than two year but not more than five years		34 313
	<u>40,344</u>	<u>51 390</u>

Debenture stock (2006 2010)

Group

On 26 Julv 1994 Kilroot Electric Limited a wholly owned subsidiary of AES Kilroot Power Limited issued £198 500 000 9.5% secured debenture stock (2006 2010) at 99.896 per cent in order to meet long term financing requirements of the AES (NI) Group. The debenture is unconditionally and irrevocably guaranteed by AES Kilroot Power Limited

The carrying value of the debenture stock included above and in note 18 amounted to £39 525 000 (2008 £79 050 000) after adjustment for original issue costs of £ 2 874 000 which are amortised over the life of the debenture

The debenture is repayable in less than two years and repayable as follows

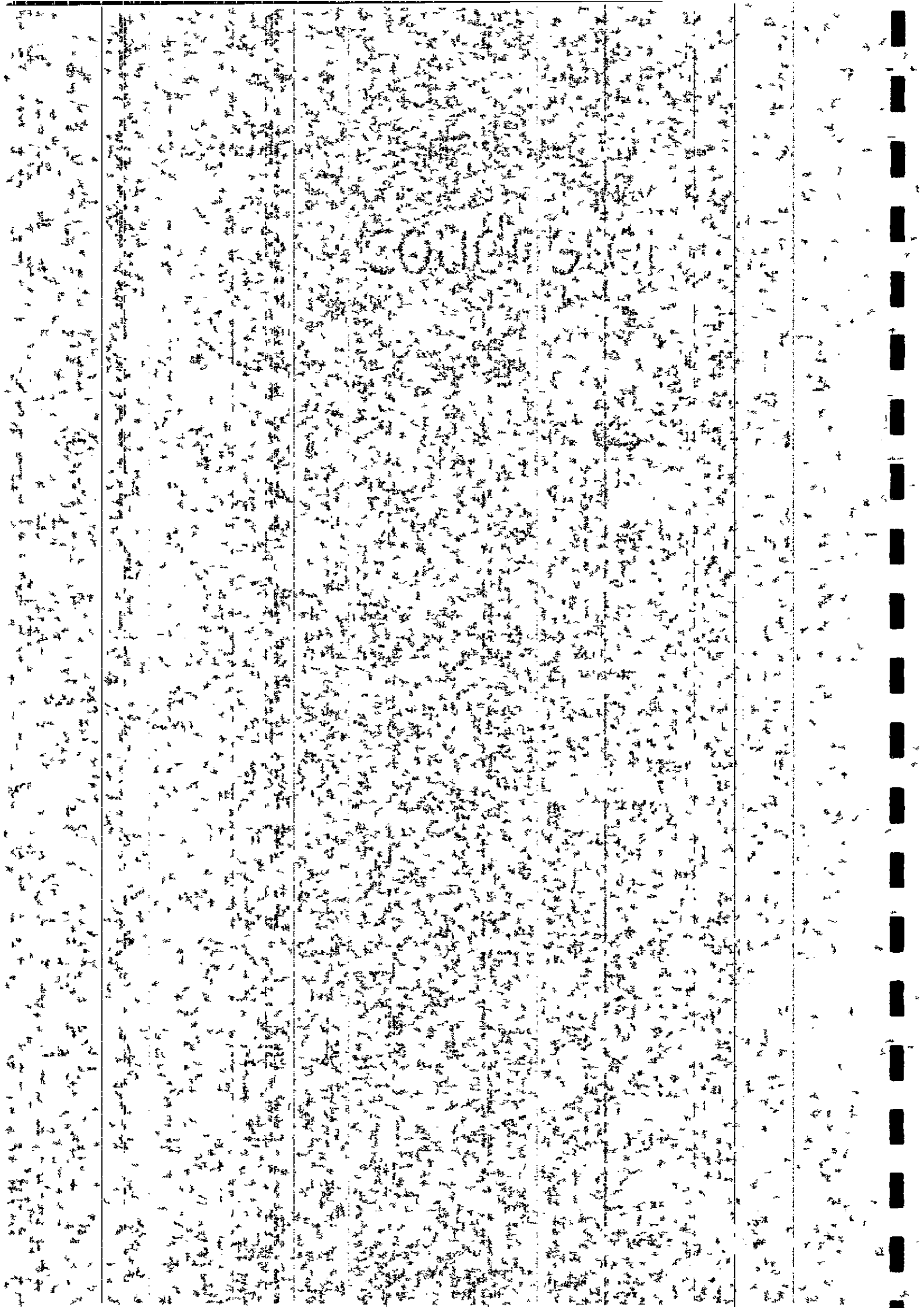
	2009 £ 000	2008 £ 000
In one year or less	39 525	39 700
In more than one year but not more than two years		39 350
	<u>39 525</u>	<u>79 050</u>

Loan from subsidiary undertaking

Company

The loan of £195 123 000 from the subsidiary undertaking is unsecured and repayable in less than three years

The interest rate levied is 7% per annum



AES (NI) Limited

Notes to the financial statements for the year ended 31 December 2009

19 Creditors amounts falling due after more than one year (continued)

Floating rate subordinated loan stock

Group and company	2009 £ 000	2008 £ 000
Authorised		
Floating rate subordinated loan stock	30 300	30 300
Issued		
Floating rate subordinated loan stock at 1 January 2009 and at 31 December 2009		30,300

The floating rate subordinated loan stock is repayable as follows

	2009 £ 000	2008 £ 000
In one year or less		17 800
In more than one year but not more than two years		
In more than two years but not more than five years		
In more than five years	30 300	12 500
	30 300	30 300

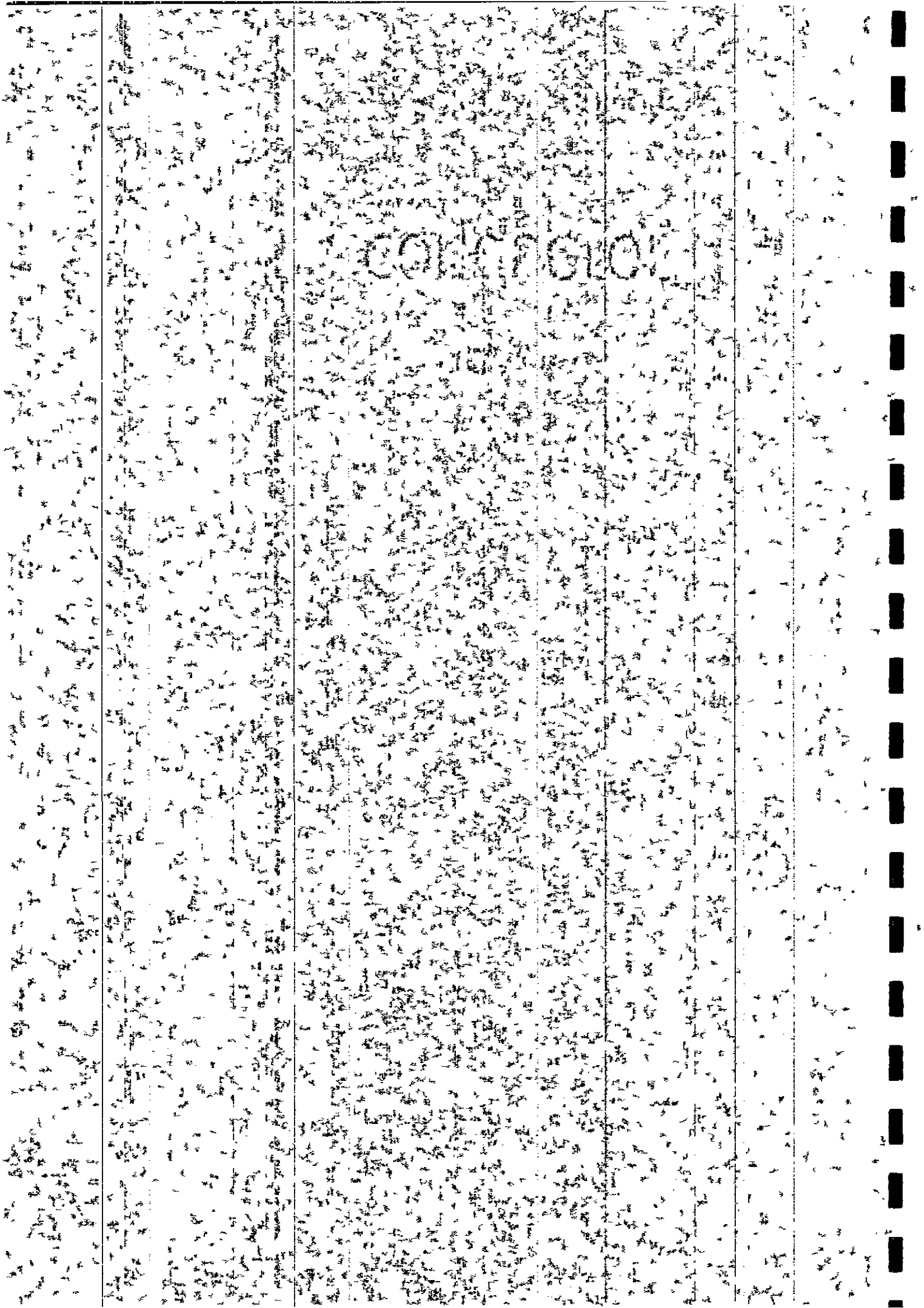
The floating rate subordinated loan stock is due to be repaid in full by 31 March 2016 and carries interest at a rate of LIBOR plus 6%

Deferred income

Group

	Contributions towards fixed assets £ 000	Other £ 000	Total £ 000
At 1 January 2009	34 425	5 816	40 241
Received in the year	18 426		18 426
Credited to the profit and loss account	(2 418)	(3 336)	(5 754)
At 31 December 2009	50 433	2 480	52 913

The deferred income in relation to contributions towards the cost of tangible fixed assets will be released to the profit and loss account over the useful economic life of the related asset and the other deferred income is being released over a period of 9 years from 2001 to 2010



AES (NI) Limited

Notes to the financial statements for the year ended 31 December 2009

20 Provisions for liabilities

The company has no provision for liabilities. Details of those relating to the group are as follows:

	Deferred tax £ 000	Other (see below) £ 000	Pending litigation £ 000	Total £ 000
At 1 January 2009	30 117	921	1 381	32 419
Profit and loss account	(427)	(166)	23	(570)
Payments in the year		(167)	(1 404)	(1 571)
At 31 December 2009	29 690	588		30 278

Deferred taxation

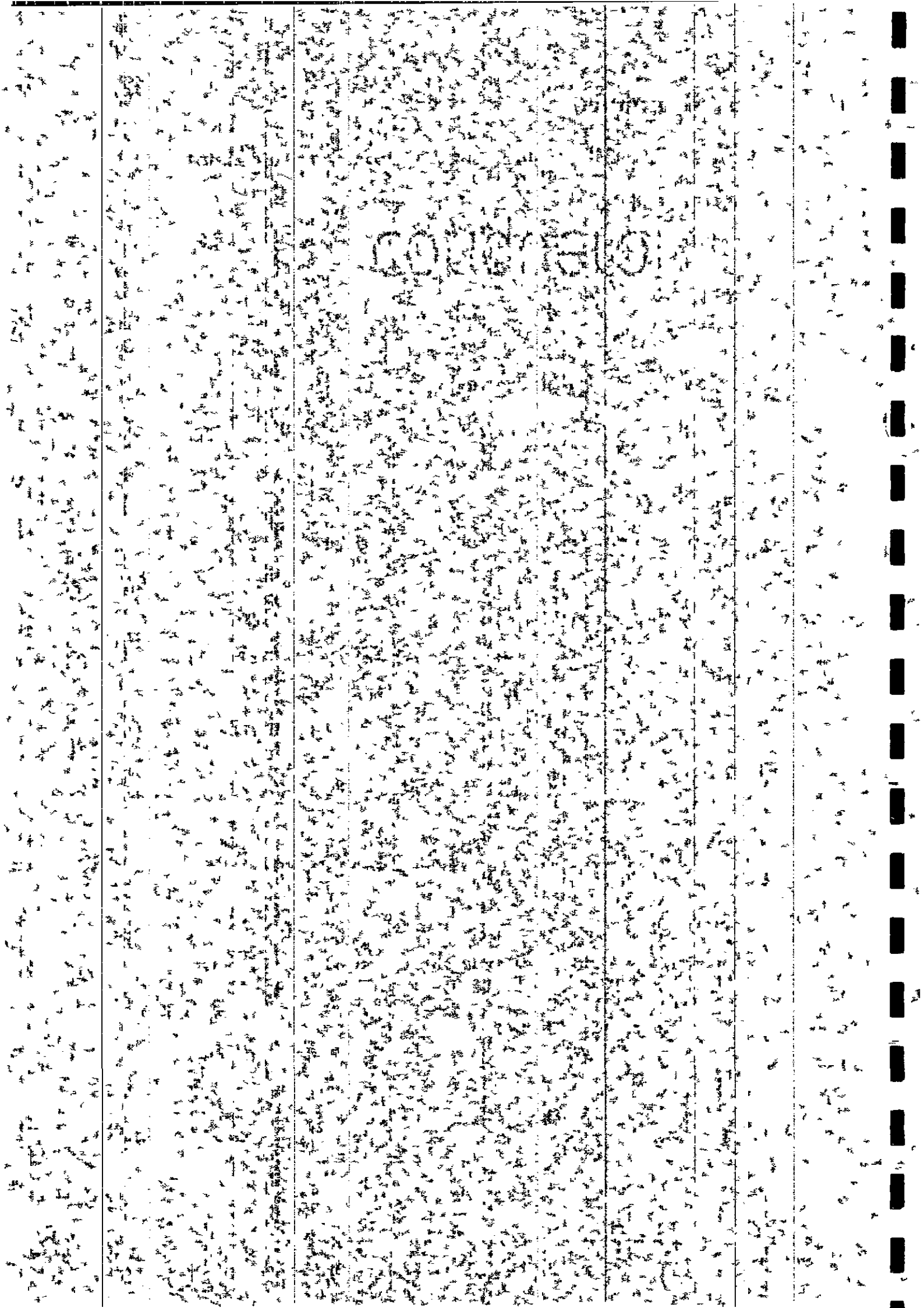
An analysis of the full potential liability, all of which has been provided, is as follows:

	2009 £ 000	2008 £ 000
Tax effect of timing difference because of		
Excess of capital allowances over depreciation	29 745	30 237
Provisions	(100)	(160)
Other timing differences	45	40
Deferred tax excluding that relating to pension deficit	29 690	30 117
Deferred tax on pension deficit (note 21)	(4 176)	(4 259)
Total provision for deferred tax	25 514	25 858

The group has a potential deferred tax asset of £ 294 000 (2008: £ 286 000) in respect of employee share options. The deferred tax asset has not been recognised in these financial statements as their recovery in the future is uncertain.

Other provisions

Other provisions relate to industrial disease liabilities which the group recognises when claims are received. Loss adjusters estimate the total liability against each claim. These estimates are adjusted as and when cases are settled. Due to the nature of these claims, some liabilities will take many years to be fully resolved.



AES (NI) Limited

Notes to the financial statements for the year ended 31 December 2009

21 Pension and similar obligations

The group pension scheme provides pension benefits and death in retirement benefits for eligible employees on a defined benefit basis the benefits being funded by assets held in a separate fund administered by Trustees. Contributions are based on independent biennial valuations by professionally qualified actuaries.

Under the terms of the Electricity (Protected Persons) Pensions Regulations (Northern Ireland) 1992 assets were sufficient to cover 65.8% of the liabilities. A full valuation of the scheme was carried out at 31 March 2009 by a qualified independent actuary. The group intends to fund the scheme on a basis consistent with the Regulations. The next full valuation of the scheme will be carried out at 31 March 2011.

The defined benefit scheme is closed to new entrants but the group has established a defined contribution scheme to provide benefits to new employees.

During the accounting period the group paid regular contributions at the rate of £5,600,000 (2008: £2,506,000).

Defined benefit scheme

An actuarial valuation of the scheme using the projected unit basis was carried out at 31 December 2009. The major assumptions used by the actuary were:

	31 December 2009	31 December 2008
Scheme asset valuation	Bid value	Bid value
Rate of increase in salaries	4.00%	3.50%
Rate of increase in pensions in payment and deferred benefits during deferment	3.50%	3.00%
Discount rate	5.75%	6.25%
Inflation assumption	3.50%	3.00%

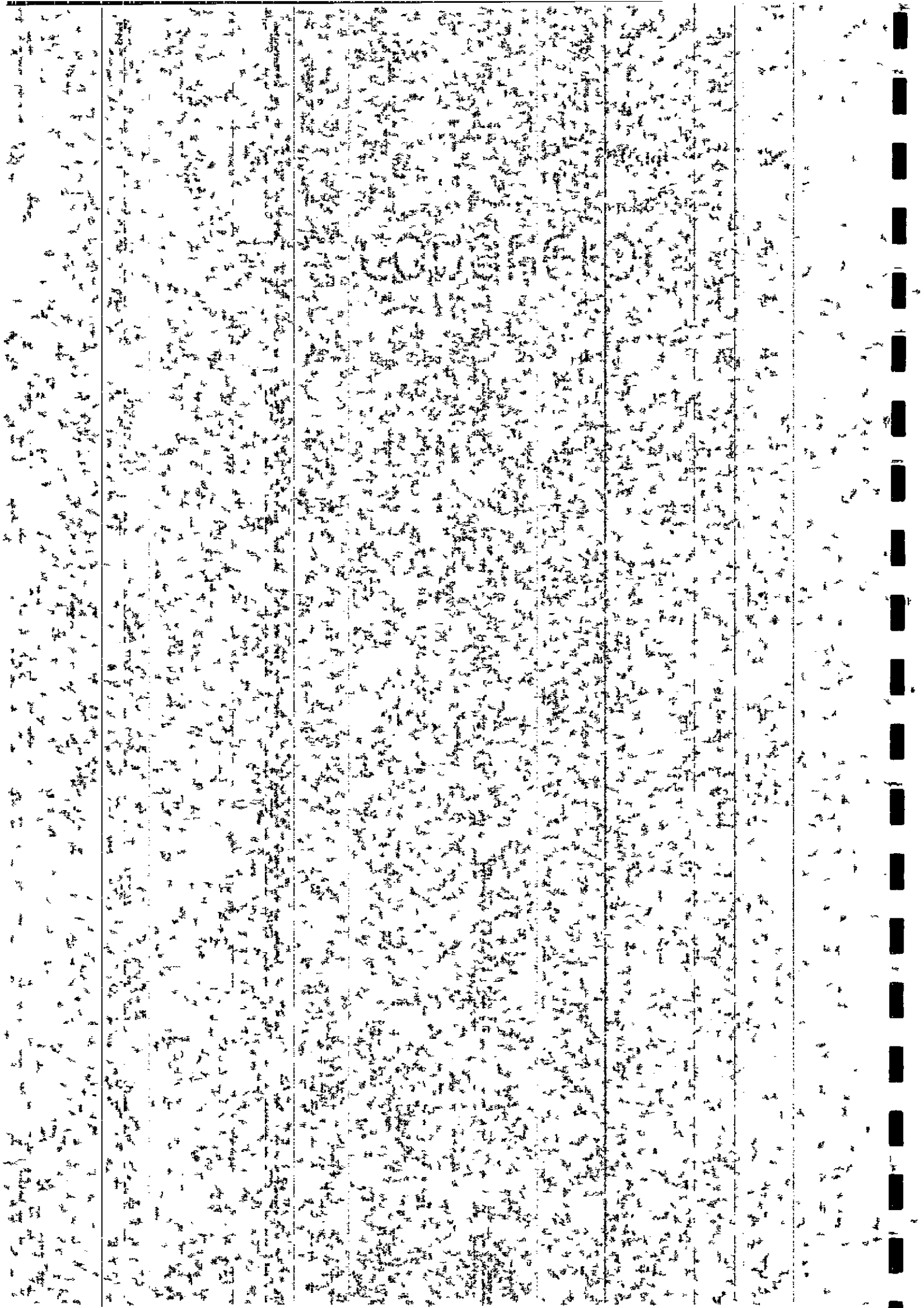
The mortality assumptions used were as follows:

Average expected future life (in years) at age 65 for:

Male currently aged 65	20.8	21.7
Female currently aged 65	23.4	24.0
Male currently aged 45	22.7	22.9
Female currently aged 45	25.3	25.0

The assets in the scheme and the expected rate of return were:

	Long term rate of Return Expected at 31 12 09	Value at 31 12 09 £ 000	Long term rate of return expected at 31 12 08	Value at 31 12 08 £ 000
Equities	6.75%	37,549	7.00%	32,239
Bonds	4.25%	52,621	4.50%	45,250
Cash	0.50%	64	2.00%	41
Market value of assets		90,234		77,530



AES (NI) Limited

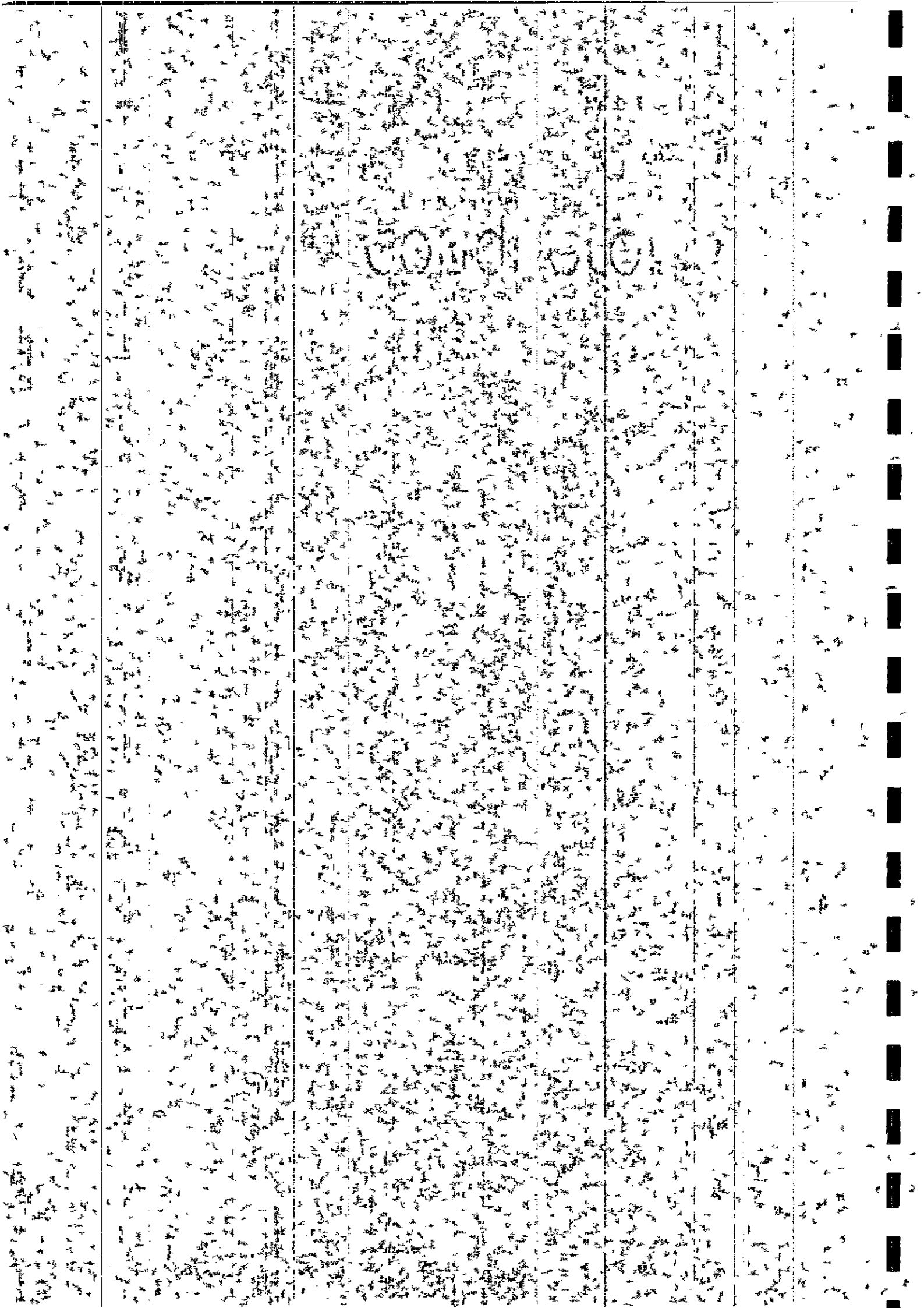
Notes to the financial statements for the year ended 31 December 2009

21 Pension and similar obligations (continued)

	2009 £ 000	2008 £ 000
Total market value of assets	90 234	77 530
Present value of scheme liabilities	(105 150)	(92 741)
Deficit in the scheme	<u>(14 916)</u>	<u>(15 211)</u>
Net pension deficit	(14 916)	(15 211)
Related deferred tax asset	4 176	4 259
Net pension deficit	<u>(10 740)</u>	<u>(10 952)</u>
Reconciliation of present value of scheme liabilities		
	2009 £ 000	2008 £ 000
Opening value of scheme s liabilities	92 741	98 108
Current service cost	352	481
Member contributions	211	188
Interest on scheme liabilities	5 684	5 602
Actuarial loss/(gain) recognised in the pension scheme	10 324	(7 924)
Benefits paid	(4 162)	(3 714)
Closing value of scheme s liabilities	<u>105 150</u>	<u>92 741</u>
Reconciliation of fair value of scheme assets		
	2009 £ 000	2008 £ 000
Opening value of scheme s assets	77 530	88 600
Expected return	4 310	4 998
Actuarial gain/(loss) recognised in the pension scheme	6 745	(15 048)
Employer contributions	5 600	2 506
Member contributions	211	188
Benefits paid	(4 162)	(3 714)
Closing value of scheme s assets	<u>90 234</u>	<u>77 530</u>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields at the balance sheet date. Expected returns on equity investments reflect long term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £11 055 000 (2008: (£10 051 000)).



AES (NI) Limited

Notes to the financial statements for the year ended 31 December 2009

21 Pension and similar obligations (continued)

Analysis of the amount charged to profit and loss account is as follows

	2009 £ 000	2008 £ 000
Current service cost	352	481
Expected return on scheme assets	(4,310)	(4 998)
Interest on pension scheme liabilities	5 684	5 602
Total	1 726	1 085

The total current service cost, £352 000 (2008 £481 000) is included within cost of sales

Other finance costs

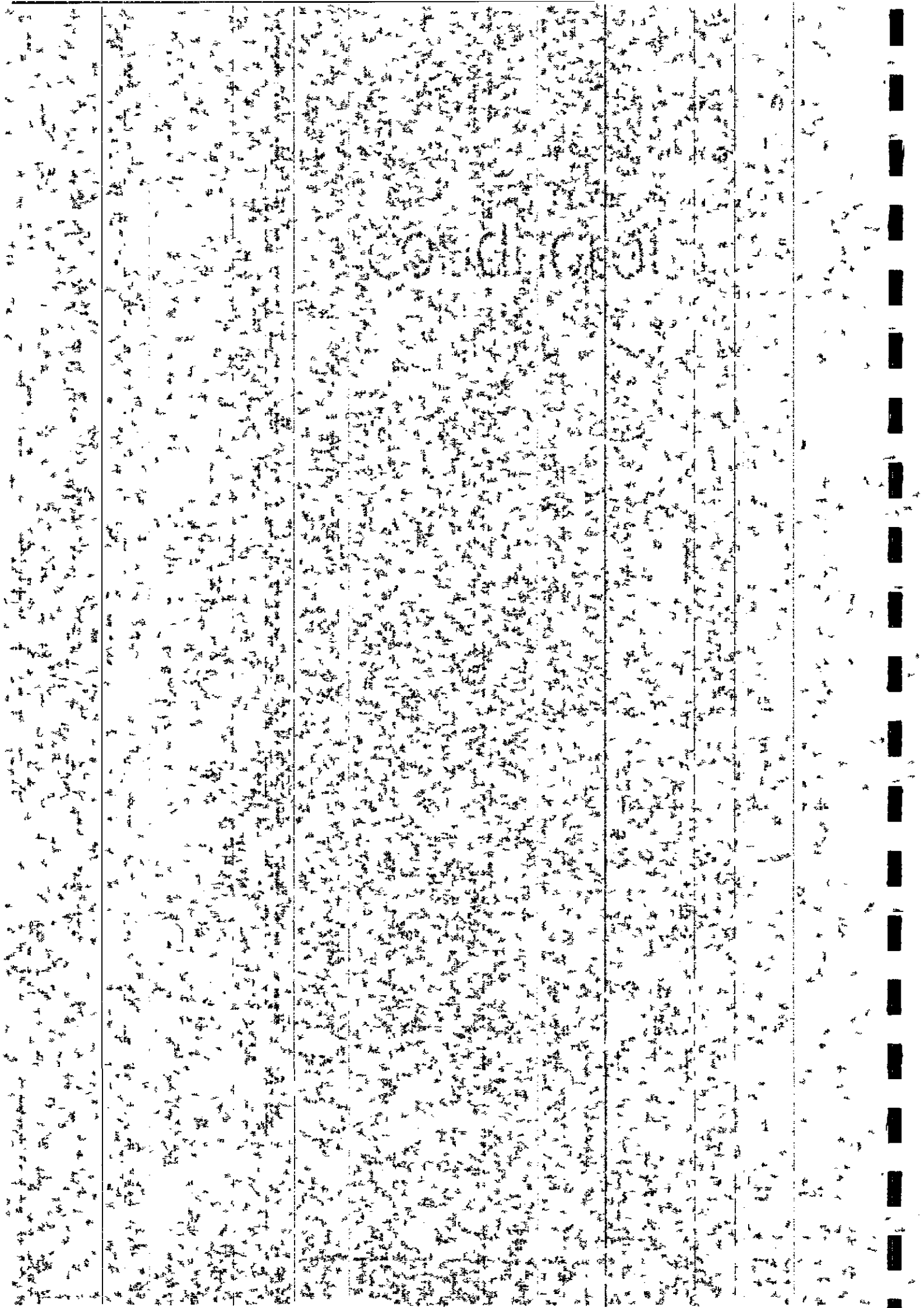
	2009 £ 000	2008 £ 000
Expected return on pension scheme assets	5 684	5 602
Interest on pension scheme liabilities	(4 310)	(4 998)
Total	1 374	604

Amounts for current and previous four years

	2009 £ 000	2008 £ 000	2007 £ 000	2006 £ 000	2005 £ 000
Defined benefit obligations	105 150	92 741	98 108	91 143	92 118
Scheme s assets	90,234	77 530	88 600	82 411	76 527
Deficit	(14 916)	(15 211)	(9 508)	(8 732)	(15 591)
Experience adjustments on scheme liabilities	342	(1 075)	(2 157)	(998)	267
Experience adjustments on scheme assets	6 745	(15 047)	2 535	2 919	7 215
Total recognised in statement of total recognised gains and losses	(3 579)	(7 124)	(2 855)	5 155	768

Defined contribution scheme

The cost of contributions to the defined contribution scheme amounts to £135 000 (2008 £97 000)



AES (NI) Limited

Notes to the financial statements for the year ended 31 December 2009

22 Called up share capital

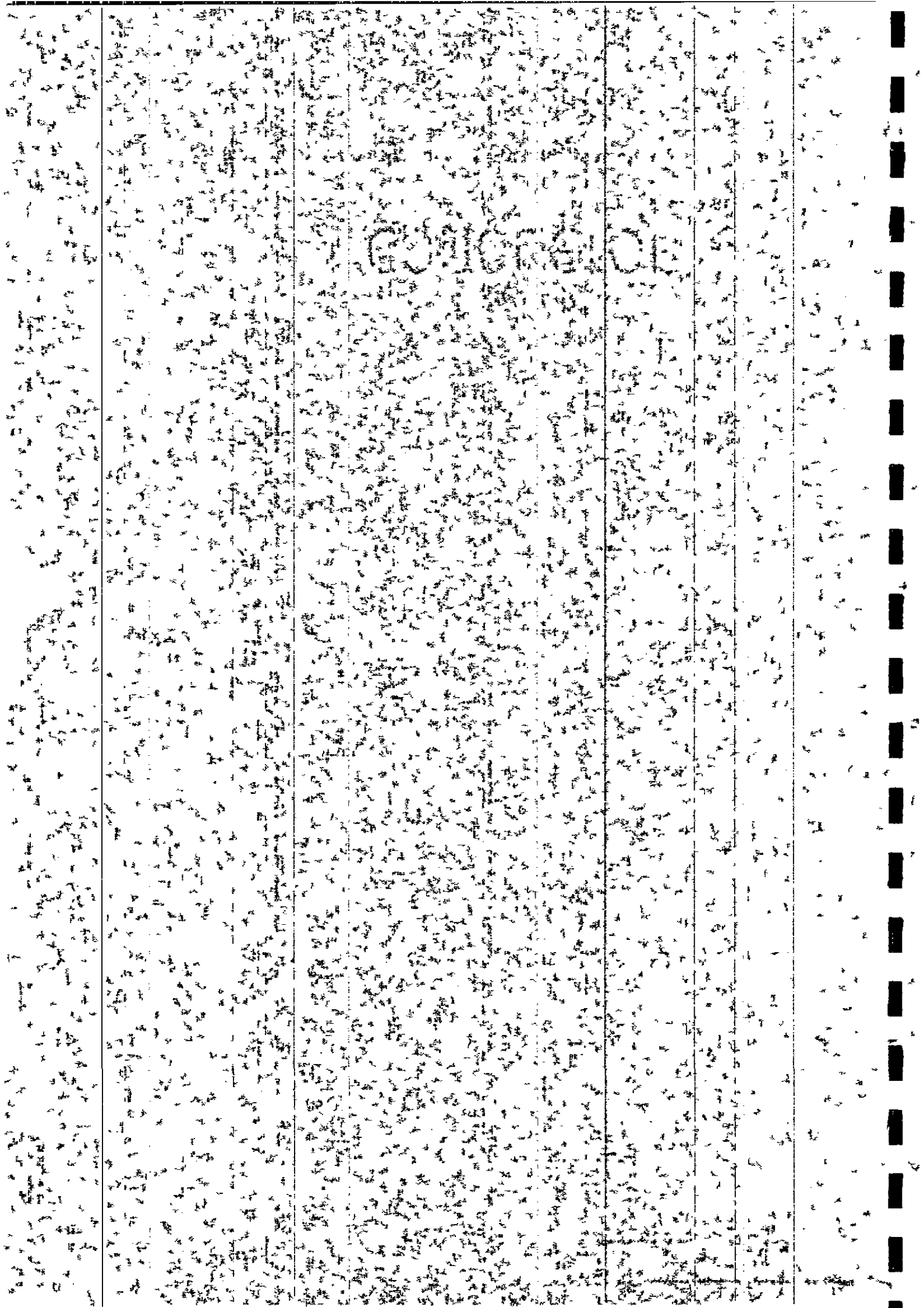
	2009 £ 000	2008 £ 000
Authorised 160 000 000 ordinary shares of 25p each	40 000	40 000
Allotted and fully paid 52 465 999 ordinary shares of 25p each	13 117	13 117

23 Reserves

Group	Share premium account £ 000	Other reserves £ 000	Profit and loss reserve £ 000	Total £ 000
At 1 January 2009	3 729	1 020	17 124	21 873
Profit for the financial year			9 951	9 951
Dividends paid			(13 411)	(13 411)
Actuarial losses recognised in the pension scheme			(3 579)	(3 579)
Movement on deferred tax relating to pension deficit			1 002	1 002
Share based payments		29		29
At 31 December 2009	3 729	1 049	11 087	15 865

Company

	Share premium account £ 000	Profit and loss reserve £ 000
At 1 January 2009	3 729	90 647
Profit for the financial year		19 846
Dividends paid		(13 411)
At 31 December 2009	3 729	97 082



AES (NI) Limited

Notes to the financial statements for the year ended 31 December 2009

24 Share based payments

Stock options

AES grants employees options to purchase shares of common stock under stock option plans. Under the terms of the plans, the Company may issue options to purchase shares of the Company's common stock at a price equal to 100% of the market price at the date the option is granted. Stock options are generally granted based upon a percentage of an employee's base salary. Stock options issued under these plans in 2008 and 2007 have a three year vesting schedule and vest in one third increments over the three year period. No stock options were awarded in 2009. In all circumstances, stock options granted by AES do not entitle the holder the right or obligate AES to settle the stock option in cash or other assets of AES. The cost of providing RSUs is recognised in the profit and loss account evenly over the three year vesting period. The expense recognised for this scheme in respect of employee services received during the year to 31 December 2009 is £12,000 (2008: £202,000).

The weighted average fair value of each option grant has been estimated as of the grant date using the Black Scholes option pricing model, taking into account the terms and conditions upon which the options were granted, with the following weighted average assumptions:

	2009	2008	2007
Expected volatility	N/a	37%	29%
Expected annual dividend yield	N/a	%	%
Expected option term (years)	N/a	6	6
Risk free interest rate	N/a	5.04%	4.67%

The Company exclusively relies on implied volatility as the expected volatility to determine the fair value using the Black Scholes option pricing model. The implied volatility may be exclusively relied upon due to the following factors:

- The Company utilizes a valuation model that is based on a constant volatility assumption to value its employee share options.

- The implied volatility is derived from options to purchase AES common stock that are actively traded.

- The market prices of both the traded options and the underlying share are measured at a similar point in time to each other and on a date reasonably close to the grant date of the employee share options.

- The traded options have exercise prices that are both near the money and close to the exercise price of the employee share options, and

- The remaining maturities of the traded options on which the estimate is based are at least one year.

Pursuant to share based compensation accounting guidance, the Company used a simplified method to determine the expected term based on the average of the original contractual term and the pro rata vesting period. This simplified method was used for stock options granted during the years ended December 31, 2008 and 2007. This is appropriate given a lack of relevant stock option exercise data. This simplified method may be used as the Company's stock options have the following characteristics:

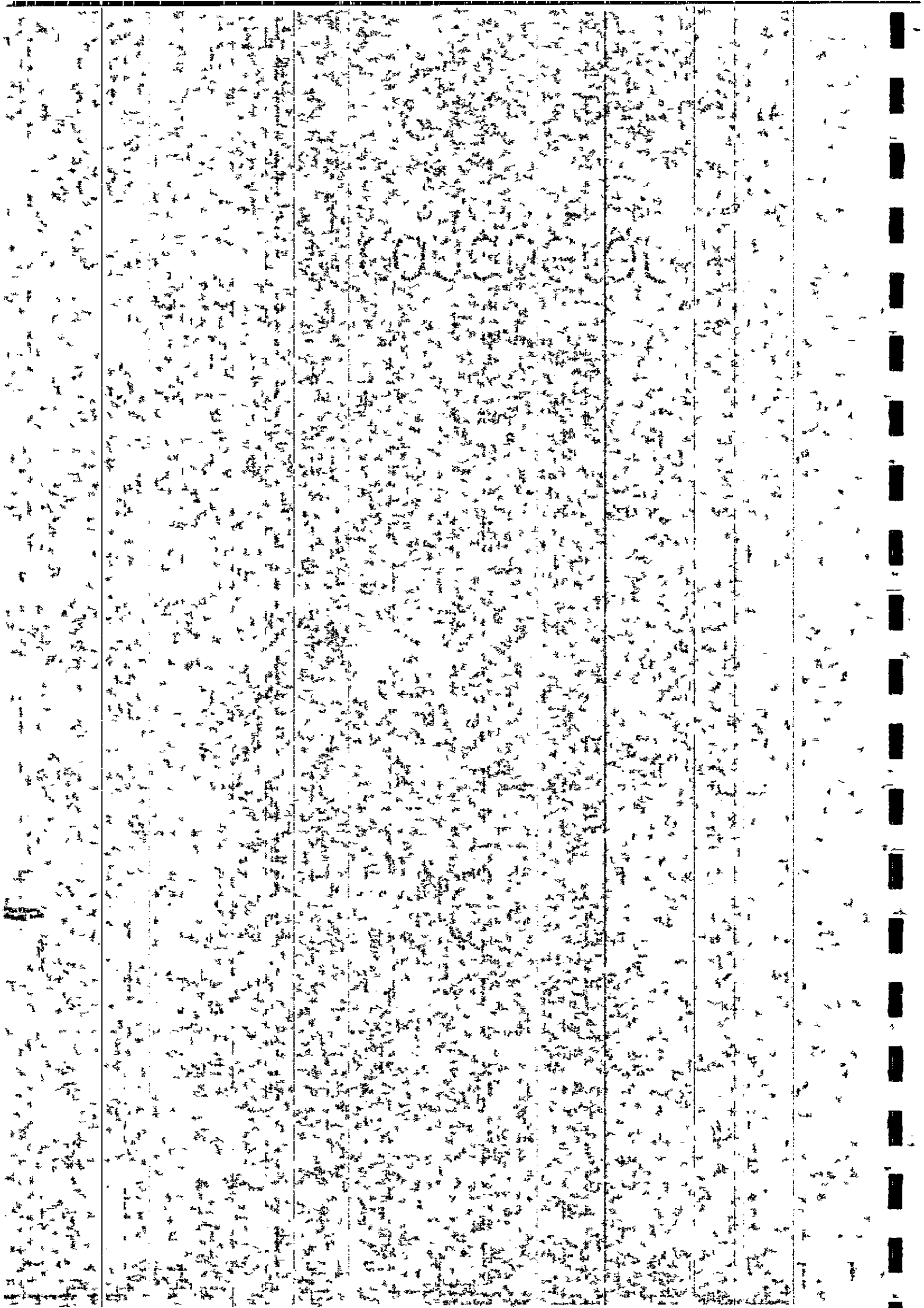
- The stock options are granted at the money.

- Exercisability is conditional only on performing service through the vesting date.

- If an employee terminates service prior to vesting, the employee forfeits the stock options.

- If an employee terminates service after vesting, the employee has a limited time to exercise the stock option, and

- The stock option is non-hedgeable and not transferable.



AES (NI) Limited

Notes to the financial statements for the year ended 31 December 2009

24 Share based payments (continued)

Stock options (continued)

The Company does not discount the grant date fair values determined to estimate post vesting restrictions. Post vesting restrictions include black out periods when the employee is not able to exercise stock options based on their potential knowledge of information prior to the release of that information to the public.

Using the above assumptions, the weighted average fair value of each stock option granted was £3.92 and £4.35 for the years ended 31 December 2008 and 2007 respectively.

The following table summarizes the components of stock based compensation related to employee stock options recognized in the Company's financial statements.

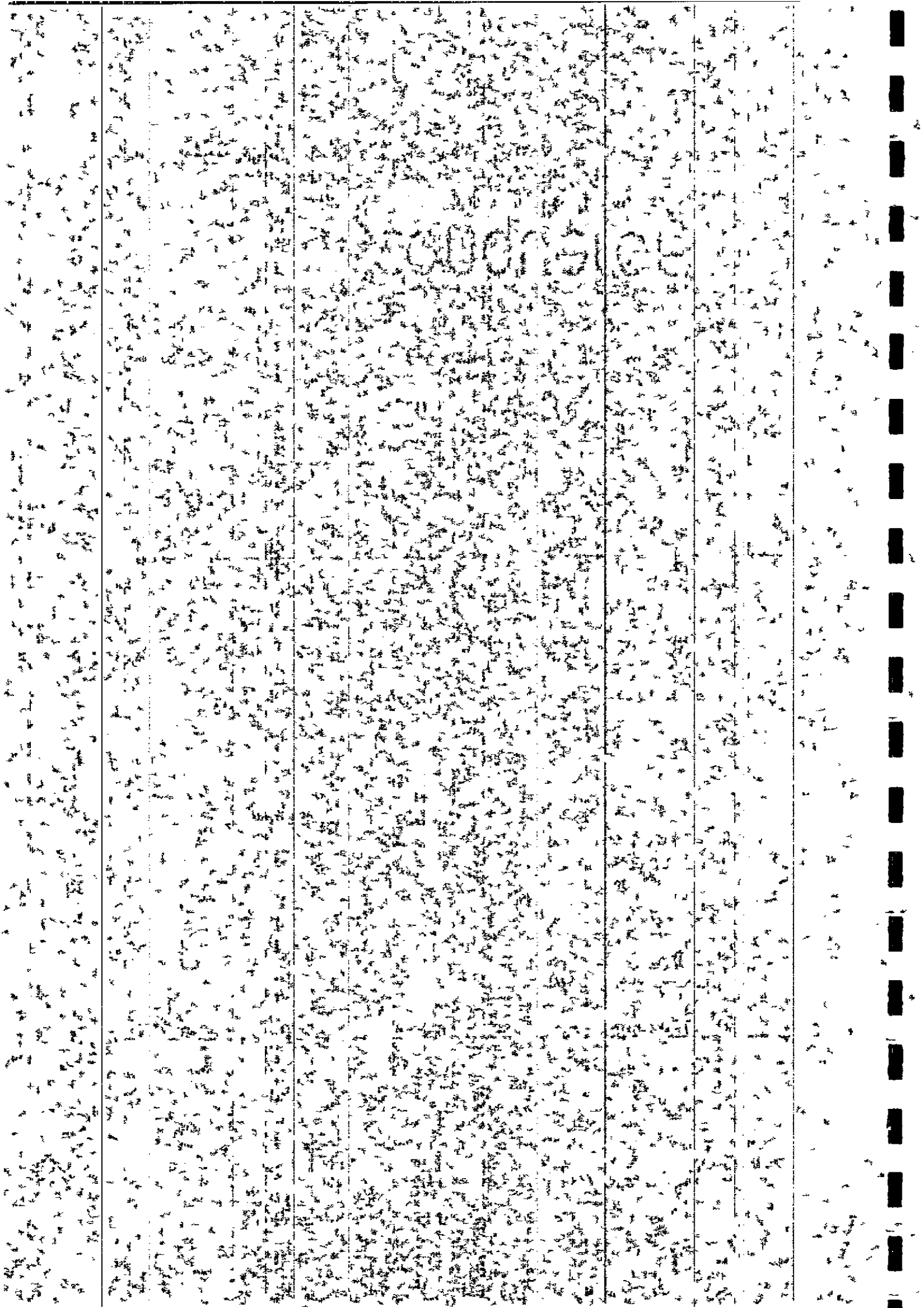
	2009 £ 000	2008 £ 000
Total intrinsic value of options exercised	41	11
Total fair value of options exercised	52	54

There was no cash used to settle stock options or compensation cost capitalized as part of the cost of an asset for the years ended 31 December 2009, 2008 and 2007. As of 31 December 2009, £22,000 of total unrecognized compensation cost related to stock options is expected to be recognized over a weighted average period of 1.0 year. There were no modifications to stock option awards during the year ended 31 December 2009.

A summary of the option activity for year ended 31 December 2009 and 31 December 2008 follows:

	2009 Number	2009 Weighted average exercise price	2008 Number	2008 Weighted average exercise price
Outstanding at 1 January	125,684	£8.66	193,228	£10.06
Exercised during the year	(8,513)	£3.81	(2,143)	£5.67
Forfeited and expired during the year	(1,859)	£13.69		
Net shares transferred during the year	(8,578)	£7.00	(65,401)	£11.99
Outstanding at 31 December	106,734	£8.86	125,684	£8.66
Vested and expected to vest at 31 December	103,077	£8.81	131,150	£8.75
Exercisable at 31 December	91,381	£8.64	94,953	£8.15

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between the Company's closing stock price on the last trading day of the fourth quarter of 2009 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on 31 December 2009. The amount of the aggregate intrinsic value will change based on the fair market value of the Company's stock. The Company initially recognizes compensation cost on the estimated number of instruments for which the requisite service is expected to be rendered. AES has estimated a forfeiture rate of 24.28% and 22.57% for stock options granted in 2008 and 2007 respectively. Those estimates shall be revised if subsequent information indicates that the actual number of instruments forfeited is likely to differ from previous estimates.



AES (NI) Limited

Notes to the financial statements for the year ended 31 December 2009

24 Share based payments (continued)

Restricted Stock Units

The Company issues restricted stock units (RSUs) under its long term compensation plan. The RSUs are generally granted based upon a percentage of the participant's base salary. The units have a three year vesting schedule and vest in one third increments over the three year period. The units are then required to be held for an additional two years before they can be redeemed for shares and thus become transferable. The cost of providing RSUs is recognised in the profit and loss account evenly over the three year vesting period. The expense recognised for this scheme in respect of employee services received during the year to 31 December 2009 is £17 000 (2008: £237 000).

For the years ended 31 December 2009, 2008 and 2007, RSUs had a grant date fair value equal to the closing price of the Company's stock on the grant date. The Company does not discount the grant date fair values to reflect any post vesting restrictions. RSUs granted to employees during the years ended 31 December 2009, 2008 and 2007 had grant date fair values per RSU of £4.69, £9.68 and £11.41 respectively. The total grant date fair value of RSUs granted was £23 000 during the year ended 31 December 2009.

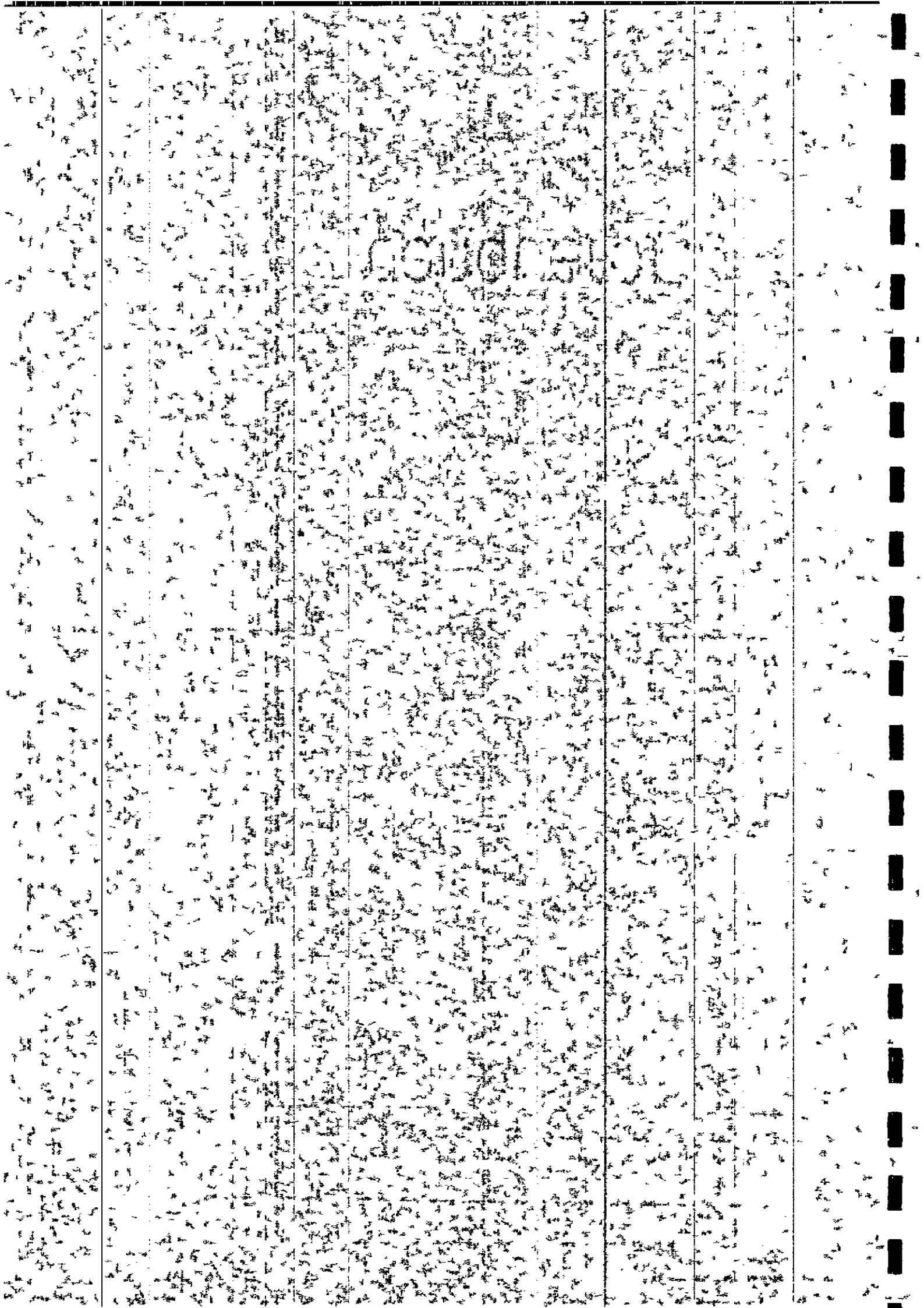
The following table summarizes the components of the Company's stock based compensation related to its employee RSUs recognized in the Company's financial statements.

	2009 £ 000	2008 £ 000
Total value of RSUs converted	42	
Total fair value of RSUs vested	62	54

There was no cash used to settle RSUs or compensation cost capitalized as part of the cost of an asset for the years ended 31 December 2009, 2008 and 2007. As of 31 December 2009, £40 000 of total unrecognized compensation cost related to RSUs is expected to be recognized over a weighted average period of approximately 1.4 years. There were no modifications to RSU awards during the year ended 31 December 2009.

A summary of the RSUs activity for the year ended December 31, 2009 follows:

	2009 Number	2009 Weighted average exercise price	2008 Number	2008 Weighted average exercise price
Non vested at 1 January	15,242	£10.20	15,449	£10.63
Vested during the year	(5,991)	£10.33	(5,327)	£10.22
Forfeited and expired during the year	(102)	£10.06		
Granted during the year	4,920	£4.69	9,392	£9.68
Net shares transferred during the year	(1,803)	£10.12	(4,272)	£10.56
Non vested at 31 December	12,266	£7.94	15,242	£10.20
Vested at 31 December	15,957	£9.92	17,964	£7.73
Vested and expected to vest at 31 December	25,517	£9.15	30,543	£8.74



AES (NI) Limited

Notes to the financial statements for the year ended 31 December 2009

25 Reconciliation of movements in group shareholders' funds

Group	2009 £ 000	2008 £ 000
Profit for the financial year	9 951	14 421
Dividends	(13 411)	
Share based payments	29	440
	<u>(3 431)</u>	<u>14 861</u>
Actuarial loss recognised in the pension scheme	(3 579)	(7 124)
Movement on deferred tax relating to pension deficit	1 002	1 995
	<u>(6 008)</u>	<u>9 732</u>
Net movement during year		
Opening shareholders funds	34 990	25 258
Closing shareholders funds	<u>28 982</u>	<u>34 990</u>
Company	2009 £ 000	2008 £ 000
Profit for the financial year	19 846	44 498
Dividends	(13 411)	
	<u>6 435</u>	<u>44 498</u>
Net movement during year		
Opening shareholders funds	107 493	62 995
Closing shareholders funds	<u>113 928</u>	<u>107 493</u>

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AES (NI) Limited

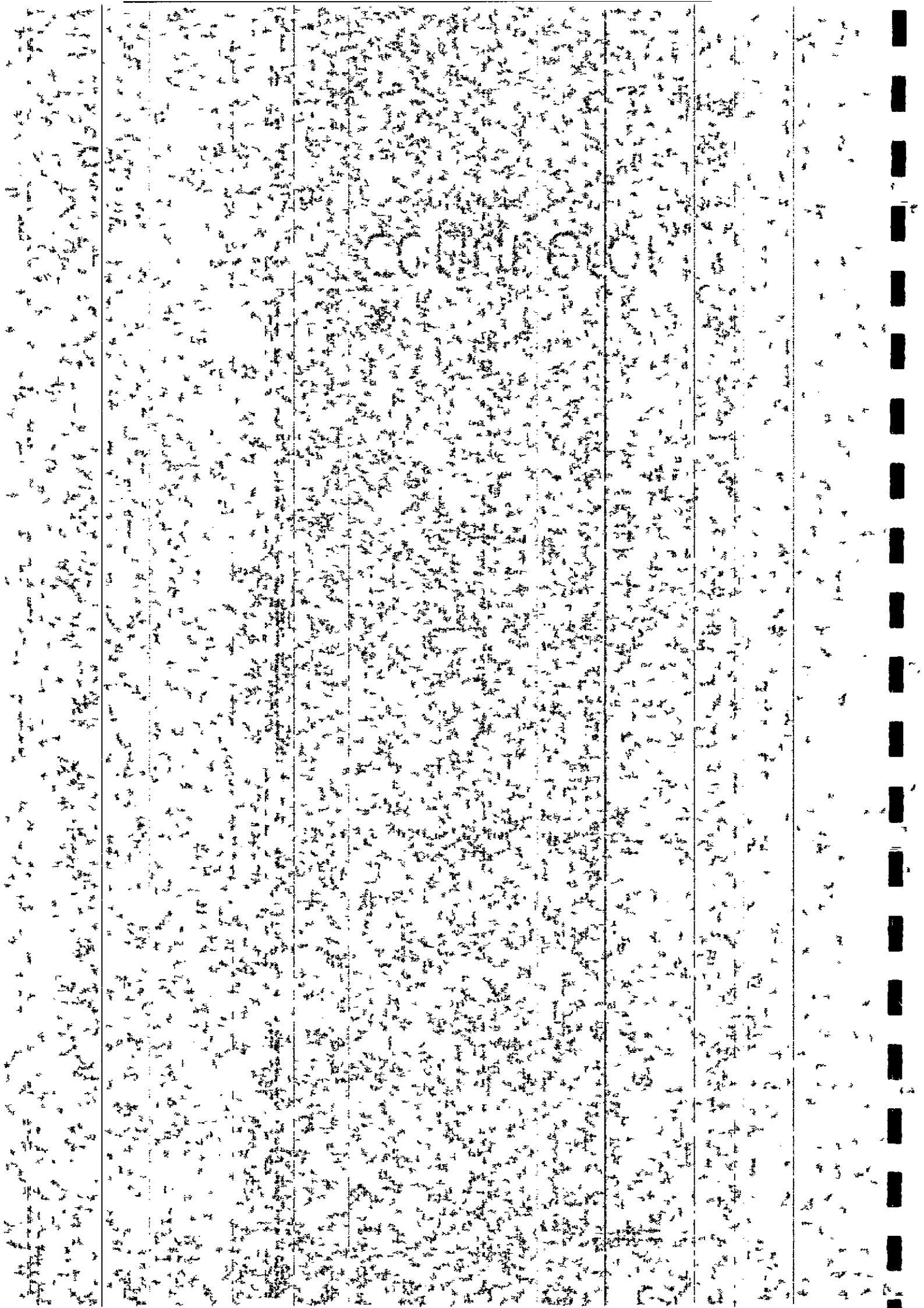
Notes to the financial statements for the year ended 31 December 2009

26 Reconciliation of operating profit to net cash inflow from operating activities

	2009 £ 000	2008 £ 000
Operating profit	34 511	36 696
Profit on sale of tangible fixed assets	(6)	(3)
Amortisation of intangible fixed assets		1 399
Goodwill impairment	21 628	
Depreciation on tangible fixed assets	15 755	11 216
Amortisation of issue costs	1 078	445
Movement in stocks	2 833	(6 008)
Movement in trade debtors	16 040	(15 364)
Movement in prepayments and accrued income	528	(92)
Movement in amounts owed by parent company and fellow subsidiaries	370	(385)
Movement in other debtors	2 211	(1 638)
Movement in trade creditors	(15 477)	12 770
Movement in amounts owed to parent company and fellow subsidiaries	(7 862)	296
Movement in other taxation and social security	1 867	650
Movement in accruals and deferred income	26 678	20 644
Movement in other creditors	(9 861)	9 350
Movement in provisions	(1 714)	1 278
Difference between pension charge and cash contributions	(5 248)	(2 025)
Adjustment in respect of employee share schemes	29	440
Net cash inflow from operating activities	83 360	69 669

27 Reconciliation of net cash flow to movement in net debt

	2009 £ 000	2008 £ 000
Decrease/ (increase) in cash in the year	(15 660)	30 339
Movement in deposits	(15 000)	(18 300)
Repayment of loan capital	51 334	45 187
New loan capital		(58 500)
Issue costs	315	1 893
Transferable loan stock issued during the year		(26 100)
Transferable loan stock redeemed during the year		53 000
Change in net debt resulting from cash flows	20 989	27 519
Amortisation of debt issue costs	(1 078)	(445)
Movement in net debt in the year	19 911	27 074
Net debt at 1 January 2009	(101 213)	(128 287)
Net debt at 31 December 2009	(81,302)	(101 213)



AES (NI) Limited

Notes to the financial statements for the year ended 31 December 2009

28 Analysis of net debt

	1 January 2009 £ 000	Cash flow £ 000	Non cash changes £ 000	31 December 2009 £ 000
Cash at bank or in hand	27 627	(15 660)		11 967
	<u>27 627</u>	<u>(15 660)</u>		<u>11 967</u>
Liquid resources	31 900	(15 000)		16 900
	<u>59 527</u>	<u>(30 660)</u>		<u>28 867</u>
Debt due after 1 year	(96 255)	4 000	31 693	(60 562)
Debt due within 1 year	(64 485)	47 649	(32 771)	(49 607)
	<u>(160 740)</u>	<u>51 649</u>	<u>(1 078)</u>	<u>(110 169)</u>
Net debt	<u>(101 213)</u>	<u>20 989</u>	<u>(1 078)</u>	<u>(81 302)</u>

29 Capital commitments

	2009 £ 000	2008 £ 000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	10	7 169
Fuel supply commitments	<u>24 340</u>	<u>55 288</u>

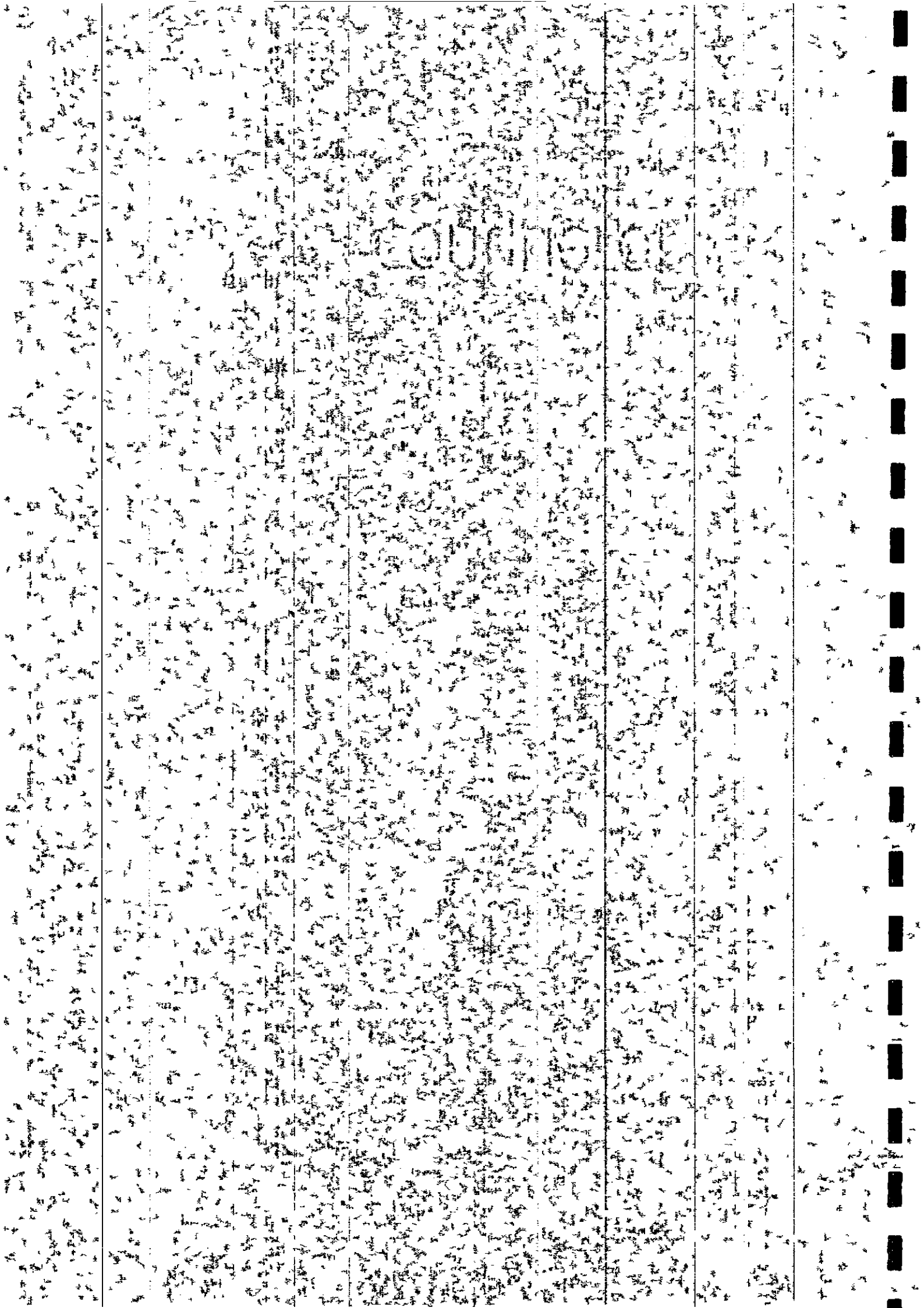
30 Related party transactions

Group

During the year the parent company incurred management expenses of £500 000 (2008 £500 000) under the terms of the Management Fee Agreement with The AES Corporation. At 31 December 2009 an amount of £42 000 (2008 £42 000) was due from the parent company.

Under the terms of a loan agreement (Debenture Stock 2006–2010) between AES (NI) Limited and AES Electric Limited, AES (NI) Limited incurred interest of £2 105 000 (2008 £6 959 000). At 31 December 2009 an amount of £1 049 000 (2008 £8 488 000) was due from the company. At 31 December 2009 the Debenture Loan Stock balance was £24 050 000 (2008 £24 050 000).

Under the terms of a loan agreement (Debenture Stock 2006–2010) between AES (NI) Limited and AES Horizons Investments Limited, AES (NI) Limited incurred interest of £547 000 (2008 £760 000). At 31 December 2009 an amount of £273 000 (2008 £1 262 000) was due from the company. At 31 December 2009 the Debenture Loan Stock balance was £6 250 000 (2008 £6 250 000).



AES (NI) Limited

Notes to the financial statements for the year ended 31 December 2009

30 Related party transactions (continued)

During the year the company paid a dividend of £6 411 000 (2008 £Nil) to AES Electric Limited a dividend of £6 823 000 (2008 £Nil) to AES Horizons Investments Limited and a dividend of £177 000 (2008 £Nil) to the minority shareholders

Under the terms of the Cloghan Point Usage Agreement between AES Kilroot Power Limited and Cloghan Point (Holdings) Limited AES Kilroot Power Limited incurred costs of £146 000 (2008 £210 000) At 31 December 2009 AES Kilroot Power Limited owes £36 000 (2008 £367 000) to Cloghan Point (Holdings) Limited

Tax losses

During the year AES Kilroot Power Limited entered into a transaction with AES Electric Limited as Agent for AES UK Holdings Limited and AES Venezuela Finance Limited AES UK Holdings Limited and AES Venezuela Finance Limited surrendered tax losses to the company in respect of the period ended 31 December 2007 AES Kilroot Power Limited entered into an agreement to reimburse AES Electric Limited as Agent for AES UK Holdings Limited and AES Venezuela Finance Limited for the tax losses surrendered At 31 December 2009 AES Kilroot Power Limited owed £1 726 000 (2008 £1 200 000) to AES Electric Limited

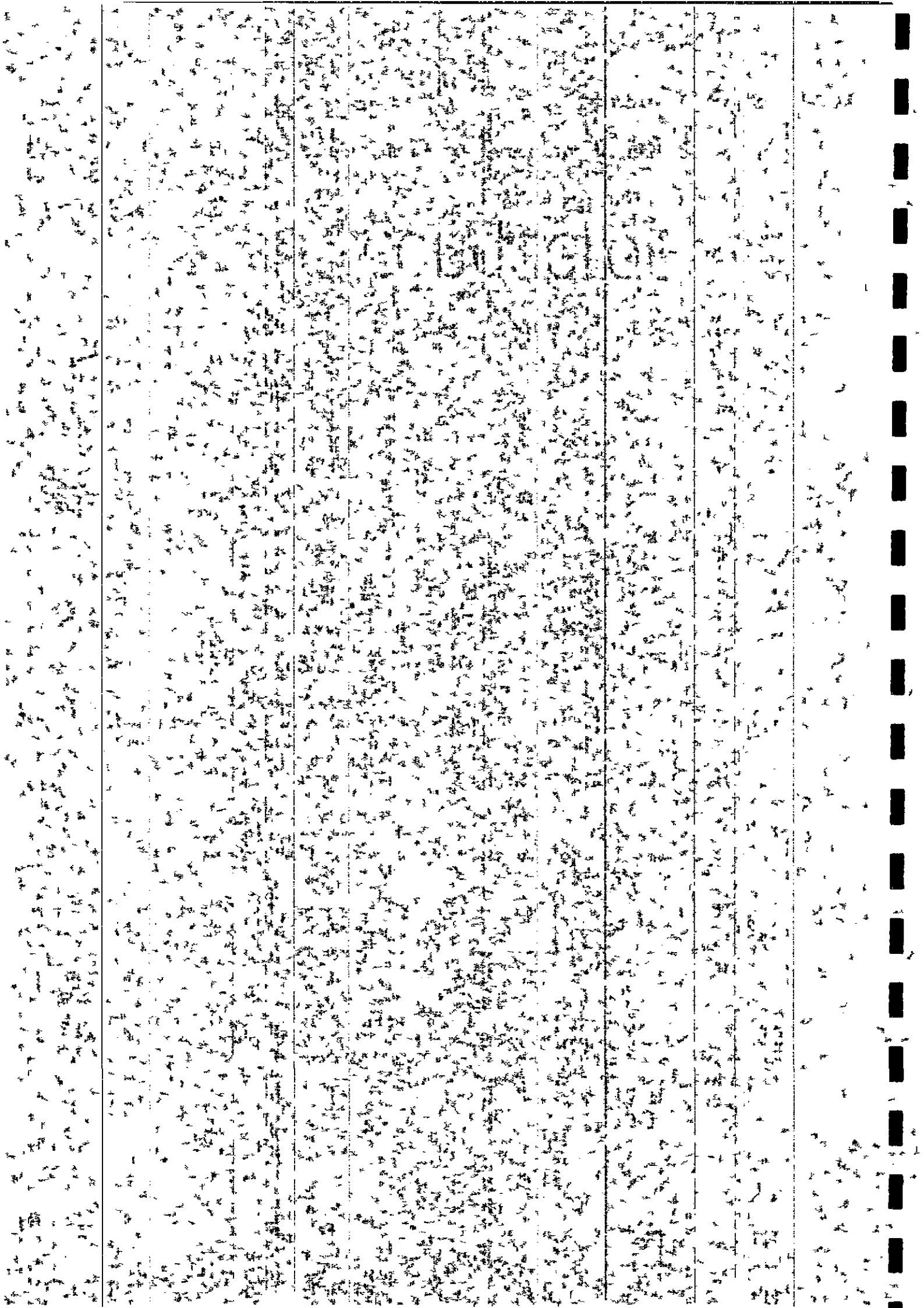
During the year Kilroot Electric Limited entered into a transaction with AES Electric Limited as Agent for AES UK Holdings Limited AES UK Holdings Limited surrendered tax losses to the company in respect of the period ended 31 December 2007 Kilroot Electric Limited entered into an agreement to reimburse AES Electric Limited as Agent for AES UK Holdings Limited for the tax losses surrendered At 31 December 2009 Kilroot Electric Limited owed £71 083 (2008 £Nil) to AES Electric Limited

During the year AES Belfast West Power Limited entered into a transaction with AES Electric Limited as Agent for AES UK Holdings Limited AES UK Holdings Limited surrendered tax losses to the company in respect of the period ended 31 December 2007 AES Belfast West Power Limited entered into an agreement to reimburse AES Electric Limited as Agent for AES UK Holdings Limited for the tax losses surrendered At 31 December 2009 AES Belfast West Power Limited owed £911 (2008 £Nil) to AES Electric Limited

At 31 December 2009 an amount of £1 140 000 (2008 £ Nil) was due from AES Kilroot Power Limited to AES Electric Limited in respect of losses which were surrendered to AES Kilroot Power Limited in respect of the period ended 31 December 2008

During the year AES Horizons Investment* Limited surrendered tax losses to AES Kilroot Power Limited in respect of the period ended 31 December 2008 AES Kilroot Power Limited intends to reimburse AES Horizons Investments Limited for the losses surrendered At 31 December 2009 an amount of £212 000 (2008 £Nil) is owed to AES Horizons Investments Limited

During the year AES Kilroot Power Limited received losses from AES Horizons Investments Limited and AES Electric Limited in respect of the period ended 31 December 2009 AES Kilroot Power Limited intends to reimburse AES Horizons Investments Limited and AES Electric for the losses surrendered As at 31 December 2009 a liability has been set up of £166 000 (2008 £Nil) and £2 800 000 (2008 £Nil) respectively with AES Horizons Investments Limited and AES Electric Limited



AES (NI) Limited

Notes to the financial statements for the year ended 31 December 2009

30 Related party transactions (continued)

Other related party transactions

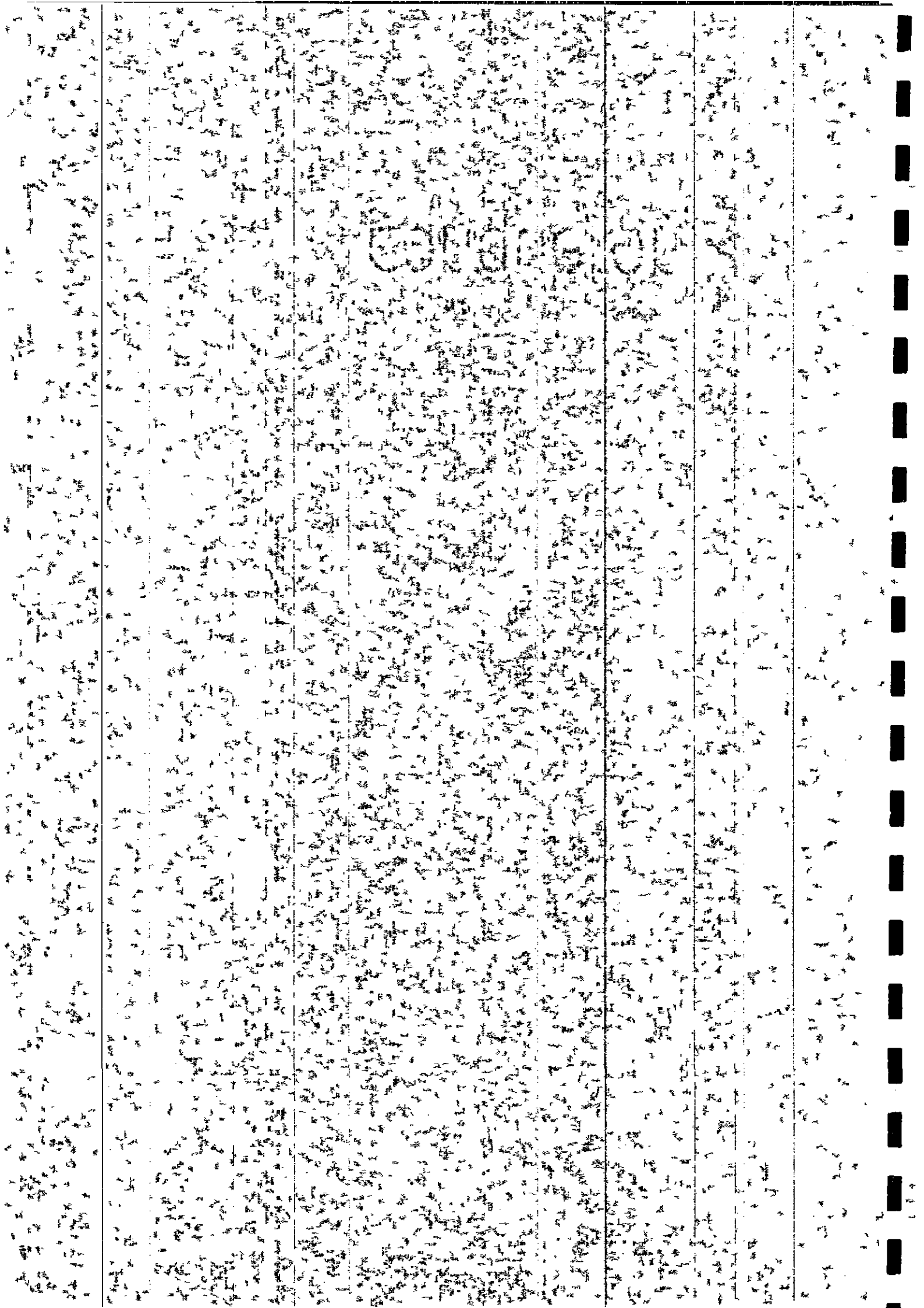
Under the terms of the Cloghan Point Usage Agreement with Cloghan Point (Holdings) Limited AES Kilroot Power Limited incurred costs of £146 000 (2008 £210 000) At 31 December 2009 AES Kilroot Power Limited owes £36 000 (2008 £367 000) to Cloghan Point (Holdings) Limited

During the year the company paid £2 945 568 (2008 £854 853) to Cloghan Point (Holdings) Limited as short term funding for the ongoing Cloghan Pipeline Project Cloghan Point (Holdings) Limited repaid £3 106 078 (2008 £854 343) to the company during the year At 31 December 2009 the parent company is owes £160 000(2008 £510 due to the company)

During the year AES Belfast West Power Limited entered into agreement with AES Electric Limited to waive an intergroup balance of £1 225 888 (2008 £Nil)

Name of related party (relationship)	Nature of transaction	Amount of transaction	
		2009 £ 000	2008 £ 000
AES Corporation	Recharge of costs from related party	428	135
AES Electric Limited	Recharge of costs from related party	811	740
AES Electric Limited	Recharge of costs to related party	54	70
Masinloc Power Partners Co Limited	Recharge of costs to related party	49	55
AES Elsta BV	Recharge of costs to related party		8

Name of related party (relationship)	Nature of transaction	Amount owed to/(from) related party	
		2009 £ 000	2008 £ 000
AES Corporation	Recharge of costs from related party	814	386
AES Electric Limited	Recharge of costs from related party	33	42
AES Electric Limited	Recharge of costs to related party	(1)	
Masinloc Power Partners Co Limited	Recharge of costs to related party	(16)	(16)
AES Elsta BV	Recharge of cost to related party		(8)



AES (NI) Limited

Notes to the financial statements for the year ended 31 December 2009

30 Related party transactions (continued)

Parent company

The company has taken advantage of the exemption in FRS 8 not to disclose transactions with wholly owned subsidiaries

During the year the parent company incurred management expenses of £500 000 (2008 £500 000) under the terms of the Management Fee Agreement with AES Corporation. At 31 December 2009 an amount of £42 000 (2008 £42 000) was due from the parent company.

Under the terms of a loan agreement (Debenture Stock 2006 - 2010) between AES (NI) Limited and AES Electric Limited, AES(NI) Limited incurred interest of £2 105 000 (2008 £6 959 000). At 31 December 2009 an amount of £1 049 000 (2008 £8 488 000) was due from the company. At 31 December 2009 the Debenture Loan Stock balance was £24 050 000 (2008 £24 050 000).

Under the terms of a loan agreement (Debenture Stock 2006 - 2010) between AES (NI) Limited and AES Horizons Investments Limited, AES(NI) Limited incurred interest of £547 000 (2008 £760 000). At 31 December 2009 an amount of £273 000 (2008 £1 262 000) was due from the company. At 31 December 2009 the Debenture Loan Stock balance was £6 250 000 (2008 £6 250 000).

During the year the company paid a dividend of £6 411 000 (2008 £Nil) to AES Electric Limited, a dividend of £6 823 000 (2008 £Nil) to AES Horizons Investments Limited and a dividend of £177 000 (2008 £Nil) to the minority shareholders.

During the year the company paid £2 945 668 (2008 £854 853) to Cloghan Point (Holdings) Limited as short term funding for the ongoing Cloghan Pipeline Project. Cloghan Point (Holdings) Limited repaid £3 106 078 (2008 £854 343) to the company during the year. At 31 December 2009 the parent company is owed £160 000 (2008 £510 due to the company).

31 Ultimate parent companies

The share capital of AES (NI) Limited is owned 47.79% (2007 47.79%) by AES Electric Limited, a company registered in England and Wales, and 50.86% (2007 50.86%) by AES Horizons Investments Limited, a company registered in England and Wales.

The ultimate parent undertaking and controlling party is AES Corporation, a company registered in the United States of America, which is the parent undertaking of the only group to consolidate these financial statements. Copies of AES Corporation consolidated financial statements can be obtained from the Company Secretary at 4300 Wilson Boulevard, Arlington, Virginia 22203.

