(Convenience translation of interim consolidated financial statements originally issued in Turkish)

Polisan Holding A.Ş.

January 1 – March 31, 2020 interim condensed consolidated financial statements

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(Convenience translation of financial statements and notes originally issued in Turkish)

Polisan Holding A.Ş.

Consolidated statements of financial position as at March 31, 2020
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Current period	*Prior period*
		Unaudited	*Audited*
Assets	**Notes**	**March 31, 2020**	**December 31, 2019**
Current assets		**702.926.237**	**616.853.795**
Cash and cash equivalents	4	228.847.524	179.026.662
Trade receivables	6	245.117.033	246.665.241
- Trade receivables from related parties	*28*	*5.833.390*	*5.779.078*
- Trade receivables from third parties		*239.283.643*	*240.886.163*
Other receivables	7	26.849.850	20.652.153
- Other receivables from related parties	*28*	*-*	*15.870*
- Other receivables from third parties		*26.849.850*	*20.636.283*
Inventories	8	163.510.122	136.690.124
Prepaid expenses	9	7.212.877	4.964.152
Current income tax assets	10	2.139.132	684.596
Other current assets	19	13.625.574	12.546.742
Subtotal		**687.302.112**	**601.229.670**
Assets held for sale	16	15.624.125	15.624.125
Non-current assets		**1.666.197.035**	**1.666.526.640**
Other receivables	7	463.633	449.980
- Other receivables from third parties		*463.633*	*449.980*
Investments accounted using the equity method	11	430.213.946	434.022.908
Investment properties	12	288.800.733	288.800.733
Tangible assets	14	835.287.642	832.465.998
Right of use assets	13	47.244.583	48.481.824
Intangible assets	15	1.948.032	2.134.303
Prepaid expenses	9	40.875.184	41.022.877
Deferred tax assets	26	19.585.808	17.454.525
Other non-current assets		1.777.474	1.693.492
Total assets		**2.369.123.272**	**2.283.380.435**

Polisan Holding A.Ş.

Consolidated statements of financial position as at March 31, 2020
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Current period	*Prior period*
		Unaudited	*Audited*
Liabilities	**Notes**	**March 31, 2020**	**December 31, 2019**
Current liabilities		**552.019.347**	**467.234.531**
Short term borrowings	5	117.888.382	67.689.569
Short term portion of long term borrowings	5	156.167.838	165.562.876
Trade payables	6	246.537.358	206.009.724
- Trade payables to related parties	*28*	*74.352*	*1.631.067*
- Trade payables to third parties		*246.463.006*	*204.378.657*
Employee benefit obligations	18	6.813.265	6.464.997
Other payables	7	487.377	2.451.423
- Other payables to third parties		*487.377*	*2.451.423*
Deferred income	9	2.150.723	3.077.209
Current income tax liability		4.210.945	1.539.610
Provisions, contingent assets and liabilities	17	6.094.486	6.915.086
- Short term provisions for employee benefits		*629.494*	*1.604.864*
- Other short term provisions		*5.464.992*	*5.310.222*
Other current liabilities	19	11.668.973	7.524.037
Non-current liabilities		**374.770.080**	**378.796.256**
Long term borrowings	5	294.217.899	291.856.027
Long term provisions	18	13.842.891	13.714.571
- Provisions for employee termination benefits		*13.842.891*	*13.714.571*
Deferred tax liabilities	26	66.709.290	73.225.658
Equity		**1.442.333.845**	**1.437.349.648**
Equity holders of the parent			
Paid-in share capital	20	758.500.000	758.500.000
Adjustment to share capital	20	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	20	305.841.047	306.274.457
- Revaluation and measurement gain / loss		305.841.047	306.274.457
Defined benefit plans re-measurement gain / (loss)		*(16.128.486)*	*(15.695.076)*
Tangible assets revaluation		*321.969.533*	*321.969.533*
Other comprehensive income or expense to be reclassified to profit/(loss)		(30.806.209)	(27.880.309)
- Currency translation differences		*(30.806.209)*	*(27.880.309)*
Restricted reserves		47.455.147	47.455.147
Other reserves	20	(208.727.832)	(208.727.832)
Retained earnings		537.130.699	471.801.876
Profit for the period		8.343.507	65.328.823
Non-controlling interests	20	**-**	**-**
Total liabilities and equity		**2.369.123.272**	**2.283.380.435**

Polisan Holding A.Ş.

Consolidated statement of profit or loss
for the period between January 1 - March 31, 2020
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Unaudited January 1 - March 31, 2020	Unaudited January 1 - March 31, 2019
Profit and loss			
Revenue	21	233.578.644	234.074.201
Cost of sales (-)	21	(189.514.785)	(196.361.654)
Gross profit from commercial activities		**44.063.859**	**37.712.547**
General administrative expenses (-)		(17.069.840)	(22.830.064)
Marketing expenses (-)		(2.898.558)	(2.907.473)
Research and development expenses (-)		(1.316.797)	(1.158.432)
Other operating income	23	5.244.730	5.451.187
Other operating expenses (-)	23	(4.190.905)	(7.828.733)
Profit/Loss from investments accounted using the equity method	11	(4.979.531)	(16.224.577)
Operating profit		**18.852.958**	**(7.785.545)**
Income from investment activities	24	1.540.160	2.156.320
Expense from investment activities (-)	24	(10.307)	(449.912)
Operating profit before financial income/expense		**20.382.811**	**(6.079.137)**
Financial income	25	12.171.922	4.440.241
Financial expenses (-)	25	(29.156.358)	(12.078.779)
Profit before tax from continuing operations		**3.398.375**	**(13.717.675)**
Continuing operations tax income/expense			
- Current tax expense	26	(2.920.796)	(2.957.556)
- Deferred tax income/expense	26	7.865.928	(2.405.549)
Profit for the period from continuing operations		**8.343.507**	**(19.080.780)**
Profit for the period		**8.343.507**	**(19.080.780)**
Attributable to:			
Non-controlling interests		-	306.266
Equity holders of the parent		8.343.507	(19.387.046)
Earnings per share	27	**0,011**	**(0,026)**
-Earnings per share from continuing operations		0,011	(0,026)

Polisan Holding A.Ş.

Consolidated statement of other comprehensive income
for the period between January 1 - March 31, 2020
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Unaudited January 1 - March 31, 2020	Unaudited January 1 - March 31, 2019
Profit for the period		**8.343.507**	**(19.080.780)**
Other comprehensive income:			
Items not to be reclassified to profit or loss		**(586.714)**	**(3.252.467)**
- Defined benefit plans re-measurement gain / (loss)	18	(623.995)	(3.646.288)
- Defined benefit plans re-measurement gain / (loss), tax effect	26	124.799	729.258
- Defined benefit plans re- measurement gain /(loss) of investment accounted by equity method	11	(109.398)	(419.296)
- Shares not to be classified in profit or loss from other comprehensive income of investments accounted by equity method, tax effect	11	21.880	83.859
Items to be reclassified to profit or loss		**(2.772.596)**	**(1.278.369)**
- Gain/(losses) from currency translation differences		(4.030.683)	(1.315.974)
- Gain/(losses) from currency translation differences of investment accounted by equity method	11	1.258.087	37.605
Other comprehensive income		**(3.359.310)**	**(4.530.836)**
Total comprehensive income		**4.984.197**	**(23.611.616)**
Attributable to:			
Non-controlling interest		-	184.608
Equity holders of the parent		4.984.197	(23.796.224)

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Polisan Holding A.Ş.

Consolidated statement of changes in equity
for the period between January 1- March 31, 2020
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

				Other accumulated comprehensive income/ expense not to be classified to profit or loss		Other accumulated comprehensive income/ expense to be classified to profit or loss			Accumulated profit				
				Revaluation and measurement gain / loss									
	Paid in share capital	Adjustment to share capital	Share premium	Tangible assets revaluation	Defined benefit plans remeasurement gain / (loss)	Currency translation differences	Restricted reserves	Equity capital effect on procurement	Retained earnings	Net profit	Equity holders of the parent	Non-controlling interests	Total equity
Balance at January 1, 2020	**758.500.000**	**1.467.266**	**23.130.220**	**321.969.533**	**(15.695.076)**	**(27.880.309)**	**47.455.147**	**(208.727.832)**	**471.801.876**	**65.328.823**	**1.437.349.648**	**-**	**1.437.349.648**
Transfers to reserves and retained earnings	-	-	-	-	-	-	-	-	65.328.823	(65.328.823)	-	-	-
Total comprehensive income	-	-	-	-	(433.410)	(2.925.900)	-	-	-	8.343.507	4.984.197	-	**4.984.197**
-Profit for the period	-	-	-	-	-	-	-	-	-	*8.343.507*	*8.343.507*	-	*8.343.507*
-Other comprehensive income/expense	-	-	-	-	*(433.410)*	*(2.925.900)*	-	-	-	-	*(3.359.310)*	-	*(3.359.310)*
Balance at March 31, 2020	**758.500.000**	**1.467.266**	**23.130.220**	**321.969.533**	**(16.128.486)**	**(30.806.209)**	**47.455.147**	**(208.727.832)**	**537.130.699**	**8.343.507**	**1.442.333.845**	**-**	**1.442.333.845**
Balance at January 1, 2019	**370.000.000**	**1.467.266**	**23.130.220**	**322.322.401**	**(11.959.605)**	**(24.296.329)**	**42.221.733**	**(208.727.832)**	**922.130.032**	**27.829.450**	**1.464.117.336**	**29.105.082**	**1.493.222.418**
Transfers to reserves and retained earnings	388.500.000	-	-	-	-	-	-	-	(360.670.550)	(27.829.450)	-	-	-
Total comprehensive income	-	-	-	-	(3.166.046)	(1.243.132)	-	-	-	(19.387.046)	(23.796.224)	184.608	**(23.611.616)**
-Profit for the period	-	-	-	-	-	-	-	-	-	*(19.387.046)*	*(19.387.046)*	*306.266*	*(19.080.780)*
-Other comprehensive income/expense	-	-	-	-	*(3.166.046)*	*(1.243.132)*	-	-	-	-	*(4.409.178)*	*(121.658)*	*(4.530.836)*
Balance at March 31, 2019	**758.500.000**	**1.467.266**	**23.130.220**	**322.322.401**	**(15.125.651)**	**(25.539.461)**	**42.221.733**	**(208.727.832)**	**561.459.482**	**(19.387.046)**	**1.440.321.112**	**29.289.690**	**1.469.610.802**

(Convenience translation of consolidated financial statements originally issued in Turkish)

Polisan Holding A.Ş.

Consolidated statement of cash flows
for the period between January 1- March 31, 2020
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

	Notes	*Unaudited* January 1 - March 31, 2020	*Unaudited* January 1 - March 31, 2019
A. Cash flows from operating activities:		**60.948.324**	**40.472.817**
Profit/loss for the period		**47.538.056**	**(19.080.780)**
- Profit for the period from continuing operations		8.343.507	(19.080.780)
Adjustment for reconciliation of profit/loss for the period		**47.538.056**	**51.691.068**
Adjustments for depreciation and amortization expenses	13,14,15	11.932.040	12.151.117
Adjustments related to impairment *(cancellations)*		(1.060.183)	2.465.419
- Adjustments related to impairment of trade receivables (cancellations)	*6*	*(1.460.406)*	*2.365.501*
- Adjustments related to impairment of inventories (cancellations)	*8*	*400.223*	*99.918*
Adjustments related to provisions		(272.511)	1.539.878
- Adjustments related to provisions (cancellations) for benefits provided to employees	*18*	*(272.511)*	*1.204.293*
- Adjustments to lawsuits and/or penalty provisions (cancellations)	*17*	-	*335.585*
Adjustments for interest income and expense		5.242.932	3.944.184
- Adjustments related to interest income	*25*	*(1.044.048)*	*(1.793.725)*
- Adjustments related to interest expenses	*25*	*6.314.924*	*6.218.153*
- Deferred financial income from deferred payment sale	*23*	*(27.944)*	*(480.244)*
Adjustment related to unrealized foreign currency translation differences		32.147.183	9.915.471
Adjustments related to undistributed profit/losses of investments accounted using the equity method	12	4.979.532	16.224.577
Adjustments to tax expense/income	26	(4.945.132)	5.363.105
Adjustments for profit/loss on sale of tangible assets	24	(485.805)	(166.109)
Adjustments for profit/loss related to sale of investment property	24	-	253.426
Changes in working capital		**8.471.446**	**26.241.557**
Adjustments for increase/decrease in trade receivables		2.923.404	24.681.877
Adjustments for increase in other operational receivables		(6.211.350)	2.489.402
Adjustments for increase/decrease in inventories		(27.220.221)	(4.033.964)
Adjustments for increase/decrease in prepaid expenses		(2.101.032)	(8.144.802)
Adjustments for increase/decrease in trade payables		40.640.788	11.461.403
Adjustments for increase/decrease in employee benefit obligations		348.268	1.805.642
Adjustments for increase in other operational payables		(1.964.046)	2.563.070
Adjustments for increase/decrease in deferred income		(926.486)	135.101
Adjustments for increase/decrease in other assets related to operations		(1.162.815)	(5.660.912)
Adjustments for increase/decrease in other operational liabilities		4.144.936	944.740
Cash flows from operating activities		**64.353.018**	**58.851.846**
Employee termination benefits paid	18	(1.043.764)	(4.559.429)
Other cash outflows	17	-	(13.317.770)
Tax payments/refunds		(2.360.921)	(501.829)
B. Cash flows from investing activities		**(7.384.406)**	**(20.495.139)**
Purchase of tangible/intangible assets		796.623	2.020.105
Proceeds from sale of tangible/intangible assets	14,15	(9.225.077)	(25.384.544)
Proceeds from sale of investment properties		-	1.075.575
Interest received		1.044.048	1.793.725
C. Cash flows from financing activities		**(3.743.056)**	**(50.180.720)**
Cash inflows from borrowings obtained		44.123.411	82.172.033
Cash outflows related to loan repayment		(44.633.316)	(128.237.206)
Interest paid		(3.233.151)	(4.115.547)
Net increase/decrease in cash and cash equivalents		**49.820.862**	**(30.203.042)**
Cash and cash equivalents at the beginning of the period	4	179.026.662	153.828.929
Cash and cash equivalents at the end of the period	4	228.847.524	123.625.887

1. Group's organization and nature of operations

Polisan Holding A.Ş. ("Polisan Holding" or "the Company") is established in order to maintain coordination within the companies, in which it has capital and management contribution, provide guidance and management and ensure to operate with using advanced techniques in planning, marketing and finance, fund management, legal affairs, human resources and information technologies areas for them. The Company operates in several industries particularly in commerce, industry, agriculture, tourism, real estate, mining and finance and engages in various other activities by contributing to the capital and management of domestic and foreign companies.

The Company was founded in 2000 and the Company's registered office is located in Dilovası Organize Sanayi Bölgesi 1.Kısım Liman Cad. No: 7 Dilovası/Kocaeli.

Istanbul branch of the Company is located in Hilltown AVM, Aydınevler Mah. Siteler Yolu Cad. 28 No:1/A Maltepe/İstanbul.

Subsidiaries, joint ventures and associates of the Company (altogether referred to as "the Group") are as follows:

- *Polisan Kansai Boya Sanayi ve Ticaret A.Ş. (Former title: Polisan Boya Sanayi ve Ticaret. A.Ş.)*
- *Tintomix Pigment Pasta Sanayi A.Ş.*
- *Polisan Kimya Sanayii A.Ş.*
- *Poliport Kimya Sanayi ve Ticaret A.Ş.*
- *Polisan Tarımsal Üretim Sanayi ve Ticaret A.Ş. (Former title: Polikem Kimya San. ve Tic. A.Ş.)*
- *Polisan Yapı İnşaat Taahhüt Turizm Sanayi ve Ticaret A.Ş.*
- *Rohm and Haas Kimyasal Ürünler Üretim Dağıtım ve Tic. A.Ş.*
- *Polisan Hellas S.A.*
- *Polisan Rus Ltd.*
- *Polisan Maroc S.A.*

The Group's main operations are in Turkey and gathered under the major segments which are listed below;

- Production and sale of chemical products
- Production and sale of final products supporting the planting and agricultural industries
- Production and sale of paint
- Production and sale of concrete chemicals
- Port, storage and warehousing services
- Service

Subsidiaries:

Polisan Kimya Sanayii A.Ş. ("Polisan Kimya"):
Operating activity of Polisan Kimya is the production and sale of formaldehyde, formaldehyde resins, construction chemicals and AUS 32.

Polisan Kimya was established in 1964 and company's registered office is located in Dilovası Organize Sanayi Bölgesi 1. Kısım Liman Cad. No: 7 Dilovası/Kocaeli.

Poliport Kimya Sanayi ve Ticaret A.Ş. ("Poliport"):
Operating activities of Poliport are bulk liquid storage services, A-type general warehouse services, loading and unloading services for dry bulk and general cargo vessels.
Poliport was established in 1971 and company's registered office is located in Dilovası Organize Sanayi Bölgesi 1. Kısım Liman Cad. No:7 Dilovası/Kocaeli.

Polisan Tarımsal Üretim Sanayi ve Ticaret A.Ş. ("Polisan Tarım"):
Operating activities of Polisan Tarım are the cultivation of all sorts of plants, producing, purchasing and selling all types of natural and organic products, producing wet or dried foods from all types of agricultural products, producing and raising all kinds of livestock, providing all kinds of technology and consultancy services on agriculture and supervising projects and investments.

Polisan Tarım was established in 1998 and company's registered office is located in Dilovası Organize Sanayi Bölgesi 1. Kısım Liman Cad. No: 7 Dilovası/Kocaeli.

1. Group's organization and nature of operations (continued)

Polisan Yapı İnşaat Taahhüt Turizm Sanayi ve Ticaret A.Ş. ("Polisan Yapı"):

Operating activities of Polisan Yapı consist of construction, plant contracting, constructing water channels, roads, bridges, dams, sewers, infrastructure facilities, marketing, trading and manufacturing of construction and installation materials as well as organizing domestic and overseas trips for the purpose of tourism, occupation and education.

Polisan Yapı was established in 2006 and company's registered office is located in Dilovası Organize Sanayi Bölgesi 1. Kısım Liman Cad. No: 7 Dilovası/Kocaeli.

Polisan Hellas S.A. ("Hellas"):

Polisan Hellas S.A. was established on July 29, 2013 in Athens, Greece. Polisan Hellas S.A. is operating in the plastic products industry. The facility engages in the production of Polyethylene Terephthalate (PET) granule and preform, which has an extensive area of use such as beverage, food, and drink containers and synthetic fiber.

Polisan Rus Ltd. ("Polisan Rus"):

Polisan Rus is dormant and has no financial statements.

Polisan Maroc S.A. ("Maroc"):

Polisan Maroc S.A. was established on July 5, 2018 in Morocco. Polisan Maroc operating in construction chemicals industry.

The average number of employees of the Company, its subsidiaries and joint ventures for the year ended March 31, 2020 is 1.249 (December 31, 2019 – 1.477). In calculating the average numbers, the number of employees of Polisan Kansai Boya was taken as an integer, not weighted by the group's feelings.

Joint ventures and Associates:

Polisan Kansai Boya Sanayi ve Ticaret A.Ş. ("Polisan Kansai Boya") (Former title: Polisan Boya Sanayi ve Ticaret A.Ş. ("Polisan Boya"))
Operating activity of Polisan Boya is the production and sale of paint, varnish, resin and other surface coating and insulation materials.

Polisan Boya was established in 1975 and company's registered office is located in Dilovası Organize Sanayi Bölgesi 1. Kısım Liman Cad. No: 7 Dilovası/Kocaeli.

Following the sale of 50% shares of Polisan Boya to Kansai Paint Co. Ltd. on December 21, 2016; the title has been changed as Polisan Kansai Boya Sanayi ve Ticaret A.Ş. (Note 3).

Since this transaction is a sale of subsidiary's shares resulting in loss of control, Polisan Kansai Boya is considered as joint ventures after the share sale and accounted by using the equity method.

Tintomix Pigment Pasta Sanayi A.Ş. ("Tintomix"):

Tintomix, Polisan Kansai Paint ongoing development of the business as well as pigment pastes and operates inside and outside of Turkey.

Tintomix was established in 2018 and company's registered office is located in Maden Mahallesi, Kasap Çayırı Mevkii Medya kent A9 No:2 Sarıyer/Istanbul.

1. Group's organization and nature of operations (continued)

Rohm and Haas Kimyasal Ürünler Üretim Dağıtım ve Tic. A.Ş. ("Rohm and Haas")
Operating activity of Rohm and Haas is purchasing, selling, marketing and trading of emulsion polymers and their raw materials.

Rohm and Haas was established in 2004, and company's registered office is located in Içerenköy Mah. Umut Sok. No: 10/12 Kat: 3 Ataşehir/Istanbul. As of December 31, 2019 the average number of personnel employed by Rohm and Haas is 57 (December 31, 2019: 58).

Approval of the financial statements

The consolidated financial statements were approved and authorized for issue by the Board of Directors on May 8, 2020. The General Assembly has the authority to amend the consolidated financial statements.

2. Basis of presentation of financial statements

2.1 Basis of presentation

2.1.1 Applicable financial reporting standards

The 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 ("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.

In accordance with the decision taken on 7 June 2013 by the CMB at its meeting numbered 20/670, a new set of illustrative financial statements and guidance to it have been issued effective from the periods ended after 31 March 2013 which is applicable for the companies that are subject to the Communiqué regarding the Principles of Financial Reporting in Capital Markets. The accompanying consolidated financial statements are prepared in accordance with the aforementioned illustrative financial statements.

Financial statements and footnotes are presented in accordance with the "2019 TAS Taxonomy" announced by the KGK with the principle decision dated June 7, 2019.

Polisan Holding and its Subsidiaries, Joint venture and Associate registered in Turkey maintain their books of account and prepare their statutory financial statements in accordance with regulations issued by CMB, the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The subsidiary operating in a foreign country maintains its books of account in accordance with the laws and regulations in force in the countries in which they are registered. The consolidated financial statements have been prepared in TL by considering certain adjustments and reclassifications for the purpose of fair presentation in accordance with the Turkish Accounting Standards issued by the POA.

2.1.2 Functional and presentation currency

The functional and presentation currency of the Company and its subsidiaries registered in Turkey is Turkish Lira ("TL").

The functional currency of Rohm and Haas, associate of the Group is American Dollar ("USD").

The functional currency of Polisan Hellas S.A., a subsidiary of the Group operating in Greece, is EURO ("EUR").

The functional currency of Polisan Maroc S.A. operating in Morocco is Moroccan Dirham ("MAD").

2. Basis of presentation of financial statements (continued)

The financial and operational results of each company are presented in TL which is the functional currency of the Company and the presentation currency of the consolidated financial statements.

2.1.3 Financial statements of subsidiaries operating in countries other than Turkey

Financial statements of subsidiary operating abroad Turkey are adjusted to the TAS/TFRS promulgated by the POA to reflect the proper presentation and content. Related subsidiary's assets and liabilities are translated into TL from the foreign exchange rate at the reporting date and income and expenses are translated into TL at the average foreign exchange rate. Exchange differences arising from using of period end and average rates are included in the "currency translation difference" account under the shareholders' equity.

2.2 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the interim consolidated financial statements as at March 31, 2020 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2019. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at 1 January 2020 are as follows.

- Definition of a Business (Amendments to TFRS 3)
- Amendments to TFRS 9, TAS 39 and TFRS 7- Interest Rate Benchmark Reform
- Definition of Material (Amendments to TAS 1 and TAS 8)

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the interim consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

-TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)
-TFRS 17 - The new Standard for insurance contracts
- Amendments to IAS 1- Classification of Liabilities as Current and Non-Current Liabilities

2. Basis of presentation of financial statements (continued)

2.3 Changes in Accounting Policies, Estimates and Errors

Any change in accounting policies resulting from the first time adoption of a new TAS/TFRS is made either retrospectively or prospectively in accordance with the transition requirements of TAS/TFRS. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements.

If changes in accounting estimates are related to only one period, they are recognized in the period when the changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and in future periods prospectively.

2.4 Summary of Significant Accounting Policies

Accounting policies used in the preparation of consolidated financial statements are summarized below:

Group accounting

(a) The consolidated financial statements include the accounts of the parent company Polisan Holding, its Subsidiaries, Joint Ventures and Associates on the basis set out in sections (b) to (d) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements with adjustments and reclassifications for the purpose of fair presentation in accordance with "TAS/TFRS" and the application of uniform accounting policies and presentation.

(b) Subsidiaries are companies on which the Company has rights or exposed to variable returns from its involvement with the investee and at the same time it has the power to affect these returns through its power over the investee by constituting the power to control the activities of these companies. Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that the control ceases.

The statement of financial position and the statement of profit or loss of the subsidiaries are consolidated on a line-by-line basis and the carrying value of the subsidiaries held by the Company is eliminated against the related equity of the Subsidiaries. Intercompany transactions and balances between the Company and its Subsidiaries are eliminated during the consolidation. The nominal amount of the shares held by the Company in its Subsidiaries and the associated dividends are eliminated from equity and income for the period, respectively.

As of March 31, 2020 and December 31, 2019 the Group's proportion of ownership interests of subsidiaries has been shown in the following table:

Title of the subsidiary	Shares owned by the Group (%)		Effective ownership rate (%)	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Polisan Kimya	100,00	100,00	100,00	100,00
Poliport	100,00	100,00	100,00	100,00
Polisan Yapı	100,00	100,00	100,00	100,00
Polisan Tarım	100,00	100,00	100,00	100,00
Polisan Hellas	100,00	100,00	100,00	100,00
Polisan Rus Ltd. (*)	90,00	90,00	90,00	90,00
Polisan Maroc	99,96	99,96	99,96	99,96

(*) The subsidiary is inactive.

2. Basis of presentation of financial statements (continued)

(c) Joint ventures and Associates are accounted using the equity method. Associates are companies in which the Group has voting power between 20% and 50% or the Group has power to participate in the financial and operating policy decisions but not control them. Unrealized gains or losses arising from transactions between the Group and its joint ventures and associates are eliminated to the extent of the Group's interest in the joint ventures and associates.

Investment in Associate and Joint venture is recognized at cost, and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss after the date of acquisition. Any impairment losses are also deducted from the carrying value of investment.

The table below sets out ownership interests of the Group in its joint ventures and associates included as of March 31, 2020 and December 31, 2019:

Title of the ownership	Type of ownership	Shares owned directly and indirectly by the Group (%)		Effective ownership rate (%)	
		March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Polisan Kansai Boya	Joint venture	50,00	50,00	50,00	50,00
Tintomix	Joint venture	*51,00*	*51,00*	*25,50*	*25,50*
Rohm and Haas	Associate	40,00	40,00	40,00	40,00

(d) The companies, in which the total voting rights of the Group is below 20%, or above 20% but the Group does not exercise a significant influence, or considered as not significant to the consolidated financial statements are classified as available-for-sale financial assets in the consolidated financial statements. Available-for-sale financial assets which have quoted market prices in organized markets and whose fair values can be measured reliably are carried at fair value in the consolidated financial statements. Available-for-sale financial assets that do not have quoted market prices in active markets and whose fair values cannot be reliably measured are carried at cost less any accumulated impairment loss in the consolidated financial statements.

Segment Reporting

Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The Board of Directors is considered as the chief operating decision-maker.

2. Basis of presentation of financial statements (continued)

2.5 Comparative information and restatement of prior year financial statements

The accompanying financial statements are prepared comparatively to the previous period to enable the determination of the Group's financial position, performance, and cash flow trends. When there is a change in the presentation and reclassification of the items of the financial statements, the Group reclassifies the financial statements of the previous period to conform the comparability and discloses information related to these matters.

2.6 Offsetting

Financial assets and liabilities are offsetted and reported in the net amount when there is a legally enforceable right or when there is an intention to settle the assets and liabilities on a net basis or realize the assets and settle the liabilities simultaneously.

2.7 Seasonality in operations

Operations of the companies within the consolidation may show increase or decrease as of periods. Thus, the results of the three months' period ended March 31, 2020 may not be an indicator for the whole year.

3. Segment reporting

The Group's operations consist of production and sales of paint, manufacturing and sale of chemical products, sale of services, port management and real estate. The Group's reporting segments are as follows:

As of March 31, 2020 and December 31, 2019, total assets and liabilities are as follows:

Assets	**March 31, 2020**	**December 31, 2019**
Chemical products	972.629.174	900.737.665
Port	655.162.198	633.345.996
Services	955.688.692	1.013.582.714
Real estate	285.857.881	282.976.628
Combined	**2.869.337.945**	**2.830.643.003**
Add: Carrying values of Joint Ventures (Note 11)	430.213.946	434.022.908
Less: Eliminations	(930.428.619)	(981.285.476)
Consolidated	**2.369.123.272**	**2.283.380.435**

Liabilities	**March 31, 2020**	**December 31, 2019**
Chemical products	627.596.071	550.080.163
Port	230.642.038	219.748.885
Services	43.544.348	111.157.364
Real estate	72.708.457	69.212.322
Combined	**974.490.914**	**950.198.734**
Less: Eliminations	(47.701.487)	(104.167.948)
Consolidated	**926.789.427**	**846.030.787**

3. Segment reporting (continued)

Statement of profit or loss reporting for the period between January 1 – March 31, 2020:

	Chemical products	Port	Services	Real estate	Combined	Add: Joint venture net profit share	Consolidation adjustments	Consolidated
Revenue	185.358.439	51.055.711	70.814.674	88.991	**307.317.815**	-	(73.739.171)	**233.578.644**
- Intra segment revenue	181.044.939	50.215.234	14.762.146	88.991	**246.111.310**	-	(12.532.666)	**233.578.644**
- Inter segment revenue	4.313.500	840.477	56.052.528	-	**61.206.505**	-	(61.206.505)	**-**
Cost of sale (-)	(168.211.099)	(26.945.914)	(61.689.648)	-	**(256.846.661)**	-	67.331.876	**(189.514.785)**
Gross profit	**17.147.340**	**24.109.797**	**9.125.026**	**88.991**	**50.471.154**	**-**	**(6.407.295)**	**44.063.859**
Operational expenses	(14.259.381)	(5.731.443)	536.902	(172.685)	**(19.626.607)**	-	(604.763)	**(20.231.370)**
Profit from investments accounted using the equity method	2.354.153	-	-	-	**2.354.153**	(7.333.684)	-	**(4.979.531)**
Operating profit	**5.242.112**	**18.378.354**	**9.661.928**	**(83.694)**	**33.198.700**	**(7.333.684)**	**(7.012.058)**	**18.852.958**
Expenses from investment activities	150.927	1.988.206	1.013.071	-	**3.152.204**	-	(1.622.351)	**1.529.853**
Operating profit before financial income/expense	**5.393.039**	**20.366.560**	**10.674.999**	**(83.694)**	**36.350.904**	**(7.333.684)**	**(8.634.409)**	**20.382.811**
Financial expenses	(6.615.281)	(13.240.400)	1.780.079	(531.185)	**(18.606.787)**	-	1.622.351	**(16.984.436)**
Profit before tax from continuing operations	**(1.222.242)**	**7.126.160**	**12.455.078**	**(614.879)**	**17.744.117**	**(7.333.684)**	**(7.012.058)**	**3.398.375**
Tax expenses	1.686.886	4.609.851	(2.754.016)	-	**3.542.721**	-	1.402.411	**4.945.132**
Profit for the period from continuing operations	**464.644**	**11.736.011**	**9.701.062**	**(614.879)**	**21.286.838**	**(7.333.684)**	**(5.609.647)**	**8.343.507**
Depreciation and amortization	4.355.861	8.200.607	937.991	-	**13.494.459**	-	(1.562.418)	**11.932.041**
Investment expenditures	2.796.340	14.098.750	1.580.905	-	**18.475.995**	-	(7.299.584)	**11.176.411**
Finance income	150.643	104.844	788.561	-	**1.044.048**	-	-	**1.044.048**
Finance expense	2.962.973	3.081.953	2.256.313	531.198	**8.832.437**	-	(2.517.513)	**6.314.924**

3. Segment reporting (continued)

Statement of profit or loss reporting for the period between January 1 – March 31, 2019:

	Chemical products	Port	Services	Real estate	Combined	Add: Joint venture net profit share	Consolidation adjustments	Consolidated
Revenue								
	199.037.501	37.541.362	16.505.296	25.469	**253.109.628**	-	(19.035.427)	**234.074.201**
- Intra segment revenue	189.216.549	36.678.243	8.153.940	25.469	**234.074.201**	-	-	**234.074.201**
- Inter segment revenue	9.820.952	863.119	8.351.356		**19.035.427**	-	(19.035.427)	**-**
Cost of sale (-)	(179.422.587)	(24.484.349)	(5.695.229)	-	**(209.602.165)**	-	13.240.511	**(196.361.654)**
Gross profit	**19.614.914**	**13.057.013**	**10.810.067**	**25.469**	**43.507.463**	**-**	**(5.794.916)**	**37.712.547**
Operational expenses	(16.629.130)	(4.792.860)	(10.260.595)	(396.858)	**(32.079.443)**	-	2.805.928	**(29.273.515)**
Profit from investments accounted using the equity method	(3.861.145)	-	-	-	**(3.861.145)**	(12.363.432)	-	**(16.224.577)**
Operating profit	**(875.361)**	**8.264.153**	**549.472**	**(371.389)**	**7.566.875**	**(12.363.432)**	**(2.988.988)**	**(7.785.545)**
Expenses from investment activities	281.964	58.777	(428.058)	-	**(87.317)**	-	-	**(87.317)**
Operating profit before financial income/expense	**(593.397)**	**8.322.930**	**121.414**	**(371.389)**	**7.479.558**	**(12.363.432)**	**(2.988.988)**	**(7.872.862)**
Financial expenses	(17.943.890)	(771.091)	10.592.593	(760.978)	**(8.883.366)**	-	3.038.553	**(5.844.813)**
Profit before tax from continuing operations	**(18.537.287)**	**7.551.839**	**10.714.007**	**(1.132.367)**	**(1.403.808)**	**(12.363.432)**	**49.565**	**(13.717.675)**
Tax expenses	(1.237.954)	(1.684.222)	(2.377.487)	-	**(5.299.663)**	-	(63.442)	**(5.363.105)**
Profit for the period from continuing operations	**(19.775.241)**	**5.867.617**	**8.336.520**	**(1.132.367)**	**(6.703.471)**	**(12.363.432)**	**(13.877)**	**(19.080.780)**
Depreciation and amortization	3.840.714	8.060.182	571.220	-	**12.472.116**	-	(320.999)	**12.151.117**
Investment expenditures	2.737.943	578.141	22.072.250	-	**25.388.334**	-	(3.790)	**25.384.544**
Finance income	515.026	181.843	610.290	-	**1.307.159**	-	486.566	**1.793.725**
Finance expense	6.144.906	1.955.985	73.613	760.794	**8.935.298**	-	(2.717.145)	**6.218.153**

4. Cash and cash equivalents

	March 31, 2020	December 31, 2019
Cash in hand	114.340	68.939
Banks	228.733.184	178.957.723
- Demand deposits	45.758.617	27.014.206
- Time deposits	182.974.567	151.943.517
Total	**228.847.524**	**179.026.662**

No blockage exists on the cash and cash equivalents of the Group as of March 31, 2020 (December 31, 2019 – None).

As of March 31, 2020 details of time deposits are as follows:

Currency	Interest rate	Maturity	Foreign currency amount	TL equivalent
Euro	0,01% - 1,00%	1 day	15.405.050	111.147.439
TL	8,00% - 10,00%	1 day	24.534.000	24.534.000
Usd	0,10% - 1,50%	1 day	7.258.000	47.293.128
Total				**182.974.567**

As of December 31, 2019 details of time deposits are as follows:

Currency	Interest rate	Maturity	Foreign currency amount	TL equivalent
Euro	0,40%	2-32 day	11.398.000	75.803.539
TL	10,90% - 11,20%	2-28 day	69.979.991	69.979.991
Usd	1,60%	2 day	1.037.000	6.159.987
Total				**151.943.517**

5. Financial borrowings

	Interest rate	March 31, 2020	Interest rate	December 31, 2019
Short-term borrowings				
Bank borrowings				
- Euro	2,25% - 3,95%	107.865.049	2,25% - 3,95%	66.506.000
- TL	10,00%	10.023.333	15,50% - 15,80%	1.183.569
Total		**117.888.382**		**67.689.569**

5. Financial borrowings (continued)

	Interest rate	March 31, 2020	Interest rate	December 31, 2019
Short term portion of long term borrowings				
Bank borrowings				
- Euro	2,25% - 3,95%	146.581.537	2,25% - 3,95%	148.831.976
- Usd	4,90% - 4,93%	-	4,90% - 4,93%	9.246.685
- TL	15,50% -15,80%	-	15,50% - 15,80%	3.170.454
Financial leasing obligations				
- TL	22,50%	8.877.314	22,50%	3.669.701
- Euro	3,00%	253.247	3,00%	233.436
- MAD	2,20%	455.740	2,20%	410.624
Total		**156.167.838**		**165.562.876**

	Interest rate	March 31, 2020	Interest rate	December 31, 2019
Long-term borrowings				
Bank borrowings				
- Euro	2,25% - 3,95%	257.357.387	2,25% - 3,95%	251.179.548
Financial leasing obligations				
- TL	22,5%	36.287.180	22,5%	40.025.666
- Euro	3,00%	354.333	3,00%	326.615
- MAD	2,20%	218.999	2,20%	324.198
Total		**294.217.899**		**291.856.027**

Maturities of principal and accrued interest of financial borrowings are as follows:

Maturity- bank borrowings	**March 31, 2020**	**December 31, 2019**
0 - 3 months	27.487.621	67.313.620
Between 3 - 6 months	79.439.929	44.440.431
Between 6 - 12 months	157.542.369	117.184.633
Between 1 - 2 years	152.029.565	111.326.940
More than 2 years	105.327.822	139.852.608
Total	**521.827.306**	**480.118.232**

5. Financial borrowings (continued)

Maturity- financial leasing obligations	March 31, 2020	December 31, 2019
0 - 3 months	1.134.943	907.826
Between 3 - 6 months	1.188.238	958.827
Between 6 - 12 months	7.263.120	2.447.107
Between 1 - 2 years	3.266.178	3.304.729
More than 2 years	33.594.334	37.371.751
Total	**46.446.813**	**44.990.240**

Total financial liabilities as of January 1, 2020	**480.118.232**
Cash inflows from borrowing	44.123.411
Cash outflow from borrowing	(42.278.032)
Interest paid	(2.355.284)
Interest accrual	2.220.786
Foreign exchange and currency translation differences	39.998.193
Total financial liabilities as of March 31, 2020	**521.827.306**

Total financial leasing as of 1 January 2020	**44.990.240**
Payments	(1.476.113)
Interest expenses	2.337.067
Changes in rental agreements	595.619
Total financial leasing as of March, 31 2020	**46.446.813**

6. Trade receivable and payables

As of March 31, 2020 and December 31, 2019 the Group's trade receivables are as follows:

Trade receivables	March 31, 2020	December 31, 2019
Trade receivables	227.085.400	203.376.968
Receivables from related parties (Note 28)	53.945.579	80.716.937
Notes and cheques receivables	5.833.390	5.779.078
	286.864.369	**289.872.983**
Allowance for doubtful receivables (-)	(41.747.336)	(43.207.742)
Total	**245.117.033**	**246.665.241**

The nature and amount of guarantees obtained for receivables are stated in Note 17.3.

Foreign currency balances of trade receivables are explained in Note 29.

Movement of provision for doubtful receivables for the years ended March 31, 2020 and March 31, 2019 are as follows:

	2020	2019
1 January	**43.207.742**	**31.526.314**
Provisions for doubtful receivables (Note 23)	113.562	3.490.768
Provisions no longer required	(1.573.968)	(1.125.267)
March 31	**41.747.336**	**33.891.815**

As of March 31, 2020 and December 31, 2019 the aging of the overdue but not impaired trade receivables are as follows:

	March 31, 2020	December 31, 2019
1-30 days past due	20.990.971	22.705.650
1-3 months past due	7.906.985	6.958.916
3-12 months past due	2.981.132	2.716.555
1-5 years past due	1.322.834	830.549
Total	**33.201.922**	**33.211.670**

As of March 31, 2020 letter of guarantees amounting to TL 11.109.000 (December 31, 2019: TL 12.259.875) has been received for the past due but not impaired trade receivables amounting to TL 33.201.922 TL (December 31, 2019: TL 33.211.670). Doubtful receivables are not included into the maturity details.

Trade payables	March 31, 2020	December 31, 2019
Short term trade payables		
Trade payables	241.887.355	197.896.479
Notes and cheques payables	4.745.599	6.624.181
Payables to related parties (Note 28)	74.352	1.631.067
Deferred financial income (-)	(169.948)	(142.003)
Total	**246.537.358**	**206.009.724**

7. Other receivable and payables

Short term other receivables	March 31, 2020	December 31,2019
VAT and SCT receivables	26.786.396	20.121.533
Deposits and guarantees given	50.615	490.527
Receivables from employees	12.839	24.223
Other receivables from related parties (Note 28)	-	15.870
Total	**26.849.850**	**20.652.153**

Long term other receivables	March 31, 2020	December 31, 2019
Deposits and guarantees given	463.633	449.980
Total	**463.633**	**449.980**

Short term other payables	March 31, 2020	December 31,2019
Taxes and funds payable	487.377	2.451.423
Total	**487.377**	**2.451.423**

8. Inventories

	March 31, 2020	December 31,2019
Raw materials and supplies	52.680.765	45.196.523
Work in process	6.686.870	5.009.003
Finished goods	44.744.662	46.202.838
Merchandise	873.562	632.466
Goods in transit	56.431.351	37.221.643
Other inventories	3.680.327	3.614.843
Total	**165.097.537**	**137.877.316**
Provision for impairment of inventories (-)	(1.587.415)	(1.187.192)
Total	**163.510.122**	**136.690.124**

Movement of provision for impairment of inventories for the year ended March 31, 2020 and March 31, 2019 are as follows:

	2020	2019
1 January	**1.187.192**	**1.928.180**
Provisions booked during the period (Note 22)	400.223	99.918
Total	**1.587.415**	**2.028.098**

9. Prepaid expenses and deferred income

Prepaid expenses:

	March 31, 2020	December 31, 2019
Short term prepaid expenses		
Prepaid expense for the following months	6.449.970	1.241.650
Advances given for inventories	762.907	3.722.502
Total	**7.212.877**	**4.964.152**

	March 31, 2020	December 31, 2019
Long term prepaid expenses		
Advances given for tangible and intangible assets (*)	40.835.033	40.835.033
Prepaid expense for the following years	40.151	187.844
Total	**40.875.184**	**41.022.877**

(*) It is 9.000.000 EURO with the transfer / sale price determined by the parties for the immovable property of 31.810,00 m² area registered in the Kocaeli province, Dilovası district, Muallim village, 50LIA-B section, 185 island, 15 parcel number and the price is Polisan Kimya Sanayii A.Ş. paid by the sales promotion contract. Polisan Kimya Sanayii A.Ş. is not liable for the precautionary decision on immovable property. On behalf of the transfer was not possible yet. On the other hand, there is a letter of guarantee corresponding to the claim amount given by the other side of the contract to the Polisan Kimya Sanayii A.Ş, and related immovable is used in this frame.

Deferred income:

	March 31, 2020	December 31, 2019
Short term deferred income		
Short term deferred income	1.784.816	2.229.234
Advances taken	365.907	847.975
Total	**2.150.723**	**3.077.209**

10. Current income tax assets

As of March 31, 2020 and December 31, 2019 the Group's current income tax assets are as follows:

	March 31, 2020	December 31, 2019
Current income tax assets		
Prepaid taxes	2.139.132	684.596
Total	**2.139.132**	**684.596**

11. Investments accounted using the equity method

As of March 31, 2020 and December 31, 2019, the Group's investments accounted using equity the method are as follows:

	March 31, 2020		December 31, 2019	
	%	TL	%	TL
Joint venture				
Polisan Kansai Boya	50	415.961.771	50	423.382.973
Associate				
Rohm And Haas	40	14.252.175	40	10.639.935
Total		**430.213.946**		**434.022.908**

For the periods ended March 31, 2020 and 2019, the movements of the investments accounted under equity method are as follows:

	2020	2019
Polisan Kansai Boya		
January 1	423.382.973	419.016.014
Loss from investments accounted for using equity method	(7.333.684)	(12.363.432)
Other comprehensive income	(87.518)	(335.437)
	415.961.771	**406.317.145**
Rohm And Haas		
January 1	10.639.935	1.462.078
Profit /(loss) from investments accounted for using equity method	2.354.153	(3.861.145)
Other comprehensive income	1.258.087	37.605
	14.252.175	**(2.361.462)**
March 31	**430.213.946**	**403.955.683**

11. Investments accounted using the equity method (continued)

The summary financial statements of the Group's investments accounted using the equity method as of March 31, 2020 and December 31, 2019 prepared in accordance with TFRS are as follows:

March 31, 2020 – Condensed balance sheet information	Polisan Kansai Boya	Rohm and Haas
Current assets	732.424.032	103.426.550
Cash and cash equivalents	*35.872.317*	*660.249*
Non-current assets	792.866.272	67.169.028
Total assets	**1.525.290.304**	**170.595.578**
Short term liabilities	565.588.746	133.918.926
Financial borrowings	*391.303.408*	*85.571.063*
Long term liabilities	334.255.016	1.046.215
Financial borrowings	*218.673.801*	-
Total liabilities	**899.843.762**	**134.965.141**
Net assets	**625.446.542**	**35.630.437**
Reconciliation of carrying value:		
Ownership of the Group	%50	%40
Net asset share of the Group	312.723.271	14.252.175
Goodwill carried at Group level	103.238.500	-
Carrying value	**415.961.771**	**14.252.175**

December 31, 2019 - Condensed balance sheet information	Polisan Kansai Boya	Rohm and Haas
Current assets	644.781.746	71.590.702
Cash and cash equivalents	*52.130.770*	*165.755*
Non-current assets	799.916.081	63.100.701
Total assets	**1.444.697.827**	**134.691.403**
Short term liabilities	452.643.397	107.159.458
Financial borrowings	*328.025.689*	*77.057.892*
Long term liabilities	351.765.483	932.109
Financial borrowings	*258.097.764*	-
Total liabilities	**804.408.880**	**108.091.567**
Net assets	**640.288.946**	**26.599.836**
Reconciliation of carrying value:		
Ownership of the Group	50%	40%
Net asset share of the Group	320.144.473	10.639.934
Goodwill carried at Group level	103.238.500	-
Carrying value	**423.382.973**	**10.639.934**

11. Investments accounted using the equity method (continued)

March 31, 2020 – Condensed income statement information	Polisan Kansai Boya	Rohm and Haas
Revenue	211.846.801	58.344.646
Depreciation and amortization	(14.136.458)	(2.230.675)
Interest income	320.470	-
Interest expense	(13.078.045)	(896.750)
Net profit / loss for the period	(14.667.368)	5.885.381
Ownership of the Group	%50	%40
Net profit/loss share of the Group	**(7.333.684)**	**2.354.153**

March 31, 2019 – Condensed income statement information	Polisan Kansai Boya	Rohm and Haas
Revenue	138.947.092	51.094.046
Depreciation and amortization	(16.327.363)	(258.160)
Interest income	1.086.543	-
Interest expense	(17.964.325)	(4.802.546)
Net profit / loss for the period	(24.726.864)	(9.652.863)
Ownership of the Group	%50	%40
Net profit share of the Group	**(12.363.432)**	**(3.861.145)**

12. Investment properties

	January 1, 2020	Additions	Disposals	March 31, 2020
Cost				
Land	233.592.733	-	-	233.592.733
Buildings	55.208.000	-	-	55.208.000
Total	**288.800.733**	**-**	**-**	**288.800.733**

	January 1, 2019	Additions	Disposals	March 31, 2019
Cost				
Land	207.952.908	-	-	207.952.908
Buildings	54.473.000	-	(1.329.001)	53.143.999
Total	**262.425.908**	**-**	**(1.329.001)**	**261.096.907**

12. Investment properties (continued)

There is a deed restriction of rent of Türkiye Elektrik Kurumu A.Ş. on the land located in Pendik / Istanbul which is registered to Polisan Yapı. In addition, TOKİ has pre-emption right alongside with the Sabiha Gökçen Airport.

Investment properties consist of lands which are located near Sabiha Gökçen Airport and buildings located in Kağıthane district and other lands and buildings.

The Group's investment properties of Pendik Land and Kağıthane Z-Office Building are appraised by Asal Real Estate Appraisal Company which is a CMB licensed real estate appraisal company. Sales price comparison method is applied during determination of fair value of investment properties (Level 2). Sales price comparison method is the determination of fair value of a property by applying necessary adjustments on the prices of similar properties sold recently. This comparison method contains the market price of the similar properties valuate them with a comparison approach. Generally, revaluated property is compared with the sale prices of its' similarly in an open market. Asked and bid prices can be taken into consideration.

13. Right of use asset

The movement of right of use asset for the period is as follows:

	1 January 2020	Additions	Changes in rental agreements	Currency translation differences	31 March 2020
Cost					
Storage	3.526.257	-	-	-	3.526.257
Site rent	42.073.134	-	547.813	-	42.620.947
Buildings	5.466.345	-	47.772	135.515	5.649.632
Vehicles	4.495.804	-	-	-	4.495.804
Total	**55.561.540**	**-**	**595.585**	**135.515**	**56.292.640**
Accumulated Depreciation					
Storage	996.419	248.422	-	-	1.244.841
Site rent	3.044.635	863.291	-	-	3.907.926
Buildings	1.496.421	433.179	-	32.694	1.962.294
Vehicles	1.542.241	390.755	-	-	1.932.996
Total	**7.079.716**	**1.935.647**	**-**	**32.694**	**9.048.057**
Net Value	**48.481.824**				**47.244.583**

	1 January 2019	Additions	Changes in rental agreements	Currency translation differences	31 March 2019
Cost					
Storage	3.526.257	-	-	-	3.526.257
Site rent	35.650.406	-	-	-	35.650.406
Buildings	959.819	-	-	55.321	1.015.140
Vehicles	3.597.920	-	-	10.789	3.608.709
Total	**43.734.402**	**-**	**-**	**66.110**	**43.800.512**
Accumulated Depreciation					
Storage	-	416.381	-	-	416.381
Site rent	-	664.046	-	-	664.046
Buildings	-	120.966	-	3.797	124.763
Vehicles	-	301.786	-	592	302.378
Total	**-**	**1.503.179**	-	**4.389**	**1.507.568**
Net Value	**43.734.402**				**42.292.944**

14. Property, plant and equipment

The movement of property, plant, equipment and related accumulated depreciations for the periods ended March 31, 2020 and March 31, 2019 are as follows:

	March 31, 2020	March 31, 2019
As of January 1		
Cost	977.289.623	897.684.876
Accumulated depreciation	(144.823.625)	(103.000.476)
Net book value	**832.465.998**	**794.684.400**
Net book value as of January 1	832.465.998	794.684.400
Additions	9.184.685	25.352.694
Disposals	(309.551)	(1.853.996)
Currency translation differences	3.717.498	2.059.476
Current period depreciation	(9.770.988)	(10.426.333)
Net book value as of March 31	**835.287.642**	**809.816.241**
As of March 31		
Cost	989.882.255	923.243.050
Accumulated depreciation	(154.594.613)	(113.426.809)
Net book value	**835.287.642**	**809.816.241**

There exist a deed of renting restriction and right of eminent domain of Türkiye Elektrik Kurumu A.Ş.; a deed of car parking restriction of İ.E.T.T Genel Müdürlüğü; a deed of expropriation restriction and deed of renting restriction of Botaş A.Ş. for pipeline construction and a deed renting restriction and right of eminent domain of Türkiye Elektrik Kurumu Genel Müdürlüğü on the properties registered on behalf of Polisan Holding and Polisan Kimya. The deeds of restrictions registered on Companies are related to the construction of power generation, car park and pipeline projects. Remaining deeds of restrictions are arising from right to purchase with respect to land purchase.

15. Intangible assets

The movement of intangible assets and related amortizations for the periods ended March 31, 2020 and December 31, 2019 are as follows:

	January 1, 2020	Additions	Disposals	March 31, 2020
Cost				
Rights	1.413.383	-	-	1.413.383
Other intangible assets (*)	6.093.280	40.392	(21.209)	6.112.463
Total	**7.506.663**	**40.392**	**(21.209)**	**7.525.846**
Accumulated amortization				
Rights	470.987	23.547	-	494.534
Other intangible assets (*)	4.901.373	201.858	(19.951)	5.083.280
Total	**5.372.360**	**225.405**	**(19.951)**	**5.577.814**
Net Value	**2.134.303**			**1.948.032**

	January 1, 2019	Addition	Disposals	March 31, 2019
Cost				
Rights	1.413.383	-	-	1.413.383
Other intangible assets (*)	6.192.327	31.850	-	6.224.177
Total	**7.605.710**	**31.850**	**-**	**7.637.560**
Accumulated amortization				
Rights	376.800	23.547	-	400.347
Other intangible assets (*)	4.093.834	198.058	-	4.291.892
Total	**4.470.634**	**221.605**	**-**	**4.692.239**
Net Value	**3.135.076**			**2.945.321**

(*) Other intangible assets consist of computer software license usage rights.

16. Assets held for sale

As of December 31, 2019, the details of assets held for sale are as follows:

	March 31, 2020	December 31, 2019
Land(*)	15.624.125	15.624.125
Total	**15.624.125**	**15.624.125**

* It is planned to sell the lands of Aydın-Karacasu, Balıkesir-Savaştepe, Balıkesir-İvrindi of Polisan Kimya, a subsidiary of the Group. Therefore, the cost carried in financial statements for these lands is classified from fixed assets held for sale.

17. Provisions, contingent assets and liabilities

17.1 Short-term provisions and short-term provisions for employee benefits

	March 31, 2020	December 31, 2019
Lawsuit provisions (*)	5.310.222	5.310.222
Bonus provisions	629.494	1.604.864
Other	154.770	-
Total	**6.094.486**	**6.915.086**

As of 31 March 2020 and 31 March 2019, the movement of lawsuit provisions is as follows:

	2020	2019
January 1	**5.310.222**	**16.826.308**
Current year provisions (Note 23)	-	335.585
Payments	-	(13.317.770)
December 31	**5.310.222**	**3.844.123**

As of 31 March 2020 and 31 March 2019, the movement of bonus provisions is as follows:

	2020	2019
January 1	**1.604.864**	**-**
Current year provisions (Note 23)	629.494	-
Payments	(1.604.864)	-
December 31	**629.494**	**-**

17.2 Litigation and disputes

1) The ongoing lawsuits filed by the Group:

As of March 31, 2020 total amount of ongoing lawsuits and execution proceedings filed by the Group is TL 66.947.378 (December 31, 2019: TL 71.633.074). The Group has booked an allowance amounting to TL 41.747.336 (December 31, 2019: TL 43.207.742) for the receivables regarding to the ongoing lawsuits and execution proceedings in progress.

2) The ongoing lawsuits filed against the Group:

As of March 31, 2020, total amount of the ongoing lawsuits filed against the Group is TL 2.601.290 (December 31, 2019: TL 2.505.021).

(*) Ongoing major cases:

On January 12, 2017, a fuel oil transfer operation between the tanks at the port facility was detected by Poliport, where some fuel poured into the water and reached the sea. Emergency Procedures have been put into practice at the time of detection, the location reached by the fuel is blinded on the sea and the Group contacted simultaneously with the company providing mooring and guidance services to the Kocaeli Gulf Region. The company in question was included in the intervention operation immediately because it was mobilized on the Poliport ground and served the area from the ground. Emergency Response Squadrons initiated an intervention operation by laying a fence barrier over the sea to contain the pollution. Mare Deniz Temiz Hizmetleri A.Ş.. Which is contracted in line with the Coastal

17. Provisions, contingent assets and liabilities (continued)

Facilities Emergency Response Plan, invited to the site at the time of the incident, and they reached the facility within 30 minutes to complete the barrier process and started cleaning operations.

Necessary notices had been submitted to Kocaeli Port Authority, Kocaeli Environmental Protection and Control Department and Kocaeli Environment and Urbanisation Department regarding the accident in oral and written form, and records were prepared with respect to findings. On January 13, 2017, Poliport was associated with the occurrence of sea pollution at a point 20 miles east of the Poliport plant. An administrative penalty amounting to TL 2.100.000 was charged to Poliport for causing environmental pollution and TL 301.100 due to the damage to marine life on 18 January 2017. The Group management has been paid this administrative penalty.

The result of high fuel oil spillage to the sea on January 12, 2017, the pollution has occurred around marine across the Kocaeli Gulf Region. It has been notified in an official letter that the responsible side of the incident is determined to be Poliport and a penalty amounting to USD 9.540.295 including VAT was charged to the Poliport by the Damage Assessment Commission established in the Kocaeli Governor's Office in order to determine the responsibility for the pollution. The Company's management believes that it is the unfair decision and filed a lawsuit for the cancellation. On 29 January 2019, the opening proceedings were waived. As of December 31, 2019 conciliation protocols signed with parties for USD 8.604.075 of USD 9.540.295 for penalty determined and USD 5.609.613 has been fully paid for USD 8.604.075. For the remaining balance, provision amounting to USD 800.000 (TRY 4.752.160) has been made in the consolidated financial statements as of December 2019.

17.3 Pledges and guarantees given/received:

1) CPMB's given

Collaterals, pledges, mortgages, bills given by the Company (TL)	March 31, 2020	December 31, 2019
A. Total amount of CPMB's given in the name of its own legal personality	4.224.704.114	4.563.912.915
B. Total amount of CPMB's given on behalf of the fully consolidated companies (1)	152.033.963	143.594.306
C. Total amount of CPMB's given on behalf of third parties for ordinary course of business	-	-
D. Total amount of other CPMB's given in accordance with the 12/2 article of Corporate Governance Announcement	-	-
i. Total amount of CPMB's given on behalf of the majority shareholder	-	-
ii. Total amount of CPMB's given to on behalf of other group companies which are not in scope of B and C.	-	-
iii. Total amount of CPMB's given on behalf of third parties which are not in scope of C.	-	-
	4.376.738.077	**4.707.507.221**

The ratio of other CPMB's given by the Group to its equity is 0%, as of March 31, 2020. (December 31, 2019 - 0%)

(1) Consists guarantees given for bank loan agreements.

17. Provisions, contingent assets and liabilities (continued)

As of March 31, 2020 and December 31, 2019 the details of the CPMB's given by the Group is listed below;

					March 31, 2020
	Foreign currency USD Amount	Foreign currency Euro Amount	Foreign currency TL Equivalent	TL amount	Total TL
Bill of guarantees	252.625.000	178.675.000	2.935.244.625	1.289.459.489	4.224.704.114
Letter of guarantee	10.000.000	4.631.500	98.576.273	53.457.690	152.033.963
	262.625.000	**183.306.500**	**3.033.820.898**	**1.342.917.179**	**4.376.738.077**

					December 31, 2019
	Foreign currency USD Amount	Foreign currency Euro Amount	Foreign currency TL equivalent	TL amount	Total TL
Bill of guarantees	323.775.000	187.006.250	3.166.992.021	1.396.920.894	4.563.912.915
Letter of guarantee	10.000.000	4.631.500	90.204.254	53.390.052	143.594.306
Total	**333.775.000**	**191.637.750**	**3.257.196.275**	**1.450.310.946**	**4.707.507.221**

2) CPMBs received

					March 31, 2020
	Foreign currency USD Amount	Foreign currency Euro Amount	Foreign currency TL Equivalent	TL amount	Total TL
Letter of guarantee	-	9.000.000	64.935.000	4.480.000	69.415.000
Mortgages	-	-	-	10.362.555	10.362.555
Guarantee notes	100.000	27.300	848.570	2.200.000	3.048.570
Total	**100.000**	**9.027.300**	**65.783.570**	**17.042.555**	**82.826.125**

					December 31, 2019
	Foreign currency USD Amount	Foreign currency Euro Amount	Foreign currency TL equivalent	TL amount	Total TL
Letter of guarantee	-	9.059.600	60.251.776	4.203.000	64.454.776
Mortgages	-	-	-	10.362.555	10.362.555
Guarantee notes	100.000	27.300	775.581	2.200.000	2.975.581
Total	**100.000**	**9.086.900**	**61.027.357**	**16.765.555**	**77.792.912**

The Group has no right to sell or reevaluate its CPMBs as a guarantee, pledge or mortgage unless the owner of the guarantee fails to meet its financial obligations. (31 December 2019: None).

18. Employee benefits

Short term employee benefits obligations

	March 31, 2020	December 31, 2019
Employee benefit obligations		
Payables to personnel	4.173.070	2.629.948
Social security premiums payable	1.785.149	2.434.429
Taxes and duties payable	855.046	1.400.620
Total	**6.813.265**	**6.464.997**

Long term provisions for employee benefits

Long term employee benefits	March 31, 2020	December 31, 2019
Provisions for employee termination benefits	12.162.934	11.937.437
Provisions for unused vacation pay	1.679.957	1.777.134
Total	**13.842.891**	**13.714.571**

Provision for employee termination benefits

Under Turkish labor law, the Company is officially required to pay the severance pay to each employee whose employment contract has expired. Also, the Company is required to pay the severance payment to employees who has the right to leave the Company by receiving severance pays according to the 2422 numbered, 6 March 1981 dated and 4447 numbered, 25 August 1999 dated Law no.506 on Social Insurance Law's 60th clause which is still effective. The severance payment for each year of service is one-month salary and this amount is limited to a maximum of TL 6.730,15 as of March 31, 2020 (December 31, 2019: TL : 6.379,86).

The liability is not funded, as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. IAS19 (Employee Benefits) requires the recognition of liabilities of the Company by using the actuarial valuation method within the scope of defined benefit plans. The actuarial assumptions considered in the calculation of the liability are explained below:

18. Employee benefits (continued)

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As of March 31, 2020, provision for employee termination benefits stated in the accompanying consolidated financial statements, has been calculated by estimating the present value of the future probable obligation of the retirement of employees. As of March 31, 2020, the provision has been calculated by taking into consideration a real discount rate of 3,89% (December 31, 2019: 3,89% real discount rate) based on the assumption of an annual 8% inflation rate and 12,2% discount rate. The estimated severance payment amount, which is not paid due to the voluntary resignations and that the estimated rate of severance pay amount which is not paid because of arbitrary leaving and will remain to the company is also considered. The turnover rate to estimate the probability of retirement for the Group is calculated as 94,98% (December 31, 2019: 93,64%) and discounted employee termination benefit is calculated based on this rate.

Provision of Polisan Hellas SA has been calculated based on assumptions of an annual inflation rate of 1.50% and a discount rate of 0,7%.

The movement of the severance payment provision of the Group for the periods ended March 31, 2020 and March 31, 2019 is as follows:

	2020	2019
January 1	**11.937.437**	**10.440.253**
Payments	(1.043.764)	(4.559.429)
Interest cost	351.794	371.234
Current year service cost	293.472	266.207
Actuarial loss	623.995	3.646.288
March 31	**12.162.934**	**10.164.553**

19. Other assets and liabilities

Other current assets of the Group as of March 31, 2020 and December 31, 2019 are as follows:

	March 31, 2020	December 31, 2019
Other current assets		
Deferred VAT	12.675.487	12.191.870
Other	950.087	354.872
Total	**13.625.574**	**12.546.742**

	March 31, 2020	December 31, 2019
Short term other liabilities		
Accrued expenses	11.181.596	5.072.614
Taxes payable	487.377	2.451.423
Total	**11.668.973**	**7.524.037**

20. Capital, reserves and other equity items

The share capital of the Company is TL 758.500.000 and composed of 758.500.000 shares each with a nominal value of TL 1, which all have only one voting right and are registered in owner's name. As of March 31, 2020 and December 31, 2019 the Group's partnership structure is as follows:

	March 31, 2020		December 31, 2019	
	Share (%)	**Amount**	**Share (%)**	**Amount**
Mehmet Emin Bitlis	23,32	176.854.218	23,32	176.854.218
Ahmet Ertuğrul Bitlis	23,18	175.788.215	23,18	175.788.215
Ahmet Faik Bitlis	9,80	74.326.270	9,80	74.326.270
Fatma Nilgün Kasrat	9,80	74.326.270	9,80	74.326.270
A.Melike Bitlis (Bush)	8,56	64.916.770	8,56	64.916.770
Melis Bitlis	1,71	12.974.553	1,71	12.974.553
Güldal Akşit	1,26	9.581.085	1,26	9.581.085
Serdar Demirel	1,23	9.339.324	1,23	9.339.324
Burcu Bitlis	0,91	6.894.284	0,91	6.894.284
Banu Bitlis	0,91	6.894.284	0,91	6.894.284
Alaattin Bitlis	0,82	6.187.618	0,82	6.187.618
Melda Bitlis	0,70	5.314.204	0,70	5.314.204
Publicly traded (*)	17,81	135.102.905	17,81	135.102.905
	100	**758.500.000**	**100**	**758.500.000**
Adjustment to share capital		1.467.266		1.467.266
Total		**759.967.266**		**759.967.266**

(*) As of 31 March 2019, the Group's shareholders hold 8,22% of the shares in the publicly traded shares. (As of 31 December 2019 Group shareholders holds 8,22% of public shares)

20. Capital, reserves and other equity items (continued)

Restricted Reserves

Restricted reserves comprise of legal reserves. The legal reserves are appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. The legal reserves are not available for distribution unless they exceed 50% of the paid-in share capital but may be used to offset losses in the event that the general reserve is exhausted.

Share Premium/discounts

The Company offered 5,34% of its paid-in capital to the public on 16-17-18 May 2012, representing TL 19.750.000 nominal shares at a price of TL 2,25 for each share with a nominal value of TL 1 and TL 24.687.500 has been recorded as "Share Premium" under the shareholders' equity. Commission, advertisement and legal consultancy expenses bared in consequence of initial public offering amounting to TL 1.557.280, has been represented under shareholders' equity after being deducted from premium shares.

Dividend distribution

The companies quoted on the Stock Exchange distribute dividends as per the CMB's Communique Serial II, Number: 19.1 regarding to the dividends, which is effective as of February 1, 2015.

Listed companies shall distribute their profits within the framework of the profit distribution policies to be determined by their general assemblies and in accordance with the prevailing regulations. A minimum distribution rate has not been determined in these regulations. The companies pay dividends as determined in their articles of associations or profit distribution policies. Furthermore, dividends may be paid in instalments with same or different amounts and profit share advances may be distributed over the profit in the interim financial statements.

In accordance with the Turkish Commercial Code, unless the required reserves and the dividend for shareholders as determined in the Articles of Association or in the dividend distribution policy of the company are set aside; no decision may be taken to set up other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct shares, to the members of the board of directors or to the employees; and no dividend can be distributed to these people unless the determined dividend for shareholders is paid in cash.

Inflation adjustments on equity and nominal amounts of extra-ordinary reserves can be used in issuance of free capital shares to existing shareholders, cash dividend distribution or offsetting losses. However, in case the inflation adjustments used in cash dividend distribution those will be subject to the corporate taxation.

There are no dividends paid as of 31 March 2019 (2019- TL 25.000.000)

20. Capital, reserves and other equity items (continued)

Other comprehensive income or expenses not to be reclassified to profit or loss

	March 31, 2020	December 31, 2019
Tangible asset revaluation fund	402.461.916	402.461.916
- tax effect	(80.492.383)	(80.492.383)
Employment termination benefits actuarial gain/(loss) fund	(20.160.608)	(19.618.845)
- tax effect	4.032.122	3.923.769
Share of equity holders of the parent	**305.841.047**	**306.274.457**
Non-controlling interest		
Employment termination benefits actuarial gain/(loss) fund	-	(153.087)
- tax effect	-	30.617
	-	**(122.470)**
Total	**305.841.047**	**306.151.987**

Actuarial gains and losses employee benefits provisions

In accordance with the amendment in IAS 19 "Employee Benefits", the actuarial gains / losses on calculation of employee benefit provisions were not permitted to be recognized in the statement of profit or loss. Accordingly, gains and losses arising from changes of actuarial assumptions are recognized under equity.

The actuarial gain/loss of employment termination benefits are the item which are not to be reclassified to profit or loss.

Non-controlling interests

The non-controlling interests attributable to the parent company and its subsidiaries are deducted from all shareholders' equity items, including the paid-in/issued capital of the subsidiaries within the scope of consolidation and is recognized as "Non-controlling Interests" under the shareholders' equity of consolidated balance sheet. The movement of non-controlling interests is as follows;

Non-Controlling Interest	2020	2019
January 1	**-**	**29.105.082**
Share of total comprehensive income		184.608
March 31	**-**	**29.289.690**

Other reserves:

The Company acquired shares of Poliport (2012) and Polisan YapıKim (2015) at a ratio of 22,23% and 49% respectively from non-controlling shareholders. Difference between the acquisition cost and carrying amount of net assets at a ratio of acquired share amounting to TL 208.011.543 and TL 716.289 respectively are recognized under "Other Reserves" account in consolidated statement of changes in equity.

21. Revenue and cost of sales

Details regarding to sales and cost of sales for the periods ended March 31, 2020 and 2019 are as follows:

	January 1 - March 31, 2020	January 1 - March 31, 2019
Domestic sales	**163.306.756**	**187.031.288**
- *Chemical products*	129.295.028	155.507.786
- *Port*	31.663.850	24.125.433
- *Services*	2.258.887	7.372.600
- *Real Estate*	88.991	25.469
Foreign sales	**70.721.967**	**47.770.883**
- *Chemical products*	52.151.358	34.971.836
- *Port*	18.570.609	12.799.047
Gross sales	**234.028.723**	**234.802.171**
Sales returns	(279.328)	(555.538)
Sales discounts	-	(7.789)
Other discounts	(170.751)	(164.643)
Sales deductions (-)	**(450.079)**	**(727.970)**
Net sales	**233.578.644**	**234.074.201**

Cost of sales	**January 1- March 31, 2020**	**January 1- March 31, 2019**
Direct raw material and supply expenses	151.305.462	145.633.366
Direct labor expenses	3.459.834	2.932.199
Production overheads	20.179.872	18.220.758
Depreciation and amortization	3.126.351	2.868.831
Changes in work in process inventory		
- Opening inventories	5.009.003	6.481.596
- Closing inventories	(6.686.870)	(5.328.860)
Changes in finished goods inventory		
- Opening inventories	46.202.837	25.838.244
- Closing inventories	(44.744.663)	(29.576.117)
Cost of goods sold	**158.959.826**	**167.070.017**
- Inventories at the beginning of the period	632.466	457.071
- Purchases during the period	2.068.042	5.728.617
- Inventories at the end of the period	(873.562)	(466.692)
Cost of merchandise sold	**1.826.946**	**5.718.996**
Personnel expenses	8.370.060	5.987.390
Other service expenses	13.436.820	9.637.025
Depreciation and amortization	6.683.987	7.252.019
Cost of services rendered	**28.490.867**	**22.876.434**
Cost of other sales	237.146	696.207
Total cost of sales	**189.514.785**	**196.361.654**

22. Expenses by nature

	January 1-March 31, 2020	January 1-March 31, 2019
Depreciation and amortization		
Cost of goods and services rendered	6.683.987	7.252.019
Cost of goods sold	3.126.351	2.868.831
General administrative expenses	1.612.508	1.445.968
Marketing expenses	433.661	427.393
Research and development expenses	75.534	156.906
Total	**11.932.041**	**12.151.117**

	January 1-March 31, 2020	January 1-March 31, 2019
Personnel expenses		
General administrative expenses	10.139.868	13.654.412
Cost of goods and services rendered	8.370.060	5.987.390
Cost of goods sold	3.459.833	2.932.198
Marketing expenses	1.409.840	1.266.596
Research and development expenses	1.026.428	1.038.113
Total	**24.406.029**	**24.878.709**

23. Other income and expenses from operations

The Group's other income / expenses from operations for the periods ended March 31, 2020 and 2019 are as follows:

	January 1-March 31, 2020	January 1-March 31, 2019
Other operating income		
Foreign exchange gains	2.000.915	1.486.921
Provisions no longer required	1.573.968	1.338.288
Scrap income	394.813	295.723
Rent income	353.973	243.581
Deferred financial income	27.944	480.244
Incentive income	87.753	77.449
Insurance income	76.259	963.721
Other	729.105	565.260
Total	**5.244.730**	**5.451.187**

	January 1-March 31, 2020	January 1-March 31, 2019
Other operating expenses		
Foreign exchange losses	2.364.729	3.503.303
Provision for inventory impairment (Note 8)	400.223	99.918
Allowance for doubtful receivables (Note 6)	113.562	3.490.768
Lawsuits provision expenses (Note 17)	-	335.585
Other	1.312.391	399.159
Total	**4.190.905**	**7.828.733**

24. Income and expenses from investment activities

The Group's income and expenses from investing activities for the periods ended March 31, 2020 and 2019 are as follows:

	January 1-March 31, 2020	January 1-March 31, 2019
Income from investment activities		
Interest income	1.044.048	1.793.725
Gain on sale of fixed assets	496.112	187.595
Gain on sale of investment properties	-	175.000
Total	**1.540.160**	**2.156.320**

	January 1-March 31, 2020	January 1-March 31, 2019
Expenses from investment activities		
Loss on sale of investment properties	10.307	21.486
Loss on sale of fixed asset	-	428.426
Total	**10.307**	**449.912**

25. Financial income and expenses

The Group's financial income and expenses for the periods ended March 31, 2020 and 2019 are as follows:

	January 1-March 31, 2020	January 1-March 31, 2019
Financial income		
Foreign exchange gains	12.171.922	4.440.241
Total	**12.171.922**	**4.440.241**

	January 1-March 31, 2020	January 1-March 31, 2019
Financial expenses		
Foreign exchange losses	22.096.370	4.608.719
Interest expenses	6.314.924	6.218.153
Letters of guarantee commission expenses	407.351	864.768
Bank charges and pos expenses	337.713	387.139
Total	**29.156.358**	**12.078.779**

26. Income taxes (including deferred tax assets and liabilities)

Corporate tax

The accompanying financial statements include relevant provisions for the estimated tax obligations of current year financial results.

In Turkey, the corporate tax rate is 20%. However, in accordance with the addition of temporary 10th article to the Corporate Tax Law, 22% corporate tax rate will be applied to the profits of the entities related to 2018, 2019 and 2020 tax periods (for the entities with special accounting period, tax periods commenced in the related year) rather than 20%. This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation and by addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation. Corporate tax is required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid by the end of the fourth month.

The tax legislation provides for a temporary tax of 20% (will be applied as 22% for 2018, 2019 and 2020 tax periods) to be calculated based on earnings generated for each quarter. The tax rate for the subsidiaries of the Group in Greece is 24% and in Morocco is 31% (2019: 29% -31%).Temporary tax is declared by the 14th day of the second month following each quarter and corresponding tax is payable by the 17th day of the same month. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. If there is excess temporary tax paid even if it is already offset, this amount may be refunded or offset. Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

In Turkey, there is no procedure for final and definitive agreement on tax assessment. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

In addition to the corporate taxation, it is required to calculate income withholding tax for the parties who obtain dividend income if it is distributed and which are not subject to corporate taxation and include the dividend income on its corporate income or who are not foreign companies. The income withholding tax rate is 15%.

Turkish tax legislation does not permit a parent company to file a consolidated tax return. Therefore, tax liabilities, as reflected in consolidated financial statements, have been calculated on a separate-entity basis.

26. Income taxes (including deferred tax assets and liabilities) (continued)

Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity. In such case, the tax is also recognized in shareholders' equity.

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries and associates of the Group operate. Under the Turkish Tax Code, companies having head office or place of business in Turkey are subject to corporate tax.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for five years. Tax losses cannot retrospectively offset against the profits of previous years.

Furthermore, provisional corporate taxes are paid at 22% (will be applied as 22% for 2019, 2019 and 2020 tax periods) over profits declared for interim periods in order to be deducted from the final corporate tax.

As of March 31, 2020 and 2019, income tax provisions have been accrued in accordance with the prevailing tax legislation.

75% of the income derived by the Company from the sale of participation shares, preferential rights, founders' shares and redeemed shares and 50% of the income derived by the Company from the sale of immovable property which are carried in assets for at least for two years is exempt from corporate tax with the condition that the relevant income should be added to the share capital or kept under a special reserve account under equity for 5 years in accordance with the Corporate Tax Law.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date.

Since the applicable tax rate has been changed to 22% for the 3 years beginning from 1 January 2019, 22% tax rate is used in the deferred tax calculation of 31 March 2019 for the temporary differences expected to be realized/closed within 3 years (for the years 2019, 2019 and 2020). However, since the corporate tax rate after 2020 is 20%, 20% tax rate is used for the temporary differences expected to be realized/closed after 2020.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

Provided that deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and it is legally eligible, they may be offset against one another.

26. Income taxes (including deferred tax assets and liabilities) (continued)

Deferred Tax

The Group recognizes deferred tax assets and liabilities based on temporary differences arising between financial statements as reported in accordance with the TAS/TFRS and its tax purpose financial statements. These differences stated as below, are based on time difference of various income and expenses between financial statements as reported in accordance with the TAS/TFRS and its tax purpose financial statements.

	March 31, 2020		December 31, 2019	
	Cumulative differences	**Asset/ (liability)**	**Cumulative differences**	**Asset/ (liability)**
Property, plant and equipment and intangible assets	610.217.302	(118.205.725)	613.163.735	(118.922.503)
Right of use assets and financial leasing obligations	797.770	(159.554)	3.491.584	(698.317)
Deferred finance expense	169.948	(33.990)	142.003	(28.401)
Provision for employee termination benefits	(12.162.934)	2.432.587	(11.937.437)	2.387.487
Unused vacation pay liability	(1.679.957)	335.991	(1.777.134)	355.427
Allowance for doubtful receivables	(11.214.989)	2.297.688	(12.389.709)	2.532.632
Adjustment for inventories	(1.465.250)	349.699	(1.160.945)	282.752
Available financial losses	(38.736.389)	8.872.246	(28.124.218)	6.749.812
Investment incentive income (*)	(230.166.509)	55.837.093	(195.614.639)	48.926.719
Litigation provision	(5.310.222)	1.163.276	(5.310.222)	1.163.276
Other	63.968	(12.793)	(7.399.912)	1.479.982
Deferred tax liability, net	**310.512.738**	**(47.123.482)**	**353.083.106**	**(55.771.133)**
Deferred tax asset		19.585.808		17.454.525
Deferred tax liability		(66.709.290)		(73.225.658)
Deferred tax liability, net		**(47.123.482)**		**(55.771.133)**

(*) The Group's subsidiaries has six investment incentive certificates including, Poliport Kimya tank incentive (D/112076), Poliport Kimya crane incentive (B/104761), Poliport Kimya tank incentive (B/137652), Polisan Kimya oxide incentive (D/112337), Polisan Kimya Samsun facilities incentive (A / 131376) and Polisan Kimya Adana facilities (A/127763)

26. Income taxes (including deferred tax assets and liabilities) (continued)

The movements of Group's deferred tax assets/liabilities are as follows;

	2020	2019
January 1	**(55.771.133)**	**(66.293.943)**
Tax expense of continuing operations	7.865.928	(2.405.549)
Deferred tax effect of actuarial gain/loss	146.679	729.258
Currency translation differences	635.044	309.180
March 31	**(47.123.482)**	**(67.661.054)**

The tax income/ (expense) of the Group recognized in statement of profit or loss is as follows;

Tax expense/(income)	January 1-March 31, 2020	January 1-March 31, 2019
Tax expense for the period	(2.920.796)	(2.957.556)
Deferred tax income/(expense)	7.865.928	(2.405.549)
Total	**4.945.132**	**(5.363.105)**

27. Earnings/ (losses) per share

Earnings per share is determined by dividing net income attributable to equity holders of the parent by the weighted average number of shares outstanding during the period concerned. As of March 31, 2020 and 2019, earnings per share of the Group are as follows:

	January 1-March 31, 2020	January 1-March 31, 2019
Profit from continuing operations for the period(TL) (parent)	8.343.507	(19.387.046)
Weighted average of ordinary shares issued	758.500.000	758.500.000
- Earnings per share from continuing operations	0,011	(0,026)
Earnings per share (TL)	**0,011**	**(0,026)**

28. Related party disclosures

a) Key management compensation

The total amount of wage and salaries and similar benefits paid to the key management is TL 1.239.163 for the period January 1 - March 31, 2020. The TL 1.083.163 of related amount is comprised from wage and salaries, TL 156.000 of the related amount is comprised of bonuses (January 1 - December 31, 2019: TL 5.903.632). Key management of the Group is identified as Board members, general manager and vice general managers.

b) Trade receivables from related parties

	March 31, 2020	December 31, 2019
Trade receivables from related parties		
Polisan Kansai Boya (***)	4.219.419	898.423
Rohm and Haas (*)	534.392	4.553.221
Şark Mensucat Fabrikası A.Ş. (**)	1.079.579	326.262
Tintomix (****)	-	1.172
Total	**5.833.390**	**5.779.078**

c) Other receivables from related parties

	March 31, 2020	December 31, 2019
Other receivables from related parties		
Rohm and Haas (*)	-	15.870
Total	**-**	**15.870**

d) Trade payables to related parties

	March 31, 2020	December 31, 2019
Trade payables to related parties		
Polisan Kansai Boya (***)	74.352	1.631.067
Total	**74.352**	**1.631.067**

(*) Associate
(**) Company owned by the parent company
(***) Joint venture

28. Related party disclosures (continued)

e) Sales/purchases transaction with related parties

Purchases:

	January 1 – March 31, 2020			January 1 – March 31, 2019		
	Polisan Kansai Boya Sanayi ve Ticaret A.Ş.	Şark Mensucat Fabrikası A.Ş	Rohm and Haas Kim. Ürün. Üretim, Dağ. ve Tic. A.Ş	Polisan Kansai Boya Sanayi ve Ticaret A.Ş.	Şark Mensucat Fabrikası A.Ş	Rohm and Haas Kim. Ürün. Üretim, Dağ. ve Tic. A.Ş
Raw material	35.450	-	-	-	-	-
Services	173.269	-	-	953.668	-	-
Foreign exchange differences	3.895	-	-	-	-	-
Total	**212.614**	**-**	**-**	**953.668**	**-**	**-**

Sales:

	January 1 – March 31, 2020			January 1 – March 31, 2019		
	Polisan Kansai Boya Sanayi ve Ticaret A.Ş.	Şark Mensucat Fabrikası A.Ş	Rohm and Haas Kim. Ürün. Üretim, Dağ. ve Tic. A.Ş	Polisan Kansai Boya Sanayi ve Ticaret A.Ş.	Şark Mensucat Fabrikası A.Ş	Rohm and Haas Kim. Ürün. Üretim, Dağ. ve Tic. A.Ş
Raw material	49.140	-	-	280.182	120.693	-
Services	2.125.862	911.682	2.598.791	8.138.580	-	2.942.169
Rent	119.625	4.416	-	202.333	3.834	-
Foreign exchange differences	-	-	-	-	-	9.001
Credit finance income	-	-	19.684	-	486.567	-
Total	**2.294.627**	**916.098**	**2.618.475**	**8.621.095**	**611.094**	**2.951.170**

The transactions with Rohm Haas, a related party of the Group, mainly consist of raw material purchases, and Şark Mensucat is finance activities.

As of March 31, 2020 there is no impairment on trade receivables from related parties. (December 31, 2019: None)

29. Nature and level of risk derived from financial instruments

Financial risk management

The finance department of the Group is responsible to provide access to the financial markets regularly and to monitor the level and nature of risks which the Group is exposed via annual reports which analyze those. Such risks contain market risks (foreign exchange risk, interest rate risk), credit risk and liquidity risk.

Need for net working capital which is net of trade receivables, trade payables and inventories of the Group and considered as the most important determinant on the financial requirement of the Group is provided from the equity of the Group and short term bank loans when it is necessary. With this respect, as the "risk management" in terms of distribution of trade receivables, collection conditions and monitor of the credit risk is significant to the Group, credit risks of the customers are constantly reviewed.

29. Nature and level of risk derived from financial instruments (continued)

Foreign exchange risk

The Group's foreign currencies denominated financial instruments are exposed to exchange rate risk as a result of fluctuations on exchange rates. As of March 31, 2020 and December 31, 2019, the foreign currency position of the Group is as follows:

					March 31, 2020
	TL equivalent	**USD**	**EURO**	**GBP**	**Other**
1. Trade receivables	43.500.504	4.037.058	2.383.234	-	-
2a. Monetary financial assets (Including cash, banks)	151.428.681	7.303.918	14.391.634	88	-
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	7.557	1.160	-	-	-
4. Current assets (1+2+3)	**194.936.742**	**11.342.136**	**16.774.868**	**88**	-
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non-monetary financial assets	40.835.033	-	9.000.000	-	-
7. Other	-	-	-	-	-
8. Non-current assets (5+6+7)	**40.835.033**	-	**9.000.000**	-	-
9. Total assets (4+8)	**235.771.775**	**11.342.136**	**25.774.868**	**88**	-
10. Trade payables	59.962.749	4.653.693	4.090.120	16.018	-
11. Borrowings	72.802.496	-	10.090.436	-	-
12a. Monetary liabilities	-	-	-	-	-
12b. Non- monetary liabilities	-	-	-	-	-
13. Current liabilities (10+11+12)	**132.765.245**	**4.653.693**	**14.180.556**	**16.018**	-
14. Trade payables	-	-	-	-	-
15. Borrowings	198.074.305	-	27.453.126	-	-
16 a. Other monetary liabilities	-	-	-	-	-
16 b. Other non- monetary liabilities	-	-	-	-	-
17. Non-current liabilities (14+15+16)	**198.074.305**	-	**27.453.126**	-	-
18. Total liabilities (13+17)	**330.839.550**	**4.653.693**	**41.633.682**	**16.018**	-
19. Off-balance sheet derivative instruments net position (19a-19b)	-	-	-	-	-
19a. Derivative assets	-	-	-	-	-
19b. Derivative liabilities	-	-	-	-	-
20. Net foreign currency position(9-18+19)	**(95.067.775)**	**6.688.443**	**(15.858.814)**	**(15.930)**	-
21. Net foreign currency position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-2a-14-15-6a)	**(135.910.365)**	**6.687.283**	**(24.858.814)**	**(15.930)**	-

29. Nature and level of risk derived from financial instruments (continued)

	December 31, 2019				
	TL Equivalent	USD	Euro	GBP	Other (TL equivalent)
1. Trade receivables	35.263.033	3.891.833	1.826.116	-	-
2a. Monetary financial assets (Including cash, banks)	72.383.756	1.047.693	9.947.909	88	-
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	9.393	1.120	412	-	-
4. Current assets (1+2+3)	**107.656.182**	**4.940.647**	**11.774.436**	**88**	-
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non-monetary financial assets	40.835.033	-	9.000.000	-	-
7. Other	-	-	-	-	-
8. Non-current assets (5+6+7)	**40.835.033**	-	**9.000.000**	-	-
9. Total assets (4+8)	**148.491.215**	**4.940.647**	**20.774.436**	**88**	-
10. Trade payables	39.144.017	2.551.239	3.574.704	27.676	-
11. Borrowings	60.833.891	1.556.629	7.756.775	-	-
12a. Monetary liabilities	-	-	-	-	-
12b. Non-monetary liabilities	-	-	-	-	-
13. Current liabilities (10+11+12)	**99.977.908**	**4.107.868**	**11.331.479**	**27.676**	-
14. Trade payables	-	-	-	-	-
15. Borrowings	203.267.673	-	30.563.810	-	-
16 a. Other monetary liabilities	-	-	-	-	-
16 b. Other non-monetary liabilities	-	-	-	-	-
17. Non-current liabilities (14+15+16)	**203.267.673**	-	**30.563.810**	-	-
18. Total liabilities (13+17)	**303.245.581**	**4.107.868**	**41.895.288**	**27.676**	-
19. Off-balance sheet derivative instruments net position (19a-19b)	-	-	-	-	-
19a. Derivative assets	-	-	-	-	-
19b. Derivative liabilities	-	-	-	-	-
20. Net foreign currency position(9-18+19)	**(154.754.366)**	**832.779**	**(21.120.852)**	**(27.588)**	-
21. Net foreign currency position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(195.598.792)**	**831.658**	**(30.121.263)**	**(27.588)**	-

29. Nature and level of risk derived from financial instruments (continued)

Sensitivity analysis;

As of March 31, 2020 and December 31, 2019 the Group's profit before tax and shareholders' equity would be higher/lower as presented by the amounts below in case of a 10% increase or decrease in the foreign currency, with all other variables held constant.

As of March 31, 2020	Profit/Loss before tax		Shareholder's equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
The impact of 10% increase/decrease of USD against TL:				
1- USD net asset/liability	4.357.434	(4.357.434)	-	-
2- USD hedged portion (-)	-	-	-	-
3- USD net effect (1+2)	**4.357.434**	**(4.357.434)**	-	-
The impact of 10% increase/decrease of EURO against TL:				
4- EURO net asset/liability	(17.935.634)	17.935.634	-	-
5- EURO hedged portion (-)	-	-	-	-
6- EURO net effect (4+5)	**(17.935.634)**	**17.935.634**	-	-
The impact of 10% increase/decrease of other foreign currencies against TL:				
7- Other foreign currency net asset/liability	(12.836)	12.836	-	-
8- Other foreign currency hedged items (-)	-	-	-	-
9- Other foreign currency net effect (7+8)	**(12.836)**	**12.836**	-	-
Total (3+6+9)	**(13.591.037)**	**13.591.037**	**-**	**-**

29. Nature and level of risk derived from financial instruments (continued)

As of December 31, 2019	Profit/Loss before tax		Shareholder's equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
The impact of 10% increase/decrease of USD against TL				
1- USD net asset/liability	494.022	(494.022)	-	-
2- USD hedged portion (-)	-	-	-	-
3- USD net effect (1+2)	**494.022**	**(494.022)**	**-**	**-**
The impact of 10% increase/decrease of EURO against TL				
4- EURO net asset/liability	(20.032.447)	(20.032.447)	-	-
5- EURO hedged portion (-)	-	-	-	-
6- EURO net effect (4+5)	**(20.032.447)**	**(20.032.447)**	**-**	**-**
The impact of 10% increase/decrease of other foreign currencies against TL				
7- Other foreign currency net asset/liability	(21.454)	(21.454)	-	-
8- Other foreign currency hedged items (-)	-	-	-	-
9- Other foreign currency net effect (7+8)	**(21.454)**	**(21.454)**	**-**	**-**
Total (3+6+9)	**(19.559.879)**	**19.559.879**	**-**	**-**

30. Financial instruments (fair value and hedge accounting disclosures)

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

In order to estimate the fair values, the market information needs to be interpreted and estimations need to be used. As a result, the estimations presented here, may not be the indicators of the amount that the Group could receive in a current market transaction.

The following methods and assumptions are used in estimating the fair value of financial instrument when possible.

Financial assets

The carrying value of cash and cash equivalents is considered to be approximate to their fair values. The carrying value of trade receivables, after doubtful receivables are deducted, is considered to be approximate to their fair values. The foreign currency denominated monetary items is translated into Turkish Lira by using period end exchange rates. Non-listed financial assets are measured at cost.

30. Financial instruments (fair value and hedge accounting disclosures) (continued)

Financial liabilities

Foreign currency denominated monetary items is exchanged at year-end exchange rates. The fair values of short-term trade payables and other monetary liabilities are considered to be approximate to their carrying values since they are short term. The fair value of the long-term fixed interest bank borrowings is observed to be approximate to their carrying value when revalued with the fixed interest rate valid as of the date of the balance sheet. The carrying values of short-term bank borrowings are assumed to reflect their current values since they are short term.

Fair value measurement categories;

The Group has created 3 different fair value measurement categories to compliance with the TFRS 13 applications. These categories are created based on the data used for the measurement of fair value and as follows:

1st category: the price set in active market
2nd category: inputs that are observable either directly or indirectly other than the prices set in active market
3rd category: inputs that is not based on observable market data

31. Other matters

The amount of paid donations and aids in the period of January 1 - March 31, 2020 is TL 161.703 .

32. Subsequent events

At the Ordinary General Assembly Meeting held on April 1 2019 TL 6.000.000 gross profit distribution is approved and net profit payment was made on April 6, 2020 accordingly.