POLISAN HOLDING
2Q 2018 Interim Operating Report

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POLİSAN HOLDİNG: CEO LETTER

Polisan Holding CEO
Erol Mizrahi

In the second quarter of 2018, while the markets focused on the election in Turkey, following the elections, IMF has stated, with the widening current account deficit and rising inflation, the Turkish economy signaled to an overheating in Turkey and that they have foreseen a slowdown in growth in the light of tightening global financial conditions, increasing petroleum prices and the depreciation of TRY. The decelerating activity in the manufacturing industry, the contraction in the construction sector, the regress in the service sector playing an important role in the growth trend hint to the fact that the challenging conditions observed in the markets during the second quarter of the year, will also have an effect on the remainder of the year.

In the first half of 2018, as Polisan Holding, we continued strong growth trend with the contribution of the measures focused on sustaining profitable revenue growth in our operations as well as our f/x denominated revenues. Our consolidated revenues increased by 39.2% to TRY499.5 million, mainly due to our chemical operations' revenues, which are euro-based to a large extent. While we maintained the profitability levels in our chemical activities in Turkey, the EBITDA margin increased by 0.9 p.p. to 15.4% thanks to Polisan Hellas operating in Greece in PET business and our terminal Poliport operating at Kocaeli Port. In this period, despite the increasing financial expenses of Polisan Kimya due to f/x rate differences, our consolidated net income increased by 5.2% to TRY44.0 million. As per combined financial results, in which, Polisan Kansai Boya, our 50% partnership with Kansai Paint, is included; our combined revenues increased by 29.8% to TRY1002.6 million while EBITDA margin increased by 3.5 p.p. to 16.8% thanks to the strong performance of our paint operations. Despite increasing financial expenses of Polisan Kimya and Polisan Kansai Boya with the effect of f/x rate differences, our net income rose 16.4% to TRY66.7 million on the back of increasing operational profitability and contribution of the tax incentive of the paint facility.

In our paint operations, we took actions to open up a new logistics center in Erzurum in the second quarter of the year as part of the restructuring that we initiated to reduce costs of the distribution channel. In this period, we held the EMEA meeting of our Japanese partner Kansai Paint in Istanbul. We agreed with our partner to accelerate our efforts towards exports with the new facility, which we started trial production in June. In the meantime, we discussed what the group companies in the region could do to maximize synergies, and we started work to position this facility as a production hub for decorative paint. Polisan Kansai Boya, which will start regular operations at its new facility in the third quarter, increased its revenues by 24.5% compared to 2Q 2017 while increasing its EBITDA margin by 2.7 p.p. to 15.7%. We anticipate our operational profitability to further increase after the new facility starts its operations. At our port operations, while the cargo handed at Turkish Ports and Kocaeli Port increased by 2.2% and 6.8%, respectively in the first half of 2018, cargo handled at Poliport increased by 23.1%. Despite the pressure on revenues stemming from the transfer of General Management Services to the Holding as of 2018, Poliport's revenues increased by 16.3% compared to last year and thanks to the economies of scale resulting from the increase in the cargo handled, the EBITDA margin surged by 12.1 p.p. to 59.1%. At Poliport, we continue our investments initiated to increase capacity. At our chemical operations in Turkey, we operate in quite a competitive market. While we increased our revenues by 33.1% mainly due to the surge in construction chemicals sales, our EBITDA margin declined by 1.0 p.p. due to decreasing net other operating income. But still, considering our lines of businesses, we posted quite a strong EBITDA margin at 10.5%. Polisan Maroc, our construction chemicals facility established in Morocco, started to generate revenues. Polisan Hellas, which records Euro denominated revenues, posted a 54.7% increase in revenues with rising volume, prices, and with the effect of f/x rates. With EBITDA margin rising by 9.5 p.p.to 10.7%, Polisan Hellas achieved an impressive performance, exceeding 5-6% EBITDA margin band, which is considered as rational levels for the PET business.

In the area of real estate, we have 76 offices and 26 shops ready for sale in the Kağıthane Z Office Project. The fact that there is currently excess office supply in the Kağıthane region negatively impacted the sales of this project. Regarding the abandonment required to be made to the municipality for the grant of the permits, for the project in Kurtköy, which is located on our 180,000 m^2 land, and very close to the seaside, Sabiha Gökçen Airport, and the Ankara-Istanbul high-speed railway route, 5,740 m^2 of land was abandoned to the Municipality free of charge, and this abandonment had a negative effect of TRY4.9 million on our financials in the previous quarter. DAP Yapı, which we agreed for this project, continues its studies to receive necessary permits. With its attractive location, we expect this "brand project", comprising 4,000-unit residences and offices in total, and appealing to a "life style", to see brisk demand once launched.

As for Polisan Tarım, we carry out walnut plantation in Balıkesir on our 4.4 million square-meter land, which cost about TRY1/square-meter, and olive production on our 2.5 million square-meter land in Karacasu. In addition, we are carrying out studies in cooperation with Atatürk University, Faculty of Agriculture for the development of a 100% native variety, including useful high glycosides that can be used in the cultivation of Stevia.

Upon the approval of the General Assembly held in this period, we paid TRY21.5 million gross dividend to our shareholders. We hope that our strong operational performance will also reflect on the value of our company, as a consequence of the recent actions initiated by our shareholders, to increase the float rate of Holding shares from 8.43% to 25% levels with the intention to improve the liquidity of our shares and expand the investor base.

We hereby thank our shareholders, our employees, our business partners and our customers for their support.

Polisan HOLDİNG

POLİSAN HOLDİNG: CORPORATE PROFILE

Company Name	**:** Polisan Holding A.Ş.
Address (Headquarters)	**:** Dilovası Organize Sanayi Bölgesi 1. Kısım Liman Caddesi No : 7 Dilovası – KOCAELİ
Address (Branch)	**:** İçerenköy Mahallesi, Ali Nihat Tarlan Cad. No : 86 Ataşehir – İSTANBUL
Trade Registry Office and Number	**:** Gebze Ticaret Odası – 5769 / İstanbul Ticaret Odası – 615757
Subjected Legal Regulations	**:** Laws of Republic of Turkey
Telephone and Fax Number	**:** Tel. 00 90 216 578 56 00 ; Fax. 00 90 216 573 77 92
Internet Address	**:** www.polisanholding.com.tr
Capital	**:** TRY 370,000,000
Registered Capital Ceiling	: TRY 1,000,000,000
The Bourse/Market where shares are traded	**:** Bourse İstanbul (BIST) / Star Market
Date of Quotation on the Bourse	**:** May 24, 2012
Ticker Symbol	**:** POLHO
Independent Auditor	: Güney Bağımsız Denetim ve SMMM A.Ş.
Independent Auditor's address	: Eski Büyükdere Cad. Orjin Maslak No: 27 Maslak/Sarıyer 34398 İSTANBUL

POLİSAN HOLDİNG: GROWS VIA NEW PARTNERSHIPS AND BUSINESS LINES

Holding Shareholder Structure	Share Amount (TRY)	Share Ratio (%)
Bitlis Family	328,291,144	%88.73
Other	10,507,500	%2.84
Float	31,201,356	%8.43
Total	370,000,000	%100.00

Polisan HOLDİNG *

PAINT	CHEMICAL ACTIVITIES	PORT OPERATIONS	AGRICULTURE	REAL ESTATE
Polisan HOME COSMETICS 50% KANSAI PAINT	ROHM AND HAAS 40% DOW	Poliport 93%	Polisan TARIM 100%	Polisan YAPI 100%

FOREIGN PARTNERSHIP

FOREIGN SUBSIDIARY

Polisan MAROC 80%

Polisan HELLAS 100%

Polisan KİMYA 100%

** The ratios in this graphfic show Polisan Holding's direct and indirect share in the related subsidiary.*

POLİSAN HOLDİNG: MISSION, VISION & STRATEGIC PRIORITIES

OUR MISSION

To have a share in the development of the Turkish society and economy through our superior services, products and create high value to the environment and the sectors in which we operate.

OUR VISSION

- To be one of the most respected group companies in Turkey
- To be the group of companies, which are most desired to work for by people
- To lead the sectors we compete in and be recognized as the leader

As a result, ensuring sustainable growth and high return to our customers, employees, and shareholders.

OUR STRATEGIC PRIORITIES

Maximizing shareholder value through:

- Sustaining profitable growth of existing businesses
- Maximizing intra-group synergies
- Forming strategic alliances to expand in high margin, new business lines
- Utilizing Holding's other assets in its portfolio
- Exploring New Markets and Becoming a Global Brand through Polisan's Innovative Products, Services and Practices
- Professional management dedicated to have a high level of Corporate Governance

POLİSAN HOLDİNG: OPERATIONAL AREAS

Polisan Holding is established in order to maintain coordination within the group companies, provide management for them, and ensure the group companies operate using advanced techniques in the area of planning, marketing and financial affairs, financing and fund management, legal affairs, human resources, and information technology; and that the Holding continues its operations in this direction.

Holding's Commercial Center is located at Dilovası Organize Sanayi Bölgesi 1.Kısım Liman Cad. No:7 Dilovası – Kocaeli.
Holding's Istanbul Branch is located at İçerenköy Mah. Ali Nihat Tarlan Cad. No:86 Ataşehir-İstanbul.

Having established in 2000, Polisan Holding's subsidiaries' and Joint Venture (JV)'s operating activities are as follows:

Subsidiaries:
- Polisan Kimya Sanayii A.Ş.
- Poliport Kimya Sanayi ve Ticaret A.Ş.
- Polisan Tarımsal Üretim Sanayi ve Ticaret A.Ş.
- Polisan Yapı İnşaat Taahhüt Turizm Sanayi ve Ticaret A.Ş.
- Polisan Hellas SA
- Polisan Maroc SA

JV:
- Polisan Kansai Boya Sanayi ve Ticaret A.Ş.
- Rohm and Haas Kimyasal Ürünler Üretim Dağıtım ve Ticaret A.Ş.

The Group's main operations are located in Turkey and it has subsidiaries located in Greece and Morocco. The operations are gathered under the major segments below:
The production and sales of chemical materials,
The production and sales of final, bi-products supporting the planting and agricultural industries,
The production and sales of paint,
The production and sales of construction chemicals,
Port, storage, and warehousing services,
Agriculture, growing and harvesting of every kind of plants,
Construction, building real estates, trading, imports, and commercial activities on this area,
Services provided by Polisan Holding to Group companies such as accounting, finance, budgeting, healthcare, repair, maintenance, investment, human resources etc.
Plastic products; containers for beverage, water, drink, and food; production of Polyethylene Terephthalate (PET) resin and preform with a wide usage spectrum such as synthetic fiber.

Note: Information and development on Polisan Holding and its subsidiaries is available on the pages 8-17 of this Report.

2Q 2018 EVALUATION: POLİSAN HOLDİNG - CONSOLIDATED

PROFITABLE REVENUE GROWTH SUPPORTED BY THE FOREIGN EXCHANGE RATES

TRY million	1H 2017	1H 2018	*YoY (%)*	2Q 2017	1Q 2018	2Q 2018	*YoY (%)*	*QoQ (%)*
Revenue	358.9	499.5	***39.2%***	195.8	228.8	270.6	***38.2%***	***18.3%***
EBITDA*	52.2	77.1	***47.7%***	22.4	29.9	47.2	***111.1%***	***58.0%***
EBITDA Margin	14.5%	15.4%	***0.9 p.p.***	11.4%	13.1%	17.4%	***6.0 p.p.***	***4.3 p.p.***
Net Income/Loss	41.8	44.0	***5.2%***	25.5	19.0	25.0	***-1.9%***	***31.3%***

CONSOLIDATED FINANCIAL RESULTS:
In the first half of 2018, Polisan Holding continued its strong growth trend with the contribution of the measures taken to sustain profitable revenue growth in its operations as well as its f/x denominated revenues. Consolidated revenues increased by 39.2% to TRY499.5 million, mainly due to the chemical operations with revenues, which are euro-based to a large extent. While profitability levels in chemical activities in Turkey were maintained, the EBITDA margin increased by 0.9 p.p. to 15.4% thanks to Polisan Hellas operating in Greece in PET business and Poliport operating at Kocaeli Port. In this period, despite the increasing financial expenses of Polisan Kimya due to f/x rate differences, consolidated net income increased by 5.2% to TRY44.0 million with the effect of operational profitability. In 1Q 2018, there has been a TRY4.9 million negative impact on net income due to the abandonment of 5,740 m^2 land to the Municipality free of charge, required for the grant of the permits for the Pendik Project.

COMBINED FINANCIAL RESULTS:
As per combined financial results, in which, Polisan Kansai Boya, our 50% partnership with Kansai Paint, is included; combined revenues increased by 29.8% to TRY1002.6 million while EBITDA margin increased by 3.5 p.p. to 16.8% thanks to the strong performance of the paint operations. Despite increasing financial expenses of Polisan Kansai Boya and Polisan Kimya with the effect of f/x rate differences as well as TRY4.9 million negative impact due to the Pendik Project of Polisan Yapı, net income rose 16.4% to TRY66.7 million on the back of increasing operational profitability and contribution of the tax incentive of the paint facility.

ACTUAL RESULTS AND FORWARD LOOKING EXPECTATIONS
In 2Q 2018, Polisan Holding recorded higher than expected revenue with the effect of higher volume, prices and exchange rates in its chemical operations. In the period concerned, EBITDA margin posted a stronger performance compared to the fist quarter of the year with rising operational profitability at the PET business in Greece and port operations in Turkey.

As per its guidance revised in 1Q 2018, Polisan Holding forecasted to grow its consolidated revenues by approximately 20% and maintain its EBITDA margin at similar levels compared to previous year, depending on the market conditions and f/x movements. Currently, due to unpredictable volatility in the f/x rates, the Company does revize its consolidated guidance. However, it foresees Polisan Kimya and Polisan Hellas to exceed its revenue growth expectations, which were revized in 1Q 2018 as 15% and %30, respectively. Yet, it cannot provide with a more clear indication in the scale of this upward movement. In addition, Polisan Hellas' EBITDA margin expectation has been revised from similar levels to a few point increase.

As per capital expenditures, Polisan Kansai Boya completed its new facility investment for €47 million as of first half of 2018. Poliport expects to spend ~$20 million for the capacity increase, and chemical activities to invest €5 million for the renewal of its formaldehyde facility as of the year end.

Detailed information on forward-looking expectations is available on page 18.

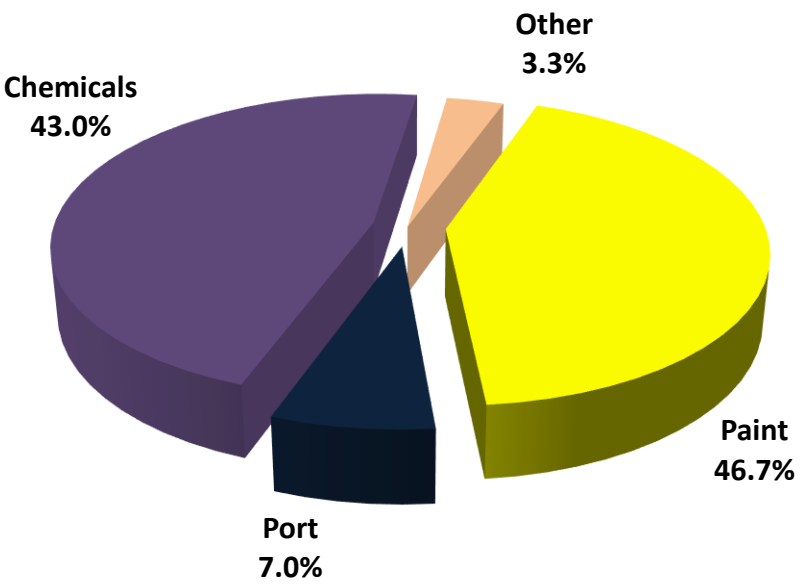
** The EBITDA calculation methodology includes Other operating income and expense as of 1Q 2017.*

2Q 2018 EVALUATION: POLİSAN HOLDİNG - COMBINED

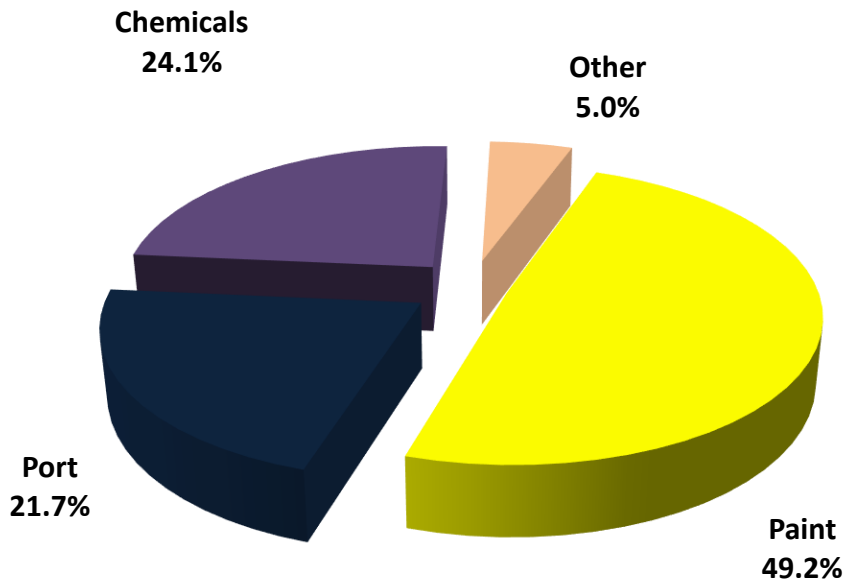
INCREASING PROFITABILITY THROUGH PAINT OPERATIONS

TRY million	1H 2017	1H 2018	*YoY (%)*	2Q 2017	1Q 2018	2Q 2018	*YoY (%)*	*QoQ (%)*
Revenue	772.4	1002.6	***29.8%***	425.0	485.9	516.7	***21.6%***	***6.4%***
EBITDA	102.8	168.7	***64.0%***	52.7	80.9	87.8	***66.6%***	***8.4%***
EBITDA Margin	13.3%	16.8%	***3.5 p.p.***	12.4%	16.7%	17.0%	***4.6 p.p.***	***0.3 p.p.***
Net Income/Loss	57.3	66.7	***16.4%***	36.7	32.0	34.7	***-5.5%***	***8.5%***

2Q 2018 Combined Revenue Breakdown



2Q 2018 Combined EBITDA Breakdown



2Q 2018 EVALUATION: POLİPORT

RISING OPERATIONAL PROFITABILITY WITH THE INCREASE IN CARGO HANDLED

TRY million	1H 2017	1H 2018	*YoY (%)*	2Q 2017	1Q 2018	2Q 2018	*YoY (%)*	*QoQ (%)*
Revenue	66.9	70.4	***5.1%***	33.6	31.3	39.0	***16.3%***	***24.5%***
EBITDA	30.0	36.7	***22.3%***	15.8	13.6	23.1	***46.4%***	***69.0%***
EBITDA Margin	44.9%	52.2%	***7.3 p.p.***	47.0%	43.5%	59.1%	***12.1 p.p.***	***15.6 p.p.***
Net Income/Loss	16.1	20.1	***25.1%***	11.8	6.4	13.7	***15.5%***	***112.5%***

Poliport was founded in 1971 on the land rented from Kocaeli Revenue Office, General Directorate of National Real Estate. With its jetty, pier, embarkment, and warehousing facilities; Poliport is one of the largest ports, which is also the closest to Istanbul on the Anatolian side in Turkey. Kocaeli Port is one of the ten largest ports in the European Union. Located in the industrial zone where ~45% of Turkey's GDP is generated, Kocaeli Port is the largest port in Turkey and it is ranked in the first place, capturing a 17.2% share in Turkey's foreign trade and 15.5% share in the total cargo handled in Turkey in 2017. Having spread on a 160,000 m² land, Poliport is one of the limited numbers of independent chemical storage terminals, which do not carry out merchandising activities, but proving storage and handling services for the products of the third parties. It is also among the few liquid storage terminals. Poliport is very close to strategic gateways as it is only 30 minutes away from Istanbul, 25 minutes from Sabiha Gökçen Airport, 400 meters from the new bridge, 1 kilometer from TEM (Trans-Europe) Motorway, 1.8 kilometers from D-100 Highway, and crossed by a railway. Operating on an area with a customs and eligible for import and every kind of transit trade practices, Poliport is the leader terminal of Kocaeli Port. Poliport has 3 main operational activities. Bulk liquid services, capturing 59% share in revenues, have the highest profitability. In 2017, total cargo handled stood at 1.7 million tons, 63% composed of chemicals and 37% petroleum products. Since 1990s, the world's largest manufacturers such as Dow, BASF, Bayer, and Shell are among the clients of Poliport. The annual handling capacity of the terminal is 2.5 million tons. Dry bulk and general cargo services constitute 29% of Poliport revenues. Dry bulk pier, which handled 2.9 mln tons of cargo in 2017, has an annual handling capacity of 5 million tons and the products mainly handled are coal, aluminum, different types of tin, iron, shaped tube, urea, grains, silica, and forestry products. Warehouse services constitute ~12% of Poliport's revenues. Through its website, Poliport provides with the opportunity to track the inventory and delivery of the products stored in A Type General Warehouses where it offers storage and logistic services located on a 44,500 square meter area. In 2017, cargo stored in A type warehouses was 377,716 tons.

In the first half of 2018, cargo handed at Turkish Ports and Kocaeli Port increased by 2.2% and 6.8%, respectively. At Poliport, 1,520,173 tons (1H 2017: 1,067,548 tons) handled at the dry bulk pier and 808,695 tons (1H 2017: 823,582 tons) handled at the terminal totaled 2,328,868 tons (1H 2017: 1,891,130 tons) representing a 23.1% increase compared to the cargo handled last year. During the same period, 200,423 tons (1H 2017: 192,315 tons) of cargo were stored in A type warehouses. Based on a ranking of operational profitability, starting with the highest margin, the share of bulk liquid storage, dry bulk, and warehouse services in revenues realized at 57%, 29% and 14%, respectively.

Although, in 1H 2018, dry bulk, bulk liquid and warehouse revenues rose respectively by 45.5%, 2.6%, and 27.2%, compared to the same period of last year, due to the negative impact stemming from the transfer of General Management Services to the Holding as of 2018, Poliport's revenues increased only by 5.1%. Thanks to the economies of scale resulting from the increase in the cargo handled, the EBITDA margin increased by 7.3 p.p. to 52.2%. Net income increased by 25.1% to TRY20.1 million in parallel with operational profitability.

Compared to 1Q 2018, revenues surged by 24.5% due to 38.3% increase in total cargo handled as well as the f/x impact. EBITDA margin increased by 15.6 p.p. to 59.1% mainly, in parallel, to the economies of scale due to increase in the cargo handled, and net income reached TRY13.7 million, rising 112.5%.

Kocaeli Port, which has grown at a CAGR of 4.0% between 2009 and 2017, is expected to require a capacity increase over the coming years. Kocaeli Port Administration does not issue permits for the building of new terminals. Poliport has idle land for expansion behind the terminal area. Poliport indexes its terminal service price increases to US CPI, records its revenues in US dollar and its costs in TRY while realizing its capacity increase investments based on the fill rate of tanks. Accordingly, it can offer more competitive prices and grow its customer base. Some terminals handling their own dry bulk cargo at Kocaeli Port provide services at quite low prices in order to utilize their idle capacity. However, as these terminals approach work at full capacity usage rates, the supply-demand balance is expected to deteriorate in favor of Poliport, which, by then would have completed its capacity increase investments.

2Q 2018 EVALUATION: POLİSAN KANSAİ BOYA

Decorative segment captures a 60% share from the Turkish Paint Industry, which has an annual production capacity of 915,000 tons. Carrying out its operations particularly on decorative segment, Polisan Kansai Boya also operates in the area of furniture, marine, industrial groups, and insulation.

As its differentiation strategy, Polisan Kansai Boya emphasized the "Polisan does not produce paint, it produces Home Cosmetics" approach, claiming that paint is not all about colors, but that in addition to its functional benefits of maintenance and protection, paint makes an aesthetic contribution to the environment. Within this context, it has registered "Home Cosmetics" concept in 2008 and became the first company introducing "Home Cosmetics" approach to the world. Additionally, it has developed Turkey's first 7-feature interior, 9-feature exterior paint, water-based road marking paint, wood protector spray varnish, water-based top coat gloss paint, paint perfume, plastic spray paint, and the World's first water-based metal paint. Continuously investing in the development of innovative products, the laboratories of Polisan Kansai Boya in Turkey's 159th R&D Center has obtained International Validity Accreditation Certificate. Polisan Kansai Boya is also the first paint producer in Turkey and one of the three in Europe, which has been granted Environmental Product Declaration (EPD) Certificate for its four products. Besides, Polisan Kansai Boya has been included in the TURQUALITY® Support Program, which was initiated to build up on and solidify the positive image of the Turkish brands in abroad, under the "POLİSAN" brand name along with other Polisan Holding subsidiaries. In addition to the innovative products, Polisan Kansai Boya offers innovative solutions, too. Its insulation insurance is also a global first in the insurance sector. Polisan Kansai Boya positions its sales channel as the production center and ensures effective inventory management through Turkey's first water-based mix machines providing products at the factory quality from 3,000 points, and with its 11 Logistic Centers spreading to 37,500 square-meter area. Another first by Polisan Kansai Boya; the loyalty program and collection practice using a single POS, ensure a problem free collection process as well as loyalty of 41,000 painters registered in its system. Polisan Kansai Boya serves in more than 1,000 sales points throughout Turkey using "Polisan Shop" concept, which was initiated in 2008 in an attempt to help Polisan Kansai Boya dealers to improve their businesses and plan their future while ensuring comfort for its customers. Polisan Kansai Boya, which also produces for the brands of 3 market chains, serves at 7,000 sales points.

50% of Polisan Boya shares has been transferred to Japanese Kansai Paint, also a global giant in paint, for US$113.5 million as of December 21, 2016. Since then, the Company continues its activities as Polisan Kansai Boya Sanayi ve Ticaret A.Ş. Having strengthened its balance sheet structure, the Company initially commenced new facility investment.

Polisan Kansai Boya's new paint production and warehouse investment, which has been initiated on the 142,000 square meter land it owns in Gebze Chemical Specialization Organized Industrial Zone ("GEBKIM"), completed for €47 million in 2018 and commenced trial production in June. With the new facility, the annual production capacity of 180,000 tons in three shifts, increased to 180,000 tons in one shift. Accordingly, the new facility has the potential of producing 540,000 tons in three shifts without having to bear extra investment. 555,000 tons equal to Turkey's current total decorative paint production.

2Q 2018 EVALUATION: POLİSAN KANSAİ BOYA

PROFITABLE REVENUE GROWTH SUPPORTED BY THE EFFICIENCY IN DISTRIBUTION CHANEL

TRY million	1H 2017	1H 2018	YoY (%)	2Q 2017	1Q 2018	2Q 2018	YoY (%)	QoQ (%)
Revenue	344.9	467.8	***35.7%***	184.1	238.5	229.3	***24.5%***	***-3.8%***
EBITDA	41.9	83.3	***98.5%***	24.0	47.2	36.0	***50.5%***	***-23.6%***
EBITDA Margin	12.2%	17.8%	***5.6 p.p.***	13.0%	19.8%	15.7%	***2.7 p.p.***	***-4.1 p.p.***
Net Income/Loss	28.1	34.4	***22.2%***	17.1	23.9	10.5	***-38.4%***	***-55.9%***

Having commenced trial production at its new facility in June and planning to start regular operations in the third quarter of the year, Polisan Kansai Boya took actions to open up its 12th logistics center in Erzurum as part of the restructuring initiated to reduce costs of the distribution channel. With the motivation of introducing the facility to other affiliates of its business partner Kansai Paint, the EMEA meeting held by Kansai Paint has been organized in Istanbul this year. During the meeting, while the group companies in the region discussed what they could do to maximize synergies, studies were started to position the plant as a production hub for Kansai Paint in decorative paint.

In 1H 2018, revenues increased by 35.7% compared to last year, reaching TRY467.8 million with the effect of the increasing sales volume as well as rising prices. Based on operational areas, in 1H 2018, paint, insulation, and auxiliary revenues increased by 39.5%, 17.6% and 16.2%, respectively. EBITDA margin surged by 5.6 p.p. to 17.8% along with decreasing costs due to product mix and lower sales and marketing expenses as a result of the actions taken in the distribution channel. Despite the increase in financing expenses stemming from the f/x rate differences, the Company posted a net profit of TRY34.4 million with a 22.2% increase, due to operational profitability and declining tax expenses on the back of investment incentives.

In the second quarter, revenues slightly declined by 3.8% to TRY229.3 million compared to 1Q 2018. This stemmed from the declining delivery in the second quarter due to limited capacity during the transition phase from the old facility running at full-capacity, to the new facility. Despite a 4.1 p.p. decrease caused by increasing sales and marketing expenses due to periodical campaigns and rising other operating expenses, EBITDA margin came in at 15.7%, a relatively strong level for the sector. Net profit declined by 55.9% to TRY10.5 million due to the financing based f/x rate difference expense and interest expense.

After the transfer of Polisan Boya shares to Kansai Paint Co. Ltd., one of the leading paint manufacturers in Japan and among the top 10 in the world, Polisan Kansai Boya evaluates mutual synergies to be derived by means of this partnership. Initially, the Company plans to finalize its new facilities, which will be positioned as a regional hub, and continue its operations without any capacity bottleneck. By doing so, Polisan Kansai Boya will be able to concentrate on the tenders (such as the recently attended airport and hospital tenders as well as road marking paint tender etc.) and new markets, which were not on its radar screen previously. Accordingly, Polisan Kansai Boya will provide savings in its operational costs due to the automation and economies of scale. In addition to its unique systems, Polisan Kansai Boya also effectively uses its logistic centers so as to optimize its expenses. Polisan Kansai Boya is to continue its leading and profitable operations, by introducing innovations to the sector.

2Q 2018 EVALUATION: CHEMICAL ACTIVITIES

POLİSAN KİMYA (Chemicals)

- Formaldehyde and resins
- Melamine and Phenol resins
- Concrete, cement and underground admixtures
- Smart Solution products
- (Aus-32/AdBlue©, Anti Freeze)

POLİSAN MAROC (Construction Chemicals)

- International investment in Morocco
- 80% owned by Polisan Kimya and 20% by private entity
- Production and sales of concrete and cement admixtures
- Facility commenced trial production in November 2017 and started to generate revenues in 1Q 2018.
- Sales are expected to accelerate in 2H 2018.

ROHM & HAAS (DOW)

- Polisan Kimya - a subsidiary of Polisan Holding - is the Turkey's 1st emulsion polymer producer
- In 2004, a JV was formed with Rohm & Haas.
- Partnership continues with Dow Chemicals since Rohm & Haas' acquisition in 2009.
- Selling and marketing of emulsion polymers, their raw materials

POLİSAN HELLAS

- Operational in Greece
- The sole Polyethylene Terephthalate (PET) resin and preform producer in Greece and Balkan region

2Q 2018 EVALUATION: POLİSAN KİMYA

SUSTAINABLE GROWTH THROUGH RESTRUCTURING

TRY million	1H 2017	1H 2018	YoY (%)	2Q 2017	1Q 2018	2Q 2018	YoY (%)	QoQ (%)
Revenue	140.4	201.0	***43.2%***	81.4	92.8	108.3	***33.1%***	***16.7%***
EBITDA	14.9	20.8	***39.5%***	9.4	9.5	11.4	***21.2%***	***20.0%***
EBITDA Margin	10.6%	10.4%	***-0.2 p.p***	11.5%	10.2%	10.5%	***-1.0 p.p.***	***0.3 p.p.***
Net Income/Loss	1.4	-47.2	***n.m.***	8.3	-8.8	-38.5	***n.m.***	***n.m.***

The operating activity of Polisan Kimya is the production and sales of formaldehyde and formaldehyde resins, construction chemicals (concrete, cement and underground chemicals), and AUS 32-AdBlue©. Polisan Kimya is Turkey's first producer of formaldehyde resin, which can be used in the production of chip board, paper impregnation, MDF, and plywood. Turkey is the 5. largest consumer in the World's Board Industry, in which Formaldehyde Resin is used. Polisan Kimya is ranked in the 1. place in resin production, with a 40% market share. The concrete additives market in Europe has a volume of approximately 1.2 million tons/year. With 480,000 tons/year, Turkey represents 40% of this market. In the ready mixed concrete market, Turkey ranks 1st in Europe and the 3rd in the world with 110 million cubic meters of ready mixed concrete production volume per annum. Besides, it is the 4th largest cement producer in the world with an annual production capacity of 66 million tons following, India and the United States. With an approximately 20% market share, Polisan Kimya became one of the three leading companies in the construction chemicals market, which has 7 foreign and close to 20 domestic companies. Additionally, Polisan Kimya is Turkey's first AdBlue© manufacturer for the global giants such as Lukoil, BP, OMV, and Total. AdBlue© contributes to the environmental cleaning by decreasing NOx exhaust gas emission by 80%. Polisan Kimya estimates that it is the market leader with a 16% share in the AdBlue© market, which is projected to have reached 125,000 tons in 2017.

An increasingly competitive trend is observed in the business lines of Polisan Kimya. Having increased the weight of value added products in its formaldehyde and resins sales portfolio compared to 1H 2017, Polisan Kimya increased its revenues in this product group by 25.8% despite a 3.3% contraction in terms of sales tonnes. As per construction chemicals, sales volume increased by 94.3% compared to the first half of 2017 when the effects of the restructuring had not yet been fully observed while revenues increased by 105.7%. In the AUS32 market, where competition is increasingly intense, revenues rose by 2.1%, despite a 6.0% increase in sales volume due to the decline in prices. Other sales revenues, which are predominantly from raw materials, have almost tripled compared to last year's levels.

Consequently; in 1H 2018, Polisan Kimya's revenues increased by 43.2% compared to last year to TRY201.0 million. However, due to the increase in net other operating expenses compared to the previous year, the EBITDA margin declined by 0.2 p.p. to 10.4%. On the back of increasing f/x rate difference expense with the effect of f/x rates, the Company recorded a net loss TRY47.2 million in this quarter as opposed to a net income of TRY1.4 million in 1H 2017.

Compared to 1Q 2018, the Company increased its revenues by 16.7%. In this period, while net other operating expenses rose, general administrative expenses declined and sales and marketing expenses remained flat, leading to a 0.3 p.p. increase in EBITDA margin to 10,5%. Due to the financing based f/x rate difference expense, a net loss of TRY38.5 million was recorded in the same period.

As a part of the measures taken to increase revenues and profitability in chemicals operations, Polisan Yapı Kimyasalları A.Ş. has been transferred to Polisan Kimya A.Ş. as of March 31, 2017. The new construction chemicals have been established in Adana and Samsun in Turkey, and Morocco in abroad (Polisan Maroc SA) with the aim of a more effective process in the sales and marketing of concrete and cement admixtures, domestically and internationally. Additionally, it is targeted to produce specific concrete additives to be used in underground railways, tunnels, and mines; developed by Polisan Kimya's R&D Center, which was certified in June 2017. In the long term, these products are planned to be produced and sold in North African, Asian and European markets along with the goal of the Company to be a global player. According to the Regulation on the Protection of Buildings from Fire, issued by the Council of Ministers, exterior facades should be made of hard combustive materials in buildings with a height of more than 28.5 meters and made from the least flammable material in other buildings. Phenol resin is used in rock wool, which has a "fireproof" feature in the A1 fire category, and increasing rock wool demand is expected to result in a surge in phenol resin demand. Not last but the least, the use of AdBlue for all vehicles comprising Euro 6 diesel engine to be manufactured as of September 2016 within the framework Euro 6 norms, is expected to grow the market. According demand, which is currently outside the city, is expected to begin shifting towards the city centers in the near future.

2Q 2018 EVALUATION: POLİSAN HELLAS

VOLUME GROWTH SUPPORTED BY FOREIGN EXCHANGE EFFECT

TRY million	1H 2017	1H 2018	YoY (%)	2Q 2017	1Q 2018	2Q 2018	YoY (%)	QoQ (%)
Revenue	159.9	230.2	***44.0%***	80.8	105.2	125.0	***54.7%***	***18.8%***
EBITDA	6.8	20.1	***n.m.***	1.0	6.7	13.4	***n.m.***	***100.2%***
EBITDA Margin	4.2%	8.7%	***4.5 p.p.***	1.2%	6.3%	10.7%	***9.5 p.p.***	***4.4 p.p.***
Net Income/Loss	3.2	14.5	***n.m.***	-0.8	5.2	9.3	***n.m.***	***78.2%***

Polisan Hellas SA, which is owned by Polisan Holding, has purchased 100% of the assets owned by Spanish Artenius Hellas; the sole Polyethylene Terephthalate (PET) resin producer in Greece and Balkan region, in September 2013 for €8,675,000 including taxes, all fees and other expenses. Polisan Hellas is located on a 15 hectare closed area and 75 hectare land in total and its facility is approximately worth of €50 million. Polisan Hellas has all the certificates such as ISO 9001, ISO 14001, OHSAS 18001, and ISO 22000 required by the major beverage companies. The Company completed all the periodic maintenance of the integrated facility and processed with advanced technology manufacturing modules right after the transaction. The facility with an annual production capacity of 80,000 tons has been rapidly integrated with Polisan Holding for the production of Polyethylene Terephthalate (PET) granule and preform, which has a wide range of usage area such as soft drink, water, food and beverage bottles, and synthetic fiber. After the completion of the necessary certification processes, the client portfolio has been set up and the Company started to record meaningful revenues by April 2014. Polisan Hellas' land is eligible to use for different investment purposes and the Company is to provide synergies for Polisan Holding Companies by using Polisan Kimya's technologic know-how and marketing capabilities in the area of polymerization, Polisan Boya's sales network, and Poliport's logistic and storage advantages in raw material procurement. The PET resin manufactured is marketed to carbonated and non-carbonated beverage manufacturers engaged in production on a global scale; drinking water sector; preform producers; entire Balkans including Greece and Italy. Polisan Holding started to consolidate Polisan Hellas into its financials by the end of 2013.

In 1H 2018, Polisan Hellas' revenues increased 44.0% compared to a year ago and realized as TRY230.2 million due to increasing sales volumes and appreciation of Euro. Exports constituted ~36% of total sales. While the unit prices rose during the period due to the increasing petroleum prices and contraction in the raw material supply, the Company continued its measures such as effective inventory management and reduction in the number of machine stoppages, focusing on operational efficiency. EBITDA margin surged by 4.5 p.p. to 8.7%. Net income was realized as TRY14.5 million due to increasing operational profitability.

Compared to 1Q 2018, revenues surged by 18.8%, while with the effect of increasing prices, EBITDA margin rose by 4.4 p.p. to 10.7% and net income came in at TRY9.3 million.

The countries with the highest bottled water consumption in the world are located in Western Europe. Polisan Hellas evaluates different projects with the aim of increasing revenue and profitability through insignificant investments in the area of PET recycling and preform production. Besides, the protection on PET resin in the Turkish market is to be lifted gradually as of 2020-2021 period and that the product will be able to be sold in Turkey. This will be a factor that will further increase efficiency of Polisan Hellas.

2Q 2018 EVALUATION: POLİSAN YAPI

THERE ARE REAL ESTATES IN POLİSAN HOLDİNG'S PORTFOLIO TO BE UTILIZED FOR DIFFERENT PURPOSES.

KAGITHANE Z OFFICE BUSINESS CENTER

- Polisan Yapı had realized a flat for land basis project with DAP Yapı on its land in Kağıthane, which is İstanbul's 6. most densely populated district, going through a rapid urbanization process. The expertize value of 77 offices and 26 shops remaining from sales as of 2017 year end is ~TRY55 million.

KURTKOY PROJECT

- Polisan Yapı signed an agreement on March 5, 2015 with DOP Yapı-DAP Yapı Joint Venture, for a project to be built on the land in Kurtköy. The land spreads on an approximately 180,000 m^2 area and it is very close to the TEM Motorway, E-5 Highway, Sabiha Gökçen Airport, and Ankara-İstanbul high-speed railway route.

OTHER ASSETS

- Except for the land used for operations and the ones in Kağıthane and Pendik, the value of the other assets that can be used for investment is ~TRY80 million.

The primary activities of Polisan Yapı İnşaat Taahhüt Turizm San. ve Tic. A.Ş. ("Polisan Yapı") are to engineer buildings and plants; to construct water channels, roads, bridges, dams, sewers and infrastructure facilities; to produce, market and trade construction and installation materials; to organize all kinds of domestic and international trips, and professional meetings for touristic, professional, and training purposes. The total expertize and market value of all real estates under Holding operations, except for the leased land, which is not owned by Poliport, is approximately TRY645* million.

KAĞITHANE "Z OFFICE" BUSINESS CENTER PROJECT:

Situated on a total gross area of 10,683 m², Z Office Project is 42% owned by Polisan Yapı and 58% by DAP Yapı. Polisan Yapi received the ownership deeds for 126 offices and 28 shops that it owns in June 2014. TURYAP Holding A.Ş. continue activities to sell and lease these offices and shops. As of June 30 2018, there are 26 shops and 76 offices available for sale at the Z Office Project.

KURTKOY PROJECT:

DAP Yapı-DOP Yapı Joint Venture will own 66% of the land in Kurtköy, however will not pay any cash. But instead, it will build on a turnkey basis and deliver 34% of the independent units to Polisan Yapı in exchange for payment. The pace of growth resulting from the increase in Sabiha Gökçen Airport's traffic and easy access to be provided by the planned Kartal – Pendik – Kurtköy metro route is expected to increase the demand for the houses and the commercial estates in the region. Other business and tourism focused projects such as a fair, congress center, and techno-park are also expected to be on the agenda. The appraisal value of the land as of 2017 year end is approximately TRY202 million. Regarding the abandonment required to be made to the municipality for the grant of the permits of this project, 5,740 m^2 of land was abandoned to the Municipality free of charge, and TRY4.9 million has been recorded as a negative on 1Q 2018 financials. DAP Yapı continues its studies to receive necessary permits for the project.

** Detailed information in regards to the expertise dates and market valuation of real estates owned by Polisan Yapı is available in 2016 Annual Report.*

1Q 2018 EVALUATION: POLİSAN TARIM

WALNUT

The Ministry of Forestry and Water Affairs has prepared a “Walnut Action Plan for the Period of 2013-2016” for the crop, which is used by many sectors and thereby is a major economic source of income. For that purpose, it carried out studies for 5,000,000 walnut seedlings to be planted. Based on the Ministry’s declarations, the global market, where total walnut production has reached 2.3 million tons, is led by China and the US. However, in Turkey, consumption per person is at 2-3 kg and approximately 60% of annual consumption is met through imports. In Turkey, 195,000 tons of walnuts were produced in 2016; walnut exports amounted to $21.4 million and imports amounted $172.8 million. Despite the fact that Turkey has a rich genetic variability with roughly 12,000,000 million trees and it is among one of the major producers globally with an annual production of approximately 200,000 tons per year, Turkey is still an importer of walnut.

Polisan Tarım aims to establish a plantation on total land of 10,000 decares and to realize production on an industrial scale in closed walnut gardens where modern agricultural technologies are implemented.

The Company continues walnut plantation studies on the 4.4 million square meter agricultural land, purchased in Balıkesir thus far.

OLIVE

The "Regulation on Afforestation and Erosion Control Services" was published in the *Official Gazete* and became valid as of January 11, 2017. According to the Regulation, based on the approved applicable project of natural or legal persons, an incentive will be provided for the plantation work to be carried out with trees and shrub species, including walnut and olive, located in poorly forested areas, treasury property, and lands owned by the state. The amount of the incentive may be up to 25% of the total cost of three-year maintenance and project construction.

As of 2017, there are approximately 175 million olive trees in Turkey, with a total production of roughly 2.1 million tons, of which 460,000 tons is edible and 1.64 million tons is for olive oil. Turkey is ranked the 4th among the world olive producer countries in terms of tree number, and the 6th in terms of area. Turkey, which contributes 8% to world olive oil production, ranks second in the world after Spain in edible olive production, in the top five in olive oil production and first in olive consumption.

Polisan Tarım aims to engage in olive cultivation on the 2.5 million square meter land in Karacasu, purchased in previous years, and carries out land preparation studies for this purpose.

STEVIA

It is considered that the essence of Stevia plant has blood glucose regulation effects. Research indicating that Stevia increases insulin sensitivity and secretion, supports its use in the treatment of diabetes. Stevia, which contains natural sweetener glycosides, is a product that food and beverage giants such as Coca Cola, Pepsi Cola (Pure Circle), Nestle and Danone have made very notable investments in, especially over the past decade.

Polisan Tarım conducts breeding studies

- ✓ to expand and promote Stevia agriculture in our country as an alternative and healthy solution in the face of rapidly increasing diseases due to sugar consumption.
- ✓ To develop and register a 100% domestic species containing high useful glycoside, which can be used in Stevia agriculture.
- ✓ To provide registered and high quality raw material to all the parties processing Stevia since 2016 with the cooperation of the Ataturk University Faculty of Agriculture.

POLİSAN HOLDİNG: REVISED 2018 GUIDANCE

	2017 ACTUAL	2018 TARGETS	2018 GUIDANCE
Annual Revenue Growth	TRY750 mln Poliport: TRY140 mln Polisan Kimya:TRY300 mln Polisan Hellas: TRY318 mln Polisan Kansai Boya**: TRY625 mln	Poliport: 10% - 15% Polisan Kimya: 15% Polisan Hellas: 30% Polisan Kansai Boya: 30%	20%* growth compared to 2017 (revized up from 15%*)
Annual EBITDA Margin*	14.9% Poliport: 47.1% Polisan Kimya:9.5% Polisan Hellas: 4.9% Polisan Kansai Boya**: 13.2%	Poliport: A few point increase Polisan Kimya: Similar Polisan Hellas: A few point increase*(*revized from similar levels) Polisan Kansai Boya: A few point increase	Similar levels* compared to 2017 (revized down from a couple of points increase)
Capex	TRY77 mln Poliport: $13 mln Polisan Kansai Boya**: €28 mln	Poliport's capacity increase Formaldahyde facility New paint facility	Poliport: $20 mln Polisan Kimya: €5 mln Polisan Kansai Boya: Completed at €11 mln

** The EBITDA calculation methodology throughout the report has been revised so as to include Other operating income and expense as of 1Q 2017.*
***Polisan Kansai Boya is consolidated into Holding financials by Investment Accounted Using the Equity Method.*

POLİSAN HOLDİNG: BOARD OF DIRECTORS & COMMITTEES

Holding's business and administration is being conducted by the Board of Directors consisting of nine members that were elected by the General Assembly and there are two independent members at the Board. Holding Board of Directors, perform and observe the duties that were assigned to them by the Turkish Commercial Code, Holding's Articles of Association, and the decisions taken on the Holding's General Assembly on these matters. As per the Holding's Articles of Association and pursuant to the related articles of the Turkish Commercial Code, the Board of Directors may partially transfer its duties, authorities, and power of attorney to a committee to be formed among its members or to an executive director or directors or to a manager or managers. The members of the Board of Directors and their duties were assigned during the Ordinary General Assembly dated May 15, 2018 for 1 year until the next General Assembly commences, and the independent board members were elected with the Board of Directors resolution dated June 27, 2018.

Name - Surname	Duty
Mehmet Emin Bitlis	Chairman
Ahmet Ertuğrul Bitlis	Vice Chairman
Ahmet Faik Bitlis	Member
Fatma Nilgün Kasrat	Member
Erol Mizrahi	Member
Ali Fırat Yemeniciler	Member
Zafer Kurtul	Member
Şeref Taşkın	Independent Member
Arif Başer	Independent Member

AUDIT COMMITTEE

Based on the Holding BoD's resolution dated June 27, 2018 regarding the change in independent board members; the duties of the Audit Committee, established as per BoD decision dated May 4, 2012, were reassigned.

Name - Surname	Duty	Essence of the Board Membership
Şeref Taşkın	Audit Committee Chairman	Independent Board Member
Arif Başer	Audit Committee Member	Independent Board Member

POLİSAN HOLDİNG: BOARD OF DIRECTORS & COMMITTEES

CORPORATE GOVERNANCE COMMITTEE

Based on the Holding BoD's resolution dated June 27, 2018 regarding the change in independent board members; the duties of the Corporate Governance Committee, established as per BoD decision dated May 4, 2012, were reassigned.

Name - Surname	Duty	Essence of the Board Membership
Arif Başer	Corporate Governance Committee Chairman	Independent Board Member
Mehmet Emin Bitlis	Corporate Governance Committee Member	Chairman of Polisan Holding BoD
Varol Ürel	Corporate Governance Committee Member	Accounting Manager / Investor Relations Manager

EARLY DETECTION OF RISKS COMMITTEE

Based on the Holding BoD's resolution dated June 27, 2018 regarding the change in independent board members; the duties of the Early Detection of Risks Committee, established as per BoD decision dated May 4, 2012, were reassigned.

Name - Surname	Duty	Essence of the Board Membership
Şeref Taşkın	Early Detection of Risks Committee Chairman	Independent Board Member
Mehmet Emin Bitlis	Early Detection of Risks Committee Member	Chairman of Polisan Holding BoD
Burhan Kurt	Early Detection of Risks Committee Member	Investor Relations Officer

CANDIDATE NOMINATION COMMITTEE AND COMPENSATION COMMITTEE

On June 27, 2018; the Holding reiterated its decision dated June 24, 2014, not to establish a Candidate Nomination Committee and Compensation Committee; and to carry out the duties of the aforementioned committees through the Corporate Governance Committee.

POLİSAN HOLDİNG: EXECUTIVE COMMITTEE & BENEFITS

Polisan Holding's Executive Committee is as follows:

Name - Surname	Duty
Erol Mizrahi	Polisan Holding CEO
Ali Fırat Yemeniciler	Poliport General Manager
Necati Hakoğlu	Polisan Kimya and Polisan Hellas General Manager
Ahmet Türkselçi	Polisan Holding Human Resources Director

The total amount of salaries and side benefits paid to the Senior Management is TRY2,542,382 for the period between January 1 – June 30, 2018. Of this, TRY1,762,382 is salary and TRY780,000 is bonus (January 1 – June 30, 2017: TRY2,342,739). Holding defines Board Members, General Managers and Deputy General Managers as Senior Management.

POLİSAN HOLDİNG: R&D, INCENTIVE, PERSONNEL, DONATIONS

Research and Development Activities

Polisan Kansai Boya received the R&D Center Certificate and title as of June 4, 2014. As Turkey's 159th R&D Center, incentives and exemptions utilized by Polisan Kansai Boya in 2017 totaled US$5.7 million. In 2017, the Company's R&D spending was 1.9% of the total unique product revenues. This ratio is close to the average for developed countries. Believing in university-industry cooperation, the R&D Center has successfully received approval for 3 new TUBITAK TEYDEB projects this year and presented 11 new products in total; 4 in the furniture group, 5 in the industrial group and 2 in the decorative group, to customers. Another key R&D study in 2017 was the placement of the Rapid Group Solvent Based products in the Mix system. Thus, the colors of these products on RAL and Rapid color chart can now be produced in desired quantities. Polisan Kansai Boya's main research laboratories, which have been conducting chemical test and quality measurements for 30 years, obtained "International Validity" accreditation certification in October 2016 from TURKAK, which has a Mutual Recognition Agreement with the International Laboratory Accreditation Cooperation (ILAC). The Main Research Laboratory, which increases the number of accreditation tests each year, has been accredited by a total of 10 new tests in 2017. Polisan Holding's subsidiary Polisan Kimya, has been granted Turkey's 507th R&D Center Certification and status effective from June 6, 2017, as a result of the inspections carried out by the Ministry of Science, Industry and Technology. Polisan Kimya R&D Center carries out studies aimed at the production of specific concrete additives, which can be used in metro systems, tunnels and mines.

Investments and Investment Incentive Utilized for Investments

Polisan Boya has continued new product development project in support of TÜBİTAK. Polisan Holding subsidiaries Polisan Kansai Boya, Polisan Hellas, Polisan Kimya Sanayi, and Polisan Yapı Kimyasalları have been included in the TURQUALITY Support Program as of June 19, 2014 under the "POLİSAN" brand name.

Additionally, the incentive certificates received for the ongoing renovation work within the Holding are as follows:

Company	Incentive	Incentive No	Incentive Amount (TRY)	Incentive Expensed (as of December 31, 2017 - TRY)	Incentive Certificate Date (Including replacements)
Poliport	Tank	B/112076	167,745,861	148,785,564	04/10-20013-31/08/2016
Poliport	Crane	B/104761	15,092,285	15,092,285	29/03/2013
Poliport	Tank	B/137652	130,000,000	-	20/06/2018
Polisan Kansai Boya	Gebkim Facility	D/122296	218,678,372	163,269,355	19/01/2016-05/12/2017
Polisan Kimya	Adana Facility	A/127763	3,100,000	2,516,127	03/02/2017
Polisan Kimya	Samsun Facility	A/131376	2,140,000	2,030,178	21/07/2017
Polisan Kimya	Oxide Facility	D/112337	16,259,209	16,259,210	21/07/2016

Employee and Worker Flow

Polisan Holding's and its Companies' total number of employees, including Polisan Hellas was realized at 1,494 as of June 30, 2018 as opposed to 1,637 employees in June 30, 2017. The number of employees of Polisan Kansai Boya was taken fully, not pro rata, based on Polisan Group's share in the Company. The Holding pays 12 month salary, private health insurance, personal accident insurance, bus service, lunch to the permanent staff. Additionally, in line with the regulations, personnel of particular titles (such as General Manager, Director, Manager) are allocated vehicles and the vehicles' gas and maintenance expenses are paid.

Donations Realized During the Period

Total donations and aids realized by Polisan Holding as of January 1 – June 30, 2018 was TRY639,277 (June 30, 2017: TRY295,480). The aforementioned amount is mainly composed of the donations given to the educational institutions and the institutions carrying out education supporting activities.

POLİSAN HOLDİNG: CONTACT OFFICES

The address of Holding's Headquarters and production facilities is Dilovası Organize Sanayi Bölgesi, 1. Kısım, Liman Caddesi, No: 7 Dilovası-KOCAELİ. Branches other than the Headquarters and their addresses are as follows:

The name of the Branch	Address
Polisan Holding A.Ş. (İstanbul Branch)	Ali Nihat Tarlan Cad. No:86 İçerenköy, Ataşehir - İSTANBUL
Polisan Kimya Sanayii A.Ş. (Adana Branch)	Adana Hacı Sabancı OSB, Acıdere OSB Mah. Atatürk Blv. No:13 SARIÇAM – ADANA
Polisan Kimya Sanayii A.Ş. (Samsun Branch)	19 Mayıs OSB MAH. Yaşardoğu Cad. No:9/1 TEKKEKÖY – SAMSUN
Polisan Kansai Boya San. ve Tic.A.Ş. (İstanbul Branch)	Ali Nihat Tarlan Cad. No:86 İçerenköy, Ataşehir - İSTANBUL
Polisan Kansai Boya San. ve Tic.A.Ş. (İstanbul Branch)	Osmangazi Mahallesi, Ziya Gökalp Caddesi, No: 1 Kat: 6/7 Kıraç Esenyurt/İSTANBUL
Polisan Kansai Boya San. ve Tic.A.Ş. (Adana Branch)	Yeni Mah. İncirlik Blv. No:163/B, B1, B2, B3, B4 Sarıçam / ADANA
Polisan Kansai Boya San. ve Tic.A.Ş. (Afyonkarahisar Branch)	Veysel Karani Mah. Mareşal Fevzi Çakmak Blv. No:109 / A Merkez /AFYONKARAHİSAR
Polisan Kansai Boya San. ve Tic.A.Ş. (Ankara Branch)	Rüzgarlı Celal Atik Sokak. Köseoğlu İşhanı D:63 Ulus / ANKARA
Polisan Kansai Boya San. ve Tic.A.Ş. (Antalya Branch)	AOSB Birinci Kısım Mah. Atatürk Bulvarı No: 49 Döşemealtı / ANTALYA
Polisan Kansai Boya San. ve Tic.A.Ş. (Bursa Branch)	Yalova yolu 14.km , Ovaakça Çeşmebaşı mh. 1.Karasu cd. No:27 Osmangazi /BURSA
Polisan Kansai Boya San. ve Tic.A.Ş. (Denizli Branch)	İlbade Mah. İzmir Blv. No:135/2 Merkezefendi - DENİZLİ
Polisan Kansai Boya San. ve Tic.A.Ş. (Diyarbakır Branch)	Topraktaş Mah. Topraktaş Küme EvleriKüçük Sanayi Sitesi Yapı Kooperatifi Sitesi A Blok 74A/1,2,3,4,5,6,7,8,9,10 - B Blok 74B/1,2,7,8 Bağlar/DİYARBAKIR
Polisan Kansai Boya San. ve Tic.A.Ş. (Gaziantep Branch)	İncilipınar Mah. Nişantaşı Sk. Tekerekoğlu İş Merkezi No:3/87 Şehitkamil - GAZİANTEP
Polisan Kansai Boya San. ve Tic.A.Ş. (İstanbul 2 Branch)	İçerenköy Mah. Değirmenyolu Cad. Gür İş Merkezi No:31 /10-11 Ataşehir - İSTANBUL
Polisan Kansai Boya San. ve Tic.A.Ş. (İzmir Branch)	Cumhuriyet Mah. Çanakkalet Asfaltı Cad. No: 80/A Menemen - İZMİR
Polisan Kansai Boya San. ve Tic.A.Ş. (Kayseri Branch)	Hacı Saki Mah. Alpay Sk. Lifos Tower İş Merkezi No:15/18 Kocasinan / KAYSERİ
Polisan Kansai Boya San. ve Tic.A.Ş. (Konya Branch)	Şükran Mah. Furgandede Cad. Lalezar Apt. No:33/2 Meram /KONYA
Polisan Kansai Boya San. ve Tic.A.Ş. (Muğla Branch)	Salihpaşalar Mah. Köyiçi Sok. No:242-1 /9 Menteşe/MUĞLA
Polisan Kansai Boya San. ve Tic.A.Ş. (Samsun Branch)	Toybelen Mah. 1197 Sok. No:6/1 İlkadım /SAMSUN
Polisan Kansai Boya San. ve Tic.A.Ş. (Tekirdağ Branch)	Eskicami-Ortacami Mah. Sabri Çıtak Sk. Prestij Plaza No:2/ 5-6 Süleymanpaşa /TEKİRDAĞ
Polisan Kansai Boya San. ve Tic.A.Ş. (Trabzon Branch)	Kaşüstü Mah. Şehit İstikam Uzman Çavuş Mustafa Aliyazıcıoğlu Cad. No:109/Z01-B01 Yomra / TRABZON

POLİSAN HOLDİNG: CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The accompanying consolidated financial statements of the Group have been prepared in accordance with Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS/TFRS") promulgated by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") that are set out in the 5th article of the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board ("CMB") on 13 June 2013 and published in Official Gazette numbered 28676.

The Balance Sheet and Income Statement are as follows:

	Reviewed	Audited
ASSETS	**30 June 2018**	**31 December 2017**
Current assets	**537.778.641**	**418.076.930**
Cash and cash equivalents	62.279.155	18.972.561
Financial investments	-	199.998
Trade receivables	292.723.318	242.732.962
- Trade receivables from related parties	*8.474.487*	*9.411.305*
- Trade receivables from third parties	*284.248.831*	233.321.657
Other receivables	75.419.552	55.332.398
- Other receivables from related parties	*51.840.288*	*51.096.024*
- Other receivables from third parties	*23.579.264*	*4.236.374*
Inventories	96.377.202	88.172.132
Prepaid expenses	7.772.504	9.480.628
Current income tax assets	96.171	6.339
Derivative financial instruments	227.771	-
Other current assets	2.882.968	3.179.912

	Reviewed	Audited
Non-current assets	**1.581.586.620**	**1.570.373.226**
Trade receivables	448.483	808.574
-Trade receivables from third parties	*448.483*	*808.574*
Other receivables	637.862	506.045
- Other receivables from third parties	*637.862*	*506.045*
Investments accounted using the equity method	450.800.240	439.020.640
Investment properties	264.324.274	270.849.274
Tangible assets	772.191.820	759.980.174
Intangible assets	2.709.111	3.051.516
Prepaid expenses	40.835.033	40.900.155
Deferred tax assets	49.639.797	55.256.848
Total assets	**2.119.365.261**	**1.988.450.156**

POLİSAN HOLDİNG: CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Reviewed	Audited
LIABILITIES	**30 June 2018**	**31 December 2017**
Current liabilities	**371.013.861**	**315.897.401**
Short term borrowings	28.319.328	52.927.918
Short term portion of long term borrowings	159.411.940	147.022.888
Derivative instruments	-	91.904
Trade payables	150.555.257	91.571.142
- Trade payables to related parties	*80.833*	*217.089*
- Trade payables to third parties	*150.474.424*	*91.354.053*
Employee benefit obligations	6.417.417	5.483.774
Other payables	12.080.509	4.143.738
- Other payables to related parties	*7.843.900*	*170.556*
- Other payables to third parties	*4.236.609*	*3.973.182*
Deferred income	2.921.012	6.139.363
Current income tax liabilities	7.674.154	4.373.898
Short term provisions	558.062	558.062
- Other short term provisions	*558.062*	*558.062*
Other current liabilities	3.076.182	3.584.714
Non-current liabilities	**246.110.206**	**187.626.817**
Long term borrowings	105.312.211	39.847.667
Long term provisions	11.386.040	10.203.729
- Provisions for employee termination benefits	*11.386.040*	*10.203.729*
Deferred income	-	99.705
Deferred tax liabilities	129.411.955	137.475.716

	Reviewed	Audited
Equity	**1.502.241.194**	**1.484.925.938**
Equity holders of the parent	**1.474.566.252**	**1.458.313.389**
Paid-in share capital	370.000.000	370.000.000
Adjustment to share capital	1.467.266	1.467.266
Share premium/discounts	23.130.220	23.130.220
Other comprehensive income/expense not to be reclassified to profit or loss	302.938.672	302.629.367
- Revaluation and measurement gain / loss	302.938.672	302.629.367
Defined benefit plans re-measurement gain / (loss)	*(9.961.479)*	*(10.270.784)*
Tangible assets revaluation	*312.900.151*	*312.900.151*
Other comprehensive income or expense to be reclassified to profit/(loss)	(21.399.441)	(15.865.646)
- Currency translation differences	*(21.399.441)*	*(15.865.646)*
Restricted reserves	42.221.733	40.062.818
Other reserves	(208.727.832)	(208.727.832)
Retained earnings	921.958.281	846.985.924
Profit for the period	42.977.353	98.631.272
Non-controlling interests	**27.674.942**	**26.612.549**
Total liabilities and equity	**2.119.365.261**	**1.988.450.156**

POLİSAN HOLDİNG: CONSOLIDATED STATEMENT of P/L

	Reviewed	Reviewed		
Profit and loss	**January 1 - June 30 2018**	**January 1 – June 30 2017**	**April 1 – June 30 2018**	**April 1 – June 30 2017**
Sales	499.486.557	358.891.085	270.648.182	195.808.999
Cost of sales (-)	(394.246.241)	(296.438.436)	(208.267.694)	(161.941.266)
Gross profit from commercial activities	**105.240.316**	**62.452.649**	**62.380.488**	**33.867.733**
General and administrative expenses (-)	(30.555.762)	(23.026.662)	(15.750.787)	(13.001.275)
Marketing expenses (-)	(20.971.408)	(13.613.519)	(10.590.440)	(9.770.628)
Research and development expenses (-)	(1.108.027)	(1.320.239)	(533.314)	(705.505)
Other operating income	7.606.428	7.239.208	3.630.225	255.231
Other operating expenses (-)	(4.840.221)	(3.578.446)	(2.423.766)	338.181
Profit from investments accounted using the equity method	11.539.772	16.104.093	3.151.412	8.867.876
Operating profit	**66.911.098**	**44.257.084**	**39.863.818**	**19.851.613**
Income from investment activities	1.056.402	93.221	333.795	46.489
Expense from investment activities (-)	(5.644.362)	(9.267)	(1.523)	-
Operating profit before financial income/expense	**62.323.138**	**44.341.038**	**40.196.090**	**19.898.102**
Financial income	21.061.508	7.183.001	15.744.347	542.291
Financial expenses (-)	(28.548.619)	(11.728.833)	(21.908.873)	(1.863.332)
Pre-tax profit from continuing operations	**54.836.027**	**39.795.206**	**34.031.564**	**18.577.061**
Continuing operations tax income/expense				
- Current tax expense	(11.577.822)	(4.448.565)	(7.203.562)	(574.685)
- Deferred tax income/expense	741.649	6.461.815	(1.853.358)	7.467.239
Profit of continuing operations for the period	**43.999.854**	**41.808.456**	**24.974.644**	**25.469.615**
Profit for the period	**43.999.854**	**41.808.456**	**24.974.644**	**25.469.615**
Attributable to:				
Non-controlling interests	1.022.501	1.065.949	723.867	961.666
Equity holders of the parent	42.977.353	40.742.507	24.250.777	24.507.949
Earnings per share	**0,116**	**0,110**	**0,066**	**0,066**
-Earnings per share for continuing operations	0,116	0,110	0,066	0,066
-Earnings per share for discontinuing operations	-	-	-	-

Polisan HOLDİNG

POLİSAN HOLDİNG: CONSOLIDATED STATEMENT of P/L

	Reviewed	Reviewed		
	January 1 - June 30 2018	January 1 – June 30 2017	April 1 – June 30 2018	April 1 – June 30 2017
Profit for the period	**43.999.854**	**41.808.456**	**24.974.644**	**25.469.615**
Other comprehensive income:				
Items not to be reclassified to profit or loss	**380.659**	**(829.070)**	**968.761**	**(847.908)**
- Defined benefit plans re-measurement gain / (loss)	176.039	(597.334)	680.797	(682.184)
- Defined benefit plans re-measurement gain / (loss), tax effect	(35.208)	119.467	(136.160)	136.437
- Defined benefit plans re-measurement gain / (loss) to Investments accounted using the equity method	299.786	(439.004)	530.155	(377.702)
- Defined benefit plans re-measurement gain / (loss), tax effect to investments accounted using equity method	(59.958)	87.801	(106.031)	75.541
Items to be reclassified to profit or loss	**(5.565.257)**	**(3.275.514)**	**(2.854.245)**	**(2.953.693)**
- Currency translation differences gain / (loss)	(5.565.257)	(3.275.514)	(2.854.245)	(2.953.693)
Other comprehensive income/(expense)	**(5.184.598)**	**(4.104.584)**	**(1.885.484)**	**(3.801.601)**
Total comprehensive income	**38.815.256**	**37.703.872**	**23.089.160**	**21.668.014**
Attributable to:				
Non-controlling interest	1.062.393	1.065.949	706.232	961.666
Equity holders of the parent	37.752.863	36.637.923	22.382.928	20.706.348

POLİSAN HOLDİNG: FINANCIAL RATIOS

The profitability and financial ratios, calculated based on the 2Q 2018 TFRS financial tables are as follow:

(TRY million)	30 June 2018	30 June 2017
Net Sales	499,486,557	358,891,085
Gross Profit	105,240,316	62,452,649
Gross Profit Margin (%)	21.1%	17.4%
Income Before Interest and Tax (EBIT)	55,371,327	28,152,991
EBIT Margin (%)	11.1%	7.8%
Income Before Interest, Tax, Depreciation and Amortization (EBITDA)	77,112,056	52,205,485
EBITDA Margin	15.4%	14.5%
Net Income	43,999,854	41,808,456
Net Income Margin (%)	8.8%	11.6%

	30 June 2018	30 June 2017
Current Ratio	1.449	1.397
Liquidity Ratio	1.190	1.160
Net Income/Total Equity	0.029	0.031
Net Income/Total Assets	0.021	0.024

POLİSAN HOLDİNG: MATERIAL DISCLOSURES

Material disclosures in regards to the important developments that took place after the 1Q 2018 financial result announcement dated May 3, 2018 are as follows:

For other information, please see 2017 Annual Report

POLİSAN HOLDİNG: POTENTIAL SALE OF SHARES – May 04, 2018

Is This an Update Announcement?	No
Is This an Amendment Announcement?	No
Is This a Postponed Announcement?	No
Summary Information	Potential Sale of Shares

ADDITIONAL EXPLANATION:
The shareholders ("Selling Shareholders") of Polisan Holding A.Ş.("Company"), who are listed below, have disclosed that they have the intention to sell a portion of their shares to diverse international and local qualified investors to increase liquidity of the stock and broaden the investor base of the Company. Within this scope, the Selling Shareholders have authorized Garanti Yatırım Menkul Kıymetler A.Ş. and Raiffeisen Centrobank AG by agreement, for the purpose of marketing and sales activities.

Selling Shareholders:
Ahmet Faik Bitlis
Fatma Nilgün Kasrat
Ayşe Melike Bitlis Bush
Ahmet Ertuğrul Bitlis
Mehmet Emin Bitlis
Selahattin Bitlis
Alaattin Bitlis
Güldal Akşit
Serdar Demirel
Erol Mizrahi
Ali Fırat Yemeniciler
Şark Mensucat Fabrikası A.Ş.

Given appropriate market conditions, the Free Float could be increased significantly from approximately ●% up to **25**% of the Company's registered share capital.

The selling and marketing process is addressed only to qualified investors and there will be no public offering in any jurisdiction.

Any improvements on the subject will be announced immediately.

This announcement is available in Turkish and English at www.polisanholding.com.tr

POLİSAN HOLDİNG: POTENTIAL SALE OF SHARES – June 22, 2018

Is This an Update Announcement?	Yes
Is This an Amendment Announcement?	No
Disclosure Date of the Previous Announcement on the Subject Matter	May 4, 2018
Is This a Postponed Announcement?	No
Summary Information	Potential Sale of Shares

ADDITIONAL EXPLANATION:

Through an announcement via the Public Disclosure Platform dated May 4, 2018, the potential share sale to be realized by some of the shareholders of Polisan Holding A.Ş., including our Company has been disclosed and it has been stated that Garanti Yatırım Menkul Kıymetler A.Ş. and Raiffeisen Centrobank AG were authorized in order to conduct the promotion and sales related transactions within this scope.

This time, apart from the above mentioned, due to the cyclical economic constriction, it has been mutually agreed that other potential purchase offers in Istanbul Stock Exchange regarding a part or the whole of the shares of Polisan Holding A.Ş. that we are currently in possession of, shall be evaluated. It is hereby submitted to the public attention.

The improvements on this matter will be further submitted to the public attention upon occurrence.

This announcement is available in English and Turkish at www.polisanholding.com.tr.

POLİSAN HOLDİNG: POTENTIAL SALE OF SHARES – June 22, 2018

Is This an Update Announcement?	Yes
Is This an Amendment Announcement?	Yes
Disclosure Date of the Previous Announcement on the Subject Matter	June 22, 2018
Is This a Postponed Announcement?	No
Summary Information	Potential Sale of Shares

ADDITIONAL EXPLANATION:

As our announcement of 22.06.2018 at 17.41 hrs on Public Disclosure Platform may lead to misunderstanding, our correct announcement is as follows:

It has been decided that, up to 25,914,085 shares (7%) publicly open Polisan Holding (POLHO) Shares, which are currently in possession of Şark Mensucat A.Ş., may be sold at Istanbul Stock Exchange during the next 6 months provided that an appropriate price is reached.

POLİSAN HOLDİNG: BOD COMMITTEES – June 27, 2018

Is This an Update Announcement?	No
Is This an Amendment Announcement?	No
Disclosure Date of the Previous Announcement on the Subject Matter	-
Is This a Postponed Announcement?	No
Summary Information	BoD Committees

ADDITIONAL EXPLANATION:

Our Board of Directors decided to

To elect Şeref Taşkın (Independent Board of Directors Member) as the Chairman of the Audit Committee and Arif Başer (Independent Board of Directors Member) as the Member of the Audit Committee,

Not to form Candidate Nomination Committee and Compensation Committee and the duties of the aforementioned committees to be fulfilled by the Corporate Governance Committee. Within this context, Arif Başer has been elected as the Chairman, and Mehmet Emin Bitlis and Varol Ürel (Corporate Governance Rating License No: 701898) as the members of the Corporate Governance Committee.

To elect Şeref Taşkın as the Chairman, and Mehmet Emin Bitlis and Burhan Kurt as the members of the Early Detection of Risks Committee.

POLİSAN HOLDİNG: REGISTERED CAPITAL CEILING INCREASE – August 2, 2018

Is This an Update Announcement?	No
Is This an Amendment Announcement?	No
Is This a Postponed Announcement?	No
Resolution Date of the BoD	July 24, 2018
Related Transaction	Increase in Registered Capital Ceiling
Existing Registered Capital Ceiling (TRY)	500,000,000
New Registered Capital Ceiling (TRY)	1,000,000,000
Validity Date for the Registered Capital Ceiling (New)	December 31, 2022
The Number of the Article to be Amended	Capital – Article 7
CMB Application Date	01.08.2018
Summary Information	BoD Resolution regarding the change in registered capital ceiling

ADDITIONAL EXPLANATION:

Our Company has applied the registered capital system upon the permission of the Capital Markets Board dated November 3, 2011 and numbered 37/986 and that the registered capital ceiling of our Company has been determined as TRY500,000,000 (five hundred million Turkish Liras) to be valid between 2015 and 2019 (5 years). In order to increase the registered capital ceiling to TRY1,000,000,000 (one billion Turkish Liras), our BoD resolved to amend Article 7 of the Company's Articles of Association titled "Capital" as per the attached "Articles of Association Amendment Draft", to apply to the Capital Markets Board and the Ministry of Customs and Trade, and to complete the subsequent legal proceedings so as to discuss at the first Ordinary/Extraordinary General Assembly Meeting to be held.

POLİSAN HOLDİNG: POTENTIAL SALE OF SHARES – August 3, 2018

Is This an Update Announcement?	Yes
Is This an Amendment Announcement?	No
Disclosure Date of the Previous Announcement on the Subject Matter	June 22, 2018
Is This a Postponed Announcement?	No
Summary Information	Potential Sale of Shares

ADDITIONAL EXPLANATION:

The shareholders ("Selling Shareholders") of Polisan Holding A. .("Company"), who are listed in the table below, have disclosed that they have the intention to sell a portion of their shares to diverse international and local investors to improve liquidity of the stock and broaden the investor base of the Company, increasing the free float to 25% from 8.43%. Accordingly, the will of shareholders were made public through the announcements wired on the Public Disclosure Platform on May 4, 2018 and June 22, 2018.

Within this scope, the shareholders (Selling Shareholders) listed on the table below have initiated studies to be able to make a portion of their non-floating shares, to make public.

Hereby, we respectfully inform the public.

Selling Shareholders
Ahmet Faik Bitlis
Fatma Nilgün Kasrat
Ayşe Melike Bitlis Bush
Ahmet Ertuğrul Bitlis
Mehmet Emin Bitlis
Selahattin Bitlis
Alaattin Bitlis
Güldal Akşit
Serdar Demirel
Erol Mizrahi
Ali Fırat Yemeniciler

POLİSAN HOLDİNG: REGISTERED CAPITAL CEILING INCREASE – August 7, 2018

Is This an Update Announcement?	Yes
Is This an Amendment Announcement?	No
Is This a Postponed Announcement?	No
Resolution Date of the BoD	July 24, 2018
Related Transaction	Increase in Registered Capital Ceiling
Existing Registered Capital Ceiling (TRY)	500,000,000
New Registered Capital Ceiling (TRY)	1,000,000,000
Validity Date for the Registered Capital Ceiling (New)	December 31, 2022
The Number of the Article to be Amended	Capital – Article 7
CMB Application Date	01.08.2018
Result of the CMB Application	Approval
Approval Date of the CMB	August 3, 2018
Summary Information	Result of the Application to the Capital Markets Board

ADDITIONAL EXPLANATION:

The amendment draft of the articles of association in regards to the increase of the registered capital ceiling to TRY1,000,000,000 (one billion Turkish Liras) has been approved by the CMB.

Article 7 of the Articles of Association titled "Capital" is in the attached as approved by the CMB.

Polisan Investor Relations

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