

The Eczacıbaşı Group 2005



Eczacıbaşı

# a healthy future

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Founded in 1942 by Dr. Nejat F. Eczacıbaşı, the Eczacıbaşı Group takes its name from the honorary title “chief pharmacist”, conferred on the father of Dr. Eczacıbaşı at the turn of the last century.

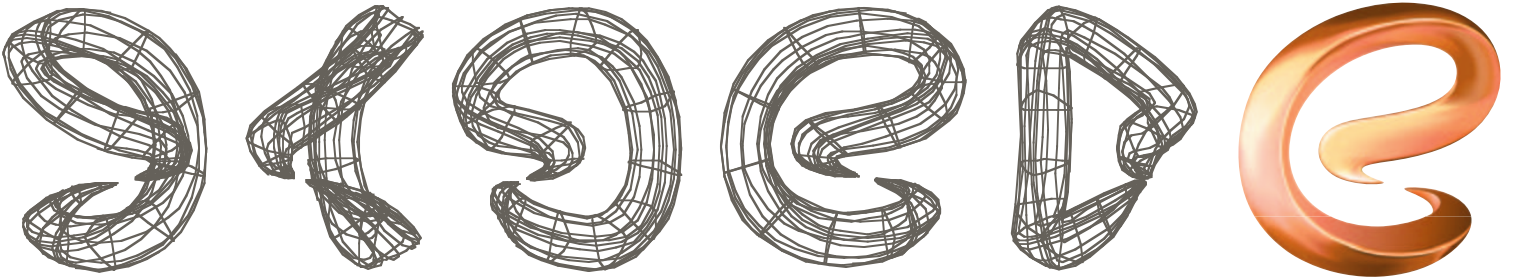
Eczacıbaşı is a prominent Turkish industrial group with a combined net turnover of close to \$ 2.6 billion, 37 companies and more than 8,000 employees in 2005. Eczacıbaşı’s core sectors are pharmaceuticals, building materials and consumer products. The Group is also active in finance, information technology and welding technology.

In Turkey, Eczacıbaşı is the leader in eight of its 13 manufacturing industries, including pharmaceuticals, ceramic sanitary ware, tissue paper and personal care products. It also has the most extensive distribution coverage, reaching over 90 percent of the nation’s sales points.

International partnership is a central component of the Eczacıbaşı Group’s growth strategy. Eczacıbaşı has nine international joint ventures and close to 50 cooperation agreements with leading international companies. All of these are grounded on the principle of long-term mutual benefit, based on firm business criteria and ethical business practices.

The Eczacıbaşı Group’s mission is to be a pioneer of modern, high quality and healthy lifestyles. Accordingly, the Group encourages each of its companies to surpass established standards in their sectors and raise consumer benchmarks of product and service quality. Through sponsorship and responsible corporate practices, it also promotes social and economic development that nurtures cultural and scientific activity, protects the environment and preserves scarce natural resources.

## Eczacıbaşı Group Profile



# Eczacıbaşı Group Financial Highlights\*

(\$ Million)

<b>2005</b>	<b>NET SALES</b>	<b>EXPORT C&amp;F</b>	<b>PROFIT BEFORE TAX</b>	<b>INVESTMENTS</b>
Pharmaceuticals Division	811.1	32.8	42.5	65.1
Building Materials Division	726.2	334.9	2.1	64.8
Consumer Products Division	486.1	36.9	16.3	9.7
Finance, IT, Welding Technology	531.0	25.8	47.4	7.8
<b>ECZACIBAŞI GROUP</b>	<b>2,554.3</b>	<b>430.3</b>	<b>108.3</b>	<b>147.5</b>

<b>2004</b>	<b>NET SALES</b>	<b>EXPORT C&amp;F</b>	<b>PROFIT BEFORE TAX</b>	<b>INVESTMENTS</b>
Pharmaceuticals Division	757.5	23.8	73.5	29.1
Building Materials Division	606.3	295.3	2.5	45.4
Consumer Products Division	396.9	36.5	13.5	5.5
Finance, IT, Welding Technology	458.7	18.0	27.5	4.9
<b>ECZACIBAŞI GROUP</b>	<b>2,219.4</b>	<b>373.7</b>	<b>117.0</b>	<b>84.8</b>

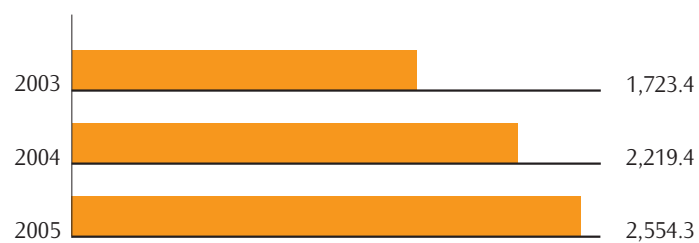
\* Combined results of Group companies excluding marketing subsidiaries incorporated abroad



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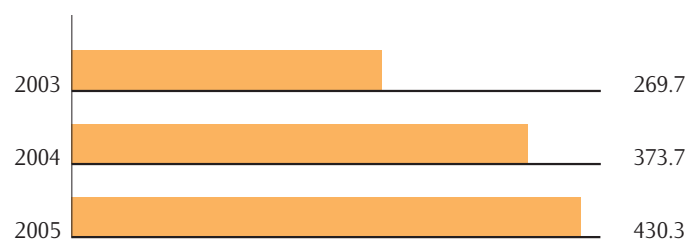
### Net Sales

(\$ million)



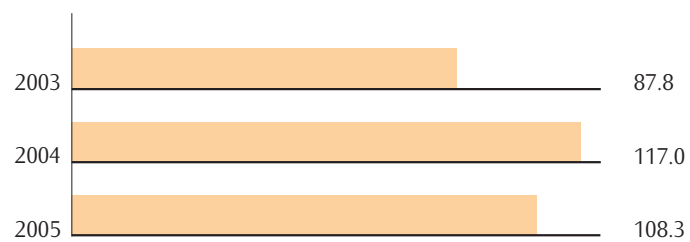
### Exports

(\$ million)



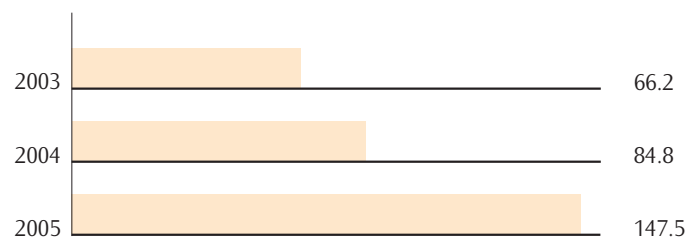
### Profit Before Tax

(\$ million)



### Investments

(\$ million)



# Eczacıbaşı Group at a Glance

## Pharmaceuticals Division

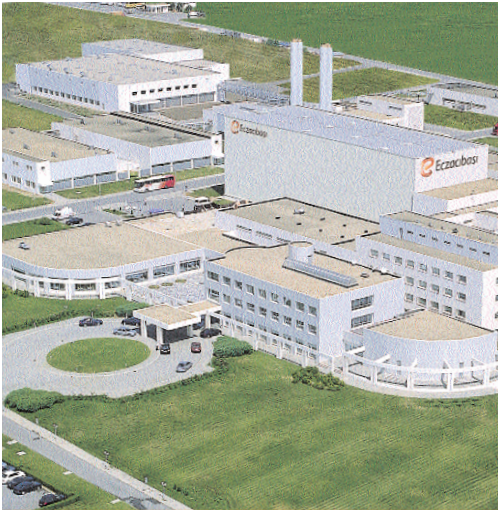
- Eczacıbaşı Pharmaceuticals Manufacturing
- Eczacıbaşı-Baxter Hospital Supply
- Eczacıbaşı Pharmaceuticals Marketing
- Eczacıbaşı Pharmaceuticals Trading
- Eczacıbaşı Fine Chemical Products
- Eczacıbaşı Health Products
- Eczacıbaşı-Corridor Health Services
- Eczacıbaşı Health Care Products JSC (Russia)

## Building Materials Division

- Eczacıbaşı Building Materials Manufacturing
- Eczacıbaşı Ceramic Tiles Manufacturing
- İntema Building Materials Marketing and Sales
- Eczacıbaşı Bathtubs and Kitchen Furniture Manufacturing
- ESAN Eczacıbaşı Industrial Raw Materials
- Eczacıbaşı-Koramic Building Chemicals Manufacturing
- Vitra Ireland Ltd.
- Vitra Bad GmbH (Germany)
- Vitra (UK) Ltd.
- Vitra USA Inc.
- Vitra Bath and Tiles JSC (Russia)
- Engers Keramik GmbH & Co. KG

## Consumer Products Division

- İpek Kağıt Tissue Paper
- Girişim Marketing
- Eczacıbaşı-Beiersdorf Cosmetic Products
- Eczacıbaşı-Schwarzkopf Professional Hairdressers' Products



#### Finance

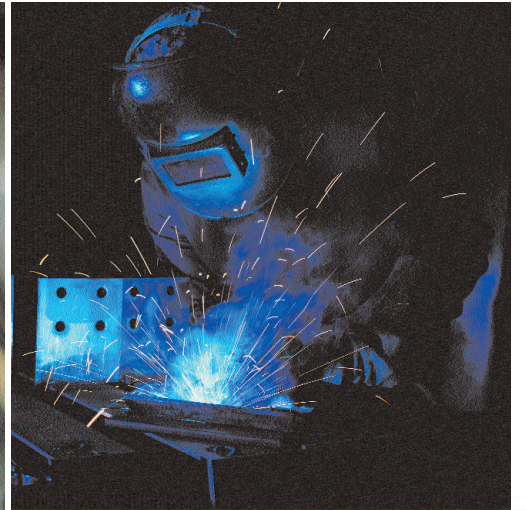
- Eczacıbaşı Securities
- Eczacıbaşı-UBP Asset Management
- Eczacıbaşı Investment Holding
- Eczacıbaşı Investment Partnership

#### Information Technology

- E-Kart Electronic Card Systems
- Eczacıbaşı Information and Communication Technologies

#### Welding Technology

- Kaynak Tekniği Welding Electrodes



# Chairman's Message

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*Over the last two years, we have invested more than \$ 230 million in productive capacity; real estate development; research, development and design, and our target through 2008 is a further \$ 420 million.*

The Eczacıbaşı Group continued to grow twice as fast as the Turkish economy in 2005, expanding its net sales by 15 percent to almost \$ 2.6 billion and its international sales another 15 percent to \$ 430 million. Before tax profits, though down slightly compared to the previous year, remained strong at \$108 million, while investments climbed 74 percent to \$ 150 million.

These results mirrored the continued improvement of Turkey's economy and outlook in 2005, facilitated by further declines in inflation and interest rates. Last year, GNP rose 7.6 percent, carried by a record high increase of 24 percent in private fixed investment and vibrant construction activity. At the same time, year-end consumer price inflation dropped below the government's target of eight percent, while foreign exchange rates remained stable.

This new climate of stability and growth is directly attributable to the government's success, in recent years, in reducing the burden of public sector borrowing on the economy, and to the cautious monetary policies of Turkey's Central Bank. Through the continued implementation of stabilization measures and structural reforms, such as privatization, the government has succeeded in lowering the public sector deficit to around four percent and net public debt to 60 percent of GNP – essentially fulfilling one of the four Maastricht criteria for EU membership.

Equally important as the Turkish government's continued commitment to the stabilization measures outlined in its stand-by agreements with the IMF – the most recent of which it signed in May 2005 – has been the official start of Turkey's negotiation process with the EU in October 2005. This historic event has provided an entirely new and exciting outlook for Turkey and elevated its profile in the

international investment community. Foreign direct investment approached a record \$ 10 billion in 2005, and data from the first quarter of 2006 suggests that investments this year will exceed this amount. Another indicator of the new perspective on Turkey is AT Kearney's Confidence Index of 1000 businesses, which moved Turkey's ranking up 16 positions from 29th to 13th place overall in 2005.

This is the context in which the Eczacıbaşı Group is pursuing one of its most ambitious investment programs of the last two decades. Over the last two years, we have invested more than \$ 230 million in productive capacity; real estate development; research, development and design, and our target through 2008 is a further \$ 420 million. Most of our investments are aimed at enhancing our international competitive edge in our core business areas and at strengthening the position of our companies in international markets and the European Union in particular.

In December 2005, for example, we acquired Engers Keramik GmbH, a well-known German tile manufacturer located in the Rheinland Pfalz region – the heartland of the German ceramic industry. This purchase raised the Eczacıbaşı Group's annual tile production capacity by 2.3 million square meters, increased its share of the German tile market to five percent and strengthened its logistic capacity in Continental Europe. At the same time, it demonstrated our commitment to a growing partnership with the European Union.

Another investment of this kind is our ongoing collaboration with some of the world's foremost international designers and our efforts to transform our flagship building material brand, Vitra, into a global bathroom brand. In September 2005, we unveiled to leading representatives of the international bathroom and design industry the first fruits



of our cooperation with Ross Lovegrove at a global launch in London. *İstanbul*, as the collection is called, is a modern and technological interpretation of Turkish bathroom culture.

The İstanbul Collection is exciting to us because it spotlights the pioneering nature of the Vitra brand. From its uniquely designed bathroom units, which could just as easily be exhibitions in a modern art gallery, to its cutting-edge technologies and materials, the Collection clearly exhibits Vitra's vision of "designing space for living through innovation" and reinforces its global standing. Already, *İstanbul* has received two prestigious international design awards: Wallpaper Magazine's "Best Bathroom" Award and the Red Dot Design Award.

A third project that is representative of our Group's new dynamism is Kanyon. Inaugurated on 30 May 2006, Kanyon is an innovative urban real estate project in İstanbul that we developed in an equal share partnership with İş Real Estate Investment Trust. Kanyon is distinctive from other multi-functional real estate projects because it weaves together spaces for living, work and leisure in a way that recreates the feeling of an "urban neighborhood" and encourages the

human interaction that once was a natural element of city life. Designed by The Jerde Partnership, the premier architects of experiential environments, Kanyon has demonstrated yet again our Group's ability to provide innovative solutions for better living.

In designing these and other investments aimed at reinforcing our Group's international competitiveness and growth potential, we are mindful that our long-term success largely depends on the ability of our country as a whole to develop and harness its tremendous potential, particularly the potential of its human resources. For this reason, we continued to expand the scope of our support for alternative educational initiatives in 2005.

One of the most exciting initiatives of this kind is the Young Inventors project. Organized by the Turkish Foundation of Education Volunteers, Young Inventors aims to promote children's interest, knowledge and creativity in science and math by providing them creative learning opportunities outside of the regular school curriculum. In 2005, Young Inventors opened its first program in Gaziantep; in 2006, we will open five more in Afyon, Eskişehir, İstanbul and İzmir.

Another platform through which we are contributing to alternative educational projects is İstanbul Modern. To date, more than 100,000 students from primary school to universities have participated in the Museum's educational programs, which aim to promote curiosity, awareness and discovery of art. With the sponsorship of the private sector, İstanbul Modern has developed workshops, guided museum tours and even a touring exhibition, which is carrying selected reproductions from exhibitions in progress to high school and university campuses around the country.

The projects I have described above are only a few of the numerous investments that the Eczacıbaşı Group is planning for the coming years as Turkey's economy and relationship with the European Union grow stronger – as I am confident they will if the government continues to carry out the structural reforms required for sustained growth and our progressive alignment with the institutional structures of the European Union.



**Bülent Eczacıbaşı**  
Chairman



# Letter from the CEO

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***The Eczacıbaşı Group continued to grow fast in both Turkey and international markets in 2005, raising its net sales by 15 percent to almost \$ 2.6 billion and its international sales by 15 percent to \$ 430 million.***

The Eczacıbaşı Group continued to grow fast in both Turkey and international markets in 2005, raising its net sales by 15 percent to almost \$ 2.6 billion and its international sales by 15 percent to \$ 430 million. These results reflect the success of the Group's marketing and sales strategies as well as its effective use of productive capacity. In just about every business area, Group companies raised their market shares in Turkey, reinforcing their leading positions in most cases. At the same time, Group companies strengthened their presence in international markets through expanded sales organizations, new cooperation agreements, and targeted investments in brand promotion.

Of all our business areas, the Turkish pharmaceuticals market was undoubtedly the most challenging in 2005. Heightened competition caused by a major restructuring of the social security system was accompanied by a significant reduction in pharmaceutical prices. All the same, the Pharmaceuticals Division grew faster than the market in both volume and value terms with a seven percent increase in net sales, enabling it to raise its overall market share for the second year in a row.

This achievement derived primarily from the Division's success in launching 28 new pharmaceuticals in 2005. Another contributing factor was the effectiveness of the Division's national marketing company, which visited 34,000 doctors and 10,000 pharmacies on a regular basis during the year.

Product development and new international agreements signed in 2004 boosted the Division's international sales by 38 percent in 2005. Likewise, new agreements signed in 2005 for three new molecules will help the Division to maintain this growth rate, especially as targeted development efforts are enabling the Division to launch a growing

number of "first generics" in European markets. This process has been driven by the Division's active pharmaceutical ingredient producer, which to date has submitted patent applications for 12 new API processes and received approvals for three – two of them in 2005 alone. In 2006, the Division expects to submit another two patents. While European Union countries currently account for 70 percent of the Division's international sales, preparations to enter the large North American market are moving forward. In line with this goal, the Division's pharmaceuticals manufacturing plant, Eczacıbaşı Health Products, expects to obtain FDA approval in 2006.

Buoyed by the recovery in Turkish construction activity, the Building Materials Division expanded its net sales by 20 percent in 2005 and consolidated the leadership of its flagship brands – VitrA and Artema – in just about every segment of the premium bathroom and tile markets in Turkey, as well in kitchen furniture, faucets and fittings. These achievements not only reflect the success of new product launches and related marketing strategies, but also of efforts to make VitrA and Artema-branded products readily available to consumers through large DIY stores as well as secondary dealer networks around the country. All of these measures will allow the Division to benefit from the rapid growth in retail building material sales expected from the sharp rise in housing starts in 2005.

International sales, which contribute almost half of the Division's total revenue, were supported by the new marketing strategy for the VitrA brand and the global launch in London of the first bathroom series designed by Ross Lovegrove for VitrA. With its unique design, materials and technology, the İstanbul Collection has focused international attention on VitrA and significantly advanced its goal of

becoming a top global brand. In addition to its collaboration with Ross Lovegrove, the Division is working closely with other prominent designers, launching bathroom suites by Mutlu-Milano, Pilots Design, and NOA; bathroom furniture by Dante Donegani-Giovanni Lauda and tile series by Defne Koz in 2005.

Apart from investments in design, the Division completed two major production projects in Turkey that raised its ceramic sanitary ware capacity to 6.2 million pieces – the sixth largest worldwide – and its bathtub capacity to 350,000 units. Other ongoing investments will extend the Division's range of bathroom and kitchen products when completed in 2006. Abroad, the Division significantly expanded its ceramic tile production capacity. In April 2005 it relocated and enlarged its tile operation in Ireland, and in December, it acquired Engers Keramik, a well-known German tile manufacturer with 95 years in the business. Ongoing production projects abroad include a ceramic sanitary ware plant and a tile plant in Russia that are scheduled to begin production in 2007 and 2008, respectively.

Another driver of the Building Material Division's international sales in recent years has been industrial minerals, exports of which rose 34 percent in 2005. Esan, the Division's

mining and industrial minerals trading company, produces one-third of Turkey's feldspar and kaolin exports and about 65 percent of Turkish refined ball clay output, supplied by the largest reserves in Turkey of clays and feldspars for the ceramic sanitary ware and tile sectors. It is also a leading importer of a wide range of industrial minerals, supplying various industries.

Our Consumer Products Division achieved a strong 23 percent increase in net sales in 2005, aided by vibrant consumer spending on personal care products – the Division's main business field. Despite new international entrants in all product categories, Division companies maintained or raised their dominant shares of the tissue paper, skin care and professional hair care markets through new product or brand launches and well-targeted marketing.

Like other Group manufacturing companies, İpek Kağıt, the Division's tissue paper company and a joint venture with Georgia-Pacific, is expanding its international sales. Already the largest international supplier of semi-finished products in the Middle Eastern market, İpek Kağıt has now begun initiatives to create awareness of its brands in Central Asia, where it aims to become the top supplier of quality finished products. For this

purpose, the Division began constructing a 10 thousand ton converting plant in Kazakhstan in 2005 that it plans to complete in 2006.

The Group's other business areas achieved 16 percent growth on average in 2005. In finance, our brokerage and asset management companies used their strong market standing to attract new local and international customers drawn to the opportunities in Turkey's capital markets. In electronic card systems, we maintained our clear leadership in Turkey as the first and only certified manufacturer of magnetic stripe and smart cards, while initiating major exports to neighboring countries in the Black Sea region and Central Asia. In response to growing demand in Turkey and abroad, our welding technology joint venture with Lincoln Electric began construction of a new plant on the outskirts of Istanbul that will raise its capacity by half when it comes on stream in early 2007.

Our single largest investment in 2005, however, continued to be Kanyon – a \$ 200 million mixed-use real estate project in Istanbul that we are developing in a 50:50 joint venture with İş Real Estate Investment Trust. Opened on 30 May 2006, this unique residential-shopping-entertainment-office complex is the first of its kind in Turkey and



among the few in Europe with an architectural design that encourages healthy and dynamic lifestyles. Kanyon has 179 residential units designed by internationally renowned architects Sevil Peach and Brigitte Weber and a business tower offering 30 thousand square meters of rental space on 26 floors. Both the tower and residences, which are designed to take full advantage of natural light and fresh air, overlook four levels of open-air streets and gardens lined with stores, restaurants and entertainment centers.

Altogether, the Eczacıbaşı Group invested close to \$ 150 million in 2005, up 74 percent on the previous year, and we will maintain this pace over the next three years with investment expenditures of \$ 420 million. To help finance these investments, which are aimed at strengthening our competitive edge in Turkey and abroad, we arranged for a five-year € 91 million syndicated credit in 2005, co-financed by ABN AMRO, Akbank, Calyon, Citigroup, Fortis Bank, Koçbank, and Türkiye İş Bank.

In the years ahead, our Pharmaceuticals Division will continue to focus its investments on furthering its competitive

edge in branded generic production through focused marketing and detailing both in Turkey and abroad in Europe and North America. Further investments in API process development and in obtaining more patents will be an integral part of the Division's growth strategy. Our Building Materials Division is targeting 60 percent growth in capacity in Turkey and internationally over the next three years, alongside investments in design and brand communication and acquisitions to strengthen our presence in strategic European and North American markets. Our Consumer Products Division plans to boost its tissue paper capacity from 100 thousand tons to 160 thousand, making it one of the largest tissue paper manufacturers globally.

Many of these investments require new areas of expertise, new language skills and new people, which is why we continued to put special focus on developing our human resource systems in 2005. Our goal is to have the best human resources in Turkey, because people are the most important source of our competitive strength – nationally and internationally. For this reason, every year I personally attend the career fairs of Turkey's most prestigious universities and speak directly to students about the many

opportunities for professional development that the Eczacıbaşı Group offers to talented new people.

Also contributing fundamentally to our competitive advantage and expansion is our broad-ranging e-transformation initiative, which has given Group companies access to the most current information technologies. Now, we are focusing not only on technology and infrastructure, but also on the human resources and the process side of managing our information and communication systems, so as to create an operational environment that ensures our competitive edge by enabling us to reach all the business information we need in real time.

With these in place, I am confident that our highly capable and committed management will achieve the ambitious growth targets we have set for ourselves for the next half decade.



Dr. Erdal Karamercan  
President and CEO

***Our goal is to have the best human resources in Turkey, because people are the most important source of our competitive strength – nationally and internationally.***



# Creating the Future Together

*Human resources management is a permanent and fundamental component of the Group's strategic management philosophy.*

The three basic qualities that set the Eczacıbaşı Group apart from other private enterprises are its business strategies, corporate values and human resources. Of these three, human resources are clearly the most important because strategies and values only come alive with people. Human resources management, therefore, is a permanent and fundamental component of the Group's strategic management philosophy.

The primary objectives of the Eczacıbaşı Group's human resources management policies are to attract, develop and retain outstanding human resources and to ensure that Group companies have dynamic organizational structures that are aligned with their strategic plans and objectives.

To achieve this, the Eczacıbaşı Group strives to ensure that it has in place the best human resource management applications and educational programs, provides a professional

and appealing working environment with continual opportunities for professional and personal development, and develops a long-term relationship with its employees that begins in their university years and continues into and through their retirement.

For the Eczacıbaşı Group, outstanding human resources means well-educated and well-prepared individuals who are open to innovation and change, entrepreneurial and energetic; who actively seek personal and professional development, who train other personnel and who share the Eczacıbaşı Group's understanding of respect, participation, initiative, quality, innovation, and sense of responsibility towards their jobs, community and environment.



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Dr. Öztin Akgüç *Director* Prof. Dr. Erdoğan Alkin *Director* Prof. Dr. Asaf Savaş Akat *Director*  
Faruk Eczacıbaşı *Vice Chairman* Bülent Eczacıbaşı *Chairman* Sezgin Bayraktar *Vice Chairman*  
Oktay Tulpar *Director* Prof. Dr. Münir Ekonomi *Director*

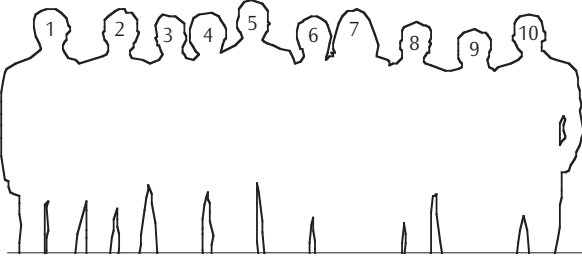




## Board of Directors

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**Hüsamettin Onanç** *Deputy Vice President, Building Materials* **Toker Alban** *Vice President, Planning and Finance*  
**Ülkü Feyyaz Taktak** *Director, Human Resources* **Dr. Erdal Karamercan** *President and CEO*  
**Levent Kızıltan** *Director, Information Technologies* **Tayfun İndirkaş** *Vice President, Building Materials*  
**Okşan Atilla Sanön** *Director, Corporate Communications* **Osman Erer** *Vice President, Consumer Products*  
**Sacit Basmacı** *Vice President, Head Comptroller* **Sedat Birol** *Vice President, Pharmaceuticals*

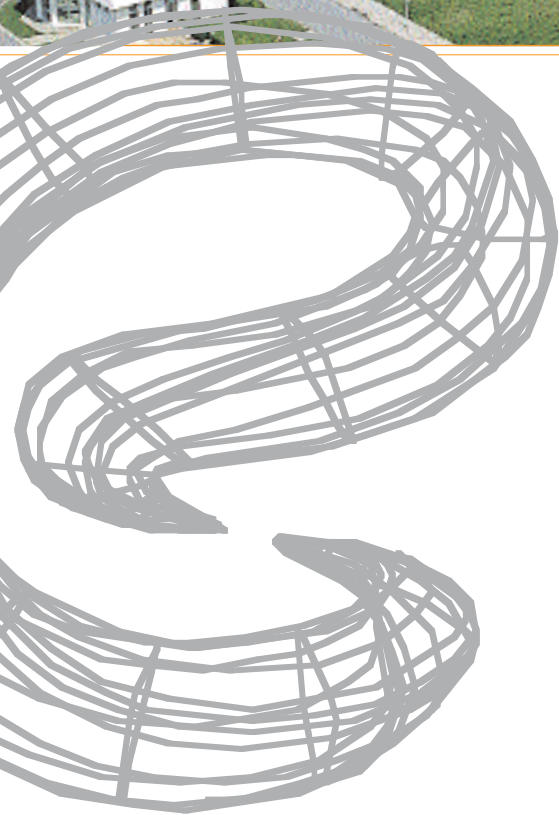




## Executive Management



# Pharmaceuticals Division







*Last year, despite significant downward pressure on local pharmaceutical prices, the Division increased its net sales by seven percent in US dollar terms to \$ 811 million and increased its IMS share of the local market.*





*For the second consecutive year, the Division's international sales exceeded 30 percent in 2005, rising 38 percent to almost \$ 33 million.*

The Eczacıbaşı Pharmaceuticals Division continued to expand rapidly its international sales in 2005, while strengthening its share in the Turkish market. Last year, despite significant downward pressure on local pharmaceutical prices, the Division increased its net sales by seven percent in US dollar terms to \$ 811 million and increased its IMS share of the local market from 4.82 to 4.94 percent. This achievement was aided by the launch of 28 new pharmaceuticals and 11 parenteral solutions, renal products, hospital supplies and biological products.

For the second consecutive year, international sales growth exceeded 30 percent in 2005, rising 38 percent to almost \$ 33 million. This achievement reflects the Division's steady efforts in recent years to obtain marketing authorization in major international markets and augment the number of its international business contracts. International sales will receive another boost from the Division's new cephalosporin plant, which has doubled the

Division's capacity in this area. Overall, the Division exported to 33 countries in 2005, with the European Union accounting for 70 percent of this amount.

In 2005, Turkey's pharmaceutical market continued to reflect changes in the Ministry of Health's distribution, pricing and reimbursement systems for pharmaceuticals. One of the most important was the Ministry's lifting of its requirement that beneficiaries of state-run social security systems fill their pharmaceutical prescriptions at pharmacies in social security hospitals. Parallel to this change, the Ministry asked pharmaceutical suppliers to provide a new discounts of 4 and 11 percent. Another major development was the implementation of a single reimbursement system for all social security institutions based on the "cheapest price among five selected EU countries plus 30 percent" system. Additionally, the Ministry reduced prices by 8.83 percent in July 2005 as a result of the decline in the euro/TL parity.





The Division has responded to these and other recent structural changes in the pharmaceutical industry by building on its standing as a world class manufacturer of pharmaceuticals, active pharmaceutical ingredients, and parenteral and renal solutions. Backed by cGMP (Good Manufacturing Practices) and cGLP (Good Laboratory Practices) approvals as well as ISO Quality Certification from Bureau Veritas, it has obtained approvals from some of the world's most rigorous health agencies, including the Medicines and Healthcare products Regulatory Agency (MHRA) of the UK and the Bundesinstitut für Arzneimittel und Medizinprodukte (BfArM) of Germany. In Turkey, the Division is providing state-of-the-art treatment opportunities through its numerous licensing agreements and international joint ventures with Baxter International, The Corridor Group and Aventis. Increasingly, it is also relying on its own research and development capability to expand its range of treatments. To date, the Division has submitted patent applications for 12 new API processes and received approvals for three – two of them in 2005 alone.

### **Eczacıbaşı Pharmaceuticals Manufacturing**

Eczacıbaşı Pharmaceuticals Manufacturing has produced pharmaceuticals, veterinary products and personal care products since 1952, when it established Turkey's first modern pharmaceutical plant. In 1992, two years after going public, Eczacıbaşı Pharmaceuticals Manufacturing moved its manufacturing operations to a 60,000 square meter production complex in Lüleburgaz, 150 kilometers west of Istanbul. There, with a combined capacity of 400 million dosage form units per year and separate production units for penicillin and cephalosporin, the Company's fully-owned subsidiary – Eczacıbaşı Health Products – manufactures over 400 products in full compliance with the strictest international industry standards, including cGMP and cGLP.

#### *High plant ratings from regulatory agencies and business partners*

Thanks to the advanced technology, high production quality and strict control systems of the Lüleburgaz production plant, Eczacıbaşı Pharmaceuticals Manufacturing has approvals

from two of the world's most stringent health regulatory agencies: the Medicines and Healthcare products Regulatory Agency (MHRA) of the UK and the Bundesinstitut für Arzneimittel und Medizinprodukte (BfArM) of Germany. Preparations are underway for a comprehensive audit by the US Food and Drug Administration (FDA) in 2006, the application for which was submitted in December 2005.

In 2005, as in previous years, Eczacıbaşı Pharmaceuticals Manufacturing obtained the accreditation of numerous national and international health authorities and auditors representing international business partners, who reviewed and approved the quality assurance and environmental systems of the Lüleburgaz production complex. Last year, auditors from MHRA and BfArM also renewed their certification of the complex following a comprehensive biannual audit.

#### *Steady net sales revenue despite declining prices*

In 2005, despite the squeeze on local pharmaceutical prices caused by the Ministry of Health's new pharmaceutical distribution



*To date, the Eczacıbaşı Pharmaceuticals Division has submitted patent applications for 12 new API processes and received approvals for three – two of them in 2005 alone.*



*In November 2005, the Lüleburgaz complex opened a new cephalosporin plant that has doubled its capacity in this area.*

and reimbursement policies, the total net sales revenue of Eczacıbaşı Pharmaceuticals Manufacturing and its fully-owned subsidiary, Eczacıbaşı Health Products, rose to \$ 293 million. Sales growth was driven by the launch of new products in both Turkey and export markets and by fast-growing export sales, which rose 40 percent to \$ 30 million.

*Successful launch of first generics in export markets*

Eczacıbaşı Pharmaceuticals Manufacturing continued to build its presence in international markets in 2005, signing new cooperation agreements with European partners for three molecules that it aims to launch in selected European markets in 2006 as the first generics in their categories. It also expanded the scope of existing agreements, leading to two more molecules – one in France and the other in Switzerland – becoming the first generics in their category.

While expanding its sales in the UK and Central Europe, Eczacıbaşı Pharmaceuticals

Manufacturing is working to strengthen its presence in neighboring regions. In 2005, it established a representative office and sales and marketing organization in Romania and quickened efforts to set up other sales and marketing organizations in the region.

*New cephalosporin capacity*

In November 2005, the Lüleburgaz complex opened a new 6,600 square meter cephalosporin plant that has doubled its cephalosporin capacity from 30 million boxes to 60 million boxes. Initially, the plant will manufacture 242 dosage forms of 37 cephalosporin antibiotics that will be exported to 22 countries, 16 of these being in Europe.

**Eczacıbaşı-Baxter Hospital Supply**

Eczacıbaşı-Baxter Hospital Supply raised its net sales 19 percent in US dollar terms and launched 11 new products (16 new forms) in 2005, including six medical devices and such innovative products as Oliclinomel, a three-in-one parenteral nutrition product containing olive-oil based lipid emulsion, and

*With an annual capacity of 70 million units, Eczacıbaşı-Baxter can produce 180 varieties of high-quality parenteral solutions, amino acids and specialty solutions as well as peritoneal dialysis solutions in a variety of single and twin bags.*

Cernevit, a unique IV multi-vitamin that will generate additional revenue for the nutrition product group.

*Primary supplier of renal products and parenteral solutions in Turkey*

Eczacıbaşı-Baxter Hospital Supply is Turkey's leading manufacturer of parenteral solutions, renal products and other hospital supplies, as well as an importer of anesthesia and biological products. With an annual capacity of 70 million units, Eczacıbaşı-Baxter can produce 180 varieties of high-quality parenteral solutions, amino acids and specialty solutions as well as peritoneal dialysis solutions in a variety of single and twin bags. Additionally, Eczacıbaşı-Baxter can manufacture up to 36 million infusion and transfusion sets.

*Improving the standards of dialysis treatment*

In recent years, Eczacıbaşı-Baxter has expanded the scope of its services for people with chronic kidney disease. A joint venture established in 2002 with RTS Worldwide

(a Baxter company) is now operating 13 centers, with the opening of RTS Onur and RTS Izmir in 2005, and has an 11 percent share of the private dialysis market.

Eczacıbaşı-Baxter sponsors regular conferences, seminars and in-hospital training for patients, their families and health workers, with the aim of advancing local expertise in the treatment of chronic kidney disorders. Eczacıbaşı-Baxter also reaches patients through its 24-hour call service and home delivery service that covers 99 percent of all peritoneal dialysis patients in Turkey and traveling dialysis patients, through deliveries to 45 countries.

**Eczacıbaşı Fine Chemical Products**

Eczacıbaşı Fine Chemical Products raised its net sales 27 percent in US dollar terms in 2005, spurred by strong demand in Turkey and the establishment of a marketing and sales department in the first month of the year.

International sales were also buoyant in 2005, with deliveries of active pharmaceutical ingredients (APIs) to customers in Austria, Germany, Korea, Iran, Italy, Mexico, Switzerland and Tunisia. Looking ahead, Eczacıbaşı Fine Chemical Products expects current product development and registration activities to broaden its international reach to Greece, Japan, Portugal, Slovenia, Spain and the US in the near future.

*Product development for the European and North American markets*

A researcher and developer of API processes as well as a manufacturer of APIs, Eczacıbaşı Fine Chemical Products received Turkish Ministry of Health approval for seven new products in 2005: 11- $\alpha$ -Hydroxy Canrenone, Sulbactam Sodium/Ampicillin Sodium Mixture, Lansoprazole/Lansoprazole Pellet, Omeprazole/Omeprazole Pellet, Granular Clarithromycin, Lisinopril Dihydrate (Intermediate), and Tazobactam Sodium; four other projects targeting international sales are underway. Eczacıbaşı Fine Chemical Products







**Eczacıbaşı Fine Chemical Products' extensive research and development activity led to two more patent applications being granted in 2005, raising to three the number of process patents that it has received in the last two years.**

also filed drug master files (DMFs) in various EU countries in 2005, obtaining marketing authorization in Denmark and Netherlands for Amlodipine Mesylate and Sodium Alendronate.

Eczacıbaşı Fine Chemical Products' extensive research and development activity led to two more patent applications being granted in 2005, raising to three the number of process patents that it has received in the last two years. Another nine patent applications are being evaluated by local and international agencies.

#### **Renovation and expansion of R&D and QC laboratories**

Eczacıbaşı Fine Chemical Products enlarged its R&D center and quality control laboratories in 2005, enhancing the environment of its new cGMP/GLP compliant laboratory and expanding the capacity of its R&D activities.

Eczacıbaşı Fine Chemical Products operates from a modern complex that comprises a multi-purpose production plant with

hydrogenation and coating units, fully equipped research and development center, modern quality control laboratories and pilot production plant. In line with current regulations, it manufactures beta-lactam APIs in an independent building with separate units for penicillin and cephalosporin, and has separate drying, milling and packaging rooms with filtered air-handling systems and pressurized corridors to prevent contamination. In addition to synthesis activities, Eczacıbaşı Fine Chemical Products produces API intermediates via fermentation, with a maximum capacity of 80 cubic meters.

#### **Environmental Sector Award for 2005**

Eczacıbaşı Fine Chemical Products received the Environmental Management Award of the Istanbul Chamber of Industry in 2005, in recognition of its strong health, safety and environmental protection record. This award and growing recognition of the environmental benefits of its new patented process for Alendronate production led to its nomination for the EC Environment Directorate-General's 2006 European Environmental Award for



Sustainable Development. Unlike earlier processes, the Alendronate production process developed by Eczacıbaşı Fine Chemical Products does not use methanesulphonic acid and other dangerous chemicals, making it less risky and more environmentally friendly.

#### **Vendor Qualification and Certification**

As part of its value improvement program, Eczacıbaşı Fine Chemical Products began to certify its domestic and international suppliers in 2005. The Company's goal is to extend this certification process to most of its suppliers by the end of the decade.

#### **Eczacıbaşı Pharmaceuticals Marketing**

Eczacıbaşı Pharmaceuticals Marketing introduced eight new molecules and five new dosage forms to the Turkish market in 2005, raising its market share from 4.82 percent in 2004 to 4.94 percent, according to IMS data.

Eczacıbaşı Pharmaceuticals Marketing carries out the marketing, promotion, sales and distribution of pharmaceuticals and veterinary products produced by Eczacıbaşı

Pharmaceuticals Manufacturing as well as of pharmaceuticals imported from Amgen, 3M, Astellas, Abbott, Agis, Sanofi Aventis, Lemery and Medline and veterinary products imported from Vetia and LG Life Sciences. Additionally, it provides warehousing and distribution services to Schering-Plough, Solvay Pharmaceuticals and AstraZeneca.

New pharmaceutical product launches in 2005 included Glirid and Novade for diabetics, Zelium for obesity, Aranesp for renal insufficiency and anemia, Teril in the anti-epilepsy field, and Calsynar in the hormone products field. Eczacıbaşı Pharmaceuticals Marketing also introduced new forms of the Helicol acid pump inhibitor, Kolestol for treatment of hypercholesterol, Sefuroks antibiotics, and Osalen for osteoporosis. New veterinary products included a new dosage form of Sultramisin and a new molecule, D-Prestolyne.

Eczacıbaşı Pharmaceuticals Marketing is in the process of expanding its sales force, which

already visits 34,000 doctors and 10,000 pharmacies on a regular basis. Starting in 2006, this expanded sales organization will take on new responsibilities arising from new product distribution and sales agreements with Taro and AC Pharma. All of these visits are processed by the sales force automation system and developing areas are monitored closely.

In 2006, Eczacıbaşı Pharmaceuticals Marketing will continue to strengthen its competitive edge in its 85 therapeutic areas with new products and dosage forms.

#### **Eczacıbaşı Pharmaceuticals Trading**

Eczacıbaşı Pharmaceuticals Trading expanded its net sales by 43 percent in US dollar terms in 2005, enabling it to raise its market share from 0.35 percent in 2004 to 0.63 percent.

Eczacıbaşı Pharmaceuticals Marketing is the registration holder and distributor of various Aventis Pharma products, including Bi-Profenid in the antirheumatics field and Granocyte in hematology and oncology.



*Eczacıbaşı Pharmaceuticals Marketing introduced eight new molecules and five new dosage forms to the Turkish market in 2005, raising its market share from 4.82 percent in 2004 to 4.94 percent, according to IMS data.*





***Eczacıbaşı-Corridor Health Services raised its net sales by 98 percent in Euro terms relative to 2004.***

#### **Eczacıbaşı-Corridor Health Services**

Eczacıbaşı-Corridor Health Services, a joint venture between Eczacıbaşı Holding and The Corridor Group, a leading US-based consultancy on home healthcare services, raised its net sales by 90 percent in US dollar terms relative to 2004. Established in 2001 to pioneer home healthcare services in Turkey, Eczacıbaşı-Corridor Health Services was the first to be licensed by the Ministry of Health as a home healthcare company after the issue of related regulation in 2005.

#### ***Leading provider of comprehensive home healthcare services in Turkey***

Eczacıbaşı-Corridor Health Services is the first in Turkey to provide the full range of home healthcare and support services required for home treatment. Apart from care planning and coordination, the Company offers home-based nursing care, doctor, therapist and dietician visits; support services like laboratory, x-ray, EKG, ultrasound, IV therapy and wound management; and integrated management programs for cardiovascular

disease, pain, diabetes and other chronic diseases. It also provides long-term rental services of specialized medical equipment, such as oxygen systems, hospital beds and ICU monitoring equipment.

#### ***Home healthcare programs for hospitals and companies***

The primary goals of Eczacıbaşı-Corridor Health Services are to enhance the quality of life of patients requiring regular or postoperative/ post-discharge health services and to reduce the economic burden of these services on patients and the health system. To this end, the Company has developed agreements with a number of insurance companies and hospitals that enable it to provide home healthcare services to their patients. The Company also offers comprehensive corporate health services including health assessment and preventative health programs such as ergonomics, smoking cessation, vaccination, weight loss and diet. Eczacıbaşı-Corridor Health Services has a number of special preventative healthcare

***Established in 2001 to pioneer home healthcare services in Turkey, Eczacıbaşı-Corridor Health Services was the first to be licensed by the Ministry of Health as a home healthcare company after the issue of related regulation in 2005.***

programs, such as the Health Monitoring Program for families and executives and the Healthy Mother-Healthy Newborn Baby Program for families. In 2006, in addition to these services, the Company will continue to provide management programs for chronic diseases like hypertension, diabetes and dyslipidemia.

#### **Cooperation Agreements with International Companies - 2005**

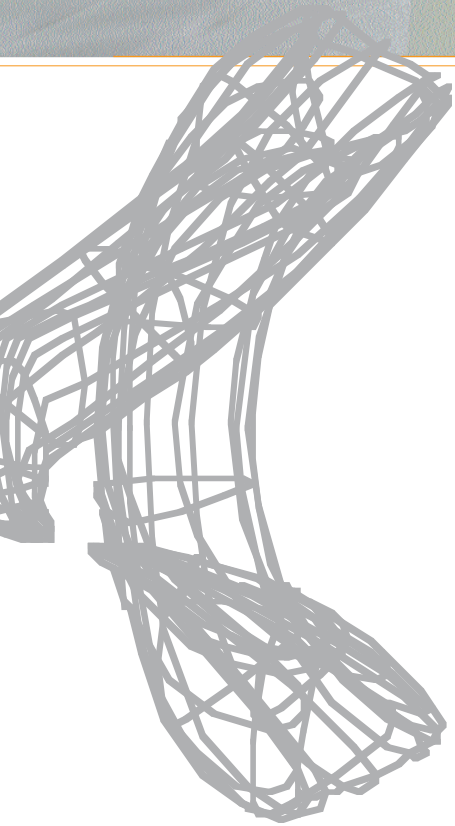
3M  
Abbott Laboratories  
Alfred E. Tiefenbacher  
Amgen Europe GmbH  
Astellas Pharma (Fujisawa)  
AstraZeneca  
Baxter International  
Beiersdorf  
Boehringer Ingelheim  
Bristol-Myers Squibb  
Chanelle Medical  
Chemagis (Perrigo)  
Chemo Iberica  
Chugai-Aventis  
Crescent Pharma  
Dainippon-Sumitomo Pharma  
Genzyme  
Gerolymatos  
Helm AG  
IVAX Pharmaceuticals (TEVA)

Johnson&Johnson  
Merck AG  
Novartis Pharmaceuticals  
Nycomed  
Pfizer  
Procter&Gamble  
Roche  
Rovi  
Rüsch  
Sandoz  
Sanofi-Aventis  
Schering-Plough  
Schwarzkopf  
Siegfried Generics  
Solvay  
Sotex  
Taro  
Welding GmbH  
Wockhardt





# Building Materials Division







*Buoyed by the recovery in Turkish building material demand and strong export sales, the Eczacıbaşı Building Materials Division expanded its net sales by 20 percent to \$ 726 million in 2005. Almost half of this amount, or \$ 335 million, represented sales to international markets.*



***Expanding its sales in the Turkish market by more than 27 percent in US dollar terms, Eczacıbaşı Building Materials-VitrA extended its leadership in the premium ceramic sanitary ware market to bathroom furniture, toilet seats, concealed cisterns and other complementary products.***

Buoyed by the recovery in Turkish building material demand and strong export sales, the Eczacıbaşı Building Materials Division expanded its net sales by 20 percent to \$ 726 million in 2005. Almost half of this amount, or \$ 335 million, represented sales to international markets, up 13 percent on the previous year in US dollar terms.

Leading its export drive are the Division's ceramic sanitary ware, faucet and tile producers and their flagship international brand, VitrA. Today, in more than 75 markets around the world, the Division markets ceramic sanitary ware, faucets, wall and floor tiles, bathtubs, bathroom furniture and accessories under the VitrA brand, claiming important shares of the ceramic sanitary ware and professional tile markets in several European countries, as well as in markets as diverse as Australia and Israel.

With the long-term goal of making VitrA one of the top global brands in world bathroom markets, the Division is strengthening its marketing and sales operations in Europe and North America, investing in its brand and reformulating its brand communication. Through collaboration with high profile

industrial designers like Ross Lovegrove, the Division aims to differentiate its brand in international markets with innovative bathroom concepts that set new standards on the quality-design-price axis.

Fuelled by a 21.5 percent expansion in construction activity, the highest in the national economy, Turkish building material markets recorded strong growth in 2005 for the second year in a row. Construction activity was driven by the rapid development of large housing projects around major cities, as well as major investments in commercial and production infrastructure.

The Eczacıbaşı Building Materials Division took full advantage of this growth through its national marketing and sales company, which strengthened its reach in regional markets in 2005 through the expansion of the sub-dealer system and home office sales teams. Additionally, through the launch of innovative products and marketing campaigns highlighting the unique design and functional attributes of its products, the Division fortified its leading position in the high-end segment of the market.

***In 2005, Eczacıbaşı Building Materials-VitrA developed a new communication campaign for the VitrA brand in international markets based on the concept of “bathroom culture”.***



### **Eczacıbaşı Building Materials Manufacturing**

Eczacıbaşı Building Materials Manufacturing is the premier supplier of high quality ceramic sanitary ware, faucets, bathroom cabinets and accessories in the Turkish market and the leading Turkish exporter of these products. In international markets, the Company is successfully promoting its flagship brand, Vitra, as a global brand offering the best combination of price, quality and design. Eczacıbaşı Building Materials Manufacturing has two divisions: Vitra Ceramic Sanitary Ware and Artema Faucets. In 2005, thanks to the strong recovery in sales to the Turkish market and continued export growth, the Company's net sales rose 11 percent to more than \$ 256 million. International sales rose 12 percent to just over \$ 174 million.

### **Vitra Ceramic Sanitary Ware**

Expanding its sales in the Turkish market by more than 27 percent in US dollar terms, Eczacıbaşı Building Materials-Vitra extended its leadership in the premium ceramic sanitary ware market, where its share exceeds 25 percent, to bathroom furniture, toilet seats, concealed cisterns and other complementary products. This achievement reflected the success of new measures aimed at increasing

the sales of main distributors and sub-dealers and the effectiveness of regional marketing and consumer campaigns, which allowed Eczacıbaşı Building Materials-Vitra to capture a significant share of the renewal market and promote the use of Vitra products in specialty projects.

International sales are the central component of Eczacıbaşı Building Materials-Vitra's long-term growth strategy. Exporting 85 percent of its production to some 75 countries around the world, Eczacıbaşı Building Materials-Vitra is a leading contender in many European markets, including Germany and the UK, where it has respective market shares of 13 and six percent. Vitra is also raising its standing in other highly competitive markets, like the US, France, Russia, Scandinavia, Australia and New Zealand.

To help it develop its global sales and distribution operations, Eczacıbaşı Building Materials-Vitra completed the establishment of three new international sales offices in 2005 – Vitra France, Vitra Italy and Vitra Far East – to complement its existing network of international sales offices in Central Europe (Vitra Bad), Great Britain and Ireland (Vitra UK), North America and Canada (Vitra USA),

and Russia and the CIS (Vitra Russia).

Eczacıbaşı Building Materials-Vitra also has exclusive showrooms in Moscow, Kerpen and Atlanta that display the full range of Vitra bathroom solutions. Overall, Vitra bathroom products are found in more than 2000 sales points worldwide.

### **Global brand strategy**

The global goal is to make Vitra a well known international brand by redefining the bathroom and changing consumers' perception of the bathroom space as an unexpectedly exciting one, thus arousing their interest and desire to have one. This conception of bathroom space is captured by Vitra's vision, which is "designing space for living through innovations".

In 2005, Eczacıbaşı Building Materials-Vitra developed a new communication campaign for the Vitra brand in international markets based on the concept of "bathroom culture". In this campaign, Vitra symbolizes a bathing culture that spurs the imagination and encapsulates sensuality – a sanctuary of personal maintenance and indulgence. Inspired by a millennia – old tradition of Turkish hamam culture, Vitra reconceptualizes how the bathroom is experienced and





***Eczacıbaşı Building Materials-VitrA unveiled the first products of its collaboration with renowned British designer Ross Lovegrove at a global launch in London in September 2005.***

transforms it into a core living space with colors, textures and rituals of its own.

#### ***Unique bathroom solutions***

Eczacıbaşı Building Materials-VitrA views design as a strategic business tool for achieving its vision of the VitrA brand; innovation and creativity are integral components of its operations. For this reason, Eczacıbaşı Building Materials-VitrA is collaborating with internationally renowned designers and design houses to develop highly innovative and original bathroom solutions for professional and residential use. Prominent names cooperating with VitrA's in-house team of 50 designers include Ross Lovegrove, Defne Koz, Inci Mutlu, Angsar Brossardt, Jop Timmers, Ambrogio Rossari and NOA.

Eczacıbaşı Building Materials-VitrA unveiled the first products of its collaboration with renowned British designer Ross Lovegrove in September 2005 at a global launch in London. Lovegrove's first collection is entitled "İstanbul" and draws its inspiration from Ottoman geometries and calligraphy. Offering more than 100 products, "İstanbul" is based on the concept of a seamless wet space, where individual elements are drawn out of the surfaces, all white, liquid and viscous.

Eczacıbaşı Building Materials-VitrA will launch Lovegrove's collection in Turkey and international markets in April 2006. Already, it has captured the attention of leading design critics. Wallpaper Magazine, considered by many to be an école in the design world, selected the İstanbul Collection for its 2005 "Best Bathroom" design award. In announcing its decision, Wallpaper said that the collection was "the most ambitious bathroom range of the year". İstanbul Collection has also won the 2006 Red Dot design award, one of the world's leading awards for products seen to combine superior quality and cutting edge design.

With the İstanbul Collection launch set for 2006, VitrA's primary launch in 2005 was the Espace bathroom suite designed by NOA. Encompassing every aspect of the bathroom and customer needs, Espace offers modern, innovative and flexible architectural solutions for bathrooms that put every space of the bathroom to use. Also launched in 2005 were the Piu Due and Think Hepi collections by the Mutlu-Milano Studio, which use perfect symmetry and balance to create simple, modern and relaxing bathroom spaces.

***Innovative products strengthen leadership***  
In 2005, Eczacıbaşı Building Materials-VitrA relaunched its concealed cistern product





range, raising its market share to more than 35 percent and giving it the clear leadership in this category. Similarly, through the launch of more than 100 different bathroom furniture products, Vitra acquired a 10 percent share of this market and secured its leadership in the premium segment.

#### *New capacity and product lines*

In response to growing demand for its products, Eczacıbaşı Building Materials-Vitra expanded its capacity by one million units to 6.2 million in 2005, making it the world's sixth largest manufacturer of ceramic sanitary ware. Its Bozüyük production complex alone has a capacity of 4.6 million units, ranking it first worldwide in terms of capacity, production quality and technology. In keeping with its focus on innovation, Bozüyük features the latest technology in ceramic sanitary ware production, including low pressure casting and laser re-firing.

Two further investments in 2005 will expand Vitra's product range when they begin operating in 2006. The first is a new plant in Gebze to produce shower cabins that will have an initial capacity of 25 thousand units and 36 different models. The second is a plant to produce highly durable polyester resin washbasins, which Eczacıbaşı Building

Materials-Vitra will begin marketing in 2006 under the VitraSolid brand name.

In April 2005, Eczacıbaşı Building Materials-Vitra also inaugurated a finishing line for bathroom furniture, to decrease the time spent on lacquering and varnishing and improve surface quality, which already is greatly superior to other local production.

#### **Artema Faucets**

Buoyed by positive developments in the Turkish construction market, Eczacıbaşı Building Materials-Artema became the top supplier of bathroom and kitchen faucets in the Turkish market in 2005 while maintaining its leadership in bathroom accessories.

Last year, Eczacıbaşı Building Materials-Artema improved its sales and overall penetration of the Turkish market through the effective use of DIY and sub-dealer channels and sales to large projects. At the same time, through investments in its brand image, it considerably strengthened its position in the mid to upper consumer segments of the national market. Eczacıbaşı Building Materials-Artema's flagship brand in the national market is Artema. Sales to international markets, which represent 60 percent of production, are marketed under the Vitra brand.

#### *"Expert in water management"*

Eczacıbaşı Building Materials-Artema gave strategic priority to the national market in 2005, in line with its goal of becoming the market leader.

To this end, Eczacıbaşı Building Materials-Artema developed two main product series to fortify its position in diverse segments of the market. The Diagon faucet and accessory series, launched during the first half of the year, targeted the mid to upper segments of the market with its superior design and high technology. As its largest and most prestigious product launch, Diagon was the focus of communication activities to promote the Artema brand as an "expert in water management".

During the second half of the year, Eczacıbaşı Building Materials-Artema launched Armix Form, a series aimed at expanding its overall penetration in the Turkish market by broadening its presence in the middle-lower segment.

Increasingly, Eczacıbaşı Building Materials-Artema is focusing its product development activities on design and technology products, where it is quickly developing an expertise and reputation for high quality. Overall, Eczacıbaşı



*Buoyed by positive developments in the Turkish construction market, Eczacıbaşı Building Materials-Artema became the top supplier of bathroom and kitchen faucets in the Turkish market in 2005 while maintaining its leadership in bathroom accessories.*



***Eczacıbaşı Ceramic Tiles significantly raised its profile in European markets in December 2005 with its acquisition of Engers Keramik GmbH&Co. KG, a well-known German ceramic tile manufacturer.***

Building Materials-Artema developed 150 new faucets and accessories for the national and international markets in 2005.

***Supplier of faucets to major world markets***

In 2005, while continuing its cooperation with world industry leaders, Eczacıbaşı Building Materials-Artema gave strategic priority to increasing its sales of branded products.

Eczacıbaşı Building Materials-Artema directed almost 60 percent of its sales to 60 countries around the world in 2005. Its main markets continued to be the US, Germany, UK, UAE and Australia, where it is expanding its sales under the Vitra brand through special designs for these markets.

***Certified world-class quality***

The first Turkish fittings producer to obtain ISO 9001 and ISO 14001 certification, Eczacıbaşı Building Materials-Artema strives to achieve product standards that are abreast or ahead of the highest European standards. Apart from EN 817 and EN 200 standards for single and double-lever mixers and faucets, Eczacıbaşı Building Materials-Artema is certified as meeting the quality standards of Australia (QAS), Canada (CSA), China/Hong Kong (NUTEK), Denmark (ETA), Finland (STF), Norway (BYGGFORSK), Russia (GOST-R), Sweden

(SITAC) and the UK (WRC). In 2000, Eczacıbaşı Building Materials-Artema was the winner of the national TÜSİAD-KalDer Quality Prize.

***Eczacıbaşı Ceramic Tiles Manufacturing***

Eczacıbaşı Ceramic Tiles significantly raised its profile in European markets in December 2005 with its acquisition of Engers Keramik GmbH&Co. KG, a well-known German ceramic tile manufacturer located in the Rheinland Pfalz region of Germany. The Engers plant has brought Eczacıbaşı Ceramic Tiles an additional 2.2 million square meters of capacity as well as a strong local brand in Central Europe.

Eczacıbaşı Ceramic Tiles is Turkey's leading supplier of premium wall and floor tiles and a major tile exporter, with sales to more than 60 countries mainly in Central Europe, Ireland, the UK, Russia, the CIS, the US and Canada. International sales in 2005 were highlighted by prestigious contracts in Denmark, Germany, Russia and the US that demonstrated the growing awareness among international professionals of the high quality and wide variety of Vitra branded tiles. In 2005, Eczacıbaşı Ceramic Tiles expanded its international sales by 12 percent in US dollar terms, giving it an 18 percent share of Turkey's ceramic tile exports.

***Eczacıbaşı Ceramic Tiles continued to supply a number of prestigious projects in 2005, including the Real and Europark Shopping Center in Russia, Berlin Schönefeld Airport in Germany, and Cairo Tower in Egypt, for which it provided the external cladding.***

In Turkey, Eczacıbaşı Ceramic Tiles dominates the professional product segment with its Arkitekt brand.

#### *Innovative products for professional and home use*

Over the years, Eczacıbaşı Ceramic Tiles has pioneered new products, like 2.5 x 2.5 cm mosaic tiles, and built up a wide portfolio of ceramic tiles, glazed and unglazed porcelain tiles, and special tiles and accessories for swimming pools.

Eczacıbaşı Ceramic Tiles manufactures two main categories of products that vary in size from 2.5x2.5 cm to 60x90 cm. Vitra Rezidans is a range of aesthetic indoor and outdoor tiles for all kinds of living areas, from bathrooms and kitchens to terraces. Vitra Arkitekt offers professional tiles designed mainly for industrial and commercial establishments in the full range of tile sizes and RAL colors.

Aside from bathroom and kitchen tiling, Eczacıbaşı Ceramic Tiles manufactures products for a broad range of architectural demands, such as swimming pools, building exteriors and raised floors. It also has special collections developed in-house by its design team or jointly with such leading international

designers as Ross Lovegrove, Defne Koz, and NOA.

Unique designs and its innovative approach to functionality have earned Vitra tiles a strong position in the premium segment of the market. New launches in 2005 included glass borders, mosaics, series with minimalist decorative tiles and cut borders, and new porcelain tiles. Many of these have advanced surface technologies, like VitraClean, VitraAntibacterial and VitraProtect.

#### *25 million square meter capacity*

With a combined production capacity of 21 million square meters at its modern plants in Turkey, another 1.75 million square meters in Ireland, and 2.2 million square meters at its new plant in Germany, Eczacıbaşı Ceramic Tiles has positioned itself firmly among Europe's top ceramic tile producers.

Eczacıbaşı Ceramic Tiles has designed its production capacity to maximize its ability to manufacture both customized, single-batch orders and mass-produced high quality tiles. This flexibility has enabled Eczacıbaşı Ceramic Tiles to develop and maintain the broadest array of products in its sector – more than 200 ranges and over 4000 varieties – and to launch

on average 40 to 50 new series per year that comply with EN standards.

#### *Growing presence in major world markets*

In recent years, Eczacıbaşı Ceramic Tiles has reorganized its marketing and sales network in Europe, North America and Russia and expanded its product range to meet the specific needs of its international markets.

Working through the Group's sales company in the US, Vitra USA, Eczacıbaşı Ceramic Tiles succeeded in becoming the first European company to export 2.5x2.5 cm and 5x5 cm dot-mounted tiles to the US and Canada. In European markets, where it coordinates with Vitra Ireland, Vitra Bad, Vitra UK and Vitra Bath and Tiles in Russia, Eczacıbaşı Ceramic Tiles aims to increase significantly its project-based and professional sales in 2006.

Eczacıbaşı Ceramic Tiles has eight information centers in Turkey and abroad that provide product information, training and consultancy to end-users and professionals. Two of these Info Centers are in Ireland (Arklow and Dublin); the other three are in Moscow, Russia, Kerpen, Germany, and Atlanta, the US. Apart from consultancy, Info Centers provide pool project design services.







***In March 2005, with the inauguration of its new plant, Vitra Ireland also opened its first “VitrAshop”, which combines cash & carry retailing and complete bathroom solutions.***

Eczacıbaşı Ceramic Tiles continued to supply a number of prestigious projects in 2005, including the Real and Europark Shopping Center in Russia, Berlin Schönefeld Airport in Germany, and Cairo Tower in Egypt, for which it provided the external cladding.

#### **Vitra Ireland**

Vitra Ireland is the Eczacıbaşı Group’s first manufacturing investment abroad and Ireland’s only producer of ceramic wall tiles. Since its establishment in 1998, Vitra Ireland has successfully built on this unique position to raise consumer recognition of the Vitra brand and strengthen its position in the market. For this reason, Vitra Ireland moved to a new plant in March 2005 that raised its production capacity to 1.75 million square meters.

Vitra Ireland has two prestigious showrooms in Arklow and Dublin promoting a wide range of tiles produced by Eczacıbaşı Ceramic Tiles and Vitra Ireland as well as a broad selection of Vitra products manufactured by other Division companies. In March 2005, with the inauguration of its new plant, Vitra Ireland also opened its first “VitrAshop”, which combines cash & carry retailing and complete bathroom solutions. Because the Irish tile

market is quite developed in terms of consumer understanding of modern tiles and per person tile usage, Vitra Ireland plans to establish a chain of these shops around the country.

#### **Eczacıbaşı-Koramic Building Chemicals Manufacturing**

Eczacıbaşı-Koramic Building Chemicals was established in 1998 and manufactures high quality tile adhesives, grouts, water proofing materials, primers, additives, tile cleaning and protecting products, self leveling compounds, repair mortars, surface restoration plasters, silicone sealants, MS mastics and external thermal insulation composite systems for Turkish and international markets. Its 50:50 joint venture partner is Koramic Building Products NV, a prominent Belgian producer of building chemicals.

#### ***Leader in product variety and quality***

The Company’s plant, located at the Eczacıbaşı Building Materials Division’s production compound in Bozüyük, has an annual capacity of 100,000 tons, the second largest in the sector. In quality and variety, however, its fully automated production process has propelled it to the forefront of the national market.





Apart from a wide range of adhesives and grouts in colors that complement the Division's tile series, Eczacıbaşı-Koramic Building Chemicals manufactures leveling and insulating compounds. In all of these areas it has quickly expanded the range of products available to professionals in Turkey, being the first to introduce fast-drying leveling compounds, insulating compounds for pools, environment-friendly adhesives, anti-bacterial silicone sealants, MS mastics and anti-bacterial cement-based grout.

In 2005, the Company launched single component water proofing materials, water stop systems, MS mastics, adhesive products for floor applications, application tools and external thermal insulation composite systems in export and domestic markets. In 2006, it will focus on developing the demand for this new product range, which it will continue to expand with such new products as epoxy resin-based industrial floor covering materials.

#### *Loyalty club program for tile masters*

Eczacıbaşı-Koramic Building Chemicals markets its products under the Vitra Fix and Vitra Therm (ETICS) brands and distributes them through the dealership network of the Division's national marketing and sales

company, İntema. To ensure full customer satisfaction, the Company has established a team of consultants and technical support specialists to advise consumers on the best building chemicals for home and industrial applications.

In 2005, to further improve its penetration of the national market, Eczacıbaşı-Koramic Building Chemicals launched a new loyalty club program targeting tile masters. Marketing activities are supported by a new technical catalogue and web site that will begin operating in 2006.

#### *Strong export growth in 2005*

Although Turkey continues to be its primary market, Eczacıbaşı-Koramic Building Chemicals is rapidly expanding its export sales. In 2005, while increasing its net sales 39 percent in US dollar terms, the Company raised its exports 44 percent through sales to more than 37 countries, including the UK, Ireland, Northern Cyprus, the Balkans, Russia, and several countries in the Middle East.

Looking ahead, Eczacıbaşı-Koramic Building Chemicals plans to play a more active role in the UAE and post-war Iraqi market.

Eczacıbaşı-Koramic Building Chemicals has EN 12002 and EN 12004 certification, giving it a substantial advantage in sales to Western European markets.

#### **Eczacıbaşı Bathtubs and Kitchen Furniture Manufacturing**

Established in 2001 with the merger of two Division companies, Eczacıbaşı Bathtubs and Kitchen Furniture focuses primarily on the manufacture of high quality kitchen furniture and acrylic bathtubs.

#### *At the forefront of the luxury kitchen furniture market*

Eczacıbaşı Bathtubs and Kitchen Furniture is the leading manufacturer in Turkey of premium kitchen furniture, which is marketed in Turkey under the İntema brand through İntema Kitchen Showrooms. The Company offers both modules and custom-tailored products developed by professional designers and architects at the request of customers. It also has a broad range of products and prices for the middle and economic segments, which to date have mainly been supplied by local small manufacturers. In Turkey, branded kitchen furniture only accounts for about 15 percent of the overall market.



*In 2005, while increasing its net sales 39 percent in US dollar terms, Eczacıbaşı-Koramic raised its exports 44 percent through sales to more than 37 countries.*



***Eczacıbaşı Bathtubs and Kitchen Furniture completed a twin plant building in May 2005 that increased its production capacity to 350,000 units per year.***

Until now focused exclusively on the national kitchen market, Eczacıbaşı Bathtubs and Kitchen Furniture aims to develop sales to prestigious building projects in Europe, the US, and the Middle East.

***Cutting edge software technology***

Internationally, Eczacıbaşı Bathtubs and Kitchen Furniture's information technology applications are among the best in the sector. The Company has developed special software (İntema Kitchen Automation) that transfers architects' designs to its SAP R3 production system via the Internet. Architects find that the software is user-friendly and helpful, because its automatic modules reduce the potential for human error.

In 2005, Eczacıbaşı Bathtubs and Kitchen Furniture also invested in new technology to manufacture thermoformed cabinet doors, a new product range that it will launch in 2006.

***Largest producer of acrylic bathtub and shower trays in Turkey***

Eczacıbaşı Bathtubs and Kitchen Furniture is also the biggest producer of acrylic sanitary ware in Turkey. Its products include whirlpools, plain bathtubs, compact systems, shower systems and shower trays, all of which are marketed under the Vitra brand.

Eczacıbaşı Bathtubs and Kitchen Furniture continued to maintain its leadership of the national market in 2005, producing more than 45 bathtub models, half as many shower trays, five compact systems and three shower systems, as well as several products with LCD screens. All of its bathtubs can be converted into whirlpools.

In response to fast rising sales, Eczacıbaşı Bathtubs and Kitchen Furniture completed a twin plant building in May 2005 that increased its production capacity to 350,000 units per year. In 2005, the Company also installed a new, high-technology thermoforming machine that will increase labor productivity and further improve quality.

***Growing exporter of acrylic sanitary ware***

Over the last five years, Eczacıbaşı Bathtubs and Kitchen Furniture has expanded its international sales of acrylic sanitary ware to more than 40 countries in Europe, Asia, the Middle and Far East and Africa. These products are available to customers abroad through 150 showrooms and 2000 sales points.

As well as supplying the premium quality service, Eczacıbaşı Bathtubs and Kitchen Furniture will continue to collaborate with prominent international designers to enable it

***İntema raised its net sales 33 percent to \$ 187 million in 2005 and consolidated its leadership in the premium segments of the Turkish bathroom, kitchen and tile markets.***

to differentiate its products from those of its competitors in both national and international markets, especially in the wellness category.

### **Esan Eczacıbaşı Industrial Raw Materials**

Esan Eczacıbaşı Industrial Raw Materials raised its sales volume by 20 percent to 1.8 million tons in 2005. International sales accounted for 56 percent of turnover, with Esan supplying roughly one-third of Turkey's feldspar and kaolin exports. Esan also produces 65 percent of Turkish refined ball clay output.

#### *Superior producer of clay and feldspar*

Esan owns the largest reserves of clays and feldspars in Turkey for the sanitary and ceramic tile sectors and has grinding and flotation facilities that greatly outpace those of its national competitors. As of end-2005, Esan operated 18 mines and six processing plants, enabling it to produce 400,000 tons of floated feldspar, 50,000 tons of refined clay, 60,000 tons of sand and 20,000 tons of grinded feldspar to the high-grade requirements of the ceramic tile and sanitary ware industries.

In 2006, Esan will inaugurate a new quartz crushing and grinding plant with a capacity of 60,000 tons.

### *Leading international trader of industrial raw materials*

Since late 2003, Esan is also the leading supplier in Turkey of a wide range of raw materials for the ceramic, glass, abrasive, welding electrode, refractory, paint and metallurgy industries. Its main products include rutile sand, silicon carbide, calcined alumina and China clays for porcelain producers.

Esan operates its international trade and marketing operations from a large warehouse in Istanbul, from where it also offers a range of logistical services. Esan represents more than 50 companies around the world, including Unifrax, Volnogorsk, Pometon, Nordkalk, Cinkarna and Arenas.

#### *Growing presence abroad*

Esan Italia Minerals S.R.L., established in 2004, manages Esan's marketing activities in Italy and enables it to maintain stocks for small orders. In the Ukraine, Esan Ukraine Minerals Ltd. is pursuing new sources of raw materials and suppliers as well as new customers.

In the coming three years, Esan aims to increase its market share in existing sectors and enter the glass, paint, detergent, and iron

and steel markets with new products and high quality raw materials. It also plans to begin exploration of selected metallic minerals with a strong demand outlook.

### **İntema Building Materials Marketing and Sales**

İntema Building Materials Marketing and Sales, the Division's sole distribution and sales company in Turkey and a publicly traded venture, achieved a solid performance in 2005, raising its net sales 33 percent to \$ 187 million and consolidating its leadership in the premium segments of the Turkish bathroom, kitchen and tile markets. In the second half of the year, İntema also took the lead in the brassware and bathtub categories.

Last year, as financial institutions extended their offering of long-term housing loans at relatively low interest rates, demand for new houses accelerated. Government authorities contributed to this trend by developing land for residential housing projects in eastern Anatolia, as did preparations for the start-up of the mortgage system, which caused housing prices to rise steadily throughout the year.

İntema took full advantage of this boom through its well organized contract sales team,







***Direct sales of Intema Kitchen to end-users increased by 70 percent in 2005.***

which monitored all major housing projects and developed opportunities for the Vitra, Artema and Intema Kitchen brands. Intema showrooms also helped to specify products for large real estate investments by assisting prominent architectural offices design kitchen and bathroom suites.

In the low end of the market, Intema continued to implement special sales strategies supported by local marketing activities to strengthen its position, enabling it to increase its sales volume in the economy segment despite heightened competition from cheap imports and unbranded local products.

#### ***Intema Kitchen***

Since 2004, when it repositioned its kitchen business, Intema has promoted its kitchen furniture products under the "Intema" brand. In 2005, in a continuation of this process, it reorganized its product portfolio and distribution channels and raised from 20 to 36 the number of dealers displaying and selling Intema Kitchen products. It also succeeded in having Intema Kitchen specified for several major housing projects.

In 2005, Intema enhanced Intema Kitchen's profile among commercial customers through the launch of a new product catalogue, intensive publicity in housing magazines and promotional campaigns during high seasons. These activities encouraged a growing number of commercial buyers to select Intema Kitchen for their customers. Intema's kitchen business received a further boost from the opening of a new Bulthaup House in Istanbul and the addition of Miele Kuchne to its brand portfolio. With the development of its kitchen business, Intema expanded its built-in appliance business with major brands.

Intema's own retail outlets were also very successful in promoting Intema Kitchen to end-users, with direct sales to end-users increasing by 70 percent in 2005.

#### ***Nationwide network of specialized sales outlets***

Intema's primary responsibilities are to develop and manage a large network of dealers and service outlets, a chain of Intema showrooms and a direct marketing loyalty program. It is also responsible for liaising between the marketing teams of its suppliers



and the dealers in its distribution network to ensure that marketing campaigns are effective and responding to retailers' needs.

Last year, Intema added several new dealers to its distribution channel in Ankara, Kayseri, Adana and Gaziantep, raising to 102 the number of dealers in its nationwide network. Most of these dealers work exclusively with Intema. Additionally, Intema renewed the majority of its showrooms in 2005.

While developing current business with dealers, Intema continued to deepen its relations with secondary channels through direct contacts with sub-dealers and promotional activities. By the end of 2005, sub-dealer accounts selling and promoting Intema's product range had increased to 1400. Similarly, to expand its brassware business, Intema established relations with, and set up Artema displays in, about 1000 hardware stores.

In addition to its conventional distribution system, Intema increased its sales through DIY chains through marketing, private label products and product differentiation.

#### *Full range of consultancy and after-sales services*

Intema operates five fashionable bathroom and kitchen showrooms that offer comprehensive architectural services, including suite design and turn-key solutions. The wide variety of bathroom and kitchen displays at these showrooms demonstrate forcefully to consumers and professional buyers the breadth and quality of the integrated bathroom and kitchen solutions offered by Intema's suppliers. Intema showrooms accounted for 14.1 percent of Intema's sales in 2005.

Information technology is another important differentiation point for Intema. Today, the majority of Intema dealers use the Intema webshop to enter and monitor their orders and download MIS reports about their business direct from Intema's system.

To ensure a high level of customer satisfaction, Intema organizes regular training and educational programs for both staff and service partners, which include 105 authorized service stations providing installation, maintenance and repair services in most regions of the country.

#### *PartnersClub - premier loyalty sales program*

Intema has long given priority to customer relations management and the use of differentiated communication programs tailored to the expectations of targeted customer groups. During 2005, Intema developed personal relations with selected professional groups through a variety of events, such as the dinner and concert it hosted at the Istanbul Museum of Modern Art for international and Turkish architects attending the XXII UIA Congress in Istanbul.

#### **VitrA Bad GmbH**

VitrA Bad is the Division's marketing and sales company in Central Europe for bathroom fittings and furniture, including ceramic sanitary ware, faucets, acrylic bathtubs, bathroom furniture and bathroom accessories.

#### *Third largest supplier of bathroom products in Germany*

While the German bathroom market continued to shrink for the sixth consecutive year in a row in 2005, VitrA Bad maintained its 13 percent share of the sanitary ware market in Germany and 10 percent share in Austria. As a result, VitrA Bad is today the third biggest company in the German ceramic sanitary ware market.



*While the German bathroom market continued to shrink for the sixth consecutive year in a row in 2005, VitrA Bad maintained its 13 percent share of the sanitary ware market in Germany and 10 percent share in Austria.*





***Vitra UK has now been specified in several high profile projects, such as Heathrow Terminal 5, Wembley Stadium and the internationally renowned 'Absolut Ice Bars'.***

Vitra Bad's strong position in Central Europe reflects the expansion of its distribution channels and rising consumer awareness of the Vitra brand as a supplier of complete bathroom solutions. As a result, fast growing sales of faucets, bathtubs, toilet seats and furniture products have offset in part the shrinking market of ceramic sanitary ware. Particularly notable growth was recorded by faucet sales, which rose 85 percent in 2005, and sales of toilet seats, which increased 25 percent.

Apart from maintaining its strong position in Germany and Austria, Vitra Bad implemented new sales strategies for other large but slow growing European markets, like Holland and Belgium. There, it broadened its distribution reach by establishing extensive sales networks with new sales representatives and developing the range of Vitra products on offer, leading to 56 percent sales growth in these two markets in 2005.

***Vitra brand captures consumer attention in Europe***

Vitra Bad's "Bestseller" concept, which foresees the establishment of a chain of sales points where Vitra products are exhibited as complete bathroom solutions in a store corner under the Vitra logo, was a main component

of Vitra's marketing strategy in 2005 and largely responsible for rapid sales growth. In 2006, Vitra is planning to invest further in this concept and to expand the application to 50 new outlets throughout Germany.

Overall, Vitra Bad GmbH reaches 1,200 retail outlets around Central Europe through a network of 400 wholesalers. Vitra Bad's headquarters, located in Kerpen, Germany, house a stylish showroom and a 4,000 square meter warehouse, enabling the Company to deliver products anywhere in Central Europe within 48 hours.

***Vitra (UK) Ltd.***

Vitra (UK) was established in 1992 to promote Vitra sales to the UK and Irish markets. Vitra UK manages the marketing, sales and distribution of the full range of Vitra branded products, including ceramic sanitary ware, acrylic baths, faucets, accessories and bathroom furniture.

Vitra UK continued to grow faster than the market in 2005. A major source of this growth was due to the continuing strength of contract sales. Vitra UK has now been specified in several high profile projects, such as Heathrow Terminal 5, Wembley Stadium and the internationally renowned 'Absolut Ice Bars'.

***Vitra products are specified in more than twenty-five metropolitan city water authorities in North America, including Los Angeles, Seattle, San Diego and Toronto.***



It has also established on going contracts with such major players as McDonalds Restaurants and the British Airport Authority.

VitrA UK's dedicated contracts team is already preparing for the opportunities that will emerge from the selection of London for the 2012 Olympics and the UK government's new housing initiative.

With a complete set of literature to support its products, VitrA UK offers a comprehensive product range for all levels of specification from basic to prestige. In the retail market, VitrA targets mid to upper-income clientele seeking design-led, higher-end items.

Currently, VitrA UK has a six percent share of the UK ceramic sanitary ware market. Its long-term goal is to increase this share to the 10 percent range through first-class customer service in both the contract and retail markets.

#### *Showrooms of Excellence - a chain of dedicated VitrA retailers*

Retail consumers can acquire VitrA products at more than 400 sales outlets in the UK. The core of this network is the loyalty chain of dedicated retailers called "Showrooms of Excellence" (SOE). Having reached the goal of

250 SOEs, VitrA UK intends to strengthen its presence in each of these independent showrooms and gain market share from competitors in the contracting retail market through design-led products backed by a comprehensive media campaign to raise brand awareness.

#### **VitrA USA Inc.**

VitrA USA was established in 1992 as the Eczacıbaşı Building Material Division's marketing and sales company in the North and Central American markets. VitrA USA manages the sales, marketing and distribution of all VitrA branded products, including ceramic sanitary ware, bathroom furniture and ceramic tiles.

#### *Exceptional product availability and sales growth through regional representation*

For the fifth year in a row, VitrA USA continued to grow fast in 2005, raising its net sales 22 percent in US dollar terms. The major driver of this rapid expansion is VitrA USA's strong representation throughout the North American continent. VitrA USA has 24 regional warehouses and a central warehouse and elegant showroom at its headquarters in Atlanta.

#### *Strong cooperation with regional water conservation professionals*

VitrA USA collaborates with water conservation professionals in the development of superior products that meet customer expectations of flushing performance and sustain water savings over the life of ceramic sanitary ware units. VitrA products have pioneered dual flush and other water efficient systems that restrict maximum flush volumes, as a result of which VitrA products are specified in more than twenty-five metropolitan city water authorities in North America, including Los Angeles, Seattle, San Diego and Toronto.

Partnering with strong distributors in North America, the VitrA brand has also achieved nationwide representation in mosaics and glazed porcelain products. VitrA is especially strong in the professional tile markets, due to the attractiveness and superior quality of its Arkitekt series.

#### *Showroom development*

Currently, VitrA USA products are found in 141 wholesale showrooms in the United States and over 100 retail outlets in Canada. As a main component of its marketing strategy, VitrA USA aims to have 250 wholesale showrooms in the US in three years' time, all operating to the "Showroom of Excellence" display standard.



# Consumer Products Division





*Robust economic growth in Turkey and strong consumer spending helped the Eczacıbaşı Consumer Products Division expand its net sales 23 percent to \$ 486 million in 2005.*





***Competing with Kimberly Clark, SCA and other global tissue paper manufacturers, İpek Kağıt has become the largest exporter of semi-finished products to the Middle East.***

Robust economic growth in Turkey and strong consumer spending helped the Eczacıbaşı Consumer Products Division expand its net sales 23 percent to \$ 486 million in 2005.

Primarily a supplier of the national market, the Division used its nationwide distribution network – the most extensive in the sector – to take full advantage of the continued recovery in consumer demand. Also contributing to its solid performance were its well targeted marketing campaigns and investments in its 30 consumer products brands, 10 of which are leaders in their market segments.

Rebounding fully from the slow growth trend that characterized the first half of the decade, demand for fast-moving consumer goods in Turkey jumped 26 percent in US dollar terms in 2005. In contrast to the previous year, growth in the personal care market, the Division's main focus, surged ahead of the FMCG segments at 29 percent.

Competition in most FMCG markets continued to be fierce in 2005, with consolidation in the large retailing sector adding to the pressure created by major new global brands entering the market and continued unfair competition from the unregistered economy. Last year, the two leading retailers in Turkey raised their

combined share of the supermarket segment to 36 percent, leaving the next three largest retailers less than a quarter of the total. All the same, most Division companies expanded or maintained their market shares in 2005.

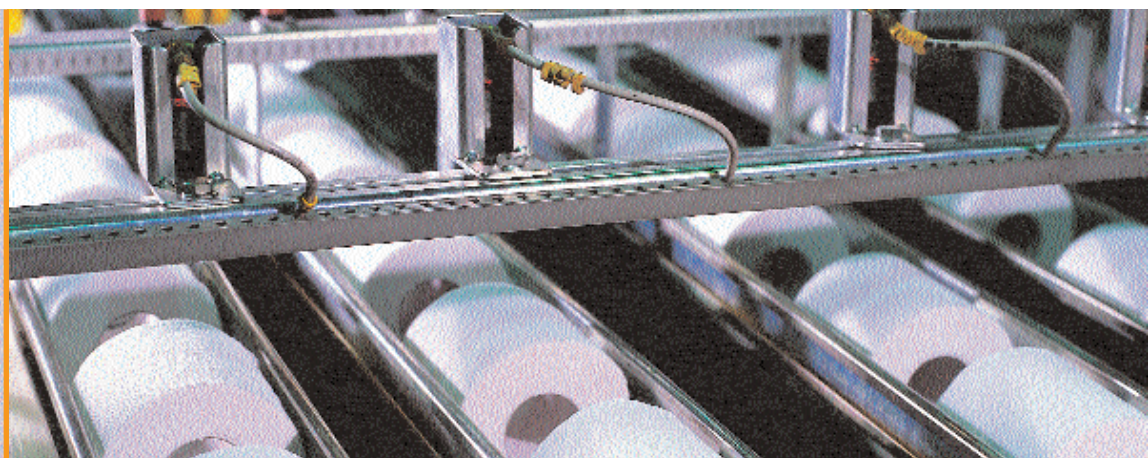
### **İpek Kağıt Tissue Paper**

İpek Kağıt raised its net sales by 15 percent to \$ 157 million in 2005, maintaining its clear leadership in the Turkish tissue paper market despite renewed competition in the sector. Export sales contributed significantly to this performance.

### ***Top supplier of tissue paper products in Turkey***

A 50:50 joint venture with Georgia Pacific, İpek Kağıt is the foremost supplier of tissue paper products to the Turkish market and a major exporter of semi-finished and finished products to European, Middle Eastern, Central Asian and Caucasian markets.

İpek Kağıt primarily manufactures toilet rolls, napkins, handkerchiefs, towels and facial tissues for home and commercial use. Its plant in Altınova, 150 kilometers east of Istanbul, ranks among the leading production sites in Europe in terms of capacity, technological infrastructure and quality. This position was consolidated in 2000 with the installation of a third tissue paper line, which increased İpek Kağıt's capacity from 37,000 to 100,000 tons



and enhanced its ability to produce sophisticated multi-layer products.

Committed to remaining the industry leader in Turkey, İpek Kağıt will add a new kitchen towel rewinder to its facility in 2006 that will double its capacity in this area. It is also preparing to initiate a new plant investment that will increase its production capacity to 160,000 tons. This \$ 100 million investment is expected to come on stream in three years' time.

#### *Growing international activity*

Competing with Kimberly Clark, SCA and other global tissue paper manufacturers, İpek Kağıt has become the largest exporter of semi-finished products to the Middle East market. For about 15 years, İpek Kağıt has exported both semi-finished and final tissue paper products to more than 30 countries in five continents. Now, it is beginning a new phase of export activity that builds on its brands. To this end, İpek Kağıt has begun advertising and promotion activities in Kazakhstan and the Caucasus for its leading brand, Selpak.

With the long-term goal of becoming the leader in the Central Asian market, İpek Kağıt has developed a "Geographical Expansion Project" for the region that envisions the establishment of a number of local

operations. The first of these is a small production site in Kazakhstan that will come on stream in mid 2006.

#### *Continuous and strong marketing support*

To sustain its leadership position in Turkey and encourage tissue paper consumption among current users and non-users, İpek Kağıt provides continuous advertising and nationwide promotional support to its brands. It is the only company in the tissue paper industry that does this.

In 2005, İpek Kağıt implemented a number of advertising campaigns designed to appeal to, and create an emotional bond with, young target groups. All Selpak Kitchen Towel and Selpak Hanky communication efforts were built on this rejuvenation strategy.

İpek Kağıt regularly carries out consumer research to track changes in consumer expectations and plans its marketing activities accordingly. Aside from introducing new products and developing existing products to satisfy changing consumer expectations, İpek Kağıt develops products that meet the specific needs of sales channels. In 2005, for example, it delivered a greater variety of larger economical SKUs to the market in response to consumers' shifting preference towards larger economy packs.

Even as the clear market leader, İpek Kağıt strives to develop new sales channels that strengthen further its position. In 2005, for example, it launched Turkey's first hanky vending machines, this way increasing extra-supermarket sales while providing exposure to the Selpak brand.

#### *Innovative product development, technology and design*

Product development is a fundamental strength of İpek Kağıt, thanks to continual investments in new converting technology, a skilled research and development team and close collaboration with its international partner. İpek Kağıt's superior production quality enables it to export specialized products such as Lotus Facial Tissues with unique drymarking and Lotus Professional dispenser towels to Georgia-Pacific.

İpek Kağıt differentiates its brands by surpassing the standards in each segment of the Turkish market and introducing new products.

In 2005, İpek Kağıt relaunched the Selpak kitchen towel holder with a new design that allows it to be used on the countertop as well as on the wall. Other new products included the Selpak Maxi Facial Tissue, an economy product containing almost double the amount



*With the long-term goal of becoming the leader in the Central Asian market, İpek Kağıt has developed a "Geographical Expansion Project" for the region that envisions the establishment of a number of local operations.*





*Eczacıbaşı-Schwarzkopf is the leader in hair styling, with a share of 40 percent.*

of sheets found in standard products, and Demak'Up Soft Peeling, a make-up removal cotton pad. Aside from new products, existing products are being developed through design, such as the new dispenser design of the Lotus Professional Towel and the new designs of Selpak Collection napkins.

#### *Brand leadership*

İpek Kağıt has four main consumer brands, namely Selpak, Solo, Silen, Servis – one for each segment of the market – as well as several private label brands and two away-from-home brands, Marathon and Lotus Professional, for the fast-growing tourism, catering and medical sectors. Different brands in each market enable İpek Kağıt to target consumers from diverse socio-economic segments, with Selpak being its flagship brand at the high end of the market. Selpak is also the leading brand in terms of consumer top-of-mind awareness in the consumer kitchen towel market. Another İpek Kağıt brand, Solo, is the top brand in the consumer bathroom tissue market. Overall, İpek Kağıt's share of the national market is nearly four times as high as its nearest competitor's.

#### *Responsible business practices*

Leadership has brought challenges and responsibilities. For over three decades, İpek Kağıt has been at the forefront of campaigns

to raise consumer awareness of the hygienic benefits of tissue paper products through seminars, advertisements and the distribution of product samples. Since 2002, it has also organized personal hygiene courses for more than three million primary school students at 3,841 elementary schools in 23 cities. In 2006, the target is to reach another 1.5 million school children in 1100 elementary schools.

İpek Kağıt has led the sector in quality assurance as well. It was the first tissue paper manufacturer in Turkey to receive ISO 9002 certification and to become a member of the European Foundation for Quality Management (EFQM). It is the only company in its sector to receive the national TÜSIAD-KalDer Quality Prize presented jointly by the Turkish Industrialists' and Businessmen's Association and the National Quality Association.

#### *Two-time safety award winner*

As a leader, one of İpek Kağıt's main responsibilities is to lead efforts to create safer workplaces. İpek Kağıt is determined to eliminate all negative conditions and behaviors that constitute the core reasons for workplace accidents. In 2005, İpek Kağıt's production site in Karamürsel became the first mill to win the Georgia Pacific Europe Chairman's Safety Award for the second time.

*Eczacıbaşı-Beiersdorf Cosmetics defended its clear leadership with a 29 percent share of the overall skin care market.*



### **Eczacıbaşı-Beiersdorf Cosmetic Products**

Turkey's strong economic recovery and the steady decline in inflation encouraged global cosmetics brands to increase their marketing activities and investment in the sector. Contrary to expectations, however, the overall cosmetics market grew a moderate 12 percent in 2005, while leading brands vied to increase their market shares. In this competitive environment, Eczacıbaşı-Beiersdorf Cosmetics defended its clear leadership with a 29 percent share of the overall skin care market.

#### *Nivea: the most trusted and frequently consumed cosmetics brand in Turkey*

Eczacıbaşı-Beiersdorf Cosmetics was founded in 1993, some 30 years after the Eczacıbaşı Group first introduced the Nivea line of skin care products to the Turkish market. Today, Eczacıbaşı-Beiersdorf is the largest supplier of skin care products in Turkey, with the leading shares in facial care, facial cleansing and body care. It also leads the deodorant, lip care, sun protection and aftershave/ balsam segments of the market. All of these lines are manufactured at Beiersdorf's facilities in Western Europe.

#### *Large portfolio of products and brands*

In 2005, the Company added to its portfolio Hansaplast, another Beiersdorf personal

health care brand. Accordingly, Eczacıbaşı-Beiersdorf now manages three Beiersdorf brands: 8x4 (deodorants), Hansaplast (plasters, bandages and foot sprays) and over 500 variants of Nivea personal and skin care products.

In recent years, Eczacıbaşı-Beiersdorf has greatly expanded the range of Nivea subbrands in its portfolio. Currently, it markets 13 Nivea sub-brands in Turkey, including: Nivea Cream (skin care), Nivea Visage (face care), Nivea Body (body care), Nivea Sun (sun protection), Nivea Lip Care, Nivea Soft (skin care), Nivea Beaute (make-up), Nivea Deodorant, Nivea for Men (shaving, aftershave and face care products), Nivea Hair Care (shampoos), Nivea Hair Styling, Nivea Bath Care and Nivea Baby (gentle products for babies).

### **Eczacıbaşı-Schwarzkopf Professional Hairdressers' Products**

Achieving strong sales in 2005, Eczacıbaşı-Schwarzkopf Professional raised its market share from 32 to 40 percent. Contributing to this increase was the inclusion of the Indola brand in Eczacıbaşı-Schwarzkopf's portfolio. Indola is a global producer and seller of professional haircare products that was purchased by the Henkel group in 2004. Eczacıbaşı-Schwarzkopf took on the Indola

range in June 2005, leading to a six percentage point increase in its market share. The remaining two percent increase was attributable to higher sales of Schwarzkopf products.

Established in 1999, Eczacıbaşı-Schwarzkopf builds on a business partnership that started in 1952, when the Eczacıbaşı Group first introduced Schwarzkopf hair products to the Turkish market. Today, Eczacıbaşı-Schwarzkopf markets six main Schwarzkopf brands in Turkey. These include the Igora line of professional hair coloring products, BC Bonacure hair shampoo and haircare products, the Silhouette and OSIS lines of hair styling and finishing products, Natural Styling permanents and, since 2005, the Straight Therapy line of hair straighteners. All of the best salons around Turkey have purchased Straight Therapy, even those using competitor products. With these brands and about 220 products, Eczacıbaşı-Schwarzkopf is able to offer all the hair cosmetic products required by an A-class salon.

Indola brings two new brands to Eczacıbaşı-Schwarzkopf's portfolio: Profession hair coloring products and 4+4 styling and haircare products. The Indola brand targets C- class salons, which are not covered by Igora Royal and require more economical products.





*The combined reach of Girişim's multi-layered network is about 80 to 95 percent of the 200,000 outlets in Turkey carrying its product categories.*

#### *Longstanding leader in professional hair coloring*

Eczacıbaşı-Schwarzkopf is the long-standing market leader in professional hair coloring, with a market share of 35 percent, and the first in hair styling, where its share is 40 percent. It is also raising steadily its position in professional haircare products. In 2005, the launch of BC Bonacure Hairtherapy increased Eczacıbaşı-Schwarzkopf's share in this segment by three percentage points to 26 percent, seating it firmly in second position.

The Essential Looks Collection, a semi-annual hair color and design catalogue of global trends in hair fashion, continues to be one of Eczacıbaşı-Schwarzkopf's main marketing tools. Additionally, Eczacıbaşı-Schwarzkopf has started to produce and publish its own interpretation of world trends with Turkish hairdressers in the main fashion magazines. This project has enhanced Eczacıbaşı-Schwarzkopf's trendy image among consumers as well as hairdressers and helped to gain new customers.

#### **Girişim Marketing**

Underlying the success of the Division's powerful brands is its well established distribution and marketing operation, Girişim Marketing, a fully owned Eczacıbaşı Group company established in 1978.

Girişim Marketing ranks among Turkey's top FMCG sales and distribution companies in terms of the size, sophistication of operation and breadth of its product range. Managing 30 brands and just over 1,350 product variants, Girişim is the market leader in 10 of its 20 product categories.

Girişim reaches a wide range of trade channels simultaneously through its channel-based sales organization. Regional structuring allows it to control all channels in a specific region, while specializing on a sales team basis.

#### *Distributing through a multi-layer extensive network*

Girişim's extensive retail distribution network operates from six regional offices and cooperates with 40 exclusive distributors and 165 large wholesalers. Girişim has strengthened its distribution capability through wholesalers by contributing to the establishment of joint sales teams at wholesalers. As a result, all of its distributors now have sales teams that focus exclusively on Girişim products.

The combined reach of this multi-layered network is about 80 to 95 percent of the 200,000 outlets in Turkey carrying Girişim's product categories. Girişim's direct coverage through its own sales force is 4,500 outlets;

*Girişim's extensive retail distribution network operates from six regional offices and cooperates with 40 exclusive distributors and 165 large wholesalers.*

including the joint sales teams at exclusive distributors and wholesalers, it is 62,000 outlets. Girişim serves chain stores and major local markets directly, with a 150-strong merchandising team at these outlets providing direct service to customers.

Target clientele for Girişim's product categories include:

- traditional food and grocery outlets
- modern retail outlets, supermarkets and hypermarkets
- perfumeries
- pharmacies
- hairdressers and beauty salons
- hotels, restaurants, offices, hospitals and other institutions comprising the away-from-home market.

Girişim has separate sales teams at its headquarters for each outlet category. It is the only marketing and distribution company covering all of these categories in each of Turkey's 81 provinces.

#### *Adapting to market trends*

Turkey's distribution structure is changing rapidly. Consumers have been redirecting their purchases from small grocers and traditional outlets to supermarkets, where private label

brands represent a growing share of sales. Girişim has structured itself accordingly, establishing, for example, a separate team for supermarket chains. However, Turkey's geographical conditions and infrastructure mean that traditional channels will continue to be an important part of the retailing system for decades to come. These are the channels where Girişim excels, thanks to its strong distributor network and dynamic marketing and sales teams.

#### *e-commerce site for professionals*

In response to online sales trends, Girişim has taken the lead in Internet-based corporate shopping, giving it a significant advantage over competition. Since 2000, it has operated an e-commerce site for restaurants, hotels, offices and other corporate customers. Girişim utilizes this site, the first of its kind in the distribution sector, to market an extensive line of commercial-use cleaning products under its own brand, Maratem, as well as a wide range of tissue products manufactured by İpek Kağıt, the Division's tissue paper company.

#### *Integrated communication infrastructure*

Girişim's information management infrastructure is based on integrated corporate communication technology, SAP/R3. Currently,

Girişim monitors on a daily basis about 95 percent of sales through distributors as well as distributor inventories. It also permits Girişim to process all orders within 24 hours and deliver these to customers throughout Turkey within two days. Additionally, Girişim has a common data warehouse (SAP BW) that provides a practical reporting and analysis system and single-point access to management information.

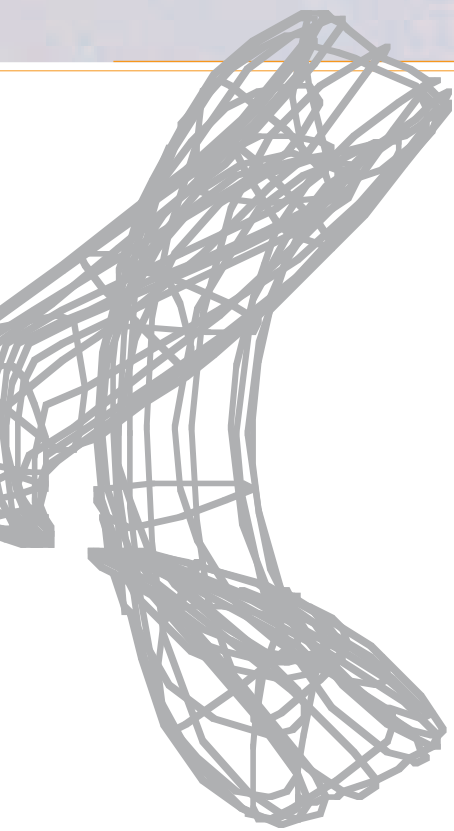
Currently, Girişim serves four Eczacıbaşı Group companies, its own brand and five independent global brands, including:

- İpek Kağıt (tissue paper products)
- Eczacıbaşı-Beiersdorf (skin care, personal care, baby care, cosmetics)
- Eczacıbaşı Pharmaceuticals Manufacturing (insecticides, condoms, hair jells, eau de cologne)
- Eczacıbaşı-Schwarzkopf (professional hairdresser products)
- 3M (home care products)
- Bayer (rodenticides)
- Werner&Mertz (professional-use cleaning products)
- Dreumex (professional hand care products)
- Maratem (professional-use cleaning products)
- Jordan (toothbrushes).





# Finance





*The year 2005 brought a substantial inflow of foreign funds into Turkey's capital markets and as direct investment, encouraged by the formal launch of the negotiation process with the European Union, a series of successful privatization sales and the conclusion of yet another stand-by agreement with the IMF.*



***Eczacıbaşı Securities focused its efforts in 2005 on strengthening further its ability to offer high-quality consultancy services to institutional investors, while consolidating its overall market share.***

The Turkish economy and financial markets in particular achieved exceptional growth in 2005. As the macroeconomic environment improved, in line with the downward trend in inflation, bond yields dropped to historic levels while exchange rates remained steady.

Last year brought a substantial inflow of foreign funds into Turkey's capital markets and as direct investment, encouraged by the formal launch of the negotiation process with the European Union, a series of successful privatization sales and the conclusion of yet another stand-by agreement with the IMF. Despite some delays, the government continued to show strong commitment to the fiscal targets and structural reforms of its agreement with the IMF, which strengthened confidence in the sustainability of Turkey's current economic growth rate.

Along with the government's strict stance on fiscal discipline, the overall budgetary position of the public sector also benefited from retreating interest rates and the prolonged

stability of the new Turkish lira relative to major currencies, which reflected in part the general expansion in capital flows to emerging countries as a result of interest rate policies adopted by central banks in major developed economies. Exchange rate stability also aided Turkey's disinflation process, pushing annual price increases down to single-digit figures. Over the same period, exports reached all-time highs, while tourism recorded a peak of 20 million visitors.

Relations with the IMF continue to act as an anchor for financial markets, as they require the government to comply with the basic performance criteria of its three-year stand-by agreement. While fiscal performance and the attainment of primary surplus targets have been satisfactory, the government has taken longer than expected to fulfill structural reform criteria, most notably in the area of comprehensive social security reform. This legislation was finally approved in April 2006 and augurs well for Turkey's long-term macroeconomic stability.

***One of the oldest brokerage operations in Turkey, Eczacıbaşı Securities is today a leading provider of top-tier investment services in the Turkish market to both resident and foreign retail and institutional investors.***



Looking ahead, the two main domestic risks to the generally bright outlook for the economy in 2006 are the swelling current account deficit and election-driven spending. In both of these cases, the government's commitment to its agreement with the IMF and to the EU accession process should prevent uncertainty about these issues from spilling over into other areas of the economy. The main external threats in 2006 are new or expanded conflict in the region and a liquidity crunch in developing markets.

Overall, 2006 is expected to bring further financial stability and economic growth, enabling participants in financial markets to adopt a long-term investment perspective.

#### **Eczacıbaşı Securities**

One of the oldest brokerage operations in Turkey, Eczacıbaşı Securities is today a leading provider of top-tier investment services in the Turkish market to both resident and foreign retail and institutional investors.

Operating from its headquarters in Istanbul and branch and liaison offices in major cities around the country, Eczacıbaşı Securities serves one of the largest client bases in Turkey and numerous cross-border institutional investors. In this, it is supported by advanced IT infrastructure, exceptional research material and, above all, proficient and experienced staff.

Eczacıbaşı Securities is owned by Eczacıbaşı Investment Holding – the first publicly-traded investment holding company in Turkey. Prudence, efficiency and a client-focused approach to business have been the driving forces behind Eczacıbaşı Securities' steady growth for over two decades.

In recent years, in response to demand trends in Turkey's financial markets, brokerage houses have shifted their focus from retail to institutional business and concentrated on investment advisory and asset management as new areas of value-creation. Eczacıbaşı

Securities has been at the forefront of this trend. Accordingly, Eczacıbaşı Securities focused its efforts in 2005 on strengthening further its ability to offer high-quality consultancy services to institutional investors while consolidating its overall market share, backed by an impressive recovery in financial markets.

#### **Eczacıbaşı-UBP Asset Management**

Established in November 2001, Eczacıbaşı-UBP Asset Management is an equal-share partnership between Eczacıbaşı Securities and Union Bancaire Privée – Switzerland's leading asset management bank. It is the first asset management company in Turkey to be incorporated with foreign fund participation and combines UBP's international market know-how with the local expertise and solid research support of Eczacıbaşı Securities. The synergy created by this venture during its first four years of active operation has proved fruitful for both sides.





***Eczacıbaşı-UBP Asset Management develops customized portfolios that cater to each client's specific risk profile and investment expectations.***

Currently, Eczacıbaşı-UBP Asset Management is offering portfolio and fund management services for Turkish institutional and private clients as well as for international investors.

The Company's portfolio business includes funds launched in Turkey by Eczacıbaşı Securities, Eczacıbaşı Investment Trust, funds structured by UBP for international investors, pension fund management and private and corporate portfolio management services.

Expert fund and portfolio managers at Eczacıbaşı-UBP Asset Management help develop customized portfolios that cater to each client's specific risk profile and investment expectations, with the aim of generating the maximum returns on investments using domestic and foreign investment tools.

Looking ahead, Eczacıbaşı-UBP Asset Management aims to improve its performance through new strategies and investment vehicles, and to expand its market share by

offering new products to existing and new investors. For this, it will continue to search for services and products in international markets that respond to the changing needs of Turkish investors and businesses.

#### **Eczacıbaşı Investment Holding**

Eczacıbaşı Investment Holding, the first publicly-traded investment company in Turkey, marked the Eczacıbaşı Group's entry into the financial sector. The initial aim of Eczacıbaşı Investment Holding, which was founded in 1973, was to provide an opportunity for Turkish investors to share the rewards of Eczacıbaşı Group investments. Today, Eczacıbaşı Investment Holding also invests in well-respected companies outside of the Group that achieve strong results and show steady growth potential.

In line with Turkey's economic recovery of recent years, Eczacıbaşı Investment Holding has increased its equity participations to include companies with considerable free-float that are likely to generate strong earnings and



adequate dividend payments. It also regularly participates in the capital increases of companies already in its portfolio.

Even with the increase in its equity participations, Eczacıbaşı Investment Holding maintains a highly liquid balance sheet predominantly comprising government debt instruments, re-purchase contracts and bank deposits. This prudent approach, which has long characterized its operations, protects it from the risk of renewed volatility that could be caused by unexpected political and economic developments as well as by natural disasters such as quakes.

#### **Eczacıbaşı Investment Partnership**

Eczacıbaşı Investment Partnership is a closed-end investment trust that was established by Eczacıbaşı Investment Holding in 1998 and offered to the public a year later. The aim of the trust is to provide investors access to the strong returns of equity investments, utilizing the professional expertise of Eczacıbaşı-UBP Asset Management. Presently, more than

three-quarters of the trust's stock is trading on the ISE, with approximately 80 percent owned by stock investors other than Eczacıbaşı Group companies.

Eczacıbaşı-UBP Asset Management, the manager of Eczacıbaşı Investment Partnership's portfolio since 2002, pursues a prudent yet dynamic investment strategy. Its investment decisions are based on a thorough evaluation of market dynamics, fundamental and technical analyses, and market risk. In principle, Eczacıbaşı-UBP Asset Management follows a long-term approach to investments, always upholding the interests of its clients.

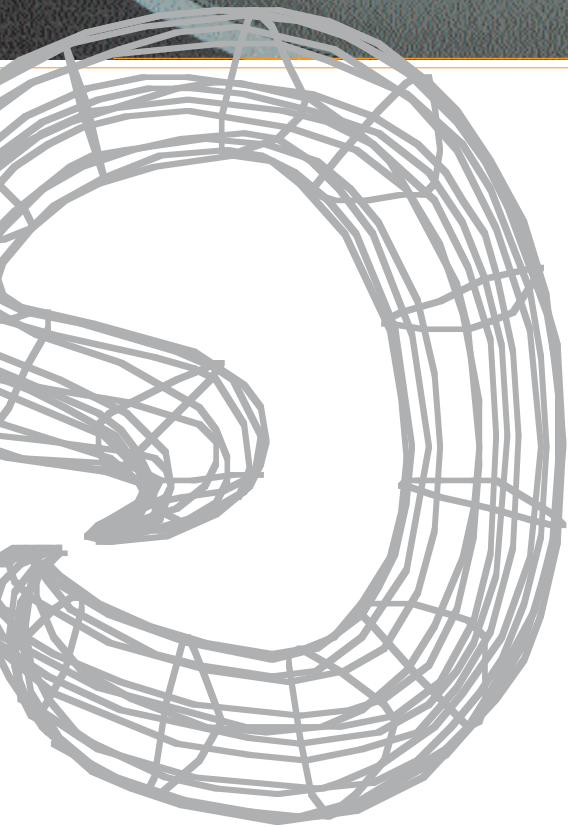
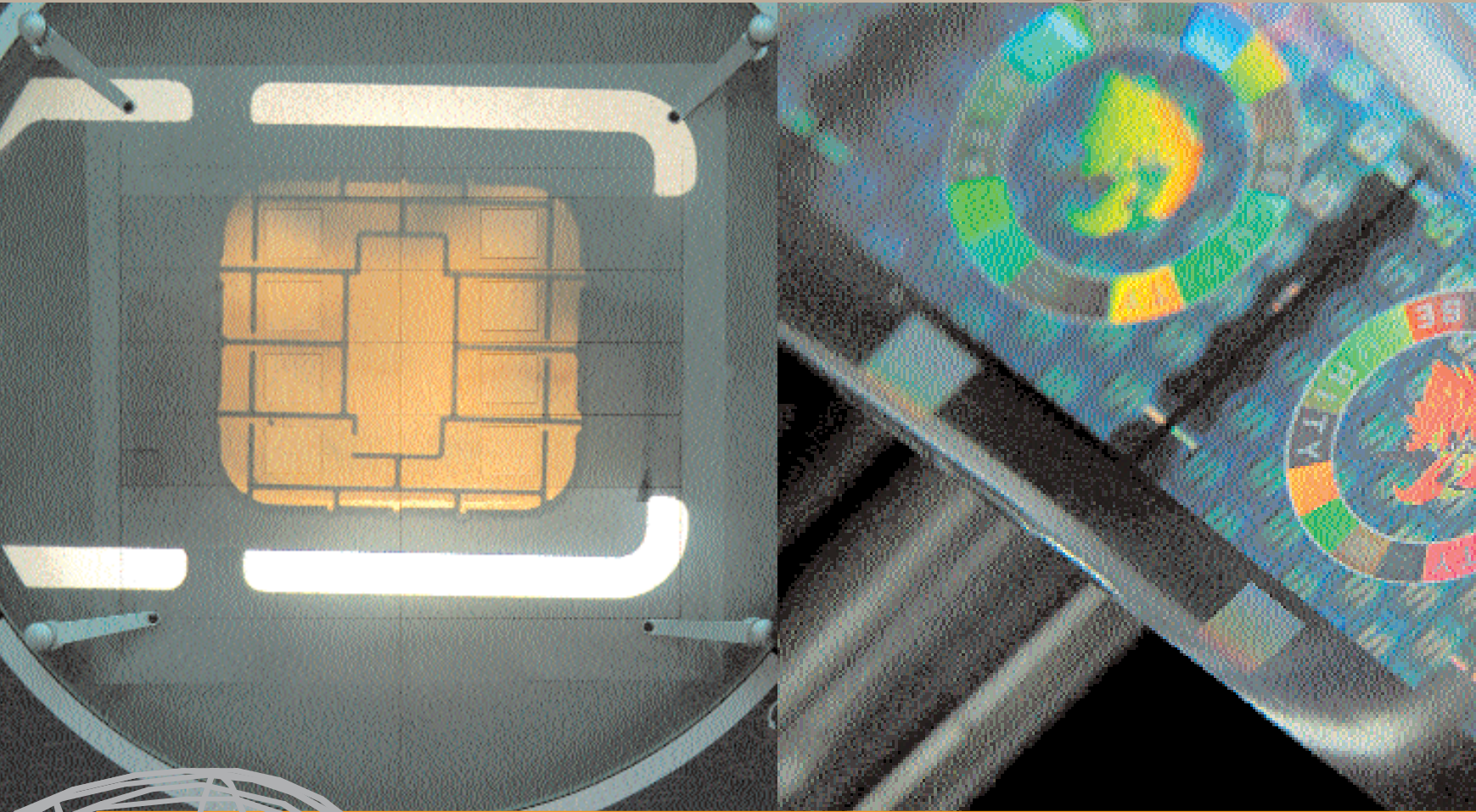
Eczacıbaşı Investment Partnership's portfolio is composed mainly of ISE-listed stocks and fixed-income instruments, with the share of stocks varying continually depending on market circumstances. Risks are diversified by including stocks of financially strong companies with high expectations of market value and a track-record of producing satisfactory dividend yields.



*Eczacıbaşı Investment Partnership's portfolio is composed mainly of ISE-listed stocks and fixed-income instruments, with the share of stocks varying continually depending on market circumstances.*



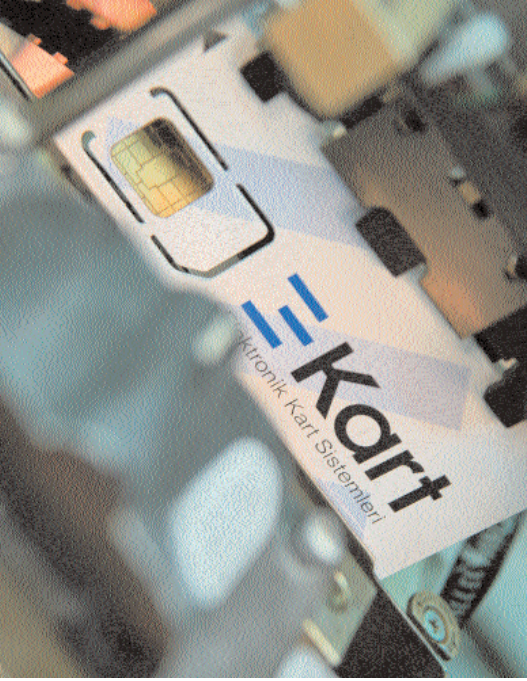
# Information Technology





*E-Kart Electronic Card Systems, established in 1999, is Turkey's first and only certified manufacturer of magnetic stripe and smart cards for commercial, military and civilian applications.*





***E-Kart Electronic Card Systems is one of three firms across the globe to have received the highly praised SAS (Security Accreditation Scheme) Certificate for GSM production from the global GSM Association.***

#### **E-Kart Electronic Card Systems**

E-Kart Electronic Card Systems, established in 1999, is Turkey's first and only certified manufacturer of magnetic stripe and smart cards for commercial, military and civilian applications. In this pioneering role, E-Kart draws on the expertise of Eczacıbaşı's equal-share joint venture partner, Giesecke&Devrient (G&D), a world leader in banknote printing and smart card technology.

#### ***Sole manufacturer in the region with VISA/MasterCard authorization and GSM SAS certification***

E-Kart's plant, operational since April 2001, incorporates the best engineering features of Giesecke&Devrient's 15 other production facilities worldwide. In addition to an annual manufacturing capacity of 30 million cards, the plant is equipped with cosmic security infrastructure and hi-tech machinery to design, produce, personalize and securely deliver smart cards.

E-Kart possesses both MasterCard and VISA certificates for the manufacture and personalization of magnetic stripe and EMV credit and debit cards. E-Kart also has ISO 9001 Quality Management System and ID-1 manufacturing and personalization certificates from the Turkish Standards Institute (TSE). Finally, E-Kart is one of three firms across the globe to have received the highly praised SAS

(Security Accreditation Scheme) Certificate for GSM production from the global GSM Association.

#### ***Focusing on customer and need-based card solutions***

Initially, E-Kart is focusing on customer and need-based card solutions for corporate clients in Turkey and countries in the region, such as Georgia, Azerbaijan, Moldova, Ukraine and Kazakhstan. Apart from the manufacture and personalization of magnetic stripe and EMV cards for banks and other financial institutions, E-Kart is producing and personalizing a large quantity of native and Java GSM SIM cards, ID cards, PKI cards, contact and contactless transportation cards, and a variety of loyalty cards.

#### **Eczacıbaşı Information and Communication Technologies**

Eczacıbaşı Information and Communication Technologies is a provider of comprehensive information technology services with a particular expertise in enterprise solutions and electronic business.

#### ***Expertise in enterprise planning and management solutions***

Established in 1989, Eczacıbaşı Information and Communication Technologies initially focused on assisting Eczacıbaşı Group companies develop IT strategies and

***In 2005, Eczacıbaşı Information and Communication Technologies acquired all of the rights of the Med-IX healthcare management system. This investment will enable the Company to benefit from the value of the Eczacıbaşı brand in the healthcare sector.***



infrastructure that would enhance their business performance and enable them to take full advantage of the opportunities offered by electronic commerce.

Now, the Company focuses exclusively on operational services, with its areas of expertise being enterprise resource planning, strategic enterprise management, knowledge management (including workflow, document management and fax management systems), healthcare management information technology, storage solutions, and application development and integration.

In Turkey today, the largest investments in IT are found in distribution, energy, retailing, manufacturing, utilities and telecommunications. With the start of the European Union accession process, public sector IT investments are also expected to take front stage in the coming years. Eczacıbaşı Information and Communication Technologies plans to capture an increasing share of several high-growth markets, especially in enterprise resource planning, storage, and knowledge management.

Already, the Company has developed a mySAP based preconfigured system called “Runway” offering financial/sales and human resources solutions for small and medium enterprises.

“Runway” has been formally recognized by SAP as the first preconfigured solution in Turkey for SMEs.

The Company has also invested in a software factory in the Istanbul Technical University technopark for developing new technologies and products.

#### *New products in healthcare management and ITIL-based service operations*

In 2005, Eczacıbaşı Information and Communication Technologies acquired all of the rights of the Med-IX healthcare management system. This investment will enable the Company to benefit from the value of the Eczacıbaşı brand in the healthcare sector.

Additionally, Eczacıbaşı Information and Communication Technologies has established a systems and infrastructure business providing ITIL- based service operations and a disaster recovery data center. ITIL, or Information Technology Infrastructure Library, is widely accepted to be the best practice in IT Service Management. Developed by the UK Office of Government Commerce (OGC), ITIL is supported by publications, a comprehensive qualification program and an international user group.

#### *Competitive advantages*

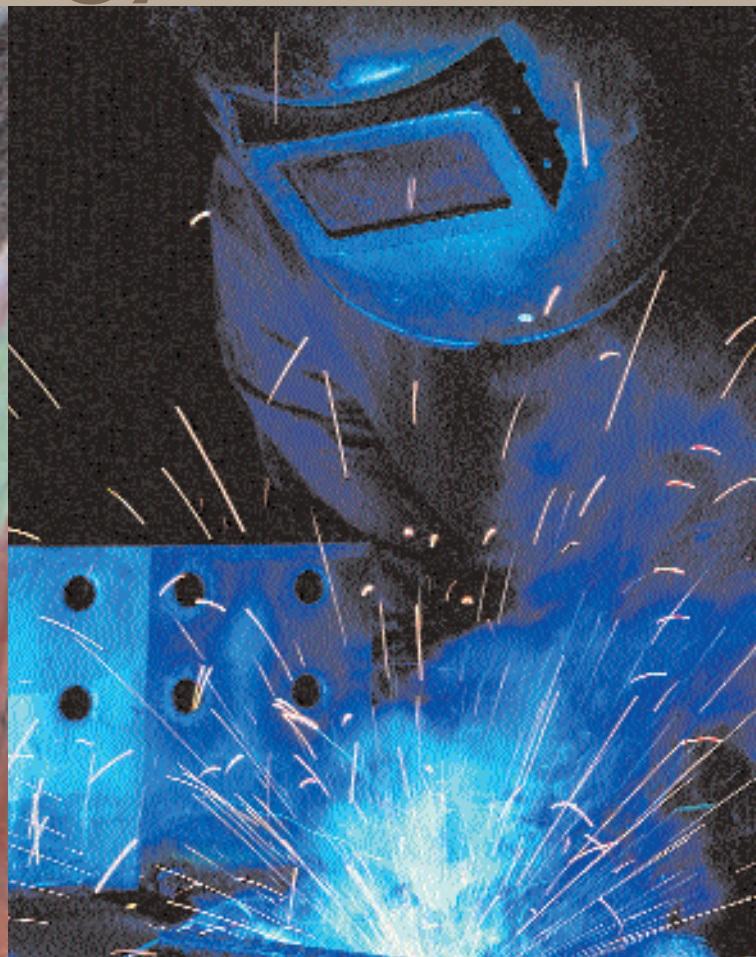
Eczacıbaşı Information and Communication Technologies has hands-on experience in a large number of sectors and a highly competent production and development team. Equally important are its affiliation with the Eczacıbaşı Group and strategic partnerships with technology leaders such as SAP, Microsoft, IBM, HP, Oracle, and Attachmate. Owing to its extensive experience with a wide variety of work processes, Eczacıbaşı Information and Communication Technologies is well equipped to assess client needs and develop effective and efficient solutions.

Several of the new products and technologies that Eczacıbaşı Information and Communication Technologies developed or launched first in Turkey are:

- mySAP based preconfigured system (Runway, 2004)
- Local Budgeting and Long-Term Planning Product (Planium, 2003 Alarko Group of Companies)
- Local Workflow Management Product Development (EBIFlow, 2001)
- Constraint Logic Programming Technology Implementation (1994 P&G)
- SAP Implementation in Turkey (1994 İpek Kağıt Tissue Paper)
- MRP II Implementation in Process Industry (Eczacıbaşı Pharmaceuticals).



# Welding Technology

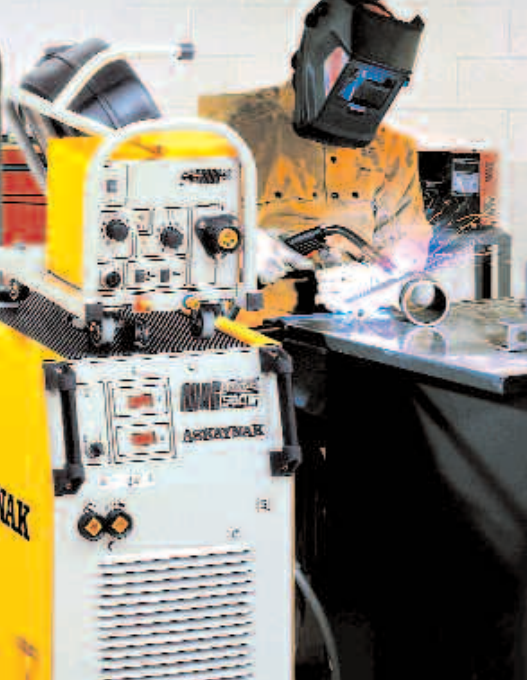






*Kaynak Tekniği Welding Electrodes ranks among Turkey's top three manufacturers of welding electrodes and wires with a 35 percent share of the national market.*





***Kaynak Tekniği Welding Electrodes is constructing a new plant on the outskirts of Istanbul that will increase its capacity by half.***

### **Kaynak Tekniği Welding Electrodes**

Kaynak Tekniği Welding Electrodes was established in 1970 and ranks among Turkey's top three manufacturers of welding electrodes and wires with a 35 percent share of the national market. Kaynak Tekniği is a joint venture with The Lincoln Electric Company, the world leader in the design, development and manufacture of arc welding products, robotic welding systems, plasma and oxyfuel cutting equipment.

The relationship between Kaynak Tekniği and Lincoln Electric dates back to 1992, when Kaynak Tekniği became the exclusive distributor in Turkey for Lincoln Electric welding machinery and equipment. In 1998, this agreement was transformed into a full-fledged partnership with Lincoln Electric's acquisition of a 50 percent stake in the Company. Through this partnership, Kaynak Tekniği has developed valuable links with Lincoln Electric's global activities, which include manufacturing operations, joint ventures and alliances in 18 countries, and a network of distributors and sales offices covering more than 160 countries.

### ***Strong position in the highly competitive national market***

Kaynak Tekniği's modern plant has an annual capacity of 18,000 tons of stick electrodes, 5,000 tons of submerged arc welding wire and 12,000 tons of MIG wires. It markets these under its own brand names, Askaynak and Kobatek, Starweld, Expressweld and Focusweld, as well as that of Lincoln Electric, and distributes through a 500-strong nationwide dealer network.

Kaynak Tekniği's strength in the highly competitive Turkish market reflects the accurate positioning of its two main product lines. The Askaynak brand focuses primarily on welding electrodes, wire products (MIG/MAG and submerged arc welding wire) and welding equipment for the manufacturing industry.

The Kobatek brand primarily carries welding products for protective maintenance and repair welding, while Starweld is the main brand for stainless steel TIG / MIG wires. Expressweld was introduced to the market in 2005 to meet the demand for low technology

***Turkey's welding consumable and equipment market grew between 12 and 15 percent in 2005, facilitating a 17 percent increase in the US dollar value of Kaynak Tekniği's net sales.***

welding equipment. The Focusweld brand encompasses all supplementary products consumed during welding process.

#### *Careful monitoring of domestic and global markets*

The replacement of stick electrodes with GMAW has accelerated price competition and reduced margins worldwide. While the global shift in manufacturing and construction from developed to developing countries has increased the demand for welding consumables in developing countries, so has it raised the demand for sophisticated products in developed countries. Kaynak Tekniği is responding to both trends by enriching its product mix, pursuing export opportunities, taking full advantage of the Askaynak and Lincoln brand values and developing new marketing strategies.

Turkey's welding consumable and equipment market grew between 12 and 15 percent in 2005, facilitating a 17 percent increase in the US dollar value of the Company's net sales.

Advertising campaigns, a new marketing approach and strong investment spending in the manufacturing industry stimulated sales of Askaynak-branded welding machines. At the same time, special focus was given to new products, like flux-core wire, stainless TIG / MIG wire and Gullco-branded full and semiautomatic welding and cutting equipment.

In the coming years, to expand further its market share in Turkey, Kaynak Tekniği aims to strengthen its dealer-based distribution network with secondary dealers and industrial customers.

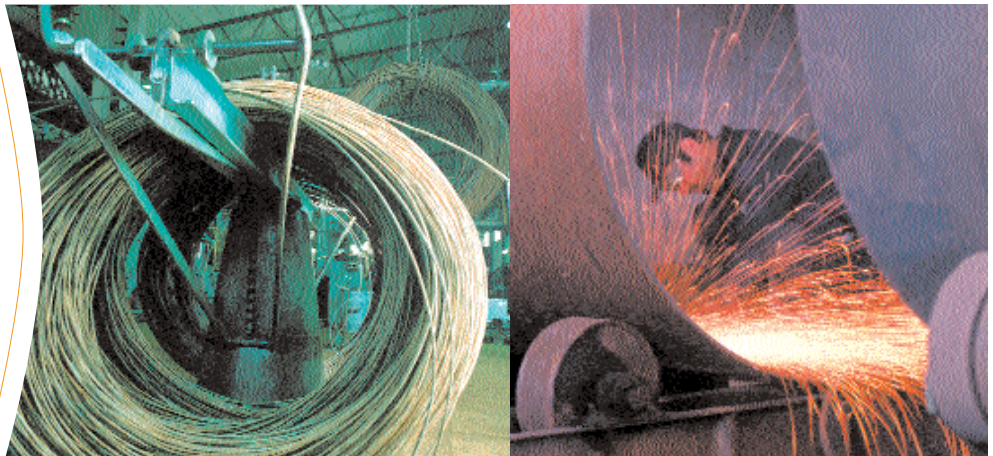
Kaynak Tekniği generates 27 percent of its turnover from international sales to more than 47 countries around the world and is the leading exporter of welding consumables from Turkey. In 2005, the Company expanded its exports to markets in the Balkans, Caucasus, North Africa, Russia, Ukraine and Western Europe.

#### *Capacity expansion*

Kaynak Tekniği is constructing a new plant on the outskirts of Istanbul that will increase its capacity by half, modernize its production lines and optimize its plant layout. Kaynak Tekniği expects to begin operations at the new plant in the Taysad Industrial Park towards the end of 2007.

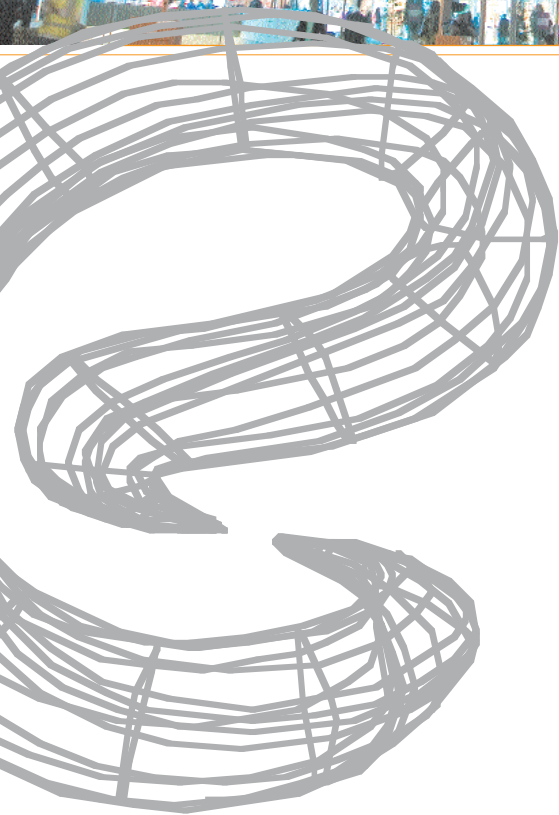
#### *Quality-based management approach*

Kaynak Tekniği derives its strength from its long standing focus on customer satisfaction and quality, which earned it the TÜSIAD-KalDer Quality Award for Small and Medium-Sized Enterprises in 1999. Kaynak Tekniği has ISO 9001 certification from RWTÜV and product approvals from leading international certification bodies.





# Kanyon: A New World in the





# Heart of Istanbul



*Kanyon is an innovative, mixed-use real estate project that aims to offer a healthy, satisfying and modern lifestyle in the heart of Istanbul.*





*Kanyon's residences balance technology with home comfort, a community with shared values, and the opportunity to enjoy natural lighting and fresh air.*

Kanyon is an innovative, mixed-use real estate project that aims to offer a healthy, satisfying and modern lifestyle in the heart of Istanbul. Inaugurated in May 2006, this equal share joint venture between the Eczacıbaşı Group and İş Real Estate Investment Trust, Turkey's leading real estate investment company, is one of Europe's largest multifunctional centers. Several well-known national and international companies are involved in this \$ 200 million project, including Jerde Partnership International, Tabanlıoğlu Architects, Arup Engineering and Tepe Construction.

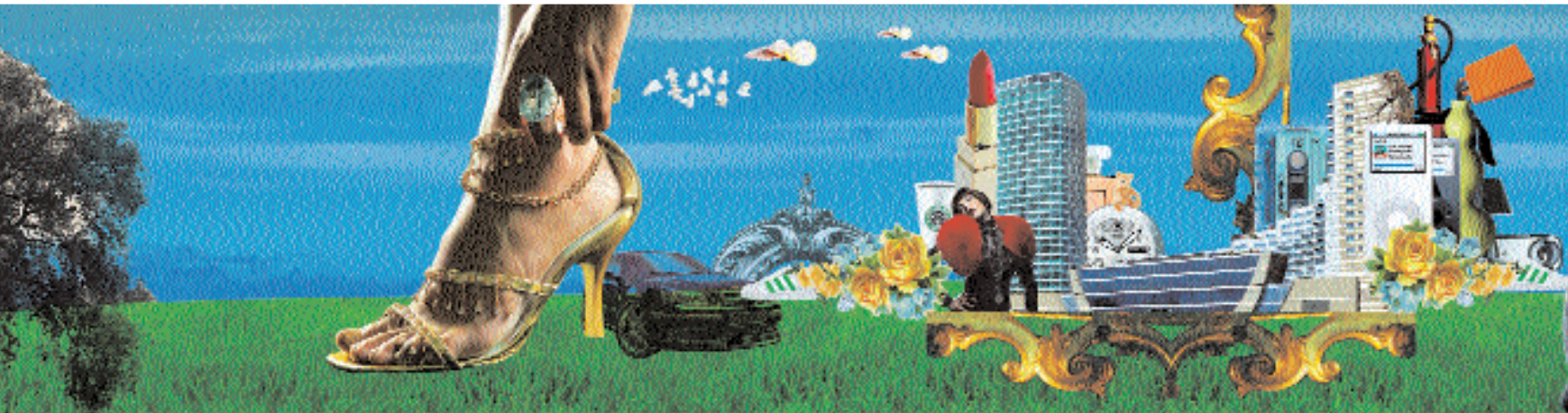
*Perfect balance of home life, work and play*

Kanyon provides a unique solution to residential living, office space and recreational/shopping activity by offering the comfort, excitement and creativity of urban living with a healthy and relaxing

environment. The bold design of the 250,000 m2 project, which was inspired by the forms of natural canyons, is softened by landscaping, winding outdoor walkways made of natural materials, fountains and terraced gardens.

*Urban community*

Kanyon has 179 residential apartments ranging from 80 m2 studios to 380 m2 duplexes that have been designed by interior architects Sevil Peach and Brigitte Weber. Unlike other high technology buildings that function more like hotel rooms than homes, Kanyon's residences balance technology with home comfort, a community with shared values, and the opportunity to enjoy natural lighting and fresh air. Many units have private terraces, gardens and balconies and all have fully opening windows. Sales of these residences, which began in July 2004, were completed by end-2005.



#### *Creative work environment*

Overlooking the long and curving expanse of the Kanyon project, the business tower offers 30,000 m2 of rental office space on 26 floors, with floor plates averaging 1167 m2. The exterior of the building is covered with a special non-reflective glass that allows maximum penetration of natural light, while ventilation systems provide 100 percent fresh air circulation throughout the day. Kanyon's rich cultural and social setting offers a fresh perspective to the daily grind, and its health and sports center, an opportunity to recharge.

#### *Cultural and recreational oasis*

Kanyon's residences and business tower oversee four levels of open-air streets lined with 160 boutiques, numerous restaurants, cafes, bars, a cinema, health and fitness center, gourmet market and an outdoor performance area. This 37,500 m2 open-air

structure comprises a series of districts connected by an interior street that traverses the site through courtyards and terraces. Each district has a distinct personality in harmony with the visual language of Kanyon, which emphasizes the creative use of water, landscaping, graphics and lighting. The streets are heated so that visitors can walk leisurely in winter months. Kanyon will provide cultural and recreational events that position it at the forefront of Istanbul's vibrant arts and entertainment scene, thus offering residents and visitors the best of urban society as well as refuge and tranquility.

#### *Convenient and secure*

Kanyon is located in the main financial district of Istanbul, with direct connections to the Istanbul metro and within easy reach of the two bridges across the Bosphorus. Apart from 24-hour security, surveillance, and fire

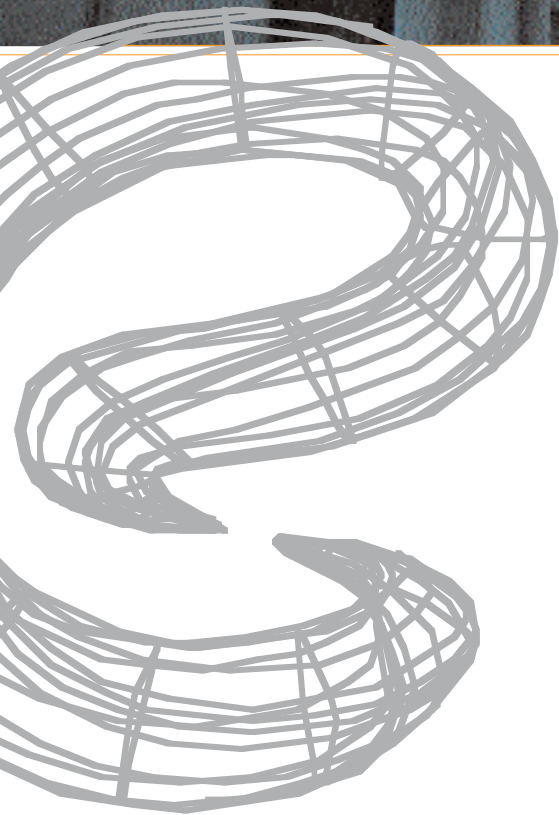
detection systems, all Kanyon buildings are being built to withstand earthquakes exceeding by 25 percent the worst-case scenario for the district. Kanyon's engineering design and construction surpass national and international standards, including the 1998 Turkish Earthquake Standard; International Regulations AC 318-02, UBC, AISC and FEMA; and the American Uniform Building Code.



*The exterior of Kanyon's business tower is covered with a special non-reflective glass that allows maximum penetration of natural light, while ventilation systems provide 100 percent fresh air circulation throughout the day.*



# Corporate Citizenship







*The Eczacıbaşı Group is the founder of Turkey's first privately-funded museum of modern art, to which it provided the initial investment and project management finance as well as the core collection of paintings.*





***“Every investment in the arts and culture directly contributes to the development of society’s wealth, to the economy and politics and to the whole fibre of society.”***

**Dr. Nejat F. Eczacıbaşı (1913-1993)**  
Founder of the Eczacıbaşı Group

Corporate citizenship is a fundamental component of the Eczacıbaşı Group’s identity that derives from the Eczacıbaşı family’s tradition of community service and pioneering role in the development of modern Turkish industry and institutions.

Dr. Nejat F. Eczacıbaşı, the founder of the Eczacıbaşı Group, firmly believed that every investor had a duty to use a portion of the wealth generated by his or her business to improve the community. During his lifetime, he sought to achieve this through the establishment and sponsorship of non-profit institutions involved in culture and the arts, education, scientific research, public policy and sports.

Dr. Eczacıbaşı summed up his view of corporate social responsibility with: “The real measure of private entrepreneurship is its success in increasing the wealth of the whole community.” Today, every Eczacıbaşı Group company regularly contributes to one or several non-profit institutions and one of the primary corporate values that all Eczacıbaşı employees are expected to share is the “tradition of serving our community”.

For more than 60 years the Eczacıbaşı Group and its individual companies have sponsored a wide range of projects in four broad

categories: culture and the arts, education, sports, scientific research and public policy.

## **ARTS AND CULTURE**

### *İstanbul Museum of Modern Art*

The Eczacıbaşı Group is the founder of Turkey’s first privately-funded museum of modern art, to which it provided the initial investment and project management finance as well as the core collection of paintings.

The aims of İstanbul Modern, which opened in December 2004, are to establish, preserve and exhibit Turkey’s rich tradition of modern and contemporary art in a comprehensive and integrated manner; introduce the Turkish public to the modern concept of a museum as a center of education and culture; promote international recognition of Turkish artists; bring international masterpieces of modern and contemporary art to Turkey for public exhibition; and be a vibrant platform for cultural exchange and for art production that bridges local and universal cultures.

Over the course of one year, in addition to its permanent exhibitions, İstanbul Modern organized three temporary exhibitions, three photography exhibitions, two video programs and the first comprehensive exhibition of Turkish modern sculpture. All in all, more





than 500 thousand people have visited these exhibitions, which in one year presented audiences the opportunity to see close to 800 works by almost 300 artists.

İstanbul Modern is the only museum in Turkey with a mission to appeal to the mass public through a diverse and dynamic program of exhibitions, learning opportunities and cultural events. To date, more than 100 thousand students have participated in the educational programs organized by İstanbul Modern's Educational and Social Projects Department in the museum and around the city.

#### *Eczacıbaşı Virtual Museum*

The Eczacıbaşı Group has long been committed to raising public awareness and appreciation of Turkish modern art. To this end, it has developed one of the largest permanent collections of abstract and figurative work by Turkish painters, which it has sought to exhibit in a variety of forums.

In 1999, in an effort to increase public access to this collection and other paintings, the Group established a virtual museum of Turkish visual art. In line with contemporary museum norms, the Eczacıbaşı Virtual Museum contains both permanent and temporary collections supplemented by curatorial text.

#### *Istanbul International Music, Film, Jazz, Theatre and Visual Art Festivals*

The Eczacıbaşı Group is a staunch supporter of the Istanbul International Festivals, both through its sponsorship of the Istanbul Foundation for Culture and the Arts, founded in 1973 on the initiative of Dr. Nejat F. Eczacıbaşı, and its direct patronage of selected festivals. In particular, the Eczacıbaşı Group's unwavering support of the Istanbul International Music Festival has contributed greatly to its growing international prestige. Starting in 2006, Eczacıbaşı has become the Leading Sponsor of the Istanbul Foundation for Culture and Arts. In its new role, Eczacıbaşı will contribute to the International Istanbul Film, Theatre and Jazz Festivals as well as the Music Festival, enhancing its involvement in the Foundation and broadening its communication with art lovers.

#### *VitrA Ceramic Arts Studio*

Dr. Nejat F. Eczacıbaşı established the VitrA Ceramic Art Studio in 1957, with the goal of encouraging ceramic artists and public appreciation of this medium. Over the years, the VitrA Ceramic Arts Studio has opened its doors to a large number of young and talented ceramic artists, organized public exhibitions of their work and hosted master classes, conferences, slide shows and workshops on ceramic art. The VitrA Ceramic Arts Studio is a member of the Geneva-based International Academy of Ceramics (IAC).

#### *Eczacıbaşı Arts Encyclopedia*

Published in 1997 by the Dr. Nejat F. Eczacıbaşı Foundation, the Eczacıbaşı Arts Encyclopedia is a three-volume work on international art and architecture that begins with pre-historic Anatolian cultures and focuses especially on the Byzantine, Seljuk, Beylik, Ottoman and Republican periods in Turkey. About 250 researchers, writers and university faculty worked on the project, which contains 4,400 articles.

#### **EDUCATION**

#### *The Turkish Foundation of Education Volunteers (TEGV)*

The Eczacıbaşı Group contributes regularly to this NGO through direct budgeting or special fund-raising events, like the 2002 auction of ceramic statues created by the VitrA Ceramic Art Studio.

#### *Young Inventors*

Organized with TEGV, Young Inventors is an alternative education project that aims to contribute to children's knowledge and interest in science and mathematics and help them develop their creativity and skills in these areas.

With the Eczacıbaşı Group's sponsorship, TEGV has prepared a set of stimulating math and science textbooks and educational material for children of different ages and established



*More than 500 thousand people have visited these exhibitions, which in one year presented audiences the opportunity to see close to 800 works by almost 300 artists.*



**Starting in 2006, Eczacıbaşı has become the Leading Sponsor of the Istanbul Foundation for Culture and Arts.**

educational workshops and an “Inventors Club” for children in the southeastern city of Gaziantep. Mainly targeting low to middle income families, the project will gradually be extended to other cities around the country. The project has reached 950 students so far; in 2006 the target is to reach another 2750 children through more than 4000 different activities.

#### **Ministry of Education’s “100% Support for Education” Campaign**

In response to the Ministry of Education’s call for private sector support of the national school system, the Eczacıbaşı Group supplied 462 computers to 22 primary and secondary schools in the provinces of Bilecik and Kocaeli, as well as the infrastructure and technical assistance needed to upgrade their computer labs. The Group focused on computer facilities because this was one of the primary areas where most schools reported serious deficiencies.

#### **Dr. Nejat F. Eczacıbaşı Foundation Music Scholarships**

These scholarships enable outstanding young Turkish musicians to pursue graduate musical studies abroad. To date, the Foundation has provided financial support to 76 musicians studying a wide range of instruments as well as orchestration, direction and composition.

#### **Primary School Sponsorship**

The Eczacıbaşı Group has built four primary schools for the Turkish public school system to which it provides annual funding. Around 4,200 students attend these schools.

#### **Eczacıbaşı Sports School**

The Eczacıbaşı Sports School teaches volleyball to young girls in the 6-14 age group, who often have less access to organized sports. It also assists young girls develop their motor and coordination skills.

#### **Reproductive Health Hotline**

In 2000, Eczacıbaşı Pharmaceuticals Marketing established a free, 24-hour reproductive health hotline (ALO-OKEY) with the Family Planning Association of Turkey. The aim of the hotline is to enhance public access to professional and accurate information about reproductive health.

#### **Solo Personal Hygiene Project**

İpek Kağıt Tissue Paper has long been at the forefront of public awareness campaigns on healthy personal hygiene practices. In 2002, it began cooperating with the national educational system to provide primary school students basic information on personal hygiene. By the end of 2005, it had organized personal hygiene classes for over three million students at more than 3,841 schools in 23 cities around Turkey. In recognition of this achievement, İpek Kağıt was one of 10



companies selected for the 2005 World Business Awards organized by the ICC in association with the United Nations Development Program and The Prince of Wales International Business Leaders Forum. These are the first worldwide business awards to recognize the crucial role of the private sector in implementing the UN's Millennium Development Goals of reducing poverty by half around the world by 2015.

## SPORTS

### *Eczacıbaşı Sports Club*

Established in 1966, the Eczacıbaşı Sports Club single-handedly trained many of Turkey's best sportsmen and women in the fields of basketball, volleyball, gymnastics and table tennis before focusing its resources exclusively on women's volleyball in the early 1990s. During this period, the Club won 13 National Championships in table tennis, eight National Championships in men's basketball and 12 National Championships in men's volleyball.

In the 2005-2006, volleyball the Eczacıbaşı Sports Club's women's volleyball team won its 25th national championship with the youngest team in the league.

Since 1968, the women's volleyball team has also won five National Cups and played in eight European Cup Finals, winning the "European Cup Winner's Cup" in 1999. In

addition to its A-team, the Club has three junior teams that have contributed players over the years to the A team, other first division teams and the Turkish National Volleyball Team.

In 2002, the Eczacıbaşı Sports Club joined the Turkish National Chess League, where it was promoted to the Super League in its first year. The Club's chess team then went on to win the Championship Cup in the Super League in the 2003, 2004 and 2005 seasons.

## PUBLIC POLICY AND SCIENTIFIC RESEARCH

### *Eczacıbaşı Scientific Research and Medical Award Fund*

The Eczacıbaşı Group established this fund in 1959 to promote high caliber medical research. To date, the fund has supported 171 medical research projects and presented 65 awards to Turkish scientists for valuable research in health and medicine. Since 2002, the Scientific Research and Medical Award Fund is also supporting promising research by medical students.

The Eczacıbaşı Scientific Research and Medical Award Funds are presented every two years at Eczacıbaşı Medical Day. This biannual event organized by the Eczacıbaşı Group aims to provide a forum for scientists and health

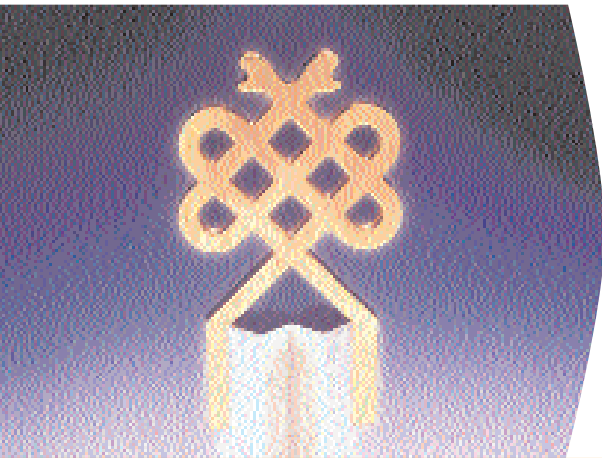
professionals in Turkey to discuss current medical topics and developments in the health sector and to recognize the valuable medical and health-related research of their colleagues. More than 700 people attended the third Eczacıbaşı Medical Day in 2006, which focused on new treatment approaches to dermatological diseases.

### *Turkish Economic and Social Studies Foundation (TESEV)*

Eczacıbaşı is an active supporter of the Turkish Economic and Social Studies Foundation, an independent, non-profit think-tank dedicated to conducting and supporting research on public policy issues. TESEV is the successor of the Economic and Social Studies Conference Board, which Dr. Eczacıbaşı founded in 1961. Every year, the Eczacıbaşı Group sponsors a competition organized by TESEV to promote public policy-oriented research and encourage young researchers in this field.

### *Turkish Informatics Foundation*

The Eczacıbaşı Group is a corporate sponsor of the Turkish Informatics Foundation, established in 1995 through the efforts of the Group's vice-chairman, Faruk Eczacıbaşı, also the foundation's current chairman. The foundation's main goal is to contribute to the development of the legal, technical and physical infrastructure required for Turkey's full transition to an information-based society.



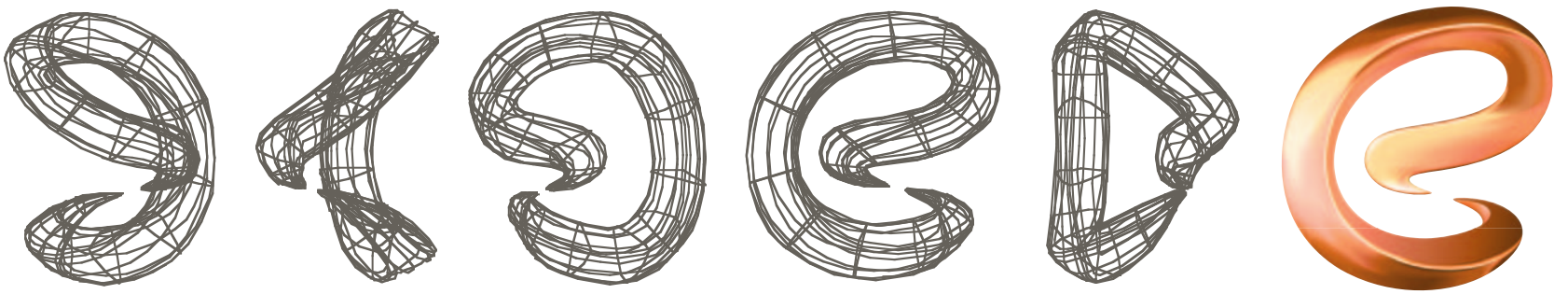
*To date, the Eczacıbaşı Scientific Research and Medical Award Fund has supported 171 medical research projects and presented 65 awards to Turkish scientists for valuable research in health and medicine.*



# List of Eczacıbaşı Group Companies

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(As of April 31, 2006)



	Paid-In Capital (YTL)	Share of Eczacıbaşı Group (%)
ECZACIBAŞI HOLDING CO.	210,000,000	100.00
<b>PHARMACEUTICALS DIVISION</b>		
Eczacıbaşı Pharmaceuticals Manufacturing Co.	182,736,000	69.27
Eczacıbaşı Health Products Co.	122,000,000	100.00
Eczacıbaşı-Baxter Hospital Supply Co.	30,319,300	50.00
Eczacıbaşı Fine Chemical Products Co.	9,044,000	100.00
Eczacıbaşı Pharmaceuticals Marketing Co.	7,750,000	100.00
Eczacıbaşı Pharmaceuticals Trading Co.	50,000	100.00
Eczacıbaşı-Corridor Health Services, Inc.	4,750,00	86.40
Eczacıbaşı Health Care Products JSC (Russia)	\$ 7,200,000	100.00
<b>BUILDING MATERIALS DIVISION</b>		
Eczacıbaşı Building Materials Manufacturing Co.	56,250,000	68.02
Eczacıbaşı Ceramic Tiles Manufacturing Co.	74,698,365	98.49
Esan Eczacıbaşı Industrial Raw Materials Co.	15,800,000	100.00
Eczacıbaşı-Koramic Building Chemicals Manufacturing Co.	4,920,000	50.00
Eczacıbaşı Bathtubs and Kitchen Furniture Manufacturing Co.	11,495,000	100.00
İntema Building Materials Marketing and Sales Co.	4,860,000	51.48
VitrA Bad GmbH	Euro 255,646	100.00
VitrA (UK) Ltd.	£ 410,000	100.00
VitrA USA Inc.	US\$ 540,000	100.00
Engers Keramik GmbH & Co. KG	Euro 1,262,300	100.00
VitrA Bath & Tiles JSC (Russia)	US\$ 129,000	100.00
VitrA Ireland Ltd.	Euro 5,180,004	87.64
<b>CONSUMER PRODUCTS DIVISION</b>		
İpek Kağıt Tissue Paper Co.	105,750,000	50.00
Eczacıbaşı-Beiersdorf Cosmetic Products Co.	800,000	50.00
Eczacıbaşı-Schwarzkopf Professional Hairdressers' Products Co.	2,500,000	50.00
Girişim Marketing Co.	2,900,000	100.00
<b>OTHER PRODUCTS AND SERVICES</b>		
Kaynak Tekniği Welding Electrodes Co.	4,835,000	47.96
Ekom Eczacıbaşı Foreign Trade Co.	3,481,000	100.00
Eczacıbaşı Securities Co.	11,000,000	100.00
Eczacıbaşı-UBP Asset Management Co.	3,000,000	50.00
Eczacıbaşı Investment Holding Co.	50,000,000	56.56
Eczacıbaşı Investment Partnership Co.	9,975,000	20.00
Eczacıbaşı Information and Communication Technologies Co.	1,135,000	100.00
E-Kart Electronic Card Systems Co.	10,839,500	50.00
Eczacıbaşı Construction Co.	85,000	100.00
Eczacıbaşı Insurance Agency Co.	100,000	100.00
Kanyon Management and Marketing Ltd.	100,000	50.00
Yapı-İş Real Estate and Construction Co.	2,220,000	100.00

# Contact Names and Addresses

## **Eczacıbaşı Holding Co.** **Eczacıbaşı Holding A.Ş.**

Chairman of the Board: Bülent Eczacıbaşı  
Vice Chairman: Faruk Eczacıbaşı  
Vice Chairman: Sezgin Bayraktar  
President and CEO: Dr. Erdal Karamercan  
Vice President, Pharmaceuticals: Sedat Birol  
Vice President, Building Materials: Tayfun İndirkaş  
Vice President, Consumer Products: Osman Erer  
Vice President, Planning and Finance: Toker Alban  
Vice President, Head Comptroller: M. Sacit Basmacı  
Deputy Vice President, Building Materials:  
Hüsamettin Onanç  
Director, Corporate Communications:  
Okşan Atilla Sanön  
Director, Information Technologies: Levent Kızıltan  
Director, Human Resources: Ülkü Feyyaz Taktak

Büyükdere Cad. Ali Kaya Sok. No: 7  
Levent 34394 İstanbul  
Phone: +(90 212) 339 90 00  
Fax: +(90 212) 280 82 44  
www.eczacibasi.com.tr

## **PHARMACEUTICALS DIVISION**

### **Eczacıbaşı Pharmaceuticals Manufacturing Co.** **Eczacıbaşı İlaç San. ve Tic. A.Ş.**

General Manager: Faruk Yurtseven  
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Fax: +(90 212) 350 86 17  
www.eis.com.tr

### **Moscow Office**

Head of Representative Office: Sunay Feim  
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### **Almaty Office**

Head of Representative Office: Gürsel Tüccar  
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### **Tashkent Office**

Head of Representative Office: Gürsel Tüccar  
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Fax: +(998 711) 33 23 62

### **Kiev Office**

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Fax: +(380 44) 494 28 67

### **Romania Office**

Head of Representative Office: Dr. Mugur  
Bivoleanu  
Str. Batistei nr. 1-3, sc A, et 1, ap 3  
Sector 1, Bucuresti, Romania  
Phone/Fax: +(40 21) 315 00 96-97

### **Eczacıbaşı Health Products Co.**

**Eczacıbaşı Sağlık Ürünleri San. ve Tic. A.Ş.**  
General Manager: Faruk Yurtseven  
Büyükdere Cad. Ali Kaya Sok. No: 7  
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Fax: +(90 212) 350 86 17

### **Plant**

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39780 Lüleburgaz  
Phone: +(90 288) 427 10 00  
Fax: +(90 288) 427 14 55-56

### **Eczacıbaşı Pharmaceuticals Cyprus Trading Ltd. Co.** **Eczacıbaşı İlaç Cyprus Ltd.**

Directors: M.Ülkü Kabadayı / Yıldız Özalp  
Şehit Hüseyin Ruso Caddesi  
Ermataş Binaları Lefkoşe KKTC

### **Eczacıbaşı-Baxter Hospital Supply Co.**

**Eczacıbaşı-Baxter Hastane Ürünleri San. ve Tic. A.Ş.**  
General Manager: Dr. Can Hisarlı  
Cendere Yolu, Pırnal Keçeli Bahçesi,  
Ayazağa 34390 İstanbul  
Phone: +(90 212) 329 62 00  
Fax: +(90 212) 289 02 61  
www.eczacibasi-baxter.com.tr



Eczacıbaşı Fine Chemical Products Co.  
*Eczacıbaşı Özgün Kimyasal Ürünler San. ve Tic. A.Ş.*  
General Manager: Dr. Adil Gönen  
Büyükdere Cad. Ali Kaya Sok. No: 7  
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Fax: +(90 212) 350 87 20  
www.eos.com.tr

#### Plant

Çerkezköy Organize Sanayi Bölgesi  
Fatih Cad. No:12  
Çerkezköy, Tekirdağ  
Phone: +(90 282) 758 17 71  
Fax: +(90 282) 758 17 70

Eczacıbaşı Pharmaceuticals Marketing Co.  
*Eczacıbaşı İlaç Pazarlama A.Ş.*  
General Manager: Ayşe Özger  
Büyükdere Cad. Ali Kaya Sok. No: 7  
Levent 34394 İstanbul  
Phone: +(90 212) 350 80 00  
Fax: +(90 212) 350 84 64  
www.eip.com.tr

Eczacıbaşı Pharmaceuticals Trading Co.  
*Eczacıbaşı İlaç Ticaret A.Ş.*  
General Manager: Ayşe Özger  
Büyükdere Cad. Ali Kaya Sok. No: 7,  
Levent 34394 İstanbul  
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Fax: +(90 212) 350 82 62

Eczacıbaşı-Corridor Health Services. Inc.  
*Eczacıbaşı Sağlık Hizmetleri A.Ş.*  
General Manager: Ata Selçuk  
Büyükdere Cad. Ecza Sok. Safer Han 6/3  
Levent 34394 İstanbul  
Phone: +(90 212) 317 25 00  
Fax: +(90 212) 279 25 05  
www.eczacibasisaglik.com

## BUILDING MATERIALS DIVISION

Eczacıbaşı Building Materials Manufacturing Co.  
*Eczacıbaşı Yapı Gereçleri San. ve Tic. A.Ş.*  
Managing Director: Şadi Burat (In charge of  
VitrA Ceramics Division)  
Managing Director: Haluk Bayraktar (In charge  
of Artema Faucets Division)  
Büyükdere Cad. No: 193  
Levent 34394 İstanbul  
Phone: +(90 212) 339 90 00  
Fax: +(90 212) 282 67 45 (VitrA)  
+(90 212) 270 07 77 (Artema)

#### VitrA Ceramic Division (Plants)

*VitrA Seramik Grubu*  
Eskişehir Yolu üzeri 4. km  
Bozüyük 11300 Bilecik  
Phone: +(90 228) 314 04 00  
Fax: +(90 228) 314 04 12

Yunus Tren İstasyonu yanı  
Kartal 34860 İstanbul  
Phone: +(90 216) 387 05 20  
Fax: +(90 216) 353 67 56  
www.vitra.com.tr

#### Artema Faucets Division (Plant)

*Artema Armatür Grubu*  
P.K. 34 Bozüyük 11300 Bilecik  
Phone: +(90 228) 314 07 90  
Fax: +(90 228) 314 07 96  
www.artema.com.tr

Eczacıbaşı Ceramic Tiles Manufacturing Co.  
*Eczacıbaşı Karo Seramik San. ve Tic. A.Ş.*  
General Manager: Ahmet Yamaner  
E-5 Karayolu üzeri, Şifa Mah. Atatürk Cad.  
Tuzla 34941 İstanbul  
Phone: +(90 216) 423 46 00  
Fax: +(90 216) 423 46 13  
www.vitrakaro.com

Eczacıbaşı Bathtubs and Kitchen Furniture  
Manufacturing Co.  
*Eczacıbaşı Banyo ve Mutfak Ürünleri San. ve Tic. A.Ş.*  
General Manager: Zeki Birlik

#### Bathtubs

Cumhuriyet Mah. 13. Sok. No: 10  
Şekerpınar 41400 Gebze  
Phone: +(90 262) 648 95 00  
Fax: +(90 262) 658 85 94  
www.vitra.com.tr

#### Furniture

E-5 Karayolu Üzeri, Şifa Mah. Aslı Sok.  
Tuzla 34950 İstanbul  
Phone: +(90 216) 581 20 00  
Fax: +(90 216) 581 20 90  
www.vitra.com.tr

ESAN Eczacıbaşı Industrial Raw Materials Co.  
*ESAN Eczacıbaşı Endüstriyel Hammaddeler San.  
ve Tic. A.Ş.*

General Manager: Sinan Özman  
Kısıklı Cad. Sarkuysan Ak İş Merkezi  
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Altunizade 34662 İstanbul  
Phone: +(90 216) 474 40 50  
Fax: +(90 216) 474 40 85  
www.esan.com.tr

#### Representative Office - Ukraine

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Fax: +(380.44) 205 56 43

#### Representative Office - Italy

Head of Representative Office: Ufuk Kantel  
Via. Regina Pacis 42,  
41049 Sassuolo (MO) Italy  
Phone: +(390) 536 804138  
Fax: +(390) 536 813305

Intema Building Materials Marketing and Sales Co.  
*İntema İnşaat ve Tesisat Malzemeleri Yatırım ve Pazarlama A.Ş.*

General Manager: Atalay Gümrah  
Büyükdere Cad. No: 193  
Levent 34394 İstanbul  
Phone: +(90 212) 339 90 00  
Fax: +(90 212) 278 10 88  
www.vitra.com.tr

**Eczacıbaşı-Koramic Building Chemicals Manufacturing Co.**

*Eczacıbaşı-Koramic Yapı Kimyasalları Sanayi ve Ticaret A.Ş.*

General Manager: Hüseyin Bilmaç  
E-5 Karayolu Üzeri, Şifa Mah. Atatürk Cad.  
Tuzla 34941 İstanbul  
Phone: +(90 216) 423 46 00  
Fax: +(90 216) 423 50 02

**VitrA Bad GmbH**

General Manager: Zeki Şafak Ozan  
Heinrich-Hertz Str. 10, 50170 Kerpen Germany  
Phone: +(49 2273) 398 50 00  
Fax: +(49 2273) 398 50 50  
www.vitra-bad.de

**VitrA (UK) Ltd.**

General Manager: Levent Giray  
Park 34 Collet Way, Didcot Oxon Ox 11  
7WB UK  
Phone: +(44 1235) 750 990  
Fax: +(44 1235) 750 985

**VitrA USA Inc.**

Marketing Manager (Tiles): Sema Çetiner  
Marketing and Sales Manager (Plumbing): Akgün Seçkiner  
305 Shawnee North Drive Suite 600  
Suwanee GA, 30024 USA  
Phone: +(1 770) 904 68 30  
Fax: +(1 770) 904 68 91  
www.vitra-usa.com

**VitrA Ireland Ltd.**

General Manager: Robert Hickson  
Arklow Business Park Ballynattin Road  
Arklow Co. Wicklow Ireland  
Phone: +(353 402) 265 00  
Fax: +(353 402) 913 55

**VitrA Bath and Tiles JSC**

Showroom Manager: Şöhret Ufuk  
Taganskaya Street 29, 109147  
Moscow Russia  
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**Representative Office-France**

Head of Representative Office: Ozan Keskin  
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**Engers Keramik GmbH & Co. KG**

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Fax: +(49 2622) 7007 - 77  
www.engerskeramik.de

## CONSUMER PRODUCTS DIVISION

**İpek Kağıt Tissue Paper Co.**

*İpek Kağıt San. ve Tic. A.Ş.*

General Manager: Baki Gökçümen  
Büyükdere Cad. No: 193  
Levent 34394 İstanbul  
Phone: +(90 212) 339 90 00  
Fax: +(90 212) 269 77 65  
www.ipekkagit.com.tr

**Plant**

Tokmak Köyü Altınova 77700 Yalova  
Phone: +(90 226) 462 85 23  
Fax: +(90 226) 462 90 55

**Eczacıbaşı-Beiersdorf Cosmetic Products Co.**

*Eczacıbaşı-Beiersdorf Kozmetik Ürünler San. ve Tic. A.Ş.*

General Manager: Hakan Uyanık  
Büyükdere Cad. Ecza Sok. Safer Han  
No: 6 Kat: 2  
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Fax: +(90 212) 280 99 92  
www.nivea.com.tr

**Girişim Marketing Co.**

*Girişim Pazarlama Tüketim Ürünleri San. ve Tic. A.Ş.*

General Manager: Şefik İşeri  
Mehmetçik Cad. Fulya Mah. No: 63  
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Phone: +(90 212) 212 86 17  
Fax: +(90 212) 212 70 17  
www.girisimpazarlama.com.tr

**Eczacıbaşı-Schwarzkopf Professional Hairdressers' Products Co.**

*Eczacıbaşı-Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş.*

General Manager: Coşkun Bedük  
Mehmetçik Cad. Fulya Mah. No: 63  
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Fax: +(90 212) 216 90 36  
www.eczacibasi-schwarzkopf.com.tr

## FINANCE

Eczacıbaşı Securities Co.  
*Eczacıbaşı Menkul Değerler A.Ş.*  
General Manager: Salih Reisoglu  
Büyükdere Caddesi No: 209  
Tekfen Tower Kat: 5-6  
Levent 34394 İstanbul  
Phone: +(90 212) 319 59 99  
Fax: +(90 212) 319 59 00  
www.emdas.com

Eczacıbaşı-UBP Asset Management Co.  
*Eczacıbaşı-UBP Portföy Yönetimi A.Ş.*  
General Manager: Gökhan Güven  
Büyükdere Caddesi No: 209  
Tekfen Tower Kat: 5-6  
Levent 34394 İstanbul  
Phone: +(90 212) 319 56 56  
Fax: +(90 212) 319 56 26  
www.eczacibasiubp.com.tr

Eczacıbaşı Investment Holding Co.  
*Eczacıbaşı Yatırım Holding Ortaklığı A.Ş.*  
General Manager: Toker Alban  
Büyükdere Caddesi No: 209  
Tekfen Tower Kat: 5-6  
Levent 34394 İstanbul  
Phone: +(90 212) 319 59 99  
Fax: +(90 212) 319 57 90

Eczacıbaşı Investment Partnership Co.  
*Eczacıbaşı Yatırım Ortaklığı A.Ş.*  
General Manager: Toker Alban  
Büyükdere Caddesi No: 209  
Tekfen Tower Kat: 5-6  
Levent 34394 İstanbul  
Phone: +(90 212) 319 59 99  
Fax: +(90 212) 319 57 90

## INFORMATION TECHNOLOGY

E-Kart Elektronik Card Systems Co.  
*E-Kart Elektronik Kart Sistemleri San. ve Tic. A.Ş.*  
Co-General Manager: Enver İrdem  
Co-General Manager: Tayfun Tonguç  
Gebze Organize Sanayi Bölgesi İhsan Dede Cad.  
500. Sok. No: 503  
Gebze 41480 Kocaeli  
Phone: +(90 262) 648 58 00  
Fax: +(90 262) 648 58 97-98  
www.ekart.com.tr

Eczacıbaşı Information and Communication  
Technologies Co.  
*Eczacıbaşı Bilişim San. ve Tic. A.Ş.*  
General Manager: Tarık Aşkın  
Büyükdere Cad. No: 193  
Levent 34394 İstanbul  
Phone: +(90 212) 339 90 00  
Fax: +(90 212) 278 62 55  
www.ebi.com.tr

## WELDING TECHNOLOGY

Kaynak Tekniği Welding Electrodes Co.  
*Kaynak Tekniği San. ve Tic. A.Ş.*  
General Manager: İlkey Bayram  
Yakacıkaltı, Ankara Asfaltı Yanyol  
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Kartal 34876 İstanbul  
Phone: +(90 216) 377 30 90  
Fax: +(90 216) 377 00 00  
www.askaynak.com.tr



## OTHERS

Eczacıbaşı Construction Co.  
*Eczacıbaşı İnşaat ve Ticaret A.Ş.*  
General Manager: Ümit Dikmen  
Büyükdere Cad. Ali Kaya Sok. No: 7  
Levent 34394 İstanbul  
Phone: +(90 212) 339 90 00  
Fax: +(90 212) 280 91 55

Ekom Eczacıbaşı Foreign Trade Co.  
*Ekom Eczacıbaşı Dış Ticaret A.Ş.*  
Managing Director: Erol Ulukutlu  
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Fax: +(90 212) 324 16 42

Yapı-İş Real Estate and Construction Co.  
*Yapı-İş Emlak ve İnşaat A.Ş.*  
Büyükdere Cad. Ali Kaya Sok. No: 7  
Levent 34394 İstanbul  
Phone: +(90 212) 339 90 00  
Fax: +(90 212) 350 87 55

Kanyon Management and Marketing Ltd.  
*Kanyon Yönetim İşletim Pazarlama Ltd. Şti.*  
General Manager: Markus Lehto  
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Phone: +(90 212) 281 08 00  
Fax: +(90 212) 279 97 87  
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Eczacıbaşı Insurance Agency  
*Eczacıbaşı Sigorta Acenteliği A.Ş.*  
General Manager: Ateş Erker  
Büyükdere Cad. Ecza Sok. Safer Han  
No: 6 Kat: 2  
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