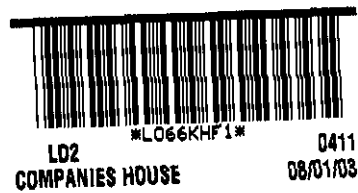


AES UK HOLDINGS LIMITED

Report and Financial Statements

31 December 2000



**Deloitte & Touche
London**

AES UK HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2000

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AES UK HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2000

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mark Fitzpatrick (resigned 4 April 2002)

Neil Hopkins

Michael Armstrong (appointed 4 April 2002)

SECRETARY

Neil Hopkins

REGISTERED OFFICE

18 Parkshot

Richmond

Surrey

TW8 2RG

AUDITORS

Deloitte & Touche

Chartered Accountants

London

AES UK HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

ACTIVITIES

The principal activity of the company and its subsidiaries ("the group") is the development and operation of independent power generation facilities.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The company acts as an intermediate parent company within the group of companies controlled by The AES Corporation.

The company will continue to act as an intermediate parent company into the foreseeable future.

RESULTS AND DIVIDENDS

The group's results for the year ended 31 December 2000 showed a loss after tax and minority interests of £6,323,000 (1999— loss of £7,452,000). The directors paid a dividend of £nil during the year (1999 - £17,939,000).

DIRECTORS AND THEIR INTERESTS

The directors of the company who served throughout the year and thereafter are shown on page 1.

Neither director had any interests, as defined by the Companies Act 1985, in the shares of the company or of any other group company as at 31 December 2000, at any time during the year, or at any time since 31 December 2000.

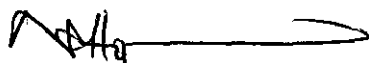
EMPLOYEE INVOLVEMENT AND DISABLED PERSONS

The group maintains established channels for communications and consultations with employees. It is the group's policy to give full consideration to suitable applications for employment by disabled persons.

AUDITORS

A resolution proposing the reappointment of Deloitte & Touche as auditors to the company will be proposed at the forthcoming Annual General Meeting.

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



Neil Hopkins

Secretary

19 December 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and the company as at the end of the financial year and of the profit or loss of the group for that year. In preparing those financial statements, they are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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 which disclose with reasonable accuracy at any time the financial position of the group and the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AES UK HOLDINGS LIMITED

We have audited the financial statements of AES UK Holdings Limited for year to 31 December 2000 which comprise the consolidated profit and loss account, the balance sheets, the consolidated statement of total recognised gains and losses and the related notes 1 to 27. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.


Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards 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 of the state of the Company and the Group as at 31 December 2000 and of its loss of the Group for the year to 31 December 2000 and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche

Chartered Accountants and
Registered Auditors

London

19 December 2002

AES UK HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 31 December 2000

	Notes	2000 £'000	2000 £'000	1999 £'000
TURNOVER				
Continuing operations	2,3			
ongoing		54,483		59,012
acquisition of AES(NI) Ltd		65,715		-
		<u>120,198</u>		<u>59,012</u>
Discontinued operations		15,161		17,444
			135,359	76,456
Cost of sales			(96,127)	(33,402)
GROSS PROFIT			39,232	43,054
Administrative expenses			(26,441)	(26,449)
OPERATING PROFIT	5			
Continuing operations:				
ongoing		(2,073)		2,017
acquisition of AES(NI) Ltd		10,108		-
		<u>8,035</u>		<u>2,017</u>
Discontinued operations		4,756		14,588
			12,791	16,605
Discontinued operations:				
Income from interests in associated companies	6		10,153	12,007
Gain on sale of operations	7		16,626	-
			<u>39,570</u>	<u>28,612</u>
Amounts written-off investments			(30)	(522)
Income from investments			2,208	-
Interest receivable and similar income			7,657	4,146
Interest payable and similar charges	8		(49,502)	(35,214)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION			(97)	(2,978)
Tax on loss on ordinary activities	9		(6,517)	(4,552)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION			(6,614)	(7,530)
Equity minority interests			291	78
Dividends paid and proposed			-	(17,939)
LOSS FOR THE FINANCIAL YEAR	24		<u>(6,323)</u>	<u>(25,391)</u>

AES UK HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 2000

	2000	1999
	£'000	£'000
Loss attributable to members of the group	(6,323)	(25,391)
Translation differences arising on foreign currency net investments	-	(22,145)
Total recognised losses for the year	<u>(6,323)</u>	<u>(47,536)</u>

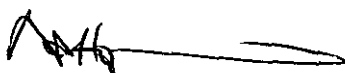
AES UK HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET 31 December 2000

	Note	2000 £'000	1999 £'000
FIXED ASSETS			
Intangible assets	13	251,896	236,292
Tangible assets	14	454,703	259,981
Investments	15	35,805	44,923
		<u>742,404</u>	<u>541,196</u>
CURRENT ASSETS			
Stocks	16	18,126	6,766
Debtors	17	55,064	42,994
Investment held for resale		-	60,934
Cash at bank and in hand	18	88,909	52,258
		<u>162,099</u>	<u>162,952</u>
CREDITORS: amounts falling due within one year	19	<u>(134,893)</u>	<u>(40,722)</u>
NET CURRENT ASSETS		<u>27,206</u>	<u>122,230</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>769,610</u>	<u>663,426</u>
CREDITORS: amounts falling due after more than one year	20	<u>(579,771)</u>	<u>(495,138)</u>
PROVISIONS FOR LIABILITIES AND CHARGES	21	<u>(59,880)</u>	<u>(30,006)</u>
EQUITY MINORITY INTERESTS		<u>2,000</u>	<u>-</u>
		<u>131,959</u>	<u>138,282</u>
CAPITAL AND RESERVES			
Called up share capital	22	1	1
Share premium account	23	208,231	208,231
Profit and loss account	24	<u>(76,273)</u>	<u>(69,950)</u>
EQUITY SHAREHOLDERS' FUNDS		<u>131,959</u>	<u>138,282</u>

These financial statements were approved by the Board of Directors on 19 December 2002.

Signed on behalf of the Board of Directors



Neil Hopkins
Director

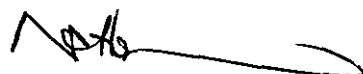
AES UK HOLDINGS LIMITED

COMPANY BALANCE SHEET 31 December 2000

	Note	2000 £'000	1999 £'000
FIXED ASSETS			
Investments	15	275,346	275,346
CURRENT ASSETS			
Debtors	17	638	-
NET CURRENT ASSETS		638	-
TOTAL ASSETS LESS CURRENT LIABILITIES		275,984	275,346
CREDITORS: amounts falling due after more than one year	20	(76,244)	(66,480)
		199,740	208,866
CAPITAL AND RESERVES			
Called up share capital	22	1	1
Share premium account	23	208,231	208,231
Profit and loss account	10,24	(8,492)	634
EQUITY SHAREHOLDERS' FUNDS		199,740	208,866

These financial statements were approved by the Board of Directors on 19 December 2002.

Signed on behalf of the Board of Directors



Neil Hopkins

Director

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The group consolidates the accounts of the company and all of its subsidiary undertakings made up to 31 December.

Shares in associated undertakings are accounted for using the equity method of accounting. The consolidated profit and loss account includes the group's share of the pre-tax profits or losses and attributable taxation of the associates based on audited financial statements. In the consolidated balance sheet the group's interests in associated undertakings are shown as the group's share of the net assets, excluding goodwill, of the associates. The group's share of the associates' net assets and results for the year are shown after making adjustments to reflect the group's accounting policies where these are different from those of the associates. Acquisitions are accounted for using the acquisition method of accounting.

Cash flow statement

The company has taken advantage of the exemption granted in Financial Reporting Standard No. 1 not to produce a cash flow statement, since its ultimate parent company produces a consolidated cash flow statement including the cash flow of the company.

Intangible fixed assets

Goodwill arising on consolidation is capitalised and amortised over 20 years.

Tangible fixed assets

Freehold land and assets in the course of construction are not depreciated. Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The estimated useful lives are:

Leasehold improvements	The term of the lease
Plant and machinery	Estimated composite lives of the assets which range from 5 to 38.5 years
Fixtures, fittings, tools and equipment	Between 3 and 10 years

Assets in the course of construction represent amounts incurred for professional services, salaries, permits, options, capitalised interest and other related costs. These costs are depreciated on a straight line basis over the life of the project only when the development is completed. Provision for impairment is made if the directors determine that a particular project will no longer be developed.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value, except where modified by an upwards revaluation due to timing differences on the receipt of foreign currency equities. Investments held as current assets are stated at the lower of cost and net realisable value.

Stocks

Stocks are stated at the lower of cost, inclusive of appropriate overheads, and net realisable value.

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

1. ACCOUNTING POLICIES (continued)

Foreign currency translation

Profits and losses of overseas subsidiaries are translated at the average of rates of exchange during the year. Non sterling net assets are translated at year end rates of exchange. Reserves are adjusted to include the differences arising from the restatement to year end rates of exchange of profits and losses and the translation of the net assets of overseas subsidiaries at the beginning of the year or on acquisition.

Within companies, transactions expressed in foreign currencies are translated into sterling at the rates of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling at the year end or at the rate at which the related asset or liability has been hedged by the purchase of a forward contract.

Deferred taxation

Deferred taxation is provided in full on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Leased assets

Fixed assets under finance leases are capitalised and depreciated over the expected useful lives. Finance charges are amortised over each lease to give a constant rate of charge on the remaining balance of the obligation.

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Pension costs

Pension costs represent the actual contributions made to employees' personal pension schemes by the company during the year.

2. TURNOVER

Turnover represents amounts derived from the provision of services which fall within the group's ordinary activities after deduction of value added tax.

3. GEOGRAPHICAL ANALYSIS OF TURNOVER

	2000 £'000	1999 £'000
Turnover by origin and destination		
United Kingdom	120,198	59,012
Kazakhstan	15,161	17,444
	<u>135,359</u>	<u>76,456</u>

AES UK HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2000

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2000 £'000	1999 £'000
Directors' emoluments		
Fees and other emoluments	422	317
Pension contributions	11	11
	<u>433</u>	<u>328</u>
Remuneration of the highest paid director	<u>271</u>	<u>227</u>

The group contributed to the defined contribution pension scheme of one of the directors during the year (1999: one).

	2000 No.	1999 No.
Average number of persons employed		
Administration	35	64
Development	38	24
Operations	828	775
	<u>901</u>	<u>863</u>
	2000 £'000	1999 £'000
Staff costs during the period (including directors)		
Wages and salaries	13,691	9,416
Social security costs	1,628	735
Pension costs	1,277	1,924
	<u>16,596</u>	<u>12,075</u>

5. OPERATING PROFIT

	2000 £'000	1999 £'000
Operating profit is after charging:		
Depreciation of owned assets	10,911	6,397
Amortisation of goodwill	14,458	13,099
Rentals under operating leases		
Other operating leases	321	370
Auditors' remuneration		
Audit fees	69	96
Other services	375	423

AES UK HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

6. INCOME FROM INTERESTS IN ASSOCIATED COMPANIES

	2000 £'000	1999 £'000
Share of profit before tax in associated companies	10,153	12,007

7. DISPOSAL OF SUBSIDIARIES

During the year the Group sold AES Summit Generation Limited for a loss of £9,903,000, and sold AES Suntree Power Limited for a gain of £26,529,000.

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £'000	1999 £'000
Bank loans and overdrafts repayable		
Within five years	21,413	10,153
Other loans repayable		
After more than five years	28,089	25,061
	49,502	35,214

9. TAX CHARGE ON LOSS ON ORDINARY ACTIVITIES

	2000 £'000	1999 £'000
United Kingdom corporation tax at 30%	2,259	-
Overseas tax	(15)	10
Associated companies	3,617	2,999
Deferred tax	(1,190)	1,007
	4,671	4,016
Adjustments in respect of prior years		
Current tax	-	318
Deferred tax	-	218
Group Relief	1,846	-
	6,517	4,552

The tax charge is high due to the non-deductibility of certain expenses.

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

10. PROFIT OF THE PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's loss for the financial year amounted to £9,126,000 (1999 – £10,053,000 profit).

11. NON ADJUSTING POST BALANCE SHEET EVENT

After the balance sheet date AES Fifoots Point Ltd completed the refurbishment of the Fifoots Point power station. However, once in commercial operation, and as a result of the introduction of the New Electricity Trading Arrangements, electricity prices fell to an all time low value and as a consequence AES Fifoots Point Ltd was unable to meet its debts as they fell due. On 21 March 2002 the directors of AES Fifoots Point Ltd requested the appointment of an administrative receiver. As at 31 December 2000 the investment in AES Fifoots Point Ltd, including a long term shareholder loan, was £6,900,000. The directors do not expect to receive any proceeds from the receiver.

In 2002 AES Barry Ltd converted its Gas Supply Agreement into a tolling agreement with TXU Europe. On 19th November 2002 TXU Europe went into administrative receivership. The directors do not believe this will have a material effect on the group.

12. ACQUISITIONS

During the year the group acquired 100% of the share capital in AES Horizons Investments Limited (formerly Tractebel Power Ltd). At the date of acquisition AES Horizons Investments Ltd owned a 46% interest in AES (NI) Ltd (formerly Nigen Ltd) so increasing the group's interest in AES (NI) Ltd from 46% to a controlling interest of 92%. Immediately after the acquisition, AES Horizons Investments Ltd acquired a further 5.25% in AES (NI) Ltd (formerly Nigen Ltd). The total consideration given was cash of £44,284,000 and shares in the ultimate parent company valued at £3,854,000. The net liabilities of AES (NI) Ltd (formerly Nigen Ltd) at the date of acquisition are shown below.

Summarised balance sheet - AES (NI) Ltd (formerly Nigen Ltd)	Book value £'000
Fixed assets	189,750
Current assets	73,870
Creditors: amounts due within one year	(44,998)
Net current assets	28,872
Creditors: amounts falling due after more than one year	(215,415)
Provisions for liabilities and charges	(52,668)
Net liabilities of AES (NI) Ltd	(49,461)
Minority interests	1,360
	(48,101)
Net assets of AES Horizons Investments Ltd	383
	(47,718)
Consideration	(25,504)

AES UK HOLDINGS LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

Goodwill arising

73,222

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

12. ACQUISITIONS (continued)

Consideration	£'000
Cash	44,284
Shares of ultimate parent company	3,854
Release of provision for share of net liabilities provided using the equity method of accounting for the original 46% of AES (NI) held by the Group	(22,634)
	<u>25,504</u>

Fair values are not considered materially different from book value. Profit after tax of the acquired entity for the period from 1 January 2000 to the date of acquisition was £4,140,000 and for the prior year was £11,889,000.

13. INTANGIBLE ASSETS

Group	Goodwill £'000
Cost	
At 1 January 2000	264,718
Goodwill arising during year	73,222
Disposals	(49,183)
At 31 December 2000	<u>288,757</u>
Amortisation	
At 1 January 2000	(28,426)
Amortisation during year	(14,458)
Disposals	6,023
At 31 December 2000	<u>(36,861)</u>
Net book value	
At 31 December 2000	<u>251,896</u>
At 31 December 1999	<u>236,292</u>

Additional goodwill of £73,222,000 arose during the year on the acquisition of 100% of the issued share capital of AES Horizons Investments Ltd (formerly Tractebel Power Ltd), which itself owns a 50% interest in the issued share capital of AES (NI) Ltd (formerly Nigen Ltd).

Goodwill of £36,000,000, and associated amortisation of £5,857,000 was written off on the disposal of AES Summit Generation Ltd.

Goodwill of £13,183,000, and associated amortisation of £166,000 was written off on the disposal of AES Suntree Power Ltd.

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

14. TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £'000	Leasehold improve- ments £'000	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Assets in the course of construction £'000	Total £'000
Cost						
At 1 January 2000	5,716	577	150,489	755	109,782	267,319
Translation adjustment						
Additions	689	186,850	2,902	240	49,415	240,096
Transfers	7,627	-	-	-	(7,627)	-
Disposals	-	(230)	(21,801)	(33)	(14,657)	(36,721)
At 31 December 2000	14,032	187,197	131,590	962	136,913	470,694
Accumulated depreciation						
At 1 January 2000	-	(43)	(7,007)	(288)	-	(7,338)
Translation adjustment						
Charge for the year	(14)	(4,689)	(5,986)	(222)	-	(10,911)
Disposals	-	-	2,228	30	-	2,258
At 31 December 2000	(14)	(4,732)	(10,765)	(480)	-	(15,991)
Net book value						
At 31 December 2000	14,018	182,465	120,825	482	136,913	454,703
At 31 December 1999	5,716	534	143,482	467	109,782	259,981

Included in the group's tangible fixed assets are plant and machinery held under finance leases with a net book value of £21,440,000 as at 31 December 2000 (1999 - £22,286,000).

15. INVESTMENTS HELD AS FIXED ASSETS

Group	2000 £'000	1999 £'000
Interests in associated undertakings (a)	9,760	7,544
Loans to associated undertakings (b)	6,859	18,122
Loan to ESOP (c)	624	624
Other fixed asset investments (d)	18,562	18,633
	<u>35,805</u>	<u>44,923</u>

(a) Associated undertakings

	£'000
At 1 January 2000	7,544
Share of profit after tax of associated undertaking	2,359
Disposals	(143)
At 31 December 2000	<u>9,760</u>

AES UK HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

15. INVESTMENTS HELD AS FIXED ASSETS (continued)

(b) Loans to associated undertakings	£'000
At 1 January 2000	18,122
Repayment by associated undertaking	(1,879)
Loans to AES (NI) Limited reclassified	(9,384)
	<hr/>
At 31 December 2000	<u>6,859</u>

(c) Loan to ESOP

A loan of £624,000 has been made to the AES Medway Operations employee share ownership plan ("ESOP") to enable the acquisition of shares in The AES Corporation.

(d) Other fixed asset investments

	£'000
At 1 January 2000	18,633
Additions	37
Disposals	(108)
	<hr/>
At 31 December 2000	<u>18,562</u>

Company

Cost	
At 1 January 2000 and 31 December 2000	<u>275,346</u>

**Interests in
subsidiary
undertakings
£'000**

Details of the principal investments in which the group or the company held more than 10% of the nominal value of any class of share capital as at 31 December 2000 were as follows:

Name of company	Country of registration	Type of shares	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings:				
<i>Directly owned</i>				
AES Electric Limited	England and Wales	Ordinary	100%	Project development
AES Horizons Limited	England and Wales	Ordinary	100%	Project development
AES Sirocco Limited	England and Wales	Ordinary	100%	Project development
AES Indian Queens Holdings Limited	England and Wales	Ordinary	100%	Parent

AES UK HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2000

15. INVESTMENTS HELD AS FIXED ASSETS (continued)

Name of company <i>Held by a subsidiary</i>	Country of registration	Type of shares	Proportion of voting rights and shares held	Nature of business
AES Medway Electric Limited	England and Wales	Ordinary	100%	Parent
AES Medway Operations Limited	England and Wales	Ordinary	100%	Power station operator
AES Barry Limited	England and Wales	Ordinary	100%	Plant construction
AES Barry Operations Limited	England and Wales	Ordinary	100%	Power station operator
AES Partington Limited	England and Wales	Ordinary	100%	Project development
AES Energia srl	Italy	Ordinary	100%	Project development
AES Pakistan (Holdings) Limited	England and Wales	Ordinary	100%	Parent
AES Pak Gen (UK) Limited	England and Wales	Ordinary	100%	Parent
AES Frontier Ltd (formerly AES Hungary Limited)	England and Wales	Ordinary	100%	Parent
AES Indian Queens Operations Limited	England and Wales	Ordinary	100%	Power station operator
AES Indian Queens Power Limited	England and Wales	Ordinary	100%	Electricity generation
AES East Usk Limited	England and Wales	Ordinary	100%	Project development
AES Fifoots Point Limited	England and Wales	Ordinary	100%	Power station construction
AES Fifoots Point Operations Limited	England and Wales	Ordinary	100%	Parent
AES(NI) Limited (formerly Nigen Ltd)	Northern Ireland	Ordinary	97.25%	Parent
AES Kilroot Power Ltd (formerly Kilroot Power Ltd)	Northern Ireland	Ordinary	97.25%	Electricity generation
AES Belfast West Power Ltd (formerly Belfast West Power Ltd)	Northern Ireland	Ordinary	97.25%	Electricity generation
Kilroot Electric Ltd	Cayman Islands	Ordinary	97.25%	Investments
Associated undertakings				
Medway Power Limited	England and Wales	Ordinary	25%	Electricity generation

AES UK HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

16. STOCKS

	Group 2000 £'000	Group 1999 £'000
Raw materials and consumables	18,126	6,766

17. DEBTORS

	Group 2000 £'000	Group 1999 £'000
Trade debtors	18,226	13,103
Amounts owed by group undertakings	17,868	6,095
Amounts owed by associated undertakings	2,724	6,389
Other debtors	13,523	7,043
Prepayments	2,723	10,364
	55,064	42,994

Included in amounts owed by associated undertakings is £574,000 owed by AES Barry Foundation, which is payable after 5 years.

	Company 2000 £'000	Company 1999 £'000
Group relief receivable	638	-

18. CASH AT BANK AND IN HAND

Within the cash balance £23,229,412 (1999 - £23,055,655) is held in an escrow account in connection with a sale and lease back financing arrangement for the Indian Queens plant.

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2000 £'000	Group 1999 £'000
Bank loans	6,696	4,388
Bank Overdraft	836	-
Finance lease	1,563	1,505
Trade creditors	31,761	14,862
Amounts owed to group undertakings	64,818	371
Current corporation tax	5,533	292
Other creditors	4,569	5,578
Accruals	19,117	13,726
	134,893	40,722

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

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

	2000	Group	2000	Company
	£'000	1999	£'000	1999
		£'000		£'000
Amount owed to ultimate parent company	43,335	170,501	-	-
Amounts owed to immediate parent company	125,139	98,069	59,405	66,480
Amounts owed to group undertakings	-	-	16,839	-
Other creditors	300	-	-	-
Finance lease				
Payable between one and two years	1,723	1,566	-	-
Payable between two and five years	7,567	6,914	-	-
Payable after more than five years	13,891	14,894	-	-
Bank loans:				
Payable between one and two years	-	3,408	-	-
Payable between two and five years	24,997	14,218	-	-
Payable after more than five years	362,819	185,568	-	-
	<u>579,771</u>	<u>495,138</u>	<u>76,244</u>	<u>66,480</u>

The group loans are unsecured with no specified repayment term.

The finance lease is linked to the escrow account and earns interest at LIBOR less a margin renewable every six months. It is secured by the assets to which it relates.

A bank loan of £100,166,000 (1999: £99,995,000) is secured by a mortgage and fixed and floating charges on the shares and assets of AES Barry Limited. The interest on the loan has been hedged through a swap agreement at 6.15% until 15 September 2008.

Another bank loan of £72,080,000 (1999: £54,833,000) is secured by a fixed and floating charge over the assets of AES Fifoots Point Limited. Interest on the loan is hedged by a swap agreement at 6.69% until 28 April, 2010.

A further bank loan of £18,821,000 (1999: £18,805,000) accrues interest at LIBOR plus 1.3625%. The interest rate increases in March 2003 to LIBOR plus 1.7125%. This loan is secured on a pari-passu basis by the assets of AES Indian Queens Power Limited.

On 26 July 1994 Kilroot Electric Ltd, 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 AES (NI) Limited (formerly Nigen Limited). The debenture is unconditionally and irrevocably guaranteed by AES Kilroot Power Ltd (formerly Kilroot Power Limited). The carrying value of the debenture stock is £196,749,487 after adjusting for issue costs and interest paid during the year.

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

21. PROVISIONS FOR LIABILITIES AND CHARGES

Group	AES (NI) Limited (formerly Nigen Limited) £'000	Others £'000	Deferred Tax £'000	Total £'000
At 1 January 2000	26,779	-	3,227	30,006
Additions	-	7,990	45,409	53,399
Share of profit after tax	(3,836)	5,935	(1,190)	909
Profit on deemed disposal	(309)	-	-	(309)
Payments during the year	-	(3,311)	-	(3,311)
Adjustment in respect of prior years	-	-	1,820	1,820
Associate to subsidiary	(22,634)	-	-	(22,634)
At 31 December 2000	-	10,614	49,266	59,880

The group's interest in the net liabilities of its associated undertaking, AES (NI) Limited (formerly Nigen Limited), was provided for at acquisition. Since AES (NI) Limited is now a fully consolidated subsidiary no provision remains on the balance sheet.

The deemed disposal reflects the decrease in holding of AES(NI) Ltd (formerly Nigen Ltd) from 46.17% as at 31 December 1999 to 45.72% as at 31 May, 2000 (when a majority interest was acquired), as a result of share options being exercised by employees under the Nigen Discretionary Share Option Scheme.

Deferred tax

The amount of deferred tax provided in the financial statements and the potential amount of unrealised deferred tax is:

	2000 £'000	Provided 1999 £'000	2000 £'000	Unrealised 1999 £'000
Capital allowances in excess of depreciation	57,062	10,759	(85)	(71)
Other provisions	(7,796)	(7,532)	(9,859)	(2,732)
	49,266	3,227	(9,944)	(2,803)

22. CALLED UP SHARE CAPITAL

Group and Company	2000 £'000	1999 £'000
Authorised, called up, allotted and fully paid: 1,000 ordinary shares of £1 each	1	1

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

23. SHARE PREMIUM ACCOUNT

	2000 £'000	1999 £'000
Group and Company		
At as 31 December	<u>208,231</u>	<u>208,231</u>

24. PROFIT AND LOSS ACCOUNT

	2000 £'000	Group 1999 £'000	2000 £'000	Company 1999 £'000
Balance at 1 January	(69,950)	(22,414)	634	(9,419)
(Loss)/profit for the financial year	(6,323)	(25,391)	(9,126)	10,053
Translation differences arising on foreign currency net investments	<u>-</u>	<u>(22,145)</u>	<u>-</u>	<u>-</u>
Balance at 31 December	<u>(76,273)</u>	<u>(69,950)</u>	<u>(8,492)</u>	<u>634</u>

25. FINANCIAL COMMITMENTS

AES Medway Operations Limited has contracted to operate the Medway Power Station. This obligation has been secured by Letters of Credit amounting to £1,245,000 (1999: £1,245,000) and a Deed of Guarantee to Medway Power Limited from the ultimate parent company, The AES Corporation, a company incorporated in the State of Delaware, USA.

26. ULTIMATE PARENT COMPANY

The immediate parent company and controlling entity is AES Global Power Holdings BV, a company incorporated in the Netherlands.

The ultimate parent company and controlling entity is The AES Corporation, a company incorporated in the State of Delaware, USA. This is also the parent of the smallest and largest group for which group accounts are prepared. 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.

27. RELATED PARTIES

The company is taking advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard 8 not to disclose transactions with AES Corporation group companies which are related parties.

AES Medway Operations Limited was due reimbursable operators' costs, and fees and bonuses amounting to £3,453,000 for the year from Medway Power Limited an associated company. Amounts outstanding at 31 December 2000 in respect of this amounted to £1,437,000 (1999: £751,000).

AES Medway Electric Limited was due interest receivable on loan stock of £2,733,000 for the year from Medway Power Limited. Amounts outstanding at 31 December 2000 in respect of this amounted to £2,724,000.