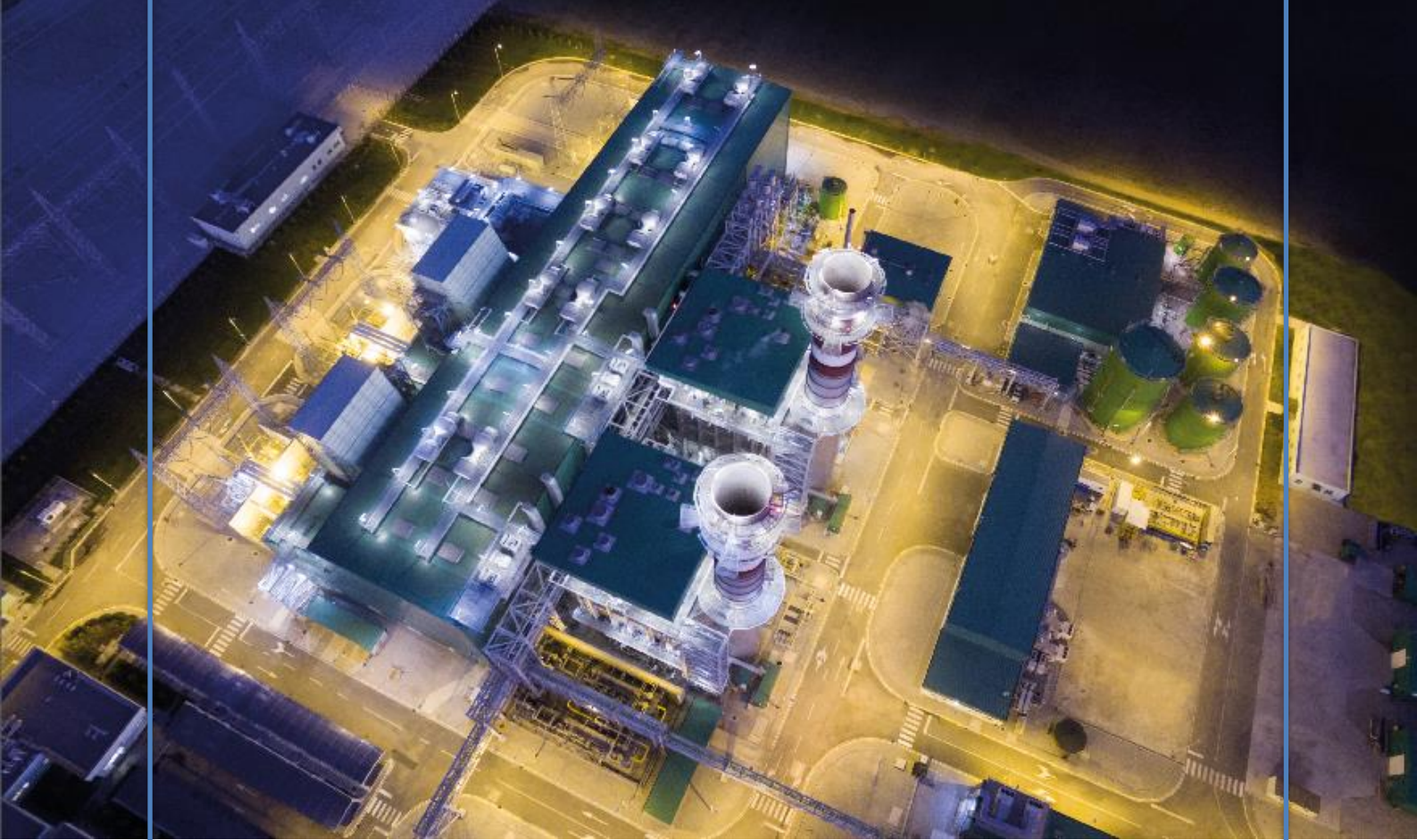




AKENERJİ ELEKTRİK ÜRETİM A.Ş.

**THE ACTIVITY REPORT OF THE BOARD OF DIRECTORS PREPARED
IN ACCORDANCE WITH THE COMMUNIQUE SERIAL II, No:14.1
PREPARED FOR THE PERIOD 1 JANUARY 2019 – 30 JUNE 2019**

REVIEW REPORT ON COMPLIANCE OF INTERIM ACTIVITY REPORT

To the Board of Directors of Akenerji Elektrik Üretim A.Ş.:

We have been engaged to perform a review on the compliance of the financial information included in the accompanying interim activity report of Akenerji Elektrik Üretim A.Ş. ("the Company") and its subsidiaries ("the Group") as of June 30, 2019, with the interim condensed consolidated financial statements, which we reviewed. Interim activity report is the responsibility of the Group management. Our responsibility as the auditors is to express a conclusion regarding if the financial information included in the accompanying interim activity report is consistent with the interim condensed consolidated financial statements and explanatory notes, which we reviewed as the subject of the review report dated August 8, 2019.

We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the financial information included in the accompanying interim activity report is not consistent, in all material respects, with the information disclosed in the interim condensed consolidated financial statements and explanatory notes, which we reviewed.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited


Sinem Arı Öz, SMMM
Partner

August 8, 2019
İstanbul, Türkiye



ACTIVITY REPORT PREPARED FOR THE INTERIM PERIOD

CONTENTS	PAGE
I. COMPANY PROFILE	1-9
Company Information	
Akenerji in Brief	
Capital and Shareholding Structure	
Board of Directors and Committees	
II. ENERGY SECTOR IN BRIEF	10
III. SALES AND THE PERFORMANCE OF THE GROUP	10
IV. GENERATION AND THE CAPACITY INFORMATION	11
V. INVESTMENTS	12
VI. FINANCIAL SOURCES.....	12
VII. RISK MANAGEMENT POLICY AND INTERNAL AUDIT MECHANISM	13
VIII. MAIN FINANCIAL HIGHLIGHTS.....	13
IX. CHANGES IN THE ARTICLES OF ASSOCIATION IN THE PERIOD.....	14
X. SIGNIFICANT EVENTS REGARDING THE GROUP	14-15

I – COMPANY PROFILE

Company Information

Title of Partnership : AKENERJİ ELEKTRİK ÜRETİM ANONİM ŞİRKETİ

Stock Exchange : Istanbul Stock Exchange (“ISE”)

Addresses of our Offices :

AKENERJİ İSTANBUL Miralay Şefik Bey Sokak Akhan No:15 Kat:3-4 Taksim-İSTANBUL

AKENERJİ ANKARA Ege Plaza Konya Yolu (Mevlana Bulvarı) No:182 Kat:6 Daire:23 Balgat-Çankaya/ANKARA

AYYILDIZ WEPP Aldede Deliklitaş Mevkii Ayyıldız Tepe Edincik-Bandırma/BALIKESİR

ULUABAT HEPP Akçalar Fadıllı Köyü Yolu 5.km Nilüfer/BURSA

BURÇ HEPP Aşağı Ağızlı Köyü Burç Mah. Besni/ADIYAMAN

BULAM HEPP Doğanlı Köyü Mevkii Merkez/ADIYAMAN

FEKE I HEPP Sülemişli Mah. Sülemişli Küme Evleri No:1 Feke/ADANA

FEKE II HEPP Kısacıklı Köyü İçmeler Mevkii Feke/ADANA

GÖKKAYA HEPP Himmetli Köyü Suçatı Mah.No:102 Saimbeyli/ADANA

HİMMETLİ HEPP Himmetli Mah.Dravlı Sok. No:84 Saimbeyli/ADANA

ERZİN NGCCP Mahmutlu Mahallesi Burnaz Küme Evleri No.1 Erzin/HATAY

Web Site : www.akenerji.com.tr

E-mail address : info@akenerji.com.tr

Phone number : 00 90 (212) 249 82 82

Fax number : 00 90 (212) 249 73 55

Akenerji in Brief

Having commenced operations in 1989 as an autoproducer group under the umbrella of the Akkök Group of Companies, Akenerji Elektrik Üretim A.Ş. (“the Company”) has been operating as the first independent electricity generation company established as an autoproducer since 2005. Being one of the largest players with its experience of more than 30 years in energy sector of Turkey, Akenerji focused to become an integrated energy company by providing energy systems optimization and management services for industrial and commercial customers on energy efficiency services as well as its electricity generation and wholesale electricity trading operations.

Akenerji is a strategic partnership of joint venture between Akkök Holding, and Europe’s leading power company, the ČEZ Group and has the sole capacity to meet 3% of Turkey’s power need, with its total installed power of 1,224 MW as of today. By putting the hydroelectric power plants and wind power plants into use in stages, Akenerji in total achieved a total renewable energy generation capacity of 320 MW and the Erzin natural gas combined cycle plant with a generation capacity of 904 MW has started its operations on July, 2014.

Project works for Kemah Hydroelectric Power Plant, with an installed capacity of 198 MW and a production capacity of 560MWh, which is planned to be established in Erzincan, are continuing.

The nature of business and registered addresses of the subsidiaries of the Company (“Subsidiaries”) are provided below:

Subsidiary	Nature of business	Registered address
Akenerji Elektrik Enerjisi İthalat-İhracat ve Toptan Ticaret A.Ş.	Electricity trading	Gümüşsuyu / İstanbul
Ak-El Yalova Elektrik Üretim A.Ş.	Electricity production and trading	Gümüşsuyu / İstanbul
Ak-El Kemah Elektrik Üretim A.Ş.	Electricity production and trading	Gümüşsuyu / İstanbul
Akenerji Doğalgaz İthalat İhracat ve Toptan Ticaret A.Ş.	Natural gas trading	Gümüşsuyu / İstanbul

Akenerji together with its subsidiaries will be referred as “the Group”.

Capital and Shareholding Structure

Akenerji adopted the registered capital system applicable to the companies registered on the CMB and defined a limit to its registered capital for shares whose nominal value is TL1 (“one Turkish Lira”). As of 30 June 2019 and 31 December 2018 the share capital and the limit on registered share capital are as follows:

	30 June 2019	31 December 2018
Limit on registered share capital (historical)	1.500.000.000	1.500.000.000
Issued capital	729.164.000	729.164.000

The Company’s shareholders and shareholding structure as of 30 June 2019 and 31 December 2018 are as follows:

	Share (%)	30 June 2019	Share (%)	31 December 2018
CEZ a.s.	37,36	272.425.943	37,36	272.425.943
Akkök Holding A.Ş.	20,43	148.989.090	20,43	148.989.090
Akarsu Enerji Yatırımları San. ve Ticaret A.Ş.	16,93	123.436.852	16,93	123.436.852
Publicly held	25,28	184.312.115	25,28	184.312.115
	100,00	729.164.000	100,00	729.164.000
Adjustment to share capital		101.988.910		101.988.910
		831.152.910		831.152.910

The share capital of the Company consists of 72.916.400.000 shares with a nominal value of 1 Kr and no privilege rights are provided for any kind of shares.

Board of Directors and Committees

Board of Directors (“BoD”):

NAME - SURNAME	TITLE	TERM
SERHAN GENÇER	BoD Member / Chief Executive Officer	Assigned on 17 April 2019 for a three years period.
AHMET CEMAL DÖRDÜNCÜ	Chairman of the BoD	Assigned on 17 April 2019 for a three years period.
TOMAS PLESKAC	Vice President of the BoD	Assigned on 17 April 2019 for a three years period.
JAROSLAV MACEK	BoD Member	Assigned on 17 April 2019 for a three years period.
PETR KALAS	Independent BoD Member	Assigned on 17 April 2019 for a three years period.
PETR DOKLADAL	BoD Member / Deputy General Manager	Assigned on 17 April 2019 for a three years period.
YAHYA MEHMET İZZET ÖZBERKİ	Independent BoD Member	Assigned on 17 April 2019 for a three years period.
ÖZLEM ATAÜNAL	BoD Member	Assigned on 17 April 2019 for a three years period.

Key Management Compensation:

	1 January - 30 June 2019	1 January - 30 June 2018	1 April- 30 June 2019	1 April - 30 June 2018
Salaries and benefits	1.647.562	1.259.992	886.533	628.456
Bonus payment	1.531.960	337.895	-	-
Attendance fee	399.470	446.694	206.530	230.557
	3.578.992	2.044.581	1.093.063	859.013

Jurisdictions of Board of Directors:

Board of Directors of Akenerji Elektrik Üretim A.Ş. (“Company”) have adopted the following resolution in accordance with the Article 390/4 of Turkish Commercial Code:

1. AHMET CEMAL DÖRDÜNCÜ to be assigned as the Chairman of the Board of Directors
2. TOMAS PLESKAC to be assigned as Vice-Chairman of Board of Directors,
3. The signatories authorized to represent and bind our Company and the signatory groups be determined as follows:

(A) GROUP SIGNATURE

AUTHORITIES

AHMET CEMAL DÖRDÜNCÜ
Chairman of the BoD

ÖZLEM ATAÜNAL
BoD Member

SERHAN GENÇER
BoD Member/Chief Executive Officer

(C) GROUP SIGNATURE

AUTHORITIES

SERHAT ERGİN BAYKARA
Corporate Governance Director

ÖZGE ÖZEN AKSOY
Deputy Chief Financial Officer

CAN GÜLCAN
Power Generation Director

(B) GROUP SIGNATURE

AUTHORITIES

TOMAS PLESKAC
Vice President of the BoD

JAROSLAV MACEK
BoD Member

PETR DOKLADAL
BoD Member/Deputy Chief Executive Officer

(D) GROUP SIGNATURE

AUTHORITIES

ONDREJ DVORAK
Chief Financial Officer

(E) GROUP SIGNATURE

AUTHORITIES

YUSUF HÜSEYİN YÜCEBAŞ
Government Relations Coordinator

ORKUN EYİLİK
Commercial Director

4. The representation of our Company shall be as follows:

- I. Our Company shall be represented and bound and be indebted and engaged in the broadest sense with JOINT SIGNATURES of a GROUP (A) signatory and a GROUP (B) signatory to be affixed under the corporate seal of the Company.
- II. Our Company shall be represented and bound with JOINT SIGNATURES of GROUP (A) signatory must be the Chairman, AHMET CEMAL DÖRDÜNCÜ or the Member of Board of Directors/General Manager, SERHAN GENÇER and the GROUP (B) signatory must be the Vice-Chairman, TOMAS PLESKAC or the Member of Board of Directors/Deputy General Manager, PETR DOKLADAL under the corporate seal of the Company on the issues stated in Article 5/ (I) of the Internal Regulation no. 06 approved by our Board of Directors on 16.02.2018, registered by İstanbul Trade Registry Office on 27.02.2018.
- III. Our Company shall be represented and bound with JOINT SIGNATURES of a GROUP (A) signatory and a GROUP (B) signatory or GROUP (D) signatory under the corporate seal of the Company on the issues stated in Article 5/ (II) of the Internal Regulation no. 06 approved by our Board of Directors on 16.02.2018, registered by İstanbul Trade Registry Office on 27.02.2018.
- IV. Our Company shall be represented and bound with JOINT SIGNATURES of a GROUP (A) signatory or a GROUP (C) signatory and a GROUP (B) signatory or GROUP (D) signatory under the corporate seal of the Company on the issues stated in Article 5/ (III) of the Internal Regulation no. 06 approved by our Board of Directors on 16.02.2018, registered by İstanbul Trade Registry Office on 27.02.2018.
- V. Our Company shall be represented and bound (i) with JOINT SIGNATURE of any two signatories from the GROUPS (A), (B), (C) and (D) or (ii) with JOINT signature one from GROUP (E) signatory and the other from any signatory from the GROUPS (A), (B), (C) and (D) to be affixed under the corporate seal of the Company on the issues stated in Article 5/ (IV) of the Internal Regulation no. 06 approved by our Board of Directors on 16.02.2018, registered by İstanbul Trade Registry Office on 27.02.2018.

Information on BoD Members:

Ahmet Cemal Dördüncü **Chairman of the BoD**

Born in Istanbul in 1953, Ahmet C. Dördüncü, graduated from Çukurova University, Department of Business Administration. Later, he pursued his postgraduate studies at Mannheim and Hannover Universities. Mr. Dördüncü began his professional career at Claas OHG Company in Germany, and after returning to Turkey, he worked at Mercedes Benz A.Ş. between 1984 and 1987. He joined Sabancı Group in 1987, and assumed several positions at Kordsa A.Ş. until 1998. Mr. Dördüncü served as General Manager/President at DUSA South America, and later at DUSA North America in 1998. After working as Group President of Strategic Planning and Business Development at H.O. Sabancı Holding A.Ş. in 2004, he assumed the position of Chairman of the Executive Board of Sabancı Holding from 2005 to 2010. Being the Chairman of the Executive Board of Akkök Holding since January 2013, Mr. Dördüncü serves as the Chairman of BoD of Akenerji, Akcez, Akiş GYO, Akyaşam and Gizem Frit'in and member of BoD at Akkök Holding and several other Akkök Group Companies. He also serves on the Boards of Directors at International Paper Co.

Tomáš Pleskač **Vice President of the BoD**

Born in 1966, Tomáš Pleskač graduated from Mendel University of Agriculture and Forestry (Brno), Faculty of Business and Economics in 1989, and received his MBA from Prague University. In 1994, Mr. Pleskač started his career at ČEZ Group and served as senior executive at various positions within the Group. Since 2006, Mr. Pleskač serves as member of the Board of Directors (and Vice-Chairman of the Board since June 26, 2017) at the ČEZ, a. s. He became a Division International Chief Officer in January 2008 and served as a Division International Chief Officer until December 2016 while between April 2012 and May 2014 he led Division Distribution and International Affairs. Following the transformation of ČEZ, a. s., Mr. Pleskač has served as the Chief Renewables and Distribution Officer since March 1, 2017. Mr. Pleskač is member of the Board of Directors at Akenerji since May 2009. Currently he holds a position of Deputy Chairman of the Board of Directors at Akenerji.

Petr DOKLADAL **BoD Member / Deputy General Manager**

Having graduated from Moscow State University of International Relations in 1983, Petr Dokládál received his postgraduate degree from Charles University Prague, Faculty of Social Sciences, and joined the Diplomatic Training Program at Stanford University in 1994. Mr. Dokládál began his career as civil servant in 1983 in the Czech Republic Ministry of Foreign Affairs, and served as Czech Republic diplomat in Vietnam, Consul General in Canada, and Ambassador to Bulgaria and Romania. In 2010, Mr. Dokládál joined the ČEZ Group and worked as ČEZ Bulgaria Country Manager, while he has also been a Board Member of Eurelectric in Brussels since 2013. Petr Dokládál has been working as Akenerji Deputy General Manager since October 2015 and as Member of Board of Directors of Akenerji since April 2016.

Serhan GENÇER
BoD Member / Chief Executive Officer

Born in 1975 in Istanbul, Mr. Serhan Gençer graduated from the Department of Mechanical Engineering at Middle East Technical University. Started his professional career in 1998 at Unit Int. SA located in Belgium, where he worked in various countries in a variety of roles on several investment, business development projects, such as Project Manager and Project Development Manager, until December 2007. He worked as Project Director at Turcas Power & Gas Group from December 2007 to October 2009. Joined Akenerji as General Manager of Egemer Elektrik Üretim A.Ş. in October 2009, Gençer was appointed as Assistant General Manager of Akenerji responsible from generation at the beginning of 2013. In 2016, he appointed as the Vice General Manager of Akenerji responsible from trading by proxy in addition to his current duties and responsibilities. At the beginning of 2017, he was appointed as Chief Executive Officer of Akenerji.

Jaroslav MACEK
BoD Member

Jaroslav Macek is currently responsible for the development of energy services in the CEZ Group companies outside the Czech Republic. He previously taken responsibility for the development and operation of the CEZ Group's foreign operations in and outside the Czech Republic. Jaroslav Macek also serves as Vice President or Member of the Audit Committee of various foreign companies belong to the CEZ Group. Jaroslav Macek speaks Russian on the basic level besides his fluent Czech and English. Before joining CEZ, he served as a member of the management team at Ukrsibbank (BNP Paribas group), and has been in charge of the Bank's Corporate Development Department, including preparation of the Bank's strategy and strategic developments. In addition, he worked at advisory department of PricewaterhouseCoopers responsible of performance improvement, financial and operational efficiency and development of practices.

Özlem Ataüinal
BoD Member

Born in 1967 at Düzce, Özlem Ataüinal graduated from Üsküdar American Academy in 1985, and from Uludağ University, department of Business Administrations in 1989. She worked in various positions, including Branch Manager and Head of the Customer Relations department at İktisat Bankası T.A.Ş. and Körfezbank A.Ş. She has been working for the Akkök Group since 2000, firstly as Budget and Finance Manager of Akenerji A. Ş., and was promoted to CFO at Akkök Holding A.Ş. in 2005. In 2012, she was appointed as Executive Committee Member responsible for Finance with her existing other duties and responsibilities. In the same year, she appointed as a board member for various companies of the group including publicly traded companies and companies with foreign partners. Strategy and business development was added to her responsibilities in 2016. Ataüinal is a member of the Early Detection of Risk Board at Akkök Holding, and since 2017, she has also been working as the Executive Committee Member responsible for the Energy Group. She has been appointed as the member of the Board of Directors at Akkök Holding A.Ş. in 2017.

Petr KALAS
Independent BoD Member

Born in 1940, Petr KALAS had his master's degree in 1963 from Czech Technical University in Prague as Honor Student. He has worked as an international consultant in the management of numerous programs and projects, including UNIDO (United Nations Industrial Development Organization) in energy and industrial planning areas in 55 countries. After that; He joined the Swiss government in charge of development support of 24 countries in Asia, Africa and Latin America. Kalas, with the World Bank, has conducted the donor-funded "Environment for Europe" program since 1994. He then served as director of the World Bank / Swiss National Joint Implementation / Clean Development Mechanism Strategy Work Program. In September 2006, he was appointed as the Czech Government Minister of Environment as a non-political expert. Between 2007 and 2013, he served as advisor to several ministers, including three prime ministers and ministers of environment and agriculture. As a member of international organizations, including the World Energy Council, he is also vice-president of the Czech branch of the World Business Council for Sustainable Development. Since 2014, he has chaired the Sustainable Energy Committee at the Government Council of Sustainable Development under the auspices of the Prime Ministry.

İzzet Özberki
Independent BoD Member

In 1979 Mr. Özberki graduated from the Faculty of Political Sciences at Ankara University. During 1979-1984, he worked as a lecturer at Gazi University in the Economics Department. From 1989-1991 he worked at Midland Bank Istanbul Branch at various levels, including Head of the Investment Banking Department. Between 1992 and 2001, he worked as a Corporate Consultant at Arkan & Arkan. In 2001 he joined Arkan & Ergin as a partner. He has a Corporate Financier (CF) degree from the Institute of Chartered Accountants of England and Wales.

Corporate Governance Committee:

NAME-SURNAME	TITLE
Petr KALAS	Chairman
Yahya Mehmet İzzet ÖZBERKİ	Member
Ondrej DVORAK	Member
Özge ÖZEN AKSOY	Member

Audit Committee:

NAME-SURNAME	TITLE
Yahya Mehmet İzzet ÖZBERKİ	Chairman
Petr KALAS	Member

Early Detection of Risk Committee:

NAME-SURNAME	TITLE
Yahya Mehmet İzzet ÖZBERKİ	Chairman
Petr KALAS	Member

II – ENERGY SECTOR IN BRIEF

According to TEİAŞ and EPIAŞ data, total electricity consumption was 146,0 TWh in the first half of 2019, increasing by 0,34% compared to 145,5 TWh in the first half of 2018.

Total installed capacity of Turkey as of the end of June 2019 is announced as 90.421 MW (including unlicensed power plants). Private sector has the largest share in the installed capacity with a share of 65% , followed by EÜAŞ with a share of 22%, followed by unlicensed power plants with a share of 6% and followed by operating rights transferred plants with a share of 4% and followed by built-operate and built-operate-transfer plants with a share of 3% Renewable sourced power plants hold a share of 48% in total installed capacity.

The average market price of the electricity in the first half of 2019, in nominal terms, realized as 223,46 TL which is 24,6% higher compared to the average market price of electricity in the first half of 2018.

The tender for the YEKA WEPP-2 with a total capacity of 1.000 MW to utilize the current renewable energy potential of Turkey has been completed on 30 May 2019. With the tender, the capacity is allocated to the investors who offered the lowers price, where the capacity of 250 MW for Aydın region with a electricity generation price of 4,56 \$cent/kWh; the capacity of 250 MW for Balıkesir region with a electricity generation price of 3,53 \$cent/kWh; the capacity of 250 MW for Muğla region with a electricity generation price of 4,00 \$cent/kWh and the capacity of 250 MW for Çanakkale region with a electricity generation price of 3,67 \$cent/kWh.

The tender application period of the site, which was announced by the Privatization Administration and will be given the operation right for the establishment of a 1.100 MW coal-based electricity production facility in Eskişehir's Alpu district with an estimated 568 million tons of lignite reserves, was cancelled at the end of June due to the lack of interest shown by investors in the tender.

III – SALES AND THE PERFORMANCE OF THE COMPANY

Details of the electricity sales quantities of the Group in MWh terms are as below:

	1 January – 30 June 2019	1 January – 30 June 2018
STABILIZATION AND RECONCILIATION MARKET RENEWABLE ENERGY RESOURCES SUPPORT MECHANISM BILATERAL AGREEMENTS	1.609.211 779.021 253.521	2.549.513 509.452 1.567.427
TOTAL	2.641.753	4.626.392

IV – GENERATION AND CAPACITY INFORMATION

- Generation type of our Erzin Plant is Thermal-Combined Cycle and its total electricity generation was 1.023.398.810 kWh and its steam generation was 1.063.994 tons in the first six months of 2019. Capacity utilization rate, according to actual generation, is 26,06%. Generation scope of our plant is Electricity and Steam generation. 45,28% decrease occurred in the electricity generation compared to the same period of the previous year. On the other hand, the services provided for the de-loading instructions increased by 610% compared to the same period of the previous year.
- Generation type of our Balıkesir Ayyıldız WEPP Plant is electricity generation based on wind energy and its total electricity generation was 41.203.080 kWh in the first six months of 2019. Capacity utilization rate, according to actual generation, is 33,63%. Generation scope of our plant is Electricity generation. 2,93% decrease occurred in the electricity generation compared to the same period of the previous year.
- Generation type of our Bulam HEPP Plant is electricity generation based on Channel-type hydraulic energy and its total electricity generation was 4.072.560 kWh in the first six months of 2019. Capacity utilization rate, according to actual generation, is 13,34%. Generation scope of our plant is Electricity generation. 68,37% decrease occurred in electricity generation compared to the same period of the previous year.
- Generation type of our Uluabat HEPP Plant is electricity generation based on Reservoir Hydraulic energy and its total electricity generation was 185.122.000 kWh in the first six months of 2019. Capacity utilization rate, according to actual generation, is 42,62%. Generation scope of our plant is Electricity generation. 0,35% increase occurred in electricity generation compared to the same period of the previous year.
- Generation type of our Burç HEPP Plant is electricity generation based on River type HEPP energy and its total electricity generation was 103.351.820 kWh in the first six months of 2019. Capacity utilization rate, according to actual generation, is 87,05%. Generation scope of our plant is Electricity generation. 182,34% increase occurred in electricity generation compared to the same period of the previous year.
- Generation type of our Fekke II HEPP Plant is electricity generation based on Channel-type hydraulic energy and its total electricity generation was 164.777.100 kWh in the first six months of 2019. Capacity utilization rate, according to actual generation, is 54,52%. Generation scope of our plant is Electricity generation. 83,47% increase occurred in electricity generation compared to the same period of the previous year.
- Generation type of our Himmethi HEPP Plant is electricity generation based on Channel-type Hydraulic energy and its total electricity generation was 93.994.060 kWh in the first six months of 2019. Capacity utilization rate, according to actual generation, is 80,20%. Generation scope of our plant is Electricity generation. 91,50% increase occurred in electricity generation compared to the same period of the previous year.
- Generation type of our Fekke I HEPP Plant is electricity generation based on Channel-type hydraulic energy and its total electricity generation was 103.966.490 kWh in the first six months of 2019. Capacity utilization rate, according to actual generation, is 81,41%. Generation scope of our plant is Electricity generation. 88,27% increase occurred in electricity generation compared to the same period of the previous year.
- Generation type of our Gökaya HEPP Plant is electricity generation based on Reservoir Hydraulic energy and its total electricity generation was 96.719.890 kWh in the first six months of 2019. Capacity utilization rate, according to actual generation, is 78,01%. Generation scope of our plant is Electricity generation. 104,79% increase occurred in electricity generation compared to the same period of the previous year.

V – INVESTMENTS

As a result of the investments made by taking into consideration of the long-term energy policy of Turkey, Akenerji sustained its competitive position with an installed power of 1.224 MW and a flexible portfolio that can adapt to rapidly changing market conditions. In addition to its current operational portfolio, the project works for Kemah Hydroelectric Power Plant, with 198 MW, which is planned to be established in Erzincan, are on-going.

The fundamental strategy of Akenerji is to operate its existing power plants to the optimum level in line with market prices. The operations and maintenance works of all power plants of Akenerji, included in its portfolio, is performed by its own personnel in an attentive and effective way. Additionally, to comply with the changing market conditions and to strengthen its competitive position, Akenerji constantly reviews the strategies and takes necessary steps to achieve a more efficient and innovative way of generation.

VI – FINANCIAL SOURCES

The main financial sources of our Company are comprised of the cash created from the operations, the funds derived from the financial institutions and the share capital.

As of 30 June 2019, the Group has;

- TL 322,4 million and USD 207,6 million short-term borrowings and EUR 1,2 million and TL 1,1 million short-term leasing liabilities, and
- TL 339,1 million and USD 541,3 million long-term borrowings and EUR 9,7 million and TL 19,7 million long-term leasing liabilities.

Akenerji aims to focus on the unpredictability of financial markets including the changes in foreign exchange rates and interest rates and seeks to minimize potential adverse effects on the Group's financial performance.

The total share capital of Akenerji is TL 729.164.000 and 25,28% shares of its shares is traded in Istanbul Stock Exchange.

VII – RISK MANAGEMENT POLICY AND INTERNAL AUDIT MECHANISM

The Board of Directors establishes internal control systems, including risk management and information systems and processes that aim at minimizing the effects of risks that would affect the stakeholders of the Company, particularly the shareholders, by obtaining the suggestions of the related committees of the Board of Directors.

The Company's risk inventory is one of the most important follow-up tools used in Akenerji's risk management activities. The risk inventory includes the operational, financial, reputational and strategic risks of the Company. Risks with high or very high level risk scores are monitored at the level of the Board of Directors. Detailed action plans are created for such risks, and a risk owner is assigned for each of these risks. The risk owner is responsible for managing the related risk within the framework of the agreed action plan. Thus, the risk management philosophy grew into a permanent item on the agenda of routine business of Akenerji executives. Updated in line with sectoral and institutional developments, this philosophy has become an integral part of the Company's applications.

The current internal control system, particularly enhancing the efficiency and productivity of Company operations, ensuring reliability in financial reporting, and compliance with applicable law and legislation, is being audited by the Audit Group established within our parent companies, Akkök Holding A.Ş. and ČEZ a.s., in accordance with the annual internal audit plan. The outcome of the audit is reported to the Audit Committee. The effectiveness of internal auditing operations has been reviewed during the year by Audit Committee. Opinions of the internal auditor, external auditor, or other Company executives have also been obtained when required.

When required, the internal auditors come in contact with independent auditors in scope of auditing activities and from time to time execute process auditing with them.

VIII – MAIN FINANCIAL HIGHLIGHTS

Current Period Ratios

Debt / Liability Ratio	$\frac{\text{SHORT-TERM LIABILITIES \& LONG-TERM LIABILITIES}}{\text{TOTAL LIABILITIES}}$	98%
Debt / Equity Ratio	$\frac{\text{SHORT-TERM LIABILITIES \& LONG-TERM LIABILITIES}}{\text{TOTAL EQUITY}}$	5776%
Gross Profit Margin (%)	$\frac{\text{GROSS PROFIT / (LOSS)}}{\text{NET SALES}}$	25%
Net Profit Margin (%)	$\frac{\text{NET PROFIT / (LOSS) FOR THE PERIOD}}{\text{NET SALES}}$	-42%

IX – CHANGES IN THE ARTICLES OF ASSOCIATION IN THE PERIOD

The amendment text related to the Article 20 of the Company's Articles of Association entitled to "General Assembly Meetings - Meeting and Resolution Quorum" was approved by the letter of the Capital Markets Board, dated 3 January 2019 with no. 29833736-110.03.03-E.118 and by the letter to the Ministry of Customs and Trade, Republic of Turkey, dated 11 January 2019 and no. 50035491-431.02-E-00040659619 and by the letter of the Energy Market Regulatory Authority dated 13 December 2018 and no. 85780303-110.01.01.01 E.59844. The amendment text related to the Article 20 of the Company's Articles of Association entitled to "General Assembly Meetings - Meeting and Resolution Quorum" was submitted to the approval of shareholders of the Company and approved at the Ordinary General Assembly held on 17 April 2019.

The amendment text related to the Article 8 of the Company's Articles of Association entitled to "Transfer of Shares" was approved by the letter of the Capital Markets Board, dated 19 March 2019 with no. 29833736-110.03.03-E.4236 and by the letter to the Ministry of Customs and Trade, Republic of Turkey, dated 9 April 2019 and no. 50035491-431.02-E-00043342319 and by the letter of the Energy Market Regulatory Authority dated 27 March 2019 and no. 77386926-110.01.01.01 E.16347. The amendment text related to the Article 8 of the Company's Articles of Association entitled to "Transfer of Shares" was submitted to the approval of shareholders of the Company and approved at the Ordinary General Assembly held on 17 April 2019.

X – SIGNIFICANT EVENTS REGARDING THE GROUP

The negotiations with Yapı ve Kredi Bankası A.Ş. on the refinancing of the borrowings of our Company and the amendment of the Loan Agreement signed with Yapı ve Kredi Bankası A.Ş. on 30 September 2015 due to the merger of Akenerji and Egemer and the re-arrangement of the short-term borrowings in 2019 were concluded positively. For the long-term restructuring of the aforementioned borrowing, the negotiations with Yapı ve Kredi Bankası A.Ş. are on-going.

The Ordinary General Assembly Meeting of the Company for the year 2018 was held on April 17, 2019. Shareholders representing 75,953% of the Company's capital attended the meeting. Shareholders used their right to ask questions and no motion with the exception of the agenda was presented. There were no questions from shareholders answered in writing after the General Assembly in line with principle 1.3.5 of Corporate Governance Notification no. II-17.1 of the Board of Directors that could not be responded to during the meeting.

X – SIGNIFICANT EVENTS REGARDING THE GROUP

According to the Turkish Commercial Code, the Communique on Independent Audit Standards in the Capital Market, amended by Communique Serial No: X, No: 28 of the Capital Markets Board, and the Decision of the Energy Market Regulatory Authority dated 03.03.2015 and no. 5507, on “Auditing the activities of real and judicial persons engaged in the energy market by independent audit firms”, it is decided to elect Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (a member of Ernst & Young Global Limited) for the audit of our financial statements and reports for 2019, in the Ordinary General Assembly Meeting held on 17 April 2019, in line with the report of the Committee in Charge of Audit.

There are no material lawsuits filed in the subject period against the Company, which might have significant impact on the Company’s financial status and activities and there are no administrative and legal sanctions imposed on the Company or the members of the management board.

Best Regards,

Ondrej DVORAK
Chief Financial Officer

Serhan GENÇER
Chief Executive Officer