



AYEN ENERJİ A.S.

**BOARD OF DIRECTORS' QUARTERLY REPORT FOR
PERIOD BETWEEN 01 JANUARY 2013 AND 31 MARCH 2013**

RULES FOR PREPARATION

The Annual Report has been prepared in accordance with Communiqué No: 29, Serial No. XI on Rules for Financial Statements in the Capital Market.

Information on Trade Name, Company No, head office and branches of the company

AYEN ANONIM SIRKETI

Date of incorporation.....: 18.08.1990
Head office.....: Hulya Sokak No: 37 G.O.P. /ANKARA
Tel.....: (312) 445 04 64
Faks.....: (312) 445 05 02
e-mail.....: ayen@ayen.com.tr
URL.....: www.ayen.com.tr
Capital.....: TRL171,042,300
Company No.....: 79297-Merkez
Industry Registration No.....: 520264.34
Tax Office/Tax Payer ID.....: Cumhuriyet – 119 004 59 30
Purpose and Subject of Activities.....: To generate and trade electricity
Company has no branch office.

ORGANISATIONAL STRUCTURE OF COMPANY

The organisational structure of company comprises Ayen Enerji Anonim Sirketi and its subsidiaries operating in the same field of activity and consolidated in the financial statements of the company, namely Ayen Ostim Enerji Uretim Sanayi A.S., Kayseri Elektrik Uretim Sanayi ve Ticaret A.S., Ayen Elektrik Ticaret A.S., Aksu Temiz Enerji Elektrik Uretim Sanayi ve Ticaret A.S., Ayel Elektrik Uretim Sanayi ve Ticaret A.S., Arakli Enerji Dogalgaz Sanayi ve Ticaret A.S., and Ayen Dogalgaz Enerji Uretim Sanayi ve Ticaret A.S. These companies together with Ayen AS Energji SHA, an Albanian based company incorporated in accordance with Albanian laws, are called as “Group”.

Shareholding structure of company and any change in related accounting period

The shareholding structure of the company as of 31 March 2013 is as follows:

Shareholder	Share Rate (%)	Number of Shares	Value of Shares	Class of Shares
Aydiner Insaat A.S.	56.8738023	9,727,825,965	97,278,259.65	A
Aydiner Insaat A.S.	28.1038374	4.806.945,000	48,069,450.00	B (non-traded)
Mehmet AYDINER	0.0000451	772,200	7,722.00	A
Fatma Nirvana AYDINER	0.0000169	289,575	2,895.75	A
Omer Ali AYDINER	0.0000169	289,575	2,895.75	A
Turhan AYDINER	0.0000169	289,575	2,895.75	A
Turgut AYDINER	0.0000146	250,965	2,509.65	A
Fahrettin Amir ARMAN	0.0000001	2,145	21.45	A
Publically Traded Portion	15.0112866	2,567,565,000	25,675,650.00	B (Traded)
Total	100%	17,104,230,000	171.042.300,00	

The share capital of the company is TRL171,042,300 (One hundred seventy-one million forty-two thousand and three hundred Turkish Liras). This share capital is divided into 17,104,230,000 shares with nominal value of 1 (one) cent each, including 9,729,720,000

Class (A) registered shares. Out of all Class (B) shares 2,567,565,000 are publically traded, bearer shares, and 4,806,945,000 are non-publically traded, registered (bearer) shares. There has been no change in the shareholding structure of the company in this period.

The Board of Directors, Executives, limits of powers, and terms of office thereof

The affairs and businesses of the company shall be managed by the Board of Directors of at least 7(Seven) members to be elected by the General Assembly, including 5 (Five) directors to be elected among Class (A) shareholders in accordance with provisions of the Turkish Code of Commerce. The Board of Directors which has been released from their duties in 2012 Ordinary General Meeting held on 08 May 2013, and which were registered in the Turkish Trade Registration Gazette No. 8320 dated 15 May 2013 is as follows:

The Board of Directors

<i>Full Name</i>	<i>Duty</i>	<i>Term of Office</i>
Mehmet AYDINER	Chairman of Board of Directors	Three years starting from 08.05.2013
Turgut AYDINER	Vice Chairman of Board of Directors	Three years starting from 08.05.2013
Ayşe Tuvana AYDINER KIRAC (on behalf of Aydiner Insaat A.S.)	Director	Three years starting from 08.05.2013
Omer Ali AYDINER	Director	Three years starting from 08.05.2013
Fahrettin Amir ARMAN	Director General Manager	Three years starting from 08.05.2013
Metin BOSTANCIOGLU	Independent Director	Three years starting from 08.05.2013
Kadir Nejat UNLU	Independent Director	Three years starting from 08.05.2013

COMMITTEES SET UP BY THE BOARD OF DIRECTORS

Audit Committee

Full Name	Duty	Date of General Meeting When S/he was Elected	Term of Office
<i>Kadir Nejat Unlu</i>	<i>Chairman of Committee</i>	<i>08 May 2013</i>	<i>08 May 2014</i>
<i>Metin Bostancioglu</i>	<i>Member</i>	<i>08 May 2013</i>	<i>08 May 2014</i>

Corporate Governance Committee

Full Name	Duty	Date of General Meeting When S/he was Elected	Term of Office
<i>Kadir Nejat Unlu</i>	<i>Chairman of Committee</i>	<i>08 May 2013</i>	<i>08 May 2014</i>
<i>Metin Bostancioglu</i>	<i>Member</i>	<i>08 May 2013</i>	<i>08 May 2014</i>
<i>Turgut Aydiner</i>	<i>Member</i>	<i>08 May 2013</i>	<i>08 May 2014</i>

INFORMATION ON GENERAL MEETING

2012 Ordinary General Meeting held on 08.05.2013 discussed and approved the Proposal for Amendment of Articles of Association submitted by the Board of Directors for amendment of Articles 3 “Purpose and Subject of Activities”, 8 “Sale and Transfer of Shares”, 12 “Auditor and Duties Thereof”, 13 “General Assembly”, 14 “Presence of Ministerial Commissary”, 16 “Accounting Period”, 17 “Determination and Distribution of Profit”, 18 “Reserve”, and 22 “Compliance with Principles of Corporate Governance” in order to ensure the company complies with the Turkish Code of Commerce No. 6102, the Capital Market Law No. 6362, and secondary legislation, and cause the notice of registration for the same published in the Trade Registration gazette No. 8320 dated 15 May 2013.

DEVELOPMENTS IN THE ENERGY SECTOR

ELECTRICITY GENERATION IN TURKEY (million kWh)

	2009	CHANGE ON YEARLY BASIS %	2010	CHANGE ON YEARLY BASIS %	2011	CHANGE ON YEARLY BASIS %	2012	CHANGE ON YEARLY BASIS %	2013	CHANGE ON YEARLY BASIS %
JANUARY	16,891.6	-5.6	17,501.7	3.6	19,603.1	12.0	21,436.7	9.4	20,678.9	-3.5
FEBRUARY	15,049.8	-8.9	15,837.7	5.2	17,649.9	11.4	19,924.1	12.9	18,297.8	-8.2
MARCH	16,027.1	-2.1	17,119.7	6.8	19,157.5	11.9	20,654.3	7.8	19,841.3	-3.9
APRIL	14,890.4	-5.2	16,362.7	9.9	17,797.3	8.8	18,161.0	2.0		
MAY	15,352.3	-5.5	16,812.9	9.5	17,579.7	4.6	18,772.2	6.8		
JUNE	15,948.0	-3.7	17,311.9	8.6	18,048.7	4.3	19,858.9	10.0		
JULY	17,751.8	-3	19,567.6	10.2	20,947.7	7.1	22,574.1	7.8		
AUGUST	17,815.3	-3.4	20,620.8	15.7	20,491.7	-0.6	21,319.0	4.0		
SEPTEMBER	15,500.8	-3.5	17,139.6	10.6	18,897.7	10.3	19,583.0	3.6		
OCTOBER	16,053.9	7.2	17,291.0	7.7	18,900.5	9.3	17,760.2	-6.0		
NOVEMBER	15,811.7	2.2	16,464.5	4.1	19,188.2	16.5	18,583.9	-3.1		
DECEMBER	17,720.2	11.7	19,177.5	8.2	21,133.1	10.2	20,473.6	-3.1		
TOTAL	194,812.9	-1.8	211,207.6	8.4	229,395.1	8.6	239,101.0	4.2	58,818.0	-5.2

The electricity generation in Turkey in the first quarter of 2013 has decreased by 5.2% compared to same period last year.

Total installed power of Turkey is 57532 MW with 794 plants as of the end of March 2013.

INCOME FROM WATER (million m³)

MONTHS	Long-term Average Income from Water	2012 Actual	2013-10-22 Actual	Increase in Long-term Average %	Increase on yearly basis %
JANUARY	4,694.30	4,163.20	5,300.40	12.9	27.3
FEBRUARY	5,165.60	3,879.40	5,502.90	6.5	41.8
MARCH	9,017.70	6,283.70	9,479.30	5.1	50.9
TOTAL	18,877.60	14,326.30	20,282.60	7.4	41.6

Hydropower plants' income from water in the first quarter has increased by 7.4% in terms of long-term average and by 41.6% on yearly basis.

OUR INVESTMENTS

All of groups of wind turbines and generators to be deployed at **Korkmaz WPP**, a 20MW wind power plant with installed power of 73 million kWh, and **Mordogan WPP**, 30.75MW wind power plant with installed power of 96 million kWh, have been imported in accordance with the Electricity Market Law No. 4628, and at Mordogan WPP installation of all turbines and constructions works have been completed. Construction and installation works related to Korkmaz WPP will begin after all site permits are obtained, and it is planned to commission both power plants in the second half of 2013.

Fan Basin HPP Project: Construction works at our power plant project for an 110.70MW HPP with installed power of 380 million kWh, a project executed by Albanian based Ayen AS Energji SHA, have been underway, and works for construction of access roads and the tunnel have been ongoing.

Akbuk II WPP: Works for construction of access roads for Akbuk II WPP, a 20MW Wind Power Plant with installed power of 68,153,000 kWh to be built and operated in Akbuk hamlet, town of Didim, Aydin within the scope of Law No. 4628 have started, and formalities for obtaining permits for plant site have been underway.

OPERATIONS

GENERAL	CAMLICA	AKBUK	YAMULA(*)	AYEN OSTIM	BUYUKDUZ (**)	AKSU (**)
Location of PP	Zamanti River – Kayseri	Didim – Aydin	Kizilirmak River – Kayseri	Ostim – Ankara	Town of Kurtun – Gumushane	Village of Dikme – Yahyali - Kayseri
Type of Power Plant	Gated weir with overfall spillway and silting tank	Wind Power Plant	With Reserve	Combined Cycle Natural Gas Power plant	Gated weir with overfall spillway and silting tank	Wind Power Plant
Installed Power	84 MW	31.5 MW	100 MW	41 MW	70.8 MW	72 MW
Annual Generation	429 million kWh	122.4 million kWh	422.3 million kWh	280 Million kWh	192 Million kWh	237.2 Million kWh
2013 Actual Generation (net)	366.5 million kWh	100.4 million kWh	399.3 million kWh	143.8 Million kWh	64 Million kWh	115 Million kWh
Availability	100%		100%			
Capacity Utilisation	107%	83%	100%	24%	72%	101%

Power Plant	2013Q1 Generation kWh	2012 Q1 Generation kWh
Camlica I HEPP	114.216.90	85.428.60
Ayen Ostim	17.022.540	50.249.850
Yamula HEPP	65.604.030	92.755.600
Akbuk WPP	28.836.380	28.564.420
Aksu WPP (*****)	59.704.536	3.456.610
Buyukduz WPP (*****)	24.437.870	
Price	2013 Cent/kWh	2012 Cent/kWh
Camlica I HEPP (*)	1.99	2.26
Ayen Ostim (***)		
Yamula HEPP (**)	6.08/7.92	6.08/7.92
Akbuk WPP (***)		

* The 2013 revised tariffs for Camlica HEPP has not been determined yet.

*** Prices vary, as Ayen Ostim Natural Gas PP, and Akbuk WPP sell the energy generated at the plant to the free market.

** The revised tariffs for Yamula HEPP for the period between 01.08.2012 and 31.07.2013 were approved on 21st January 2013.

***** Prices vary, as Akbuk WPP, Aksu WPP, and Buyukduz HEPP sell the energy generated at the plants to the free market. Pursuant to Renewable Energy Resources Law there is a purchase guarantee of 7.3 USD/cents applicable until 31st December 2019.

***** Commercial operation started at Aksu WPP on 16th March 2012 and on 1st June 2012 at Buyukduz HEPP.

FINANCIAL RATIOS

The basic ratios on financial standing, profitability, and gearing based on financial statements and financial information prepared in accordance with the Communiqué No. 29, Serial No: XI of the Capital Market Board are as follows:

BASIC RATIOS / CONSOLIDATED	31.03.2013	31.03.2012
Current Ratio	0.69	0.72
Debt to Equity	2.16	1.95
Gross Profit Margin (%)	15.95	38.00
Operating Profit Margin (%)	16.78	32.79

DECLARATION OF CONFORMITY WITH PRINCIPLES OF CORPORATE GOVERNANCE

Ayen Enerj, A.S. has completed works necessary for compliance with the principles of Corporate Governance required to be implemented under Communiqué No. 56, Serial No. IV, a communiqué implemented by the Capital Market Board since 2003, in 2012. To this end, it has amended its Articles of Association as necessary. Any principle by which our company is not required to abide was disclosed under Sections titled Shareholders, Public Disclosure and Transparency, Interest Holders, and the Board of Directors of our Report on Principles of Corporate Governance, and works necessary to comply with such principles shall continue within the limits of our ability depending on sector in which our company is operating, status of our company, and market conditions.