



AYEN ENERJİ A.S.

**BOARD OF DIRECTORS' QUARTERLY REPORT FOR
PERIOD BETWEEN 01 JANUARY 2013 AND 30 JUNE 2013**

RULES FOR PREPARATION

The Annual Report has been prepared in accordance with Communiqué No: 14.1, Serial No. II on Rules for Financial Statements in the Capital Market, and Regulation on Specifying Minimum Content of Annual Report of Companies dated 28 August 2012, issued by the Ministry of Customs and Trade.

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

AYEN ANONIM SİRKETİ

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 30 June 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
Kadir Nejat Unlu	Chairman of Committee	May 2013	May 2014
Metin Bostancioglu	Member	May 2013	May 2014

Committee for Early Detection of Risks

Full Name	Duty	Beginning Date	End Date
Metin Bostancioglu	Chairman of Committee	May 2013	May 2014
Ayşe Tuvana Aydiner Kirac	Member	May 2013	May 2014

Corporate Governance Committee

Full Name	Duty	Date of General Meeting When S/he was Elected	Term of Office
Metin Bostancioglu	Chairman of Committee	May 2013	May 2014
Mehmet Aydiner	Member	May 2013	May 2014
Turgut Aydiner	Member	May 2013	May 2014

BENEFITS PROVIDED TO DIRECTORS AND EXECUTIVES

Benefits provided to directors and executives during the reporting period are as follows:

	1 January-30 June 2013	1 January-30 June 2012
Remunerations and other short term benefits	TRL1,005,636	TRL962,593
Other long-term benefits	TRL115,005	TRL159,953
	<u>TRL1,120,641</u>	<u>TRL1,122,546</u>

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.
- The General Meeting adopted the Internal Directive on Principles and Procedures of the General Assembly prepared by the Board of Directors in accordance with Article 419/2 of the Turkish Code of Commerce, and cause the notice of registration of the same published in the Turkish Trade Registration Gazette No. 8320 dated 15 May 2013.
- The General Meeting also approved the donation and support policy set forth within the scope of our social responsibility, and set the upper limit for donations and support provided in 2013 as TRL65,000.

DEVELOPMENTS IN THE ENERGY SECTOR

ELECTRICITY GENERATION IN TURKEY (million kWh)

MONTHS	2011 ACTUAL	2012 ACTUAL	CHANGE ON YEARLY BASIS %	2013 FIRST QUARTER ACTUAL	CHANGE ON YEARLY BASIS %
JANUARY	19,724.4	21,406.1	8.5	21,275.2	-0.6
FEBRUARY	17,790.3	19,994.8	12.4	18,842.4	-5.8
MARCH	19,278.1	20,757.9	7.7	20,464.0	-1.4
APRIL	17,923.3	18,254.8	1.8	19,139.2	4.8
MAY	17,686.3	18,953.7	7.2	19,539.1	3.1

JUNE	8,002.8	20,100.6	11.7	20,169.3	0.3
JULY	21,070.0	22,880.0	8.6		
AUGUST	20,673.5	21,539.3	4.2		
SEPTEMBER	18,986.1	19,863.0	4.6		
OCTOBER	18,934.8	18,217.4	-3.8		
NOVEMBER	19,146.6	19,243.7	0.5		
DECEMBER	21,090.0	21,158.6	0.3		
TOTAL	230,306.3	242,369.9	5.2	119,429.3	

Total installed power of Turkey is 60,281 MW with 845 plants as of the end of July 2013.

OUR INVESTMENTS

Mordogan WPP, Korkmaz WPP Projects: Company has been granted energy generation licence for 49 years for 24MW Korkmaz WPP, and 30.75MW Mordogan WPP.

Works for installation of turbines and constructions of Mordogan WPP have been almost completed while Works for installation of turbines and constructions of Korkmaz WPP have been underway. Works for building TEIAS' transmission lines, and for construction of transformation stations at these project sites have been ongoing, and it is planned to commission both power plants at the end 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	429.000.000 kWh	122.400.000 kWh	422.000.000 kWh	280.000.000 kWh	192.021.000 kWh	237.200.000 kWh
2013 Actual Generation (January-June)	260.393.500 kWh	44.279.789 kWh	241.324.050 kWh	45.008.540 kWh	112.201.503 kWh	88.434.566 kWh
Availability	100%		100%			
Capacity Utilisation	93%	72%	100%	32%	71%	75%

Power Plant	2013 ^{1st} Period Generation kWh	2012 1 st Period Generation kWh
Camlica I HEPP	260.393.500	238.233.200
Ayen Ostim	45.008.540	65.067.670
Yamula HEPP	241.324.050	201.906.520
Akbuk WPP	44.279.789	47.738.562
Aksu WPP (*****)	88.434.566	39.658.480
Buyukduz WPP (*****)	112.201.503	34.523.14
Price	2013 Cent/kWh	2012 Cent/kWh
Camlica I HEPP (*)	2.08	2.26
Ayen Ostim (***)		
Yamula HEPP (**)	6.37/7.92	6.08/7.92
Akbuk WPP (***)		

* The 2013 revised tariffs for Camlica HEPP has been approved under ministerial approval no. 4437 dated 14.06.2013.

** The 2013 revised tariffs for Yamula HEPP has been approved under ministerial approval no. 3982 dated 30.05.2013.

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

**** 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	30.06.2013	30.06.2012
Current Ratio	0.59	0.85
Debt to Equity	2.38	2.27
Gross Profit Margin (%)	21	43
Operating Profit Margin (%)	20	35
ABITDA Margin (%)	27	48

Profit Distribution Policy, reason for non-distribution, and information on method of utilisation of undistributed profit,

The profit distribution policy of our company is determined in accordance with the Turkish Code of Commerce, the Capital Market legislation, and Articles of Association by taking needs for finance for ongoing investments, and subscriptions in subsidiaries into account. The decision whether or not to make any distribution from profit of the company after taxes and legal obligations, and legal reserves, or how much distribution would be made shall be resolved on the basis of the above criteria.

In the event a resolution is made for a distribution from profit of the company, the distribution shall be made until the end of May at latest. No shareholder is entitled to any privilege with regards to profit sharing.

Since 2013 is an investment year for our company, it was resolved at our General Meeting held on 08.05.2013 to not make any distribution from existing profit and to set aside as reserve to meet equity requirements.

CORPORATE GOVERNANCE

Pursuant to requirements set forth in Communiqué No. 56, serial No.IV on Determining and Implementing Principles of Corporate Governance issued by the Capital Market Board, the Board of Directors resolved at its meeting held on 27.05.2013 to set up a Committee for Early Identification of Risks, and to appoint Mr. Metin Bostancioglu, independent director of our company, as chairman of committee. Mr. Ayse Tuvana Aydiner Kirac is appointed as committee member. It was resolved that duties of Nomination Committee and Remuneration Committee be carried out by Corporate Governance Committee.