annual report 2006

10th Year AKÇANSA

HEIDELBERGCEMENT SA

Agenda

AKÇANSA ÇİMENTO SANAYİ VE TİCARET A.Ş.

30.03.2007

1- The opening and election of the Assembly Meeting Committee,
2- Authorization of the Meeting Committee to sign the minutes of the meeting,
3- Presentation of the Board of Directors' Annual Report and the independent auditors and Audit Committee's reports,
4- Approval of the Company's donations and contributions in 2006,
5- Presentation, discussion and approval of the Balance Sheet and Income Statement, and resolution on the Board of Directors' profit distribution proposal,
6- Resolution on the authorization of the Board of Directors concerning the distribution of profits in advance, in compliance with the Capital Markets Law,
7- Discharging the Board of Directors and Audit Committee members from their financial responsibilities,
8- Resolution on remuneration of the members of the Board of Directors and Audit Committee,
9- Election of auditors to replace those whose terms of office had expired, and the drawing up of a resolution on their term of office,
10- Ratification of the Board of Directors' appointment of independent auditors in compliance with the Capital Markets Law,
11- Authorization of the Chairman and members of the Board of Directors in compliance with Articles 334 and 335 of the Turkish Commercial Code.

Date of Meeting	: 30 March, 2007
Time	: 12:00 a.m.
Location	: Sabancı Center, Hacı Ömer Sabancı Salonu Kule 2, 4. Levent/ISTANBUL

Contents

Akçansa Fatih Sultan Mehmet Primary School... A huge Support for Education...

Akçansa teamed up with the Büyükçekmece Municipality to re-construct the Büyükçekmece Fatih Sultan Mehmet Primary School, which was damaged irreparably following the earthquake disaster in August 1999. With the support of Akçansa, the Büyükçekmece Fatih Sultan Mehmet Primary School opened its doors to the children of Büyükçekmece for the 2006-2007 school year. The school, which is situated on a 6,950 m³ plot of land, welcomed 1,700 pupils.

The school project which is implemented by Akçansa on the land consigned by the Büyükçekmece Municipality was a beautiful gift to the people of Büyükçekmece and Akçansa, who celebrated its 10th anniversary.

The construction work for the Akçansa Fatih Sultan Mehmet Primary School which started in June 2005 was completed in June 2006. The school boasts modern fittings with 43 classrooms, two computer rooms, three pre-school classrooms and three laboratories, a library, a special classroom, a sports hall and a conference room with a 200 people capacity.

The Büyükçekmece Fatih Sultan Mehmet Primary School opened its doors to the children of Büyükçekmece for the 2006-2007 school year. The school, which is situated on a 6,950 m³ plot of land, has 43 classrooms, two computer rooms, three pre-school classes and laboratories. The school was opened on 18 September, 2006 in a ceremony attended by 1,700 children, to be educated in the 2006-2007 school year.

www.sabanci.com.tr • www.heidelbergcement.com
www.akcansa.com.tr • www.betonsa.com.tr • www.karcimsa.com.tr

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DESIGN Management www.dmturkey.com

Akçansa was established as a joint venture between Sabancı Holding and HeidelbergCement in 1996, formed by Akçimento and Çanakkale Cement, founded in 1967 and 1974, respectively. The merger secured Akçansa's place as the largest cement producer in Turkey.

Operating in Turkey's Marmara and Aegean regions in cement and ready mixed concrete production, Akçansa later merged with its subsidiary, Betonsa, in 1998. The Company provides services with more than 20 ready mixed concrete plants in the Marmara and Aegean regions under the "Betonsa" banner. Yet another merger was completed in 2002, this time with its Agregasa Agrega San. & Tic. A.Ş. Subsidiary. Agregasa now produces at its plants located on both sides of Istanbul.

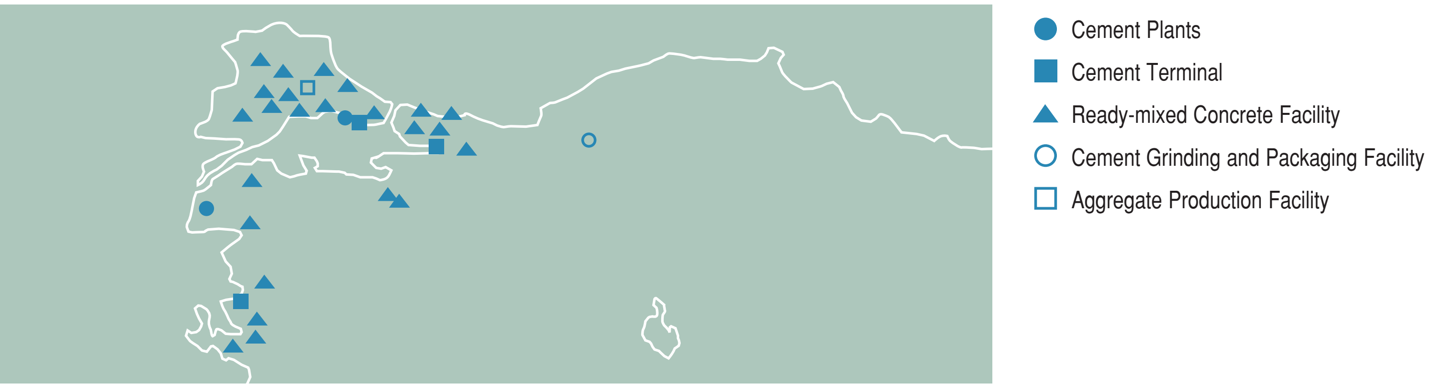
Akçansa aims to achieve "Premium quality in production and service", to fulfill the demand of both domestic and foreign customers and to compete by means beyond price in a sector where it is hard to discern differences.

As the leader of Turkey's cement sector, Akçansa meets 10% of Turkey's cement needs. This performance has been achieved by a combination of product compliance with world standards, environmentally friendly production processes (with recognition from the Istanbul Chamber of Industry), a notion of service excellence and plants equipped with cutting-edge technology.

Since its foundation, each step taken by Akçansa has been a milestone, such as the certificate of the ISO 9001: 2000 Quality Management System certificate and the ISO 14001 Environmental Management System certificate, to name but a few.

Furthermore, Akçansa was the first cement producer eligible to implement the Integrated Management System (IMS) when the OHSAS 18001 Occupational Health and Safety Management System was set up in early 2004.

In 2006, Akçansa celebrated its 10th foundation anniversary with full of achievements through out the Company's history.



Vision

Sustainable growth beyond all boundaries.

To grow beyond all boundaries in building materials industry as a company having business model being trusted and most preferred for all of our stakeholders

Mission

To be the leading building materials company that enriches the life of quality of the society,

With our culture committed to social, environmental, legal and ethical values

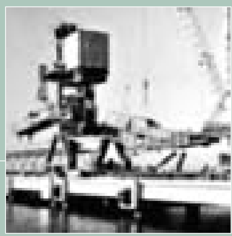
And by creating value to;

our customers
With the innovative products, services and solutions,

our shareholders
With the superior financial performance,

our employees
being at the focus of our business model
With the continuous development possibilities

Milestones



AKÇİMENTO SA

- Akçansa founded in 1967. The Büyükçekmece plant marks a significant leap in Turkey's industrial development in the 1960s.
- The initial, second and third product lines enter operations in 1969, 1971, and 1975 respectively.
- Second production line capacity expanded in 1989.

ÇANAKKALE ÇİMENTO

- First steps towards establishment of Çanakkale Çimento taken in 1974.
- Çanakkale plant enters operation in 1980.
- Third cement grinding machine investment completed in 1990 with cement production exceeding 1 million tons.
- Turkey's first cement terminal, Aliağa facility, established in 1991 with cement sales initiated in Aegean Region.
- Ambarlı Terminal enters operation in 1994.
- Grinding capacity reaches 3.5 million tons with the contribution of fifth grinding machine investment in 1995.

Akçansa founded in 1996 with the merger of Akçimento and Çanakkale Çimento.

Cement Domestic Sales: 3.4 million tons
Exports: 1.4 million tons
Cement Production: 4.8 million tons
Clinker Production: 3.8 million tons
Net Sales: TL 11.7 trillion

1997- The Initial Year After the Merger

- Merit bonus awarded as company reaches sales of US$ 56.5 million.
- Product range expanded with the launch of slag cement and portland composite cements.
- Foundations of Karçimsa Plant laid.
- Number of facilities at Betonsa reaches 17 with the opening of four new facilities.

Cement Domestic Sales: 3.3 million tons
Exports: 1.4 million tons
Ready Mixed Concrete Sales: 1.9 million m^3.
Cement Production: 4.6 million tons
Clinker Production: 3.8 million tons
Net Sales: TL 35 trillion

1998

- Petcoke used at the Çanakkale plant for the first time.
- Number of facilities reaches 21 with the merger of Akçansa and Betonsa
- Karçimsa plant enters operation, CC 32.5 first introduced to the market.
- Titan İnşaat, a construction company, acquired and Agregasa established.

Cement Domestic Sales: 3.4 million tons
Export: 1.3 million tons
Ready Mixed Concrete Sales: 2.2 million m^3.
Cement Production: 4.6 million tons
Clinker Production: 3.8 million tons
Net Sales: TL 70.3 trillion

1999

- The number of ready mixed concrete facilities reached 25.
- The capacity of Agregasa reached 2 million tons.
- The Çanakkale plant received the first ISO Environment Incentive Award.

Cement Domestic Sales: 2.8 million tons
Exports: 1.1 million tons
Ready Mixed Concrete Sales: 2.1 million m^3.
Cement Production: 3.9 million tons
Clinker Production: 3.4 million tons
Net Sales: TL 93.4 trillion

2000

- Yalova Cement Terminal became operational.
- Awarded Golden Çekül 2000 building material incentive with sulfate resistant cement.
- Betonsa Büyükkarıştıran and Orhanlı plants received second Environment Award.
- Karçimsa Awarded Environmental Prize.

Cement Domestic Sales: 2.8 million tons
Exports: 1.5 million tons
Ready Mixed Concrete Sales: 2.2 million m^3.
Cement Production: 4.3 million tons
Clinker Production: 3.7 million tons
Net Sales: TL 125 trillion

Akçansa, established with the merger of Akçimento and Çanakkale Çimento, celebrated its 10th anniversary on the back of many achievements throughout the Company's history. The expertise and specialization of two cement giants in the field have made a massive contribution to Company's success.

Milestones

2001

- Akçansa nominated as most favorite company in the sector.
- Akçansa's cement awarded CE certificate of conformity, the first such award to be given in the sector.
- Betonsa receives ISO 9001-2000 quality certificate, the first such award in the sector.
- Orhanlı ready mixed concrete facility receives ERMCO International Environment Award.

Cement Domestic Sales: 2.3 million tons
Exports: 1.6 million tons
Ready Mixed Concrete Sales: 1.3 million m^3.
Cement Production: 3.1 million tons
Clinker Production: 3.6 million tons
Net Sales: TL 176 trillion

2002

- Akçansa nominated as the favorite company in its sector for the second time.
- ISO 14001 Environmental Management System implemented at Akçansa plants.
- Nominated as a model company in occupational health and safety.
- Introduction of new ready mixed concrete products, ready moister plaster and Dekobeton, to the market.
- Merger of Akçansa and Agregasa.

Cement Domestic Sales: 2.2 million tons
Exports: 1.8 million tons
Ready Mixed Concrete Sales: 1.5 million m^3.
Cement Production: 3.1 million tons
Clinker Production: 3.5 million tons
Net Sales: TL 243 trillion

2003

- Akçansa nominated as the favorite company in its sector for the third time.
- Çanakkale plant nominated for Energy Productivity bonus award.
- OHSAS 18001 Occupational Health and Safety System implemented Akçansa.
- Introduction of new ready mixed concrete products, Izobeton and Fiberbeton, to the market.
- Integrated Management System introduced to Betonsa.

Cement Domestic Sales: 2.5 million tons
Exports: 1.7 million tons
Ready Mixed Concrete Sales: 1.7 million m^3.
Cement Production: 3.7 million tons
Clinker Production: 3.7 million tons
Net Sales: TL 283 trillion

2004

- Akçansa nominated as the most favorite company in its sector for the fourth time.
- Integrated Management System introduced in Akçansa cement plants, for the first time in the sector.
- Akçansa plants obtain first alternative fuel utilization license.

Cement Domestic Sales: 2.8 million tons
Exports: 1.3 million tons
Ready Mixed Concrete Sales: 2 million m^3.
Cement Production: 3.9 million tons
Clinker Production: 3.6 million tons
Net Sales: TL 371 trillion

2005

- Capacity expansion plans determined for Çanakkale plant.
- Büyükçekmece plant awarded with 2005 Istanbul Chamber of Industry's Sector Environment Award.
- Akçansa sponsors Gallipoli documentary film.
- Work starts on rebuilding Akçansa Fatih Sultan Mehmet Primary School.

Cement Domestic Sales: 3.1 million tons
Exports: 800,000 tons
Ready Mixed Concrete Sales: 2.4 million m^3.
Cement Production: 3.9 million tons
Clinker Production: 3.5 million tons
Net Sales: YTL 418.5 million

2006

Akçansa's core achievement has been to build a strong foundation for Turkey's future through its concept of superlative service and its cement manufacturing facilities, which are equipped with the state-of the-art technology. Akçansa ushered in a new era with rationalist and notable investments. By caring for and working to protect the environment, Akçansa is growing strongly, providing value added services to Turkey.

In the 10th year since its foundation, Akçansa gave a gift to school pupils from Büyükçekmece who have grown up side-by-side with the Company. The Fatih Sultan Mehmet elementary school, which had been damaged beyond repair in the August 1999 earthquake, was rebuilt and was ready to welcome students in the 2006-2007 education year. Turkey's happy children, like those at the Akçansa Fatih Sultan Mehmet Primary School, are the cornerstones of the nation's future.

Akçansa is laying all the foundations to create a future fit for the nation's children.

Financial Highlights

Sales (Million Tons)	2004	2005	2006
Cement - Total	3.8	3.9	4.7
Domestic	2.6	3.1	4.1
International	1.2	0.8	0.6
Clinker	0.3	0.1	0.1
Domestic	0.2	0.1	0.1
International	0.1	0	0
Ready Mixed Concrete (m^3)	2.0	2.4	2.9

(Million YTL)	2004	2005	2006
Net Sales	371.3	418.5	582.66
EBITDA	107.4	136.7	214.72
	28.93%	32.66%	36.85%
EBIT	77.4	104.4	180
	20.84%	24.95%	30.89%
Net Income	63.3	113.6	146.47
Profitability			
Earnings Per Share	0.38	0.68	0.77
Dividend Per Share	31.4%	53.9%	67.06%
Net Financial Debt	(93.10)	(139.80)	(141.84)
Total Equity	618.9	738.5	789.72
Total Assets	732.4	856.3	928.44

Plant Capacities (Tons)	Cement Production Capacity	Clinker Production Capacity	Operation Capacity
Büyükçekmece	2,800,000	1,800,000	-
Çanakkale	3,500,000	1,900,000	-
Karçimsa	-	-	250,000
Ambarlı	-	-	1,600,000
Aliağa	-	-	350,000
Yalova	-	-	300,000

Achievements in 2006

The opening ceremony of the second production line at the Çanakkale Plant was held on 19 June, attended by Sabancı Holding chairwoman, Güler Sabancı, the chairman of HeidelbergCement Dr. Bernd Scheifele, Akçansa's senior management, public officials from the Çanakkale municipality, as well as suppliers, distributors, employees and members of the local and national press.

Progress was made on the US$135 million investment in the cement facility in Çanakkale; its completion will enable Akçansa to expand beyond Turkey's borders to become a strategic power in the region. By the time capacity expansion investment is completed, the Çanakkale plant's clinker production will double and Akçansa's total clinker production capacity will reach 5.7 million tons, contributing significantly to Turkey's total cement production capacity.

Akçansa was again voted the most favorite cement company for the sixth time in a poll of 1,350 top-level executives conducted by Capital magazine, substantiating Akçansa's leadership in the Turkish cement sector.

Betonsa has succeeded in differentiating itself from its competitors with innovative and special solutions. The Company's product range is expanding day by day with new product developments, helped by the art of quick adaptation. With the launch of Izosap, a light ready screed, the Company sold 80,000 m^3 of special products, contributing 3% to total ready mixed concrete sales.

With the implementation of the Performance Improvement Program at every step in all processes, the Company aims to reach perfection and be in a position to seize any opportunities for growth that may arise in 2006 and beyond.

Message from the Chairman

Although we experienced a spot of turbulence towards the middle of the year, economic and political stability continued for the rest of year, fuelling demand for houses and spurring the construction sector on to grow at rates in excess of GNP.

In line with the resurrection of the construction sector, 2006 was a boom year for the Turkish cement sector in terms of both production and sales. Cement production in Turkey exceeded its 2005 level by 20%. The booming construction sector boosted demand for cement, leading to a temporary tightness in the sector, the first time for many years that the sector struggled to meet the demand.

Through its state-of-the-art technology plants, Akçansa's products - which meet global quality standards - met 10% of Turkey's cement requirements in 2006.

In the light of these favorable developments in the sector, our total domestic cement and clinker sales rose to 4.8 million tons, the highest in the last seven years. Our domestic sales, meanwhile, surged by 30% to reach 4 million tons, setting another record in the history of our Company. Our sales of ready mixed concrete built on the vigorous growth posted in recent years, rose by 21% to break yet another record at 2.9 million m^3. This growth in domestic sales has buttressed our profitability. We recorded an operating profit before amortization of YTL 214.7 million, corresponding to an EBITDA margin of 37%.

We have broken new ground in our sector through our rational and substantial investments. At the same time, we have taken steps to add significant value to the national economy. Once the current US$135 million investment in a capacity increase at the Çanakkale cement plant enters operation, Akçansa will be in a position to expand beyond its borders and become a strategic power in the region.

The construction process and signing of contracts got underway in May through the application of adequate and carefully selected modern technology in our second production line investment. The purchase of equipment and their assembly continued during the year. Upon the completion of this investment at the end of 2007, annual clinker production of our Çanakkale plant will double and raise our total clinker production capacity to 5.7 million tons.

We have carried out YTL 62 million of investment throughout the year. Apart from our investment on the second production line at the Çanakkale production line, our investments have been concentrated on cutting electricity and heat consumption as well as enhancing production efficiency, resulting in major cost savings.

In our ready mixed concrete operations, we endeavored to meet a growing and evolving demand pattern by becoming a solution-finding partner for our clients, differentiating the Company from its competitors. Our product range is expanding day by day, with new product developments

We formed Akçansa back in 1996 with the merger of Akçimento and Çanakkale Çimento. We continue to move confidently along the same path, supported by the community, our partners, our employees and our customers.

and an art of quick adaptation. With the launch of Izosap to the market, a light ready screed, a total of 80,000 m^3 of special products were sold, contributing 3% to total sales of total ready mixed concretes, placing Akçansa as the market leader. We executed crucial projects with new facilities as well as instigating efforts to create a valuable brand.

Our Company is privileged to have been named "the favorite" company in the sector for five years. It has earned the title through its breakthroughs in the field of "using alternative fuels and raw materials", a critical issue in the preservation of the environment and the conservation of natural resources. Our plant, a pioneer in the use of alternative fuels, aims to convert potential threats into opportunities with a proactive approach, by comprehensively meeting EU convergence legislation and the Kyoto agreement requirements.

Akçimento and Çanakkale Çimento, which boast 40 years of know-how, merged in 1996, paving the way for the establishment of Akçansa. Akçansa's achievement has been to build a strong foundation for Turkey's future through its concept of superlative service and its cement manufacturing facilities, which are equipped with the state-of the-art technology.

Our Company has set sail with a vision of “Pushing the limits through sustainable growth” and, having broken many new records, we celebrated our 10th year in 2006.

In the 10th year following our establishment, in cooperation with the Büyükçekmece Municipality, we have rebuilt the Büyükçekmece Fatih Sultan Mehmet Primary School, which had been severely damaged by the earthquake in August 1999 and had been in a dilapidated state. The rebuilding process was completed in time for the 2006-2007 school year, with the school welcoming 1,700 young brains for the start of the new school year on 18 September, 2006.

Dear Shareholders,

We shall continue to grow, relying on our resolution to succeed, our competitive advantage, our financial performance, our respect for the environment, our discipline, our technological innovative ability, our social responsibility projects, our team spirit and a massive program of investment based on rational decisions. Shored up by our management and employees' faith in the success of our Company, and backed by you, our valued shareholders, we will take our place in the bright future of our country. Our business target is to become a global power, moving beyond Turkey's borders. We continue to move towards this goal with strong, confident steps.

On behalf of our Board of Directors, I would like to thank all our shareholders who have joined our meeting. We submit our 2006 Annual Report, financial statements and dividend distribution proposal to you for your approval, all compiled in accordance with the provisions of the Capital Markets Law.

Sincerely,

Erhan Kamışlı
Chairman of the Board

Board of Directors

Left to right sitting: ***Erhan Kamışlı*** Chairman, ***Daniel Gauthier*** Vice Chairman,
Left to right standing: ***Ernest Jelito*** Member, ***Emir Adıgüzel*** Member, ***Ahmet Dördüncü*** Member, ***Engin Tuncay*** Member

Erhan Kamışlı
Chairman
(Length of term: 27 March 2006-27 March 2009)

Born in 1964 in Adana, Erhan Kamışlı graduated from the School of Business and Public Administration at California State University where he read Marketing and International Business. He began his career at Exsa Export Indus. Co. Since 2001 he has been the head of the Cement Group at Hacı Ömer Sabancı Holding.

Daniel Gauthier
Vice Chairman
(Length of term: 27 March 2006-27 March 2009)

Born in 1957 in Belgium, Daniel Gauthier completed his degree at the Mining Engineering department of the Mons Polytechnic University. In 1982, he started working at CBR, a subsidiary of HeidelbergCement. Gauthier has been a board member of HeidelbergCement since 2000. He is responsible for the areas of Asia, Africa, Turkey, Trading-the Middle East, North Europe and Western Europe.

Ernest Gerard Jelito
Member
Length of term: 27 March 2006-27 March 2009

Born in 1958, Ernest Gerard Jelito graduated from the department of Chemistry and Cement production technologies at the Mining and Metallurgy University in Krakow. After working for Cement Plant Strzelce Opolskie S.A. between 1991-1999, he started working in Górazdze Cement S.A in 1999 as a technical director. Mr Jelito has been working with the Heidelberg Technology Center as a production and engineering director covering Benelux, Asia, Middle East, and Mediterranean countries.

Emir Adıgüzel
Member
(Length of term: 27 March, 2006-27 March 2009)

Born in 1960 in Izmir, Emir Adıgüzel graduated from Harvard and Bosphorous University's business schools. His career started with a three-year stint in Saudi Arabia. He started working as the General Manager of HeidelbergCement Trading in 1996, and has been working as the Head of the Mediterranean area (including Turkey), the Middle East and Central Asia since 2004.

Ahmet Dördüncü
Member
(Length of term: 27 March, 2006-27 March, 2009)

Born in 1953 in Istanbul, Ahmet Dördüncü read management at the Mannheim and Hanover Universities in Germany. In 1980, he joined CLAAS OHG, a company producing agricultural machinery. Dördüncü joined the Sabancı Group in 1987, and has been the CEO of Hacı Ömer Sabancı Holding since August 2004.

Engin Tuncay
Member
(Length of term: 27 March 2006-27 March 2009)

Born in 1952 in Istanbul, Engin Tuncay graduated from the Ankara Academy of Economic and Commercial Sciences. He joined Ziraat Bank in 1977. He moved over to the Sabancı Group in 1994, as the Vice President of the Foreign Trade Group and General Manager of Universal Trading and Exsa UK. Tuncay has been the Head of the Chemicals and Foreign Trade Group since October 2004.

Executive Management

From top to bottom: ***İlkfer Akman*** Plant Manager - Büyükçekmece, ***Ahmet Vasfi Pekin*** Assistant General Manager - Operations, ***A. Yavuz Ünal*** Internal Auditing Manager, ***Doğan Özkul*** Company Manager - Karçimsa, ***Hasan İmer*** Plant Manager - Çanakkale, ***Ali Özer Erman*** Assistant General Manager - Human Resources, ***Mehmet Göçmen*** General Manager, ***Hakan Gürdal*** Assistant General Manager - Ready Mixed Concrete and Purchasing, ***Christian Leclercq*** Assistant General Manager - Finance, ***Cem May*** Assistant General Manager - Cement Sales and Marketing, ***Nevra Özhatay*** Strategy and Business Development Manager

Mehmet Göçmen
General Manager

Born in 1957, Mehmet Göçmen was educated at the Galatasaray High school and graduated from the Industrial Engineering department at the Middle East Technical University. He subsequently completed a graduate degree in Industrial Engineering and Operations Research at the Syracuse University in the USA. He started his career in 1983 at Çelik Halat and served as the General Manager of Lafarge Ekmel Concrete and as the Vice President of Lafarge Turkey in charge of Business Development, Strategy and Marketing between 1996 and 2002. He has served as General Manager at Akçansa since June 2003.

Christian Leclercq
Assistant General Manager - Finance

Born in 1965 in Belgium, Christian Leclercq first graduated from the Management Department at the Solvay Business School. He completed a graduate degree at the same school to become a tax Specialist. He worked as Auditing Chief at Coopers and Lybrand, Financial Controller at the Walibi Group, and Group Controller and Senior Corporate Finance Manager at CBR-Heidelberg Cement. He was appointed as Assistant General Manager at Akçansa in October 2004.

Hakan GÜRDAL
Assistant General Manager - Ready Mixed Concrete and Purchasing

Born in 1968, Hakan Gürdal studied mechanical engineering. He received graduate degrees in Management and Economics. In 1992, he began work at the Çanakkale Cement. He was appointed as Akçansa's Strategy and Business Development Manager in 1996 and Assistant General Manager in Charge of Trade in 1997. He has served as an Assistant General Manager for the Ready Mixed Concrete division since 2000. In 2004, his responsibilities were extended to include purchasing operations

Ahmet Vasfi PEKİN
Assistant General Manager - Operations

Born in 1955 in Izmir, Ahmet Vasfi Pekin completed his high school education at the Bornova High School. In 1979, he graduated from the Industrial Engineering Department at the Bosphorous University. He was employed by Akçimento three years later. He served as the General Manager of Çimentaş between 1995 and 1998 before returning to Sabancı Holding's Cement Group as the Strategy and Business Development Director. He has been the Assistant General Manager in charge of Operations at Akçansa since July 2004.

Cem MAY
Assistant General Manager - Cement Sales and Marketing

Born in 1963 in Ayvalık, Cem May graduated from the Mechanical Engineering department at Yıldız University. He joined the cement sector in 1991 at Çanakkale Cement and became the Akçansa Sales Manager of the Aegean region in 1996. He became the Regional Sales Manager of the Northern Marmara region in 2003. He has been the Assistant General Manager in charge of Cement Sales and Marketing since July 2005.

Ali Özer Erman
Assistant General Manager - Human Resources

Born in 1956, Ali Özer Erman graduated with a B.A. degree from the department of Business Administration at the Middle East Technical University. Having served as a Human Resources Director in various sectors, Erman has been the Assistant General Manager of Akçansa's Human Resources department since 2000.

Hasan İmer
Çanakkale Plant Manager

Born in 1954, Hasan Imer read mechanical engineering at Istanbul State Academy of Architecture and Engineering. His first post, in 1980, was at the Saudi Arabian Company, Quassim, where he worked as a mechanical engineer. He served as a Projects and Investment Manager at Akçansa's Çanakkale plant in 1988. In February 2001, he was appointed as the Asian Regional Coordinator in Germany at the Heidelberg Cement Technology Center (HTC). He has been the manager of the Çanakkale plant since 2004.

İlkfer Akman
Büyükçekmece Plant Manager

Born in Izmir in 1951, İlkfer Akman is a graduate of the Electrical Engineering department at the Middle East Technical University. His first post was at Citosan in 1975, followed by various posts at the Petkim's Aliağa plant and the Saudi Arabian Quassim Cement. After working as maintenance manager at Adana Cement, he relocated to Çanakkale Cement in 1988. Before the merger, he was the technical Assistant General Manager of this Company. Following the establishment of Akçansa, he became Plant Manager for the Çanakkale and Büyükçekmece plants. He then worked for one year as a Regional Coordinator at HeidelbergCement-HTC. In February 2006, he was appointed as the Plant Manager to the Akçansa's Büyükçekmece plant for the second time.

Doğan Özkul
Company Manager - Karçimsa

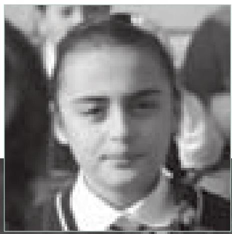
Born in 1953, Doğan Özkul is a graduated from Istanbul university as a Chemistry professional engineer in 1976. Mr. Özkul started his professional career in 1976 at Zeytinburnu Cement. Following this he worked for Çanakkale Cement in 1978 and between 1983-1987 in Mosul Badoush ve Tasluja Cement Plants (Iraq) as a Quality control and production departments. He joined to Akçimento family in 1988 and he is appointed as a Production Manager in 1991. He has been the Manager of the Karçimsa Çimento plant since April 2006.

A. Yavuz Ünal
Internal Auditing Manager

Born in 1950, A. Yavuz Ünal graduated from the Istanbul Economic and Commercial Sciences Academy. He was hired by Akçansa in 1977 where he served as Finance Supervisor, Assistant Finance Manager and Finance Manager until 1993, when he was appointed as the Manager of Financial and Administrative Affairs to Betonsa, a subsidiary of Akçimento. He has been the Internal Audit Manager since 2001.

Nevra Özhatay
Strategy and Business Development Manager

Born in 1970, Nevra Özhatay studied Business Administration at the Bosphorus University, before completing an MBA at the University of Exeter in the UK. She was employed by Sabancı Holding in 1994 as a Finance Specialist and Talent Pool candidate. She became Management Support Manager at Akçansa in 1996, Strategy and Business Development Specialist in 1998, and a Planning and Control Manager in 2000. She has been the Strategy and Business Development Manager since 2004.



Elif Dönmez, Primary School Class 6/D

How can we achieve success?

We should follow the advice of our families, love and respect our teachers, and work hard in our lessons.

2006 was a year of success for the Turkish cement sector, with both production and sales revenues breaking new records.

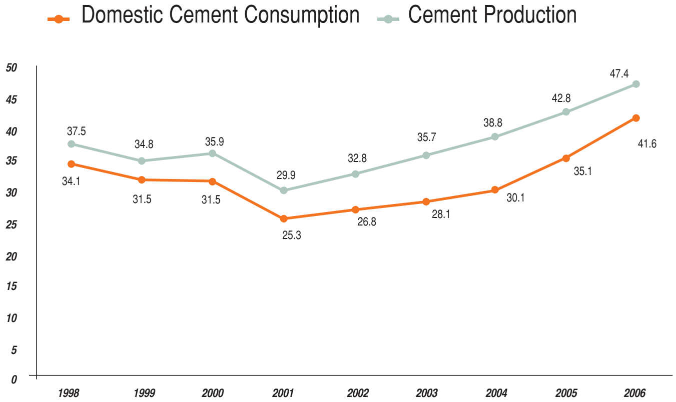
Cement in Turkey

2006 was an exceptional year for the Turkish cement sector in terms of both production and sales.

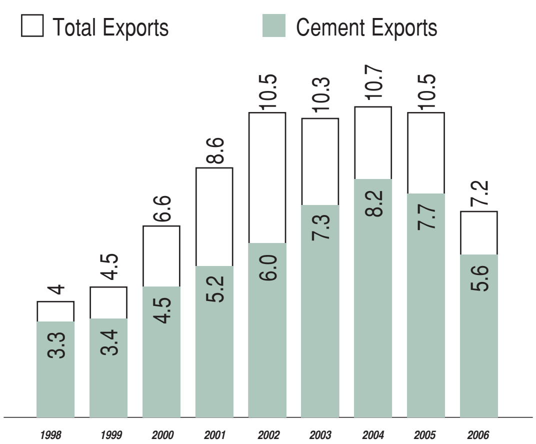
A stable national economy is the main driver behind growth in the sector. The Turkish construction sector exhibited a strong performance in 2005, predominantly on the back of residential construction. The upshot of this was that 2005 was also a strong year for the Turkish cement sector. Positive macro-economic indicators stood as testament to the sustained economic and political stability; in line with the trend seen in other sectors, falling inflation and lower interest breathed new life into the cement sector. Turkey's tenacious efforts towards full EU membership, higher Government spending on infrastructure investments and motorways, housing developments and the introduction of a mortgage system will give added momentum to the growth in the sector in 2007.

Cement consumption in Turkey in 2006 rose by 20% over the 2005 level to 42 million tons. Spurred by a housing shortage, demand for cement from the construction sector is forecasted to rise throughout the next year. Sustained economic and political stability, combined with the process of EU integration will bolster Turkey's per capita consumption of cement.

Turkey's exports of cement and clinker fell to 7.2 million tons in 2006 from their 2005 figure of 10.5 million tons. Although Turkey is a significant exporter of cement and clinker in the world and Europe, the recovery in the domestic market repressed exports in 2006. Nonetheless, the Iraq market was an important export destination for cement plants in Southeastern Anatolia.



Source: Turkish Cement Manufacturers Association



Total domestic sales surged by approximately 20% in 2006, while Akçansa outperformed the sector with 4 million tons of sales, an increase of 30% over the previous growth.

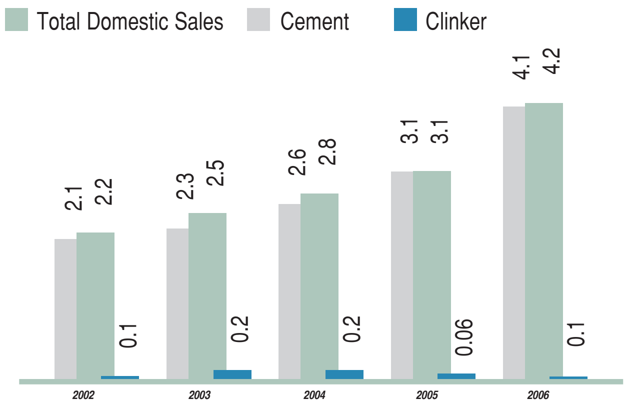
Sales

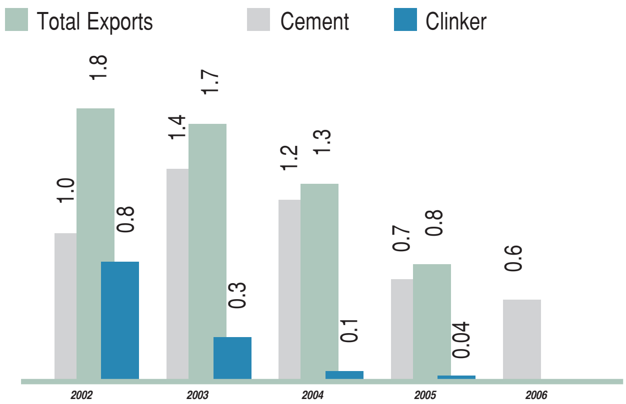
Total domestic sales of cement and clinker reached 4.8 million tons, the highest level seen in the last seven years.

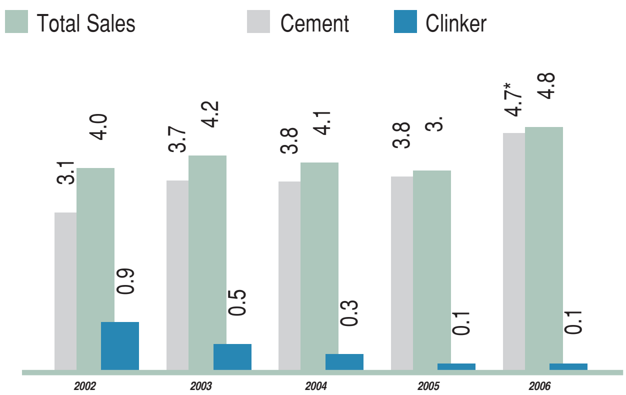
Akçansa's domestic cement sales grew by 30% to around 4 million tons in 2006, with growth beating the 20% growth in domestic sales in the overall sector in the same period. With this improvement in sales, profitability surged and set another record in Company' history.

On the back of higher domestic demand, exports of cement and clinker receded to 570,000 tons in 2006, up from the 835,000 tons in 2005.

The Karçimsa grinding plant, 51% owned by Akçansa and 49% by Kardemir, entered operation in 1998. Sales of slag cement were up by 21% compared to 2005.







* 760,115 tons of cement was dispatched to ready mixed concrete

Zeynel Üçer, Primary School Class 6/D

How would you describe a good friend?

From my point of view, a good friend is someone who does not misbehave during break, who would share their book, pencil, eraser or other school materials and toys with me if I visited their home, and someone who would take care of my belongings.

Begüm Peker, Primary School Class 4/E

What does efficient work mean?

When my parents had the chance to rest and go to bed early, and when they ate something for breakfast next morning, they could handle their jobs much more productively - my father claims that he was very productive in the day.

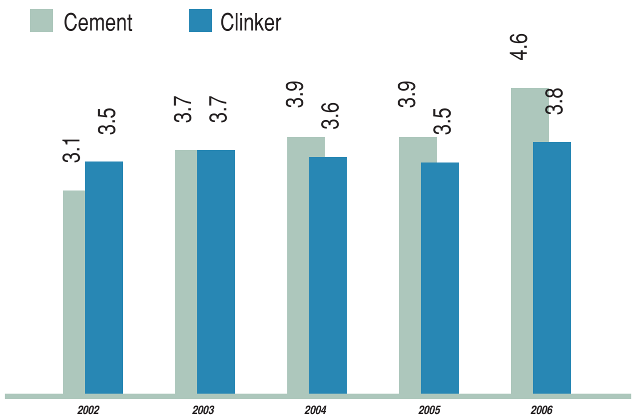
Akçansa accounted for 10% of Turkey's total clinker and cement production in 2006, with 3.8 million tons of clinker production and 4.6 million tons of cement produced in its Büyükçekmece and Çanakkale plants.

Production and Products

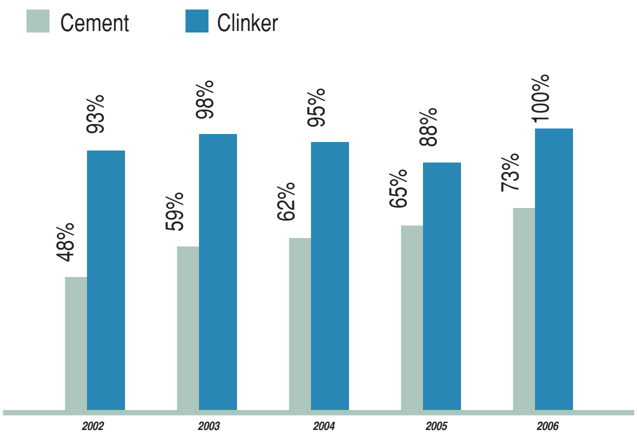
A total of 3.8 million tons of clinker and 4.6 million tons of cement were produced at the Büyükçekmece and Çanakkale plants in 2006, comprising 10% of the clinker and cement produced in Turkey.

Production was carried out in line with the Occupational Health and Safety Management System OHSAS 18001, the Quality Management System BS EN ISO 9001:2000, and the Environmental Management System BS EN ISO 14001:1995. All inspections carried out by the British Standards Institute (BSI) were successfully completed, with a continuation of their certification.

Production



Capacity Utilization Rate



PRODUCT MARKET

DOMESTIC MARKET

NEW STANDARD	PRODUCT	PREVIOUS STANDARD
CEM I 52.5 N	Portland Cement	TS EN 197-1/March 2002
CEM I 42.5 R	Portland Cement	TS EN 197-1/March 2002
CEM II/A-M 42.5 R	Portland Composite Cement	TS EN 197-1/March 2002
CEM V/A 32.5 N	Composite Cement	TS EN 197-1/March 2002
SDÇ 32.5	Sulfate Resistant Cement	TS 10157

EXPORTS

NEW STANDARD	PRODUCT	PREVIOUS STANDARD
CEM I 52.5N CE PM "NF"	Portland Cement	Meets European Standard EN 197- 1,NF EN 197-1
CEM I 52.5N	Portland Cement	Meets European Standard EN 197-1
CEM I 42.5 R	Portland Cement	Meets European Standard EN 197-1
Type I/L.A	Portland Cem./Low Alkali	Meets US Standard ASTM C 150
Type II/L.A	Portland Cem./Low Alkali	Meets US Standard ASTM C 150
Type I-II/L.A	Portland Cem./Low Alkali	Meets US Standard ASTM C 150
Type I-II/L.A	Portland Cem./Low Alkali	Meets US Standard AASHTO M 85
Clinker		Meets European Standard EN 197-1

PRODUCT CERTIFICATES

Product Certificate	New York State Department (NYSDOT) AASHTO M 85 Type I-II/LA
Product Certificate	AFNOR France CEM I 52.5N CE PM NF
Product Certificate	CEM I 52.5 N Product Certificate by TSI
Product Certificate	CEM I 42.5 R Product Certificate by TSI
Product Certificate	CEM II-A-M (P-L) 42.5 R Product Certificate by TSI
Product Certificate	CEM V-A (P-S) 32.5 N Product Certificate by TSI
Product Certificate	TS 10157 SDÇ 32.5 Product Certificate by TSI
Kite mark Product Mark	British Standards Institute (BSI) 52.5 N
Kite mark Product Mark	British Standards Institute (BSI) 42.5 R
CE Product Mark	British Standards Institute (BSI) 52.5 N CE
CE Product Mark	British Standards Institute (BSI) 42.5 R CE
CE Product Mark	CEM V/A (P-S) 32.5 N CE Certificate of conformity from Quality and Environmental Committee
CE Product Mark	CEM II/A-M (P-L) 42.5 R CE Certificate of conformity from Quality and Environmental Committee

ASTM Laboratory standards compliance: compliance with ASTM for tests carried out in all our laboratories are checked through participation in the Proficiency Sample Program of the American Cement & Concrete Reference Laboratory.

As a pioneer in the Turkish cement sector in the use of alternative fuels and raw materials at its plants, Akçansa significantly contributes to the protection of the environment and the preservation of natural resources.

Training sessions were arranged on a regular basis throughout the year for our employees with the aim of improving Environmental, Occupational Health and Safety Management systems. Methods were developed to eliminate risks. Employees were also given health check-ups.

Akçansa' Büyükçekmece plant is the first plant in Turkey to have installed a custom designed waste processing system, which automatically processes oil wastes and rubber wastes. The use of alternative fuel at the Büyükçekmece plant is increasing with the burning of contaminated waste and similar materials.

The use of secondary fuels usage in overall energy generation increased from 2.6% to 5%.

Throughout the year, oil waste, rubber waste, residues at the bottom of fuel tanks, coal ashes and dried bilge materials were utilized at Akçansa's Çanakkale plant as an additional fuel source.

As part of the Company's commitment to sustainable growth, and in accordance with the aim of using alternative raw materials where possible, instead of natural raw materials, in all of Akçansa's plants, a waste usage license for iron ore substitutes was awarded. With the use of alternative fuels, along with attempts towards environmental and natural preservation, the Company has achieved economic savings.

A secondary fuel laboratory (AFR) is to be set up at the Büyükçekmece plant to increase use of secondary fuel and raw material, as well as carry out inspection and market research activities. This laboratory will enhance Akçansa's operational quality.

Investments in high quality, environmentally friendly production, occupational health and safety, and the improvement and development of operations were carried out in line with the Company's principles of sustainable growth.

Investments

Akçansa invested a total of YTL 50.3 million in 2006, of which YTL 20.6 million was spent on the Büyükçekmece plant and YTL 29.7 million on the Çanakkale plant.

Büyükçekmece Plant

Investments in high quality, environmentally friendly production, occupational health and safety, and the improvement and development of operations were carried out in line with the Company's principles of sustainable growth.

In the second rotary kiln, using a pneumatic rotary kiln raw meal feeding system, the raw meal feeding system between roller silos was converted into a mechanical system, saving a considerable amount of electricity.

Among the Company's environmental investments, Akçansa modernized the water spraying system at the cooling tower and newly purchased cleaning car with mobile vacuum installed in order to improve efficiency at the third rotary kiln filter.

Feasibility studies are underway for the new steep mill project, which is expected to enter operation in April 2007. Once this new investment comes on stream, the Company will reap energy savings in its farin grinding operations. The addition of an online analysis system will also improve the quality of the clinker.

In order to conserve electricity and energy used in clinker, modernization investments in the clinker cooler and front warmer silicon in the second rotary kiln have been initiated.

The automation of the third rotary kiln has been finalized, while investments in the modernization of the same third rotary kiln are now underway.

The automation of the truck weight bridges at the entrance to the plant will allow savings in terms of raw materials, time and labor.

The Ambarlı Terminal has been extended by 55 meters in order to reduce costs and increase revenues from the pier, by providing more services to third party RO-RO shipping.

Following the approval of the Board of Directors in 2005, work has started on an investment to double clinker and cement production capacity at the Çanakkale plant.

Çanakkale Plant

As in 2005, investments and ongoing work on various projects during the year have served to decrease consumption of electrical energy and heat used in the clinker plant and raised efficiency.

The finishing touches of the Calciner Modification Project, which had aimed to burn 100% petrocoke during 2005, were completed to improve its performance, and the plant entered operation in January.

The water spraying system at the gas cooling tower of the kiln was modernized, hence increasing the electrofilter performance.

Work started on the modernization of the coastal facilities automation system project, with necessary modifications taken.

The pneumatic hauling system working between the cement mills and roller silos was converted into a mechanical system in March.

2nd Production Line Investment at Çanakkale Plant

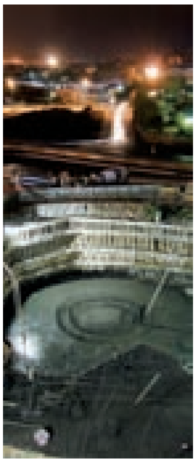
In 2005, the Board of Directors agreed on a new investment project aimed at doubling production capacity of clinker and cement production capacity at the Çanakkale plant. Work on the project was initiated immediately.

In May, an agreement was signed for the design, process, engineering and supply of all equipment, as well as the construction, production and the installation of the CP1 Clinker production facility.

In April, an agreement was signed for the process, engineering, and supply of equipment for CP2 Cement Mills Modernization Project. Another agreement was signed in October regarding the general layout, engineering, construction, mechanical manufacturing and installation of the project. In accordance with the main provider Company, bids were received for the remaining machinery and equipment, and the contracts were signed before the end of the year.

The agreement regarding the electrification and automation investments are planned to be signed in January 2007.

Ready Mixed Concrete Operations



Customer satisfaction always comes first at Betonsa... This customer-centered philosophy ensures that customer requirements and demands for solutions are met in the timeliest possible manner. Betonsa is not just a ready mixed concrete supplier for customers, but also a part of the solution in problem solving.

Ready Mixed Concrete in Turkey

In the 30 years since ready mixed concrete was first produced in Turkey, more than 300 firms have spawned in the sector operating through more than 600 production facilities. The ready mixed concrete sector employs more than 12,000 people. The sector constitutes one of the main pillars of the construction sector, with an annual turnover of US$ 3 billion.

The construction sector boomed in 2006 on the back of sustained macro economic stability and a new wave of residential projects. The ready mixed concrete sector was a key beneficiary of this due to its central role in the construction sector. Production of ready mixed concrete, having increased from 37 million m^3 in 2004 to 46 million m^3 in 2005, surged to 57 million m^3 in 2006. The sharpest growth in the economy was seen in the construction sector in 2006, with a 20% growth among all segments.

Apart from more prolific usage of ready mixed concrete, there have been significant developments in terms of quality, with high strength concrete classes enjoying greater popularity.

Sales

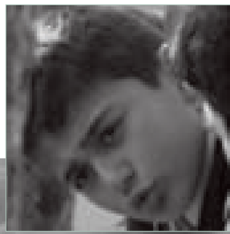
Betonsa carries out ready mixed concrete operations for Akçansa in the Marmara and Aegean regions. In 2006, Betonsa sold 2.9 million m^3 of concrete from its 24 plants, setting a new record since its establishment. Recovering in great bounds over the last five years, sales of ready mixed concrete surged by 21% in 2006. In parallel with the higher level of customer awareness in the sector, 76% of sales by product involved the C 25/30 class and higher strength products.

At Betonsa, customer satisfaction is always at the forefront of our operations. This ensures that customer requirements and demands for solutions are met in the timeliest manner possible.

Turkey	*2002*	*2003*	*2004*	*2005*	*2006*
Production (million m^3)	25.5	28.2	37.1	46.3	57.0

*Source: Turkish Ready Mixed Concrete Association “Developments in Ready Mixed Concrete Sector in 2005-2006 Report”.

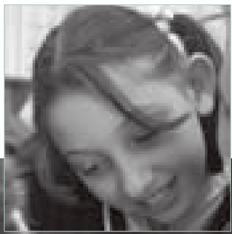
Betonsa	*2002*	*2003*	*2004*	*2005*	*2006*
Sales (million m^3)	1.5	1.7	2.0	2.4	2.9
Number of facilities	20	21	24	24	24



Yiğit Şahin, Primary School Class 6/D

Do you keep up with technology and developments?

My parents bought me a new desktop computer for my birthday. Studying and doing my homework is not that difficult anymore. Besides, I am keeping in touch with my friends through the computer.

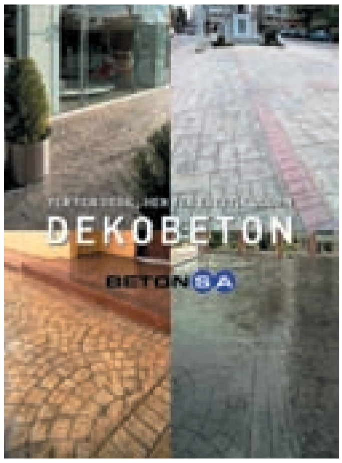


Ceren Şen, Primary School Class 6/D

What does trust mean to you?

Trust is the love between people, treating each other well and respecting their decisions when they are unwilling to do something. I trust my parents most, because they always wish the best for me.

Betonsa closely follows the general standards in the construction sector and consistently succeeds in distinguishing itself from the competition with its innovative specific solutions. Such an approach has enabled Betonsa to expand its production range day by day, thanks to its ability to create new products and quickly adapt itself.



Betonsa is not only a ready mixed concrete supplier for customers, but also plays a part in customer problem solving.

Akçansa has initiated innovation studies to create additional value for its customer base and to distinguish itself from other players in the sector. The aim of these studies is to seek segments which are open to innovation, and which would provide the greatest benefit for the Company's customer base.

Production and Products

Betonsa uses state-of-the-art technology as well as advanced know-how and methods in the production and delivery of its products and to optimize concrete design.

With respect to the Integrated Management Systems, after follow-up inspections were carried out by TÜV Rheinland for the ISO 9001-2000 Quality Management System, the OHSAS 18001 Occupational Health and Safety Management System and the ISO 14001 Environmental Management System certification controls were completed successfully in August 2006. The inspections took place at the Deputy general management (ready mixed concrete), Technical Management, Betonsa Technology Center, Central Plant, Purchasing Department and in Menemen, Bornova, Aliağa, Edremit and Güzelbahçe facilities as well as Aegean Regional Management locations.

In 2006, TSE officials carried out necessary inspections in all plants to check that they complied with the TS EN 206-1 standard for ready mixed concrete. Akçansa has obtained TSE compliance certificates for its manufacturing.

A wide range of forewarned and spot checks were carried out within the context of the Quality Safety System (QSS), accompanied by specialists and university academics. The controls found that the plants were successful and justified the Quality Safety System certificates.

Inspections of the Occupational Health and Safety Management Systems Operations in the plants were carried out by inspection teams. Necessary solutions were required from the staff responsible, and the rectifying actions were subsequently followed up.

Akçansa is continuously seeking to bring permanent solutions to shifting customer requirements by creating specific product brands, helping the Company distinguish itself from the competition with its wide experience.

The Company has also set itself apart from the rest of the sector with innovative specific solutions following the introduction of general requirements in the construction sector, while Betonsa has expanded its

A total of 588 concrete experiments were undertaken at Betonsa's Technology Center Laboratory for research and developmental purposes, prescription optimization studies and specific product studies.

production range day by day thanks to its ability to create new products and ability to rapidly adapt itself.

As part of such efforts, the Company introduced İzoşap to the market, a light ready screed to reduce the load of buildings and hence their susceptibility to earthquake risk. The product also contributes to the heat insulation by containing 25% air in its structure.

The specific product sales accounted for 3% of the total ready mixed concrete sales in 2006, reaching a total volume of 80,000 m^3.

In line with the evolving customer requirements, the Betonsa Technology Center is carrying out studies and tests in cooperation with the Construction Faculty at the Istanbul Technical University to pave the way for the creation of new products and the introduction of new solutions.

In 2006, a total of 588 concrete experiments were carried out at the Betonsa Technology Center Laboratory for research and development studies, prescription optimization studies and specific product studies.

Ready mixed Concrete Product Portfolio

- C8-C100 Regular and High Strength Concretes
- Grobeton plain Concretes
- Ground Screeds
- Load Bearing Lightweight Concretes
- Light Concrete (IZOBETON)
- Steel Fiber Concrete (DRABETON)
- Polypropylene Fiber Concrete (FIBERBETON)
- Assorted Fiber Concrete
- Glass Fiber Concrete
- Self-compacting Concrete (VISKOBETON)
- Self-compacting Screed (VISKOŞAP)
- Light ready Screed (IZOŞAP)
- Imprinted Concrete (DEKOBETON)
- Exposed Aggregate Decorative Concrete (PAKBETON)
- Wet Plaster and Mortar
- Colored Concretes
- Underwater Concrete
- Filler Concretes
- High Performance Concretes
- Concrete types conforming to environmental impact classes

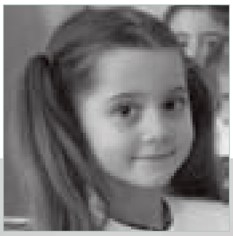
Investments

Akçansa invested YTL 8.8 million in ready mixed concrete production in 2006.

Five new facilities were established in Büyükçekmece, Esenyurt, Menemen, Gebze and Zekeriyaköy to meet the growing demand in the market.

A facility was leased and entered production near Tekirdağ to meet increasing concrete demand in the region.

Betonsa renewed its equipment through the purchase of 15 pumps, 10 transmixers and 3 loaders in 2006, in line with its annual investment program.



Feraye Talay, Playschool Class A

Do you like school?

I think school is a very useful place. It has toys and colored felt tip pens I don't have at home.

Ahmet Bozkuş, Playschool Class B

How is your report?

When I study hard and do my homework, my teachers are nicer to me and it drives me to work harder, and then I receive a good report.

Human Resources

Akçansa continues to constantly enhance its leadership in the sector thanks to its competitive edge, financial performance, respect for the environment, technological innovations (ranging from creating special products to using alternative fuels and raw materials), its studies into social responsibility and the progressive measures taken in human resources.

Akçansa is a prestigious enterprise, leading and guiding through its performance culture, which encourages investment in human resources and rewards self progress.

Akçansa - a preferred employer - sets the key goal of its human resources department as one of helping Akçansa achieve its strategic targets through total human resources implementation in a fair and modern working environment, based on the performance culture.

Intensive training programs have been organized to contribute to employees' individual and professional development, helping the Company remain one step ahead in the competitive environment.

To encourage progression beyond “class training” sessions, Akçansa set up “project teams” in addition to its training programs to improve technical and professional skills. Project groups work on studies in a systematic manner, achieving critical and challenging targets through the cooperation of employees of different business disciplines. These programs are followed by the “Executive Committee”.

The “Internal Customer Satisfaction Project”, initiated in 2005, was finalized and surveys were carried out in some departments. The project aimed at a consolidation of the work systems between the Company departments and participations with respect to the products and services offered, to respond to internal customer expectations and requirements in harmony with the Company's strategy and policies, to determine the extent to which these requirements were met and to contribute to the improvement in processes and service quality. With respect to the previous year, improvements were observed in the standard of products and services offered by all departments to internal customers.

Akçansa adopts an approach of consistent and systematic efforts to improve performance. Under the SABE (Sabancı Business Excellence) program, through the model criteria comprising of leadership, politics and strategy, alliance and sources, processes, customers, employees and society, a self evaluation of the Company was carried out. The strengths and weaknesses, with areas which required improvement then laid out the participation of employees from each department at manager, chief and specialist level. A report was then prepared at the end of this study, and improvement targets were set on the way to excellence.

Project teams were formed within the framework of the business excellence study, and these teams started working under the “Six Sigma” methodology, a statistical decision making tool based on specific data, aimed at achieving Business Excellence.

The fifth “Communication Meeting” was held in December 2006 in Istanbul and Çanakkale. These meetings serve as a strategic platform where Company strategy and its targets are shared with the employees. These meetings serve as an opportunity to talk and share information.

The implementation of the “Suggestion System”, the aim of which is to unleash the creativity among employees, raise motivation, productivity and quality was successfully completed the second year. The initiation of the system dates back to February 2005. By the end of 2006 there had been 939 improvement suggestions, mainly contributed from employees.

Creating value for its employees as well as its shareholders and measuring the value within the concept of "Sustainable Growth" is an integral part of Akçansa's understanding of management. In this respect, the fifth "Professional Life Evaluation Study" was organized to examine the working environment offered to employees, evaluate their levels of motivation and satisfaction, observe the consequences of executive operations and to set new and higher targets. The results indicated considerable progress in development when compared to the previous year.

The traditional Management Meetings were held in June, July and November. These meetings serve as a platform to buttress communication and cooperation, where all executives, managers and specialists from various functions are present. In June's meeting, the main theme of the meeting was innovation. Starting from the definition of “innovation”, a workshop study was organized to foster new ideas and suggest implementations which would create additional economic value. As a follow-up to that meeting, a second meeting was held in July with the same participants. The implementations and ideas regarding the new innovations were evaluated after the meetings.

At the management meeting held in November, the Company's Executive Committee undertook a review of Company vision and mission.

The fifth “Communication Meeting” was held in December 2006 in Istanbul and Çanakkale. These meetings serve as a strategic platform where Company strategy and targets are shared with the employees in addition to sharing information and having talks. The meeting underlined that Akçansa was growing by creating value for its shareholders, customers, employees and society as a whole. The developments in Turkey and in the cement sector were discussed and reviewed, while employees" questions were responded to and their suggestions evaluated.

During the summer, picnics were organized in various locations to help bring some relief to employee's stress and exhaustion and provide a day where they can relax with their families and colleagues.

Under the organization of the Social Activities Committee, the Akçansa football team, drawn up in the wake of the 2005 Akçansa Football Tournament, participated in the Sabancı Group Football Tournament, along with 15 other Sabancı Group companies. Akçansa crowned the championship, winning all except one of its games.

As part of the Integrated HR Processes Project, initiated by Sabancı Holding in 2005, a transition to a new Work Evaluation System (HAY Job Family) has been underway. The project will form the basis for the Company's human resources implications. With this study, “role definitions” were set, aimed at contributing towards determining the target and performance criteria as well as helping to set the Skill Sheet to determine the information and skill required in business processes. According to these studies, a newly restructured salary and bonus system and new “improvement planning process” based on the Skill Sheet is expected to be applied in 2007.

At the beginning of 2006, the Collective Labor Agreement was signed for the 2006-2007 period between the Turkish Çimse Employer Employee Union and the Turkish Cement Manufacturers Association, of which Akçansa is a member.

Personnel Profile	
Total Number of Staff	811
Distribution of Staff (Union/Non-Union)	445/366
Number of Managers	34

Education Level of Staff	
Number of Staff with Post Graduate Qualifications	12
Number of Staff with a University Degree	246
Number of Staff to have Completed High School	336
Number of Staff to have Completed Primary School	217
Average Age of Staff	38.1
Proportion of Women in Total Staff	6.7%
Average Period in Years Spent Working in Company	10.6

Social Responsibility

Akçansa has transparent, open and consistent relations with its social partners and shareholders both in its business dealings and in its work towards social responsibility. Akçansa has become a prestigious enterprise by converting its operations into value added communication projects.

Akçansa's leadership in the cement sector, as the largest player, brings with it a responsibility to improve the sector and enhance its prestige.

As a leading enterprise, Akçansa considers itself responsible not only for increasing growth, but also ensuring that the growth is sustainable and based on the value created for the community and its shareholders. In this respect, the Company passes on the resources generated from the industrial and commercial operations to social responsibility projects.

Akçansa carries out its operations by planning through the principle of sustainable growth and ambition in its business targets. Akçansa enjoys transparent, open and consistent relations with its social partners and shareholders, both in its business dealings and in its work towards meeting its social responsibility. Akçansa has become a prestigious enterprise, achieved by converting its operations into value added communication projects.

Contribution to Society

In order to maintain its leadership, Akçansa aims to further improve its existing strong and well established relations with its social stakeholders. Akçansa undertakes its largest investment to society and its social stakeholders, the return on this investment coming in the form of enhanced prestige.

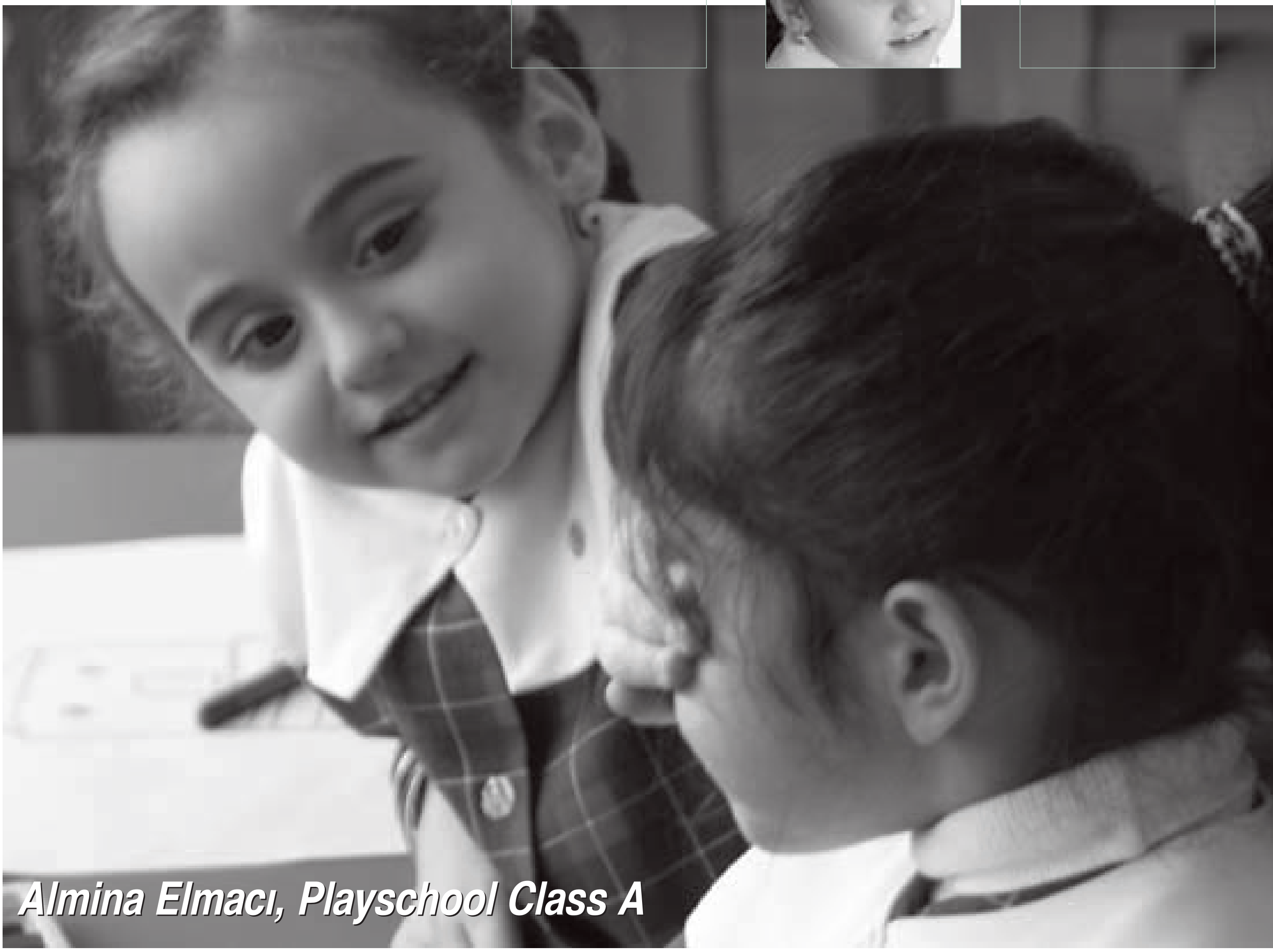
Supporting the regions where it operates, contributing to development through its factories and facilities, developing projects in sport, education and culture for the greater public benefit are among those areas where Akçansa demonstrates its commitment to the creation of social benefit.

Akçansa employees support these projects voluntarily and play active roles in the process, from the initial steps such as planning the projects to playing an active role in implementing and maintaining these projects.

Akçansa also contributes to local sport, having sponsored the world free diving recordholder, Devrim Cenk Ulusoy for the last two years. Holding the world record in dynamic apnoea to depths of 175 meters, Devrim Cenk Ulusoy continues to perform with Akçansa's sponsorship and has become the world free diving recordholder in the cubic apnoea branch, reaching a depth of 152.95 meters in the 3rd World Free Diving Championship which was hosted in Tenerife.

Having been a competitive swimmer for fifteen years and having swum single flipper over the last five years, Ulusoy aims to break his own world record in dynamic apnoea and bring another championship crown to our country this year.

Akçansa sponsored archaeological excavations in Troy near Çanakkale towards its objective of preserving our historical and cultural heritage. The Company was the main sponsor of the Culture and Art Festivals organized by



Almina Elmacı, Playschool Class A

How can we protect our environment?

I don't drop litter, pick up flowers or step on grass when I visit parks. I just smell the flowers.

Akçansa implements high standards on its business structure and business processes; from the usage of alternative fuel and raw materials to its sensitivity on environment protection and from occupational safety to work ethics.

the Çatalca, Büyükçekmece and Tepecik municipalities in the summer months.

Akçansa has fully integrated the principles of sustainable progress and the performance culture to its operations. Akçansa has reinforced its leadership in the sector thanks to its competitive strength, financial performance, technological innovation (from specific products to alternative fuel and raw material usage) respect for the environment, studies on social responsibility and progressive implications in human resources.

Akçansa creates economic value with employment, production and exports through by supporting Turkey's natural sources through industrial investments. At the same time, the Company uses these resources achieved from industrial and commercial operations to create additional value in culture, arts, education, sport and the environment in the scope of social responsibility.

Several projects were carried out with non-government organizations, local managements and private institutions with the intention of protecting historical, cultural and natural wealth, as part of the Company's commitment to social responsibility.

Contribution to the Environment

Akçansa implements high standards in its business structure and business processes, from the use of alternative fuel and raw materials to its sensitivity to protecting the environment, and from occupational safety to work ethics.

Akçansa converts a variety of wastes into value for the environment and for the economy. The Büyükçekmece and Çanakkale cement plants were the first plants to have received the R134-001 and R1 17-001 licenses from the Ministry of Environment and Forestry for the use of alternative fuels. Burning these wastes in cement plants helps preserve natural resources and reduces CO_2 emissions. It also presents an appreciable solution for the intractable problem of waste disposal. All investments are carried out line with the Company's environmental awareness, and necessary steps are taken in the plants to comply with environmental requirements.

With their innovative and environmentally friendly facilities, the Büyükçekmece and Çanakkale plants were found eligible for the Istanbul Chamber of Industry's Environment Award in the years 2005, 2000 and 1999. The Istanbul Chamber of Industry gives these awards to encourage environmental conservation, to encourage companies to cut their waste and use environmental-friendly products, and to raise environmental awareness.

The emission values in Akçansa's plants are well within the legal limits in Turkey, and indeed of such levels that they would meet the standards in any country in Europe. The existing emission values are published on electronic displays, which are placed on the main entry door in the Büyükçekmece Plant, simultaneously informing the general public.

Celebrations for the seventh traditional World Environment Day took place at the Çanakkale plant on June 9. As has become a tradition, the celebrations were attended by the governor of Çanakkale, local officials, military troops stationed in the area, schools, representatives of other local organizations, employees and suppliers together with their families. As part of the celebrations, 250 trees were planted in Atatürk's 125^{th} birthday Memorial Forest with the participation of the Mahmudiye Municipality. Some 45 further cedar trees were planted in addition to the 900 cedar trees that had

Akçansa teamed up with the Büyükçekmece Municipality to re-construct the Büyükçekmece Fatih Sultan Mehmet Primary School, which was damaged irreparably following the earthquake disaster in August 1999. With the support of Akçansa, Büyükçekmece Fatih Sultan Mehmet Primary School was opened for the 2006-2007 school year for the children of Büyükçekmece. The school, situated on a 6,950 m^2 plot, has 43 classrooms, two computer rooms, three pre-school classes and laboratories.

already been planted by Akçansa on the land, located on the E-5 S Highway Curve. The trees are growing day by day on the land, which is planned to become a small forest in the next couple of years.

In addition to producing high quality ready mixed concrete, improvements were also made in ready mixed concrete plants as befitting the Environmental Management Program. Within the program frame, at Büyükçekmece, Mahmutbey and Yenibosna plants, the storage area was filled with concrete and covered, resulting in an enclosed area. Landscape studies continue. As a result of the improvements, the appearance of the plants now suits the environmentally conscious image of Akçansa.

Contribution to Education

Akçansa teamed up with the Büyükçekmece Municipality to re-construct the Büyükçekmece Fatih Sultan Mehmet Primary School, which was damaged irreparably following the earthquake disaster in August 1999. With the support of Akçansa, the education has started in Büyükçekmece Fatih Sultan Mehmet Primary School in 2006-2007 school year and awarded to the students of Büyükçekmece. The school, which is situated on a 6,950 m^3 plot of land has 43 classrooms, two computer rooms, three pre-school class rooms and laboratories. The school was opened on September 18, 2006 with a ceremony in which 1,700 children were educated in 2006-2007 school year.

Akçansa has been developing projects in the construction of the Büyükçekmece Fatih Sultan Mehmet Primary School, to make it a social and cultural center.

The Betonsa Technology Center offers training at regular intervals to customers, construction companies, manufacturers of concrete components, civil engineers, auditing companies, engineers and technical staff from local and central government authorities and university students. The center offers courses on concrete technology, the durability of concrete and the importance of curing and maintenance. In addition, information is shared such as concrete font techniques in cold and hot weather.

“Technical Job Education Committee” was established for the purpose of continuous training in order to refresh the employees' information on technical and business issues. By constituting a training matrix, it was determined as to which positions will receive which training programs.

With the cooperation of Betonsa and Istanbul Technical University, research studies were carried out, reaching significant results. The studies were published in national/international technical magazines.

Visits to the cement plant and the ready mixed concrete plant were held, along with seminars, for a total of 120 students attending Boğaziçi University, the Istanbul Culture University, the Istanbul Technical University, Yıldız Technical University and Istanbul University during the year.

With the cooperation of Istanbul Technical University, Betonsa Technology Center has published 11 international and 8 national conference communiqués since 1996. Two more are currently being prepared and will be published in the 3rd “Sustainability in Cement and Concrete” Symposium, to be held on May 21-23, 2007 and be organized by the Turkish Cement Manufacturers Association. These publications, which reflect the optimum designs in terms of mechanical specifications, durability and cost in particular and are welcome in the sector and have attracted significant interest.

Emrecan Liman, Playschool Class A

What is your responsibility?

I collect my toys and put them away, and try to play with them in my room. I also keep my toys clean and take good care of them. I finish my homework early.

1. STATEMENT OF CONFORMITY WITH THE PRINCIPLES OF CORPORATE GOVERNANCE

Akçansa Çimento Sanayi ve Ticaret A.Ş. (hereinafter referred to as the 'Company') has complied with the Principles of Corporate Governance issued by the Capital Markets Board (CMB), and has implemented these to a great extent in the period from 1 January to 31 December 2006.

SECTION I - SHAREHOLDERS

2. Shareholder Relations Department

In the Company, The Shareholder Relations Department is available to maintain contact with and serve the Company's shareholders. The Department, under the direction of Christian Leclercq, Assistant General Manager - Finance (90 216-5713020, christian.leclercq@akcansa.com.tr) consists of: Hüsnü Dabak, Accounting Manager (90 216-5713025, husnu.dabak@akcansa.com.tr) Ayşen Özgürel, Accounting Specialist (90 216-5713030, aysen.ozgurel@akcansa.com.tr) Banu Üçer, Communication Specialist (90 216-5713013, banu.ucer@akcansa.com.tr), and Onur Kerem Günel, Legal Advisor (90 216-5713024, onur.gunel@akcansa.com.tr). The Department has carried out capital increases, dividend payments, updates for the replacement of shareholders' share certificates and disclosures of material events within the scope of the public disclosure mandate. Shareholders receive accurate, complete and comprehensible replies to inquiries concerning the dates of capital increases, dividend rates and the initial date of payment and participation in the shareholders' meetings. These replies convey all information apart from information which has been classified as confidential. The Company takes all precautions to maintain shareholder satisfaction. In 2006, transactions for 35 share certificate exchanges, preferential right transactions for 355 shareholders and dividend payments to 1,426 shareholders were carried out. The Company discloses its activities to the public on a quarterly basis. The Company website (www.akcansa.com.tr) was updated to provide more detailed and updated information on the Company's activities. Regular meetings with investors were organized throughout the year upon request. These include a comprehensive investor meeting with 31 corporate shareholders, four investor conferences when one-to-one discussion sessions were held with 88 investors, and four analyst meetings. The Company's objective is to fulfil the Company's public disclosure and transparency obligations and it employs experts competent to inform investors on the Company's financial particulars. In compliance with the Turkish Commercial Code and the Company's Articles of Association, maximum effort is expended to enable the Company's shareholders to participate in the General Shareholders Meetings.

3. The Use of Shareholders' Right to Information

Upon request, shareholders receive verbal or written information, according to their preference. Announcements relating to Shareholders' rights are disclosed through the Istanbul Stock Exchange (ISE), in the Commercial Registry Gazette, in the national daily newspaper with the highest circulation and published in the city where the Company is based, and on the

Company website (www.akcansa.com.tr), in accordance with Capital Markets Law and related regulations. CMB communiqués stipulate that an independent auditor should audit the Company. The Company's Articles of Association do not provision the appointment of any special auditor and there was not any request regarding the appointment of a special auditor during 2006. The Committee of Auditors presents independent auditor reports for ratification to the Board of Directors. Once ratified, the reports are disclosed to the public through the ISE. After auditing, the report subject to annual audit is announced in the Commercial Registry Gazette and on the Company website (www.akcansa.com.tr), after being ratified by the General Assembly of Shareholders. The Board of Auditors, elected by the Company's Board of Directors in accordance with the Capital Markets Law and related regulations, performs its duties in compliance with the procedures. Utmost care is taken to ensure that in addition to the fundamental partnership rights set out by the Turkish Commercial Code and the Capital Markets Law, the rights stipulated by the principles of corporate governance, as presented below, are exercised.

During the period, shareholders requested information on the Company's capital increases, dividend payments in the previous terms, and the Company's operating results. This information was communicated to the shareholders verbally or in writing, in accordance with their preferences. Shareholders can view Company information instantly at www.akcansa.com.tr, while public disclosures of material events are announced through the ISE and newspaper announcements.

The Shareholder Relations Department answered around 600 written requests from shareholders during 2006, at around 600 phone calls and e-mail messages and through conversations in person. Any information concerning shareholders was announced on the www.akcansa.com.tr website within the mandatory notification periods.

4. Procedures on the General Assembly of Shareholders

The Company holds its General Shareholders Meetings in compliance with the Turkish Commercial Code, Capital Markets legislation and the Company's Articles of Association. The invitation to attend the General Assembly of Shareholders is published two weeks in advance in the Commercial Registry Gazette, in a national daily newspaper and on the Company website. The shares of the Company are traded as bearer stocks. In ratification for the agenda, the quorum provisions set by the Turkish Trade Law are taken into account. Major issues such as amendments to the Articles of Association, mergers, Company divestments, the selection of Board of Directors' and auditors, the distribution of dividends, discharge of the Board of Directors' and Board of Auditors' financial responsibilities, and the annual report are presented for approval or ratification to the General Assembly of Shareholders. Data, such as the minutes of the General Shareholders Meeting and the list of participating shareholders in the Assembly are available on the Company's website. The annual report, financial statements, dividend proposals, meeting agendas, power of attorney, and supporting documents prepared for the General Shareholders Meeting are published at least two weeks ahead of the Assembly at the Company Head office, in whichever national daily newspaper has the highest circulation, and on the Company website. The Company is required to be informed of requests to attend the General Assembly of Shareholders at least one week ahead of the date of the meeting, in compliance with the Industry and Trade Ministry' regulations concerning the General Shareholders Meetings and the Attendance of the Ministry's Commissioners to the Assembly. A regular General Shareholders Meeting was held on 27 March, 2006 at the Hacı Ömer Sabancı Conference Hall at the Sabancı Center, 4. Levent, Istanbul with the participation of shareholders holding a combined total of 152,071,676.61 shares (79.43% of the total). The invitation to attend the assembly was announced in the daily Milliyet newspaper on 8 March, 2006 and in the Commercial Registry Gazette dated 8 March, 2006 (issue No. 6508). An extraordinary General Shareholders Meeting was held on 24 August, 2006 at the address of Kozyatağı Mahallesi Kaya Sultan Sokak Hüseyin Bağdatlıoğlu Business Center No:97 Floor:8 Bostancı, Kadıköy, Istanbul with the participation of shareholders holding a combined total of 152,347,725.80 shares (79.58% of the total). The invitation for the assembly was announced in the daily Milliyet newspaper on 1 August, 2006 and in the Commercial Registry Gazette of 2 August 2006 (issue No. 6612).

Permissions to the amendments to articles 6 and 27, and the cancellation of a temporary article 1 (concerning the merger of shareholder certificates and shareholder certificate series) in the Company's Articles of Association are outlined by the Capital Markets Board's decisions, dated 03 April, 2006 with issue number B.02.1.SPK.0.13-592, and by the Ministry of Trade and Industry's decisions dated 06 April, 2006 with issue number B.14.O.ITG.0.10.00.01401 -3907-34868 26/4. After discussions on these issues, amendments to articles 6 and 27, and the cancellation of temporary article 1 of the Company's Articles of Association were approved by a majority and registered on 29 August, 2006. All shareholders wishing to address the meeting or direct questions were given the opportunity, and all inquiries were answered free of time constraints, by the chairman of the assembly committee. The minutes of the General Assembly are accessible to all shareholders on the Company web site (www.akcansa.com.tr).

Important decisions taken under the Turkish Commercial Code are presented for shareholders' approval at the General Shareholders Meeting. When legislative harmonization of the Corporate Governance Principles is completed, all decisions designated as being of importance under the amended laws will have to be presented for shareholder approval at the General Shareholders Meeting.

5. Voting Rights and Minority Rights

There are no privileged or accumulated voting rights defined in the Articles of Association. The Articles of Association contain no provision acknowledging accumulated voting rights; with the existing holdings and the structure of the owning partnership, such an option would impair the harmonious management of the Company.

6. Dividend Distribution Policy and Dividend Payment Date

The Company's dividend distribution policy, which is publicly declared, is as follows:

In accordance with the prevailing CMB regulations, the dividend distribution policy of Akçansa Çimento Sanayi ve Ticaret A.Ş. is to distribute a minimum of 50% of its distributable net profit as cash dividend to its shareholders. However, the general execution is to distribute the whole distributable net profit to shareholders. There are no privileged share certificates in dividend distribution. Mandatory dividends, either in cash and/or as bonus shares are determined in the General Shareholders Meeting. The General Assembly of Shareholders may authorize the Company's Board of Directors to distribute advance dividends, but this is restricted to the prevailing financial period only. The distribution of dividends is completed within the legal timeframe.

The dividend distribution policy is applied only when there are no adversities in domestic and global economic conditions, and if the Company's capital adequacy ratio meets the targeted levels. Akçansa's Board of Directors may review the dividend distribution policy annually, taking existing projects and available funds into account.

This declaration was conveyed to shareholders in a separate section of the 2006 annual report, and was also presented to shareholders ahead of the General Shareholders Meeting. The annual report was also published on the Company website, www.akcansa.com.tr.

In compliance with the rules set forth in the Company's Articles of Association, the method of dividend distribution was detailed in article 33 of the Articles of Association.

Dividends are distributed within the legal timeframe and no shareholders are entitled to dividend distribution privileges.

7. Transfer of Dividends

The Company's Articles of Association contain no provision restricting the transfer of shares.

SECTION II - PUBLIC DISCLOSURE AND TRANSPARENCY

8. Disclosure Policy of the Company

The Company conforms to the CMB's public disclosure policy. In accordance with this, audited six month and year end financial statements and unaudited three and nine month financial statements are announced publicly at the end of each quarter. Announcements of reports prepared in accordance with the International Financial Reporting Standards (IFRS) were made within the legal timeframe stipulated by the CMB. Dates for the press conferences to be held in 2007 will be announced through the

Company's web site (www.akcansa.com.tr) ahead of the meetings.

Public disclosures on the Company operations are conducted through press releases, electronic mail distribution, mobile phone messaging, interviews with media organizations and news agencies, announcements on the internet web site, advertisements and brochures throughout the year. The Company's General Manager, Mehmet Göçmen, is responsible for the execution of the public disclosure policy.

9. Public Disclosures of Material Events

The Company made 37 public disclosures of material events within the year in accordance with the CMB and the ISE communiqués. The Company was required once to make additional disclosure. The Company presented these public disclosures of material events for the attention of shareholders by way of the ISE and in accordance with the public clarification project.

These disclosures were issued within the legal timeframe and have not been the subject of any CMB or ISE sanctions.

The Company shares are not listed on any overseas stock exchange.

10. The Company Website and its Content

The Company, in line with the principles of corporate governance, maintains a website, www.akcansa.com.tr, for shareholders and investors. The Company website contains corporate data, details of the Company's products, services and management systems, financial indicators, annual reports, content concerning investor relations, financial statements, information on the Company's environmental and other socially responsible activities, and its human resources policies.

The Company website includes information listed in Section II, Paragraph 1.11.5 of the CMB's Corporate Governance Principles.

11. Disclosure of Ultimate Controlling Shareholder(s)

There is no ultimate controlling shareholder.

12. Public Announcement of Insiders

The persons who can potentially access the Company's price-sensitive information are listed in the annual report under various sections - members of the Board of Directors, members of the Board committees and the executive management - and have been disclosed to the public through the annual report.

SECTION III - STAKEHOLDERS

13. Informing Stakeholders

STAKEHOLDERS

SHAREHOLDERS

In conformity with communiqués of the Istanbul Stock Exchange and provisions of the Turkish Commercial Code, matters such as General Assembly Meetings, Extraordinary General Assembly Meetings, capital increases, dividend payments, etc. are announced in the Commercial Registry Gazette within the legal terms set. Disclosures and notices are posted in a newspaper with high circulation. Press conferences are held, press bulletins are released and online notices are sent. With the exclusion of trade secrets and information classified as confidential, all shareholders are simultaneously provided with accurate, complete, comprehensible and interpretable information.

CUSTOMERS

Concurrent with the care attributed to products, service and quality, the Company strives to constantly improve customer satisfaction. Customer satisfaction is gauged by regular surveys. From time to time, training programs and seminars are planned for customers. In addition, research and development activities are carried out.

EMPLOYEES

Any act of the Company which relates to employees is carried out in agreement with the laws regulating occupational life.

Policies of recruitment, promotion, training, performance improvement and other employment practices are stipulated in a written form. The performance of employees is evaluated through face-to-face meetings, taking into account targets and performance criteria set at the start of every year. Our Company uses an international "job evaluation system", based on current job descriptions. Performance evaluation is carried out systematically by employing this system. Results serve as a basis of various human resources practices and decisions.

The training and self-development needs of employees are scrutinized every year. Annual training plans are drawn up to meet requirements.

There is a portal where employees can access all kinds of information and documents (e.g. Company targets, policies, job descriptions, practices, etc.) which may be of concern to them.

The Company openly communicates with shareholders, employees and other parties on occupational health and safety. The OHSAS 18001 Occupation Health and Safety System is applied.

Stakeholders obtain information about corporate developments through public statements released as required by the relevant regulations.

Employees are informed about their areas of expertise and issues of interest to them through meetings, seminars, courses and online notices.

14. Participation of Stakeholders in Management

Employees are provided with opportunities to participate in management through periodical meetings (communication meetings, functional meetings, discussions with the General Manager) within the Company, meetings to set annual targets, job evaluation meetings, development planning meetings and the Suggestion System. Surveys are conducted at regular intervals to measure employee satisfaction and receive feedback. Likewise, the satisfaction of distributors and customers is measured intermittently

15. Human Resources Policy

Apart from business objectives, Akçansa also lays out strategies and priority goals for human resources. In doing so, we take into account the context of the national and global economy and specific circumstances in the cement sector, ready mixed concrete and aggregates. Paying particular attention to human resources, which plays an important role in our success, Akçansa provides its employees with every opportunity in HR processes (including training, performance appraisal, career development, organizational and human resources achievement plan, pay system and social rights), to promote individual development, high performance and a gratifying career.

To guarantee the long-term success of the Company, we pursue the following goals in cooperation with our partners Sabancı Holding and Heidelberg Cement:

- adopt contemporary human resources practices
- create an environment that will promote employee satisfaction and productive performance
- add qualities to our human resources
- keep up efforts to become a preferred employer by virtue of our positive image
- to be an exemplary Company in the field of human resources embodying the best practices
- possess and maintain the best qualified labour force in the sector
- create training and development opportunities for employees individually and professionally
- base the corporate pay system on fairness, rewarding high performance, with pay to be on par with the overall level of pay throughout the country
- shape a common identity for Akçansa employees; this should be based on mutual trust and respect, analytical thinking, customer focus, team work and cooperation, openness to efficient communication, sharing of accomplishments, and centred on achievement
- Other priorities are the management of the "culture" aspect to enact the Company vision, identifying employee expectations and areas where the organization needs to be improved, charting action plans in these areas and sustaining development to bolster company goals and performance.

No representative has been appointed within the Company to coordinate relations with employees. There were no complaints from employees concerning discrimination, either before or during 2006.

16. Relations with Customers and Suppliers

The Company embraces the principle of mutual satisfaction of customers and suppliers as part of its quality policy. It abides by the obligations to its customers and external demands on the same issue. The Quality Control System is repeatedly reviewed and monitored. Development of product quality is encouraged. The Company ensures that any activities carried out by contractors and suppliers, which may have a bearing on quality, adhere

to their quality commitments.
Informative meetings are organized to develop the quality consciousness of contractors and suppliers. In these meetings, joint working groups are formed to deal with participants' problems. Maximum effort is expended on efficient communication between the parties. Concurrent with the significance attributed to products, services and quality, activities to develop customer satisfaction are continued interminably. Customer satisfaction is measured in regular surveys. Training programs and seminars are held for customers at regular intervals. Research and development activities are carried out. In line with the observance of trade secrets in the Company, information concerning customers and suppliers is kept confidential.

17. Social Responsibility

To ensure a cleaner environment, the Company goes to great lengths to comply with international standards.

As stated in our ISO 14001 environmental policy, our goals include:

Waste management and reduction by classifying wastes, recycling if possible, elimination of wastes in licensed disposal facilities, burning waste which can be used in our plants (where licenses and permits have been granted), evaluation of damage wrought by waste on the environment, taking necessary preventive measures to minimize such damage, fulfilling legal obligations, providing required infrastructure and resources, enforcing sanctions on our contractors where necessary and providing training.
Environmental awareness in operations and sustaining development while protecting the environment is one of Akçansa's essential goals. Akçansa considers the environmental factor in all its facilities, in practice as well as in corporate aspects.

Akçansa converts a whole range of waste into value for the economy. The Büyükçekmece and Çanakkale plants were the first in Turkey to be awarded with the R134-001 and R117-001 licenses from the Ministry of Environment and Forestry to use alternative fuels.

The burning of waste in cement plants helps conserve natural resources and slashes carbon dioxide emissions, producing a solution to the intractable issue of waste disposal.

Important projects were also carried out in the field of education. Akçansa teamed up with the Büyükçekmece Municipality to rebuild the Büyükçekmece Fatih Sultan Mehmet Primary School, which had suffered irreparable damage from the earthquake in August 1999. In the rebuilt school, 1,700 students have started education at the beginning of the 2006-2007 school year.

In line with its mission to protect Turkey's cultural legacy, Akçansa sponsored archaeological excavations of Troy in Çanakkale to promote our historical and cultural heritage.

By supporting national diver Devrim Cenk Ulusoy, Akçansa underlines the value given to the sports and sportsmen.

Our plants provide financial contributions to improving public services offered by local municipalities, schools and public organizations. Detailed information on our contributions is presented in the publicity section of our annual report. Honoring our notion of social responsibility, Akçansa makes donations to the Sabancı Foundation (VAKSA). These donations enable the Company to contribute to Turkey's social and cultural development beyond its immediate vicinity.

Akçansa has not been faced with any legal action taken against it for environmental causes.

SECTION IV - Board of Directors

18. Structure and Composition of the Board of Directors and Independent Members

Not all the board members are executive. The composition of the Board of Directors is presented below. Information about each member is provided in the opening sections of the annual report.

Chairman
Erhan KAMIŞLI

Deputy/Vice Chairman
Daniel H. J. GAUTHIER

Board Member
Ziya Engin TUNÇAY

Board Member
Ali Emir ADIGÜZEL

Board Member
Ernest Gerard JELITO

Board Member
Ahmet Cemal DÖRDÜNCÜ

Members of the Board of Directors are free to take other post(s) outside the Company. There are no limits or restrictions.

Our Board Members are entitled to carry out transactions as regulated in the pertaining General Assembly resolution and articles 334 and 335 of the Turkish Commercial Code.

19. Qualifications of the Board Members

The qualifications of the Board Members are compatible with the related articles specified in the Corporate Governance Principles of the Capital Markets Board (CMB). The Company's Articles of Association do not refer to any minimum qualifications required from Board Members.

When the need arises, development programs are designed and implemented to be able to keep better track of contemporary developments in administrative sciences, by collaborating with universities and other scientific institutions.

20. The Company Mission, Vision and Strategic Goals

VISION
“Pushing the limits through sustainable growth”

To push the established limits in the construction materials sector through sustainable growth, and maintain the trust of our shareholders, by applying the optimal business model.

MISSION

To be the leading building materials company, and to improve the overall quality of life in society

Through our culture which respects social, environmental, legal and ethical values

By creating value;

For our customers with innovative products, services and solutions
For our stakeholders with a high financial performance
And for our employees, who are at the core of our business model, with continuous progress opportunities

The Company's strategic goals have been spelled out by the Board of Directors after a discussion with shareholders to cover a period of three years. The annual budgets drawn up to meet strategic goals are approved by the Board of Directors.

The Board of Directors have precise information on the implementation process of decisions taken, with comparative presentations received from company executives during meetings. In these presentations, budgetary and current reports of the current financial year are submitted, as well as a comparison with the corresponding periods of previous years. The Board of Directors repeats this process at least four times a year.

21. Risk Management and the Internal Control Mechanism

An Internal Control Manager and an Internal Control Specialist provide services to the Company. The principles and goals behind their activities are clearly defined. Assisted by the Auditing Committee, they efficiently fulfil the tasks allotted to them by the Board of Directors in keeping with the Auditing Committee Statute.

At the core of our risk management is the definition and screening of all possible risks that the Company may face. The Company and its executives have categorized all possible risks and all necessary precautions are taken. These involve all types of financial risk: asset-liability risks, credibility, capital/indebtedness, exchange rates, risk factors that may directly influence the financial state of the Company and natural risks, where all facilities are insured to minimize the risk imposed by natural disasters such as earthquakes, fire, etc., which may affect our performance. The SAP system is applied so no data is lost and systems are not affected in the event of extraordinary circumstances. This system allows up-to-date tracking of activity results and measurement and processing when necessary, aiding the decision-making process. The application of SAP has raised the efficiency of the internal control mechanism by eliminating individual mistakes. Investments have also been made in the Company's back-up system.

22. Duties and Responsibilities of the Board Members and Executives

The administrative powers and mandate of the Board of Directors are defined in the Articles of Association.

The duties and responsibilities of executives are not outlined in the Company's Articles of Association, but have been specified by the Board of Directors.

23. The Operating Principles of the Board of Members

The Board of Directors held 41 meetings, 4 face-to-face meetings and 37 meetings in 2005, by collecting written approval as set out by the provisions of the Turkish Commercial Code and the Articles of Association. Meeting agendas are determined after the Board Chairman consults with Board Members and the General Manager. Details of the agenda and content are set out in a printed file, prepared by the informative committee and circulated to board members one week prior to the meeting, to allow them a period of study and examination.

In the meetings held in 2006, no opinions were expressed in opposition to the decisions taken by the Board Members.

While the binding issues stated in the CMB Corporate Governance Principles, part IV, article 2.17.4 required a decision, members were required to attend board meetings in person. No questions were recorded in the minutes of the meetings, because there were no questions from Board Members. Board Members were not entitled to weighted voting or veto powers for the issued decisions.

24. Prohibited Transactions and Competition with the Company

Board Members did not enter in any prohibited transactions with the Company and did not venture to compete in the same field of activity in 2005.

25. Ethical Rules

The ethical rules accepted by our partners, Sabancı Holding, have also been adopted and implemented by our Company.

26. The Number, Composition and Independence of Committees Set up by the Board of Directors

There is an Auditing Committee and Preliminary Informative committee tied to the Board of Directors. Since the Board of Directors directly attends to the issues of harmony with corporate governance principles, it was not found necessary to set up a separate committee for this issue. There has been no conflict of interest caused by the current membership structure of the Auditing Committee in 2006.

Before board meetings, the Preliminary Informative Committee conducts comprehensive research into the issues to be presented to the Board of Directors and prepares detailed presentations.

The Internal Auditing Manager presents reports setting out the Corporate Governance Principles to members of the Auditing Committee.

27. Remuneration of the Board of Directors

Board Members are not provided with any remuneration unless a decision to the contrary is made by the General Assembly.

In 2006, the Company did not: lend, issue loans, extend issued loans, improve conditions for issuing loans, issue loans under the title of individual loans via a third party or provided any indemnities.

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi

Consolidated Financial Statements
Together With
Report of Independent Auditors
December 31, 2006

(Convenience Translation of an Auditors' Report and Financial Statements and Footnotes Originally Issued in Turkish)

ERNST & YOUNG

Güney S.M.M.M. A.Ş.
Büyükdere Cad. Beytem Plaza
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi;

We have audited the accompanying consolidated balance sheet of Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi and its subsidiary (hereafter together referred to as the Company) as of December 31, 2006 and the related consolidated income statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards published by Capital Market Board of Turkey. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi and its subsidiary as of December 31, 2006, and its financial performance for the year then ended in accordance with Financial Reporting Standards (Note 2) published by Capital Market Board of Turkey.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
An Affiliated Firm of Ernst & Young International

Ertan Ayhan, SMMM
Partner

March 8, 2007
Istanbul, Turkey

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi

CONSOLIDATED BALANCE SHEET

As at December 31, 2006

(Currency - New Turkish Lira (YTL))

ASSETS	Notes	Current Period Audited December 31, 2006	Prior Period Audited December 31, 2005
Current Assets		***306.945.344***	***269.156.838***
Cash and cash equivalents	4	148.429.279	148.298.901
Marketable securities (net)	5	-	-
Trade receivables (net)	7	103.124.046	66.526.220
Finance lease receivables (net)	8	-	-
Due from related parties (net)	9	3.190.333	6.318.330
Other receivables (net)	10	3.276.271	3.259.061
Biological assets (net)	11	-	-
Inventories (net)	12	47.052.276	43.454.233
Receivable from continuing construction contracts (net)	13	-	-
Deferred tax asset	14	-	-
Other current assets	15	1.873.139	1.300.093
Non-current Assets		***621.492.504***	***587.096.639***
Trade receivables (net)	7	19.404	15.455
Finance lease receivables (net)	8	-	-
Due from related parties (net)	9	-	-
Other receivables (net)	10	-	-
Financial assets (net)	16	161.731.061	186.498.089
Positive/Negative Goodwill (net)	17	-	-
Investment property (net)	18	-	-
Property, plant and equipment (net)	19	439.024.247	380.773.104
Intangible assets (net)	20	15.144.231	13.665.767
Deferred tax asset	14	2.802.760	4.496.774
Other non-current assets	15	2.770.801	1.647.450
Total Assets		***928.437.848***	***856.253.477***

The accompanying policies and explanatory notes on pages 59 through 93 form an integral part of the financial statements.

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi

CONSOLIDATED BALANCE SHEET

As at December 31, 2006

(Currency - New Turkish Lira (YTL))

LIABILITIES	Notes	Current Period Audited December 31, 2006	Prior Period Audited December 31, 2005
Current Liabilities		***90.744.533***	***57.430.659***
Short-term borrowings (net)	6	548.043	7.262.263
Current portion of long-term borrowings (net)	6	-	-
Finance lease payables (net)	8, 31	1.887.980	-
Other financial liabilities (net)	10	-	-
Trade payables (net)	7	55.908.995	22.314.151
Due to related parties (net)	9	4.474.479	5.964.656
Advances taken	21	824.143	1.407.403
Receivable from continuing construction contracts (net)	13	-	-
Provisions	23	21.062.155	16.166.474
Deferred tax liability	14	-	-
Other liabilities (net)	10	6.038.738	4.315.712
Non-current Liabilities		***35.941.923***	***49.112.670***
Long-term borrowings	6	-	-
Finance lease payables (net)	8	4.150.532	1.207.620
Other financial liabilities (net)	10, 31	-	-
Trade payables (net)	7	-	-
Due to related parties (net)	9	-	-
Advances taken	21	-	-
Provisions	23	9.400.001	8.647.568
Deferred tax liability	14	22.391.390	39.257.482
Other liabilities (net)	10	-	-
MINORITY INTEREST	***24***	***12.026.586***	***11.233.909***
EQUITY		***789.724.806***	***738.476.239***
Share capital	25, 27-28	191.447.068	166.475.712
Share capital subsidiaries elimination		-	-
Capital reserves	25, 26, 27-28	233.177.582	235.418.128
Share premium		-	-
Income on common stock disposals		-	-
Revaluation fund		-	-
Financial assets value increment fund		-	-
Equity restatement differences		233.177.582	235.418.128
Profit reserves	27-28	129.574.012	131.607.950
Legal reserves		29.370.297	16.493.413
Statutory reserves		35	35
Extraordinary reserves		2.591.080	10.656.637
Special reserves		-	1.358.666
Other reserves		97.612.600	103.099.199
Gain on sale of participation and fixed assets to be transferred to the share capital		-	-
Currency translation adjustment		-	-
Net profit for the year	27-28	146.465.575	113.565.095
Retained earnings	27-28	89.060.569	91.409.354
Total Liabilities and Equity		***928.437.848***	***856.253.477***

The accompanying policies and explanatory notes on pages 59 through 93 form an integral part of the financial statements.

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi

CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2006

(Currency - New Turkish Lira (YTL))

	Notes	Current Period Audited December 31, 2006	Prior Period Audited December 31, 2005
Operating Income			
Net sales	36	577.499.491	415.049.192
Cost of sales (-)	36	(378.172.607)	(293.200.252)
Service revenues (net)	36	5.158.391	3.602.989
Other income from operational activities/interest+dividend+rent (net)	36	-	-
Gross profit		***204.485.275***	***125.451.929***
Operating expenses (-)	37	(24.502.941)	(20.909.531)
Profit from operations, net		***179.982.334***	***104.542.398***
Other operating income	38	43.384.918	52.839.267
Other operating expense (-)	38	(49.496.872)	(13.595.000)
Financial expense, net (-)	39	(368.273)	(296.812)
Operating profit		***173.502.107***	***143.489.853***
Monetary loss (net)	40	-	-
Minority interest	24	(792.677)	(2.366.271)
Profit before tax		***172.709.430***	***141.123.582***
Tax	41	(26.243.855)	(27.558.487)
Net profit		***146.465.575***	***113.565.095***
Earnings per share (New Kuruş)	42	0,77	0,59

The accompanying policies and explanatory notes on pages 59 through 93 form an integral part of the financial statements.

1. CORPORATE INFORMATION

General

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi (Akçansa) was formed on September 30, 1996 through the merger of Akçimento Ticaret Anonim Şirketi (Akçimento) which was established in 1967, with Çanakkale Çimento Sanayi Anonim Şirketi (Çanakkale) which was established in 1974. At January 12, 1996, Mortelmaattschappij Eindhoven B.V. (Mortel), which is a wholly owned subsidiary of Cimenteries CBR S.A. (CBR), acquired 97,7% of Çanakkale. Subsequently on April 24, 1996, the CBR group exchanged its shares in Çanakkale for 30% of the shares of Akçimento which was mainly owned by the affiliates of Hacı Ömer Sabancı Holding Anonim Şirketi. Effective from October 1, 1996, Akçimento ceased its existance and merged with Çanakkale. The name of Çanakkale was changed as Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi. Akçansa shares have been traded on the İstanbul Stock Exchange since 1986. On November 27, 2006, 39,72% shares of Akçansa Çimento Sanayi ve Ticaret A.Ş. owned by CBR International Holdings B.V. which is 100% owned subsidiary of HeidelbergCement A.G. has been transferred to HeidelbergCement Mediterranean Basin Holdings S.L. which is also 100% owned subsidiary of HeidelbergCement A.G.

The address of the headquarters and registered office of Akçansa is Kozyatağı Mahallesi, Kaya Sultan Sokak, Hüseyin Bağdatlıoğlu İş Merkezi, No: 97, Kat: 5 - 8, Kozyatağı, İstanbul.

The consolidated financial statements are authorized for issue by the management on February 3, 2006. The General Assembly and certain regulatory bodies have the power to amend the statutory financial statements after issue. The major shareholders of the Company are Hacı Ömer Sabancı Holding A.Ş and HeidelbergCement Mediterranean Basin Holdings S.L., as disclosed further in Note 25.

For the purpose of the consolidated financial statements, Akçansa and Karçimsa Çimento Sanayi ve Ticaret A.Ş. (Karçimsa - 50,99% owned subsidiary of Akçansa in Karabük) - together are referred to as Akçansa and its subsidiary or the Company.

Nature of Activities

The Company is primarily engaged in manufacturing of cement, clinker, ready mixed concrete and aggregate.

2. BASIS OF PRESENTATION

Basis of Presentation

The financial statements of the Company have been prepared in accordance with accounting and reporting standards as prescribed by Turkish Capital Market Board ("CMB Accounting Standards"). The CMB has issued Communiqué No. XI-25 "Communiqué on Accounting Standards in Capital Markets" which sets out a comprehensive set of accounting principles. In this Communiqué, the CMB stated that, as an alternative, application of accounting standards prescribed by the International Accounting Standards Board (IASB) and the International Accounting Standards Committee (IASC) will also be considered to be compliant with the CMB Accounting Standards. With the decision taken on March 17, 2005, the CMB has declared that application of inflation accounting is no longer required for companies operating in Turkey which are reporting in accordance to CMB Accounting Standards effective from January 1, 2005. The financial statements have been prepared under the alternative application defined by the CMB as explained above. The financial statements and explanatory notes are presented using the compulsory standard formats as prescribed by the CMB.

Akçansa and its subsidiary, which is incorporated in Turkey, maintain their books of account and prepare their statutory financial statements in accordance with regulations on accounting and reporting framework and accounting standards promulgated by the Turkish Capital Market Board (TCMB - only for Akçansa), Turkish Commercial Code and Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The consolidated financial statements have been prepared from statutory financial statements of Akçansa and its subsidiary and presented in New Turkish Lira (YTL) with adjustments and reclassifications for the purpose of fair presentation in accordance with CMB.

Measurement and Reporting Currency

Functional and reporting currency of the Company is New Turkish Lira (YTL).

As of December 31, 2006 and December 31, 2005, the three year cumulative inflation rates were 32,8% and 35,6% and annual inflation rates were 11,5% and 4,5% based on the Turkish countrywide wholesale price index published by the State Institute of Statistics, respectively. Consequently, in accordance with CMB announcement No. 7642 dated March 18, 2005; since the objective conditions for the restatement in hyperinflationary economies is no longer available, the financial statements are restated until December 31, 2004.

2. BASIS OF PRESENTATION (CONTINUED)

The main guidelines for the above mentioned restatement are as follows:

• Non-monetary assets, liabilities and shareholders' equity including share capital reported in the balance sheet as of December 31, 2006 and 2005, are derived by indexing the additions occurred until December 31, 2004 to December 31, 2004 and carrying the additions after this date with their nominal amounts.

• All the items in the income statement for the year ended December 31, 2006 are stated with their historical values excluding depreciation and amortization expenses that is calculated based on gross book values of property, plant and equipment and intangible assets derived by indexing until December 31, 2004 and carrying the nominal values of additions after January 1, 2005; and gain/loss on sales of those assets.

Uses of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet. Actual results may vary from the current estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of Karçimsa in which Akçansa has a shareholding interest of 50,99%.

Subsidiary is consolidated from the date on which control is transferred to Akçansa and cease to be consolidated from the date on which control is transferred out of Akçansa.

As stated above, the consolidated financial statements include Akçansa and its subsidiary, which it controls. This control is normally evidenced when Akçansa owns, either directly or indirectly, more than 50% of the voting rights of a company's share capital and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. The equity and net income attributable to minority shareholders' interests are shown separately in the balance sheet and income statement, respectively.

Balances and transactions between Akçansa and its subsidiary, including intercompany profits and unrealized profits and losses are eliminated. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Comparative Information and Reclassifications Made to the Previous Year's Financial Statements

The Company has made certain reclassifications in the consolidated financial statements as of December 31, 2005 to be consistent with the current year consolidated financial statements. This reclassification is as follows:

To be consistent with the current year presentation, the Company represented the commission income with the amount of YTL 105.205 in “Service Revenues” which was previously represented in the “Other Operating Income” in the consolidated financial statements as of December 31, 2005.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand, cash in banks, checks readily convertible to known amounts of cash and short-term deposits with an original maturity of three months or less.

Cash and cash equivalents are carried at cost plus its interest income accrual.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Trade and Other Receivables

Trade receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amounts and an allowance for unearned interest income calculated using the effective interest rate method (interest rates are 24,13% for YTL, 5,32% for USD and 3,63% for Euro) (December 31, 2005 - 16,98% for YTL, 4,39% for USD and 2,40% for Euro)

Collection terms of trade receivables vary depending upon the type of product and the agreement and 45 days for cement and 60 days for ready-mix concrete.

Notes and post-dated checks, which are classified within trade receivables are held to maturity and are measured at amortized cost using the effective interest rate method.

The allowance for doubtful receivables is established through a provision charged to expenses. The allowance is an estimated amount that management believes to be adequate to absorb possible future losses on existing receivables that may become uncollectible due to current economic conditions and inherent risks in the receivables.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials and supplies - restated cost determined on monthly weighted average basis.

Finished goods and work-in-process - cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity. Inventory valuation is made on monthly weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Investments Available for Sale

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments which are classified as available-for-sale are measured at fair value. Interest earned on available for sale investments is reported as interest income. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income.

For investments that are actively traded on the Istanbul Stock Exchange, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. For investments where there is no quoted market price and where reasonable estimate of the fair value could not be determined since other methods are inappropriate and impractical, they are stated at cost.

Property, Plant and Equipment

The initial cost of property and equipment comprises its purchase price and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated.

(Currency - New Turkish Lira (YTL))

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation is calculated on all property, plant and equipment on a straight-line basis over the estimated useful life of the asset as follows:

Land improvements and buildings	20-50 years
Machinery and equipment	5-20 years
Furniture and fixtures	5-10 years
Motor vehicles	5 years
Leasehold Improvements	5-47 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in the income statement.

Intangible Assets

Intangible assets are capitalised at cost. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives (5-30 years).

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Impairment on Assets

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in income for the period. The recoverable amount of the asset is the greater of net selling price and value in use. The recoverable amount is determined for each asset, if possible; if not it is determined for the cash-generating unit to which the asset belongs. Reversal of impairment losses recognized in prior years is recorded in the income statement when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. But, any reversal of impairment loss is recognized in income statement, to the extent that the carrying value of the asset does not exceed its value before than the impairment.

Foreign Currency Transactions

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies as of December 31, 2006 are translated at the Central Bank buying rate of exchange ruling at the balance sheet date. The foreign currency income or expenses incurred from the translation of foreign currency denominated transaction is reflected within the statement of income in the related period.

Foreign currency translation rates used by the Company as of respective year-ends are as follows:

Dates	YTL/USD	YTL/EURO
Buying rates		
December 31, 2005	1,3418	1,5875
December 31, 2006	1,4056	1,8515

Bank Borrowings

All borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, borrowings, are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised, as well as through the amortisation process.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Trade Payables and Other Payables

Liabilities for trade and other amounts which are normally settled up as 30 day terms, are carried at amortized cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company. Interest rates used when determining the amortized cost are 24,13% for YTL (December 31, 2005 - 16,98%), 5,32% for USD (December 31, 2005 - 4,39%) and 3,63% for Euro (December 31, 2005 - 2,40%).

Provisions, and Contingent Assets and Liabilities

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent Assets and Liabilities

Contingent liabilities are not recognized in the financial statements, they are disclosed unless the possibility of an outflow of resources embodying economic benefits is probable. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Income Tax

Tax expense (income) is the aggregate amount included in the determination of net profit or loss for the period in respect of current and deferred tax.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Employee Termination Benefits

a) Defined Benefit Plans:

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum termination indemnities to each employee who has completed over one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

In the accompanying financial statements, the Company has reflected a liability using the "Projected Unit Credit Method" based on the actuarial valuation performed by independent actuaries. The employee termination benefits are discounted to the present value of the estimated future cash outflows using the interest rate estimate of qualified actuaries.

In the consolidated balance sheets, employee termination benefits are reflected under non-current liabilities in provisions.

(b) Defined Contribution Plans:

The Company pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. There are contributions amounting to YTL 4.840.694 as of December 31, 2006 (December 31, 2005 - YTL 4.488.145).

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Grants

Investment grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grants relates to an asset, the fair value is included under equity (as deferred income) and is released to the income statement over the expected useful life of the relevant asset by equal annual installments.

Leases

Finance Lease

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalised leased assets are depreciated over the estimated useful life of the asset.

Operating Lease

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Related Parties

A party is related to an entity if:

(a) directly, or indirectly through one or more intermediaries, the party:
  (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries;
  (ii) has an interest in the entity that gives it significant influence over the entity; or
  (ii) has joint control over the entity;
(b) the party is an associate of the entity;
(c) the party is a joint venture in which the entity is a venturer;
(d) the party is a member of the key management personnel of the entity or its parent;
(e) the party is a close member of the family of any individual referred to in (a) or (d);
(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
(g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

Revenue Recognition

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenues are stated net of discounts, value added and sales taxes. The following specific recognition criteria must also be met before revenue is recognized:

Sales of Goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer at the invoiced values and the amount of revenue can be measured reliably. Net sales represent the invoiced value of goods shipped net of sales discounts and commission.

Rendering of Services

Revenue from rendering services is recognized by reference to the stage of completion when it can be measured reliably. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Rent Revenue
Revenue is recognized monthly when the rent revenue has been earned.

Interest
Revenue is recognized as the interest accrues unless collectibility is in doubt.

Dividends
Revenue is recognized when the shareholders' right to receive the payment is established.

Borrowing Costs
Borrowing costs are expensed as incurred.

Earnings Per Share
Basic earnings per share (EPS) is calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the period.

In Turkey, companies can increase their share capital by making distribution of free shares to existing shareholders from various internal resources. For the purpose of the EPS calculation such share issues are regarded as stock dividend. Accordingly the weighted average number of shares used in EPS calculation is derived by giving retroactive effect to the issue of such shares without consideration through December 31, 2006.

Subsequent Events
Post period-end events that provide additional information about the Company's position at the balance sheet date (adjusting events), are reflected in the financial statements. Post-period-end events that are not adjusting events are disclosed in the notes when material.

Trade and Settlement Date Accounting
All "regular way" purchases and sales of financial assets are recognized on the trade date, in other words, the date the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Recognition and De-recognition of Financial Instruments
The Company recognizes a financial asset or financial liability in its balance sheet when and only when it becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset or a portion of financial asset when and only when it loses control of the contractual rights that comprise the financial asset or a portion of financial asset. The Company derecognizes a financial liability when liability is extinguished that is when the obligation specified in the contract is discharged, cancelled and expired.

Financial Risk Management Objectives and Policies
The Company's principal financial instruments comprise bank loans, finance leases, cash and short-term deposits. The main purpose of these financial instruments is to raise financing for the Company's operations. The Company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The main risks arising from the Company's financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk. The board/ management reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign Currency Risk
The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to U.S. Dollar and Euro.

The Company also has transactional currency exposures. Such exposures arise from sales or purchases or borrowings by the Company in currencies other than the Company's functional currency (YTL).

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company manages foreign currency risk by using natural hedges that arise from offsetting foreign currency denominated assets and liabilities. Net foreign currency exposure of the Company at December 31, 2006 and December 31, 2005 is approximately YTL 22.386.750 long and YTL 55.013.414 long, respectively.

Price Risk

This is a combination of currency, interest and market risks which the Company manages through natural hedges that arise from offsetting the same currency receivables and payables, interest bearing assets and liabilities. Market risk is closely monitored by the management using the available market information and appropriate valuation methods.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of the counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location.

The Company seeks to manage its credit risk exposure through diversification of sales activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. The Company also obtains security when appropriate.

Liquidity Risk

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements. The risk is mitigated by matching the cash in and out flow volume supported by committed lending limits from qualified credit institutions.

Fair Values

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction.

The financial assets and liabilities which are denominated in foreign currencies are evaluated by the foreign exchange rates prevailing on the date of balance sheet which approximate to market rates.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate a fair value.

Financial Assets

The fair values of certain financial assets carried at cost, including cash and cash equivalents plus the respective accrued interest and other financial assets are considered to approximate their respective carrying values due to their short-term nature and negligible credit losses. The carrying value of trade receivables along with the related allowance for uncollectibility is estimated to be their fair values.

Financial Liabilities

Trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. The bank borrowings are stated at their amortized costs and transaction costs are included in the initial measurement of loans and bank borrowings. The fair value of bank borrowings are considered to state their respective carrying values since the interest rate applied to bank loans and borrowings are updated periodically by the lender to reflect active market price quotations. The carrying value of trade payables is estimated to be their fair values due to their short-term nature.

Derivative Financial Instruments (Forward Agreements)

The Company enters into transactions with derivative instruments, including forwards, in the foreign exchange markets. These derivative transactions are considered as effective economic hedges under the Company's risk management policies; however since they do not qualify for hedge accounting under

(Currency - New Turkish Lira (YTL))

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

the specific provisions of IFRS 39, they are treated as derivatives held for trading. Derivative financial instruments are initially recognized in the balance sheet at cost and subsequently are remeasured at their fair value.

Fair values are obtained from quoted market prices, to the extent publicly available and discounted cash flows as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

For derivatives that do not qualify for special hedge accounting, any gains or losses arising from changes in fair value are taken directly to net profit or loss for the period.

Derivatives with unrealised gains are included in other current assets and derivatives with unrealised losses are included in accrued expense in the consolidated balance sheet.

Segment Information

The Company realizes majority of its sales in Turkey. Since there are not various product types and geographic locations which require segment reporting, the Company's management does not perform segment reporting.

Explanation Added for Translation to English

The Company prepared its financial statements in accordance with the CMB Accounting Standards. Such accounting and reporting requirements differ from the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, principally with respect to the application of inflation accounting and the presentation of financial statements and notes to them.

4. CASH AND CASH EQUIVALENTS

	December 31, 2006	December 31, 2005
Bank accounts (including short-term time deposits)	144.586.922	145.769.645
Checks with maturities until year end	3.840.792	2.525.002
Cash on hand	1.565	4.254
Total	148.429.279	148.298.901

Time deposits are made for varying periods of between 4 and 68 days (December 31, 2005 - between 2 and 88 days) for YTL denominated funds, 8 and 90 days (December 31, 2005 - 17 days) for the USD denominated funds and 8 and 26 days for the EURO denominated funds depending on the immediate cash requirements of the Company. YTL denominated time deposits earns interest at 18,75% - 20-75% (December 31, 2005 - 18,10% - 18,50%), USD denominated time deposits earns interest at 5,50% - 5,75% (December 31, 2005 - 5%) and EURO denominated time deposits earns interest at 3,60% - 3,85%.

As of December 31, 2006 and 2005, there is no any blockage on cash and cash equivalents.

5. MARKETABLE SECURITIES (Net)

As of December 31, 2006 and December 31, 2005, there is not any marketable securities.

(Currency - New Turkish Lira (YTL))

6. BORROWINGS (Net)

Short-Term Borrowings

				December 31, 2006	
	Currency	Effective Interest Rate %		Maturity	Balance
		Minimum	Maximum		
Unsecured Borrowings	YTL	(*)	(*)	January 4, 2007	548.043
					548.043

				December 31, 2005	
	Currency	Effective Interest Rate %		Maturity	Balance
		Minimum	Minimum		
Unsecured Borrowings	USD 5.012.658	4,50	4,916	March 29, 2006	6.725.985
	YTL	(*)	(*)	January 3, 2006	536.278
					7.262.263

(*) Short-term borrowings for temporary use bearing no interest.

In 2005, USD borrowings represent export pre-financing loans utilized by the Company and the Company had export commitments of USD 5,069,203 in relation with these loans. This commitment has been realized in 2006.

7. TRADE RECEIVABLES AND PAYABLES (Net)

Trade Receivables

a) Current Trade Receivables

	December 31, 2006	December 31,2005
Accounts receivable	60.533.673	38.152.118
Notes receivable and post-dated checks	42.590.373	28.374.102
Doubtful receivables	1.732.121	2.012.813
Less: Provision for impairment	(1.732.121)	(2.012.813)
	103.124.046	66.526.220

b) Non-current Trade Receivables

	December 31, 2006	December 31, 2005
Deposits and guarantees given	19.404	15.455
	19.404	15.455

Trade Payables

Current Trade Payables

	December 31, 2006	December 31, 2005
Trade payable (net)	55.057.274	21.823.048
Deposits and guarantees received	762.012	415.667
Other trade payable	89.709	75.436
	55.908.995	22.314.151

8. FINANCE LEASE RECEIVABLES AND PAYABLES (Net)

Finance Lease Commitments

a) Current Finance Lease Payables (net)

In 2006, the Company has signed five new finance leases contracts related with vehicle purchases. Future minimum lease payments under finance leases contracts which approximate the present value of the net minimum lease payments amounted to EURO 3.000.906 and are repayable in monthly equal installments, commencing in August 2006 until December 2009. As of December 31, 2006 the Company had short-term finance lease payables of YTL 1.761.476 (Euro 951.378) (December 31, 2005 - None) which are originally denominated in Euro.

Besides, as of December 31, 2006, future minimum lease payments under finance leases contracts which approximate the present value of the net minimum lease payments amounted in total of USD 900,000 and are repayable in monthly equal installments of USD 10.000, commencing in April 2007 until September 2014. As of December 31, 2006 the Company has a payable with the amount of YTL 126.504 from short-term finance lease payables in USD.

b) Non-Current Finance Lease Payables (net)

As of December 31, 2006, the long-term portion of finance lease transactions with the amount of Euro 3.000.906 as mentioned above is YTL 3.011.996 (Euro 1.626.787) (December 31, 2005 - None).

As of December 31, 2006, the long-term portion of finance lease transaction with the amount of USD 900.000 as mentioned above is YTL 1.138.536 (December 31, 2005 - YTL 1.207.620).

9. RELATED PARTY BALANCES AND TRANSACTIONS (Net)

Related party balances and related party transactions at December 31, 2006 and 2005 comprise mainly the following:

	Sales to related parties					
	December 31, 2006			December 31, 2005		
Related party	Product	Service	Other (*)	Product	Service	Other (*)
Shareholders						
Aksigorta Sigortacılık A.Ş.	-	-	23.310	-	-	-
Financial Assets						
Enerjisa Enerji Üretim A.Ş. (Enerjisa)	-	-	7.857	-	-	240
Çimsa Çimento Sanayi ve Ticaret A.Ş. (Çimsa)	1.900.409	-	111.598	1.272.874	-	148.808
Arpaş Ambarlı Römorkaj Pilataj Ticaret A.Ş. (Arpaş)	-	129.263	-	-	72.712	-
Lafarge Aslan Çimento A.Ş. (Lafarge)	102.574	-	-	718.318	-	-
Other						
HC Trading B.V. - Turkey Branch	35.212.879	-	1.092.232	41.326.300	-	-
HeidelbergerCement A.G.	-	-	108.252	-	-	65.014
Exsa San. Mam. Satış ve Araş. A.Ş.	744.965	-	-	-	-	-
Kardemir Demir Çelik San. ve Tic. A.Ş.	7.204	-	1.593	-	-	31.240
Dönkasan Dönüşen Kağıt Hammaddeleri San. ve Tic. A.Ş.	-	-	-	-	-	109
Akçansa Taşımacılık ve Ticaret A.Ş.	-	-	-	-	-	148
HC Fuels Limited	-	-	-	-	-	106.101
Maxit Yapı Malzemeleri San. ve Tic.	-	-	7.892	-	-	29.447
Oysa Niğde Çimento A.Ş.	-	-	2.442	-	-	2.220
Olmuksa Mukavva Sanayi ve Ticaret A.Ş.	-	-	-	-	-	3.041

(Currency - New Turkish Lira (YTL))

9. RELATED PARTY BALANCES AND TRANSACTIONS (Net) (CONTINUED)

	Purchases from related parties					
	December 31, 2006			December 31, 2005		
Related party	Product	Service	Other (*)	Product	Service	Other (*)
Shareholders						
Hacı Ömer Sabancı Holding A.Ş.	-	152.248	-	-	83.672	-
Aksigorta Sigortacılık A.Ş.	-	2.963.458	-	-	2.135.118	-
Financial Assets				-	-	-
Enerjisa	-	-	40.709.822	-	-	43.285.833
Çimsa	-	286.850	7.144	-	-	-
Liman İşletmeleri ve Nakliyecilik A.Ş. (Liman İşletmeleri)	-	177.106	617.632	-	645.857	563.241
Lafarge	2.614	-	-	410.037	-	6.840
Eterpark Endüstri Ürünleri İmalat Ticaret İthalat İhracat Pazarlama A.Ş. (Eterpark)	-	-	272.028	-	-	223.456
Altaş	-	302.578	-	-	227.860	-
Other						
HeidelbergerCement A.G.	-	-	-	-	3.691	168.276
Scancem Int. Ans.	24.749.559	-	-	-	-	-
Brisa Bridgestone Lastik Sanayi ve Ticaret A.Ş.	152.084	-	-	103.943	-	-
Bimsa Uluslararası İş Bilgi ve Yönetim Sistemleri A.Ş.	-	425.025	-		188.494	-
Temsa Termo Mekanik Sanayi ve Ticaret A.Ş.	1.856		-	142.891	-	-
Beksa Çelik Kord. San. ve Tic. A.Ş.	1.141.334	-	-	1.004.144	-	-
HeidelbergerCement Group Technology Center GmbH	-	407.792	-	-	500.780	-
Kardemir Demir Çelik San. ve Tic. A.Ş.	2.015.158	-	13.271	1.844.941	-	3.144
Akhayat Sigorta A.Ş.	-	696.666		-	669.388	-
Teknosa İç ve Dış Tic. A.Ş.			33.921	-	-	15.519
BNP Ak Dresdner Finansal Kiralama A.Ş.	-	814.168	180.179	-	109.930	636
Akçansa Taşımacılık	-	-	-	-	-	424
HC Fuels Limited	-	75.530	-	7.003.699	-	-
Maxit Yapı Malzemeleri San. ve Tic. A.Ş.	-	-	2.704	-	-	-
Pilsa A.Ş.	28.161	-	166	-	-	-
S.A.Cimenteries Cbr.	-	74.204	-	-	-	
HC Trading B.V. - Turkey Branch	-	-	58.000		-	-
Carrefoursa Türkiye	-	-	3.474	-	-	-
Çukurova Dış Ticaret A.Ş.	-	-	359.596	-	-	353.596

(*) Mainly comprise purchases / sales of property, plant and equipment, electricity, term difference income and expenses and foreign currency income and expenses.

(Currency - New Turkish Lira (YTL))

9. RELATED PARTY BALANCES AND TRANSACTIONS (Net) (CONTINUED)

	Amounts owed by related parties		Amounts owed to related parties	
	December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2005
Shareholders				
Aksigorta Sigortacılık A.Ş.	369.248	623.231	-	-
Hacı Ömer Sabancı Holding A.Ş.	-	-	15.088	11.048
Dividends payable to other shareholders	-	-	446.951	284.986
Total	369.248	623.231	462.039	296.034
Financial Assets				
Arpaş	9.058	23.048	-	-
Enerjisa	-	-	2.421.604	4.690.494
Çimsa	-	201.297	147.616	-
Liman İşletmeleri	-	-	80.617	61.646
Lafarge	-	129.239	-	-
Eterpark	-	-	24.608	13.424
Altaş	-	-	39.426	2.125
Total	9.058	353.584	2.713.871	4.767.689
Other				
HC Trading B.V. - Turkey Branch	2.470.813	5.083.314	-	-
HeidelbergerCement A.G.	8.475	7.920	-	-
HC Fuels Limited	-	-	17.570	-
HeidelbergerCement Group Technology Center GmbH	-	-	220.753	-
Brisa Bridgestone Lastik Sanayi ve Ticaret A.Ş.	-	-	35.073	37.374
Teknosa A.Ş.	-	-	1.367	361
Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş.	4.009	108	-	-
Bimsa Uluslararası İş Bilgi ve Yönetim Sistemleri A.Ş.	-	-	184.552	3.481
Ak Finansal Kiralama A.Ş.	-	-	8.094	-
Temsa Termo Mekanik Sanayi ve Ticaret A.Ş.	-	-	70	6
Beksa Çelik Kord. San. ve Tic. A.Ş.	-	-	311.736	52.986
Oysa Niğde Çimento A.Ş.	-	-	-	-
Kardemir Demir Çelik San. ve Tic. A.Ş.	-	-	14.274	77.592
Akhayat Sigorta A.Ş.	2.243	-	-	-
Akçansa Taşımacılık	-	-	475.237	105.237
Çukurova Dış Ticaret A.Ş.	-	-	5.622	20.836
Maxit Yapı Malzemeleri San. ve Tic.	-	3.923	2.162	-
Dönkasan A.Ş.	-	-	-	-
Olmuksa Mukavva Sanayi ve Ticaret A.Ş.	-	-	-	-
Personnel	326.487	246.250	22.059	603.060
	2.812.027	5.341.515	1.298.569	900.933
Total	3.190.333	6.318.330	4.474.479	5.964.656

In addition, as of December 31, 2006, “Finance Lease Payables (net)” under “Current Liabilities” and “Finance Lease Payables (net)” under “Non-Current Liabilities” included finance lease payables of YTL 1.887.980 and YTL 4.150.532, respectively are payable to Ak Finansal Kiralama A.Ş. (Note 8).

(Currency - New Turkish Lira (YTL))

9. RELATED PARTY BALANCES AND TRANSACTIONS (Net) (CONTINUED)

	December 31, 2006	December 31, 2005
Cash in Banks		
Akbank T.A.Ş.	11.974.479	123.523.842
Financial expenses to related companies		
Akbank T.A.Ş.	289.472	55.936
Interest income from related companies		
Akbank T.A.Ş.	7.661.664	8.823.569
Indemnity expense paid to related companies (included in other operating expense)		
Akbank T.A.Ş. (Not 38)	2.763.000	-
Commission income from (included in service revenues)		
Arpaş	129.263	105.205
Donations made to		
Vaksa Hacı Ömer Sabancı Vakfı	1.000.000	675.000
Sabancı Üniversitesi	60.714	49.504
	1.060.714	724.504

Executive Members' Remuneration

The executive members of the Company's management has salaries totaling YTL 3.013.436 (December 31, 2005 - 2.365.229).

10. OTHER RECEIVABLES AND LIABILITIES (Net)

Current Other Receivables

	December 31, 2006	December 31, 2005
Job advances given to suppliers	2.163.936	864.005
Deferred value added tax (VAT)	327.871	850.774
Other	784.464	1.544.282
	3.276.271	3.259.061

Current Other Liabilities

	December 31, 2006	December 31, 2005
Taxes and funds payable	4.370.351	2.349.055
Social security premiums payable	859.896	803.799
Deferred VAT payable	327.871	850.774
Other liabilities payable	299.988	296.016
Other various liabilities	180.632	16.068
	6.038.738	4.315.712

11. BIOLOGICAL ASSETS (Net)

There is no any biological asset of the Company as of December 31, 2006 and 2005.

(Currency - New Turkish Lira (YTL))

12. INVENTORIES (Net)

	December 31, 2006	December 31, 2005
Raw materials, net (*)	31.115.062	31.031.833
Work-in-process	4.474.051	4.215.555
Finished goods	3.569.881	2.921.446
Advances given	1.838.357	5.077.971
Goods in transit	6.054.925	207.428
	47.052.276	43.454.233

(*) As of December 31, 2006, slow moving inventories are subjected to impairment test and as a result of this test, the impairment for inventories with the amount of YTL 2,746,060 has been booked and this was added to "Cost of Sales" in the consolidated income statement.

13. RECEIVABLE AND PAYABLE FROM CONTINUING CONSTRUCTION CONTRACTS (Net)

There is no any receivable and payable from continuing construction contracts as of December 31, 2006 and 2005.

14. DEFERRED TAX ASSETS AND LIABILITIES

Deferred income tax at December 31, 2006 and 2005 relates to the following:

	Deferred Tax Assets		Deferred Tax Liabilities		Deferred Tax Income (Expense)	
	December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2005
Temporary differences on property, plant and equipment	-	-	(25.343.068)	(41.480.098)	16.137.030	2.527.364
Inventories	2.456.550	3.120.572	-	-	(664.022)	(37.360)
Provision for employee termination benefits	1.880.000	2.594.270	-	-	(714.270)	470.877
Allowance for unearned/unaccrued interest included in receivables and payables, net	265.675	193.656	-	-	72.019	(43.601)
Other timing differences, net	1.152.213	810.892	-	-	341.321	618.648
	5.754.438	6.719.390	(25.343.068)	(41.480.098)	15.172.078	3.535.928

Movement of net deferred tax liability can be presented as follows:

	December 31, 2006	December 31, 2005
Balance at January 1	34.760.708	38.296.636
Deferred income tax recognized in income statement	(15.172.078)	(3.535.928)
Balance at December 31	19.588.630	34.760.708

As of December 31, 2006, there is a deferred investment allowance with the amount of YTL 2.821.183 of the subsidiary of the Company. The Company's management has decided to use this investment allowance in 2007. The investment allowance that can be used by the Company in 2007 is YTL 1.935.296. Deferred tax calculation has been made based on this decision and therefore different tax rates (20%, 30%) has been used subject to the estimated realization dates of temporary differences which comprised the deferred tax balances. Possible change in this decision will cause a change in tax calculations.

(Currency - New Turkish Lira (YTL))

15. OTHER CURRENT AND NON-CURRENT ASSETS

Other Current Assets

	December 31, 2006	December 31, 2005
Prepaid expenses	1.870.595	1.292.226
Other	2.544	7.867
	1.873.139	1.300.093

Other Non-Current Assets

	December 31, 2006	December 31, 2005
Prepaid rent	2.534.630	1.411.279
Properties obtained from customers against uncollectible receivables	236.171	236.171
	2.770.801	1.647.450

16. FINANCIAL ASSETS (Net)

	December 31, 2006		December 31, 2005	
	Percentage of Ownership (%)	Amount	Percentage of Ownership (%)	Amount
Çimsa	10,00	110.388.096	10,00	115.846.848
Enerjisa	5,30	24.735.854	9,19	44.016.283
Liman İşletmeleri	15,00	22.662.688	15,00	22.662.688
Eterpark	8,73	2.686.527	8,73	2.686.527
Arpaş	16,00	841.399	16,00	841.399
Lafarge	0,05	214.587	0,05	242.434
Altaş	12,25	201.910	12,25	201.910
		161.731.061		186.498.089

Fair values of Çimsa and Lafarge whose shares are traded on the Istanbul Stock Exchange (ISE) are determined by reference to ISE quoted market bid prices at the close of business at December 31, 2006 and 2005, respectively. Net unrealized loss recognized during the current period amounting to a total of YTL 5.486.599 (2005 - YTL 59.172.479 income) was also recorded in equity.

The shares of Eterpark and Liman İşletmeleri are not quoted on a stock exchange. These two companies operate ports and the Company uses their ports and land to transport its products through vessels. The fair value of these investments are determined in reference to the present value of all the future benefits that the vessel transportations will provide over truck transportations. The Company reviews the present value of future benefits that will be received at every period-end and carries the restated cost (according to inflation accounting until the end of 2004) after determining that the carrying value approximates the fair value for these companies.

The shares of Enerjisa are not traded on ISE. The fair value of this investment is determined on the basis of the present value of the future cash flows of its business. As a result of this analysis, an impairment with the amount of YTL 19.280.429 (Note 38) has been booked.

The investments in Arpaş and Altaş are carried at restated cost (according to inflation accounting until the end of 2004) since their fair value could not be measured reliably. These investments do not have quoted market prices and other methods of reasonably estimating fair value are inappropriate and impractical.

(Currency - New Turkish Lira (YTL))

17. POSITIVE/NEGATIVE GOODWILL (Net)

There is no positive/negative goodwill of the Company as of December 31, 2006 and 2005.

18. INVESTMENT PROPERTY (Net)

There is no investment property of the Company as of December 31, 2006 and 2005.

19. PROPERTY, PLANT AND EQUIPMENT (Net)

	January 1, 2006	Additions	Transfers (*)	Disposals	December 31, 2006
Cost					
Land and land improvements	107.777.808	-	4.406.290	(216.119)	111.967.979
Buildings	168.959.979	-	349.062	-	169.309.041
Machinery and equipment	836.479.135	31.368	7.946.556	(18.351.546)	826.105.513
Furniture, fixtures and motor vehicles	59.486.200	35.814	8.494.461	(8.697.229)	59.319.246
Leasehold improvements	40.765.484	-	2.451.516	(380.022)	42.836.978
Construction-in-progress and advances given	4.098.559	96.792.337	(26.323.769)	-	74.567.127
Total	1.217.567.165	96.859.519	(2.675.884)	(27.644.916)	1.284.105.884
Less: Accumulated Depreciation					
Land and land improvements	51.216.079	3.028.838	-	-	54.244.917
Buildings	65.358.633	3.092.657	-	-	68.451.290
Machinery and equipment	652.296.994	22.104.399	-	(18.030.873)	656.370.520
Furniture, fixtures and motor vehicles	44.331.766	5.071.411	-	(8.568.721)	40.834.456
Leasehold improvements	23.590.589	1.969.887	-	(380.022)	25.180.454
Total	836.794.061	35.267.192	-	(26.979.616)	845.081.637
Property, plant and equipment, net	380.773.104				439.024.247

	January 1, 2005	Additions	Transfers (*)	Disposals	Reclassifications (***)	December 31, 2005
Cost						
Land and land improvements	107.427.414	-	420.663	(70.269)	-	107.777.808
Buildings	168.400.720	-	559.259	-	-	168.959.979
Machinery and equipment	818.135.570	25.671	23.727.067	(5.409.173)	-	836.479.135
Furniture, fixtures and motor vehicles	56.149.773	23.525	8.446.058	(5.133.156)	-	59.486.200
Leasehold improvements	37.938.173	6.971	2.820.340	-	-	40.765.484
Construction-in-progress and advances given	6.227.965	35.059.014	(37.093.831)	(94.589) (**)	-	4.098.559
Total	1.194.279.615	35.115.181	(1.120.444)	(10.707.187)		1.217.567.165

(Currency - New Turkish Lira (YTL))

19. PROPERTY, PLANT AND EQUIPMENT (Net) (CONTINUED)

	January 1, 2005	Additions	Transfers (*)	Disposals	Reclassifications (***)	December 31, 2005
Less: Accumulated Depreciation						
Land and land improvements	48.182.393	3.033.686	-	-	-	51.216.079
Buildings	62.275.288	3.083.345	-	-	-	65.358.633
Machinery and equipment	636.144.313	21.545.528	-	(5.392.847)	-	652.296.994
Furniture, fixtures and motor vehicles	45.559.324	3.867.559	-	(5.095.117)	-	44.331.766
Leasehold improvements	21.150.634	2.439.955	-	-	-	23.590.589
Total	813.311.952	33.970.073	-	(10.487.964)	-	836.794.061
Property, plant and equipment, net	380.967.663					380.773.104

(*) Transfers amounting to YTL 2.675.884 (2005 - YTL 1.120.444) from construction-in-progress and advances given were made to intangible assets.
(**) Directly expensed.

As of December 31, 2006, total amount of cost of property, plant and equipment that was purchased through financial leases is YTL 12.039.571 (December 31, 2005 - YTL 6.402.848) and its total depreciation amount is YTL 1.612.800 (December 31, 2005 - 1.184.805).

In addition, total amount of property, plant and equipment purchases realized through financial leases in 2006 is YTL 4.830.892.

As of December 31, 2006, the construction-in-progress and advances given mainly consist of the investments in Çanakkale second clinker line and grinder machines.

Based on the resolution of the board of directors taken June 9, 2005, no : 560, the Company's management decided to build new clinker facility amounting to Euro 108 million in order to increase its clinker capacity by 2 million tons (100% increase) in Çanakkale Cement Plant and this investment will be completed until the beginning of 2008. As of December 31, 2006, there are additions amounting to YTL 58.163.132 related with this investment in “construction-in-progress and advances given” account.

As of December 31, 2006, gross value of property, plant and equipment and intangible assets that are still in use, but they are fully depreciated is YTL 31.930.891. (December 31, 2005 - YTL 21.024.755)

20. INTANGIBLE ASSETS

	January 1, 2006	Additions/Charge	Transfers from Construction- in-Progress	Disposals	December 31, 2006
Cost					
Rights and Other Intangibles	21.906.891	-	2.675.884	-	24.582.775
Less: Accumulated Amortization					
Rights and Other Intangibles	8.241.124	1.197.420	-	-	9.438.544
Intangible Assets, Net	13.665.767				15.144.231

	January 1, 2005	Additions / Charge	Transfers from construction- in-progress	Disposals	December 31, 2005
Cost					
Rights and Other Intangibles	20.784.228	7.771	1.120.444	(5.552)	21.906.891
Less: Accumulated Amortization					
Rights and Other Intangibles	7.189.940	1.053.405	-	(2.221)	8.241.124
Intangible Assets, Net	13.594.288				13.665.767

Rights and other intangibles mainly consist of the rights, computer softwares and mining rights.

(Currency - New Turkish Lira (YTL))

21. ADVANCES TAKEN

	December 31, 2006	December 31, 2005
Advances received	824.143	1.407.403
	824.143	1.407.403

22. RETIREMENT PLANS (Net)

There is no retirement plans of the Company as of December 31, 2006 and 2005.

23. PROVISIONS

Current Provisions

	December 31, 2006	December 31, 2005
Taxes and other liabilities, net (Note 41)	10.980.790	8.881.009
Competition Board penalty (Note 31)	5.526.364	6.115.496
Vacation pay liability	2.299.890	-
Litigations (Note 31)	1.555.111	1.169.969
Premium accruals to be paid to executive members of the Company	700.000	- (*)
	21.062.155	16.166.474

(*) In 2005, premium accruals to be paid to executive members of the Company is presented in “Due to Personnel”.

	Competition Board Penalty (Note 31)	Litigations (Note 31)	Total
At January 1, 2006	6.115.496	1.169.969	7.285.465
Charge for the year	-	385.142	385.142
Interest due to discounting of the provision	(337.500)	-	(337.500)
Payment	(251.632)	-	(251.632)
At December 31, 2006	5.526.364	1.555.111	7.081.475

Non-Current Provisions

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum termination indemnities to each employee whose employment is terminated due to the retirement after 25 years of service (20 years for women) or for reasons such as military obligation or death. Such payments are calculated on the basis of 30 days' pay and limited to a maximum historical YTL 1.857 and YTL 1.727 at December 31, 2006 and December 31, 2005 respectively.

Effective from January 1, 2007, ceiling for retirement pay has been increased to YTL 1.922.

As per Communiqué Serial: XI, No: 25 Part 29 (Employee Benefits), actuarial calculations are required for determining the Company's liabilities. The Company accounts for the employee termination benefits by using “Projection Method” in accordance with related Communiqué stated above based on employees' service period and assumptions by professional actuaries and reflects these figures in financial statements. All actuarial gain and loss has been reflected to the income statement.

(Currency - New Turkish Lira (YTL))

23. PROVISIONS (CONTINUED)

The principal actuarial assumptions used at the balance sheet dates are as follows:

	December 31, 2006	December 31, 2005
Discount rate	12%	16%
Expected rates of salary/limit increases	6%	10%

Movement of the provision for the employee termination benefits as of December 31, 2006 and 2005 is as follows:

Reserve for Employee Termination Benefits	December 31, 2006	December 31, 2005
At January 1	8.647.568	7.101.896
Retirement pay liability paid	(1.600.145)	(1.158.860)
Actuarial gain/loss	371.236	(546.824)
Interest expense	476.487	426.122
Increase for the year	1.504.855	2.825.234
At December 31	9.400.001	8.647.568

24. MINORITY INTEREST

All minority shares are eliminated from equity accounts, including paid-in capital, of consolidated subsidiaries and presented as “Minority interest” before “equity” in the consolidated balance sheet.

Minority's share in current year income and loss of the consolidated subsidiaries is presented as “minority interest” before “profit before tax” as increase or decrease in the consolidated income statement.

In the consolidated financial statements as of December 31, 2006, there is minority interest - balance sheet with the amount of YTL 12.026.586 (December 31, 2005 - YTL 11.233.909) and minority interest - income statement with the amount of YTL 792.677 (December 31, 2005 - YTL 2.366.271) because of Karçimsa owned subsidiary of the Company by 50,99%.

Movements of the minority interest as of December 31, 2006 and 2005 were as follows:

	December 31, 2006	December 31,2005
Balance at January 1	11.233.909	8.867.638
Share of net profit/loss of subsidiary	792.677	2.366.271
Balance at December 31	12.026.586	11.233.909

25. SHARE CAPITAL - SHARE CAPITAL SUBSIDIARIES ELIMINATION

	December 31, 2006	December 31, 2005
Number of common shares (authorized, issued and outstanding) YTL 0,01 par value	19.144.706.825	16.647.571.200

In 2006, the Company has increased its statutory share capital by YTL 24.971.356 to YTL 191.447.068. The increase was realized from gain on marketable securities with the amount of YTL 21.372.144, from the special reserves with the amount of YTL 1.358.666 and from the inflation adjustment differences with the amount of YTL 2.240.546.

As of December 31, 2006 the Company's historical subscribed and issued share capital is YTL 191.447.068 (December 31, 2005 - YTL 166.475.712) (historical terms).

Since 2005, when the Company adopted “registered system”, no share certificates have been printed for the capital increases.

(Currency - New Turkish Lira (YTL))

25. SHARE CAPITAL - SHARE CAPITAL SUBSIDIARIES ELIMINATION (CONTINUED)

The movement of the share capital (in numbers and in historical YTL) during 2006 and 2005 is as follows:

	2006		2005	
	Number	YTL	Number	YTL
At January 1	16.647.571.152	166.475.712	16.647.571.200	166.475.712
Capital increase	2.497.135.673	24.971.356	-	-
Balance at December 31	19.144.706.825	191.447.068	16.647.571.200	166.475.712

As of December 31, 2006 and 2005, the composition of shareholders and their respective % of ownership can be summarized as follows:

	December 31, 2006		December 31, 2005	
	Amount	%	Amount	%
Hacı Ömer Sabancı Holding A.Ş.	61.722.378	32,24	53.671.632	32,24
Ak Sigorta A.Ş.	14.312.758	7,48	12.445.877	7,48
CBR International Holding B.V.	-	-	66.117.509	39,72
HeidelbergCement Mediterranean Basin Holdings S.L.	76.035.135	39,72	-	-
Publicly traded	39.376.797	20,56	34.240.694	20,56
Nominal share capital total	191.447.068	100,00	166.475.712	100,00
Restatement effect (*)	233.177.582		235.418.128	
Total per financial statements	424.624.650		401.893.840	

(*)Restatement effect with the amount of YTL 2.240.546 has been transferred from equity inflation adjustment differences to share capital.

There is no additional right, privilege and restriction related with these shares.

26. CAPITAL RESERVES

As of December 31, 2006 and 2005 capital reserves includes restatement differences on equity.

27-28. PROFIT RESERVES AND RETAINED EARNINGS

Legal Reserves

As of December 31, 2006 and 2005 other reserves included in profit reserves composed of unrealized gain on financial assets.

As of December 31, 2006 and 2005, unrealized gain on financial assets with the amount of YTL 97.612.600 (2005 - YTL 103.099.199) includes the gain recognized due to the valuation of Çimsa and Lafarge shares with the market bid prices at the close of business at December 31, 2006.

The legal reserves consist of first and second legal reserves, in accordance with the Turkish Commercial Code (TCC). The Turkish Commercial Code (TCC) stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's historical paid-in share capital. (Inflation adjusted capital based on CMB's communiqué and announcements). The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the historical paid-in share capital (inflation adjusted capital in accordance with CMB). Under TCC, the legal reserves are only available for to net-off losses unless they exceed 50% of the historical paid-in share capital otherwise they are not allowed to be used for other purposes.

(Currency - New Turkish Lira (YTL))

27-28. PROFIT RESERVES AND RETAINED EARNINGS (CONTINUED)

Listed companies are subject to dividend requirements regulated by the Turkish Capital Market Board as follows:

Based on the CMB Communiqué Serial: XI, No: 25 part fifteen article 399, the amount included in "Prior Year Losses" account resulting from the first application of inflation accounting should be considered as a deduction during the identification of the profit to be distributed based on the inflation adjusted financial statements. Accordingly, the amount followed under "Prior Year Losses" account may be offset against period income and retained earnings if exists, and the remaining losses against extraordinary reserves, legal reserves and equity restatement differences, respectively.

As of December 31, 2006 and 2005, the consolidated legal reserves, statutory reserves, extraordinary reserves, retained earnings and other reserves in the statutory accounts of the Company can be summarized as follows:

	December 31, 2006	December 31, 2005
Legal reserves	29.370.297	16.493.413
Statutory reserves	35	35
Extraordinary reserves	2.591.080	10.473.954
Retained earnings	7.758.970	7.361.856
Other reserves	44.168	1.358.666
Replacement funds	124.381	509.079 (**)
Gain on sale of marketable securities	-	21.372.144 (*)

((*) Based on board of decision dated June 24, 2005, no: 565, the Company has decided to sale redeemed shares of Akbank T.A.Ş., and to add the income from the sale of these shares amounting to YTL 21.372.144 to the share capital. Related balance is presented under equity accounts in the statutory books until the share capital increase will be realized, whereas in the accompanying consolidated financial statements it is presented as "Dividend Income" in "Other Operating Income" account.

(**) Replacement funds amounting to YTL 509.079 is presented under equity accounts in the statutory books whereas in the accompanying consolidated financial statements it is presented as "Gain on sale of property, plant and equipment, net" in "Other Operating Income" account.

Dividends

2005 Dividends declared and approved is as follows:

	2005
To common shares	
per share	0,47 New Kuruş

The Company is planning to determine the dividends to be distributed over the profit of year 2006 in the meeting of the Board of Directors to be held at March 30, 2007.

(Currency - New Turkish Lira (YTL))

27-28.PROFIT RESERVES AND RETAINED EARNINGS (continued)

Statement of Changes in Equity

	Share Capital	Equity Inflation Adjustment Differences	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Special Reserves	Other Reserves	Net Income	Retained Earnings	Total Equity
Balance at January 1, 2005	166.475.712	235.418.128	8.593.329	35	727.600	1.359.507	44.776.709	63.331.801	98.179.207	618.862.028
Transfers	-	-	7.900.084	-	9.929.037	(841)	-	(63.331.801)	45.503.521	-
Dividends declared	-	-	-	-	-	-	-		(52.273.374)	(52.273.374)
Amortization of investment grants	-	-	-	-	-	-	(35.589)	-	-	(35.589)
Net unrealized gain on financial assets	-	-	-	-	-	-	58.358.079	-	-	58.358.079
Current year profit			-	-	-	-	-	113.565.095	-	113.565.095
Balance at January 1, 2006	166.475.712	235.418.128	16.493.413	35	10.656.637	1.358.666	103.099.199	113.565.095	91.409.354	738.476.239
Transfers	-	-	12.876.884	-	1.308.122	-	-	(92.192.951)	78.007.945	-
Capital increase	24.971.356	(2.240.546)	-	-	-	(1.358.666)	-	(21.372.144)	-	-
Dividends declared	-	-	-	-	(9.373.679)	-	-	-	(80.356.730)	(89.730.409)
Net unrealized loss on financial assets	-	-	-	-	-	-	(5.486.599)	-	-	(5.486.599)
Current year profit	-	-	-	-	-	-	-	146.465.575	-	146.465.575
Balance at December 31, 2006	191.447.068	233.177.582	29.370.297	35	2.591.080	-	97.612.600	146.465.575	89.060.569	789.724.806

(Currency - New Turkish Lira (YTL))

29. FOREIGN CURRENCY POSITION

December 31, 2006

	USD	EURO	SEK	GBP	TOTAL (YTL)
Assets	13.683.715	16.273.271	4	1	49.363.795
Cash and cash equivalents	11.883.662	15.546.253	4	1	45.487.567
Trade receivables (net)	1.800.053	-			2.530.155
Other receivables (net)	-	727.018	-	-	1.346.073
Liabilities	(4.711.530)	(10.946.060)	-	(31.880)	(26.977.045)
Trade payables (net)	(3.811.530)	(7.860.306)	-	(380)	(19.911.891)
Finance lease payables (net)	(900.000)	(2.578.165)	-	-	(6.038.512)
Other liabilities	-	(507.589)	-	(31.500)	(1.026.642)
Net Balance Sheet Position (asset)	8.972.185	5.327.211	4	(31.879)	22.386.750

December 31, 2005

	USD	EURO	SEK	GBP	TOTAL (YTL)
Assets	46.092.638	1.839.663	4	3	64.767.575
Cash and cash equivalents	42.939.813	558.577	4	3	58.503.390
Trade receivables (net)	3.152.825	552.501	-	-	5.107.556
Other receivables (net)	-	728.585	-	-	1.156.629
Liabilities	(5.912.658)	(1.060.430)	-	(59.307)	(9.754.161)
Trade payables (net)	-	(594.910)	-	(33.817)	(1.022.609)
Borrowings	(5.012.658)	-	-	-	(6.725.984)
Finance lease payables (net)	(900.000)	-	-	-	(1.207.620)
Other liabilities	-	(465.520)	-	(25.490)	(797.948)
Net Balance Sheet Position (asset)	40.179.980	779.233	4	(59.304)	55.013.414

(Currency - New Turkish Lira (YTL))

30. GOVERNMENT INCENTIVES

The Company obtained various investment incentive certificates which entitle it to:

- An investment allowance of 40% of the cost of the investment deductive from the corporation tax (In accordance with the new tax legislation, this advantage can not be used in case of chosing the tax rate as 20%)

- An exemption from customs duty on imported machinery and equipment.

- Incentive premium for local purchases at the rate of VAT.

The commitments of the Company in relation with these investment incentive certificates are as follows:

Akçansa;

Certificate 1

Certificate No	: 4818
Certificate Date	: March 22, 2006
Investment Beginning Date	: December 29, 2005
Investment Ending Date	: December 29, 2007

20% of total fixed investment will be financed by equity.

Certificate 2:

Certificate No	: 4800
Certificate Date	: February 24, 2005
Investment Beginning Date	: December 29, 2005
Investment Ending Date	: December 29, 2008

20% of total fixed investment will be financed by equity.

(Currency - New Turkish Lira (YTL))

31. PROVISIONS, COMMITMENTS AND CONTINGENCIES

Guarantees Received and Given

As of December 31, 2006 and 2005 guarantees received and given can be presented as follows:

		December 31, 2006		December 31, 2005	
	Currency	Original Amount	YTL Equivalent	Original Amount	YTL Equivalent
Letter of guarantees received	EURO	16.265.235	30.115.083	335.574	532.724
Letter of guarantees received	USD	207.813	292.102	216.978	291.141
Letter of guarantees received	YTL	-	74.576.114	-	32.046.193
Mortgages received	YTL	-	12.226.108	-	7.213.826
Cheques and notes received	YTL	-	10.814.022	-	6.752.122
Cheques and notes received	EURO	309.663	573.341	218.300	346.551
Cheques and notes received	USD	160.225	225.212	271.925	364.869
Cheques and notes received	DEM	200.000	189.331	200.000	162.334
Total received guarantees			129.011.313		47.709.760
Letter of guarantees given	YTL	-	4.593.479	-	1.740.499
Letter of guarantees given	USD	6.000.000	8.433.600	6.000.000	8.050.800
Letter of guarantees given	EURO	327.500	606.366	-	-
Total given guarantees			13.633.445		9.791.299

As of December 31, 2005, in accordance with the export pre-financing loans utilized, the Company has a total export commitment of USD 5.069.203.

Operating and finance lease commitments

Future minimum rentals payable under non-cancelable operating and finance leases are as follows:

Operating Lease Commitments	December 31, 2006	December 31, 2005
Within one year	50.602	534.042
After one year but not more than five years	202.406	208.344
More than five years	1.720.454	1.701.221
	1.973.462	2.443.607

Finance Lease Commitments (Note 8)	December 31, 2006	December 31, 2005
Within one year	2.187.647	-
After one year but not more than five years	4.347.719	764.826
More than five years	-	442.794
	6.535.366	1.207.620

31. PROVISIONS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

Insurance Coverage on Assets

Insurance coverage on assets including cash, inventories and property, plant and equipment of the Company is YTL 1.049.035 (December 31, 2005 - YTL 838.631).

Litigations

a) The Turkish Competition Board (the Board) has performed investigations for certain cement companies in 1996 stating that these companies cooperated in certain ways to monitor the cement prices and accordingly charged a penalty of YTL 251.632 (in historical terms) to Akçansa. Akçansa has accrued expense for the penalty which has not been paid yet and at the same time applied to the State Council to remove the charge. As of January 15, 2001, the State Council has concluded in favor and rejected the appeal of the Board. Following another notification of the same decision by the Board; Akçansa took another lawsuit action to cancel that decision and it was again concluded in favour of the Company. Following third notification of the same decision by the Board; another lawsuit action was taken to cancel that decision. Ankara 12nd Criminal Court of Peace has given a decision against Akçansa in this cancellation case opened within the framework of Law on Small Crimes. The Company will appealed to Ministry of Justice to demand “cancellation with writen order”. As a result of payment order notified, Akçansa has made conditional payment of penalty.

b) The Board has started investigations for the operations of Akçansa in Marmara region. Related to this second case, the Board announced on February 4, 2002 a further penalty charge amounting to TL 1.068.329 (in historical terms) to Akçansa. Akçansa applied to the State Council for the removal of this additional charge upon receipt of the legal notification obtained on June 2, 2004. State Council has concluded in favour of the Company and stopped the execution of the penalty until the reply of counter party. Related with this penalty, in January 2005, payment order amounting to YTL 1.068.329 is sent by Ankara tax office. Akçansa commenced a lawsuit for the cancellation of this payment order. Akçansa calculated the present value of the penalty considering time value of money and reflected a discounted liability amounting to YTL 859.515 in the consolidated balance sheet at December 31, 2006. In the case related with penalty charge, State Council decided in favor of Akcansa and suspended the execution. Following another notification of the same decision by the Board after State Council decision; Akçansa took another lawsuit action to cancel that decision in State Council. Suspension of execution demand has been rejected by State Council hereupon Akçansa has appealed to General Assembly of Council of State.

c) During 2003, the Board commenced a new investigation against Akçansa as a result of pre-investigations performed on the operations of certain companies (including Akçansa) in the Aegean region to monitor their compliance with the law. The Board completed its investigations on December 8, 2004 and charged a penalty amounting to YTL 5.792.770 to Akçansa. Akçansa applied to the State Council for the removal of this charge, upon receipt of the written notification, and State Council decided to suspend the execution until the conclusion of the case related with the penalty for cement and ready mixed concrete markets. Akçansa calculated the present value of the penalty considering time value of money and reflected a discounted liability amounting to YTL 4.666.849 in the consolidated balance sheet at December 31, 2006. In the cases related with penalty charge, State Council has given decision in favor of Akçansa. Competion Board has a right of appeal against this decision. It has been informed that Competion Board will not appeal for this case. Competiton Board make an official declaration again after correcting the procedural mistakes and delivered the decisions one more time as it has been done at above decisions. Two seperate lawsuit actions have been taken to cancel these two decisions.

d) During 2005, the Board commenced two new investigations that will be executed in cement and ready mixed concrete market separately against Akçansa as a result of pre-investigations performed on the operations of certain companies (including Akçansa) in the Aegean and Marmara regions to monitor their compliance with the law. Since the decisions of the Competition Board have not become definite yet as of the date of the financial statements are prepared and the inquisition process is still in progress together with the main defense presented by the Company against investigation reports, no accrual has been provided in the accompanying financials statement. As the results of investigations of the Competition Board performed related with Marmara and Aegean Regions, the Board has decided not to give any penalty against Akcansa.

31. PROVISIONS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

e) A compensation lawsuit was filed against Karçimsa amounting to DEM 550.000 by a subcontracting technician in 2000 and Karçimsa has accounted for a provision of YTL 858.551 based on the decision of the court. After the enforcement proceedings decision of the court has announced against Akçansa, Akçansa has stopped enforcement proceedings with presenting an amount of YTL 950.000 guarantee letter and on condition taking decision of stay of execution until the appeal made to Supreme Court is resulted. Then first degree court decision cancelled by Supreme Court in favor of Karçimsa. Further, another lawsuit filed against Karçimsa related with the same event by the insurance company amounting to DEM 1.100.000 is still going on. Karçimsa has not accounted for any provision for this claim since the outcome of the litigation was uncertain as of the balance sheet date

f) There were a number of legal proceedings outstanding against the Company as of December 31, 2006 totaling YTL 1.876.281 (2005 - YTL 1.092.403). This mainly includes matters relating to cases opened against the Company by its employees or the families of employees due to accidents raised at work and cases opened by third parties due to accidents because of the alleged negligence of the Company's personnel. As of December 31, 2006, the Company has provided a provision at an amount of YTL 696.560 for the litigations, which will probably require an outflow of resources in the future.

Possible Contingencies Relating to Environment Law and Land Protection and Utilization Law

According to the Environment Law, no: 2872, dated 09.08.1983, (The law has been changed with the law no: 5491, dated 26.04.2006) and to the Land Protection and Utilization Law, no: 5403, dated 07.03.2005, the operations of the Company such as mining, cement production are subject to legislation in Turkey. All liabilities such as taxes, duties and emission fees resulting from this legislation have been fulfilled by the Company. However, this legislation does not cover specifically address the costs that could arise from recovering the damage, pollution in the land while vacating the mines. In the following years, it is possible that in case of possible changes in the legislation, certain liabilities may arise for the Company related to these matters. Since no arrangement has been made yet, it is not possible to estimate such a obligations and their monetary effect.

32. BUSINESS COMBINATIONS

There is no business combination of the Company as of December 31, 2006 and 2005.

33. SEGMENT INFORMATION

The Company does not have any operation that requires segment information as of December 31, 2006 and 2005.

34. SUBSEQUENT EVENTS

Based on the Board of Directors Decision taken on January 10, 2007, the Company has signed an asset transfer protocol with Türkerler İnşaat Turizm Madencilik A.Ş. to take over the assets of Ladik Cement plant. Based on the protocol, the procedures have been started related with Competition Board and other authorities approval and due diligence work. The take over procedure will be realized when all conditions in the protocol are met.

(Currency - New Turkish Lira (YTL))

35. DISCONTINUING OPERATIONS

There is no discontinuing operations of the Company as of December 31, 2006 and 2005.

36. OPERATING INCOME

Net Sales (Net)

	December 31, 2006	December 31, 2005
Domestic sales	576.150.965	399.208.151
Foreign sales	37.332.921	41.354.838
Sales discounts (-)	(22.884.318)	(16.577.250)
Other discounts (-)	(13.100.077)	(8.936.547)
	577.499.491	415.049.192

Service Revenues (Net)

	December 31, 2006	December 31, 2005
Domestic service revenues	5.158.391	3.602.989
	5.158.391	3.602.989

Cost of Sales

	December 31, 2006	December 31, 2005
Direct raw materials and supplies expenses	284.756.660	203.275.386
Direct labour expenses	23.909.024	24.905.240
Depreciation and amortization expenses	33.462.740	30.998.035
Other production expenses	29.443.259	27.919.483
Total production cost	371.571.683	287.098.144
Change in work in process	(258.496)	(821.764)
Work in process at the beginning of the year	4.215.555	3.393.791
Work in process at the end of the year	4.474.051	4.215.555
Change in finished goods	(648.435)	767.755
Finished goods at the beginning of the year	2.921.446	3.689.201
Finished goods at the end of the year	3.569.881	2.921.446
Cost of goods sold	6.982.532	5.440.025
Cost of domestic service income	525.323	716.092
Total	378.172.607	293.200.252

(Currency - New Turkish Lira (YTL))

37. OPERATING EXPENSES

	December 31, 2006	December 31, 2005
Selling and marketing expenses	4.856.031	4.491.722
General and administration expenses	19.646.910	16.417.809
	24.502.941	20.909.531

38. OTHER OPERATING INCOME AND EXPENSES

As of December 31, 2006 and 2005 breakdown of other operating income is as follows:

Other Operating Income

	December 31, 2006	December 31, 2005
Dividend income (*)	4.656.535	30.248.914
Interest income	14.331.098	14.645.074
Foreign exchange gains	20.275.933	4.455.915
Gain on sale of property, plant and equipment, net	1.134.863	1.778.394
Rent income	810.452	590.646
Interest charged to customers, net	410.903	430.162
Collections from doubtful receivables	265.698	2.615
Income on sale of auxiliary materials	211.606	95.859
Other	1.287.830	591.688
	43.384.918	52.839.267

(Currency - New Turkish Lira (YTL))

38. OTHER OPERATING INCOME AND EXPENSES (CONTINUED)

(*) As of December 31, 2006 and 2005 breakdown of dividend income is as follows:

	December 31, 2006	December 31, 2005
Çimsa	4.488.307	4.730.918
Arpaş	160.000	1.050.170
Oralitsa (Cash received as a result of liquidation)	-	1.090.653
Akbank (Note 27-28)	-	23.240.129
Other financial assets	8.228	137.044
	4.656.535	30.248.914

Other Operating Expenses (-)

	December 31, 2006	December 31, 2005
Impairment on financial asset (Note:16)	19.280.429	-
Foreign exchange losses	18.454.188	4.727.966
Donations	3.769.177	1.682.998
Compensations paid (Note 9)	2.763.000	22.193
Depreciation expense of rented terminals	1.619.848	1.611.258
Property and estate taxes	1.607.016	1.116.448
Rediscount expenses, net	664.076	204.399
Provision for litigations (Note 23)	385.142	513.546
Idle time expense (comprise mainly of depreciation expense)	259.309	1.349.718
Provision for doubtful receivables	61.911	136.550
Other	632.776	2.229.924
	49.496.872	13.595.000

(Currency - New Turkish Lira (YTL))

38. OTHER OPERATING INCOME AND EXPENSES (CONTINUED)

Depreciation and Amortization Expenses

	December 31, 2006	December 31, 2005
Property, plant and equipment		
Cost of production	32.992.770	30.638.990
Other expense from operations	1.222.760	2.238.712
General and administrative expenses	986.204	1.017.255
Selling and marketing expenses	65.458	75.116
Total depreciation expenses	35.267.192	33.970.073
Intangible assets		
Cost of production	469.970	359.045
Other expense from operations	520.916	520.916
General and administrative expenses	205.807	172.697
Selling and marketing expenses	727	797
Total amortization expenses	1.197.420	1.053.455

	December 31, 2006	December 31, 2005
Personnel expenses and average number of employees		
Wages and salaries	29.054.896	26.972.756
Other social expenses	9.273.910	8.135.732
Provision for employee termination benefits (Note 23)	2.352.578	2.704.532
	40.681.384	37.813.020

The average number of employees (all employed in Turkey) for the years ended December 31, 2006 and 2005 was 840 and 869 respectively.

39. FINANCIAL EXPENSE (Net)

As of December 31, 2006 and 2005 breakdown of financial expense is as follows

	December 31, 2006	December 31, 2005
Short-term financial expense	368.273	296.812
Total financial expense	368.273	296.812

40. MONETARY GAIN/LOSS (Net)

None.

(Currency - New Turkish Lira (YTL))

41. TAXES

The Company is subject to taxation in accordance with the tax procedures and the legislation effective in the countries where the Company is operating.

In Turkey, the corporation tax rate for the fiscal year ending December 31, 2006 is 20%. Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month. The tax legislation provides for a temporary tax of 20% (2005 - 30%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

In 2003 and prior years, corporation tax was computed on the statutory income tax base without any adjustment for inflation accounting. Starting from January 1, 2004, the statutory financial statements from which taxable income is derived are adjusted for inflation. Accumulated earnings arising from the first application of inflation accounting on the December 31, 2003 balance sheet are not subject to corporation tax, and similarly accumulated deficits arising from such application are not deductible for tax purposes. Moreover, accumulated tax loss carry-forwards related to 2003 and prior periods will be utilized at their historical (nominal) values in 2004 and future years

In addition, the Turkish government offers investment incentives to companies that make certain qualifying capital investments in Turkey. Prior to April 24, 2003, the total amount of qualifying capital investments was deducted from taxable income and the remainder of taxable income, if any, was taxed at the corporate rate. A withholding tax of 19.8% was applied to the total amount of qualifying capital investments. With the new law enacted, effective from January 1, 2006, Turkish government ceased to offer investment incentives for capital investments. Companies having unused qualifying capital investment amounts from periods prior to December 31, 2005 will be able to deduct such amounts from corporate income until the end of December 31, 2008; however, the corporate tax rate will be 30% for them. Furthermore, qualifying capital investments to be made until the end of December 31, 2008 within the scope of the investment projects started before December 31, 2005 will be subject to investment incentive until the end of December 31, 2008. As of December 31, 2006, investment incentive with the amount of YTL 1.935.296 will be used by the Company.

In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

Income tax payables as of December 31, 2006 and 2005 are summarized as follows:

	December 31, 2006	December 31, 2005
Current income tax	41.415.933	31.094.415
Prepaid taxes	(30.435.143)	(22.213.406)
Income tax payable (Note 23)	10.980.790	8.881.009

Major components of income tax expense for the years ended December 31, are:

	December 31, 2006	December 31, 2005
Consolidated income statement		
Current income tax	(41.415.933)	(31.094.415)
Deferred income tax (Note 14)	15.172.078	3.535.928
Income tax expense reported in consolidated income statement	(26.243.855)	(27.558.487)

(Currency - New Turkish Lira (YTL))

41. TAXES (CONTINUED)

A reconciliation of income tax expense applicable to profit before income tax at the statutory income tax rate to income tax expense reported in the income statements for the years ended December 31, 2006 and 2005 is as follows:

	December 31, 2006	December 31, 2005
Profit before income tax and minority interest	173.502.107	143.489.853
At the effective statutory income tax rate of 20%		
(For subsidiary 30%) (December 31, 2005 - 30%)	(35.077.738)	(43.046.956)
Net effect of investment allowances	(90.360)	4.606.434
Income not subject to tax	937.197	9.648.757
Permanent non-taxable items	(3.775.016)	(248.982)
Net effect of change in tax rate	11.762.062	1.482.260
	(26.243.855)	(27.558.487)

42. EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. As of December 31, 2006, the weighted average number of shares is 19.144.706.825.

In Turkey, companies can increase their share capital by making distribution of free shares from various internal resources. For the purpose of the EPS calculation, such bonus share issues are regarded as stock dividends. Dividend payments, which are immediately reinvested in the shares of the Company, are regarded similarly. Accordingly, the weighted average number of shares used in EPS calculation is derived by giving retroactive effect to the issue of such shares without consideration through December 31, 2006.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

(Currency - New Turkish Lira (YTL))

43. CASH FLOW STATEMENT

	December 31, 2006	December 31, 2005
Cash flows from operating activities:		
Profit before tax, minority interest and loss on net monetary position	173.502.107	143.489.853
Adjustments to reconcile net profit before monetary loss, minority interest and income tax to net cash provided by operating activities:		
Unrealized foreign exchange losses	168.476	14.625
Depreciation and amortization	36.464.612	35.023.478
Provision for employee termination benefits	2.352.578	2.704.532
Gain on sale of property, plant and equipment	(1.134.863)	(1.778.394)
Interest expense	368.273	296.812
Interest expense from discounting of litigation provisions	(337.500)	345.284
Amortization of investment grants	-	(35.589)
Provision for doubtful receivables	61.911	136.550
Dividend income	(4.656.535)	(30.248.914)
Provision for available for financial assets	19.280.429	-
Provision for inventories	2.746.060	-
Operating profit before changes in operating assets and liabilities	228.815.548	149.948.237
Changes in operating assets and liabilities		
Trade receivables (net) (Current)	(36.659.737)	(14.396.504)
Trade receivables (net) (Non-Current)	(3.949)	1.847
Due from related parties (net)	3.127.997	(201.666)
Other receivables (net)	(17.210)	(835.838)
Inventories	(6.344.103)	(2.531.930)
Other current Assets	(573.046)	(15.712)
Other non-current Assets	(1.123.351)	3.350
Trade payables (net)	33.594.844	(1.495.726)
Due to related parties (net)	(1.652.142)	(459.164)
Advances taken	(583.260)	(494.266)
Other Liabilities (net)	1.723.026	(206.688)
Provisions (Current)	3.385.032	512.091
Interest paid	(519.437)	(308.846)
Taxes paid	(39.316.152)	(25.588.886)
Employee termination benefits paid	(1.600.145)	(1.158.860)
Fines paid	(251.632)	-
Net cash provided by operating activities	182.002.283	102.771.439
Cash flows from investing activities		
Change in marketable securities and financial assets	-	53.322.244
Purchase of property, plant and equipment, net	(89.352.743)	(33.900.148)
Purchase of intangible assets	(2.675.884)	(1.128.215)
Proceeds from sale of property, plant and equipment	1.800.163	1.906.359
Dividend taken	4.656.535	30.248.914
Net cash (used in)/provided by investing activities	(85.571.929)	50.449.154
Cash flows from financing activities		
Proceeds from short-term borrowings	2.865.796	12.395.724
Repayment of short-term borrowings	(9.597.328)	(14.095.777)
Dividend paid	(89.568.444)	(51.988.388)
Repayment of finance lease obligations, net	-	(99.153)
Net cash used in financing activities	(96.299.976)	(53.787.594)
Net increase in cash and cash equivalents	130.378	99.432.999
Cash and cash equivalents at the beginning of the year	148.298.901	48.865.902
Cash and cash equivalents at the end of the year	148.429.279	148.298.901
Supplemental disclosure of cash flows information		
Cash received by the Company for interest	13.280.065	21.161.302

44. OTHER MATTERS WHICH ARE SIGNIFICANT TO THE FINANCIAL STATEMENTS OR WHICH SHOULD BE DISCLOSED FOR THE PURPOSE OF INTERPRETATION, TRUE AND FAIR PRESENTATION OF THE FINANCIAL STATEMENTS

None.

(Convenience Translation of an Auditors' Report and Financial Statements and Footnotes Originally Issued in Turkish)

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi

PROFIT DISTRIBUTION TABLE

For the year ended December 31, 2006

(Currency - New Turkish Lira (YTL))

A- APPROPRIATION OF CURRENT YEAR PROFIT	*31 December 2006*	*31 December 2005*
CURRENT YEAR PROFIT	172.709.428	141.123.582
TAXES PAYABLE AND OTHER LEGAL LIABILITIES	(26.243.855)	(27.558.487)
NET CURRENT YEAR PROFIT	146.465.573	113.565.095
PREVIOUS YEAR LOSS		
LEGAL RESERVE FUND - TYPE I	(8.389.283)	(4.608.734)
PROFIT AVAILABLE FOR APPROPRIATION	138.076.290	108.956.361
FIRST DIVIDEND TO SHAREHOLDERS	(28.368.683)	(32.452.668)
SECOND DIVIDEND TO SHAREHOLDERS	(97.657.942)	(47.904.061)
LEGAL RESERVE - TYPE II	(11.645.427)	(7.203.294)
EXTRAORDINARY RESERVES (Accumulated Profit)	(404.238)	(21.396.338)
B- APPROPRIATION OF RESERVES	*(2.591.080)*	*(10.311.047)*
SECOND DIVIDEND TO SHAREHOLDERS	(2.355.527)	(9.373.679)
LEGAL RESERVES - TYPE II	(235.553)	(937.368)
C- EARNINGS PER SHARE (*)		
(YKr)	0,7650	0,6822
(%)	76,50	68,22
D- DIVIDEND PER SHARE (GROSS) (**)		
(YKr)	0,671	0,539
(%)	67,06	53,90

(*) Dividend per share is calculated over nominal capital.

(**) Dividend per share is calculated over gross dividend payable to shareholdersand nominal capital

As it is seen on Profit Distribution Table, it has been resolved to present the Annual Report for the year 2006 and the Financial Statements to our shareholders at the ordinary shareholders' meeting scheduled on 30 March 2007 in accordance with the principles and rules, and to distribute the 2006 consolidated balance sheet profit amounting to YTL 172.709.428 after the deduction of Legal Reserve - Type I, taxes and legal liabilities amounting to 126.026.625, after the addition of Extraordinary Reserves of YTL 2.355.527 amounting to YTL 128,382,152 compliant with the Article 33 of our Articles of Association and Capital Markets Board Communiqué as follows:

Share of Dirst Dividends	28.368.683 YTL
Share of Second Dividends	100.013.469 YTL
Legal Reserves Type II	11.880.980 YTL
Extraordinary Legal Reserves (Accumulated Profits)	404.238 YTL

Thus, shareholders representing the share capital of YTL 128.382.152 will be receiving YTL 191,447,068.25 in total, which corresponds to 67.06% gross and 57.00% net earnings per share. We hereby request approval for the related Board Resolution dated 12 March 2007 for the aforementioned profit distribution scheme as of 2 April 2007.

With Regards,
Board of Directors

(Convenience Translation of an Auditors' Report and Financial Statements and Footnotes Originally Issued in Turkish)

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi

For the year ended December 31, 2006

RATIOS

(Currency - New Turkish Lira (YTL))

Liquidity Ratios			*2005*	*2006*
Current Ratio	Current Assets/Current Liabilities		4,69	3,39
Liquidity Ratio	(Current Assets-Inventories)/Short-Term Liabilities		3,93	2,87
Inventories/Current Assets	Inventories/Current Assets		0,16	0,15
Working Capital	Current Assets (excluding cash)/Short-Term Foreign Liabilities (excluding credits)	YTL	70.689.541	68.446.079

Financial Structure Ratios			*2005*	*2006*
Financial Rank	(Current Assets + Non-Current Assets)/Assets		0,14	0,15
Non-Current Assets/Equity			0,80	0,79
Financial Debt/Equity			0,01	0,01
Net Financial Position	Net Assets-Financial Debt	YTL	139.829.018	141.842.724

Profitability Ratios				
Asset Turnover Rate	Net Sales/Total Assets	Times	0,49	0,63
Gross Profit Margin	Gross Sales Profit/Net Sales		0,30	0,35
Return on Assets	Net Profit/Total Assets		0,13	0,16
Operating Profit/Sales Revenues			0,34	0,30
Net Profit per Share		YKR	0,6822	0,7650

FINANCIAL STRUCTURE

The construction sector has continued to be the leading sector of the economy in 2006, as for the last three years, and our sales increased by 31% compared to the previous year. With efficient operational capital and finance management, our Company protected its strong financial structure in 2006 and has gained financial earnings, above the inflation.

Liquidity Ratios:

In 2006 we realized serious amounts of investment cost, especially derived from the Line II investments in Çanakkale factory. Therefore by the end of 2006, increase in current assets was realized lower than the increase in current liabilities and current ratio decreased by approximately 28%.

Financial Structure Ratios:

With the effect of the increase in the sales volume, together with liveliness in the internal market, more raw materials and coke purchasing was realized. Because of this and the Line II investments in Çanakkale factory, an increase was realized in current liabilities. But, since our Company has no current financial debt, strong formation in financial structure ratios continued.

REPORT OF BOARD OF AUDITORS
(For the term 01.01.2006 - 31.12.2006)

TO THE SHAREHOLDERS' MEETING OF
AKÇANSA ÇİMENTO SANAYİ VE TİCARET A.Ş.

Title of the Company	: Akçansa Çimento San. ve Tic. A.Ş.
Headquarters	: Istanbul
Registered Capital Ceiling	: YTL 500,000,000
Issued Capital	: YTL 166,475,712
Line of Activity	: Production, and sales of cement; production, and sales of ready mixed concrete and other activities defined in the Articles of Association.
Name(s) of the auditor(s) and their period of office	: Mevlüt Aydemir and Fuat Öksüz. Period of office of the Board of Auditors is 1 year. Neither of the auditors are employees or shareholders of the Company.
Number of Board of Directors meetings participated, and number of Board of Auditors meetings held	: The auditors have participated in two Board of Directors meetings and have once held a Board of Auditors meeting.
Scope of the audit made on the Company's accounts, books and documents; dates of auditing and the results thereof	: General audits have been conducted on the accounts, books and documents of Company on the dates given below. It has been established that the records were compliant with regulations and the principles of General Accounting.
Dates and results of the cash counts made at the cash desk of the Company, according to Turkish Commercial Code, Article, 353, Paragraph 1/3	: Four cash counts have been made during the year and it has been established that the existing petty cash was compliant with the records.
Dates and results of the audits made according to Turkish Commercial Code, Article, 353, Paragraph	: During 2006, audits have been run on 28 February, 30 June, 28 August and 29 December and it has been established that the existing securities were compliant with the records.
Complaints and corruption assertions acknowledged and actions taken	: There has been no complaint or corruption assertion.

We have examined the accounts and transactions of Akçansa Çimento Sanayi ve Ticaret A.Ş. for the period 01.01.2006-31.12.2006, in accordance with the Turkish Commercial Code, the Articles of Association of the Company, other legislation and generally accepted accounting rules and standards.

According to our opinion, the balance sheet issued as of 31.12.2006, the content of which we acknowledge, reflects the true financial status of the Company at the said date properly, and the income statement for the term 01.01.2006-31.12.2006 reflects the true results of the activities made during the said term properly, and that the proposal on dividends are in compliance with laws and the Articles of Association of the Company.

We hereby submit the balance sheet and the profit and loss statement, as well as the discharge of the Board of Directors from their financial accountabilities, to your approval.

March 01, 2007

Mevlüt AYDEMİR

Fuat ÖKSÜZ

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