



AYEN ENERGY INC.

**01 JANUARY 2016 - 30 JUNE 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 31 March 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
Ahmet Alan	Corporate Governance Rating Specialist

ELECTRICITY ENERGY IN TURKEY

INSTALLED POWER BY INSTITUTIONS AND FUEL TYPES

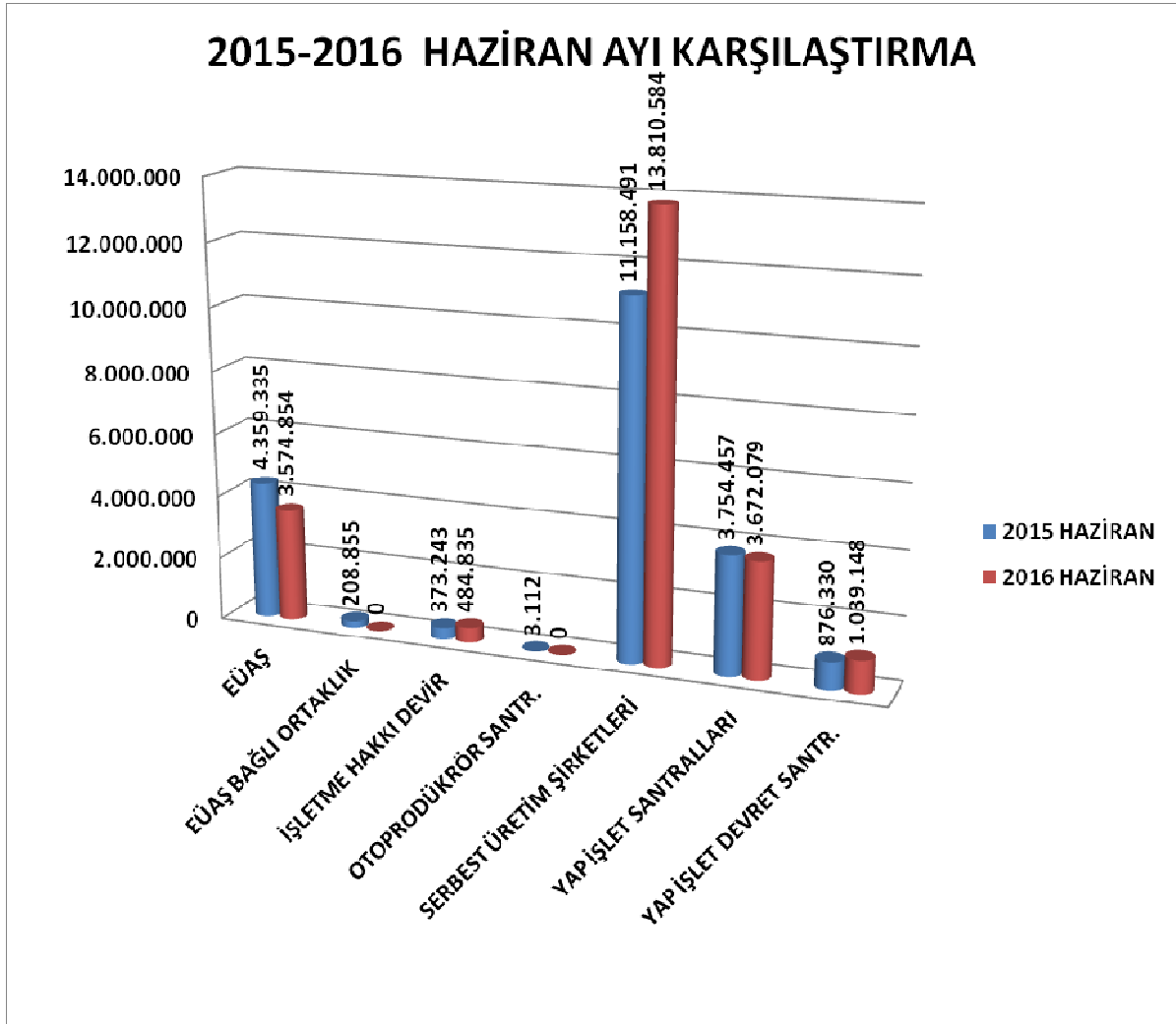
INSTITUTIONS	2015 - YEAR END			AS OF 30 JUNE 2016		
	INSTALLED POWER	CONTRIBUTION	NUMBER OF PLANTS	INSTALLED POWER	CONTRIBUTION	NUMBER OF PLANTS
	MW	%	PIECE	MW	%	PIECE
EUAS + EUAS AFFILIATES	20.322,6	27,8	77	19.868,10	26,0	72
PLANTS WHOSE OPERATING RIGHTS WERE TRANSFERRED	946,2	11,3	60	1.351,50	1,8	64
BUILD-OPERATE PLANTS	6.101,8	8,3	5	6.101,80	8,0	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	46.329,00	60,5	1.002
AUTO-PRODUCER PLANTS	26,4	0,0	5	0,0	0,0	0
UNLICENSED (TEDAS) PLANTS	310,7	0,4	396	590,40	0,8	722
TOTAL	73.146,7	100,0	1.514	76.550,10	100	1.882

FUEL TYPES	2015 - YEAR END			AS OF 30 JUNE 2016		
	INSTALLED POWER	CONTRIBUTION	NUMBER OF PLANTS	INSTALLED POWER	CONTRIBUTION	NUMBER OF PLANTS
	MW	%	PIECE	MW	%	PIECE
FUEL-OIL - ASPHALTITE - NAPHTA - DIESEL	851	0.6	17	392.70	0.5	15
HARD COAL - LIGNITE	9,013.4	12.9	29	9,842.40	12.9	29
IMPORTED COAL	6,064.2	8.3	8	6,779.90	8.9	10
NATURAL GAS + LNG	21,222.1	29.0	233	22,307.10	39.1	243
RENEWABLE + WASTE - WASTE HEAT - PYROLYTIC OIL	344.7	0.5	69	390.60	0.5	70
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	4.8	46
GEO THERMAL	623.9	0.9	21	712.40	0.9	25
HYDAULIC DAM	19,077.2	26.1	109	19,383.50	25.3	113
HYDRAULIC STREAM WATER	6,790.6	9.3	451	6,863.10	9.0	459
WIND	4,498.4	6.1	113	4,937.50	6.4	128
THERMAL (UNLICENSED)	56.5	0.1	24	74.20	0.1	30
WIND (UNLICENSED)	4.8	0.0	9	9.8	0.0	18
SOLAR (UNLICENSED)	248.8	0.3	362	505.90	0.7	673
TOTAL	73,146.7	100.0	1,514	76,550.10	100.0	1,882

*** Installed Power of Turkey has become 76.550,1 MW with 1.882 Plants, as of 30.06.2016.

DISTRIBUTION OF GENERATION IN TURKEY BY PRIMARY RESOURCES AND INSTITUTIONS				
				Unit MWH
SOURCES:	APRIL	MAY	JUNE	TOTAL
FUEL-OIL - NAPHTA- ASPHALTITE - DIESEL	289.886	290.265	144.859	725.010
IMPORTED COAL + HARDCOAL + LIGNITE + ASPHALTITE	5.711.770	7.194.899	7.222.627	20.129.297
NATURAL GAS + LNG	6.731.157	6.041.628	7.283.400	20.056.186
MULTIPLE FUEL PLANTS, LIQUID + NATURAL GAS	164.079	153.245	167.196	484.520
TOTAL THERMAL	12.896.893	13.680.038	14.818.082	41.395.013
GEOTHERMAL	386.790	397.608	312.493	1.096.891
HYDAULIC DAM	4.306.772	4.098.268	4.361.515	12.766.555
HYDRAULIC STREAM WATER	2.678.572	2.575.534	1.983.257	7.237.363
TOTAL HYDRAULIC	6.985.345	6.673.801	6.344.771	20.003.917
WIND	824.592	931.269	1.106.154	2.862.015
TOTAL GENERATION OF TURKEY	21.093.620	21.682.716	22.581.500	65.357.836
				Unit MWH
COMPANIES	APRIL	MAY	JUNE	TOTAL
EÜAŞ	2.848.192	2.805.131	3.574.854	9.228.178
EUAS AFFILIATES	0	0	0	0
OPERATING RIGHT TRANSFER	465.146	552.666	484.835	1.502.647
AUTO-PRODUCER PLANTS	12.462	11.858	0	24.320
BUILD-OPERATE PLANTS	3.523.403	3.262.810	3.672.079	10.458.292
BUILD-OPERATE-TRANSFER PLANTS	1.045.356	916.642	1.039.148	3.001.146
INDEPENDENT GENERATION COMPANIES	13.199.060	14.133.609	13.810.584	41.143.253
TOTAL GENERATION OF TURKEY	21.093.620	21.682.716	22.581.500	65.357.836
TOTAL IMPORT	393.646	394.909	504.611	1.293.166
TOTAL INTERCONNECTED	21.487.266	22.077.625	23.086.111	66.651.002
TOTAL EXPORT	107.763	58.840	68.895	235.497
TOTAL CONSUMPTION OF TURKEY	21.379.504	22.018.785	23.017.216	66.415.505

CUMULATIVE COMPARISON OF 2015 MARCH - 2016 MARCH		
	Unit: MWh	
	2015 JUNE	2016 JUNE
EÜAŞ	4.359.335	3.574.854
EUAS AFFILIATE	208.855	0
OPERATING RIGHT TRANSFER	373.243	484.835
AUTO-PRODUCER PLANTS	3,112	0
INDEPENDENT GENERATION COMPANIES	11,158,491	13,810,584
BUILD-OPERATE PLANTS	3,754,457	3,672,079
BUILD-OPERATE-TRANSFER PLANTS	876,330	1,039,148
UNLICENSED PLANTS	32.661	0
TOTAL	20.766.484	22.581.500



OUR INVESTMENTS

FAN BASIN HEPP PROJECT: Peshqesh HEPP with installed power of 28 MW, one of Fan River Basin Projects executed by Ayen AS Energji SHA established in Albania and planned to have an installed power of 110,70 MW and 380 million kWh electricity generation capacity in total, was commissioned in the May 2015. Fangut HEPP with installed power of 70,8 MW is still under construction. Its 91% was completed. It is planned to be commissioned in summer season of 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: Our subsidiary Araklı Energy Natural Gas Industry and Trade Inc. received Preliminary License from the Energy Market Regulatory Authority, obtained EIA Report of the works which should be completed prior to construction phase, and is still continuing with zoning and project studies for Çankaya Dam and HEPP Project with 98,36 MW of installed power and 244.858.000 kWh of power generation capacity as per Electricity Market Law numbered 6446 and related legislation.

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. As result of this capacity increase additional turbines of Aksu Wind Power Plant will be commissioned and expected annual generation capacity will be 263.500.800 kWh.

Mordoğan WPP: Our application for capacity increase in Mordoğan Wind Power Plant with 30,75 MW of installed capacity and 99.409.200 kWh kWh/year energy generation capacity in İzmir 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. As result of this capacity increase additional turbines of Mordoğan 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	PESHQES HİT 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-June)	41.850.940	45.343.364	188.418.410	43.408.736	136.672.136	111.572.602	28.130.840	67.093.510	18.706.510
Capacity Usage Rate	87.7%	80%	100%	33.1%	86.70%	94.40%	70.60%	85.80%	88.40%

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

Location	Year 2015, 2nd Period Quantity (kWh)	Year 2016, 2nd Period Quantity (kWh)
Mordoğan WPP	39,662,250	41,850,940
Ayen Ostim	24,335,365	43,408,736
YAMULA HEPP	119,393,630	188,418,410
Akbük WPP	48,117,389	45,343,364
Aksu WPP	101,064,667	111,572,603
Büyükdüz HEPP	124,694,341	136,672,136

Korkmaz WPP	34,424,373	28,130,840
Peshqeshit HEPP	7,960,000	67,093,510
Akbük II		18,706,510

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	30.06.2016	31.12.2015
Current Ratio	0.21	0.44
Net Debt / Shareholders' Equity	3.91	4.58
Gross profit margin (%)	0,34	0,21
Operating profit margin (%)	0,31	0,18
VAFOK Margin	0,41	0,27