

ANNUAL REPORT

2001

AKÇANSA

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MESSAGE FROM THE CHAIRMAN



2001 was an extraordinarily difficult year for Turkey.

The financial crisis that started in November 2000 was followed by a devaluation in February 2001 and resulted in the biggest economic slowdown since the end of World War II.

Another sad occurrence was the loss of our Chairman of the Board Ayduk Çelenk, the doyen of the cement sector. Nevertheless, despite all the difficulties experienced as a nation and as a company, we have made a significant effort to keep up our hopes and expectations and have constantly strived to succeed. Consequently, our success in maintaining Mr. Çelenk's philosophy of "sustaining optimism even under the worst conditions" was our principal support during this difficult period.

Reflecting economic developments, 2001 proved a substantially negative year for the construction sector as well. Overall cement consumption in Turkey in 2001 is estimated to have decreased to around 25 million tonnes, a decline of 20 %. In Turkey, cement production capacity has doubled since 1990, whereas consumption has fallen back to the level where it was 10 years ago, thus the structural problems of the sector have intensified.

I would like to emphasize that Akçansa, turned this difficult period into an opportunity for restructuring. Despite the fact that the domestic

sales volumes decreased by 20% over the last year and the sales prices were reduced by 9% in USD terms, we were able to increase our operating profit in USD terms. But, the most important task is maintaining this success. We have already achieved positive results through restructuring and improving the company's activities, and we now have to consolidate these initial achievements and make them permanent.

Trusting that our country's economy will start to pick up again and that the construction sector will recover and once again become the economic driving force, we did not abandon our program of activities geared towards building a corporate culture, effective organisation, cost optimisation and "investment in human capital"; on the contrary we concentrated on them in order to secure benefits for our company for the long term.

Having completed the majority of the investments that were technically necessary over the past five years, the environmental compatibility of our facilities has been ensured and the cost competitiveness has been enhanced. The total investment expenditure amounted USD 98 million.

An indicator that our efforts have not been in vain is reflected in the results of a survey conducted by Capital Magazine among the top management of companies in the sector, which revealed that our company was the most admired company in the cement sector in Turkey. This award is, without any doubt, a motivating factor and it is also very encouraging to see that the efforts we have made under the current difficult economic conditions have not been wasted. The progress made as a result of the new investments and upgrading operations is very promising for the future. By achieving a strong competitive position on the cost and efficiency front, our company has become a learning organisation which is constantly evolving. Our activities will continue in this direction. I believe that, in line with the improvement in the economy and in current market conditions,

we will achieve much better financial results than in the past.

Akçansa achieved again several firsts in the sector, despite the difficulties encountered during the year. In May, the British Standards Institute awarded the first CE Conformity Certificate for cement to our Çanakkale plant. Our Büyükçekmece plant, in addition to being one of the first cement plants to receive an emission permit in 2000, also received its Operating License in June. The program initiated at the end of 2000 in all Betonsa units to adopt and implement quality consciousness, was successfully concluded, and Betonsa was the first ready mixed concrete producer to be awarded the ISO 9001-2000 certificate.

The environmental awards granted to our Çanakkale plant in 1999 and 2000 were followed up by new awards granted to our ready mixed concrete facilities in 2001.

Dear Shareholders,

Reflecting the positive signs which had started to appear in the Turkish economy as of the end of 2001, the positive impact of the macroeconomic improvement in our sector will become increasingly apparent in the years ahead. We at Akçansa, above all believe that we shall survive this difficult period and move on to a period of greater stability, in accordance with our optimistic vision of the future.

On behalf of the Board of Directors, I would like to express our special gratitude to all our shareholders who are attending the Annual General Meeting of Shareholders. We hereby submit our Annual Report for 2001 together with the financial statements and the dividend distribution proposal prepared in accordance with Capital Market regulations for your consideration and approval.

Yours sincerely

Erhan Kamışlı

BOARD OF DIRECTORS



1-Erhan Kamışlı
(Chairman)

2-Paul Vanfrachem
(Vice-Chairman)

3-Hazım Kantarcı
(Member)

4-Jean-Pierre Mellen
(Member)

5-Engin Tuncay
(Member)

6-Ahmet Vasfi Pekin
(Member)

7-Bernard Ghins
(Member)

8-Albert Scheuer
(Member)

9-Okan Erdem
(General Manager)

A STAR HAS FALLEN FROM THE CEMENT SECTOR IN 2001



Noted for his contributions to the Sabancı community, Ayduk Çelenk who also made major contributions to the development of the Turkish cement sector as our sector's doyen, passed away on June 20th, 2001.

Operations, production, investments, technology, innovation and cement ... these words sum up the life of Ayduk Çelenk. He was a doyen very much in command of the sector's dynamics. He was the initiator of developments with his profound knowledge. He had realised the need for the sector to adopt the same structure in Turkey in line with the current trend towards globalisation of the worldwide industry. Ayduk Çelenk was always in the front line, not only with his exceptional professional skills, but also with his personality. He embraced life every day with new and never-ending energy and enthusiasm, transmitting positive energy to his environment.

Ayduk Çelenk, who never moved out of this sector during his 34 years of professional life, will never be forgotten; for as long as we keep his working philosophy alive, our facilities will operate more energetically, productively and creatively.

We deeply regret the loss of Ayduk Çelenk.

Ayduk Çelenk, was born in 1933 in Antakya. After graduating as a Mechanical Engineer with an M.Sc. degree from Istanbul Technical University - Faculty of Mechanical Engineering in 1955, he started his career at the State Cement Industry Inc. From 1956 – 1967 he held several positions in this company, from Engineer up to General Management.

Between 1963 and 1964, he worked for a period of six months in the cement industry in Germany.

Ayduk Çelenk joined the Hacı Ömer Sabancı Holding Group in 1967 and played a part in the founding and management of the Akçimento and Çimsa plants. In 1977, in addition to his post as Coordinator at H.Ö. Sabancı Holding Cement Group, Ayduk Çelenk served as executive board member at Akçimento and Çimsa. He was also Vice-President of the Turkish Cement Producers Association (TÇMB). Ayduk Çelenk acted as President of the Turkish Cement Producers Association (TÇMB) from 1995– to 1999.

Between 1997-2001, in addition to being an Executive Board Member of H.Ö. Sabancı Holding, he was also President of the Cement Group of Sabancı Group and Chairman of Akçansa and Çimsa.

AGENDA

- Opening address and election of the Meeting Committee, 1
- Authorisation of the Meeting Committee to sign the Minutes of the Meeting, 2
- Presentation and discussion of the reports of the Board of Directors and the auditors, 3
- Presentation, discussion and approval of the Balance Sheet and Income Statement, and resolution on the proposal concerning the distribution of profits, 4
- Approval of the temporary appointments for the vacant positions on the Board of Directors, 5
- Dismissal of the Board Members and the auditors, 6
- Resolution on the remuneration of the Board Members and the auditors, 7
- Election of auditors to replace those whose period of office has expired and determination of their period of office, 8
- Authorisation of the Independent Auditor selected by the Board of Directors as per the Capital Market Law, 9
- Granting authority to the Chairman and to the members of the Board of Directors according to Articles 334 and 335 of the Turkish Commercial Code, 10
- Discussion and resolution concerning the amendment of Articles 3 and 4 of our Articles of Association, 11
- Wishes and requests. 12

AGENDA

Date
19th March 2002

Time
10:30 AM

Place
Hacı Ömer Sabancı Hall
Sabancı Center Tower 2,
4.Levent/İSTANBUL

Date
19th March 2002

Time
10:30 AM

Place
Hacı Ömer Sabancı Hall
Sabancı Center Tower 2,
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HIGHLIGHTS OF 2001



We at Akçansa, are proud to have achieved many successes and awards thanks to our quality and our environmental awareness.

HIGHLIGHTS

OF 2001

The choice of Top Level Managers: The most admired company in the cement sector: Akçansa!

Following an extensive survey conducted by Capital Magazine based on the sector's top managers' evaluations, Akçansa was voted the most admired company in the cement sector in Turkey. The survey questioning more than 800 executives was founded on the principle that "only its competitors can have the best and closest knowledge of a company apart from the company itself". Our company distinguished itself in areas such as Management Quality, Strategic Marketing Activities, Information and Technology Investments, Communication and Public Relations and Ethical Competitive Attitude.

The first EU Conformity Certificate received by our Çanakkale Plant

The first CE Conformity Certificate approved by the British Standards Institute was granted to our Çanakkale plant in May 2001. With this certificate, the plant now is entitled to export CEM I-52,5 N to the European market. This certificate can easily be extended to other cement products depending on market requirements. Akçansa fulfils the requirements of both domestic and foreign customers as the leading Turkish cement exporter and stands out for its stated aim of providing "the best quality in production and service".

Betonsa has proven its quality by receiving the first ISO 9001-2000 Certificate in the sector

Betonsa has successfully concluded the efforts that were initiated at the end of 2000 in all its units with the aim of adopting and implementing quality consciousness, and consequently Betonsa was the first ready mixed concrete producer to receive the ISO 9001-2000 certificate. In other words, Betonsa was the first ready mixed concrete organization in Turkey to obtain the ISO 9001-2000 standards conformity certificate from TÜV with a zero defect rating. This certificate endorses the level of service quality and continuity supplied by Betonsa to its domestic and foreign customers and the importance Betonsa attaches to quality above everything else.

An "ERMCO International Environment Award" granted to our Orhanlı Facilities for Environmental Awareness

As regards the "Green Point Environmental Award" initiated by the Turkish Ready Mixed Concrete Producers Association to support environmental awareness and all activities in this field, two of our ready mixed concrete facilities were selected as prize winners, and our Orhanlı facility, one of the three facilities representing Turkey, was awarded a plaque by

ERMCO (European Ready Mixed Concrete Organization) at the 13th European Ready Mixed Concrete Congress held in Berlin.

Our Foreign Partner has started a campaign to revamp its Name and Logo

Our foreign partner, who owns vast worldwide network of operations, has initiated a campaign to highlight its international image. Our partner has changed its name from Heidelberger Zement to HeidelbergCement and is aiming to further enhance its global activities on its core businesses that are cement, aggregates and ready-mixed concrete.

HEIDELBERGCEMENT

CEMENT MARKET IN THE WORLD



Following the September 11th attacks, the general expectation was that cement consumption would be adversely affected in the last quarter of 2001 all over the world. However, the positive developments encountered in world markets during this period and the general buoyancy of the sector has resulted in a general feeling of optimism for 2002.

It is estimated that the world cement market grew by 1.1 % in 2001 compared to 2000, and this growth rate is expected to climb to 1.3 % in 2002. However it is not yet certain if preceding growth rates the level of 3% will be attainable again.

In the continuation of the slowdown that started in the US market in 1999, which should continue in 2002, the stagnation is also anticipated for European markets in 2001.

With regard to growth figures, although the global cement market does not seem very promising compared to previous years, it still retains its

characteristic as a rather active market due to the strategies of the global players. The leading global players in the world cement market have grown in various markets through acquisitions; they have reinforced their presence in different markets and have rationalised their capacity utilisation rates in 2001 as well.

Evolution of the Cement Consumption in the World (%)

	Consumption* 2000	1996	1997	1998	1999	2000	2001(E)
Western Europe	196	-0.9	2.1	3.7	4.3	2.8	0.5
Eastern Europe	87	-8.9	0.1	3.3	5.0	7.7	1.7
North America	123	5.8	6.2	10.5	5.2	0.2	0.6
South America	115	-0.7	7.3	4.5	-1.5	1.4	-1.0
Middle East-South Asia	228	5.3	4.8	3.8	6.4	5.5	-3.7
China-Hong Kong	565	11.8	2.7	1.3	3.0	0.6	1.9
Japan	70	3.4	-4.5	-8.9	-1.1	-1.1	-0.7
Asia Pasific	155	7.7	2.6	-25.2	-3.5	8.0	4.5
Australia	9	1.3	0	-1.3	5.3	3.5	-6.5
Africa	84	7.0	2.7	6.1	6.8	2.3	7.2
The World	1,632	5.9	2.7	-1.0	2.9	2.6	1.1

* Billion tonnes

Source: Deutsche Bank Report

CEMENT MARKET IN TURKEY



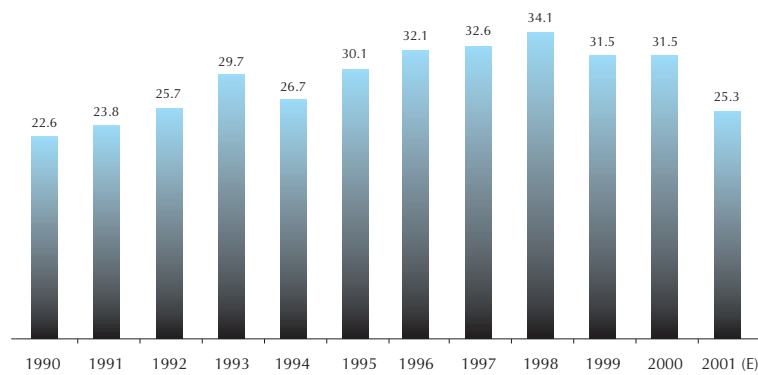
Despite the positive economic signs already noted after the end of 2001, the full positive impact of the macroeconomic improvement on the cement sector will not be felt immediately due to the fact that the construction sector is typically feeling with some delay the impact of a crisis or of a recovery.

In Turkey, where the requirements for modern infrastructure are still dominant, the need for cement-based materials is relatively high. The rapid economic growth of the last twenty years has also resulted in a major increase in cement production. While these circumstances resulted in Turkey becoming one of the top three cement producers in Europe and an outstanding cement producing country at world level during the period 1980-1999, the rapid growth of the construction sector and cement consumption caused producers to implement excessive capacity enlargements in the sector, with the result that production capacity increased twofold. After 1998 - the peak production year - fierce competition started to make itself felt in the sector, which was characterised by excess capacity and a dispersed capital structure, with demand showing a declining trend due

to the effects of the global crisis on the domestic economy. In 1999, the development in the Marmara market was deeply influenced by the earthquakes and the subsequent bans for the issuance of the construction permits. The third quarter of 2000 corresponded a short period of recovery as the bans were lifted and regulatory measures were put in place. Yet within a very short time, demand dropped abruptly as a result of the economic crises experienced in November 2000 and February 2001 and the cement sector again went into a steep decline. However, the full impact of the crises started to be felt in the sector during the second quarter of 2001. At the end of the third quarter, the reduction in domestic demand amounted to 45% per month. As at the year end, the sector was estimated to have declined by 20% despite previous expectations, accounting for a cumulative

sales volume of 25 million tonnes. However, in spite of all these adverse developments, the low demand that has been the case since 1998 still shows the significant potential for the cement sector. In other countries, it has been noted that cement consumption increases until GDP per capita reaches the level of USD 10,000-15,000. Consumption, although varying from country to country, increases accordingly up to approximately 700-1000 kg/person and then gradually shows a declining trend. Therefore, consumption expectations for the country are very optimistic in the long term.

Cement Consumption in Turkey 1990-2001 (million tonnes)



CEMENT OPERATIONS



In 2001 while domestic demand shrank, we used our flexibility to focus our sales efforts on exports; thus we were able to partially compensate for our drop in sales volumes.

OPERATIONS

SALES

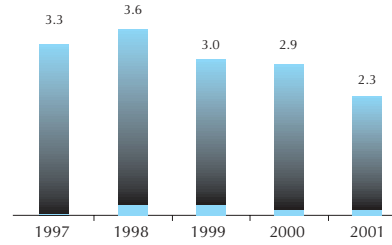
Akçansa achieved sales volumes of 3.2 million tonnes of cement and 763 thousand tonnes of clinker during the year.

The economic crisis that started at the end of 2000 and continued throughout 2001 affected the industrial sector. Consequently the developed regions of the country were more affected than other regions. The Marmara region, which constitutes Akçansa's main region of activity, is also the major developed region in Turkey. Accordingly, Akçansa's sales in this region decreased by 24 % in 2001 compared to the previous year.

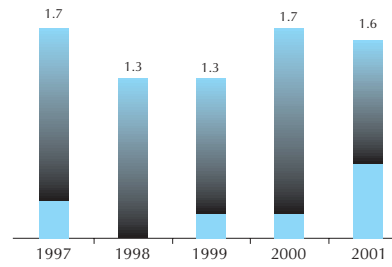
By using the export facilities at its Çanakkale and Ambarlı ports, Akçansa substantially increased its exports compared to previous years with the aim of compensating for the drop in sales experienced in the domestic market this year by once again focusing its sales efforts on exports. Akçansa's exports were around 1.1-1.2 million tonnes during years when domestic sales were regular. However, in 2001 Akçansa exported 1.6 million tonnes of cement and clinker, accounting for 19 % of Turkey's total exports of 8.5 million tonnes of cement and clinker. Meanwhile, domestic cement sales declined to 2.2 million tonnes.

Akçansa, as one of Turkey's leading cement exporters, is highly appreciated in foreign markets; its products comply with US and the EU quality standards.

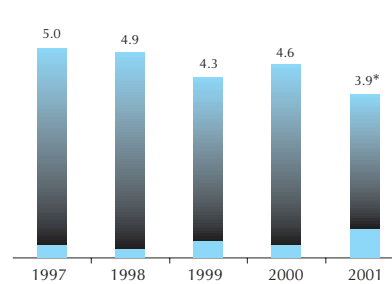
Domestic Sales (million tonnes)



Exports (million tonnes)



Total Sales (million tonnes)



— Cement
— Clinker

*Including 315 thousand tonnes of cement deliveries to own ready-mixed concrete operations.

PRODUCTION

We continued to apply all our quality principles throughout 2001 and consequently ensured efficient production in all our plants.

Akçansa accounted for approximately 10% of Turkey's total cement production, with 3.1 million tonnes and approximately 12.6 % of Turkey's total clinker production with 3.6 million tonnes in 2001.

Production of all clinker and cement types continued successfully at all the plants during the year, meeting all quality requirements. Research and development activities concentrated on quality improvements in clinker and cement.

An intensive effort was made at the Büyükçekmece plant to further homogenize raw materials by improving sampling and mixing of different ingredients. This process was backed up by intensified use of quality databases and quality analyses.

An ongoing effort is being made to improve plant efficiency with the aim of reducing production costs further. Significant cost reductions were achieved in Büyükçekmece due to continuous optimisation of production lines and the completion of upgrading projects.

Plant Capacities (tonnes)

	Cement Production Capacity	Clinker Production Capacity	Operating Capacity
Büyükçekmece	2,800,000	1,850,000	–
Çanakkale	3,500,000	1,900,000	–
Ambarlı	–	–	1,000,000
Aliğa	–	–	350,000
Yalova	–	–	200,000

After receiving an emission permit in 2000, the Büyükçekmece plant also received an operating license in June 2001. The plant now holds all the permits needed to operate all the equipment and production lines in compliance with regulations.

After signing the Energy Purification contract with TEAŞ following the finalization of the necessary investments, a significant reduction in electricity costs was achieved at the Çanakkale plant.

Seminars on the "Rational use of Cement and Concrete" with the aim of enhancing awareness in the sector were also held at the plants in 2001. In addition, product improvement inquiries from the market were evaluated in "Quality Circle Meetings"

organised at the plants and various changes were made to the current product range. As a result, it is now possible to offer products whose quality and characteristics correspond to market requirements.

Intensive training sessions were held at both plants to further improve the quality and productivity of the work force and to enhance their awareness of environmental protection and safety at work.

PRODUCT RANGE

Domestic Market

Type	Name	Standard
PÇ 52,5	Portland Cement	TS 19/March 96
PÇ 42,5	Portland Cement	TS 19/March 96
PÇ 32,5	Portland Cement	TS 19/March 96
PKÇ/A 42,5 R	Portland Composite Cement	TS 12143/March 97
PKÇ/B 32,5 R	Portland Composite Cement	TS 12143/March 97
PKÇ/B 32,5	Portland Composite Cement	TS 12143/March 97
PKÇ/B 42,5	Portland Composite Cement	TS 12143/March 97
PZÇ/B 32,5 R	Puzzolanic Cement	TS 12144/March 97
SDÇ 32,5	Sulfate Resistant Cement	TS 10157/March 96
KÇ 32,5	Additive Cement	TS 10156/March 96
TÇ 32,5	Puzzolanic Cement	TS 26/March 96
CÇ 42,5	Slag Cement	TS 20/March 96
CÇ 32,5	Slag Cement	TS 20/March 96
KZÇ/A 32,5 R	Composite Cement	TS 12142/March 97

Export Markets

CEM I 52,5 N	Portland Cement	Meets European Std. EN 197-1
CEM I 42,5 N/R	Portland Cement	Meets European Std. EN 197-1
CEM II-B 32,5 R	Portland Composite Cement	Meets European Std. EN 197-1
Type I/L.A	Portland Cement/Low Alkali	Meets American Std. ASTM-C 150/97
Type II/L.A	Portland Cement/Low Alkali	Meets American Std. ASTM-C 150/97
Type I-II/L.A	Portland Cement/Low Alkali	Meets American Std. ASTM-C 150/97
Type V	Sulfate Resistant Cement	Meets American Std. ASTM-C 150/97
OPC 42,5 N	Portland Cement	Meets British Std. BS 12
SRPC 42,5 R	Sulfate Resistant Cement	Meets British Std. BS 4027
Type I-II/L.A	Portland Cement	Meets American Std. AASHTO M 85
CPA CEM I 52,5 PM"NF"	Portland Cement	Meets French Std. NF P 15-301
42,5 N	Portland Slag Cement	Meets British Std. BS 146/96
I 45	Portland Cement	Meets Spanish Std. UNE 80-301
I 35	Portland Cement	Meets Spanish Std. UNE 80-301

Product Certificates

- TSE (Turkish Standards Institute):
TS EN-ISO 9002 Quality Assurance System Certificate.
- TSE: Certificate for proficiency of our laboratories.
- TSE: TS Certificate for all of the products named above.
- Afnor Product Certificate:
CPA CEM I 52,5 PM"NF" France.
- British Standards Institute (BSI):
BS-EN-ISO 9002 Quality Assurance System Certificate.
- British Standards Institute (BSI):
IQNET Quality Certificate, valid within all EU countries.
- British Standards Institute (BSI):
BS EN197-1 CEM I 52,5 N Kitemark Product Certificate.
BS EN197-1/2000 CEM I 52,5 CE Product Certificate.
- The proficiency of our ASTM - compliant laboratory experiments is inspected by the Proficiency Sample Program of the Amerikan Cement and Concrete Reference Laboratory.
- New York State Department of Transportation (NYSDOT):
ASTM C 150 Type I-II/L.A, AASHTO M 85 Type I-II/L.A
Product certificate.

INVESTMENTS

In 2001, TL 7.8 trillion was spent on investment projects at the Büyükçekmece plant and TL 1.8 trillion at the Çanakkale plant. Due to prevailing economic conditions, investments were kept to a minimum and only essential projects were realized.



Büyükçekmece Plant

Major investments were completed for the technical development of the Büyükçekmece plant, in connection with expansion, modernization, environment and quality improvement issues.

The new transformer unit, which was initiated to be constructed in 2000, was completed and put into operation in June 2001. In line with the targeted objective, this investment resulted in a significant improvement in energy consumption; thus improving the plant's performance in terms of production capacity and environmental protection. In addition, power cuts were significantly reduced and the cost per unit of energy decreased.

Upgrading work on Finish Mill No. 1, involving adding a roller press grinding circuit with a V-separator, was completed. The

mill was commissioned and started up successfully in June. All the targets, in terms of increased capacity and reduced electricity consumption, have been met. The increased cement grinding capacity generated by this investment has also enabled the plant to optimize raw meal grinding with the vertical raw mill. This has resulted in considerable grinding energy savings and cost reductions. In connection with these projects, the control equipment of Finish Mills No.1 and No.2 were modernized and integrated into the Central System.

Considerable energy savings were achieved by commissioning a hot gas line between the No.2 kiln cooler and the plant's heating and hot water system, thereby using waste heat from the second kiln cooler's vent air.

Permission was obtained to upgrade the coal dosing system of all 3 kilns. This will result in optimized burning and environmental conditions as well as improved clinker quality. By adding two more coal silos for the No.1 and No.2 kilns, the system will allow separate petroleum coke grinding and consequently it will be possible to use petroleum coke in the No.2 kiln's main burner. The project will be commissioned in 2002 in two stages. Significant cost reductions are expected.

A project was initiated in

December to roof over the open coal storage area. This investment was mandatory for environmental protection reasons.

Applications for incentive certificates for all the significant projects were duly submitted to the Under Secretariat of the Treasury and incentive certificates for all the large-scale projects were received, entitling the company to a 100% investment allowance and 100% VAT exemption.

Çanakkale Plant

The project to implement the "Energy Purification Contract" with TEAŞ was finalized in April. The new metering system allows separate metering of all the production equipment, offering improved analysis of all exhaust air and gases, the new energy purification tariff entitles to a 10 % discount on our energy cost.

Further progress was achieved with optimizing production and reducing costs through small-scale projects such as homogenizing raw materials and recycling rejects in the raw mill.

ENVIRONMENTAL ACTIVITIES

Reflecting the growing trend towards industrialisation and urbanisation in the 21st century, the degeneration of the world's ecological balance is accelerating and global environmental issues are beginning to impact the living space of future generations.



Preserving environmental values, using all resources such as raw materials and energy as efficiently as possible and focusing on environmentally protective technologies gradually encourage companies to promote environmental management systems. The fact that the cost of measures taken to prevent environmental pollution is far lower than the cost of cleaning up contamination afterwards should never be overlooked.

Environmental activities planned and realised at Büyükçekmece plant in this context concentrated on reducing fugitive dust emissions. Work has started on building a roof over the open coal stockyard and the project is expected to be completed at the end of April 2002. Dust emissions have been reduced

by using the new sweeping machine and by sprinkling the plant roads in dry weather.

Concrete roads were built in the Tepecik and Mimarsinan municipalities, more than 3000 trees were planted in and around the plant, and some areas were grassed over. An environmental committee was established and a "Quarry Environmental Policy" was put into force to assure the environmentally friendly operation of the Çatalca quarries by our subcontractors as well.

The Çanakkale plant celebrated World Environmental Day in June. The cocktail reception was attended by the Çanakkale authorities, teachers and students from local schools, military representatives, contractors and employees with their families. 200 pine trees were planted and the celebration ended with a dinner.

The Minister for the Environment, the governors, mayors and provincial environmental directors of the provinces of the Marmara region visited Akçansa plants during their tour of the Marmara region for the Environmental Protection Meeting. The Minister awarded a plaque to

Akçansa in appreciation of Akçansa's exceptional sensitivity on environmental friendliness and protection during 1999 and 2000.

Public relations activities symbolizing Akçansa's social responsibility for the year included sponsoring the Büyükçekmece "Cultural Festival" and providing medical equipment for the new state hospital and material for local schools.

READY MIXED CONCRETE MARKET IN THE WORLD



Currently, ready mixed concrete is being used in the construction industry in developed countries as a “high-tech” product

According to the statistics from the European Ready Mixed Concrete Organisation (ERMCO), the cumulative ready mixed concrete production of 22 member countries in 1999, including Turkey, was around 370 million m³. The production in the US in the same period amounted to 266 million m³.

Consumption spreads to new areas as economic and technical possibilities develop globally. The development of new roads and greater use of road vehicles has increased the need for special concretes to be used in the construction of roads, bridges and tunnels. This in turn generates new ready mixed concrete based solutions.

In today's world, it has been noted that the use of ready mixed concrete as a "high-tech" construction material is constantly increasing through the development of its composition and constructional properties on the microscopic scale.

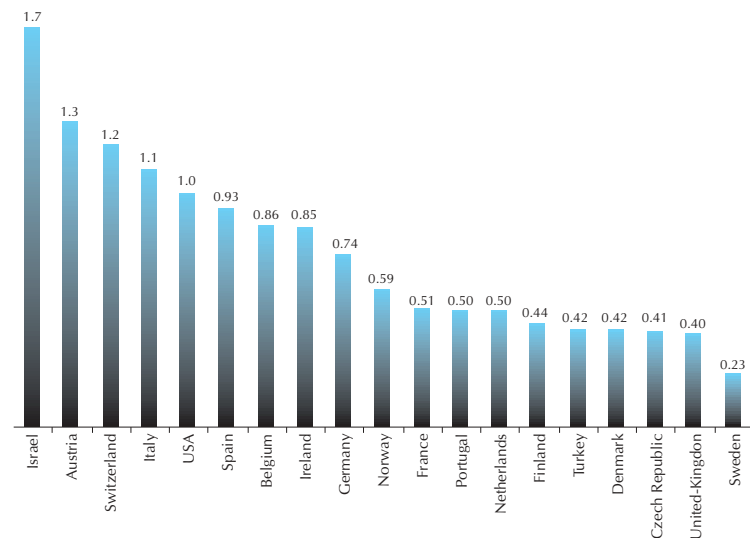
It is forecast that concrete technology will push the limits further as regards cost, efficiency and strength and that concrete will continue to be irreplaceable.

According to latest statistics, ready mixed concrete types used by the ERMCO member countries are predominantly concrete types C30 and C35.

Ready-Mixed Concrete Consumption in Some Countries (2000)

	Beginning Date	Production Quantity (million m ³)
Spain	1942	46.3
Germany	1903	36.5
Italy	1962	30.0
France	1933	26.8
United-Kingdom	1930	22.5
Turkey	1976	21.0
Austria	1961	8.8
Israel	1963	8.7
Netherlands	1948	7.6
Belgium	1956	6.5

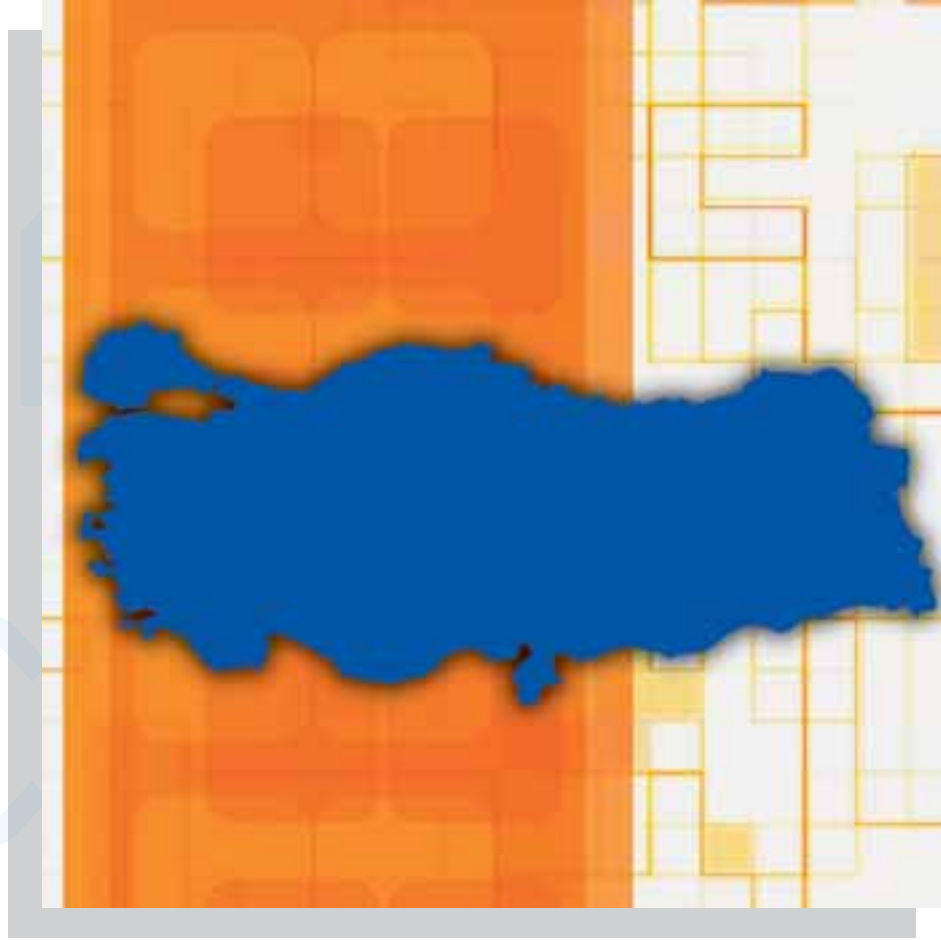
Ready-Mixed Concrete Consumption Per Capita (m³ / capita)



Ready-Mixed Concrete Strength Classes in ERMCO Countries (2000-%)

	C 14	C 16-25	C 30-35	C 35+
Finland	0	5	85	10
Belgium	5	20	70	5
Germany	4	13	62	21
Israel	5	20	60	15
Spain	5	5	80	10
Portugal	0	80	15	5
Slovakia	15	50	30	5
Sweden	0	5	63	32
Turkey	12	85	3	1

READY MIXED CONCRETE MARKET IN TURKEY



The construction industry was one of the sectors most deeply affected by the economic crisis of 2001. Ready mixed concrete producers in particular came under intense pressure and strain.

Production and employment cutbacks are the best indicators of just how deeply the economic crisis has affected the sector. Several companies choose to struggle on by downsizing, closing some of their facilities and even dismissing their employees. Major companies, on the other hand, faced fierce competition from many companies that were non-members of the Ready Mixed Concrete Producers Association of Turkey, without compromising on their quality standards. Consequently, ready mixed concrete sales, which were 21 million m³ in 2000, decreased by 22%, standing at 16.3 million m³ in 2001. Investments in industrial, commercial and housing construction projects registered a sharp decline.

The Ready Mixed Concrete Producers Association of Turkey continued sectoral developments despite all these adverse circumstances; it stipulated amendments to be made to concrete standards and achieved progress with the Construction Inspection Law. In addition, the ready mixed concrete standard TS 11222 came into effect in February and was aligned on the European standard EN 206. Another major highlight of the year was the participation of several ready mixed concrete companies in

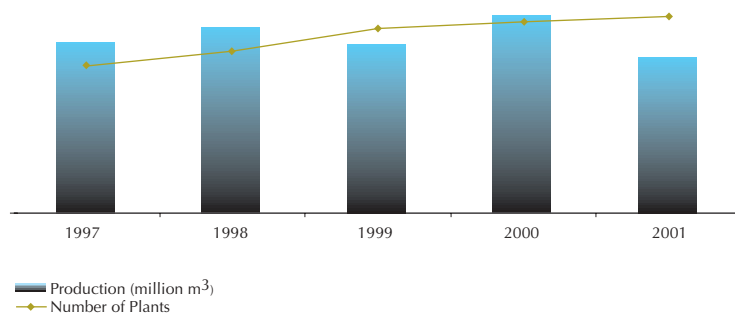
the 13th European Ready Mixed Concrete Congress, which was held in Berlin in June. These companies represented Turkey on the international platform through the Ready Mixed Concrete Association of Turkey.

A significant development in 2001 was that the Accreditation Agency of Turkey (TURKAK) started operating in June. The purpose of the Agency is to evaluate and inspect laboratories and inspection and certification institutions according to national and international technical criteria; it also issues proficiency certificates.

Despite the fact that our country lies in a major earthquake zone and although the sector has declined in 2001, the future still looks promising owing to the existence of numerous projects. Among the most significant projects are the ones focused on the use of concrete for road construction. "The 9th International Concrete Roads Symposium" planned to be held in our country in 2003 is expected to boost our efforts to promote the use of concrete.

	1997	1998	1999	2000	2001
Production (million m ³)	18.2	19.8	17.9	21	16.3
Number of Plants	188	206	235	244	253
Number of Companies	45	50	59	67	74

Ready-Mixed Concrete in Turkey (1997-2001)



READY MIXED CONCRETE OPERATIONS

BETONSA



We at Betonsa have taken a series of measures in order to reduce the negative effects of the crisis. We have introduced various new procedures and contracts in order to minimize the risks of collection of payments.

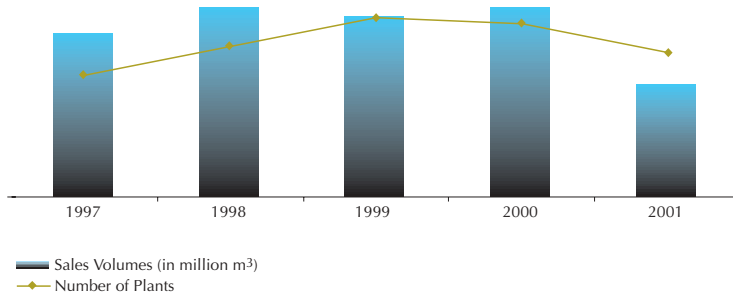
SALES

Betonsa, which is Akçansa's ready mixed concrete division, realised sales volumes of 1.3 million m³ with its 20 ready mixed concrete facilities. Due to the negative impact of the economic crisis experienced in the country, sales volumes decreased by 40 % compared to 2000.

In line with the activities directed at reducing the effects of the economic crisis, Betonsa introduced various new procedures such as guaranteed or cash sales and has adopted a more selective approach to its customer portfolio. All the employees in charge of collection of payments and all the customer account officers have been given intensive training in customer sensitivity. There are plans to step up technical training in 2002 as well.

	1997	1998	1999	2000	2001
Sales Volume (mil. m ³)	1.9	2.2	2.1	2.2	1.3
Number of Plants	17	21	25	24	20

Production in Betonsa 1997-2001



PRODUCTION

We have successfully concluded the efforts we initiated at Betonsa with great enthusiasm and confidence at the end of 2000 for ISO and Total Quality Management, following the inspections performed between 25th - 28th October 2001 at company level.

ISO-9001 2000 Certificate

Betonsa was awarded the ISO 9001-2000 certificate with zero defect rating by TÜV which is an expert institution in this field. This certificate attests Betonsa's quality nationally and internationally, and further enhances the value of the Betonsa brand.

At the same time as the restructuring of all processes was under way as part of the ISO efforts, a "Cost Reduction" operation was being implemented as a follow-on with the aim of enhancing cost consciousness in all departments in the context of the economic crisis prevailing in our country. Improvement campaigns to give all employees the right of speech were initiated within the framework of the "Cost Reduction" project and a clear cost structure was established, with a view to enabling them to contribute to strategic management since they, as the actual persons executing the tasks, were likely to detect defects or problems without delay. In addition it was decided that the items that should be particularly measured or monitored each month on a plant, region and company

basis – namely the "Metrics" should be included in a reporting order to follow-up to what extent objectives have been realised over the year.

Continuing along the road to quality at Betonsa, the aim is to finalize the "Integrated Management System" efforts, which cover the integration of Quality, Environment, Work Safety and Health Management Systems, in 2002. Following the introduction of the Quality Management System geared to processes concerning Customers and Customer Satisfaction, there are plans to put in place the "ISO 14001 Environmental Management System" through which Disposal Management and Environmental Impact and Regulations will be evaluated and the "OHSAS 18001 Work Safety and Health Management System" under which risks of safety and health will be measured and methods will be developed for improving health and safety in the work place. Applying the "Integrated Management System", we strive for continuous development through production based on successful cost management, risk management and environmental awareness and safe working conditions. In this way it is aimed to retain the leading position in the sector.

Research and Development Activities

At the Betonsa Technology Center that was founded in 2000, research, development and optimisation studies are ongoing. In the Center, where all kinds of experimental studies are carried out for new sources and new products, various applications are also being developed like papers to be presented at conferences and symposiums in association with the academic staff of the Istanbul Technical University. Several research projects in areas such as the use of mineral additives in concrete, high strength concretes and light screeds are being carried out at the Technology Center which is equipped with advanced technology facilities.

Reflecting the emphasis placed on training and increasing awareness levels of Betonsa employees and customers, there are plans to continue both in-house and external training programs. Technical courses designed to present Betonsa and concrete to universities and customers have been planned as part of the training programs for 2002.

PRODUCT RANGE

Ordinary and high strength concrete types, which comply with TS 11222 and Pr. EN 206 are produced in the ready mixed concrete plants.

In addition to these products, the plants also offer customized products with the consistencies specified below and grain sizes from 0-25 mm. GB 150, GB 200 and GB 250 concrete types, special screed concretes and steel fiber reinforced concretes are also available.

As all the products have been certified by the Turkish Standards Institute (TSE), the TSE compliant laboratories at the plants can perform all the material and product tests and inspections stipulated by the standards.

Additionally, the plants hold the Quality Assurance System Certificates awarded by the Ready Mixed Concrete Producers Association of Turkey (THBB) and the operations are regularly inspected by TSE and THBB.

Ready-Mixed Concrete Product Range

- Low Slump Concrete
- Plastic Consistency Concrete
- Fluid Concrete
- Sulfate Resistant Concrete
- Light Concrete
- Waterproof Concrete
- Freeze Resistant Concrete
- Steel Fiber Concrete (Dramix)
- Polypropylene Fiber Concrete
- Ground Screed
- Self-Compacting Concrete
- Colored Concrete

Type	Cylinder Pressure Strength N/mm ² (28 days)	Cube Pressure Strength N/mm ² (28 days)
C 14	14	16
C 16	16	20
C 18	18	22.5
C 20	20	25
C 25	25	30
C 30	30	37
C 35	35	45
C 40	40	50
C 45	45	55
C 50	50	60

Classes of Consistency

TYPE	CONSISTENCY	SLUMP (mm)
K1	Dry	0-50
K2	Plastic	50-90
K3	Fluid	100-160
K4	Very fluid	160-220
K5		220<

New Products

The Self-Compacting Visco Concrete project was finalised in 2001. The most significant features of Visco Concrete are its self-compacting and trouble-free pumping properties, its easy manipulation, and its feature of maintaining its consistency without decomposing. In addition, Visco Concrete creates safer working conditions by providing noise-free concreting in residential areas.

INVESTMENTS

We pay close attention to the investments necessitated by every improvement project in each department of Betonsa, from environmental planning to automation.

The Büyükçekmece ready mixed concrete facility operating in the Büyükçekmece Plant was converted to the wet process and following the replacement of all its problematic equipment, the facility was given a brand new look. An inspection team was set up to oversee the ongoing environmental planning of all the Betonsa facilities and increase environmental awareness at the plants. The Esenyurt facility, which was externally upgraded, leads the field here.

Due to the termination of the relevant project, the Mahmutbey facility was moved and relocated to a region near the Ayazağa facility and restarted operations in its new location.

13 old truck-mixers were sold and five additional higher capacity truck-mixers were purchased to cover the requirements of various facilities. The truck-mixer fleet has been 53 vehicles.

Efforts were initiated to switch to automation in all departments at Betonsa. The switch to SAP is scheduled for completion in 2002 for the maintenance,

purchasing and finance and accounting departments. A study was started with the objective of automating sales, production and shipment processes. The system will be assessed following the initial pilot operation and then implemented. As regards production automation, the objective is to improve both product quality and customer satisfaction by minimizing human error. This system, which comprises a structure integrated into SAP, offers a more rapid and more reliable transfer of information to the center.

ENVIRONMENTAL ACTIVITIES

In the environmentally aware Betonsa facilities where we apply a waste management policy, we have "recycling units" which enable solid and liquid waste to be re-used.

As a result of the modifications made to Betonsa's "recycling" units, aggregates and water are recovered in full and used again as raw materials in the production process.



Thanks to the filter systems installed in the cement silos in the facilities, dust emission can be kept down to a minimum. Additionally, water-sprinkling systems in the aggregate storage areas prevent dust from being generated when aggregates are being unloaded. Roofing over the aggregate loading bunkers in all facilities is scheduled for 2002.

The ecological lids on the truck-mixers used to transport concrete prevent waste from being released into the environment.

Chemical additives used in concrete production are stored in sheet steel silos in order to prevent any possible harmful leakage into the environment.

Emission and Noise measurements are carried out in the facilities regularly every two years by an accredited institution, and "Plant Emission Licenses" for each facility are subsequently issued.

Through the ISO 14001 Environmental Management System efforts planned for completion in 2002, we aim to operate ready mixed concrete facilities which comply with the relevant standards and regulations in an environmentally friendly way.

TOP MANAGEMENT



- 1-Okan Erdem
General Manager
- 2-Christophe Declève
Deputy General Manager - Finance
- 3-Özer Erman
Deputy General Manager - Human Resources
- 4-Hakan Gürdal
Deputy General Manager - Ready-Mixed Concrete
- 5-Wilhelm Lotz
Deputy General Manager - Operations
- 6-Attila Pekmen
Deputy General Manager - Purchasing
- 7-Mehmet Tunaman
Deputy General Manager - Cement Sales and Marketing
- 8-Mehmet Hürbaş
Strategy and Development Manager
- 9-İlker Akman
Plant Manager (Büyükçekmece)
- 10-Hayrettin Şener
Plant Manager (Çanakkale)
- 11-Mehmet Hacıkâmioloğlu
Financial Coordinator

HUMAN RESOURCES

A dynamic working environment was created by appointments from within and outside the company as per the rationalisation efforts with regard to the organisational structure, employee profile and number of employees.

As of September 1st, 2001 an Internal Audit Department reporting to the General Manager was set up, with the aim of establishing the main principles of the internal audit policies of the organisation in general, proposing procedures to increase the effectiveness of controls on working procedures, systematically following up and monitoring compliance with policies and procedures, and so determining shortcomings and providing proposals to eliminate them.

In line with the corporate culture program activities, in order to achieve consistency in our organisation's job titles, a job title standardisation project was carried out with the participation of all the relevant functions' managers.

As of December 31st, 2001 the total number of Akçansa employees was 866, comprising 396 white-collar and 470 blue-collar employees.

The Group Collective Labor Agreement signed between the Çimse-İş Labor Union and the Employers Union of Cement Producers of which we are a member, on March 21st, 2000, expired on December 31st, 2001. Negotiations on the new Group Collective Labor Agreement to be in effect between January 1st, 2002-December 31st, 2003 are under way.

Our company's redundancy payment obligations amounted to TL 8,675,430,675,039 as at December 31st, 2001.

Convinced that the sustainability of our company's competitive advantage and ability to achieve its objectives depends on the quality of its human resources, we maintained our training and development activities in 2001.

The development of our organization, which is committed to team work, co-operation and communication issues, has been supported by "Team Building and Development Training", "Management Meetings" and "Project Work".

"Team Building and Development Trainings" were organised company-wide, aimed at increasing teamwork, co-operation and communication. All white-collar employees participated in these 3-day seminars organised in İstanbul and Çanakkale with accommodation for 20 groups. They were provided with the tools to create productive and successful teamwork by generating attitude and behavior changes. During the seminars, a team made up of our employees under a leader chosen from within the team, started working on a project they selected by the "Swot Analysis" method. These projects, which indicate the significance attached by the management to employees' attitudes to the identification and solution of the company's problems, have created extensive benefits in establishing project base activity in the corporate culture.

"Organisation and Human Resources Success Plan", was carried out covering the yearly action plans for potential appointments, position substitutes, the strengths of the human resources potential and the areas requiring improvement.

In-house and international career opportunities were created for experienced and specialist staff with the objective of enabling them to use their potential in full.

The first of the "Management Meetings", which are scheduled to be organized annually and are aimed at sharing information on a strategic platform was held in June with the participation of the entire Akçansa Management.

In line with the efforts to make Akçansa a competitive business entity, which treats its employees fairly and offers an attractive working environment, work on improving the wage structure continued throughout 2001. An effort was made to ensure a consistent salary policy by monitoring the market and the sector's salary developments. In this respect, all positions were assessed according to the international job evaluation system, CRG, and the studies conducted to improve the actual system have been supported by various salary surveys.

In addition, a study, the

SUBSIDIARIES

KARÇİMSA

In 2001, Karçimsa achieved sales volumes of 167,000 tonnes.

Karçimsa was incorporated with a 51% and 49% capital share held by Akçansa and Kardemir respectively. The regional distribution of sales in 2001 was as follows; 25.8% in the Karabük Region, 68.6% in the Kastamonu Region and 5.6% in the Ankara and Gerede Regions. The ineffective sales conditions in the market impacted production, and a 25% decrease in production was registered. As a result, production of Slag Cement 42,5 stood at around 167,000 tonnes in 2001.



The production in 2001 was carried out at optimum capacities, in compliance with the relevant standards, in line with regional market conditions and with full quality awareness. Additionally, all the customers' technical support requests were met.

An intensive effort was made to further reduce production costs. Improvements achieved in energy and raw material consumption had a positive impact on our costs.

The impact of Karçimsa in the region was improved by keeping up the efforts of the previous year through focusing on product promotion activities and providing maximum consumer connection by customer calls.

Karçimsa produces Slag Cement 42,5, according to TS20 standard. However, if required, Slag Cement 32,5 can also be produced. Slag Cement 42,5 is a cement which is preferred in constructions requiring higher strength, such as buildings near the coast line and marine buildings, foundations, retaining walls and dams, buildings affected by sulfates, acids and chlorine, and in buildings subject to alkaline-aggregate reaction risks. With these features Slag Cement 42,5 can be used as a substitute for Sulfate Resistant Cement.

SUBSIDIARIES

AGREGASA

Agregasa is continuing its operations as one of the leading producers in the İstanbul region with the cumulative production capacity of its Gebze and Çatalca facilities amounting to 3,450,000 tonnes annually...

Agregasa had to operate at under-capacity, following the slowdown encountered in the construction industry and infrastructure investments. Nevertheless, Agregasa continued its investments in line with market requirements by closely monitoring developments in the sector.



Since the demand for limestone sand as a substitute for sea-sand is constantly increasing, Agregasa has added limestone sand to its product range and imported a modern "Vertical-Type Crusher" using state-of-the-art technology for this purpose. It commissioned this crusher at the Gebze facility in August 2001. As a result, Agregasa, with the contribution of the new washing unit commissioned in early 2001, continues to produce and sell the highest quality aggregates of all the producers on the Asian side. Moreover, with the second

Agregasa facility operating at Çatalca, the aggregate requirements of all the Betonsa concrete facilities located within a reasonable range in this region have been met in accordance with quality requirements and in compliance with TSE 706 standards. In addition, excess capacity was sold to other customers in the market and generated a return.

The efforts geared to the Organised Industrial Zone to be established in Gebze, which is intended to be a key example of this type of zone in Turkey, are continuing. Another more notable development regarding the sector and the company's operation was the founding of the Aggregate Producers Organization of Turkey in December. Agregasa as a founding member has contributed to the organization, which has already started its activities.