



AYEN ENERGY INC.

**01 JANUARY 2016 - 30 SEPTEMBER 2016
BOARD OF DIRECTORS
ACTIVITY REPORT**

FUNDAMENTALS

Interim Activity Report was prepared in pursuant to Circular No. Serial II-14.1 of Capital Markets Board on Principles of Financial Reporting in Capital Markets and "Bylaw of Ministry of Customs and Trade on Determining Minimum Content of Companies' Annual Activity Reports".

Trade Name, Trade Registry Number, Headquarters and Branches Contact Information, and Website of the Company:

AYEN ENERGY INCORPORATION

Date of Foundation: 15 August 1990
Headquarters: Hülya Sokak No: 37 G.O.P. ANKARA - TURKEY
Phone: (312) 445 04 64
Fax: (312) 445 05 02
E-Mail: ayen@ayen.com.tr
web -----: www.ayen.com.tr
Capital: 171.042.300,-TL
Trade Registry Number: 79297-Central
Mersis No-----: 0119004593000013
Industry Registry Nr. 520264.34
Tax Office / ID Nr.: Cumhuriyet - 119 004 5930
Purpose and subject -----: Power generation and trade

Company does not have a branch.

ORGANIZATIONAL STRUCTURE OF THE COMPANY

Organization structure of the company is shown as a "Group" constituted by Ayen Energy Corporation and its partnerships upon which it consolidates their financial statements, operating in the same sector Ayen Ostim Power Generation Inc., Kayseri Electricity Generation Industry and Trade Inc., Ayen Electricity Trade Co., Aksu Clean Energy Electricity Generation Industry and Trade Inc., Ayel Electricity Generation Industry and Trade Inc., Araklı Natural Gas Power Generation Industry and Trade Inc., Ayen AS Energj SHA (Albania), Ayen Energj Trading SHA (Albania), Ayen Energj Trading D.O.O. (Serbia), and Ayen Energie D.O.O. (Slovenia).

The capital and shareholding structure of the Company and relevant changes thereof within the accounting period

Capital Structure of the Company as of 30 September 2016

Shareholder	Share in Percentage	Number of Shares	Share in Amount	Share Group
Aydiner Construction Inc.	56.8738023	9,727,825,965	97,278,259.65	A
Aydiner Construction Inc.	28.1038374	4,806,945,000	48,069,450.00	B (Non-public)
Mehmet AYDINER	0.0000451	772,200	7,722.00	A
Fatma Nirvana AYDINER	0.0000169	289,575	2,895.75	A
Ömer 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
Public Shares	15.0112866	2,567,565,000	25,675,650.00	B (Public)
Total	100 %	17,104,230,000	171,042,300.00	

The Company's registered capital is 171.042.300,00 TL (one hundred seventy one million and forty two thousand three hundred Liras); which is divided into 17.104.230.000 shares, each one is equal to One Turkish Cent. 9.729.720.000 of these are registered share certificates of Group A. 2.567.565.000 of Group B certificates are public shares while 4.806.945.000 shares are non-public (nominative).

No change did occur in the ownership structure of the Company during this activity period.

Governing Body, Senior Managers, Limits of Authority, period of office:

Operations and management of the Company are executed by the Board of Directors of at least 7 (seven) Members elected by the General Board, 5 (five) of whom are Group A shareholders, in accordance with provisions of Turkish Commercial Code.

BOARD OF DIRECTORS

<i>Name and Surname</i>	<i>Position</i>	<i>Term of Office</i>
Mehmet AYDINER	President of the Board of Directors	3 years from 31.03.2016
Turgut AYDINER	Vice President of the Board of Directors	3 years from 31.03.2016
Ayşe Tuvana AYDINER KIRAÇ (for Aydiner Construction Inc.)	Member of the Board of Directors	3 years from 31.03.2016
Ömer Ali AYDINER	Member of the Board of Directors	3 years from 31.03.2016
Fahrettin Amir ARMAN	Member of the Board of Directors, General Manager	3 years from 31.03.2016
Metin BOSTANCIOĞLU	Independent Member of the Board of Directors	1 year from 31.03.2016
Kadir Nejat ÜNLÜ	Independent Member of the Board of Directors	1 year from 31.03.2016

COMMITTEES ESTABLISHED WITHIN THE BOARD OF DIRECTORS

Audit Committee

Name and Surname	Position
Kadir Nejat ÜNLÜ	Head of the Committee
Metin BOSTANCIOĞLU	Member

Early Risk Detection and Examination Committee

Name and Surname	Position
Metin BOSTANCIOĞLU	Head of the Committee
Ayşe Tuvana Aydiner Kırac	Member

Corporate Governance Committee

Name and Surname	Position
Metin BOSTANCIOĞLU	Head of the Committee
Mehmet AYDINER	Member
Turgut AYDINER	Member

ELECTRICITY ENERGY IN TURKEY

INSTALLED POWER BY INSTITUTIONS AND FUEL TYPES

INSTITUTIONS	2015 - YEAR END			AS OF 30 SEPTEMBER 2015		
	INSTALLED POWER	CONTRIBUTION	NUMBER OF PLANTS	INSTALLED POWER	CONTRIBUTION	NUMBER OF PLANTS
	MW	%	PIECE	MW	%	PIECE
EUAS + EUAS AFFILIATES	20,322.6	27.8	77	19,742.10	25.3	77
PLANTS WHOSE OPERATING RIGHTS WERE TRANSFERRED	946.2	11.3	60	1,477.50	1.9	60
BUILD-OPERATE PLANTS	6,101.8	8.3	5	6,101.80	7.8	5
BUILD-OPERATE-TRANSFER PLANTS	2,309.3	3.2	17	2,309.30	3.0	17
INDEPENDENT GENERATION COMPANIES	43,129.8	59.0	954	47,687.50	61.1	954
AUTO-PRODUCER PLANTS	26.4	0.0	5	0.0	0.0	5
UNLICENSED (TEDAS) PLANTS	310.7	0.4	396	753.90	1.0	396
TOTAL	73,146.7	100.0	1,514	78,072.20	100	1,514

FUEL TYPES	2015 - YEAR END			AS OF 30 SEPTEMBER 2015		
	INSTALLED POWER	CONTRIBUTION	NUMBER OF PLANTS	INSTALLED POWER	CONTRIBUTION	NUMBER OF PLANTS
	MW	%	PIECE	MW	%	PIECE
FUEL-OIL - ASPHALTITE - NAPHTA - DIESEL	446.0	0.6	17	392.70	0.5	17
HARD COAL - LIGNITE	9,418.4	12.9	29	9,842.40	12.9	29
IMPORTED COAL	6,064.2	8.3	8	7,479.90	9.6	8
NATURAL GAS + LNG	21,222.1	29.0	233	22,593.40	28.9	233
RENEWABLE + WASTE - WASTE HEAT - PYROLYTIC OIL	344.7	0.5	69	394.70	0.5	69
MULTIPLE FUEL PLANTS, SOLID + LIQUID	667.1	0.9	23	667.10	0.9	23
MULTIPLE FUEL PLANTS, LIQUID + NATURAL GAS	3,684.0	5.0	46	3,684.00	4.7	46
GEOTHERMAL	623.9	0.9	21	725.20	0.9	21
HYDAULIC DAM	19,077.2	26.1	109	19,383.50	24.8	109
HYDRAULIC STREAM WATER	6,790.6	9.3	451	6,939.30	8.9	451
WIND	4,498.4	6.1	113	5,218.00	6.7	113
THERMAL (UNLICENSED)	56.5	0.1	24	82.10	0.1	24

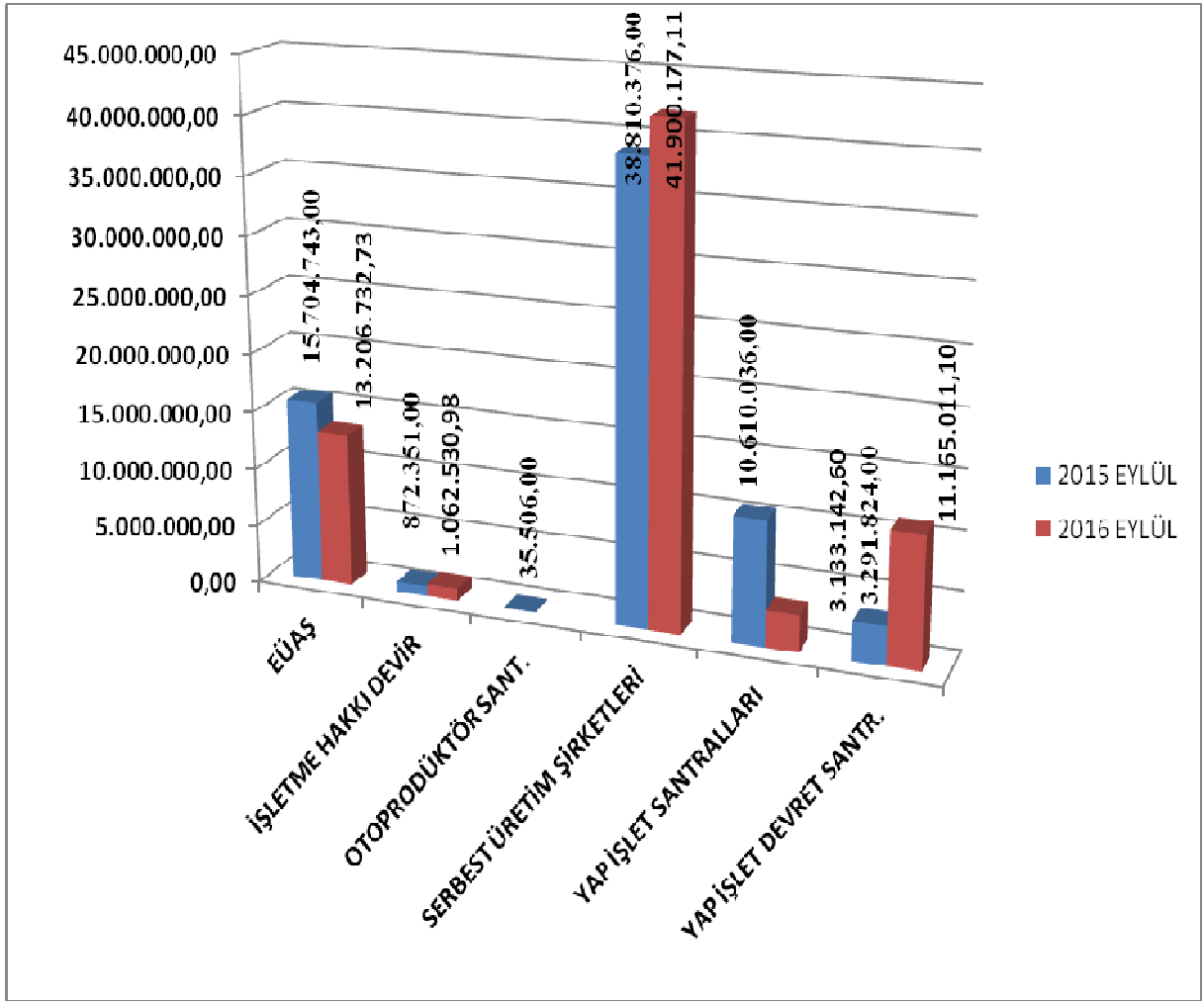
WIND (UNLICENSED)	4.8	0.0	9	9.8	0.0
SOLAR (UNLICENSED)	248.8	0.3	362	660.20	0.8
TOTAL	73,146.7	100.0	1,514	78,072.20	100.0

*** Installed Power of Turkey has become 78.072,20 MW with 2.097 Plants, as of 30.09.2016.

DISTRIBUTION OF GENERATION IN TURKEY BY PRIMARY RESOURCES AND INSTITUTIONS				
	Unit MWH			
SOURCES:	JULY	AUGUST	SEPTEMBER	TOTAL
FUEL OIL	132,782.72	138,445.28	135,693.49	406,921.49
HARD COAL	232,910.50	233,171.00	244,400.50	710,482.00
LIGNITE	2,999,672.06	3,375,908.51	3,075,347.56	9,450,928.13
GEO THERMAL	333,991.56	340,865.92	348,268.47	1,023,125.95
NATURAL GAS	7,881,937.50	9,476,117.06	6,811,993.63	24,170,048.19
STREAM WATER	1,361,052.29	863,421.70	810,494.18	3,034,968.17
W/DAM	4,784,831.70	4,728,093.23	3,346,771.77	12,859,696.70
LNG	3,860.56	3,898.82	376.78	8,136.16
BIOMASS	168,319.04	182,176.44	170,850.12	521,345.60
NAFTA	24.00	0.00	48.20	72.20
IMPORTED COAL	3,946,053.97	4,441,054.42	4,402,098.20	12,789,206.59
ASPHALTIT COAL	245,827.34	234,706.18	194,760.49	675,294.01
WIND	1,796,887.32	1,706,593.04	1,313,888.97	4,817,369.33
TOTAL	23,888,150.56	25,724,451.60	20,854,992.36	70,467,594.52
	Unit MWH			
INSTITUTIONS	JULY	AUGUST	SEPTEMBER	TOTAL
EUAS PLANTS	5,042,310.73	5,088,418.82	3,076,003.18	13,206,732.73
PLANTS WHOSE OPERATING RIGHTS WERE TRANSFERRED	334,155.62	315,031.77	413,343.59	1,062,530.98
FREE GENERATION ENTERPRISE PLANTS	13,829,781.29	15,259,029.97	12,811,365.85	41,900,177.11
BUILD-OPERATE-TRANSFER PLANTS	1,078,025.92	1,115,784.94	939,331.74	3,133,142.60

BUILD-OPERATE PLANTS	3,603,877.00	3,946,186.10	3,614,948.00	11,165,011.10
TOTAL	23,888,150.56	25,724,451.60	20,854,992.36	70,467,594.52

CUMULATIVE COMPARISON OF 2015-2016 SEPTEMBER		
	Unit: MWh	
	2015	2016
EÜAŞ	15,704,743.00	13,206,732.73
OPERATING RIGHT TRANSFER	872,351.00	1,062,530.98
AUTO-PRODUCER PLANTS	35,506.00	
INDEPENDENT GENERATION COMPANIES	38,810,376.00	41,900,177.11
BUILD-OPERATE PLANTS	10,610,036.00	3,133,142.60
BUILD-OPERATE-TRANSFER PLANTS	3,291,824.00	11,165,011.10
TOTAL	69,324,836.00	70,467,594.52



OUR INVESTMENTS

FAN BASIN HEPP PROJECT: Peshqshit HEPP with installed power of 34 MW, which is one of Fan River Basin projects executed by Ayen AS Energji SHA, our affiliate in Albania, was commissioned in May 2015. Fangut HEPP with installed power of 70,876 MW is still under construction. Its 92% was completed. It is planned to be commissioned in June-July 2017.

Akbük II Wind Power Plant (WPP): Our wind power generation plant with 20 MW of installed power and 68.153.000 kWh of generation capacity is planned to be established and operated in Akbük municipal of Aydın Province, Didim County within scope of the Law No. 4628. The plant was accepted and has generated electricity power since 12 February 2016.

Trabzon, Araklı Çankaya Dam and HEPP: Bağlı ortaklığımız Araklı Enerji Doğalgaz Sanayi ve Ticaret A.Ş. Preliminary License was obtained from Energy Markets Regulatory Authority (EPDK) for Çankaya Dam and HEPP Project with 98.36 MW installed power and 244,858,000 kWh generation capacity, which will be constructed by our affiliate Araklı Energy Natural Gas Industry and Trade Inc. as per Electricity Market Law No. 6446 and relevant legislation. Besides, for the facility, EIA Positive Decision was obtained from Ministry of Environment and Urbanization for the works to be carried out prior to construction phase; Public Interest Decision was taken by EPDK for expropriation of private immovable assets in line with law of expropriation; Forest Fields Preliminary Licenses were obtained

from Ministry of Forestry and Water; and opinions of relevant public institutions for preparation of Zoning Plan and preparation of maps were completed. Planning preparation studies are still continuing.

Aksu WPP: Our application for capacity increase in the Wind Power Plant with 72 MW of installed capacity and 237.218.900 kWh/year energy generation capacity in Kayseri province Yahyalı District by our subsidiary Aksu Clean Energy Electricity Generation Industry and Trade Co. was accepted, total capacity of the plant was increased by 8 MW up to 80 MW, and Energy Markets regulatory Authority (EMRA) amended the License. Zoning plan was revised and approved in scope of this capacity increase. License applications for forest and forage areas where additional turbines will be constructed were made. Expected annual generation will be 268,500,800 kWh after additional turbines of Aksu Wind Power Plant are commissioned.

Mordođan WPP: Our application for capacity increase in Mordođan Wind Power Plant with 30.75 MW of installed capacity and 99,409,200 kWh /year energy generation capacity in Izmir Province Karaburun District by our company was accepted, total capacity of the plant increased up to 42 MW, and Energy Markets regulatory Authority (EMRA) amended the License. EIA report was prepared within scope of capacity increase and EIA Positive decision was obtained. Zoning plan and forest and forage license studies for areas where additional turbines will be constructed are still continuing. As result of this capacity increase additional turbines of Mordođan Wind Power Plant will be commissioned and expected annual generation capacity will be 128.426.000 kWh.

Çaypınar WPP: Preliminary License was obtained from Energy Market Regulatory Authority and necessary applications are being made for required permissions as per Electricity Market Law numbered 6446 and related legislation for Çaypınar WPP with 24 MW of installed power and 82.743.600 kWh of generation capacity which will be installed in Balıkesir Province Karesi & Susurluk Districts by our Company.

OUR ACTIVITIES

GENERAL	MORDOĞAN	AKBÜK	YAMULA*	AYEN OSTİM	BÜYÜKDÜZ	AKSU	KORKMAZ	PESHQESHIT HEPP	AKBÜK II
Location of Plant	Karaburun - İzmir	Didim - Aydın	Kızılırmak River-Kayseri	Ostim - Ankara	Kürtün District-Gümüşhane	Dikme Village Yahyalı-Kayseri	İzmir-Seferihisar-Sığacık	Albania-Mirdite Peshqeshit	Didim - Aydın
Plant Type	Wind Power Plant	Wind Power Plant	w/reservoir	Natural Gas Combined Cycle Power Plant	w/sedimentation pond, gate, uncontrolled spillway, and non-storage regulator	Wind Power Plant	Wind Power Plant	w/sedimentation pond, gate, uncontrolled spillway, and non-storage regulator, river-type	Wind Power Plant
Installed Capacity	30.75 MW	31.50 MW	100 MW	41 MW	70 MW	72 MW	24 MW	28 MW	20 MW
License Annual Generation	99,000 MWh	122.400 MWh	422.300 MWh	280.000 MWh	192.021 MWh	237.200 MWh	83.005 MWh	118.4 MWh	68.20 MWh
Actual Generation (January - September)	62,846,920	68,905,014	299,943,990	59,209,496	155,524,516	155,391,993	48,930,610	76,823,591	26,378,880
Capacity Usage Rate	83.2%	76.7%	100%	30.7%	89.60%	88.10%	77.60%	89.1%	66.70%

* Yamula HEPP Dam operates in accordance with its generation schedule because it has reservoir.

Location	Year 2016, 3rd Period Quantity (kWh)	Year 2016, 4th Period Quantity (kWh)
Mordoğan WPP	53,167,860	62,846,920
Ayen Ostim	48,161,915	59,209,496
YAMULA HEPP	199,362,790	299,943,990
Akbük WPP	68,006,499	68,905,014
Aksu WPP	136,061,947	155,391,993
Büyükdüz HEPP	141,489,671	155,524,516
Korkmaz WPP	49,377,583	48,930,610
Peshqeshit HEPP	11,209,000	76,823,591
Akbük II		26,378,880

RATIOS RELATED TO FINANCIAL STRUCTURE

Basic ratios related to financial status, profitability, and debt discharging status, which are calculated on the basis of financial tables and information issued within scope of Serial II-14.1 Circular of Capital Markets Board.

BASIC RATIOS / CONSOLIDATED	30.09.2016	31.12.2015
Current Ratio	0.18	0.44
Net Debt / Shareholders' Equity	4.28	4.58
Gross profit margin (%)	0.31	0.21
Operating profit margin (%)	0.28	0.18
VAFOK Margin	0.41	0.27