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HEIDELBERGCEMENT

ANNUAL REPORT 2007

AKÇANSA

FORGING AHEAD INTO THE FUTURE.

AKÇANSA

Agenda

AKÇANSA ÇİMENTO SANAYİ VE TİCARET A.Ş.

31 March, 2008

1- Opening and election of the Annual General 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 2007,
5- Presentation, discussion and approval of the Balance Sheet and Income Statement, and resolution on the Board of Directors' profit distribution proposal,
6- Discharging the Board of Directors and Audit Committee members from their financial responsibilities,
7- Resolution on remuneration of the members of the Board of Directors and Audit Committee
8- Election of auditors to replace those whose terms of office had expired, and the drawing up of a resolution on their term of office,
9- Resolution on the authorization of the Board of Directors concerning the distribution of profits in advance, in compliance with the Capital Markets Law,
10- 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 : 31 March, 2008
Time : 11:00 AM.
Location : Sabancı Center, Hacı Ömer Sabancı Salonu, Kule 2, 4. Levent/ISTANBUL

Contents

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

Company Profile

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

Operating in Turkey's Marmara and Aegean regions as a producer of cement and ready mixed concrete, Akçansa later merged with its subsidiary, Betonsa, in 1998. The Company provides services from more than 30 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 subsidiary, Agregasa Agrega San. &Tic. A.Ş.

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

As the leader of Turkey's cement sector, Akçansa meets 11% of Turkey's cement needs. This performance has been achieved through a combination of product compliance with global standards, environmentally friendly production processes (which have received the acclaim of 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 being awarded the ISO 9001: 2000 Quality Management System certificate and the ISO 14001 Environmental Management System certificate, to name but a couple. Furthermore, Akçansa was the first cement producer to become eligible to implement the Integrated Management System (IMS) when the OHSAS 18001Occupational Health and Safety Management System was set up in early 2004.

Cement Plants
Cement Terminal
Ready-mixed Concrete Facility
Cement Grinding and Packaging Facility
Aggregate Production Facility

Vision - Mission

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

Financial Highlights

Sales (Million Tons)	2005	2006	2007
Cement - Total	3.9	4.7	5.2
Domestic	3.1	4.1	4.9
International	0.8	0.6	0.3
Clinker	0.1	0.1	0.1
Domestic	0.1	0.1	0.1
International	0	0	0
Ready-Mixed Concrete (m^3)	2.4	2.9	3.2

(Million YTL)	2005	2006	2007
Net Sales	418.50	582.66	696.4
EBITDA	136.70	214.72	238.9
	32.66%	36.85%	34.31%
EBIT	104.40	180.00	197.4
	24.95%	30.89%	28.35%
Net Income	113.60	146.47	185.8
Profitability			
Earnings Per Share	0.68	0.77	0.97
Dividend Per Share	53.90%	67.06%	65.28
Net Financial Debt	(139.80)	(141.84)	170.3
Total Equity	738.50	789.72	841.7
Total Assets	856.30	928.44	1,169.7

Plant Capacities (Tons)	Cement Production Capacity	Clinker Production Capacity	Operation Capacity
Büyükçekmece	2,800,000	1,850,000	-
Çanakkale	3,500,000	1,900,000	-
Ladik	1,050,000	650	-
Ambarlı	-	-	1,600,000
Aliağa	-	-	350,000
Yalova	-	-	300,000
Yarımca	-	-	700,000

Achievements in 2007

The second production line at the Çanakkale Plant is now nearing completion. ..

The ceremony to mark the start of work on this groundbreaking investment was held in June 2006. Its completion will enable Akçansa to expand beyond Turkey's borders to become a strategic power in the region. Once the capacity expansion investment is completed in early 2008, the Çanakkale plant's clinker production will double, bringing Akçansa's total clinker production capacity up to 6.5 million tons.

Ladik Çimento was taken over on 1 May, 2007...

The Ladik Plant was established in 1978 and started production affiliated with Çitosan at the end of 1983. Located near the district of Ladik and 70km from Samsun, the plant is 14km from the Samsun-Ankara highway. The Ladik Cement Plant boasts a clinker capacity of 660,000 tons and cement capacity of 1 million tons. In its first year of operation, the Ladik Plant enjoyed considerable growth and set the stage for Akçansa's expansion in the Black Sea Region.

Logistical Activities stepped up at Akçansa...

Akçansa signed a service procurement agreement for a sea jetty located in Istanbul to strengthen the logistical capabilities and provide a more effective service to costumers to meet the requirement for increased sales, production levels and efficient management at the shipping points.

Betonsa starts activity in Black Sea Region...

Akçansa added new ready mixed concrete and aggregate facilities to the sales network in a bid to promote growth in the ready mixed concrete and aggregate sector in line with strategic positioning in the Black Sea region. Two facilities were put into service; one which was leased in Samsun and other through an investment in Merzifon. With the new facilities, the sales network reached eight points (Manisa, Samandıra, Silivri, Gürpınar, Ataköy, Ayazağa, Samsun, Merzifon) in ready mixed concrete.

Alternative fuel used at the Akçansa Büyükçekmece Plant...

With its commitment to environment, a system allowing industrial wastes to be burned into alternative fuel was put into service at Akçansa's Büyükçekmece Plant in early 2008. The project was the first of its kind in Turkey. High energy plastic wastes will be burned in the kilns. This process will help reduce heat energy costs.

Betonsa Edremit Plant handed the ERMCO Environment Award...

The Edremit Plant was awarded the 3rd Green Point Environment Awards. In Seville, the Edremit Plant represented Turkey and was awarded the ERMCO (European Ready Mixed Concrete Organization) Environmental Award.

Vehicle tracking system in Betonsa...

The vehicle tracking system was installed in each truck mixer. The system helps promote forward planning and efficient use of truck mixers. The fleet Management System program was introduced in 2007. The first trials will start in 2008.

Message from the Chairman

Akçansa proudly rounds up another year of success achieved on the back of a high standard of operations, the extensive and far-reaching production and distribution network we have built and the values we have created for all our stakeholders including, first and foremost, yourselves, our precious partners.

In 2007, after a challenging legal process, we completed the purchase of the Ladik Factory, which will serve as a springboard for great strides towards our strategic goals. Accordingly, we have expanded the Akçansa family by bringing the Black Sea region into our field of operation along with the joining of new colleagues from the Ladik plant. We have exceeded our targets for daily clinker production, backed by the rapid integration of our modernization investment, in the space of just six months In this first year of production, Akçansa brought all technical aspects of the factory up to the Company's high standards as well as accelerating growth of the facility. We will shortly complete the investment in the Second Production Line, which we laid the foundation of in 2006, and which marks a fundamental step towards our vision of sustainable growth beyond boundaries. The annual clinker production at the Çanakkale Facility will double once this environmentally friendly, state-of-the-art investment is completed ahead of schedule and on-budget. This will bring the annual clinker production capacity of our Company up to 6.5 million tons and take the annual cement production capacity to over 9 million tons, .

Sales of cement and clinker broke a new record to reach 5.3 million tons. Domestic sales reached 5 million tons, some 21% over the previous year's level. Our ready-mixed concrete sales rose by 10% with respect to the previous year, also breaking a new record with sales volumes of 3.2 million m3 from our 26 facilities.

We have added new aggregate and ready-mixed concrete facilities to our sales channels, as part of our strategic positioning operations, especially in the Black Sea Region, as we work towards our goal of growing in the aggregate and ready-mixed concrete fields. We accelerated our logistics operations in 2007 in order to efficiently and effectively manage our growing sales, production and distribution channels. We have entered long-term service contracts with a port located on Istanbul's Asian shore in order to strengthen our existing logistics position and provide the best-quality service to our customers.

The year 2007 will be marked as a year of quantum leaps and breakthroughs for our Company. We undertook over US$ 300 million of investments, all marking a clear turning point for our firm.

We are also moving forward in our operations to use alternative fuels and raw materials, which are critically important for the protection of the environment and natural resources. Our plants, which are pioneers in the use of alternative fuel, work on the basis of the targets compliant with the conditions of the Kyoto Protocol and the EU Adaptation Legislation, and to transform possible threats into opportunities through proactive approaches.

We have clearly set forth our determination to create social benefit with the help of the projects developed for the general public in areas such as sports, education and culture, as well as the support we provide in our fields of operation.

As a construction materials company aiming to promote living standards and ensure sustainable growth which goes beyond the boundaries, we will remain the leader, the guiding light and the most prestigious establishment in the sector, creating value for our stakeholders and the economy, built on our main pillars of social, environmental, legal and ethical responsibility and through the provision of safe and high quality products and services.

To Our Valuable Partners,
Despite the ambiguity surrounding the economy and shifting competition conditions, we will continue to create value for Turkey and our social stakeholders, and grow through our optimistic perspective. We will carry out our mission to be the leading construction materials company raising standards of living in our country, backed by the will of our managers and employees to succeed and with the trust you have in us, our valuable shareholders.

On behalf of our board of directors, we would like to express our profound thanks to all the partners who have taken part in our meeting. We hereby present our 2007 Annual Report, the financial statements and profit distribution offers which have been prepared according to the Capital Market Law definitions to you for your inspection and approval.

Sincerely

Erhan Kamışlı
Chairman of the Board

Board of Directors

Left to Right: Mehmet Göçmen General Manager, Daniel Gauthier Vice Chairman, Erhan Kamışlı Chairman, Engin Tuncay Member, Emir Adıgüzel Member, Ahmet Dördüncü Member, Ernest Jelito 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 work 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 work at 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, the Middle East, and the Mediterranean countries.

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

Born in 1960 in Izmir, Emir Adıgüzel graduated from the Harvard and Bosphorous University's business schools. His career started with a three-year stint in Saudi Arabia. He started work 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 Sabancı Group in 1987, and has worked as 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, where he served as the Vice President of the Foreign Trade Group and General Manager of Universal Trading and Exsa UK. Engin Tuncay has been the Head of the Chemicals and Foreign Trade Group since October 2004.

Executive Management

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 Aggregates

Born in 1968, Hakan Gürdal studied mechanical engineering at undergraduate level and went on to receive graduate degrees in Management and Economics. He joined Çanakkale Cement in 1992. 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.

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 at Hilton Hotels in Istanbul and Mersin. He worked for Philip Morris between 1991 and 1998. Erman has served as Assistant General Manager of Akçansa's Human Resources department since 2000.

Cem May / Assistant General Manager - Cement Sales and Marketing

Born in 1963 in Ayvalık, Cem May graduated from the department of 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 serves as the Assistant General Manager in charge of Cement Sales and Marketing since July 2005.

Cenk Eren / Assistant General Manager - Purchasing & Logistics

Born in 1969 in Istanbul, Cenk Eren graduated from the Mechanical Engineering department at Bosphorous University. He began to work at Akçimento in 1993. He was appointed as a Strategy Development Specialist at Akçansa in 1996 and as Manager of Cement Sales and Planning in 1998. He served as Manager of the Ready Mixed Concrete department for the Western Marmara Region between 2002 and 2007. Eren has worked as Assistant General Manager of Purchasing and Logistics since September 2007.

Ahmet Vasfi Pekin / Assistant General Manager - Operations

Born in 1955 in Izmir, Ahmet Vasfi Pekin completed his high school education at the Bornova High School. He graduated from the Department of Industrial Engineering at the Bosphorous University in 1979, before starting work for 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 served as the Assistant General Manager in charge of Operations at Akçansa since July 2004.

Hasan İmer / Çanakkale Plant Manager

Born in 1954, Hasan Imer read mechanical engineering at the 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 department of Electrical Engineering at the Middle East Technical University. His first post was at Citosan in 1975, and was followed by various posts at Petkim's Aliağa plant and the Saudi Arabian Quassim Cement. After working as the maintenance manager at Adana Cement, he relocated to Çanakkale Cement in 1988. He worked as the technical Assistant to the 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.

Mehmet Öztürk / Ladik Plant Manager

Born in Kayseri in 1960, Öztürk graduated from the Electrical-Electronics Engineering department at the Middle East Technical University. His first post was at Elimko in 1984, followed by various posts at electrical equipment and system producers such as Seneka, Burç Elektrik. Prior to the merger, Öztürk worked as the Energy Manager in Çanakkale Cement, following by the merger he served as Energy Manager in Çanakkale and Büyükçekmece Plants. In May 2007, he was appointed as Plant Manager to the Ladik Plant.

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.

With our target of being a regional source of strength beyond Turkey's borders

We forge ahead with the aim of being a regional power.

Cement Operations

Cement In Turkey

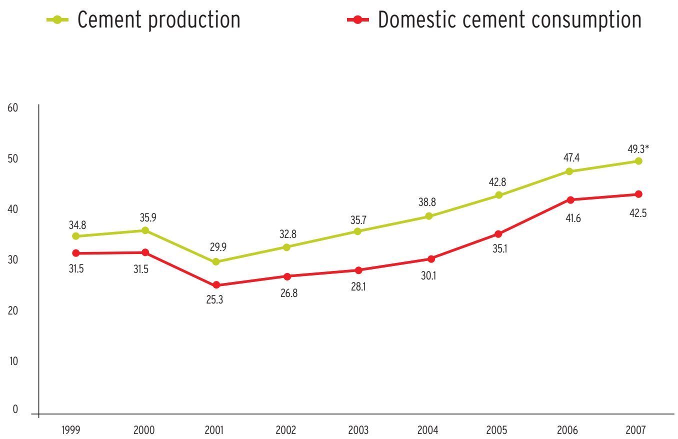
The year 2007 was a time of progress in the Turkish cement sector in terms of capacity usage, production and sales.

Despite the general election and the selection of a new president, political and economic stability continued in 2007 and macroeconomic indicators signaled an increase in demand in the cement sector.

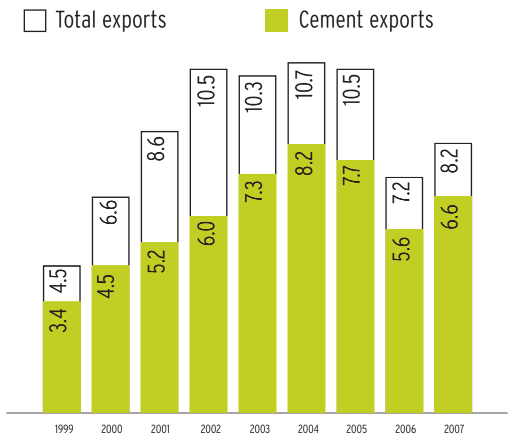
With some regional differences, cement consumption reached 43 million tons in 2007, an increase of 2% with respect to 2006.

The continuation of the current political and economic stability will set the stage for continued growth in GDP as well as in the cement sector. However, the glut of new investments could upset the supply/demand balance.

Exports of cement and clinker expanded by 14% during 2007 to reach 8.2 million tons, underpinned by demand from the Russian market.



* Source: Turkish Cement Producers' Association



Cement Operations (continued)

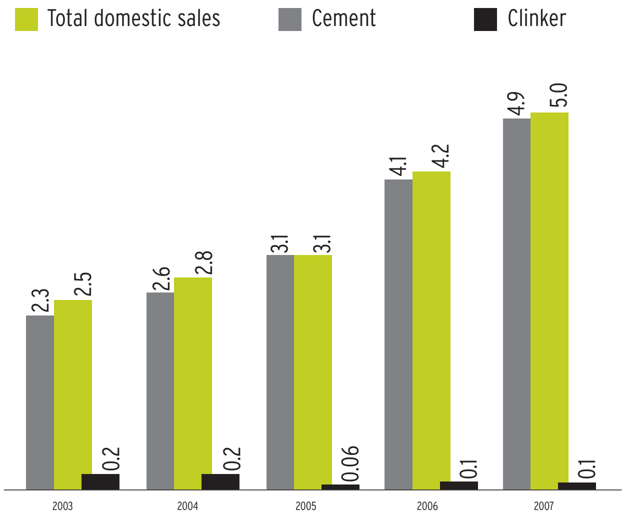
Sales

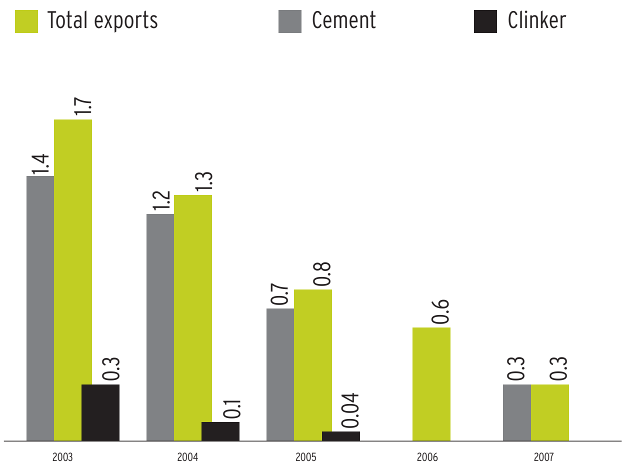
Total sales (domestic sales + exports) of cement and clinker reached 5.3 million tons in 2007.

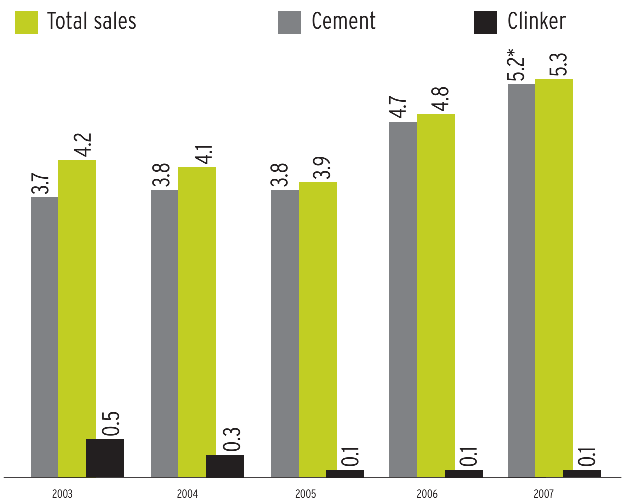
Despite the relatively modest 3% growth rate observed in domestic sales of cement and clinker in the overall Turkish market, Akcansa notched up an impressive 21% growth rate and with total sales reaching 5 million tons. The areas where Akcansa is principally active exhibited relatively strong growth compared to other areas, with the purchase of the Ladik Plant and sales to the Black Sea Region playing a key role in this growth.

Under the management of Akcansa, the Ladik Plant recorded significant growth, supporting Akcansa's operation in the Black Sea region. In the eight months between May and December 2007, a total of 525,000 tons of cement was produced from the Ladik Plant, under Akçansa's guidance.

The Karcimsa Grinding Facility, established in Karabuk jointly between Akcansa (51%) and Kardemir Karabuk Iron and Steel Inc. (49%) started production and sales in 1998; the facility attained cement sales of 177,000 tons in 2007.



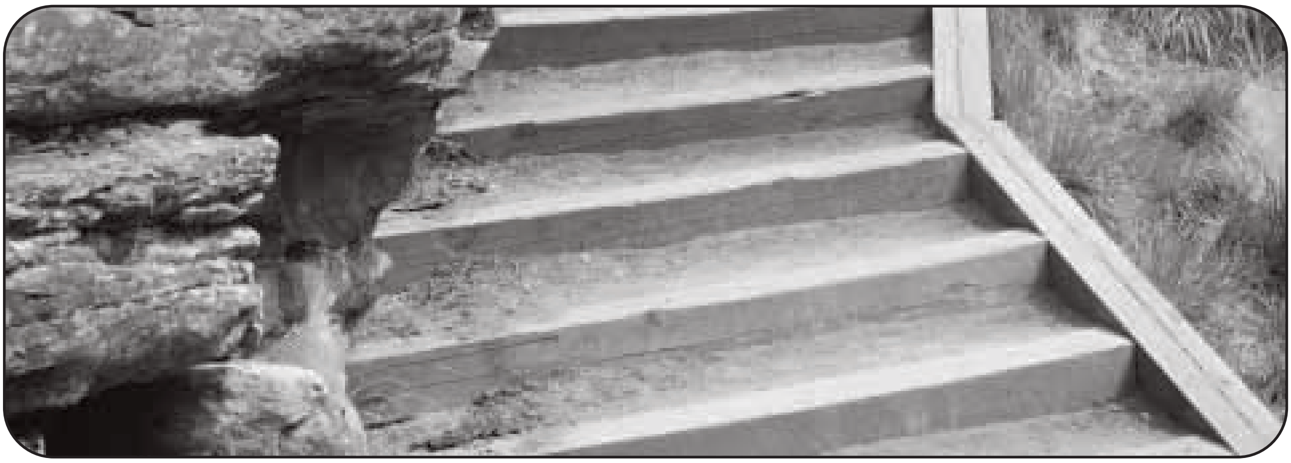




* A total of 820,299 tons of cement was directed to ready mixed concrete

With our high quality, dependable, innovative products and services

We forge ahead with the aim of being a regional power.



With our culture which upholds communal, environmental, legal and ethical values

We forge ahead with the aim of being a regional power.

Cement Operations (continued)

Production and Products

The Buyukcekmece, Ladik and Canakkale plants produced a total of 4.3 million tons of clinker and 5.2 million tons of cement in 2007.

The Canakkale plant reached 2 million tons of clinker production and 2.4 million tons of cement production in 2007, breaking a new record for clinker production at the Canakkale Plant on both a daily and annual basis since its establishment.

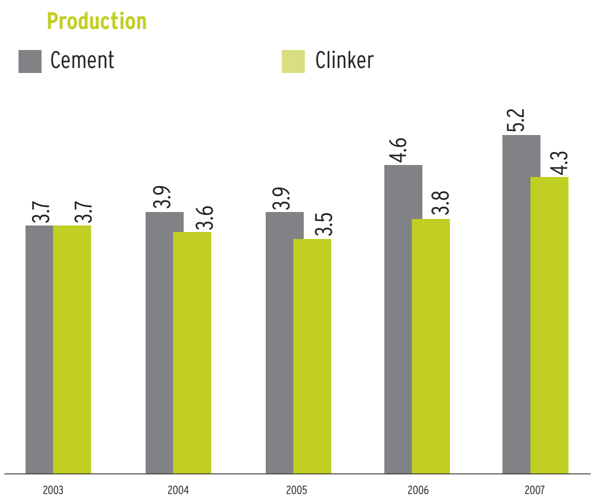
A total of 1.9 million tons of clinker and 2.3 million tons of cement were produced in the Buyukcekmece Plant during 2007. The Ladik Plant, purchased by Akcansa in May, notched up its highest ever clinker and cement production in its history during 2007, with clinker production jumping by 45% over its 2006 level to 563,000 tons with cement production surging 25% to 700,000 tons.

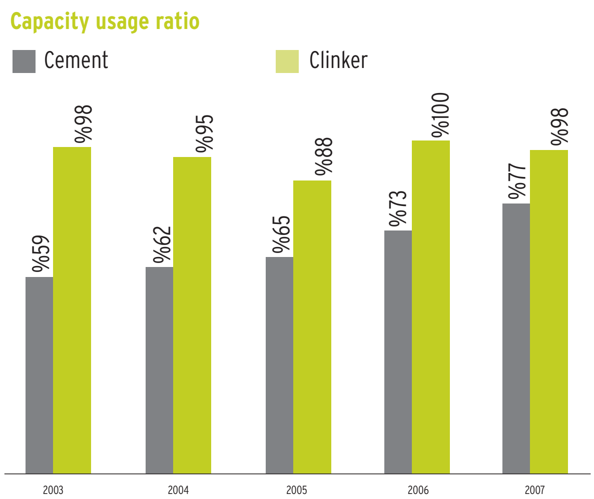
Integrated Management Systems

In all plants, production activities took place under the guidance of Work Health and Security directive OHSAS 18001, Quality of Management System directive BS EN ISO 9001:2001, Management System of Environment directive BS EN ISO 14001 and periodic controls conducted by the British Standards Institute. The plants succeeded in meeting the requirements of these standards, backing the validity of those certificates.

19 employees in the Buyukcekmece Facility and 18 employees in the Canakkale Facility obtained domestic controller certificates by successfully completing “the training of OHSAS 18001 and ISO 14001 domestic controller” courses. These workers will take part in domestic controls of plants as official controllers.

Akcansa centralized all the Integrated Management Systems by introducing a fresh organization structure. Environmental, Occupational Health and Security Management Systems were successfully modified through the training of workers. Work to improve field conditions, avert risk and step up controls on employee health continued.





Cement Activities (continued)

Ladik Plant

Akçansa's Ladik plant has a clinker line capable of producing 2,100 tons per day.

Clinker is produced through grinding cement types in mills which have the capacity to produce 80 tons per hour. Forms of clinker are launched to the market in pouches, which are packed by three packaging machines, and in bulk form through pouring from three bellows.. The produced cement types are CEM I 42.5 R, CEM I 42.5 N, CEM II/ A (S-P) 42.5 R and CEM V/A (S-P) 32.5 N. In the paper bag plant, located inside the facility, with a production capacity of 80 million bags per year, 25 - 50 kg weighted cement bags were produced in double and quadruple forms.

Immediately after completing the purchase of the Ladik Plant, processes related to the standardization of the products, CE documentation, location of raw materials, all legal documents pertaining to the plants and the issue of permits and licenses were completed. With the new investments, the Ladik Plant was brought up to Akcansa standards, and the production goals were achieved. The investments allowed Akcansa to meet its target to raise clinker production from a previous 1,600-1,750 tons per day to 2,100 tons per day, as well as to raise production standards. The next aim is to expand total clinker production to 2,200 tons per day with the second phase of investments, planned for completion in 2008.

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 is checked through participation in the Proficiency Sample Program of the American Cement & Concrete Reference Laboratory.

Investments

Akçansa invested a total of YTL 384.6 million in 2007, of which YTL 10.7 million was spent on the Büyükçekmece plant, YTL 152.9 million on the Çanakkale plant and YTL 221 million on the Ladik Plant.

Çanakkale Plant

Investments and ongoing work for various projects have succeeded in reducing consumption of electricity and heat used in the clinker plant, and raised efficiency.

Ongoing work for the alternative fuel projects continues. A second separator unit purchased for wet bilgine, and a chemical waste treatment facility for waste water was built.

A decision was taken to change the coating of the rotary kiln, planned to be completed in 2008.

All abgas fan motors of the rotary kilns were renewed and fitted with frequency converters.

In October, an XRD device was purchased to examine the mineralogical composition of the clinkers.

2nd Production Line Investment at the Çanakkale Plant

The 2nd Production Line is about to be completed, with the project aimed at doubling production capacity of clinker and cement at the Çanakkale plant.

Modification of ship loading unit received a temporary permit for service on 16 August, 2007. The final procedures and modifications are planned to be completed by February 2008.

The first of the grinder systems, as part of the modernization of cement grinders, entered operation on November 12, 2007 as a test run. The second started test runs in February 2008.

Test runs at the Clinker production facility started upon completion of the assembly of operations in February 2008.

The clinker production capacity at Akçansa's Çanakkale Facility will reach approximately 4 million tons once the 2nd Production Line enters operation, which will bring the overall annual cement grinding capacity to over 6 million tons with the 150% increase in the capacity of the existing 1st and 2nd cement grinders in the coastal facilities to meet the growing clinker production capacity.

Cement Operations (continued)

The Büyükçekmece Facility

Investments in raising quality at the Büyükçekmece Facility, as well as to improve environmental conditions, promote occupational health and safety and in the facility's general operations continue in line with the principles of sustainable growth.

The 2nd Rotary Kiln Farin Grinding System has been modernized. The Farin Grinding System of the 2nd Production Line, made up of the Pre-grinding System and the marble grinder has been taken apart, with the straight grinder system suitable for present technology assembled instead. The installation of the new system has enabled energy savings.

With the modernization of the 2nd Rotary Kiln Clinker Cooling Unit, the existing water spraying system of the kiln's boiling energy and gas cooling system has been renewed, leading to an improvement in the performance in the kiln's electro filter.

The pneumatic farin injection system of the 2nd Rotary Kiln's Farin homogenous silo was converted into a mechanical system, helping reduce energy losses in the transfer process. The loss of pressure has been minimized with the modernization of the 2nd turbine in the kiln's pre-heater system.

An online analyzer device, required to be set up in the feeding unit of the 2nd Farin Grinder, was installed. The use of this device in early 2008 will engender an improvement in the quality of the clinker.

The modernization of the hot gas connection between the 3rd Rotary Kiln and the additive grinder, which has become the third Rotary Kiln raw materials grinder, has removed the need for the use of natural gas.

A considerable number of man-hours and time have been saved by the automation of automatic weight systems for raw material trucks. The pioneering automation processes have minimized the rate of error and ensured the most rapid means of reporting.

Working with a strong sense of environmental awareness and responsibility in its investments, a system that will provide the usage of industrial wastes as alternative fuel in kilns at Akçansa's Büyükçekmece Factory entered operation in 2008. This project was implemented for the first time at Akçansa's Büyükçekmece Factory and will pave the way for significant cost savings in heat energy through the burning of energy-rich plastic wastes in the 1st and 2nd rotary kilns. Apart from the shredders, magnetic air separators and a silo mechanism have been built, as well as enclosed type band conveyors which will carry wastes from their area of preparation to their processing zone. Moreover, Mechanisms are installed, in order to dosage the alternative fuel amount that will be transferred to kilns and through a pneumatic feeding unit. The project also includes the construction of a closed stokehold to store the incoming waste.

Ladik Facility

The Ladik Facility, which was acquired on 1 May, 2007 was rapidly brought up to Akçansa standards with investments in the facility, enabling the plant to meet the high standards of goods and services Akçansa customers are accustomed to.

With the investment, undertaken to raise the facility's clinker production and clinker quality, the daily production capacity target was raised from 1,600-1,750 tons to 2,100 tons. The 2nd phase investments also target an additional 2,200 tons in daily clinker production capacity in 2008.

In parallel with the clinker production capacity, oven circulation has been increased and clinker cooler fans modified in order to raise cement production. A number of other investments have also been carried out to raise production efficiency and reduce fuel energy consumption.

Various investments were carried out to minimize dust emissions. Work on renovating the plant entrance, administrative and social buildings and to make them more environmentally friendly was completed.

With due consideration of the importance of customer satisfaction, several further measures were completed including the introduction of dustless cement bags, the modernization of packaging scales and the installation of truck scales at the entry gate.

Akçansa's strong IT infrastructure was swiftly installed at the Ladik Facility and the implementation of SAP practices was initiated.

Ready Mixed Concrete Operations

Ready Mixed Concrete in Turkey

The ready mixed concrete sector in Turkey has witnessed tremendous growth, expanding from 30 production facilities and producing 1.5 million m^3 of cement in 1976 to some 700 facilities producing 70 million m^3 of cement in 2007. This figure is expected to rise to 100 million m^3 of cement going forward.

The construction sector boom in recent years has positively impacted operations of ready mixed concrete. In 2006, Turkey ranked just behind Spain and Italy in the cement sector with 70 million m^3 of production.

Turkey	2003	2004	2005	2006	2007E
Sales (million m^3)	26,8	31,6	46,3	70,7	74
Number of facilities	429	482	568	718	725

* Source THBB

Sales

Betonsa was responsible for ready mixed concrete operations in the Marmara and Aegean regions later added two more facilities in the Black Sea region. Hence, in 2007, Betonsa sold 3.2 million m^3 of products from its 26 plants, setting a new record since its establishment.

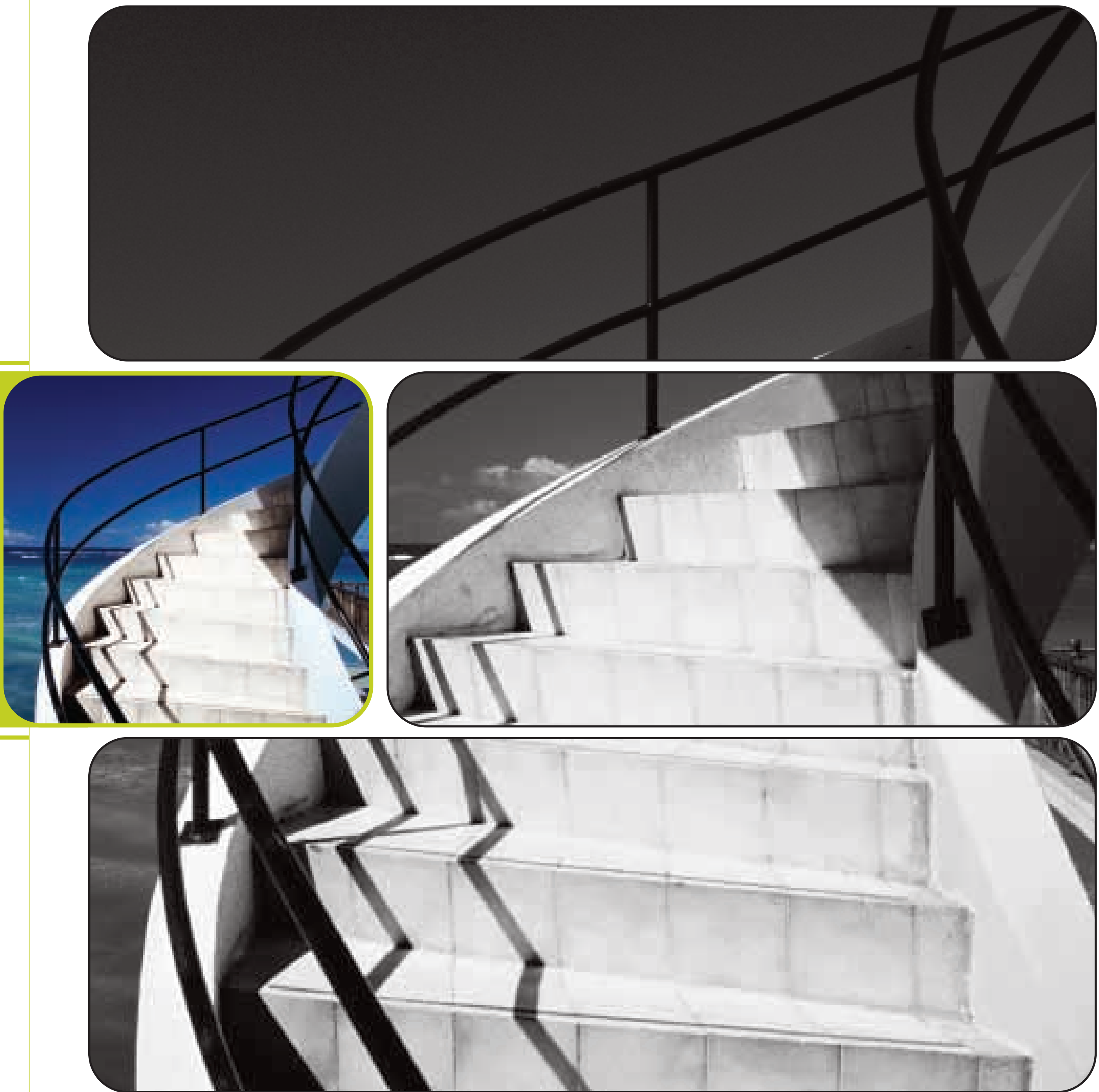
In parallel with the higher level of customer awareness in the sector, sales by product involved the C 25/30 class and higher strength products are growing every year.

With intense branding and introduction, special product sales doubled when compared to the previous year. The Drabeton and Viskobeton products enhanced Betonsa's ability to adapt in projects, especially in large construction projects.

Betonsa	2002	2003	2004	2005	2006	2007
Sales Volume (million m^3)	1.5	1.7	2.0	2.4	2.9	3.2
Facility Number	20	21	24	23	24	26

Aware of the scale we have reached through our wide production and distribution network

We forge ahead with the aim of being a regional power.



As the leader, the guiding force and most prestigious corporation of the sector

We forge ahead with the aim of being a regional power.

Ready Mixed Concrete Operations (continued)

Production and Products

In ready mixed concrete facilities, Regular and High Strength Concretes compliant with the TS EN 206-1 standard are produced in various densities and aggregate unit sizes, from C8 to C100.

Along with these products, special customer demands are satisfied in various densities and aggregate unit size classes. TSE compliance certificates for its manufacturing have been awarded for the facility, while all experiments and controls related to raw materials and products can be performed in line with TSE standards. The facilities boast the Quality Assurance System Certificate (KGS) provided by the Turkey Ready Mixed Concrete (THHB) and the facilities are audited by both the THHB and TSE on a periodic basis.

Integrated Management Systems

With respect to the Integrated Management Systems, after follow-up inspections 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 successfully completed.

In order to provide a healthier and safer working environment, a new Occupational Health and Safety specialist was recruited in the ready mixed concrete function as part of our renewed commitment to Occupational Health and Safety. Participation in Occupational Health and Safety meetings were raised, thus widening the scope of influence. Procedures have been stepped up in order to prevent minor and major accidents and incidents, while educational presentations have been performed in the company to support the culture of Occupational Health and Safety. The performance of the Occupational Health and Safety System has been measured through announced and unannounced facility monitoring, with necessary preventive actions required from those responsible, with the completed actions monitored through trailing supervision sessions. In the first step of the Occupational Health and Safety procedure, risk analysis activities started to be performed at the Aggregate facilities.

Research - Development and Quality Activities

In alliance with Quality and Optimization Management workers first of all, as well as other employees in the company and the University, The Betonsa Technology Center undertakes activities in education, customer services, innovation, fairs and booklet preparation, research and development, product optimization operations, technical expeditions for university students, supporting research especially on concrete in universities, and national/international scientific publications.

In 2007, as part of the Technical - Occupational Educations Project, some 3,345 employee-hours of domestic training and 3,158 employee-hours of external training were provided. With the sessions ordered by the THBB, intra-occupational trainings were organized in order to certify all employees, and 61 personnel were certified in various fields including pump, trans-mixer and switchboard operators.

The innovation and optimization activities included Steel Fiber Concretes' performance classes, and were mostly completed. In order to find concrete durable against sulfates, SDC 32.5 cement type cement is compared with the cement enriched with

Ready Mixed Concrete Operations (continued)

Portland cement and minerals experiments are carried out. Improvements were carried out to the Viskobeton product after the completion of multiple experiments. Two booklets; "Setting and Preservation of Fresh Concrete in Cold Weather" and "Setting and Preservation of Fresh Concrete in Hot Weather" were prepared and widely acclaimed by sector specialists.

Betonsa continued its restructuring activities in Quality and Optimization Management in a bid to strengthen the firm's publicity and image. These activities included research activities and receiving permits for the use of new raw materials, quality controls of raw materials purchased for the facilities, determining whether the raw materials were fit for production, preparing prescriptions of concrete without compromising quality and standards, optimization and the creation of new designs in line with customer's desires and needs, conducting experiments on fresh and hard concretes by taking samples of daily produced concretes, having samples for the construction supervision laboratories, resolving customer complaints on the quality of the concrete, providing technical support and training to the customers regarding concrete quality, maintaining high standards of quality at the facilities, system monitoring (KGS, TSE, ISO 9001, etc), construction supervision firms, independent laboratories, Chamber of Civil Engineers, and maintaining close relations with universities and customers..

Ready mixed Concrete Product Portfolio

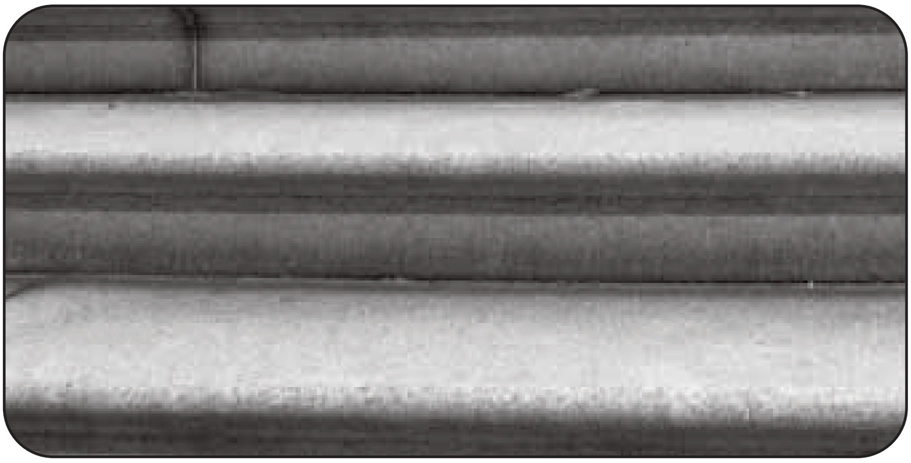
- C8-C100 Regular and High Strength Concretes
- Light Concrete (IZOBETON)
- Steel Fiber Concrete (DRABETON)
- Polypropylene Fiber Concrete (FIBERBETON)
- Self-compacting Concrete (VISKOBETON)
- Light ready Screed (IZOSAP)
- Imprinted Concrete (DEKOBETON)
- Exposed Aggregate Decorative Concrete (PAKBETON)
- Wet Plaster and Mortar
- Colored Concretes
- Filler Concretes
- High Performance Concretes
- Concrete types conforming to environmental impact classes

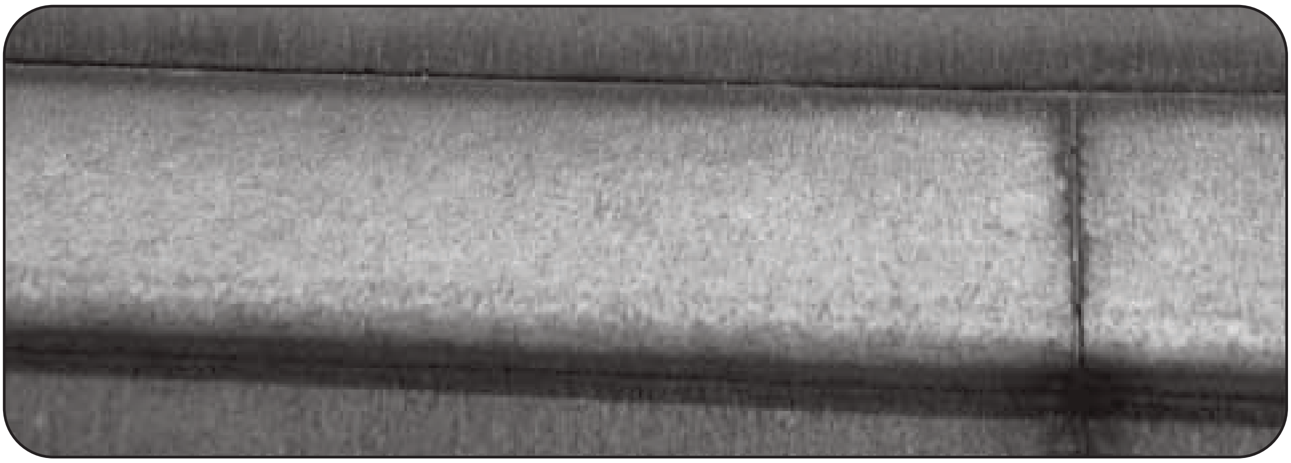
Investments

Total investment expenditures in ready mixed concrete production reached YTL 11.2 million in 2007, and two mobile ready mixed concrete plants were purchased and for the first time. The first mobile Betonsa Plant entered operation in Ataköy in December, with the other introduced to the system in Çağlayan in 2008.

To provide a high-tonnage project service, eight more plants were introduced in Samsun, Merzifon, Manisa, Silivri, Ayazağa, Ataköy, Gürpınar with a second plant in Samandıra. The Company also purchased an additional 13 pumps and 10 concrete mixer units.

We are consciously moving step by step towards our goal through our large production and distribution network.
As the leader and guiding light in the sector, and as the most prestigious company, we are proceeding with confidence, with strategic and effective strategic positioning. Our employees form the focal point of our working mode. Thanks to their desire for accomplishment and their creative contributions, we are moving forward with confidence.





With our strategic foresight and efficient strategic positioning studies

We forge ahead with the aim of being a regional power.

Backed by the achievement, the will and innovative contribution from our employees who form the focal point of our work model

We forge ahead with the aim of being a regional power.

Aggregate Activities

Aggregate Production in Turkey

Between 2002 and 2007 the approximate production of Aggregate was as follows:

	2003	2004	2005	2006	2007
Aggregate Production in Turkey (million tons)	68	89	119	181	204

2005 was a time of sustained economic stability, declining interest rates in the mortgage system with longer terms offered for mortgages. This set the stage for a massive growth in the number of building projects and precipitated a boom in the building sector.

Main branches of the building sector, such as the ready mixed concrete and the Aggregate sector, also benefited from this uptrend.

In 2004, the production of aggregate reached 89 million tons and climbed further to 119 million tons in 2005. Growth reached 52% in 2006 and 12% in 2007 through the general optimism in the aggregate sector.

The sector is currently estimated to employ a total of some 10,000 workers in 200 enterprises.

Sales

Akçansa maintains production at three different plants and raw material quarries in the Aggregate sector.

Production and Products

Production currently meets TSE EN-12620 standards in the Aggregate Plants in Istanbul; Cendere (European side), Kocaeli, Gebze and Bursa.

These products are as follows:
- 0-5 mm washed and unwashed stone dust
- 5-12 mm 1 no aggregate
- 12-22 mm 2 no aggregate
- 0-3 mm mixed sand,
- 22-40 mm 3 no aggregate,
- 22-140 mm balance,
- 0-70 mm filling of aggregate,
- 0-140 mm filling of aggregate,
- 22-140 mm filling of aggregate

Investments

IIn 2007, Akçansa invested YTL 3.6 million in Aggregate production. This investment was aimed at minimizing the environmental pollution caused by the breaking and elimination processes at 300 tons/ hour capacity Bursa Plant, which entered operation in October 2007.

Human Resources

Human resources activities in 2007 focused on the second production line at the Çanakkale Factory, which will start its production in 2008, and integration operations of the Ladik Factory into Akçansa, the acquisition process of which was completed in May 2007. With this acquisition, the Company expanded its sales network of ready-mixed concrete into the Black Sea Region; the aggregate quarry, opened to engender growth in the aggregate field.

Most of the human resource activities in the growing Akçansa centered on the establishment of human resource standards and operations, and the structuring of the organization and orientation efforts for the new employees.

The organizational structuring of the Ladik Plant was completed and the managers were appointed. The entire Akçansa management joined factory employees in the “Welcome Meeting” held at the Ladik Factory and shared the goals, operations and policies besides informing them about the corporation's structure.

Some presentation meetings were also held in the Ladik Plant by the Human Resources Function, introducing work processes and policies concerning the employees. Regulations such as training planning, performance management, payroll and additional benefit exercises were implemented.

Some 55 well qualified personnel, deemed able to create added value for the Company, were hired for employment at the 2nd Çanakkale Production Line in the summer by the management of the facility. At the same time the 2nd Production Line entered operation, orientation and training activities took place to provide the required preparation to the employees.

In order to maintain efficient management of the logistics operations, the Ready-mixed Concrete and Purchasing Function was divided into two departments as “Ready-mixed Concrete and Aggregate” and “Purchasing and Logistics” in accordance with expanding production, distribution and shipping networks. Hakan Gürdal, the assistant general manager of the Ready-mixed Concrete and Purchasing Function was appointed as the assistant general manager of the Ready-mixed Concrete and aggregate. The regional manager of the Ready-mixed Concrete, Cenk Eren, became the assistant general manager of the Purchasing and Logistics departments, taking his position in the senior management of the Company.

The Integrated Management Systems Office was established following a restructuring decision to execute the Quality, Environment, Occupational Health and Safety Management Systems covering the company's cement and ready-mixed concrete operations, and to be the leader of the sector in this field. Along with this restructuring, the plants, the Environmental and Occupational Health professionals responsible for the ready-mixed concrete and aggregate facilities entered the company. Accordingly, great strides were taken towards raising awareness of the environment and occupational health and safety among employees by expanding operations and approaches as a part of the importance attributed to environmental awareness and employee health and safety.

The Company recruited 150 well-qualified personnel to meet various requirements at Akçansa's widely spread cement facilities, ready-mixed concrete facilities and in the sales and distribution channels.

“The Work Ethic Rules” prepared by Sabancı Holding were adopted by Akçansa and put into practice, and booklets entitled “Work Ethic Rules” were provided to all employees. Training sessions on work ethic rules were provided in all locations.

The year 2007 was the third year of the “The Suggestions System”, aiming to unleash employees' creativity and raise motivation, productivity and quality in the company, equaling the totals of 2005 and 2006 with 869 improvement suggestions from employees.

The year 2007 saw the completion of the Reward System project which values and honors team work and performance. The Company plans to deploy this Reward System in 2008, in which personnel from different departments work as teams.

The Company's annual "The Management Meetings" took place in November, in which the whole management takes part. All results and goals of the organization as a whole are shared, areas for improvement are determined, with a general exchange of views.

"The Organizational Climate" study was carried out and results of the study, which was conducted by the entire management team, were shared by all participants. In light of this research, studies have been performed with participants to raise the level of motivation, reach optimal performance and further develop the organizational culture to ensure continued improvement in the company's results. The participants, working in groups, have developed solution suggestions by determining the development areas. The outcomes of these activities will serve as inputs in determining the healing and improvement projects in 2008.

The sixth of the "Communication Meetings", which serves as a strategic platform to share the company's strategies and goals, and which aims to ensure a flow of information and exchange of views was held in November 2007 in İstanbul and Çanakkale.

Akçansa took part in all branches of the Sabancı Games "SA Sport 2007" held by Sabancı Holding with all of its employees for the first time. The teams formed by the pre-elimination of The Social Activities Committee successfully represented Akçansa in the aspects of football, volleyball, basketball, tennis, table tennis, racing and bowling.

Picnics were organized in various locations to relieve employees of work related stress and tiredness and offer them a pleasant day out with their friends and families in the summer.

Personnel Profile	
Total Number of Employees	1.043
Distribution of personnel (members of a trade union/not union members)	595/448
Number of Managers	40

Educational Background of the Personnel	
Graduate Degree	18
Completed Undergraduate Degree/Vocational College	197/124
Completed High School	464
Completed Primary School/Secondary School	240
Average Age of the Personnel	37
Female/Male Ratio	66/977
Average period of employment within the Company	9,12 years

As a part of the Integrated HR Processes Project led by Sabancı Holding, the transformation into a new Work Evaluation System (HAY Work Families), which will form the base of human resources activities, was completed in 2007. The new system has also been introduced to the personnel who are working out of their main locations. With these efforts, a restructured pay and collateral advantage system is in use, with an improved planning system that evaluates competency and skill.

At the end of 2007, collective bargaining agreement negotiations got underway between the Turkey Çimse- İş Workers Business Union and the Cement Industry Employers Syndicate, of which Akçansa is a member. The negotiations will cover the 2008 and 2009 period.

Social Responsibility

Contribution to Society

Akcansa'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, Akcansa considers itself responsible for increasing the growth of value created for the community and its shareholders, along with ensuring that the growth is sustainable.

Akcansa carries out its operations by planning through the principle of sustainable growth and ambition in its business targets. Akcansa 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. Akcansa has become a prestigious enterprise, achieved by converting its operations into value added communication projects.

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

In order to demonstrate the commitment to the creation of social benefit, the company supports the regions where it operates through contribution with developments via its factories and facilities, developing projects in sport, as well as cultural and educational works for the greater public benefit.

Akcansa also contributes to local sport, having sponsored the world free diving record holder, Devrim Cenk Ulusoy for the last three years. Having been a competitive swimmer for fifteen years and having swum single flipper over the last five years, Devrim Cenk Ulusoy became Turkish Champion in 2007.

Akcansa sponsored archaeological excavations in Troy near Canakkale in line with its objective of preserving Turkey's historical and cultural heritage. The Company was the main sponsor of the Culture and Art Festivals organized by the Catalca, Buyukcekmece and Tepecik municipalities in the summer months. The company sponsored the "Ladik Akdag Festival", and provides donations to educational and public establishments.

Akcansa employs fully integrated principles of sustainable progress and the performance culture to its operations. Akcansa 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.

Akcansa creates economic value through employment, production and exports by supporting the use of 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 in conjunction with non governmental organizations, local administrations and private institutions with the intention of protecting historical, cultural and natural wealth, as part of the Company's commitment to social responsibility.

Beyond all borders, with our vision of continuous growth

We forge ahead with the aim of being a regional power.

Social Responsibility (continued)

Contribution to the Environment

Akcansa 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.
All filters at Akcansa' plants and all legal requirements concerning the dust and gas emission standards at chimney' are measured and controlled annually by the accredited intuitions. Furthermore, due to waste burnings in kilns, recordings are conducted with the results reported to the Ministry of Environment on a quarterly basis. Emission values of the plant, updated daily, are shared with the public through a display placed at the entrance of Akcansa's Buyukcekmece Plant. Emission permits for Akcansa' Coastal Cement and Mainland Production facilities were renewed during 2007.

Akcansa converts a variety of wastes into materials of value for the environment and for the economy. The Buyukcekmece and Canakkale cement plants were the first plants to receive 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. The Company has also presented an appreciable solution for the intractable problem of waste disposal. All investments are carried out in line with the Company's environmental awareness, and necessary steps are taken in the plants to comply with environmental requirements.

Akcansa's Buyukcekmece plant, which was the first plant to utilize a custom designed waste feed system, enabling oil wastes and rubber wastes to be fed automatically, continues to pioneer the use of alternative fuel consumption via burning of contaminated waste and similar wastes. The share of secondary fuels accounted for 5% of the total energy consumed at the Buyukcekmece plant.

Waste oils, waste rubber, residual clay at the bottom of the oil tanks, processed bilge and coal ash are used as an additional source of fuel at Akcansa's Canakkale Plant. Moreover, several residual products from various industries have been used in the process of cement and clinker production.

The consumption of alternative fuels, rather than natural raw materials, at the Akcansa Plant helps preserve natural resources, as well as contribute to the environment. In addition, the company benefits from this process through cost savings.

In the field of waste management, analytical studies on the development of an alternative fuel and raw material laboratory were finalized, in accordance with the relevant regulations and legislation, and with the purchase of necessary equipment, the laboratory subsequently entered operation at Akcansa's Buyukcekmece Plant in 2008.

Celebrations for the eighth traditional World Environment Day took place at the Canakkale plant on June 8. As has become a tradition, the celebrations were attended by the governor of Canakkale, local officials, military troops stationed in the area, schools, representatives of other local organizations, employees and suppliers together with their families. With the extent of the secondary line investment programme, 4,000 trees were planted along the newly projected route and perimeter of the location.

Operations at the ready-mixed concrete plant continue in coherence with consideration for the environment. In order to recycle process wastes dumped from the facilities, recycling units have been deployed in each facility. Wastes were reclassified and eliminated in accordance with health considerations and legal procedures. Accordingly, the Edremit Read-mixed concrete plant was awarded with the Green Point Environmental Award by ERMCO at Seville, Spain. After an inspection was carried out of the facilities to monitor environmental susceptibility in order to eliminate environmental risks, contribution pools, stokhol closures, steps to curb emissions and other environmental measures were carried out in all facilities, starting from the Bursa, Edremit, Ayazaga and Merzifon plants.

Contribution to Education

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

With the cooperation of Betonsa and Istanbul Technical University, equipment and material support has been provided to work done for master's degrees and doctorates.

In research and development, research studies were carried out with the cooperation of Betonsa and Istanbul Technical University and produced significant results. The studies were published in national and international technical magazines.

Visits to the cement plant and the ready mixed concrete plant were held, along with seminars, for a total of 212 students attending Bogazici University, the Istanbul Technical University, Namik Kemal University, and Dokuz Eylul University during the year.

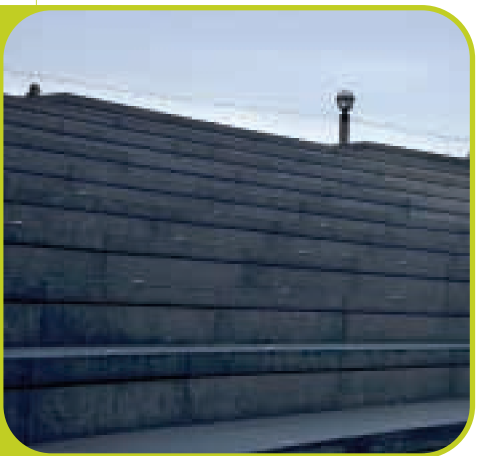
Betonsa offers training at regular intervals to customers, construction companies, manufacturers of concrete components, civil engineers, auditing companies, engineers and technical staff ranging from local and central government authorities to university students. The center offers courses on concrete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

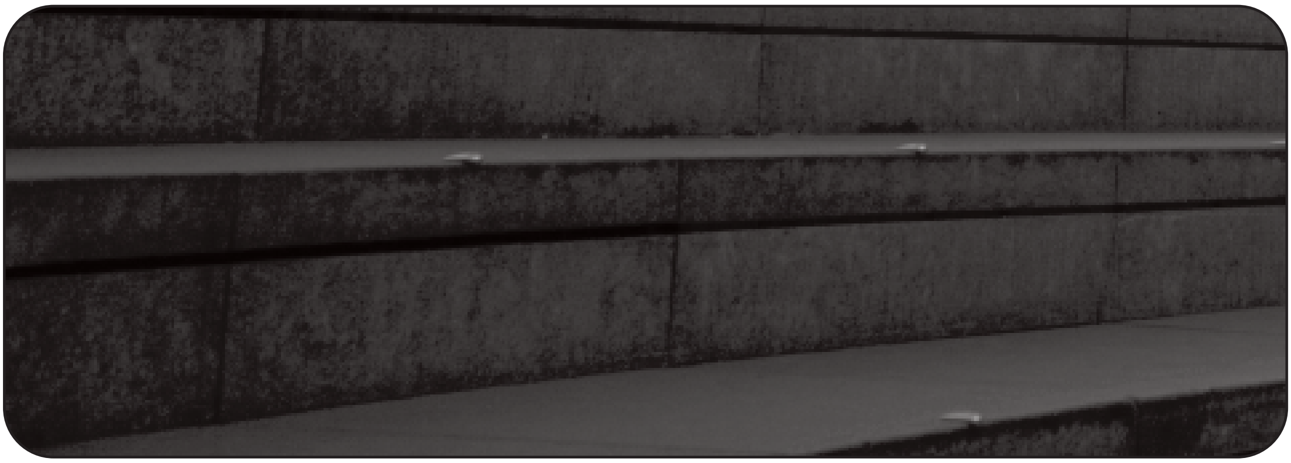
During the course of the year, well attended symposia were held by Akcansa together with the Izmir and Istanbul branches of the Chamber of Construction Engineers. A total of 195 participants attended the symposium held at the Izmir Sabanci Cultural Center on 9 February, 2007, while 260 people attended the symposium held at the Suleyman Cultural Center in Istanbul Technical University on 10 September, 2007.

With the cooperation of Istanbul Technical University, Betonsa Technology Center has published 13 International and 10 national conference communiqués since 1996. In 2007, the company published two more communiqués for the 3rd "Sustainability in Cement and Concrete" Symposium, held on May 21-23, 2007 by the Turkish Cement Manufacturers Association, and additional two papers for the National Concrete Congress, held by the Chamber of Construction Engineers on 28-30 November, 2007.

The company completed training and provided certificates to all technicians of the control room, laboratory, pumping and trans-mixing facilities, with all technicians certified after a 3-day vocational retraining program held by Union of Turkish Ready-Mixed Concrete.

Through the motto of, "Pushing the limits through sustainable growth", the company is moving along with concrete steps





With competitive strength, financial performance and the ability of technological innovation

We forge ahead with the aim of being a regional power.

REPORT ON COMPLIANCE WITH CORPORATE GOVERNANCE GUIDELINES

1. STATEMENT OF CONFORMITY WITH THE PRINCIPLES OF CORPORATE GOVERNANCE

Akcansa Cimento Sanayi and Ticaret A.S (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 2007.

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) (note that Christian Leclercq resigned from this duty on 1 March, 2008, the department was subsequently managed by Seyda Pirinccioglu, the Assistant General Manager of Finance; 0216-571 30 20, seyda.pirinccioglu@akcansa.com.tr): Hüsnü Dabak, Accounting Manager (+90 216 5713025, husnu.dabak@akcansa.com.tr) Aysen 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). Related parties also can be reached via FAX (90 216 570 30 31). The Department has undertaken 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 2007, transactions for 36 share certificate exchanges, preferential rights transactions for 439 shareholders and dividend payments to 2,096 shareholders were completed. 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 included four investor conferences when one-to-one discussion sessions were held with 82 investors, and four analyst meetings. The Company's objective is to fulfill 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 were no requests pertaining to the appointment of a special auditor during 2007. The Committee of Auditors presents independent auditor reports for approval to the Board of Directors. Once approved, 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 approved by

Report on Compliance With Corporate Governance Guidelines (continued)

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 preference. Shareholders may view Company information instantly at www.akcansa.com.tr, while public disclosures of material events are announced through the ISE and in newspapers.

The Shareholder Relations Department answered approximately 600 written requests from shareholders during 2007, through around 500 phone calls and e-mail messages, and through conversations in person. All required information concerning shareholders was announced on the www.akcansa.com.tr website within the mandatory notification periods.

4. Procedures of the Shareholders' General Meetings

The Company holds its Shareholders' General Meetings in compliance with the Turkish Commercial Code, Capital Markets legislation and the Company's Articles of Association. The invitation to attend the Shareholders' General Meetings 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 Shareholders' General Meetings. 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 Shareholders General Meeting are published at least two weeks prior to the General Meetings 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 Shareholders' General Meetings at least one week ahead of the date of the meeting, in compliance with the Industry and Trade Ministry' regulations concerning General Shareholders' Meetings and the Attendance of the Ministry's Commissioners to the Assembly. The Annual General Meeting was held on 30 March, 2007 at the Haci Omer Sabanci Conference Hall at the Sabanc_ Center, 4th Levent, Istanbul with the participation of shareholders holding a combined total of 152,888,743.8 shares (79.86% of the total). The invitation to attend the assembly was announced in the daily Milliyet newspaper on 12 March, 2007 and in the Commercial Registry Gazette dated 8 March, 2007 (issue No. 6761). All shareholders wishing to address the meeting or ask direct questions were given the opportunity, and all inquiries were answered free of time constraints. The minutes of the Annual General Meeting are accessible to all shareholders on the Company's web site (www.akcansa.com.tr).
Important decisions taken under the Turkish Commercial Code are presented for shareholders' approval at the Shareholders' General Meetings. 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 Shareholders' General 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. The subject will be evaluated in the Annual General Meeting, once the are adjustments realized in order to avert the amusement of minority' cumulative voting right.

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 Akcansa Cimento Sanayi ve Ticaret A.S. is to distribute a minimum of 50% of its distributable net profit as a 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 Annual General Meeting. The Annual General Meeting may authorize the Company's Board of Directors to distribute advance dividends, but this is restricted to the prevailing financial period only.

The dividend distribution policy is only applied when domestic and global economic conditions are considered appropriate, and if the Company's capital adequacy ratio meets the targeted levels. Akcansa'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 2005 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.

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

Report on Compliance With Corporate Governance Guidelines (continued)

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 full year financial statements, and unaudited quarterly financial statements are publicly announced at the end of each quarter. The announcements of the reports, prepared in accordance with the International Financial Reporting Standards (IFRS), were completed within the legal timeframe stipulated by the CMB. Dates for the press conferences to be held in 2008 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 16 public disclosures of material events within the year in accordance with the CMB and the ISE communiqués. On one occasion, the Company was required to issue an additional disclosure. The Company presented these public disclosures of material events for the attention of shareholders through the ISE, and in accordance with the public clarification project.

These disclosures were issued within the legal timeframe and were not subject to any sanctions from the CMB or the ISE. The Company shares are not listed on any international 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.

11. Disclosure of Ultimate Controlling Shareholder(s)

There is no ultimate controlling shareholder.

12. Public Announcement of Insiders

Those in a position to 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

Shareholders are informed regarding the developments of the company through announcements released to the general public in accordance with legislation. In conformity with communiqués issued by the Istanbul Stock Exchange and the provisions of the Turkish Commercial Code, matters such as Annual General Meetings, Extraordinary General 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

Concurrently 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. Research and development activities are also carried out from time to time..

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. The results serve as a basis of various human resources practices and decisions.

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

Report on Compliance With Corporate Governance Guidelines (continued)

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, the company takes account of 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 the company's 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, Akçansa pursues the following goals in cooperation with our partners Sabancı Holding and Heidelberg Cement:

- To adopt contemporary human resources practices
- To create an environment that will promote employee satisfaction and productive performance
- To add quality to the Company's human resources
- Maintain efforts to become a preferred employer by virtue of the Company's positive image
- To be an exemplary Company in the field of human resources embodying the best practices
- To possess and maintain the best qualified labor force in the sector
- To create training and development opportunities for employees individually and professionally
- To base the corporate pay system on fairness, rewarding high performance, with pay to be commensurate with the overall level of pay throughout the country

- To 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 centered 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 2007.

16. Relations with Customers and Suppliers

The Company embraces the principle of customer's mutual satisfaction 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 regularly reviewed and monitored. The 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 also 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 waste 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.

Report on Compliance With Corporate Governance Guidelines (continued)

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. Some 1,700 students enrolled in the new school 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 the nation's historical and cultural heritage.

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

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 undertakes donations to the Sabanci Foundation (VAKSA). These donations enable the Company to contribute to Turkey's social and cultural development beyond its immediate vicinity.
There was only one case against the company regarding environmental issues.

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 on 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 in a bid 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 possess 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 fulfill 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

Report on Compliance With Corporate Governance Guidelines (continued)

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 the performance of the Company. The SAP system is applied to prevent any loss of data and ensure systems are unaffected 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.

In parallel with the risk management and control system effective at our partners Haci Omer Sabancı Holding A.S. and HeidelbergCement Group', the company applies and develops the processes to manage risk efficiently.

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

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 the 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 38 meetings, 4 face-to-face meetings and 34 meetings in 2007, 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 2007, 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, and 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 compete in the same field of activity in 2007.

25. Ethical Rules

The ethical rules accepted by our partners, Sabanci Holding, have also been adopted and implemented by the Company. Employees are informed of the rules through the distribution of booklets, which clearly specify the rules, and through training sessions provided to all employees.

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 issues of harmony with corporate governance principles, it was not found necessary to set up a separate committee with regard this issue. No conflicts of interest caused were found by the current membership structure of the Auditing Committee in 2007.

Prior to 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 reached by the General Assembly.

In 2007, the Company did not carry out any of the following activities: lend, issue loans, extend issued loans, improve conditions for issuing loans, issue loans under the title of individual loans via a third party or provide any indemnities.

The Company will continue to grow with healthy steps, relying on its competitive advantage, its financial performance, and its technological innovative ability.

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi

(CONVENIENCE TRANSLATION OF AN AUDITORS' REPORT AND FINANCIAL STATEMENTS AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

Consolidated Financial Statements Together With Report of Independent Auditors December 31, 2007

ERNST & YOUNG

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi and its subsidiary (hereafter together referred to as "the Company") which comprised the balance sheet as at December 31, 2007 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. 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 standards on auditing issued by Capital Market Board. 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, 2007, and its financial performance for the year then ended in accordance with Financial Reporting Standards published by Capital Market Board.

Additional paragraph for convenience translation to English:
As of December 31, 2007, the accounting principles described in Notes 2 and 3 (defined as CMB Accounting Standards) to the accompanying financial statements differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board with respect to the application of inflation accounting and the presentation of the basic financial statements and the notes to them. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

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

Ertan Ayhan, SMMM
Partner

February 21, 2008
Istanbul, Turkey

(Convenience Translation of Financial Statements and Footnotes Originally Issued in Turkish)

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi
CONSOLIDATED BALANCE SHEET
As at December 31, 2007

(Currency - New Turkish Lira (YTL))

ASSETS	Notes	Current Period Audited December 31, 2007	Prior Period Audited December 31, 2006
Current Assets		**223.546.465**	**306.945.344**
Cash and cash equivalents	4	22.254.050	148.429.279
Marketable securities (net)	5	-	-
Trade receivables (net)	7	103.988.911	103.124.046
Finance lease receivables (net)	8	-	-
Due from related parties (net)	9	3.545.525	3.190.333
Other receivables (net)	10	26.121.083	3.276.271
Biological assets (net)	11	-	-
Inventories (net)	12	65.222.834	47.052.276
Receivable from continuing construction contracts (net)	13	-	-
Deferred tax asset	14	-	-
Other current assets	15	2.414.062	1.873.139
Non-current Assets		**946.160.598**	**621.492.504**
Trade receivables (net)	7	20.690	19.404
Finance lease receivables (net)	8	-	-
Due from related parties (net)	9	-	-
Other receivables (net)	10	-	-
Financial assets (net)	16	131.561.026	161.731.061
Positive/Negative goodwill (net)	17	129.457.887	-
Investment property (net)	18	-	-
Property, plant and equipment (net)	19	646.632.862	439.024.247
Intangible assets (net)	20	34.373.502	15.144.231
Deferred tax asset	14	2.285.833	2.802.760
Other non-current assets	15	1.828.798	2.770.801
Total Assets		**1.169.707.063**	**928.437.848**

The accompanying policies and explanatory notes on pages 55 through 92 form an integral part of the financial statements.

(Convenience Translation of Financial Statements and Footnotes Originally Issued in Turkish)

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi
CONSOLIDATED BALANCE SHEET
As at December 31, 2007

(Currency - New Turkish Lira (YTL))

LIABILITIES	Notes	Current Period Audited December 31, 2007	Prior Period Audited December 31, 2006
Current Liabilities		**143.397.844**	**90.744.533**
Short-term borrowings (net)	6	61.302.548	548.043
Current portion of long-term borrowings (net)	6	-	-
Finance lease payables (net)	8, 31	4.383.897	1.887.980
Other financial liabilities (net)	10	-	-
Trade payables (net)	7	56.259.676	55.908.995
Due to related parties (net)	9	3.117.044	4.474.479
Advances taken	21	1.326.436	824.143
Receivable from continuing construction contracts (net)	13	-	-
Provisions	23	10.502.495	21.062.155
Deferred tax liability	14	-	-
Other liabilities (net)	10	6.505.748	6.038.738
Non-Current Liabilities		**172.397.428**	**35.941.923**
Long-term borrowings	6	120.885.768	-
Finance lease payables (net)	8	6.000.128	4.150.532
Other financial liabilities (net)	10, 31	-	-
Trade payables (net)	7	-	-
Due to related parties (net)	9	-	-
Advances taken	21	-	-
Provisions	23	17.729.532	9.400.001
Deferred tax liability	14	27.782.000	22.391.390
Other liabilities (net)	10	-	-
MINORITY INTEREST	**24**	**12.205.278**	**12.026.586**
EQUITY		**841.706.513**	**789.724.806**
Share capital	25, 27, 28	191.447.068	191.447.068
Share capital subsidiaries elimination		-	-
Capital reserves	25, 26, 27, 28	233.177.582	233.177.582
Share premium			-
Income on common stock disposals			-
Revaluation fund			-
Financial assets value increment fund			-
Equity restatement differences		233.177.582	233.177.582
Profit reserves	27, 28	163.971.111	129.574.012
Legal reserves		50.022.448	29.370.297
Statutory reserves		35	35
Extraordinary reserves		21.770.209	2.591.080
Special reserves		-	-
Other reserves		92.178.419	97.612.600
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	185.798.034	146.465.575
Retained earnings	27, 28	67.312.718	89.060.569
Total Liabilities and Equity		**1.169.707.063**	**928.437.848**

The accompanying policies and explanatory notes on pages 55 through 92 form an integral part of the financial statements.

(Convenience Translation of Financial Statements and Footnotes Originally Issued in Turkish)

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi
CONSOLIDATED INCOME STATEMENT
For the year ended December 31, 2007

(Currency - New Turkish Lira (YTL))

	Notes	Current Period Audited December 31, 2007	Prior Period Audited December 31, 2006
Operating Income			
Net sales	36	690.586.940	577.499.491
Cost of sales (-)	36	(471.572.334)	(378.172.607)
Service revenues (net)	36	5.903.387	5.158.391
Other income from operational activities/interest+dividend+rent (net)	36	-	-
Gross profit		**224.917.993**	**204.485.275**
Operating expenses (-)	37	(27.484.963)	(24.502.941)
Profit from operations, net		**197.433.030**	**179.982.334**
Other operating income	38	78.865.362	43.384.918
Other operating expense (-)	38	(41.363.460)	(49.496.872)
Financial expense, net (-)	39	(9.240.808)	(368.273)
Operating profit		**225.694.124**	**173.502.107**
Monetary loss (net)	40	-	-
Minority interest	24	(1.379.190)	(792.677)
Profit before tax		**224.314.934**	**172.709.430**
Tax	41	(38.516.900)	(26.243.855)
Net profit		**185.798.034**	**146.465.575**
Earnings per share (New Kuruş)	42	0,97	0,77

The accompanying policies and explanatory notes on pages 55 through 92 form an integral part of the financial statements.

(Convenience Translation of Financial Statements and Footnotes Originally Issued in Turkish)

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2007

(Currency - New Turkish Lira (YTL) unless otherwise stated)

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 existence 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 Istanbul 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 Heidelberg Cement A.G. has been transferred to Heidelberg Cement Mediterranean Basin Holdings S.L. which is also 100% owned subsidiary of Heidelberg Cement A.G.

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

The consolidated financial statements are authorized for issue by the management on February 21, 2008. The General Assembly and certain regulatory bodies have the power to amend the statutory financial statements after the issue. The major shareholders of the Company are Hacı Ömer Sabancı Holding A.Ş and Heidelberg Cement 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"). 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, 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 CMB Accounting Standards. With the decision taken on March 17, 2005, 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 CMB as explained above. The financial statements and explanatory notes are presented using the compulsory standard formats as prescribed by 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 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. The main adjustments are related with the consolidation, business combinations, deferred tax calculation, discounting on receivables, payables and other liabilities; calculation of retirement pay liability and other provisions. Other than the financial assets carried with fair value, the financial statements are prepared based on cost principle.

Measurement and Reporting Currency

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

Based on the decision of CMB dated March 17, 2005 and numbered 11/367, since the objective conditions for the restatement in hyperinflationary

2. BASIS OF PRESENTATION (continued)

economies was no longer available at that time, Turkey came off hyperinflationary status and the financial statements were only restated until December 31, 2004 in accordance with IAS 29 ("Financial Reporting in Hyperinflationary Economies"). Therefore, the non-monetary assets and liabilities and components of shareholders' equity including share capital reported in the balance sheet as of December 31, 2006 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.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

As of December 31, 2007, the Company has reviewed new and amended International Financial Reporting Standards (IFRS) and International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) interpretations which are effective from January 1, 2007 and related with the Company's operations.

Application of New and Revised International Financial Reporting Standards

IFRS 7, Financial Instruments: Disclosures and IAS 1 Amendment: Presentation of Financial Statements - Capital Disclosures

IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies

IFRIC 8, Scope of IFRS 2

IFRIC 9, Reassessment of Embedded Derivatives

IFRIC 10, Interim Financial Reporting and Impairment

IFRIC 11, IFRS 2 - Group and Treasury Share Transactions

The application of new and revised accounting standards and interpretations do not have any significant effect on the Company's consolidated financial statements and its disclosures except for the application of IFRS 7, which requires some additional disclosures.

Accounting Standards and Interpretations Which are not Effective as of December 31, 2007

As of the date when financials are approved, the new standards which are not effective as of December 31, 2007 and the interpretations of existing standards that the Company analyzes their effects are as follows:

IFRS 8, Operating Segments (effective for financial years beginning on or after January 1, 2009.)

IAS 1 Presentation of Financial Statements (Revised) (effective for financial years beginning or after January 1, 2009.)

IAS 23, Borrowing Costs (New) (effective for financial years beginning or after January 1, 2009.)

IFRIC 12, Service Concession Arrangements (effective for financial years beginning on or after January 1, 2008.)

IFRIC 13, Customer Loyalty Programmes (effective for financial years beginning on or after July 1, 2008.)

IFRIC 14, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (effective for financial years beginning or after January 1, 2008.)

The Company does not apply the above standards earlier than their effective date.

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2. BASIS OF PRESENTATION (continued)

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. The estimates used are mainly related with impairment of assets, useful lives of tangible and intangible assets and provisions.

Basis of Consolidation

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

Subsidiary is consolidated from the date on which control is transferred to Akçansa until the date on which the control is transferred out of Akçansa.

As stated above, the consolidated financial statements consist of the financial statements of 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 (loss) 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 transactions and other events in similar circumstances.

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.

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 20,06% for YTL, 4,63% for USD and 4,29% for Euro) (December 31, 2006 - 24,13% for YTL, 5,32% for USD and 3,63% for Euro).

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 conditions are accounted for as follows:

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

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

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 realizable 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.

Financial Assets

All investments are initially recognized at cost, being the fair value of the consideration given and including acquisition charges associated with the investment and as of December 31, 2007 and 2006, all financial assets are "available-for-sale assets".

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

For investments that are actively traded on Istanbul Stock Exchange, fair value is determined based on the Stock Exchange quoted market bid prices at closing on the balance sheet date. When there is no quoted market price and reasonable estimate of the fair value could not be determined since other methods are inappropriate and impractical, the investments are stated at their costs.

Property, Plant and Equipment

The initial cost of property, plant 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.

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 recognized in the income statement.

Intangible Assets

Intangible assets are capitalized 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.

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

Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets of the acquired business, at the date of acquisition.

In accordance with IFRS 3 "Business Combinations", the Company does not amortize goodwill, but the goodwill arising from acquisitions is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As explained in detail in Note 17 and Note 32, the Company acquired Ladik Cement Plant from Türkerler İnşaat Turizm Ticaret ve Sanayi A.Ş. on May 1, 2007. In line with IFRS 3 "Business Combinations", the Company recorded the identifiable assets and liabilities acquired at the date of acquisition at their fair value and the difference between the acquisition cost and the fair value of the identifiable assets and liabilities is presented as goodwill in financial statements.

In accordance with IFRS 3, the fair value of the identifiable assets and liabilities are determined as follows:

Land, building, machinery, equipments, furniture and fixtures and intangible assets (mainly mining rights);

- By using the fair value at the acquisition date determined by an independent expert,

Inventories;

- By using the cost stated on the invoice assuming that the sales transaction between the companies are made on arm's length basis,

Retirement pay liability;

- By using the "Projected Unit Credit Method" for the retirement pay liability of the employees worked in the acquired factory,

Deferred tax;

- Calculated on the temporary difference between the local tax calculation base of the related identifiable asset and liabilities and their fair values.

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. 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 or, if not possible, 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. However, 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, 2007 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.

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

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, 2006	1,4056	1,8515
December 31, 2007	1,1647	1,7102

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 amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognized in net profit or loss when the liabilities are derecognized, as well as through the amortization process.

Trade Payables and Other Payables

Trade and other payables 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 20,06% for YTL (December 31, 2006 - 24,13%), 4,63% for USD (December 31, 2006 - 5,32%) and 4,29% for Euro (December 31, 2006 - 3,63%).

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 but 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 recognized 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 utilized. 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 utilized.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized 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 Benefits/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 5.901.408 as of December 31, 2007 (December 31, 2006- YTL 4.840.694).

Investment Grants

Investment grants are recognized 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 recognized 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 capitalized 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. Capitalized 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 recognized as an expense in the income statement on a straight-line basis over the lease term.

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

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
  (iii)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.

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.

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

Earnings/Loss per Share

Basic earning 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 issued stock. Accordingly the weighted average number of shares used in EPS calculation is derived by giving retroactive effect to the issue of such shares.

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.

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.

4. CASH AND CASH EQUIVALENTS

	December 31, 2007	December 31, 2006
Bank accounts (including short-term time deposits)	20.877.309	144.586.922
Checks with maturities until year end	1.364.550	3.840.792
Cash on hand	12.191	1.565
Total	22.254.050	148.429.279

Time deposits are made for varying periods of between 2 and 88 days (December 31, 2006 - between 4 and 68 days) for YTL denominated funds, 90 days (December 31, 2006 - 8 and 90 days) for the USD denominated funds and 7 days (December 31, 2006 - 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 16,70% - 17,25% (December 31, 2006 - 18,75% - 20,75%), USD denominated time deposits earns interest at 5,30% (December 31, 2006 - 5,50% - 5,75%) and EURO denominated time deposits earns interest at 5,30% (December 31, 2006 - 3,60% - 3,85%).

As of December 31, 2007 and 2006, there is no any blockage on cash and cash equivalents.

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5. MARKETABLE SECURITIES (Net)

As of December 31, 2007 and December 31, 2006, there is not any marketable security.

6. BORROWINGS (Net)

Short-Term Borrowings

		December 31, 2007	
	Currency	Maturity	Balance
Unsecured Borrowings	USD 51.955.603	May 8, 2008	60.512.691
	YTL 789.857 (*)		789.857
			61.302.548

		December 31, 2006	
	Currency	Maturity	Balance
Unsecured Borrowings	YTL (*)	January 4, 2007	548.043
			548.043

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

USD borrowings represent export pre-financing loans and the Company had export commitments of USD 41,340,166 in relation with these loans.

Long-Term Borrowings

		December 31, 2007	
	Currency	Maturity	Balance
Unsecured Borrowings	USD 52.158.103	May 2, 2013	60.442.884
	USD 52.158.103	May 2, 2013	60.442.884
			120.885.768

As of December 31, 2007, the Company borrowed loans amounting to USD 150.000.000 from various banks. The interest payments of USD 100.000.000 portion of these loans are made annually and its principal payments will be made in four equal installments with no principal payment in first two years. The principal and the interest payments of the remaining short-term loans which is USD 50.000.000 are to be paid at its maturity date.

Based on the loan agreement, there are certain covenants related with the loans obtained by the Company. The covenant which is related with the financial statements, is to have a ratio of total consolidated external borrowing amount over the earnings before tax, interest, depreciation and amortization as not being more than "3,5". As of December 31, 2007, no violation on this covenant was noted.

Repayment schedule of the long term borrowings is as follows.

	December 31, 2007
Less than 1 year	-
1-5 years	97.591.768
More than 5 years	23.294.000
Total long-term borrowings	120.885.768

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7. TRADE RECEIVABLES AND PAYABLES (Net)

Trade Receivables

a) Current Trade Receivables

	December 31, 2007	December 31, 2006
Accounts receivable	72.711.060	60.533.673
Notes receivable and post-dated checks	31.277.851	42.590.373
Doubtful receivables	2.237.916	1.732.121
Less: Provision for impairment	(2.237.916)	(1.732.121)
	103.988.911	103.124.046

As of December 31, 2007, the Company booked additional provision for doubtful receivables with the amount of YTL 548.660 (December 31, 2006 - YTL 61.911) (Note 38). YTL 42.865 of this provision was collected during 2007 (December 31, 2006 - YTL 265.698) (Note 38).

The collection period of trade receivables vary depending upon the type of product and the agreement and the average maturity of trade receivables is 48 days for cement, 67 days for ready made concrete.

As of December 31, 2007, the maturity analysis of trade receivables is as follows:

		Past due but not impaired					
	Neither past due nor impaired	Less than 1 month	1-2 months	2-3 months	3-4 months	More than 4 months	Total
2007	68.293.453	3.532.816	388.032	180.412	11	316.336	72.711.060
2006	59.565.932	967.647	52	23	18	1	60.533.673

b) Non-Current Trade Receivables

	December 31, 2007	December 31, 2006
Deposits and guarantees given	20.690	19.404
	20.690	19.404

Trade Payables

Current Trade Payables

	December 31, 2007	December 31, 2006
Trade payable (net)	51.854.013	55.057.274
Deposits and guarantees received	4.308.113	762.012
Other trade payable	97.550	89.709
	56.259.676	55.908.995

The average payment period of trade payables is between 30 to 45 days.

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8. FINANCE LEASE RECEIVABLES AND PAYABLES (Net)

Finance Lease Commitments

a) Current Finance Lease Payables (net)

During 2007, the Company signed thirteen new financial lease contract related with machinery, equipment and vehicle purchases. Payments of the financial leases will be made on a monthly basis starting from February 2007 until December 2011. As of December 31, 2007, the Company has short-term financial lease obligations with the amount of YTL 4.244.133 (EUR 2.481.659) (December 31, 2006 - YTL 1.761.476 (EUR 951.378)).

Besides, there is another financial lease contract with the amount of USD 900.000, it is repayable in monthly equal installments of USD 10,000, commencing in April 2007 until September 2014. As of December 31, 2007, the Company has short-term USD financial lease obligations with the amount of YTL 139.764 (December 31, 2006 - YTL 126.504).

b) Non-Current Finance Lease Payables (net)

As of December 31, 2007, the long-term portion of finance lease transactions is YTL 5.196.485 (EUR 3.038.524) (December 31, 2006 - YTL 3.011.996 (EUR 1.626.787)).

As of December 31, 2007, the long-term portion of finance lease transaction with the amount of USD 900.000 as mentioned above is YTL 803.643 (December 31, 2006 - YTL 1.138.536).

9. RELATED PARTY BALANCES AND TRANSACTIONS (Net)

Related party balances and related party transactions at December 31, 2007 and 2006 comprise mainly the following:

	Sales to Related Parties					
	December 31, 2007			December 31, 2006		
Related Party	Product Raw Material	Service	Other (*)	Product Raw Material	Service	Other (*)
Shareholders						
Aksigorta Sigortacılık A.Ş.	-	-	-	-	-	23.310
Financial Assets						
Enerjisa Enerji Üretim A.Ş. (Enerjisa)	-	-	2.321	-	-	7.857
Çimsa Çimento Sanayi ve Ticaret A.Ş. (Çimsa)	-	-	81.474	1.900.409	-	111.598
Arpaş Ambarlı Römorkaj Pilataj Ticaret A.Ş. (Arpaş)	-	166.082	-	-	129.263	-
Lafarge Aslan Çimento A.Ş. (Lafarge)	-	-	-	102.574	-	-
Other						
HC Trading B.V. - Turkey Branch	29.503.118	-	163.849	35.212.879	-	1.092.232
HeidelbergerCement A.G.	-	-	74.043	-	-	108.252
HC Fuels Limited	-	-	41.097	-	-	-
Exsa San. Mam. Satış ve Araş. A.Ş.	-	-	-	744.965	-	-
HC Trading Malta Ltd.	-	-	42.314	-	-	-
S.A. Cimenteries Cbr.	-	-	2.724	-	-	-
Scancem International ANS.	-	-	8.264	-	-	-
Kardemir Demir Çelik San. ve Tic. A.Ş.	1.575	-	-	7.204	-	1.593
Maxit Yapı Malzemeleri San. ve Tic.	-	-	-	-	-	7.892
Oysa Niğde Çimento A.Ş.	-	-	1.586	-	-	2.442

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

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

	Purchases from Related Parties					
	December 31, 2007			December 31, 2006		
Related Party	Product Raw Material	Service	Other (*)	Product Raw Material	Service	Other (*)
Shareholders						
Hacı Ömer Sabancı Holding A.Ş.	-	88.489	16.000	-	152.248	-
Aksigorta Sigortacılık A.Ş.	-	3.645.845	-	-	2.963.458	-
Financial Assets						
Enerjisa	-	-	25.322.206	-	-	40.709.822
Çimsa	256.377	-	297.979	-	286.850	7.144
Liman İşletmeleri ve Nakliyecilik A.Ş. (Liman İşletmeleri)	188.817	190.521	444.143	-	177.106	617.632
Lafarge	-	-	-	2.614	-	-
Eterpark Endüstri Ürünleri İmalat Ticaret İthalat İhracat Pazarlama A.Ş. (Eterpark)	-	466.449	130.097	-	-	272.028
Altaş	-	268.292	123.570	-	302.578	-
Other						
HC Trading Malta Ltd.	3.832.021	-	-	-	-	-
Scancem Int. ANS.	9.933.580	-	-	24.749.559	-	-
Brisa Bridgestone Lastik Sanayi ve Ticaret A.Ş.	215.475	-		152.084	-	-
Bimsa Uluslararası İş Bilgi ve Yönetim Sistemleri A.Ş.	348.959	206.306	9.547	-	425.025	-
Temsa Termo Mekanik Sanayi ve Ticaret A.Ş.	80.422	-	-	1.856	-	-
Beksa Çelik Kord. San. ve Tic. A.Ş.	1.658.241	-	-	1.141.334	-	-
HeidelbergerCement Group Technology Center GmbH	-	3.478	-	-	407.792	-
Kardemir Demir Çelik San. ve Tic. A.Ş.	3.334.221	-	24.129	2.015.158	-	13.271
Avivasa Sigorta A.Ş.	-	782.494	-	-	696.666	-
Teknosa İç ve Dış Tic. A.Ş.	-	-	55.782			33.921
Ak Finansal Kiralama A.Ş.	-	3.086.851	301.641	-	814.168	180.179
HC Fuels Limited	1.075.070	48.279	-	-	75.530	-
Maxit Yapı Malzemeleri San. ve Tic. A.Ş.	-	-	3.374	-	-	2.704
S.A.Cimenteries Cbr.	-	439.401	-	-	74.204	-
HC Trading B.V. - Turkey Branch	-	-	109.617	-	-	58.000
Çukurova Dış Ticaret A.Ş.	-	-	367.676	-	-	359.596
Carrefoursa Türkiye	-	-	28.279	-	-	3.474
Advansa Sasa Polyester A.Ş.	-	-	37.810	-	-	-
Olmuksa Ambalaj Sanayi ve Ticaret A.Ş.:	-	-	1.768	-	-	-
Pilsa A.Ş.	-	-	-	28.161	-	166

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

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

	Due from Related Parties		Due to Related Parties	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
Shareholders				
Aksigorta Sigortacılık A.Ş.	11.241	369.248		-
Hacı Ömer Sabancı Holding A.Ş.	-	-	550	15.088
Dividends payable to other shareholders	-	-	660.541	446.951
Total	11.241	369.248	661.091	462.039
Financial Assets				
Arpaş	12.855	9.058	-	-
Enerjisa	-	-	505.851	2.421.604
Çimsa	6.058	-	-	147.616
Liman İşletmeleri	-	-	48.106	80.617
Eterpark	-	-	39.416	24.608
Altaş	-	-	44.438	39.426
	-	-		
Total	18.913	9.058	637.811	2.713.871
Other				
HC Trading B.V. - Turkey Branch	3.048.605	2.470.813	-	-
HeidelbergerCement A.G.	9.382	8.475	-	-
S.A. Cimenteries Cbr.	349	-	-	-
HC Trading Malta Lmd.	38.666	-	-	-
HC Fuels Limited	39.493	-	-	17.570
Scancem Int. ANS.	7.551	-	-	-
HeidelbergerCement Group Technology Center GmbH	-	-	-	220.753
Brisa Bridgestone Lastik Sanayi ve Ticaret A.Ş.	-	-	80.955	35.073
Teknosa A.Ş.	-	-	5.421	1.367
Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş.	793	4.009	-	-
Bimsa Uluslararası İş Bilgi ve Yönetim Sistemleri A.Ş.	-	-	139.557	184.552
Ak Finansal Kiralama A.Ş.	-	-	80.350	8.094
Temsa Termo Mekanik Sanayi ve Ticaret A.Ş.	-	-	623	70
Beksa Çelik Kord. San. ve Tic. A.Ş.	-	-	187.825	311.736
Oysa Niğde Çimento A.Ş.	-	-	-	-
Kardemir Demir Çelik San. ve Tic. A.Ş.	-	-	345.912	14.274
Avivasa Sigorta A.Ş.	50	2.243	-	-
Akçansa Taşımacılık	-	-	-	475.237
Çukurova Dış Ticaret A.Ş.	-	-	26.736	5.622
Olmuksa İntern. Paper-Sabancı	-	-	2.086	-
Maxit Yapı Malzemeleri San. ve Tic.	-	-	1.928	2.162
Personnel	370.482	326.487	946.749	22.059
	3.515.371	2.812.027	1.818.142	1.298.569
Total	3.545.525	3.190.333	3.117.044	4.474.479

In addition, as of December 31, 2007, "Finance Lease Payables (net)" under "Current Liabilities" and "Finance Lease Payables (net)" under "Non-Current Liabilities" included finance lease payables of YTL 3.568.647 (December 31, 2006 - YTL 1.887.980) and YTL 3.956.656 (December 31,2006 - YTL 4.150.532), respectively are payable to Ak Finansal Kiralama A.Ş. (Note 8).

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

	December 31, 2007	December 31, 2006
Cash in Banks		
Akbank T.A.Ş.	9.446.256	11.974.479
Borrowings		
Akbank T.A.Ş.	120.955.575	-
Financial Expenses to Related Companies		
Akbank T.A.Ş.	5.036.641	150.919
Ak Finansal Kiralama A.Ş.	494.559	138.553
	5.531.200	289.472
Interest Income from Related Companies		
Akbank T.A.Ş.	1.002.182	7.661.664
Indemnity Expense Paid to Related Companies (included in other operating expense)		
Akbank T.A.Ş.	-	2.763.000
Commission Income from (Included in Service revenues)		
Arpaş	31.995	129.263
Donations		
Sabancı Üniversitesi	48.400	60.714
Vaksa Hacı Ömer Sabancı Vakfı	1.200.000	1.000.000
	1.248.400	1.060.714

Executive Members' Remuneration

The executive members of the Company's management has salaries and benefits totaling YTL 3.456.132 (December 31, 2006 - YTL 3.013.436). SSK premium employer's portion on those salaries and benefits is YTL 95.044 (December 31, 2006 - YTL 76.978).

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10. OTHER RECEIVABLES AND LIABILITIES (Net)

Current Other Receivables

	December 31, 2007	December 31, 2006
Deferred value added tax (VAT)	22.703.343	-
Job advances given to suppliers	1.611.595	2.163.936
VAT to be claimed from tax office	1.704.294	327.871
Other	101.851	784.464
	26.121.083	3.276.271

Current Other Liabilities

	December 31, 2007	December 31, 2006
Taxes and funds payable	2.223.083	4.370.351
Social security premiums payable	1.165.343	859.896
Deferred VAT payable	850.989	327.871
Other liabilities payable	572.821	299.988
Other various liabilities*	1.693.512	180.632
	6.505.748	6.038.738

* YTL 1.550.546 of other various liabilities (Note 31) includes expense accrual incurred due to forward transactions.

11. BIOLOGICAL ASSETS (Net)

There is no any biological asset of the Company as of December 31, 2007 and 2006.

12. INVENTORIES (Net)

	December 31, 2007	December 31, 2006
Raw materials, net	40.409.466	31.115.062
Work-in-process	8.138.443	4.474.051
Finished goods	6.284.512	3.569.881
Advances given	1.626.632	1.838.357
Goods in transit	8.763.781	6.054.925
	65.222.834	47.052.276

(*) As of December 31, 2007, slow moving inventories are subjected to impairment test and as a result of this test, the impairment for inventories with the amount of YTL 629.366 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, 2007 and 2006.

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14. DEFERRED TAX ASSETS AND LIABILITIES

Deferred income tax at December 31, 2007 and 2006 relates to the following:

	Deferred Tax Assets		Deferred Tax Liabilities		Deferred Tax Income (Expense)	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
Temporary differences on property, plant and equipment	-	-	(28.070.531)	(25.343.068)	(2.727.463)	16.137.030
Goodwill	-	-	(4.669.029)	-	(4.669.029)	-
Inventories	2.341.228	2.456.550	-	-	(115.322)	(664.022)
Provision for employee termination benefits	2.279.401	1.880.000	-	-	399.401	(714.270)
Allowance for unearned/unaccrued interest included in receivables and payables, net	188.445	265.675	-	-	(77.230)	72.019
Recultivation provision	1.041.592	-	-	-	1.041.592	-
Other timing differences, net	1.392.727	1.152.213	-	-	240.514	341.321
	7.243.393 (*)	5.754.438	(32.739.560) (*)	(25.343.068)	(5.907.537)	15.172.078
Deferred tax impact of temporary differences (not recognized in income statement) generated due to Ladik Cement Plant acquisition (Note 17)	-	-	-	-	83.504	-
					(5.824.033)	15.172.078

(*) The net total of these two balance is presented in the balance sheet as deferred tax asset with the amount of YTL 2.285.833 (December 31, 2006 - YTL 2.802.760) and deferred tax liability with the amount of YTL 27.782.000 (December 31, 2006 - YTL 22.391.390).

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

	December 31, 2007	December 31, 2006
Balance at January 1	19.588.630	34.760.708
Additions due to Ladik Cement Plant acquisition (Note 17)	83.504	-
Deferred income tax recognized in income statement (Note 41)	5.824.033	(15.172.078)
Balance at December 31	25.496.167	19.588.630

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 and 2008. The investment allowance that can be used by the Company in 2007 and 2008 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.

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15. OTHER CURRENT AND NON-CURRENT ASSETS

	December 31, 2007	December 31, 2006
Other Current Assets		
Prepaid expenses	2.409.712	1.870.595
Other	4.350	2.544
	2.414.062	1.873.139
Other Non-Current Assets		
Prepaid rent	1.828.798	2.534.630
Properties obtained from customers against uncollectible receivables	-	236.171
	1.828.798	2.770.801

16. FINANCIAL ASSETS (Net)

	December 31, 2007		December 31, 2006	
	Percentage of Ownership (%)	Amount	Percentage of Ownership (%)	Amount
Çimsa	8,98	104.929.343	10,00	110.388.096
Enerjisa	-	-	5,30	24.735.854
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	239.159	0,05	214.587
Altaş	12,25	201.910	12,25	201.910
		131.561.026		161.731.061

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 price at the close of business at December 31, 2007 and 2006. Net unrealized loss recognized during the current period amounting to a total of YTL 5.434.181 (December 31, 2006 - YTL 5.486.599 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. Further, in light of information available in the market (after the privatizations), the Company has made another analysis based on similar companies' transaction volume value in this sector. As a result of this analysis, the Company concluded that no any impairment on those assets was required.

The sale transaction of Enerjisa Enerji Üretim A.Ş. shares to Verbund (Österreichische Elektrizitätswirtschafts-Aktiengesellschaft) which was publicly declared on March 22, 2007 was finalized as of May 31, 2007. The company sold all Enerjisa shares with a nominal value of YTL 13.779.495, for YTL 28.798.104 (EUR 16.177.801) in cash. As a result of this transaction, gain on sales of financial assets with the amount of YTL 4.062.250 (Note 38) was recorded in the income statement.

Since the reasonable calculation of fair value of Arpaş and Altaş is not possible, these financial assets are carried at their costs (inflation-restated until the end of 2004) in the balance sheet.

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17. POSITIVE/NEGATIVE GOODWILL (Net)

Fair value determination of the Ladik Cement Plant's assets and liabilities which were acquired on May 1, 2007 was finalized and as a result of this determination, market values and book (tax) values of those assets and liabilities are as follows:

- Ladik Cement Factory

	Fair Value	Book Value
Inventory	10.129.424	10.129.424
Tangible assets	66.086.751	81.043.966
Intangible assets	20.710.668	4.781.762
Retairement pay liability (Note 23)	(443.500)	-
Vacation pay liability (Note 23)	(110.680)	-
Deferred tax (Note 14)	(83.504)	-
Scrap items	21.668	94.396
Goodwill	129.457.887	129.719.166
Cash payment	225.768.714	225.768.714

18. INVESTMENT PROPERTY (Net)

There is no investment property of the Company as of December 31, 2007 and 2006.

19. PROPERTY, PLANT AND EQUIPMENT (Net)

	January 1, 2007	Additions	Transfers (**)	Disposals	December 31, 2007
Cost					
Land and land improvements	111.967.979	9.260.988	7.492.794	-	128.721.761
Buildings	169.309.041	17.502.839	47.604.665	-	234.416.545
Machinery and equipment (*)	825.893.183	39.040.944	55.412.089	(8.647.968)	911.698.248
Furniture, fixtures and motor vehicles (*)	59.531.576	500.269	10.059.285	(4.192.395)	65.898.735
Leasehold improvements	42.836.978	-	2.314.020	(2.171.323)	42.979.675
Construction-in-progress and advances given	74.567.127	183.008.979	(123.737.924)	-	133.838.182
Total	1.284.105.884	249.314.019	(855.071)	(15.011.686)	1.517.553.146
Less: Accumulated Depreciation	54.244.917	3.161.075	-	-	57.405.992
Land and land improvements	68.451.290	3.937.432	-	-	72.388.722
Buildings	656.370.520	25.193.480	-	(8.200.776)	673.363.224
Machinery and equipment	40.834.456	6.236.208	-	(4.040.787)	43.029.877
Furniture, fixtures and motor vehicles	25.180.454	1.723.337	-	(2.171.322)	24.732.469
Leasehold improvements					
	845.081.637	40.251.532	-	(14.412.885)	870.920.284
Total	439.024.247				646.632.862

(*) As of December 31, 2006, tangible assets with the amount of YTL 212.330, which were classified in "Machinery and equipment" was classified to "Furniture, fixture and motor vehicles".
(**) Transfers amounting to YTL 855.071 (December 31, 2006 - YTL 2.675.884) from construction-in-progress and advances given were made to intangible assets.

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

	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

As of December 31, 2007, the total cost of the tangible assets purchased through financial leases is YTL 19.924.333 (December 31, 2006 - YTL 12.039.571), and the total accumulated amortization is YTL 3.211.546 (December 31, 2006 - YTL 1.612.800 YTL).

In 2007, additions to land and land improvements with the amount of YTL 9.260.988 buildings with the amount of YTL 17.502.839, machinery and equipment with the amount of YTL 38.990.263 and furniture, fixtures and motor vehicles with the amount of YTL 332.661 are related with Ladik Cement Plant acquisitions.

As of December 31, 2007, construction in process and advances given is mainly related with the 2nd clinker line in Çanakkale and the grinding machines.

In addition, total amount of property, plant and equipment purchases realized through financial leases in 2007 is YTL 7.884.877 (2006 - YTL 4.830.892).

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, 2007, there are additions amounting to YTL 193.146.376 related with this investment in "construction-in-progress and advances given" account and YTL 687.363.244 of this amount was capitalized.

As of December 31, 2007, total gross value of property, plant and equipment and intangible asses which are fully depreciated/amortized but are still in use is YTL 307.234.782 (December 31, 2006 - YTL 310.968.544).

Pledges and Mortgages on Assets

There are no pledges or mortgages on Company's property, plant and equipments as of December 31, 2007 and 2006.

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20. INTANGIBLE ASSETS

	January 1, 2007	Additions/ Charge	Transfers from Construction-in-Progress	Disposals	December 31, 2007
Cost					
Rights and Other Intangibles	24.582.775	20.711.679 (*)	855.071	(12.111)	46.137.414
Less: Accumulated Amortization					
Rights and Other Intangibles	9.438.544	2.337.479	-	(12.111)	11.763.912
Intangible Assets, net	15.144.231				34.373.502

	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

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

(*) YTL 20.710.668 of this amount includes mining rights and softwares acquired during the acquisition of Ladik Cement Plant. The estimated remaining useful life of the mining rights is 15 years.

21. ADVANCES TAKEN

	December 31, 2007	December 31, 2006
Advances taken	1.326.436	824.143
	1.326.436	824.143

22. RETIREMENT PLANS (Net)

There is no retirement plans of the Company as of December 31, 2007 and 2006.

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23. PROVISIONS

Current Provisions

	December 31, 2007	December 31, 2006
Taxes and other liabilities, net (Note 41)	4.901.002	10.980.790
Vacation pay liability	2.046.346	2.299.890
Competition Board penalty (Note 31)	1.929.954	5.526.364
Litigations (Note 31)	1.060.719	1.555.111
Seniority incentive premium	564.474	-
Premium accruals to be paid to executive members of the Company	-	700.000
	10.502.495	21.062.155

	Competition Board Penalty (Note 31)	Litigations (Note 31)	Vacation Pay Liability
At January 1, 2007	5.526.364	1.555.111	2.299.890
Charge for the year	881.440	-	-
Interest due to discounting of the provision	63.214	-	-
Payment	(4.541.064)	-	-
Increase/decrease resulting from change in estimations	-	(494.392)	-
Additions resulting from Ladik Cement Plant acquisition (Note 17)	-	-	110.680
Vacations used	-	-	(364.224)
December 31, 2007	1.929.954	1.060.719	2.046.346

Non-Current Provisions

	December 31, 2007	December 31, 2006
Retirement pay liability	11.397.006	9.400.001
Recultivation provision	5.207.959	-
Seniority incentive premium	1.124.567	-
	17.729.532	9.400.001

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 2.030 and YTL 1.857 at December 31, 2007 and December 31, 2006 respectively.

Effective from January 1, 2008, ceiling for retirement pay has been increased to YTL 2.088.

In accordance with IAS 19 - Employee Benefits, actuarial calculations are necessary 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 on financial statements. Retirement pay provision is set by calculating the present value of the contingent liability up on the retirement of employees. All actuarial gain and loss is recognized in “Operating Expense”.

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23. PROVISIONS (continued)

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

	December 31, 2007	December 31, 2006
Discount rate	11%	12%
Expected rates of salary/limit increases	5%	6%

Movement of the provision for the employee termination benefits as of December 31, 2007 and 2006 is as follows:

Provision for Employee Termination Benefits	December 31, 2007	December 31, 2006
At January 1	9.400.001	8.647.568
Retirement pay liability paid	(1.195.765)	(1.600.145)
Actuarial gain/loss	285.603	371.236
Retirement pay liability resulting from Ladik Cement Plant acquisition (Note 17)	443.500	-
Interest expense	510.663	476.487
Increase for the year	1.953.004	1.504.855
	11.397.006	9.400.001

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, 2007, there is minority interest - balance sheet with the amount of YTL 12.205.278 (December 31, 2006 - YTL 12.026.586) and minority interest - income statement with the amount of YTL 1.379.190 (December 31, 2006 - YTL 792.677) related to Karçimsa, a subsidiary of which 50,99% of shares held by the Company.

Movements of the minority interest as of December 31, 2007 and 2006 were as follows:

	December 31, 2007	December 31, 2006
Balance at January 1	12.026.586	11.233.909
Shares of net profit/loss of subsidiary	1.379.190	792.677
Minority portion of profit distribution	(1.200.498)	-
Balance at December 31	12.205.278	12.026.586

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25. SHARE CAPITAL - SHARE CAPITAL SUBSIDIARIES ELIMINATION

	December 31, 2007	December 31, 2006
Number of common shares (authorized, issued and outstanding)		
0,01 YTL par value	19.144.706.825	19.144.706.825

As of December 31, 2007, the Company's paid-in capital is YTL 191.447.068 (December 31, 2006 - YTL 191.447.068) (based on historical terms).

The movement of the share capital (in numbers and in historical YTL) during 2007 and 2006 is as follows:

	December 31, 2007		December 31, 2006	
	Quantity	YTL	Quantity	YTL
At January 1	19.144.706.825	191.447.068	16.647.571.152	166.475.712
Capital increase	-	-	2.497.135.673	24.971.356
Balance at December 31	19.144.706.825	191.447.068	19.144.706.825	191.447.068

As of December 31, 2007and 2006 the composition of shareholders and their respective % of ownership can be summarized as follows:

	December 31, 2007		December 31, 2006	
	Amount	%	Amount	%
Hacı Ömer Sabancı Holding A.Ş.	61.722.378	32,24	61.722.378	32,24
Ak Sigorta A.Ş.	14.312.758	7,48	14.312.758	7,48
HeidelbergCement Mediterranean Basin Holdings S.L.	76.035.135	39,72	76.035.135	39,72
Publicly traded	39.376.797	20,56	39.376.797	20,56
Nominal share capital total	191.447.068	100,00	191.447.068	100,00
Restatement effect	233.177.582		233.177.582	
Total per financial statements	424.624.650		424.624.650	

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

26. CAPITAL RESERVES

As of December 31, 2007 and 2006 capital reserves includes restatement differences on equity.

27-28. PROFIT RESERVES AND RETAINED EARNINGS

Legal Reserves

As of December 31, 2007 and 2006 other reserves included in profit reserves composed of unrealized gain on financial assets.

As of December 31, 2007 and 2006, all of the unrealized gain on financial assets includes the gain recognized due to the valuation of Çimsa and Lafarge shares with the market bid prices at the close of business December 31, 2007.

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 Company'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.

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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 Decree 7/242, dated February 25, 2005, if the amount of profit distributions calculated in accordance with the net distributable profit requirements of the CMB does not exceed the statutory net distributable profit the whole amount of distributable profit should be distributed. If it exceeds the statutory net distributable profit, the whole amount of the statutory net distributable profit should be distributed.

If loss exists in the financial statements prepared in accordance with CMB regulations and statutory financial statements in any period, then the profit is not going to be distributed.

In accordance with the Communiqué No:XI/25 Section 15 paragraph 399, the accumulated deficit amounts arising from the first application of inflation adjustment, in line with CMB's profit distributions are considered to be deductible when computing the distributable profit. The accumulated deficit will first be netted-off from net income and retained earnings and the remaining amount of deficit from extraordinary reserves, legal reserves and equity inflation reserves. The lower of the amount in the financial statements prepared in accordance with CMB accounting principles and Turkish Commercial Code is going to be considered in capital increases made from internal sources.

In accordance with Communiqué No: XI/25, dated January 18, 2007 decision no : 2/53, the quoted companies are required to distribute a minimum of 20% of their 2006 distributable profits over financial statements prepared in accordance with CMB Accounting Standards (30% for 2005 profits). This distributable may be made by either as cash or bonus shares or as a combination of both over the minimum limit of 20% depending on the decisions of the General Assemblies of the companies.

In the calculation of net distributable profit, the profit of the subsidiaries, the participations under common control and the participations which are existing in the consolidated financial statements are not considered if the general assemblies of such companies did not decide to distribute profits.

Inflation adjustment to shareholders' equity can only be netted-off against prior years' losses and used as an internal source in capital increase where extraordinary reserves can be netted-off against prior years' loss and used in the distribution of bonus shares and dividends to shareholders.

As of December 31, 2007 and 2006, 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, 2007	December 31, 2006
Legal reserves	50.022.448	29.370.297
Statutory reserves	35	35
Extraordinary reserves	21.770.209	2.591.080
Retained earnings	7.758.970	7.758.970
Other reserves	-	44.168
Replacement funds	226.729	124.381

Dividends

2006 dividends declared and approved is as follows:

To common shares	
per share	0,67 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 31, 2008.

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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, 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	24.971.356	(2.240.546)	-	-	-	(1.358.666)	-	(21.372.144)	-	-
Capital increase	-	-	12.876.884	-	1.308.122	-	-	(92.192.951)	78.007.945	-
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
Balance at January 1, 2007	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
	-	-	-	-	-	-	-		-	-
Transfers	-	-	20.652.151	-	21.534.656	-	-	(146.465.575)	104.278.768	-
Dividends declared	-	-	-	-	(2.355.527)	-	-	-	(126.026.619)	(128.382.146)
Net unrealized loss on financial assets (Note 16)	-	-	-	-	-	-	(5.434.181)	-	-	(5.434.181)
Current year profit	-	-	-	-	-	-	-	185.798.034	-	185.798.034
			-	-	-	-	-	-	-	
Balance at December 31, 2007	191.447.068	233.177.582	50.022.448	35	21.770.209	-	92.178.419	185.798.034	67.312.718	841.706.513

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29. FOREIGN CURRENCY POSITION

December 31, 2007

	USD	EURO	SEK	GBP	TOTAL (YTL)
Assets	3.340.382	2.966.434	4	3	8.963.743
Cash and cash equivalents	695.646	2.725.975	4	3	5.472.188
Trade receivables (net)	2.640.236	24.834	-	-	3.117.553
Other receivables (net)	4.500	215.625	-	-	374.002
Liabilities	(157.226.791)	(11.030.683)	-	-	(201.986.717)
Trade payables (net)	(669.852)	(5.510.500)	-	-	(10.204.233)
Finance lease payables (net)	(155.746.939)		-	-	(181.398.459)
Other liabilities	(810.000)	(5.520.183)	-	-	(10.384.025)
Net Balance Sheet Position (liability)	(153.886.409)	(8.064.249)	4	3	(193.022.974)

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	(31.880)	22.386.750

As of December 31, 2007, there is forward contract with the amount of USD 15.000.000 in order to mitigate foreign exchange currency risk (Note 31).

30. GOVERNMENT INCENTIVES

In the past, the Company obtained various investment incentive certificates which are still in effect and 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 choosing 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.

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30. GOVERNMENT INCENTIVES (continued)

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 asset investments are to be financed by equity. It has been met at year-end.

(*) Although the investment ending date is December 29, 2007, official ending has not yet realized.

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 asset investments are to be financed by equity.

31. PROVISIONS, COMMITMENTS AND CONTINGENCIES

Guarantees Received and Given

As of December 31, 2007 and 2006 guarantees received and given can be presented as follows:

		December 31, 2007		December 31, 2006	
	Currency	Original Amount	YTL Equivalent	Original Amount	YTL Equivalent
Letter of guarantees received	EURO	6.423.320	10.985.162	16.265.235	30.115.083
Letter of guarantees received	USD	398.978	464.689	207.813	292.102
Letter of guarantees received	YTL	-	94.534.241	-	74.576.114
Mortgages received	YTL	-	21.886.808	-	12.226.108
Cheques and notes received	YTL	-	14.989.281	-	10.814.022
Cheques and notes received	EURO	482.163	824.595	309.663	573.341
Cheques and notes received	USD	190.225	221.555	160.225	225.212
Cheques and notes received	DEM	200.000	174.882	200.000	189.331
Total guarantees received			144.081.213		129.011.313
Letter of guarantees given	YTL	-	6.324.488	-	4.593.479
Letter of guarantees given	USD	6.000.000	6.988.200	6.000.000	8.433.600
Letter of guarantees given	EURO	827.500	1.415.190	327.500	606.366
Total guarantees given			14.727.878		13.633.445

As of December 31, 2007, in accordance with the export pre-financing loans utilized, the Company has a total export commitment of USD 41.340.166.

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31. PROVISIONS, COMMITMENTS AND CONTINGENCIES (continued)

Operating and finance lease commitments

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

Operating Lease Commitments	December 31, 2007	December 31, 2006
Within one year	78.000	50.602
After one year but not more than five years	312.000	202.406
More than five years	2.574.000	1.720.454
	2.964.000	1.973.462

As of December 31, 2007, YTL 5.340.831 (December 31, 2006 - YTL 4.417.421) of the Company's loss related with lease transactions is reflected in consolidated income statement.

Finance Lease Commitments	December 31, 2007	December 31, 2006
Within one year	4.917.930	2.187.647
After one year but not more than five years	6.192.749	4.347.719
More than five years	104.823	-
	11.215.502	6.535.366

Insurance Coverage on Assets

Insurance coverage on assets including cash, inventories and property, plant and equipment of the Company is YTL 1.307.692.000 (December 31, 2006 - YTL 1.049.035.000).

Litigations

a) The Turkish Competition Board (the Board) has performed investigations for the operations of certain cement companies including the Company in Aegean and Marmara Region. As a result of this investigation, the Board decided that the companies violated the laws on protection of competition and accordingly charged a penalty of YTL 7.112.681 (in historical terms) to the Company. As of December 31, 2007, the Company paid YTL 4.795.603 of this penalty. For the remaining part of the penalty, the Company calculated the present value of penalty considering time value of money and reflected a discounted liability amounting to YTL 1.929.954 (Note 23) in consolidated financial statements as of December 31, 2007.

b) 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 475.000, which is 50% of the total risk, based on the lawyer's opinion. Furthermore, 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.

c) As of December 31, 2007, there were a number of legal proceedings outstanding against the Company in which total claims amounted to YTL 2.890.139 (December 31, 2006 - YTL 1.876.281), GBP 135.000 and DEM 171.000 (including the case stated above in section "b"). These litigation principally involve matters relating to employee claims against the Company or claims by the families of employees due to accidents which occurred 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, 2007, the Company has provided a provision at an amount of YTL 1.060.719 (including the case stated above in section "b") for the litigations, which will more likely than not require an outflow of resources in the future and which are not covered by employer's insurance.

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

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31. PROVISIONS, COMMITMENTS AND CONTINGENCIES (continued)

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 did not specifically address the costs that could arise from recovering the damage, pollution in the land while vacating the mines. The new regulation on recultivation provision published in the official gazette, no: 26730, dated December 14, 2007, clarified this matter and the Company calculated the estimated cost of the actions that the Company deems that would meet the requirements of legislation related with the mining area it operates on. As a result, related with the surface area which is already dug as of December 31, 2007, the Company has accounted a recultivation provision at an amount of YTL 5.207.959 in "Other Operating Expense" (Note 23-38).

Forward and Option Contracts

As of December 31, 2007, the Company has a forward contract with an amount of USD 15.000.000. Since the foreign exchange rates as of December 31, 2007 is lower than the rate stated on the forward contract, the Company booked a loss of YTL 1.550.546 (Note 10) as fair value change in the income statement.

32. BUSINESS COMBINATIONS

The Company firstly accounted Ladik Cement Plant acquisition which was purchased from Türkerler İnşaat Turizm Madencilik A.Ş. on May 1, 2007 on a provisional basis in line with International Financial Reporting Standards 3 "Business Combinations". Later, the Company finalized all the procedures related with the fair value determination of the assets and liabilities acquired and presented final balances in its financial statements accordingly.

33. SEGMENT INFORMATION

The Company does not have any operation that requires segment information as of December 31, 2007 and 2006.

34. SUBSEQUENT EVENTS

There is no subsequent events to be disclosed as of December 31, 2007 ve 2006.

35. DISCONTINUING OPERATIONS

There is no discontinuing operations of the Company as of December 31, 2007 and 2006.

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36. OPERATING INCOME

Net Sales (Net)

	December 31, 2007	December 31, 2006
Domestic sales	696.473.004	576.150.965
Foreign sales	29.908.650	37.332.921
Sales discounts (-)	(19.801.659)	(22.884.318)
Other discounts (-)	(15.993.055)	(13.100.077)
	690.586.940	577.499.491

Service Revenues (Net)

	December 31, 2007	December 31, 2006
Domestic service revenues	5.903.387	5.158.391
	5.903.387	5.158.391

Cost of Sales

	December 31, 2007	December 31, 2006
Direct raw materials and supplies expenses	351.578.677	284.756.660
Direct labour expenses	33.839.497	23.909.024
Depreciation and amortization expenses	40.334.518	33.462.740
Other production expenses	47.728.600	29.443.259
Total production cost	473.481.292	371.571.683
Change in work in process	(3.664.392)	(258.496)
Work in process at the beginning of the year	4.474.051	4.215.555
Work in process at the end of the year	8.138.443	4.474.051
Change in finished goods	(2.714.631)	(648.435)
Finished goods at the beginning of the year	3.569.881	2.921.446
Finished goods at the end of the year	6.284.512	3.569.881
Cost of goods sold	3.982.000	6.982.532
Cost of domestic service income	488.065	525.323
Total	471.572.334	378.172.607

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37. OPERATING EXPENSES

	December 31, 2007	December 31, 2006
General and administration expenses	21.428.338	19.646.910
Selling and marketing expenses	6.014.380	4.856.031
Research and development expenses	42.245	-
	27.484.963	24.502.941

General and Administration Expenses

Personnel expenses	10.347.100	10.729.178
Consultancy expenses	2.603.010	2.493.441
Employee termination benefits	1.580.136	867.466
Taxes, duties and fees	1.525.714	452.825
Depreciation and amortization expenses	1.120.111	1.192.011
Travelling expenses	697.075	524.075
Insurance expenses	583.073	324.341
Rent expenses	447.593	534.724
Outsourcing expenses	419.227	512.312
Other expenses	2.105.299	2.016.537
	21.428.338	19.646.910

Selling and Marketing Expenses

Personnel expenses	3.490.816	2.786.985
Sales guarantee expenses	1.048.810	701.354
Outsourcing expenses	338.889	345.227
Travelling expenses	326.849	267.823
Rent expenses	292.335	219.512
Employee termination benefits	86.455	6.044
Depreciation and amortization expenses	77.326	66.165
Taxes, duty and charges	18.709	7.478
Other expenses	334.191	455.443
	6.014.380	4.856.031

Research and Development Expenses

Depreciation and amortization expenses	40.498	-
Travelling expenses	1.747	-
	42.245	-

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38. OTHER OPERATING INCOME AND EXPENSES

As of December 31, 2007 and 2006 breakdown of other operating income is as follows:

Other Operating Income

	December 31, 2007	December 31, 2006
Foreign exchange gains	50.844.676	20.275.933
Dividend income (*)	11.450.817	4.656.535
Interest income	8.945.698	14.331.098
Gain on sales of financial assets (Note 16)	4.062.250	-
Maturity differences, net	777.866	410.903
Rent income	530.378	810.452
Income on sale of auxiliary materials	393.870	211.606
Rediscount income, net	308.571	-
Collections from doubtful receivables (Note 7)	42.865	265.698
Gain on sale of property, plant and equipment, net	-	1.134.863
Other	1.508.371	1.287.830
	78.865.362	43.384.918

(*) As of December 31, 2007 and 2006 breakdown of dividend income is as follows:

	December 31, 2007	December 31, 2006
Çimsa	10.553.587	4.488.307
Arpaş	879.125	160.000
Other financial assets	18.105	8.228
	11.450.817	4.656.535

Other Operating Expenses (-)

	December 31, 2007	December 31, 2006
Impairment on financial asset	-	19.280.429
Foreign exchange losses	15.432.773	18.454.188
Forward transaction expenses	8.871.136	-
Recultivation provision (Note 23-31)	5.207.959	-
Compensations paid	3.385.448	2.763.000
Donations	2.260.911	3.769.177
Idle time expense (comprise mainly of depreciation expense)	1.775.083	259.309
Property and estate taxes	1.750.709	1.607.016
Provision for doubtful receivables (Note 7)	548.660	61.911
Depreciation expense of rented terminals	493.874	1.619.848
Rediscount expenses, net	-	664.076
Provision for litigations (Note 23)	-	385.142
Other	1.636.907	632.776
	41.363.460	49.496.872

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38. OTHER OPERATING INCOME AND EXPENSES (continued)

Depreciation and Amortization Expenses

	December 31, 2007	December 31, 2006
Property, Plant and Equipment		
Cost of production	38.215.526	32.992.770
Other expense from operations	1.016.558	1.222.760
General and administrative expenses	902.353	986.204
Selling and marketing expenses	76.597	65.458
Research and development expenses	40.498	-
Total Depreciation Expenses	40.251.532	35.267.192
Intangible Assets		
Cost of production	2.118.992	469.970
Other expense from operations	-	520.916
General and administrative expenses	217.758	205.807
Selling and marketing expenses	729	727
Total Amortization Expenses	2.337.479	1.197.420

	December 31, 2007	December 31, 2006
Personnel Expenses and Average Number of Employees		
Wages and salaries	35.667.292	29.054.896
Other social expenses	11.719.437	9.273.910
Provision for employee termination benefits (Note 23)	2.749.271	2.352.578
	50.136.000	40.681.384

The average number of employees (all employed in Turkey) for the years ended December 31, 2007 and 2006 was 1.056 and 840 respectively.

39. FINANCIAL EXPENSE (Net)

As of December 31, 2007 and 2006 breakdown of financial expense is as follows

	December 31, 2007	December 31, 2006
Short term financial expense	4.412.210	368.273
Long term financial expense	4.828.598	-
Total financial expense	9.240.808	368.273

40. MONETARY GAIN/LOSS (Net)

None.

41. TAXES

The Company is subject to taxation in accordance with the tax regulations and the legislation effective in the countries it operates in.

The corporate tax rate effective in Turkey is 20% (December 31, 2006 - %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% (December 31, 2006 - 20%) 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.

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41. TAXES (continued)

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, 2007, investment incentive with the amount of YTL 1.177.811 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. As of December 31, 2007, the Company does not have any losses carried forward.

Income tax payables as of December 31, 2007 and 2006 are summarized as follows:

	December 31, 2007	December 31, 2006
Current income tax	32.692.867	41.415.933
Prepaid taxes	(27.791.865)	(30.435.143)
Income tax payable (Note 23)	4.901.002	10.980.790

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

	December 31, 2007	December 31, 2006
Consolidated Income Statement		
Current income tax	(32.692.867)	(41.415.933)
Deferred income tax (Note 14)	(5.824.033)	15.172.078
Income tax expense reported in consolidated income statement	(38.516.900)	(26.243.855)

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, 2007 and 2006 is as follows:

	December 31, 2007	December 31, 2006
Profit before income tax and minority interest	225.694.124	173.502.107
At the effective statutory income tax rate of 20% (For subsidiary 30%)	(45.502.534)	(35.077.738)
Income not subject to tax	5.402.552	937.197
Permanent non-taxable items	(860.419)	(3.775.016)
The effect of the sale of financial asset, Enerjisa	2.009.627	-
Net effect of change in tax rate	-	11.762.062
Other	433.874	(90.360)
	(38.516.900)	(26.243.855)

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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, 2007, 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.

43. FINANCIAL RISK MANAGEMENT POLICIES

Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise of bank borrowings, 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, liquidity risk, foreign currency risk and credit risk. The Company's management reviews and agrees policies for managing each of these risks which are summarized below. The Company also monitors the market price risk arising from all financial instruments.

Foreign Currency Risk

Foreign currency risk occurs due to the Company's liabilities which are denominated in mostly USD and in EURO.

The Company is also exposed to foreign currency risk due to the transactions made in foreign currency. This risk occurs due to purchases, sales and bank borrowings of the Company which are denominated in currencies other than the functional currency.

The Company's net foreign currency position as of December 31, 2007 and 2006 are about YTL 193.022.974 short (liability) and YTL 22.386.750 long (asset) respectively (Note 29).

The exchange rate risk the Company is due the loans used approximately amounting to USD 150 million. In order to mitigate this risk, the Company monitors its financial position, cash inflows and outflows by using detailed cash flow charts and also uses derivative instruments to mitigate exchange rate risk when needed.

The following table demonstrates the sensitivity to a reasonably possible change in the U.S. Dollars and EURO exchange rates against YTL by 10%, with all other variables held constant of the Company's profit before tax.

Currency	Fx Rate Change%	Effect on Profit Before Tax
USD/YTL	10%	YTL (18.652.600)
EURO/YTL	10%	YTL (1.379.148)

Price Risk

Price risk is a combination of foreign currency risk, interest rate risk and market risk. The company naturally manages its price risk by comparing the same foreign currency denominated receivable and payables, and assets and liabilities with interest. The company closely monitors its market risk by analyzing the market conditions and using appropriate valuation methods.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates by 0,5%, with all other variables held constant of the Company's profit before tax (through the impact on floating rate borrowings) interest rates.

Increase in interest	Effect on Earnings Before Tax
0,5%	YTL (435.495)

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43. FINANCIAL RISK MANAGEMENT POLICIES (continued)

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 manages its credit risk by limiting exposure to any one institution and revaluing the credibility of the related institutions continuously. Total credit risk of the Company is disclosed on the financial statements.

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 manages its credit risk by extending its operations to a large area and avoiding unwanted concentration on people/groups in a specific area/sector. The Company requires collateral from its customers when needed.

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.

The breakdown of financial assets and liabilities according to their maturities is disclosed considering the period from balance sheet date to due date period. Financial assets and liabilities that have no certain due date are presented as more than 1 year.

The table below summarizes the maturity profile of the Company's financial assets and liabilities at December 31, 2007 and 2006.

	Less than 1 month	1-3 months	3-6 months	6-12 months	More than 1 year	Total
Monetary assets						
Cash and cash equivalents	6.285.205	15.968.846	-	-	-	22.254.051
Due from related parties (net)	3.247.087	54.262	81.392	162.785	-	3.545.526
Trade receivables (net)	56.603.562	48.065.464	332.792	-	-	105.001.818
Total monetary assets	66.135.854	64.088.572	414.184	162.785	-	130.801.395
Monetary liabilities						
Short-term borrowings	789.857	-	61.721.836	-	-	62.511.693
Long-term borrowings	-	-	7.571.660	-	135.589.466	143.161.126
Finance lease payables (short-term)	409.827	819.655	1.229.482	2.458.965	-	4.917.929
Finance lease payables (long-term)	-	-	-	-	6.297.571	6.297.571
Due to related parties (net)	2.245.650	871.394	-	-	-	3.117.044
Trade payables (net)	44.802.895	11.947.439	-	-	-	56.750.334
Total monetary liabilities	48.248.229	13.638.488	70.522.978	2.458.965	141.887.037	276.755.697
Liquidity gap	17.887.625	50.450.084	(70.108.794)	(2.296.180)	(141.887.037)	(145.954.302)

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.

43. FINANCIAL RISK MANAGEMENT POLICIES (continued)

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 values of trade receivables along with the related allowances for doubtful receivables are 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 Contracts)

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 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.

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44. CASH FLOW STATEMENT

	Notes	December 31, 2007	December 31, 2006
Cash flows from operating activities:			
Profit before tax, minority interest and loss on net monetary position		225.694.124	173.502.107
Adjustments to reconcile net profit before monetary loss, minority interest and income tax to net cash provided by operating activities:			
Unrealized foreign exchange losses		(36.217.960)	168.476
Depreciation and amortization	38	42.589.011	36.464.612
Provision for employee termination benefits	23	2.749.270	2.352.578
Seniority incentive premium	23	1.689.041	-
Recultivation provision	23, 31	5.207.959	-
Gain on sale of property, plant and equipment		167.028	(1.134.863)
Interest expense	39	9.240.808	368.273
Interest expense from discounting of litigation provisions	23	63.214	(337.500)
Provision for doubtful receivables	7	505.795	61.911
Dividend income	38	(11.450.817)	(4.656.535)
Gain on available-for-sale financial assets	16	(4.062.250)	-
Provision for impairment for financial assets		-	19.280.429
Scrap items expensed due to Ladik cement plant acquisition	17	21.668	-
Provision for inventory revaluation	12	629.366	2.746.060
Competition Board penalties	23	881.440	-
Operating profit before changes in operating assets and liabilities		237.707.697	228.815.548
Net changes in operating assets and liabilities			
Trade receivables (net) (Current)		(1.370.660)	(36.659.737)
Trade receivables (net) (Non Current)		(1.286)	(3.949)
Due from related parties (net)		(355.192)	3.127.997
Other receivables (net)		(22.844.812)	(17.210)
Inventories		(8.670.500)	(6.344.103)
Other current assets		(540.923)	(573.046)
Other non current assets		942.003	(1.123.351)
Trade payables (net)		350.681	33.594.844
Due to related parties (net)		(1.571.025)	(1.652.142)
Advances taken		502.293	(583.260)
Other liabilities (net)		467.010	1.723.026
Provisions (Current)		(858.616)	3.385.032
Interest paid		(2.547.349)	(519.437)
Taxes paid		(38.772.655)	(39.316.152)
Employee termination benefits paid		(1.895.765)	(1.600.145)
Fines paid		(4.541.064)	(251.632)
Net cash provided by operating activities		155.999.837	182.002.283
Cash flows from investing activities			
Change in financial assets	16	28.798.104	-
Purchase of property, plant and equipment, net		(174.487.320)	(89.352.743)
Purchase of intangible assets		(856.082)	(2.675.884)
Proceeds from sale of property, plant and equipment		431.773	1.800.163
Dividends received	38	11.450.817	4.656.535
Cash outflow due to Ladik cement plant acquisition	17	(225.768.714)	-
Net cash (used in)/provided by investing activities		(360.431.422)	(85.571.929)
Cash flows from financing activities			
Proceeds from short-term borrowings		56.346.054	2.865.796
Proceeds from long-term borrowings		203.600.000	-
Repayment of short-term borrowings		(48.781.280)	(9.597.328)
Dividend paid		(128.168.556)	(89.568.444)
Minority interest	24	(1.200.498)	-
Repayment of finance lease obligations, net		(3.539.364)	-
Net cash (used in)/provided by financing activities		78.256.356	(96.299.976)
Net increase/(decrease) in cash and cash equivalents		(126.175.229)	130.378
Cash and cash equivalents at the beginning of the year	4	148.429.279	148.298.901
Cash and cash equivalents at the end of the year	4	22.254.050	148.429.279
Supplemental disclosure of cash flows information			
Cash received by the Company for interest		10.692.574	13.280.065

45. 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.

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CONSOLIDATED PROFIT DISTRIBUTION TABLE

1.	Paid/Issued Capital	191.447.068
2.	Total Legal Reserve Fund (According to Legal Records)	49.503.392

According to Articles of Association, if there is privilege in profit distribution, information regarding the mentioned privilege

		According to CMB	According to Legal Records (LR)
3.	Current Year Profit	224.314.934	155.929.280
4.	Taxes Payable (-)	38.516.900	32.386.795
5.	Net Current Year Profit (=)	185.798.034	123.542.485
6.	Previous Year Loss (-)		
7.	Legal Reserve Fund - Type 1 (-)	6.177.124	6.177.124
8.	Distributable Profit Amount of the Affiliate in Consolidation		
	(Not Taken the Decision of Distribute) (-)	1.435.483	
9.	Net Distributable Current Year Profit (=)	178.185.427	117.365.361
10.	Donations during the Year (+)	2.248.729	
11.	First Dividend with Added Donations, Net	180.434.156	
12.	First Dividend to Shareholders		
	- Cash	36.086.831	
	- Free		
	- Total	36.086.831	
13.	Dividends to Privileged Stockholders		
14.	Dividends to the Members of the Board and Workers		
15.	Dividends to Redeemed Shareholders		
16.	Second Dividend to Shareholders	71.478.817	
17.	Second Arrangement Legal Reserve Fund	11.540.429	
18.	Statutory Reserves		
19.	Special Reserves		
20.	Extraordinary Reserves	60.514.833	
21.	Other Sources Predicted to Distribute		
	- Previous Year's Profit		
	- Extraordinary Reserves	17.410.998	
	- Other Distributable Reserves According to Law and Articles of Association		

(*) Dividend per share is calculated over nominal capital.
(**) Dividend per share is calculated over gross dividend payable to shareholders and nominal capital.

It has been resolved to present the Annual Report for the year 2007 and the Financial Statements to our shareholders at the ordinary shareholders' meeting scheduled on March 31, 2008 in accordance with the principles and rules, and to distribute the 2007 consolidated balance sheet profit amounting to YTL 224.314.934; distribute the total amount of YTL 124.976.646 as share of profit, in compliant with the Article 33 of our Articles of Association and Capital Markets Board Communiqué; after the deduction of Legal Reserve - Type I, taxes and legal liabilities, 107.565.648 from the remaining amount of 179.620.910, and YTL 17.410.998 from the Extraordinary Reserves of Previous Years', thus, shareholders representing the share capital of YTL 191.447.068,25 will be receiving YTL 124.976.646 in total, which corresponds to 65,280% gross and 55,488% net earnings per share. We hereby request approval for the related Board Resolution dated March 7, 2008 for the aforementioned profit distribution scheme as of April 2, 2008.

With Regards,
Board of Directors

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RATIOS

LIQUIDITY RATIOS		December 31, 2007
Current Ratio	Current Assets/Current Liabilities	1,56
Liquidity Ratio	(Current Assets-Inventories)/Short-Term Liabilities	1,10
Inventories/Current Assets	Inventories/Current Assets	0,29
Working Capital	Current Assets (excluding cash)/Short-Term Foreign Liabilities	119.197.119,00

FINANCIAL STRUCTURE RATIOS	
Financial Rank (Current Assets + Non-Current Assets)/Assets	0,28
Non-Current Assets/Equity	1,12
Financial Debt/Equity	0,23
Net Financial Position Net Assets-Financial Debt	(170.318.291)

PROFITABILITY RATIOS		
Asset Turnover Rate	Net Sales/Total Assets Times	0,60
Gross Profit Margin	Gross Sales Profit/Net Sales	0,32
Return on Assets	Net Profit/Total Assets	0,16
Operating Profit/Sales Revenues		0,32
Net Profit per Share		0,97

FINANCIAL STRUCTURE

The construction sector has continued to be the leading sector of the economy and our sales increased by 19,5% compared to the previous year. With efficient operational capital and finance management, our Company has gained financial earnings, above the inflation and YTL 400 million of investment expenditure was realized in 2007.

Liquidity Ratios:

In 2007, there was a fall in the liquidity ratios as a result of investment expenditures and dividend payments compared to the previous year. The liquidity ratio decreased by 62% compared to the previous year, due to the downtrend in the liquid assets and the increase in the short-term credits.

Financial Structure Ratios:

In 2007 the Company afforded investment financing from shareholders' equity and liabilities and in procurement of liabilities benefited from the effect of strong financial leverage. The Company's short and long-term financial debts were used to afford the investment at Ladik Cement Plant and Çanakkale 2nd Line.

Profitability Ratios:

Gross merchandise margin was decreased by 3% according to the previous year due to the rise in raw material costs. This is especially emanated from the increase of price and freight increases of coal and petrocoal in the international markets. With the positive effect of the foreign currency during the year, operational profitability and earnings per share has shown an increase compared to the previous year.

REPORT OF BOARD OF AUDITORS
(FOR THE TERM 01.01.2007 - 31.12.2007)

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

Title of the Company	: Akçansa Çimento Sanayi ve Ticaret A.Ş.
Headquarters	: İSTANBUL
Registered Capital Ceiling	: YTL 500.000.000
Issued Capital	: YTL 191.447.068,25
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 in office	: Mevlüt AYDEMİR, Fuat ÖKSÜZ Period of office of the Board of Auditors is 1 year. Neither of the auditors are employees or shareholders of the Company.
- Board of Directors meetings participated, and number of Board of Auditors	: The auditors have participated in two Board of Directors 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 cash counts made at the cash desk of the Company, according to Turkish Commercial Code, Article, 353, Paragraph 1-4	: During 2007, audits have been run on February 26, June 29, August 29, December 1 and it has been immobilized 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 01.01.2007-31.12.2007, 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 31.12.2007, 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 01.01.2007-31.12.2007 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 07, 2008

Mevlüt AYDEMİR

Fuat ÖKSÜZ