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

Polisan Holding A.Ş.

January 1 - September 30, 2021 interim condensed consolidated financial statements

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

Polisan Holding A.Ş.

Interim consolidated statement of financial position as of September 30, 2021
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Current period	Prior period
		Unaudited	Audited
Assets	**Notes**	**September 30, 2021**	**December 31, 2020**
Current assets		**969.916.610**	**794.710.375**
Cash and cash equivalents	4	237.911.271	288.471.094
Financial investments	5	28.138.578	15.116.615
Trade receivables	7	500.660.679	291.243.042
- Trade receivables from related parties	*29*	*11.625.292*	*8.516.384*
- Trade receivables from third parties		*489.035.387*	*282.726.658*
Other receivables		4.222.241	14.203.624
- Other receivables from third parties		*4.222.241*	*14.203.624*
Inventories	9	154.808.769	146.766.056
Prepaid expenses	10	11.994.510	6.453.539
Current income tax assets	11	283.473	213.296
Other current assets	20	24.804.619	17.287.261
Subtotal		**962.824.140**	**779.754.527**
Assets held for sale		7.092.470	14.955.848
Non-current assets		**2.023.932.584**	**2.011.868.729**
Trade receivables		-	781.613
- Trade receivables from related parties		-	*781.613*
Other receivables		596.560	531.002
- Other receivables from third parties		*596.560*	*531.002*
Investments accounted using the equity method	12	526.676.832	533.676.716
Investment properties	13	308.869.222	356.877.293
Property plant and equipment	15	1.043.993.466	1.009.499.442
Right of use assets	14	60.399.576	50.904.345
Intangible assets	16	1.842.441	2.087.326
Prepaid expenses	10	65.969.038	40.846.673
Deferred tax assets	27	11.910.960	14.102.041
Other nun-current assets		3.674.489	2.562.278
Total assets		**2.993.849.194**	**2.806.579.104**

The accompanying notes are an integral part of these financial statements.

Polisan Holding A.Ş.

Interim consolidated statement of financial position as of September 30, 2021
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Current period	Prior period
		Unaudited	Audited
Liabilities	**Notes**	**September 30, 2021**	**December 31, 2020**
Current liabilities		**664.066.636**	**623.329.852**
Short term borrowings	6	39.404.914	113.824.875
Short term portion of long term borrowings	6	193.194.148	217.672.601
Derivative financial liabilities		230.488	-
Trade payables	7	395.025.136	262.820.793
- Trade payables to related parties	*29*	*574.573*	*126.132*
- Trade payables to third parties		*394.450.563*	*262.694.661*
Employee benefit obligations	19	8.485.592	4.312.477
Other payables	8	2.635.131	9.133.485
- Other payables to related parties	*29*	-	*7.374.816*
- Other payables to third parties		*2.635.131*	*1.758.669*
Deferred income	10	4.450.862	5.691.526
Current income tax liabilities		3.872.286	1.578.492
Short term provisions	18	4.255.879	4.769.813
- Provisions for employee termination benefits		*2.280.407*	*2.660.342*
- Other short term provisions		*1.975.472*	*2.109.471*
Other current liabilities	20	12.512.200	3.525.790
Non-current liabilities		**458.698.417**	**427.179.838**
Long term borrowings	6	329.354.339	314.049.787
Long term provisions	19	18.856.789	15.596.825
- Provisions for employee termination benefits		*18.856.789*	*15.596.825*
Deferred tax liabilities	27	110.487.289	97.533.226
Equity		**1.871.084.141**	**1.756.069.414**
Equity holders of the parent		**1.871.084.141**	**1.756.069.414**
Paid-in share capital	21	758.500.000	758.500.000
Adjustment to share capital	21	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		452.997.164	519.232.286
- Revaluation and measurement gain / loss		452.997.164	519.232.286
Defined benefit plans re-measurement loss		*(24.861.932)*	*(18.811.093)*
Tangible assets revaluation		*477.859.096*	*538.043.379*
Other comprehensive income or expense to be reclassified to loss		*(40.762.252)*	(43.152.098)
- Currency translation differences		(40.762.252)	*(42.257.074)*
- Cash flow hedge losses		-	*(895.024)*
Restricted reserves		49.393.564	48.297.892
Other reserves	21	(208.727.832)	(208.727.832)
Retained earnings		710.241.103	530.706.108
Profit for the period		124.844.908	126.615.572
Total liabilities and equity		**2.993.849.194**	**2.806.579.104**

Polisan Holding A.Ş.

Interim consolidated statement of profit or loss between the period January 1 - September 30, 2021

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	*Unaudited* January 1- September 30, 2021	*Unaudited* January 1- September 30, 2020	*Unaudited* July 1- September 30, 2021	*Unaudited* July 1- September 30, 2020
Profit and loss					
Sales	22	1.301.520.659	750.980.060	515.205.562	284.894.554
Cost of sales (-)	22	(1.050.371.723)	(607.973.885)	(425.079.818)	(225.552.936)
Gross profit from commercial activities		**251.148.936**	**143.006.175**	**90.125.744**	**59.341.618**
General and administrative expenses (-)		(70.968.852)	(52.465.057)	(22.532.566)	(17.778.371)
Marketing expenses (-)		(11.127.087)	(9.003.837)	(4.388.388)	(3.117.767)
Research and development expenses (-)		(4.998.131)	(3.788.113)	(1.591.171)	(1.359.022)
Other operating income	24	21.517.784	27.547.211	3.092.148	7.186.800
Other operating expenses (-)	24	(17.702.977)	(16.576.660)	(8.795)	(5.672.174)
Profit from investments accounted using the equity method	12	(11.686.635)	20.664.024	(3.178.163)	3.317.375
Operating profit		**156.183.038**	**109.383.743**	**61.518.809**	**41.918.459**
Income from investment activities	25	37.945.748	3.451.632	1.349.519	1.396.444
Expense from investment activities (-)	25	(3.237.215)	(156.018)	(321.492)	(15.465)
Operating profit before financial income		**190.891.571**	**112.679.357**	**62.546.836**	**43.299.438**
Financial income	26	34.579.918	55.156.588	3.869.794	32.518.338
Financial expenses (-)	26	(70.503.178)	(114.924.705)	(11.825.311)	(59.193.108)
Pre-tax profit from continuing operations		**154.968.311**	**52.911.240**	**54.591.319**	**16.624.668**
Continuing operations tax income/expense					
- Current tax expense	27	(9.628.200)	(7.409.609)	(5.288.444)	(2.337.346)
- Deferred tax income/expense	27	(20.495.203)	1.787.786	(4.077.864)	2.592.545
Profit of continuing operations for the period		**124.844.908**	**47.289.417**	**45.225.011**	**16.879.867**
Profit for the period		**124.844.908**	**47.289.417**	**45.225.011**	**16.879.867**
Earnings per share	**28**	**0,165**	**0,062**	**0,060**	**0,022**
-Earnings per share for continuing operations		0,165	0,062	0,060	0,022

Polisan Holding A.Ş.

Interim consolidated statement of other comprehensive income between the period January 1 - September 30, 2021

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	*Unaudited* January 1- September 30, 2021	*Unaudited* January 1- September 30, 2020	*Unaudited* July 1- September 30, 2021	*Unaudited* July 1- September 30, 2020
Profit for the period		**124.844.908**	**47.289.417**	**45.225.011**	**16.879.867**
Other comprehensive income:					
Items not to be reclassified to profit or loss		**(6.050.839)**	**(3.227.352)**	**(2.699.046)**	**(1.931.978)**
- Defined benefit plans re-measurement loss	19	(5.835.344)	(1.784.956)	(2.901.906)	(1.118.752)
- *Defined benefit plans re-measurement loss, tax effect*	27	1.167.069	356.991	580.381	223.750
- Defined benefit plans re-measurement loss to investments accounted using the equity method	12	(1.728.205)	(2.249.234)	(471.901)	(1.296.220)
- Shares not to be classified in loss from other comprehensive income of subsidiaries and joint ventures accounted by equity method, tax effect	12	345.641	449.847	94.380	259.244
Items to be reclassified to profit or loss		**2.389.846**	**(15.626.172)**	**(4.694.721)**	**(9.928.702)**
- Currency translation differences loss		(3.679.469)	(19.271.481)	93.765	(11.421.993)
- Currency translation differences loss of investments accounted using equity method		5.174.291	3.645.309	(206.350)	1.493.291
- Cash flow hedging gains/(losses) of investments valued by equity method		1.118.780	-	(5.727.670)	-
- Cash flow hedging gains/(losses) of investments valued by equity method, tax effect		(223.756)	-	1.145.534	-
Other comprehensive expense		**(3.660.993)**	**(18.853.524)**	**(7.393.767)**	**(11.860.680)**
Total comprehensive income		**121.183.915**	**28.435.893**	**37.831.244**	**5.019.187**

The accompanying notes are an integral part of these financial statements.

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

Polisan Holding A.Ş.

Interim consolidated statement of changes in equity between the period January 1 - September 30, 2021

(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		
	Notes	Paid in share capital	Adjustment to share capital	Share premium/ discounts	Defined benefit plans re-measurement losses	Revaluation and measurement gain / loss Tangible assets revaluation	Currency translation differences	Cash flow hedging gains	Restricted reserves	Other reserves	Retained earnings	Net profit	Total equity
Balance at January 1, 2020		**758.500.000**	**1.467.266**	**23.130.220**	**(15.695.076)**	**321.969.533**	**(27.880.309)**	**-**	**47.455.147**	**(208.727.832)**	**471.801.876**	**65.328.823**	**1.437.349.648**
Dividends	21	-	-	-	-	-	-	-	-	-	(6.000.000)	-	(6.000.000)
Transfers		-	-	-	-	-	-	-	842.745		64.486.078	(65.328.823)	-
Total comprehensive income/(expense)		-	-	-	(2.805.267)	-	(16.048.257)	-	-	-	-	47.289.417	28.435.893
- Profit for the period		-	-	-	-	-	-	-	-	-	-	*47.289.417*	*47.289.417*
- Other comprehensive expense		-	-	-	*(2.805.267)*	-	*(16.048.257)*	-	-	-	-	-	*(18.853.524)*
Balance at September 30, 2020		**758.500.000**	**1.467.266**	**23.130.220**	**(18.500.343)**	**321.969.533**	**(43.928.566)**	-	**48.297.892**	**(208.727.832)**	**530.287.954**	**47.289.417**	**1.459.785.541**
Balance at January 1, 2021		**758.500.000**	**1.467.266**	**23.130.220**	**(18.811.093)**	**538.043.379**	**(42.257.074)**	**(895.024)**	**48.297.892**	**(208.727.832)**	**530.706.108**	**126.615.572**	**1.756.069.414**
Dividends	21	-	-	-	-	-	-	-	-	-	(10.000.000)	-	(10.000.000)
Transfers		-	-	-	-	-	-	-	1.095.672	-	125.519.900	(126.615.572)	-
Increase/(decrease) due to other changes (*)		-	-	-	-	(60.184.283)	-	-	-	-	64.015.095	-	3.830.812
Total comprehensive income/(expense)		-	-	-	(6.050.839)	-	1.494.822	895.024	-	-	-	124.844.908	121.183.915
- Profit for the period		-	-	-	-	-	-	-	-	-	-	124.844.908	124.844.908
- Other comprehensive income/expense		-	-	-	(6.050.839)	-	1.494.822	895.024	-	-	-	-	(3.660.993)
Balance at September 30, 2021		**758.500.000**	**1.467.266**	**23.130.220**	**(24.861.932)**	**477.859.096**	**(40.762.252)**	**-**	**49.393.564**	**(208.727.832)**	**710.241.103**	**124.844.908**	**1.871.084.141**

(*) It is related to reclassification of the revaluation increase amount in tangible assets revaluation fund as a result of the sale of lands (Dilovası OIZ land, Mimarsinan land and Balıkesir İvrindi-Savaştepe land)-property of a subsidiary of the Group, Polisan Kimya Sanayii A.Ş.

The accompanying notes are an integral part of these financial statements.

Polisan Holding A.Ş.

Interim consolidated statement of cash flows between the period January 1 - September 30, 2021

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	*Unaudited* January 1 – September 30, 2021	*Unaudited* January 1 – September 30, 2020
A. Cash flows from operating activities		**128.993.347**	**205.273.031**
Profit for the period		**124.844.908**	**47.289.417**
- Profit for the period from continuing operations		124.844.908	47.289.417
Adjustment for reconciliation of profit/loss for the period		**152.810.749**	**178.680.846**
Adjustments for depreciation and amortization expenses	14,15,16	57.032.324	45.959.714
Adjustments related to provisions		8.173.361	4.634.324
- Adjustments related to provisions (cancellations) for benefits provided to employees	*18,19*	*8.173.361*	*4.632.084*
- Adjustments to other provisions (cancellations)	*18*	-	*2.240*
Adjustments related to impairment *(cancellations)*		(716.661)	2.028.663
- Adjustments related to impairment of trade receivables (cancellations)	*7*	*67.191*	*733.830*
- Adjustments related to impairment of inventories (cancellations)	*9*	*(783.852)*	*1.294.833*
Adjustments for profit/ loss on sale of tangible assets	25	292.041	(413.543)
Adjustments for profit/loss on sale of investment properties	25	(32.080.179)	(285.000)
Adjustments related to undistributed profit/losses of investments accounted using the equity method	12	11.686.635	(20.664.024)
Adjustments to tax income/expense	27	30.123.403	5.621.823
Adjustments for interest income and expense		33.450.605	18.359.806
- Adjustments related to interest income	*25*	*(5.807.899)*	*(2.437.824)*
- Adjustments related to interest expenses	*26*	*39.478.124*	*20.771.598*
- Rediscount expense	*24*	-	*26.032*
- Rediscount income	*24*	*(219.620)*	-
Adjustment related to unrealized foreign currency translation differences		44.849.220	123.439.083
Changes in working capital		**(130.361.327)**	**(8.982.726)**
Adjustments for increase/decrease in trade receivables		(208.703.215)	(31.907.503)
Adjustments for increase/(decrease) in financial investments		(13.021.963)	(15.917.096)
Adjustments for increase/decrease in inventories		(7.560.461)	(5.542.574)
Adjustments for increase/(decrease) in other operational receivables		9.915.825	8.604.681
Adjustments for increase/(decrease) in prepaid expenses		(40.036.902)	(1.560.385)
Adjustments for increase/(decrease) in other assets related to operations		(8.629.569)	(3.046.749)
Adjustments for increase/(decrease) in trade payables		132.423.963	37.902.741
Adjustments for increase/(decrease) in other operational payables		(6.267.866)	(485.610)
Adjustments for increase/(decrease) in employee benefit obligations		4.173.115	3.010.801
Adjustments for increase/(decrease) in deferred income		(1.240.664)	(2.195.946)
Adjustments for increase/(decrease) in other operational liabilities		8.586.410	2.154.914
Cash flows from operating activities		**147.294.330**	**216.987.537**
Employment termination benefits paid	18,19	(10.728.676)	(3.480.646)
Tax payments/refunds		(7.438.308)	(8.069.360)
Other cash outflow	18	(133.999)	(164.500)
B. Cash flows from investing activities		**24.135.405**	**(31.976.386)**
Purchase of tangible/intangible assets	15,16	(70.159.194)	(35.821.985)
Proceeds from sale of tangible/intangible assets		535.072	2.712.185
Purchase of investment properties	13	(1.901.929)	(2.604.410)
Proceeds from sale of investment properties		81.990.179	1.300.000
Cash inflows from the sale of assets held for sale		7.863.378	-
Interest received		5.807.899	2.437.824
C. Cash flows from financing activities		**(203.688.575)**	**(111.474.301)**
Cash inflows from borrowings obtained	6	229.529.112	218.107.213
Cash outflows related to loan repayment		(385.560.823)	(296.431.730)
Cash outflows on loan payments arising from lease agreements	6	(4.960.181)	(13.325.254)
Interest paid		(32.696.683)	(13.824.530)
Dividends paid	21	(10.000.000)	(6.000.000)
Net increase/decrease in cash and cash equivalents		**(50.559.823)**	**61.822.344**
Cash and cash equivalents at the beginning of period	4	288.471.094	179.026.662
Cash and cash equivalents at the end of period	4	237.911.271	240.849.006

The accompanying notes are an integral part of these financial statements.

1. Group's organisation 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, construction, 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 San. Ve Tic. A.Ş.)*
- *Tintomix Pigment Pasta Sanayi A.Ş.*
- *Polisan Kimya Sanayii A.Ş.*
- *Poliport Kimya Sanayi ve Ticaret 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 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 sales 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.

1. Group's organisation 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, manufacturing, marketing and trading 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 29 July 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 fibre.

Polisan Maroc S.A. (Maroc):

Polisan Maroc S.A. was established on 5 June 2017 in Morocco. Polisan Maroc operating in construction chemicals industry.

The average number of employees of the Company, it's subsidiaries and joint ventures for the period ended September 30, 2021 is 1.197 (30 September 2020: 1.155). In calculating the average numbers, the number of employees of Polisan Kansai Boya was taken as an integer, not weighted by the group's shares.

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.

%50 shares of Polisan Boya was sold by Kansai Paint Co. Ltd. on December 21, 2016, Polisan Boya has changed its name to Polisan Kansai Boya.

As a result of the sale of subsidiary shares, which is a result of loss of control, the transaction was considered as a joint venture from the date of sale, Polisan Kansai Boya started to be accounted by 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.

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 related raw materials.

Rohm and Haas was established in 2004 and company's registered office is located İçerenköy Mah. Umut Sokak, No:10/12, Kat:3 Ataşehir/İtanbul. For the period ended September 30, 2021 the average number of personnel employed by Rohm and Haas is 57 (September 30, 2020:57).

2. Basis of presentation of financial statements

2.1 Basis of presentation

2.1.1 Applicable financial reporting standards

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

The condensed interim consolidated financial statements for period ended September 30, 2021 have been prepared in accordance with TAS 34 "Interim Financial Reporting". Additionally, the accounting policies used in the preparation of the condensed interim consolidated financial statements for the period ended September 30, 2021 are consistent with those used in the preparation of annual consolidated financial statements for the year ended December 31, 2020. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2020.

The consolidated financial statements prepared as of and for the period ended September 30, 2021 were approved in the Board of Directors meeting dated November 1, 2021. General assembly has the right to amend the financial statements prepared in accordance with the legal regulations and these consolidated financial statements.

The Company, its subsidiaries and associate registered in Turkey complies with the principles and provisions issued by the CMB, Turkish Commercial Code ("TCC"), Tax Law, and provisions of Uniform Chart of Accounts issued by Ministry of Finance in keeping its accounting records and preparing official financial statements. The subsidiary operating in abroad prepares its legal financial statements in compliance with the law and regulations, which are valid in the country that it operates in. The consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with the TAS and are presented in TL.

The consolidated financial statements are presented in accordance with the formats specified in the "Announcement on TMS Taxonomy" published by the POA on April 15, 2019, and the Financial Table Examples and User Guide published by the CMB.

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, a subsidiary of the Company, is US Dollar.

The functional currency of Polisan Hellas S.A, a subsidiary of the Group operating in Greece, is EURO.
The functional currency of Polisan Maroc S.A. operating in Morocco is Moroccan Dinar.

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. Basis of presentation of financial statements (continued)

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 September 30, 2021 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, 2020. 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 2021 are as follows.

- Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16
- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Separately identifiable risk components
- Amendments to IFRS 16 - Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond 30 September 2021

The amendment will be applied for annual accounting periods starting from January 1, 2021 and after. The amendments did not have a significant impact on the financial position or performance of the Group.

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)
- Amendments to TFRS 3 – Reference to the Conceptual Framework
- Amendments to TAS 16 – Proceeds before intended use
- Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract
- TFRS 17 - The new Standard for insurance contracts
- Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities
- Amendments to TAS 8 - Definition of Accounting Estimates
- Amendments to TAS 1 - Disclosure of Accounting Policies
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Annual Improvements – 2018–2020 Cycle

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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 recognised in the period when the changes are applied; if changes in estimates are related to future periods, they are recognised 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 summarised 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 the 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 September 30, 2021 and December 31, 2020 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 (%)	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
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 Hellas	100,00	100,00	100,00	100,00
Polisan Maroc	99,96	99,96	99,96	99,96

2. Basis of presentation of financial statements (continued)

2.4 Summary of significant accounting policies (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. Unrealised 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 September 30, 2021 and December 31, 2020:

Title of the ownership	Type of ownership	Shares owned directly and indirectly by the Group (%)		Effective ownership rate (%)	
		September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
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 organised 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 (Note 3).

2. Basis of presentation of financial statements (continued)

2.5 Offsetting

Financial assets and liabilities are offset 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.

2.6 Seasonality in operations

Operations of the companies within the consolidation may show increase or decrease as of periods. Thus, the results of the six months period ended September 30, 2021 may not be an indicator for the whole year.

2.7 Convenience translation into English of financial statements

The accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, classification of some income statement items and also for certain disclosure requirements of the POA.

3. Segment reporting

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

As of September 30, 2021 and December 31, 2020, total assets and liabilities are as follows:

Assets	**September 30, 2021**	**December 31, 2020**
Chemical products	1.294.775.658	1.122.806.729
Port	818.755.881	797.748.946
Services	1.004.093.843	950.550.356
Real estate	306.190.555	302.529.271
Combined	**3.423.815.937**	**3.173.635.302**
Add: Carrying values of Joint Ventures (Note 12)	519.827.432	533.676.716
Less: Eliminations	(949.794.173)	(900.732.914)
Consolidated	**2.993.849.196**	**2.806.579.104**

Liabilities	**September 30, 2021**	**December 31, 2020**
Chemical products	766.888.534	679.725.020
Port	274.516.795	294.058.901
Services	87.675.325	35.051.920
Real estate	87.013.465	79.026.591
Combined	**1.216.094.119**	**1.087.862.432**
Less: Eliminations	(93.329.066)	(37.352.742)
Consolidated	**1.122.765.053**	**1.050.509.690**

3. Segment reporting (continued)

Statement of profit or loss reporting for the period January 1 – September 30, 2021:

	Chemical products	Port	Services	Real estate	Combined	Plus: Shares of loss of joint venture	Consolidation adjustments	Consolidated
Revenue	1.112.376.363	195.325.976	59.998.754	790.333	**1.368.491.426**	-	(66.970.767)	**1.301.520.659**
- *Intra segment revenue*	1.099.674.998	191.810.192	9.245.136	790.333	**1.301.520.659**	-	-	**1.301.520.659**
- *Inter segment revenue*	12.701.365	3.515.784	50.753.618	-	**66.970.767**	-	(66.970.767)	**-**
Cost of sales (-)	(956.528.657)	(112.281.513)	(52.239.841)	-	**(1.121.050.011)**	-	70.678.288	**(1.050.371.723)**
Gross profit	**155.847.706**	**83.044.463**	**7.758.913**	**790.333**	**247.441.415**	**-**	**3.707.521**	**251.148.936**
Operational income/(expenses) (-), net	(55.804.409)	(25.510.130)	3.187.103	(1.526.363)	**(79.653.799)**	-	(3.625.464)	**(83.279.263)**
Loss from investments accounted using the equity method (Note 11)	(9.081.032)	-	-	-	**(9.081.032)**	(2.605.603)	-	**(11.686.635)**
Operating profit	**90.962.265**	**57.534.333**	**10.946.016**	**(736.030)**	**158.706.584**	**(2.605.603)**	**82.057**	**156.183.038**
Income /(expenses) from investment activities, net	32.549.344	2.378.366	4.809.272	-	**39.736.982**	-	(5.028.449)	**34.708.533**
Operating profit before financial income/expense	**123.511.609**	**59.912.699**	**15.755.288**	**(736.030)**	**198.443.566**	**(2.605.603)**	**(4.946.392)**	**190.891.571**
Financial income/(expenses), net	(24.906.122)	(13.309.723)	1.793.702	(4.529.566)	**(40.951.709)**	-	5.028.449	**(35.923.260)**
Pre-tax profit from continuing operations	**98.605.487**	**46.602.976**	**17.548.990**	**(5.265.596)**	**157.491.857**	**(2.605.603)**	**82.057**	**154.968.311**
Tax income/(expense), net	(22.367.806)	(4.955.967)	(3.723.228)	940.009	**(30.106.992)**	-	(16.411)	**(30.123.403)**
Net profit from continuing operations	**76.237.681**	**41.647.009**	**13.825.762**	**(4.325.587)**	**127.384.865**	**(2.605.603)**	**65.646**	**124.844.908**
Depreciation and amortization	13.741.818	40.009.057	4.783.933	-	**58.534.808**	-	(1.502.484)	**57.032.324**
Investment expenditures	27.345.350	8.132.649	36.398.900	-	**71.876.900**	-	(1.044.662)	**70.832.238**
Interest income	3.668.403	2.373.858	4.794.086	-	**10.836.347**	-	(5.028.448)	**5.807.899**
Interest expense	14.645.378	10.387.890	1.389.923	4.530.065	**30.953.255**	-	(4.797.961)	**26.155.294**

3. Segment reporting (continued)

Statement of profit or loss reporting for the period January 1 - September 30, 2020:

	Chemical products	Port	Services	Real estate	Combined	Plus: Shares of profit of joint venture	Consolidation adjustments	Consolidated
Revenue	587.477.583	170.859.519	111.231.050	513.442	**870.081.594**	-	(119.101.534)	**750.980.060**
- *Intra segment revenue*	575.983.474	168.035.198	6.447.947	513.442	**785.518.703**	-	-	**750.980.060**
- *Inter segment revenue*	11.494.109	2.824.321	104.783.103	-	**84.562.891**	-	(119.101.534)	**-**
Cost of sales (-)	(535.999.545)	(88.107.074)	(96.922.695)	-	**(721.029.314)**	-	113.055.429	**(607.973.885)**
Gross profit	**51.478.038**	**82.752.445**	**14.308.355**	**513.442**	**149.052.280**	**-**	**(6.046.105)**	**143.006.175**
Operational income/(expenses) (-), net	(34.132.119)	(16.668.659)	75.769	(1.289.980)	**(52.014.989)**	-	(2.271.468)	**(54.286.457)**
Profit from investments accounted using the equity method (Note 12)	6.617.261	-	-	-	**6.617.261**	14.046.764	-	**20.664.025**
Operating profit	**23.963.180**	**66.083.786**	**14.384.124**	**(776.538)**	**103.654.552**	**14.046.764**	**(8.317.573)**	**109.383.743**
Income /(expenses) from investment activities, net	577.428	3.708.279	3.238.536	-	**7.524.243**	-	(4.228.629)	**3.295.614**
Operating profit before financial income/expense	**24.540.608**	**69.792.065**	**17.622.660**	**(776.538)**	**111.178.795**	**14.046.764**	**(12.546.202)**	**112.679.357**
Financial income/(expenses), net	(23.442.303)	(48.771.211)	9.852.053	(1.630.746)	**(63.992.207)**	-	4.224.090	**(59.768.117)**
Pre-tax profit from continuing operations	**1.098.305**	**21.020.854**	**27.474.713**	**(2.407.284)**	**47.186.588**	**14.046.764**	**(8.322.112)**	**52.911.240**
Tax income/(expense), net	3.193.002	(4.404.557)	(6.073.781)	-	**(7.285.336)**	-	1.663.513	**(5.621.823)**
Net profit from continuing operations	**4.291.307**	**16.616.297**	**21.400.932**	**(2.407.284)**	**39.901.252**	**14.046.764**	**(6.658.599)**	**47.289.417**
Depreciation and amortization	13.435.694	30.940.261	4.063.505	-	**48.439.460**	-	(2.479.746)	**45.959.714**
Investment expenditures	6.035.084	37.214.478	1.967.125	-	**45.216.687**	-	(9.301.322)	**35.915.365**
Interest income	644.163	3.423.711	2.594.040	-	**6.661.914**	-	(4.224.090)	**2.437.824**
Interest expense	9.519.196	10.347.078	3.500.951	1.628.463	**24.995.688**	-	(4.224.090)	**20.771.598**

3. Segment reporting (continued)

Statement of profit or loss reporting for the period July 1 - September 30, 2021:

	Chemical products	Port	Services	Real estate	Combined	Plus: Shares of loss of joint venture	Consolidation adjustments	Consolidated
Revenue	447.740.510	68.766.930	24.741.263	359.445	**541.608.148**	-	(26.402.586)	**515.205.562**
- *Intra segment revenue*	443.751.898	67.598.725	3.498.147	359.445	**515.208.215**	-	(2.653)	**515.205.562**
- *Inter segment revenue*	3.988.612	1.168.205	21.243.116	-	**26.399.933**	-	(26.399.933)	**-**
Cost of sales (-)	(391.092.287)	(39.773.660)	(21.485.355)	-	**(452.351.302)**	-	27.271.484	**(425.079.818)**
Gross profit	**56.648.223**	**28.993.270**	**3.255.908**	**359.445**	**89.256.846**	**-**	**868.898**	**90.125.744**
Operational income/(expenses) (-), net	(18.588.142)	(11.138.589)	5.764.415	(503.294)	**(24.465.610)**	-	(963.162)	**(25.428.772)**
Profit from investments accounted using the equity method (Note 12)	(7.594.970)	-	-	-	**(7.594.970)**	4.416.807	-	**(3.178.163)**
Operating profit	**30.465.111**	**17.854.681**	**9.020.323**	**(143.849)**	**57.196.266**	**4.416.807**	**(94.264)**	**61.518.809**
Income/(expenses) from investment activities, net	492.649	467.339	1.763.206	-	**2.723.194**	-	(1.695.167)	**1.028.027**
Operating profit before financial income/expense	**30.957.760**	**18.322.020**	**10.783.529**	**(143.849)**	**59.919.460**	**4.416.807**	**(1.789.431)**	**62.546.836**
Financial income/(expenses), net	(6.094.216)	(1.430.545)	(430.928)	(1.694.994)	**(9.650.683)**	-	1.695.166	**(7.955.517)**
Pre-tax profit from continuing operations	**24.863.544**	**16.891.475**	**10.352.601**	**(1.838.843)**	**50.268.777**	**4.416.807**	**(94.265)**	**54.591.319**
Tax income/(expense), net	(8.073.953)	949.906	(2.423.876)	162.763	**(9.385.160)**	-	18.852	**(9.366.308)**
Net profit from continuing operations	**16.789.591**	**17.841.381**	**7.928.725**	**(1.676.080)**	**40.883.617**	**4.416.807**	**(75.413)**	**45.225.011**
Depreciation and amortization	4.504.938	13.618.273	1.457.940	-	**19.581.151**	-	(612.576)	**18.968.575**
Investment expenditures	21.610.286	2.285.346	18.463.087	-	**42.358.720**	-	(469.838)	**41.888.882**
Interest income	811.551	466.238	1.759.478	-	**3.037.267**	-	(1.695.166)	**1.342.101**
Interest expense	4.960.625	3.271.980	344.390	1.695.167	**10.272.161**	-	(1.464.679)	**8.807.482**

3. Segment reporting (continued)

Statement of profit or loss reporting for the period July 1 - September 30, 2020:

	Chemical products	Port	Services	Real estate	Combined	Plus: Shares of profit of joint venture	Consolidation adjustments	Consolidated
Revenue	225.580.751	61.923.475	18.940.544	193.675	**306.638.445**	-	(21.743.891)	**284.894.554**
- *Intra segment revenue*	221.662.350	60.804.531	(21.048.168)	193.675	**296.151.030**	-	-	**284.894.554**
- *Inter segment revenue*	3.918.401	1.118.944	39.988.712	-	**10.487.415**	-	*(21.743.891)*	**-**
Cost of sales (-)	(199.669.221)	(31.579.472)	(16.513.420)	-	**(247.762.113)**	-	22.209.177	**(225.552.936)**
Gross profit	**25.911.530**	**30.344.003**	**2.427.124**	**193.675**	**58.876.332**	**-**	**465.286**	**59.341.618**
Operational income/(expenses) (-), net	(13.887.937)	(5.442.917)	(60.897)	(433.081)	**(19.824.832)**	-	(915.703)	**(20.740.535)**
Profit from investments accounted using the equity method (Note 12)	3.300.369	-	-	-	**3.300.369**	17.007	-	**3.317.376**
Operating profit	**15.323.962**	**24.901.086**	**2.366.227**	**(239.406)**	**42.351.869**	**17.007**	**(450.417)**	**41.918.459**
Income/(expenses) from investment activities, net	321.385	1.052.683	848.402	-	**2.222.470**	-	(841.491)	**1.380.979**
Operating profit before financial income/expense	**15.645.347**	**25.953.769**	**3.214.629**	**(239.406)**	**44.574.339**	**17.007**	**(1.291.908)**	**43.299.438**
Financial income/(expenses), net	(10.472.388)	(23.161.209)	6.738.464	(616.589)	**(27.511.722)**	-	836.952	**(26.674.770)**
Pre-tax profit from continuing operations	**5.172.959**	**2.792.560**	**9.953.093**	**(855.995)**	**17.062.617**	**17.007**	**(454.956)**	**16.624.668**
Tax income/(expense), net	2.990.557	(644.318)	(2.181.122)	-	**165.117**	-	90.082	**255.199**
Net profit from continuing operations	**8.163.516**	**2.148.242**	**7.771.971**	**(855.995)**	**17.227.734**	**17.007**	**(364.874)**	**16.879.867**
Depreciation and amortization	4.549.282	11.370.497	1.547.753	-	**17.467.532**	-	(606.550)	**16.860.982**
Investment expenditures	2.257.833	14.226.099	189.177	-	**16.673.109**	-	(637.775)	**16.035.334**
Interest income	316.807	770.006	682.933	-	**1.769.746**	-	(836.952)	**932.794**
Interest expense	3.066.776	4.023.698	550.277	615.874	**8.256.625**	-	(836.952)	**7.419.673**

4. Cash and cash equivalents

As of September 30, 2021 and December 31, 2020 the Group's cash and cash equivalents are as follows:

	September 30, 2021	December 31, 2020
Cash in hand	49.871	14.755
Banks	237.861.400	288.456.339
- Demand deposits	26.513.618	*14.934.421*
- Time deposits	211.347.782	*273.521.918*
Total	**237.911.271**	**288.471.094**

No blockage on the Group's cash and cash equivalents exists as of September 30, 2021 (December 31, 2020 – None).

As of September 30, 2021 details of time deposits are as follows:

Currency	Interest rate	Maturity	Foreign currency amount	TL equivalent
EUR	1,15%	1-30 days	13.009.000	115.042.490
USD	0,55%-1,00%	1 day	8.792.000	90.676.292
TL	18,10%	1 day	5.629.000	5.629.000
Total				**211.347.782**

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

Currency	Interest rate	Maturity	Foreign currency amount	TL equivalent
EUR	1,00%	1-4 days	13.262.000	119.462.770
USD	2,20% - 3,50%	4-32 days	14.238.000	104.514.039
TL	19,10%	4 days	49.545.109	49.545.109
Total				**273.521.918**

5. Financial investments

	September 30, 2021	December 31, 2020
Financial investments-time deposits (*)	28.138.578	15.116.615
Total	**28.138.578**	**15.116.615**

(*) The relevant balance includes the Group's deposits with a maturity of more than three months.

Details of financial investments as of September 30, 2021:

Currency	Interest rate	Maturity	Foreign currency amount	TL equivalent
USD	5,38%	422 days	1.031.667	9.073.042
EUR	1,50%	137-228 days	1.848.600	19.065.536
Total				**28.138.578**

5. Financial investments (continued)

Details of financial investments as of December 31, 2020:

Currency	Interest rate	Maturity	Foreign currency amount	TL equivalent
USD	5,38% - 5,63%	232-422 days	2.011.688	15.116.615
Total				**15.116.615**

6. Financial borrowings

As of September 30, 2021 and December 31, 2020 the Group's financial borrowings are as follows:

	Interest rate	September 30, 2021	Interest rate	December 31, 2020
Short-term borrowings				
Bank borrowings				
- EUR	1,70%	12.891.875	2,25% - 3,95%	91.430.185
- TL	6,50-17,5%	26.513.039	6,50% - 17,50%	22.394.690
Total		**39.404.914**		**113.824.875**

	Interest rate	September 30, 2021	Interest rate	December 31, 2020
Short term portion of long term borrowings				
Bank borrowings				
- EUR	2,25% - 3,95%	168.172.111	2,25% - 3,95%	201.158.022
- TL	17,00%	16.123.575	17,00%	8.284.935
Financial leasing obligations				
EUR	3,00%	347.514	3,00%	273.993
TL	22,50%	8.550.948	22,50%	7.520.970
MAD	2,20%	-	2,20%	434.681
Total		**193.194.148**		**217.672.601**

	Interest rate	September 30, 2021	Interest rate	December 31, 2020
Long-term borrowings				
Bank borrowings				
- EUR	2,25%-3,95%	246.780.604	2,25%-3,95%	231.636.937
- TL	17,00%	34.081.100	17,00%	41.962.088
Financial leasing obligations				
- TL	3,00%	132.197	3,00%	182.544
- EUR	22,50%	48.360.438	22,50%	40.268.218
		329.354.339		**314.049.787**

6. Financial borrowings (continued)

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

Maturity	September 30, 2021	December 31, 2020
0 - 3 months	54.260.978	142.636.944
Between 3 - 6 months	56.093.507	62.872.489
Between 6 - 12 months	113.346.115	117.758.399
Between 1 – 2 years	160.050.756	166.982.576
More than 2 years	120.810.948	106.616.449
Total	**504.562.304**	**596.866.857**

Maturity- financial leasing obligations	September 30, 2021	December 31, 2020
0 - 3 months	1.277.795	1.229.100
Between 3 - 6 months	2.694.535	1.563.988
Between 6 - 12 months	4.926.131	5.436.556
Between 1 - 2 years	4.453.163	5.286.180
More than 2 years	44.039.473	35.164.582
Total	**57.391.097**	**48.680.406**

Movement of financial borrowings and financial leasing obligations is as follows:

Total financial borrowings as of 1 January 2021	**596.866.857**
Cash inflows from borrowing	229.529.112
Cash outflow from borrowing	(385.560.823)
Interest paid	(16.379.512)
Interest accrual	15.558.279
Foreign exchange and currency translation differences	64.548.391
Total financial borrowings as of 30 September 2021	**504.562.304**
Total financial leasing as of 1 January 2021	**48.680.406**
Additions	7.267.974
Payments	(4.960.181)
Interest expenses	7.602.674
Changes in rental agreements	(1.199.776)
Total financial leasing as of 30 September 2021	**57.391.097**

7. Trade receivables and payables

As of September 30, 2021 and December 31, 2020 the Group's trade receivables are as follows:

Trade receivables	September 30, 2021	December 31, 2020
Trade receivables	404.271.643	240.567.877
Notes and cheques receivables	129.202.540	86.530.387
Receivables from related parties (Note 29)	11.625.293	8.516.384
Subtotal	**545.099.476**	**335.614.648**
Allowance for doubtful receivables (-)	(44.438.797)	(44.371.606)
Total	**500.660.679**	**291.243.042**

Movement of allowance for doubtful receivables for periods ended September 30, 2021 and 2020 are as follows:

	2021	2020
January 1	**44.371.606**	**43.207.742**
Provisions for doubtful receivables (Note 24)	3.316.344	4.659.477
Provisions no longer required (Note 24)	(3.249.153)	(3.925.647)
September 30	**44.438.797**	**43.941.572**

As of September 30, 2021 and December 31, 2020 the aging of the overdue but not impaired trade receivables are as follows:

	September 30, 2021	December 31, 2020
1-30 days past due	35.163.991	27.903.916
1-3 months past due	7.944.389	4.918.902
3-12 months past due	5.593.589	9.867.209
1-5 years past due	2.720.420	113.932
Total	**51.422.390**	**42.803.959**

Guarantees amounting to TL 3.720.875 (December 31, 2020: TL 20.376.555) has been received for the overdue but not impaired receivables amounting to TL 43.389.925 (December 31, 2020: TL 42.803.959).

As of September 30, 2021 and December 31, 2020 the Group's trade payables are as follows:

Trade payables	September 30, 2021	December 31, 2020
Short term trade payables		
Trade payables	394.820.394	260.844.872
Notes and cheques payables	-	2.000.000
Payables to related parties (Note 29)	574.573	126.132
Deferred financial income (-)	(369.831)	(150.211)
Total	**395.025.136**	**262.820.793**

8. Other receivable and payables

Short term other receivables	September 30, 2021	December 31, 2020
VAT and SCT receivables	4.156.242	12.547.914
Deposits and guarantees given	29.808	1.647.983
Receivables from employees	36.191	7.727
Total	**4.222.241**	**14.203.624**

Long term other receivables	September 30, 2021	December 31, 2020
Deposits and guarantees given	596.560	531.002
Total	**596.560**	**531.002**

Short term other payables	September 30, 2021	December 31, 2020
Taxes and funds payable	2.528.753	1.749.945
Other payables to related parties (Note 29)	-	7.374.816
Deposits and guarantees received	106.378	8.724
Total	**2.635.131**	**9.133.485**

9. Inventories

As of September 30, 2021 and December 31, 2020 the Group's inventories are as follows:

	September 30, 2021	December 31, 2020
Raw materials and supplies	65.669.986	47.637.270
Work in process	9.405.391	6.186.589
Finished goods	22.629.827	33.150.326
Merchandise	1.187.554	726.356
Goods in transit	53.291.558	57.565.967
Other inventories	5.068.016	4.425.363
Subtotal	**157.252.332**	**149.691.871**
Provision for impairment of inventories (-)	(2.443.563)	(2.925.815)
Total	**154.808.769**	**146.766.056**

Movement of allowance for impairment of inventories for the six month periods ended September 30, 2021 and 2020 are as follows:

	2021	2020
January 1	**2.925.815**	**1.187.192**
Provisions booked during the period (Note 23)	448.129	1.318.941
Provisions no longer required (-)	(1.231.981)	(581.141)
Currency translation difference	301.600	557.033
September 30	**2.443.563**	**2.482.025**

10. Prepaid expenses and deferred income

	September 30, 2021	December 31, 2020
Short term prepaid expenses		
Prepaid expense for the following months	7.513.461	5.405.297
Advances given for inventories	4.481.049	1.048.242
Total	**11.994.510**	**6.453.539**

	September 30, 2021	December 31, 2020
Long term prepaid expenses		
Advances given for tangible assets (*)(**)	65.800.533	40.835.033
Prepaid expense for the following years	168.505	11.640
Total	**65.969.038**	**40.846.673**

(*) It is EUR 9.000.000 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.

(**) The Group has given an advance payment of TL 24.990.000 to Bayrak Proje İnşaat ve Otomotiv Ticaret A.Ş. for Poliport's investments.

	September 30, 2021	December 31, 2020
Short term deferred income		
Deferred income for the following months	3.409.236	3.661.436
Advances taken	1.041.626	2.030.090
Total	**4.450.862**	**5.691.526**

11. Current income tax assets

As of September 30, 2021 and December 31, 2020 the Group's current income tax assets are as follows:

	September 30, 2021	December 31, 2020
Current income tax assets		
Prepaid taxes	283.473	213.296
Total	**283.473**	**213.296**

12. Investments accounted using the equity method

As of September 30, 2021 and December 31, 2020, the Group's investments accounted using equity the method are as follows:

	September 30, 2021		December 31, 2020	
	%	TL	%	TL
Joint venture				
Polisan Kansai Boya	50	505.840.395	50	508.933.539
Associate				
Rohm And Haas	40	20.836.437	40	24.743.177
Total		**526.676.832**		**533.676.716**

For the periods ended September 30, 2021 and 2020, the movements of the investments accounted using the equity method are as follows:

	2021	2020
Polisan Kansai Boya		
January 1	**508.933.539**	**423.382.973**
Profit/(loss) from investments accounted using the equity method	(2.605.602)	14.046.764
Cash flow hedge effect	895.024	-
Other comprehensive expenses	(1.382.564)	(1.799.387)
Rohm And Haas		
January 1	**24.743.177**	**10.639.935**
Profit/(loss) from investments accounted using the equity method	(9.081.033)	6.617.260
Currency translation differences	5.174.291	3.645.309
30 September	**526.676.832**	**456.532.854**

12. Investments accounted using the equity method (continued)

The summary financial statements of the Group's investments accounted by the equity method as of September 30, 2021 and December 31, 2020 prepared in accordance with TFRS are as follows:

September 30, 2021 – Condensed balance sheet information	**Polisan Kansai Boya**	**Rohm and Haas**
Current assets	*1.340.037.513*	*232.806.731*
Cash and cash equivalents	*131.618.991*	*18.289.816*
Non-current assets	943.596.872	82.728.769
Total assets	**2.283.634.385**	**315.535.500**
Short term liabilities	1.167.481.693	261.686.122
Financial borrowings	*766.176.360*	*124.120.183*
Long term liabilities	310.948.898	1.758.289
Financial borrowings	*201.005.478*	-
Total liabilities	**1.478.430.591**	**263.444.412**
Net assets	**805.203.794**	**52.091.088**
Reconciliation of carrying value:		
Ownership of the Group	50%	40%
Net asset share of the Group	402.601.897	20.836.435
Goodwill carried at Group level	103.238.500	-
Carrying value	**505.840.397**	**20.836.435**

December 31, 2020 – Condensed balance sheet information	**Polisan Kansai Boya**	**Rohm and Haas**
Current assets	897.307.159	122.589.394
Cash and cash equivalents	*142.553.914*	*2.721.160*
Non-current assets	953.981.124	73.658.972
Total assets	**1.851.288.283**	**196.248.366**
Short term liabilities	544.152.614	131.120.373
Financial borrowings	*331.359.219*	*82.109.057*
Long term liabilities	495.745.592	3.270.052
Financial borrowings	*402.034.919*	-
Total liabilities	**1.039.898.206**	**134.390.425**
Net assets	**811.390.077**	**61.857.941**
Reconciliation of carrying value:		
Ownership of the Group	50%	40%
Net asset share of the Group	405.695.039	24.743.177
Goodwill carried at Group level	103.238.500	-
Carrying value	**508.933.539**	**24.743.177**

12. Investments accounted using the equity method (continued)

September 30, 2021 – Condensed income statement information	Polisan Kansai Boya	Rohm and Haas
Revenue	1.070.600.579	386.566.010
Depreciation and amortisation	(47.629.420)	(9.603.334)
Interest income	5.297.131	55.722
Interest expense	(82.998.675)	(2.116.052)
Net loss for the period	(5.211.204)	(22.702.581)
Ownership of the Group	50%	40%
Net loss share of the Group	**(2.605.602)**	**(9.081.032)**

September 30, 2020 – Condensed income statement information	Polisan Kansai Boya	Rohm and Haas
Revenue	719.923.501	202.234.306
Depreciation and amortization	(49.023.327)	(8.692.465)
Interest income	1.270.245	-
Interest expense	(39.701.039)	(2.842.448)
Net profit for the period	28.093.528	16.543.149
Ownership of the Group	50%	40%
Net profit share of the Group	**14.046.764**	**6.617.260**

Impairment test and sensitivity analysis

The Company considers the carrying value of its investment in Polisan Kansai Boya, which is accounted as associate, affiliated at the rate of 50%, for possible impairment in year-end. The impairment analysis cannot be performed by considering market data since related financial asset has not active market and the Company management has to make significant estimations.

The impairment test is based on a 5-year TL based projection between July 1, 2021 and December 31, 2026. In order to estimate the inflows (infinite) of future cash flows, a fixed growth rate of 3,50% was used, which does not exceed the country's estimated average growth rate. To calculate the recoverable value of the unit, 18,26% of the weighted cost of capital is used as the discount rate after tax. There is no impairment on the carrying value.

The sensitivity table for valuation assumptions is as follows:

		Final Growth Rate		
		3,00%	**3,50%**	**4,00%**
Weighted average cost of capital	**17,76%**	1,60%	(2,01%)	(5,50%)
	18,26%	3,90%	-	(3,60%)
	18,76%	6,30%	2,20%	(1,60%)

13. Investment properties

	January 1, 2021	Additions	Disposals	Transfers	September 30, 2021
Cost					
Property and plant	299.990.293	-	-	(49.910.000)	250.080.293
Buildings	56.887.000	1.901.929	-	-	58.788.929
Total	**356.877.293**	**1.901.929**	**-**	**(49.910.000)**	**308.869.222**

	January 1, 2020	Additions	Disposals	Transfers	September 30, 2020
Cost					
Property and plant	233.592.733	2.511.030	(1.015.000)	-	235.088.763
Buildings	55.208.000	-	-	93.380	55.301.380
Total	**288.800.733**	**2.511.030**	**(1.015.000)**	**93.380**	**290.390.143**

Investment properties consist of lands which are located near Sabiha Gökçen Airport and buildings which are 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 on December 31, 2020. 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.

14. Right of use asset

The movement of right of use assets for the periods ended September 30, 2021 and September 30, 2020 are as follows:

	January 1, 2021	Additions	Changes in rental aggrements	Currency translation differences	September 30, 2021
Cost					
Storage	3.526.257	-	-	-	3.526.257
Site rent	52.508.863	9.822.039	(1.889.990)	-	60.440.911
Buildings	6.142.737	815.282	-	282.239	7.240.258
Vehicles	4.751.769	7.393.076	-	130.564	12.275.409
Total	**66.929.626**	**18.030.396**	**(1.889.990)**	**412.803**	**83.482.835**
Accumulated Depreciation					
Storage	2.123.241	695.456	-	-	2.818.697
Site rent	6.997.191	3.104.332	-	-	10.101.523
Buildings	3.730.189	1.338.038	-	276.552	5.344.780
Vehicles	3.174.660	1.561.606	-	81.993	4.818.259
Total	**16.025.281**	**6.699.433**	**-**	**358.545**	**23.083.259**
Net Value	**50.904.345**				**60.399.576**

	January 1, 2020	Additions	Changes in rental agreements	Disposals	Currency translation differences	June 30, 2021
Cost						
Storage	3.526.257	-	-	-	-	3.526.257
Site rent	42.073.134	-	7.282.239	-	-	49.355.373
Buildings	5.466.345	-	464.629	-	(54.323)	5.876.651
Vehicles	4.495.804	181.974	-	(161.746)	(51.235)	4.464.797
Total	**55.561.540**	**181.974**	**7.746.868**	**(161.746)**	**(105.558)**	**63.223.078**
Accumulated Depreciation						
Storage	996.419	785.261	-	-	-	1.781.680
Site rent	3.044.635	2.572.299	-	-	-	5.616.934
Buildings	1.496.421	1.438.927	-	-	(164.495)	2.770.853
Vehicles	1.542.241	1.271.104	-	(79.856)	(286.489)	2.447.000
Total	**7.079.716**	**6.067.591**	**-**	**(79.856)**	**(450.984)**	**12.616.467**
Net Value	**48.481.824**					**50.606.611**

15. Property, plant and equipment

The movement of property, plant, equipment and related accumulated depreciations for the periods ended September 30, 2021 and September 30, 2020 are as follows:

	September 30, 2021	September 30, 2020
As of January 1		
Cost	1.105.934.363	977.289.623
Accumulated depreciation	(96.434.921)	(144.823.625)
Net book value	**1.009.499.442**	**832.465.998**
Net book value at January 1	1.009.499.442	832.465.998
Additions	70.421.247	35.655.921
Transfers	-	(93.380)
Disposals	(1.500.157)	(2.297.384)
Currency translation differences	15.249.949	17.053.359
Current period depreciation	(49.677.015)	(39.270.932)
Net book value at September 30	**1.043.993.466**	**843.513.582**
As of September 30		
Cost	1.174.855.453	1.010.554.780
Accumulated depreciation	(130.861.987)	(167.041.198)
Net book value	**1.043.993.466**	**843.513.582**

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

16. Intangible assets

The movement of intangible assets and relevant amortizations for the periods ended September 30, 2021 and September 30, 2020 is as follows:

	January 1, 2021	Addition	Disposal	September 30, 2021
Cost				
Rights	1.413.383	-	-	1.413.383
Other intangible assets (*)	6.889.304	410.991	-	7.300.295
Total	**8.302.687**	**410.991**	**-**	**8.713.678**
Accumulated Amortization				
Rights	565.174	70.640	-	635.814
Other intangible assets(*)	5.650.187	585.236	-	6.235.423
Total	**6.215.361**	**655.876**	**-**	**6.871.237**
Net Book Value	**2.087.326**			**1.842.441**

16. Intangible assets (continued)

	January 1, 2020	Addition	Disposal	September 30, 2020
Cost				
Rights	1.413.383	-	-	1.413.383
Other intangible assets (*)	6.093.280	259.444	(21.209)	6.331.515
Total	**7.506.663**	**259.444**	**(21.209)**	**7.744.898**
Accumulated Amortization				
Rights	470.987	70.640	-	541.627
Other intangible assets(*)	4.901.373	550.551	(19.951)	5.431.973
Total	**5.372.360**	**621.191**	**(19.951)**	**5.973.600**
Net Book Value	**2.134.303**			**1.771.298**

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

17. Assets held for sale

As of September 30, 2021 and December 31, 2020, the details of assets held for sale are as follows:

	September 30, 2021	December 31, 2020
Land(*)	7.092.470	14.955.848
Total	**7.092.470**	**14.955.848**

* 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.

The movement of non-current assets classified as held for sale for the years ended 30 June 2021 and 30 June 2020 is as follows:

	September 30, 2021	December 31, 2020
As of January 1	**14.955.848**	**14.955.848**
Sales	(7.863.378)	-
Total	**7.092.470**	**14.955.848**

18. Provisions for employee benefits, contingent assets and liabilities

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

	September 30, 2021	December 31, 2020
Bonus provisions	2.280.407	2.660.342
Lawsuit provisions	1.975.472	2.109.471
Total	**4.255.879**	**4.769.813**

As of 30 September 2021 and 30 September 2020, the movement of provision for litigation is as follows:

	2021	2020
January 1	**2.109.471**	**5.310.222**
Current period provision expenses (Note 23)	-	-
Payments	(133.999)	(164.500)
September 30	**1.975.472**	**5.145.722**

As of 30 September 2021 and 30 September 2020, the movement table for premium provision is as follows:

	2021	2020
January 1	**2.660.342**	**1.604.864**
Cancelled premiums	(400.000)	(629.494)
Current period provision expenses	2.280.407	2.940.357
Payments	(2.260.342)	(975.370)
September 30	**2.280.407**	**2.940.357**

18.2 Litigation and disputes

1) The ongoing litigations filed by the Group:

As of September 30, 2021 total amount of ongoing litigations and execution proceedings filed by the Group is TL 86.459.494 (December 31, 2020: TL 71.708.500). The Group has made an allowance amounting to TL 44.438.797 (December 31, 2020: TL 44.371.606) for the receivables regarding to the ongoing litigations and execution proceedings in progress.

2) The ongoing litigations filed against to the Group:

As of September 30, 2021, total amount of the ongoing litigations filed against to the Group is TL 2.810.593 (December 31, 2020: TL 2.734.312).

18. Provisions, contingent assets and liabilities (continued)

18.2 Litigation and disputes (continued)

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 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 Urbanization 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 251.400 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, 2021 conciliation protocols signed with parties for USD 9.160.033 of USD 9.540.295 for penalty determined and USD 6.224.533 has been fully paid for USD 9.160.033. For the remaining balance, provision amounting to TL1.417.410 has been made in the consolidated financial statements as of September 2021.

Cleaning operations in the port area were completed in 2017 and commercial activity continues uninterruptedly.

18. Provisions, contingent assets and liabilities (continued)

18.3 Pledges and guarantees given/received

1) CPMBs given

Collaterals, pledges, mortgages, bills given by the Company (TL)	September 30, 2021	December 31, 2020
A. Total amount of CPMB's given in the name of its own legal personality	6.837.273.341	5.774.124.226
B. Total amount of CPMB's given on behalf of the fully consolidated companies **(1)**	281.576.591	224.497.450
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.	-	-
	7.118.849.932	**5.998.621.676**

The ratio of total CPMB's given by the Company to the Group's total equity is 0% as of September 30, 2021 (December 31, 2020 - 0%).

(1) Bills of guarantees given in accordance with loan agreement.

As of September 30, 2021 and December 31, 2020 the details of the CPMB given by the Group are listed below;

					September 30, 2021
	Foreign currency US Dollar	**Foreign currency Euro**	**Foreign currency TL equivalent**	**TL amount**	**Total TL**
Bill of guarantee	343.765.040	165.931.250	4.751.349.322	2.085.924.019	6.837.273.341
Letter of guarantee	10.000.000	7.373.127	164.475.741	116.860.850	281.336.591
Guarantee checks	-	-	-	240.000	240.000
Total	**353.765.040**	**173.304.377**	**4.915.825.063**	**2.203.024.869**	**7.118.849.932**

					December 31, 2020
	Foreign currency US Dollar	**Foreign currency Euro**	**Foreign currency TL equivalent**	**TL amount**	**Total TL**
Bill of guarantee	348.750.000	167.431.250	4.068.203.332	1.705.920.894	5.774.124.226
Letter of guarantee	10.000.000	4.631.500	115.125.089	109.132.361	224.257.450
Guarantee checks	-	-	-	240.000	240.000
Total	**358.750.000**	**172.062.750**	**4.183.328.421**	**1.815.293.255**	**5.998.621.676**

18. Provisions, contingent assets and liabilities (continued)

18.3 Pledges and guarantees given/received (continued)

2) CPMBs received

					September 30, 2021
	Foreign currency US Dollar	Foreign currency Euro	Foreign currency TL equivalent	TL amount	Total TL
Letter of guarantee	44.500	9.064.388	93.879.087	46.238.674	140.117.762
Mortgages	-	-	-	16.032.555	16.032.555
Guarantee notes	100.000	27.300	1.165.889	3.200.000	4.365.889
Total	**144.500**	**9.091.688**	**95.044.976**	**65.471.229**	**160.516.205**

					December 31, 2020
	Foreign currency US Dollar Amount	Foreign currency Euro Amount	Foreign currency TL equivalent	TL amount	Total TL
Letter of guarantee	-	9.051.000	81.530.503	9.276.874	90.807.377
Mortgages	-	-	-	14.217.555	14.217.555
Guarantee notes	100.000	27.300	979.966	3.200.000	4.179.966
Total	**100.000**	**9.078.300**	**82.510.469**	**26.694.429**	**109.204.898**

19. Employee benefits

Short term payables for employee benefits

	September 30, 2021	December 31, 2020
Payables to personnel	4.186.079	-
Social security premiums payable	2.651.350	2.821.347
Taxes and funds payable	1.648.163	1.491.130
Total	**8.485.592**	**4.312.477**

Long term provisions for employee benefits

Long term employee benefits	September 30, 2021	December 31, 2020
Provisions for employee termination benefits	16.431.922	13.735.562
Provisions for unused vacation pay	2.424.867	1.861.263
Total	**18.856.789**	**15.596.825**

Provision for employee termination benefits

In accordance with existing social legislation in Turkey companies are required to make lump-sum payment to employees whose employments are terminated due to retirement or for reasons other than resignation or misconduct except the ones who are subject to press regulations. In addition, under the existing Social Security Law numbered 506, Clause 60 of which was amended by the Labor Laws dated March 6, 1981, Numbered 2422 and dated August 25, 1999, Numbered 4447, companies are also required to pay legal severance payments to each employee who has earned the right to retire by receiving severance payments.

19. Employee benefits (continued)

The severance payment for each year of service is one-month salary and this amount is limited to a maximum of TL 8.284,51 as of September 30, 2021 (December 31, 2020: TL 7.117,17).

The severance payment liability is not legally subject to any funds.

The severance payment liability is calculated based on the estimation of the present value of the Group's potential future liability arising from the retirement of the employees. IAS 19, in line with the "Employee Benefits", requires the entity to develop its liabilities within the context of the defined benefit plans using actuarial valuation methods. In accordance with this, the actuarial assumptions used for the calculation of the total liabilities are defined below:

The main assumption is to increase the maximum liabilities for each service year parallel to the inflation. Therefore, applied discount rate represents the expected real rate, which is adjusted for inflation effects. As of September 30, 2021, provisions in the attached financial tables are calculated by estimating the present value of the potential future liability, which stems from the retirement of the employees. As of September 30, 2021, the provisions are calculated by 3,96% real discount rate (December 31, 2020: 3,89% real discount rate) based on the assumption of an annual 8,50% inflation rate and 12,8% discount rate. The estimated severance payment amount, which is not paid due to the voluntary resignations and that remains with the Group, is also taken into consideration. The probability of continuing to work on average is calculated as 95,59% (December 31, 2020: 94,20%) for the calculation of Group's severance payment liability and discounted severance payment provisions are calculated based on this rate.

Polisan Hellas SA reserves have been calculated assuming an annual inflation rate of 1,50% and a discount rate of 0,30%.

The movement of the severance payment provision of the Group for the periods ended September 30, 2021 and September 30, 2020 is as follows:

	2021	2020
January 1	**13.735.562**	**11.937.437**
Payments	(5.768.496)	(2.505.276)
Interest cost	1.090.722	985.406
Current service cost	1.538.789	880.416
Actuarial loss	5.835.345	1.784.956
September 30	**16.431.922**	**13.082.939**

20. Other assets and liabilities

As of September 30, 2021 and December 31, 2020, the Group's other current assets are as follows:

	September 30, 2021	December 31, 2020
Other current assets		
Deferred VAT	23.356.488	16.861.335
Other assets	1.448.131	425.926
Total	**24.804.619**	**17.287.261**

As of September 30, 2021 and December 31, 2020, the Group's other current liabilities are as follows:

	September 30, 2021	December 31, 2020
Short term other liabilities		
Accrued expenses	7.009.333	2.032.696
Taxes payable	4.321.942	1.493.094
Other	1.180.924	-
Total	**12.512.200**	**3.525.790**

21. 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 September 30, 2021 and December 31, 2020 the Group's ownership structure is as follows:

	September 30, 2021		December 31, 2020	
	Share (%)	**Amount**	**Share (%)**	**Amount**
Mehmet Emin Bitlis	22,72	172.354.218	23,32	176.854.218
Ahmet Ertuğrul Bitlis	22,72	172.354.465	22,72	172.354.465
A.Melike Bitlis (Bush)	8,56	64.916.770	8,56	64.916.770
Ahmet Faik Bitlis	8,41	63.768.770	8,41	63.768.770
Fatma Nilgün Kasrat	8,41	63.768.770	8,41	63.768.770
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 (*)	21,64	164.151.657	21,05	159.651.655
	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 30 September 2021, the Group's shareholders hold 6,45% of the shares in the publicly traded shares. (As of 31 December 2020 Group's shareholders hold 5,85% of public shares).

21. 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

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 beared 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.

Partnerships, distribute dividends within the framework of the dividend policies to be defined by and upon the decision of their General Assemblies in accordance with the provisions of the legislation. According to the aforementioned communique, there is no minimum distribution rate that has not been determined for the publicly traded companies. Partnerships distribute dividends in the manner specified in their Articles of Association and Dividend Policies. Additionally, the dividends may be paid in instalments of equal or different amounts and the companies are able to distribute cash dividend in advance from the profits recorded on their interim financial reports.

Unless the legal reserves are set aside required by the TCC and the dividend is reserved for the shareholders defined by the Articles of Association and Dividend Policy; no decision can be made to set aside other reserves, to transfer profits for the next year and to distribute profits to the owners of dividend shares, board members, employees, and people other than the shareholders and also unless the dividend to be paid out to shareholders is redeemed, dividends cannot be distributed to the people aforementioned.

Equity inflation adjustment differences and carrying value of the extraordinary reserves can be used in capital increase through bonus shares, distribution of cash dividends or offsetting loss. However, equity inflation adjustment differences will be subject to the corporate tax in case they are used in cash dividend distribution.

In the Resolution of the Board of Directors dated April 1, 2021; It is decided to pay dividend from net distributable profit of TL 10.000.000 after deducting TL 1.095.673 from the first legal reserve and adding TL 841.825 from the consolidated profit calculated in accordance with CMB Communiqué Serial II, 14.1. (2020 - TL 6.000.000).

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. Equity impacts related to acquisition amounting to TL 208.011.543 and TL 716.289, which are the differences between acquisition cost of shares and book value of net assets at a ratio of acquired share of partnership, is recognized under "Other Reserves" account in consolidated statement of changes in equity.

22. Sales and cost of sales

Details regarding to sales and cost of sales for the periods ended September 30, 2021 and September 30, 2020 are as follows:

	January 1-September 30, 2021	January 1-September 30, 2020	July 1 – September 30, 2021	July 1 – September 30, 2020
Domestic sales	1.008.665.523	566.359.078	390.800.935	223.770.671
- Chemical products	*870.351.194*	*448.903.859*	*342.212.211*	*181.221.932*
- Port	*128.213.790*	*110.430.674*	*44.674.215*	*40.121.066*
- Services	*9.304.707*	*6.477.354*	*3.555.065*	*2.233.999*
- Real estate	*795.832*	*547.191*	*359.444*	*193.674*
Export sales	298.223.534	186.597.862	125.511.898	61.686.235
- Chemical products	*232.037.828*	*128.355.543*	*102.513.434*	*40.966.954*
- Port	*66.185.706*	*58.242.319*	*22.998.464*	*20.719.281*
Gross sales	**1.306.889.057**	**752.956.940**	**516.312.833**	**285.456.906**
Sales returns	(4.265.989)	(1.176.466)	(760.358)	(491.659)
Sales discounts	(296.078)	-	(263.278)	-
Other discounts	(806.331)	(800.414)	(83.635)	(70.693)
Sales deductions (-)	**(5.368.398)**	**(1.976.880)**	**(1.107.271)**	**(562.352)**
Net sales	**1.301.520.659**	**750.980.060**	**515.205.562**	**284.894.554**

Cost of sales	January 1-September 30, 2021	January 1-September 30, 2020	July 1 – September 30, 2021	July 1 – September 30, 2020
Direct raw materials and supplies expenses	791.975.469	434.954.951	329.435.516	156.838.886
Direct labor cost	16.135.843	11.633.529	5.349.490	4.403.197
General production overheads	90.000.516	65.135.536	34.603.467	24.543.461
Depreciation and amortization	10.285.249	9.734.529	3.412.534	3.312.664
Changes in work in process inventory				
- Opening inventories	6.186.589	5.009.003	-	-
- Closing inventories	(9.405.391)	(4.732.283)	172.055	853.995
Changes in finished goods inventory				
- Opening inventories	33.150.326	46.202.837	-	-
- Closing inventories	(22.629.827)	(61.004.163)	6.230.067	(788.647)
Cost of goods sold	**915.698.774**	**506.933.939**	**379.203.129**	**189.163.556**
- Opening inventories	726.356	632.466	-	-
- Purchases during the period	10.611.352	6.378.503	253.587	1.094.496
- Closing inventories	(1.187.554)	(1.193.615)	794.202	49.464
Cost of merchandise sold	**10.150.154**	**5.817.354**	**1.047.789**	**1.143.960**
Depreciation and amortization	32.632.548	25.368.088	6.951.389	7.596.415
Personnel expenses	51.688.681	39.702.102	30.313.316	23.690.342
Other service expenses	38.702.842	28.575.207	6.955.006	3.258.886
Cost of services rendered	**123.024.071**	**93.645.397**	**44.219.711**	**34.545.643**
Cost of other sales	**1.498.724**	**1.577.195**	**609.189**	**699.777**
Total cost of sales	**1.050.371.723**	**607.973.885**	**425.079.818**	**225.552.936**

23. Expenses by nature

	January 1-September 30, 2021	January 1-September 30, 2020	July 1 – September 30, 2021	July 1 – September 30, 2020
Personnel expenses				
General administrative expenses	37.265.846	29.763.983	9.708.600	9.938.908
Cost of services rendered	32.632.548	25.368.088	11.257.183	9.356.328
Cost of goods sold	16.135.842	11.633.528	5.349.490	4.403.196
Marketing expenses	5.203.509	4.928.815	1.682.585	1.647.515
Research and development expenses	4.063.460	3.078.743	1.326.080	1.107.115
Total	**95.301.205**	**74.773.157**	**29.323.938**	**26.453.062**

	January 1-September 30, 2021	January 1-September 30, 2020	July 1 – September 30, 2021	July 1 – September 30, 2020
Depreciation and amortization expenses				
Cost of services rendered	38.702.842	28.575.207	13.021.683	10.803.534
Cost of goods sold	10.285.249	9.734.529	3.412.534	3.312.664
General administrative expenses	6.538.075	6.143.827	1.997.158	2.271.615
Marketing expenses	1.236.214	1.307.507	447.378	413.786
Research and development expenses	269.944	198.644	89.822	59.384
Total	**57.032.324**	**45.959.714**	**18.968.575**	**16.860.983**

24. Other income and expenses from operations

The Group's other income and expenses from operations for the periods ended September 30, 2021 and September 30, 2020 are as follows:

	January 1-September 30, 2021	January 1-September 30, 2020	July 1 – September 30, 2021	July 1 – September 30, 2020
Other income from operations				
Foreign exchange gains	8.792.604	8.407.180	(108.339)	4.683.932
Provisions no longer required (Note 7)	3.249.153	3.925.647	837.831	137.659
Scrap sales	2.725.494	1.491.441	1.223.916	303.859
Rent income	1.468.123	1.067.992	493.866	357.987
Insurance income	1.181.930	444.128	115.509	13.358
Incentive income	820.606	254.267	328.916	23.690
Deferred financial income	219.620	-	(9.200)	-
Lawsuit income (*)	-	9.730.978	-	497.584
Other	3.060.254	2.225.578	209.649	1.168.731
Total	**21.517.784**	**27.547.211**	**3.092.148**	**7.186.800**
Other expenses from operations				
Foreign exchange losses	12.221.145	10.272.581	1.060.161	5.519.363
Allowance for doubtful receivables (Note 7)	3.316.344	4.659.477	(1.976.789)	352.993
Provision for inventory impairment (Note 9)	448.129	1.318.941	196.272	161.422
Other	1.717.359	325.661	729.151	(361.604)
Total	**17.702.977**	**16.576.660**	**8.795**	**5.672.174**

(*) Polisan Hellas has filed a lawsuit for the tax they have paid for their loans to be used in Turkey in 2020, it has been finalized in favor of the company income amounting to TL 9.233.394 was recorded in the financial September 30, 2020.

25. Income and expenses from investment activities

The Group's income and expenses from investment activities for the periods ended September 30, 2021 and September 30, 2020 are as follows:

	January 1-September 30, 2021	January 1-September 30, 2020	July 1 – September 30, 2021	July 1 – September 30, 2020
Income from investment activities				
Gain on sale of investment property	32.103.777	285.000	-	285.000
Interest income	5.807.899	2.437.824	1.342.101	932.794
Gain on sale of fixed assets	34.072	569.561	7.418	19.403
Other	-	159.247	-	159.247
Total	**37.945.748**	**3.451.632**	**1.349.519**	**1.396.444**

	January 1-September 30, 2021	January 1-September 30, 2020	July 1 – September 30, 2021	July 1 – September 30, 2020
Expenses from investment activities				
Comission expenses	2.887.504	-	-	-
Loss on sale of fixed assets	326.113	156.018	321.492	15.465
Loss on sale of investment properties	23.598	-	-	-
Total	**3.237.215**	**156.018**	**321.492**	**15.465**

26. Financial income and expenses

The Group's financial income and expense for the periods ended September 30, 2021 and September 30, 2020 are as follows:

	January 1-September 30, 2021	January 1-September 30, 2020	July 1 – September 30, 2021	July 1 – September 30, 2020
Financial income				
Foreign exchange gains	34.196.241	55.156.588	3.749.231	32.518.338
Derivative instruments income	383.677	-	120.563	-
Total	**34.579.918**	**55.156.588**	**3.869.794**	**32.518.338**

	January 1-September 30, 2021	January 1-September 30, 2020	July 1 – September 30, 2021	July 1 – September 30, 2020
Financial expenses				
Foreign exchange losses	39.478.124	91.670.823	1.262.673	50.818.144
Interest expenses	26.155.294	20.771.598	8.807.482	7.419.673
Bank charge and POS expenses	3.220.647	1.377.513	1.192.575	740.639
Letter of guarantee commission expenses	1.649.113	1.104.771	562.581	214.652
Total	**70.503.178**	**114.924.705**	**11.825.311**	**59.193.108**

27. Taxes on income (including deferred tax assets and liabilities)

Corporate tax

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

In Turkey, the corporate tax rate is 25%. However, in accordance with Corporate Tax Law, 23% corporate tax rate will be applied to the profits of the entities, related to their to 2022 tax period and 20% for next periods. 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 25% (will be applied as 23% for 2022 and 20% for 2023 and later 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% (2020: 23% -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.

15% withholding applies to dividends distributed by resident real persons, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations (excluding those that acquire dividend through a permanent establishment or permanent representative in Turkey) and non-resident corporations exempted from income and corporation tax.

Turkish tax legislation does not allow for parent company and consolidated companies to fill out a consolidated tax return. Therefore, tax provisions reflected in consolidated financial statements have been separately calculated on the company basis.

27. Taxes on income (including deferred tax assets and liabilities) (continued)

Current year tax expense and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In such case, the tax is also recognised 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 Company 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 23% for 2022, and 20% for 2023 and next tax periods) over profits declared for interim periods in order to be deducted from the final corporate tax.

As of September 30, 2021 and December 31, 2020, 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 2018, 22% tax rate is used in the deferred tax calculation of 31 December 2018 for the temporary differences expected to be realized/closed within 3 years (for the year 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.

27. Taxes on income (including deferred tax assets and liabilities) (continued)

Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements in accordance with TAS/TFRS and its statutory tax financial statements. These differences usually arise from the recognition of some revenue and expense items in different reporting periods for TAS / TFRS and tax purposes and these differences are given below. The tax rate used for the calculation of deferred tax asset and liabilities is 22% as of September 30, 2021 and December 31, 2020.

	September 30, 2021		December 31, 2020	
	Cumulative differences	**Asset/ (liability)**	**Cumulative differences**	**Asset/ (liability)**
Property, plant and equipment and intangible assets	850.820.324	(159.975.209)	846.982.847	(165.407.207)
Deferred finance income	369.831	(92.458)	150.211	(30.042)
Provision for employee termination benefits	(16.431.922)	3.286.384	(13.735.562)	2.747.112
Unused vacation pay liability	(2.424.867)	484.973	(1.861.263)	372.253
Allowance for doubtful receivables	(12.260.825)	3.001.048	(10.473.525)	2.170.608
Adjustment for inventories	(2.436.498)	563.372	(2.899.568)	688.923
Tax losses carry forwards	(18.549.859)	831.826	(95.862.148)	20.944.099
Income from investment incentive and R&D discount (*)	(232.335.671)	54.227.904	(254.619.711)	51.934.712
Litigation provision	(1.975.472)	395.093	(2.109.471)	421.893
Other	6.496.784	(1.299.263)	(13.484.812)	2.726.464
Deferred tax liability, net		**(98.576.329)**		**(83.431.185)**
Deferred tax asset		11.910.960		14.102.041
Deferred tax liability		(110.487.289)		(97.533.226)
Deferred tax liability, net		**(98.576.329)**		**(83.431.185)**

(*) The Group's subsidiaries has seven 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), Polisan Kimya Adana facilities (A/127763) and Polisan Kimya new Resin Plant incentive (515368).

27. Taxes on income (including deferred tax assets and liabilities) (continued)

The Group's deferred tax assets/liabilities' movement is as follows;

	2021	2020
January 1	**(83.431.185)**	**(55.771.133)**
Tax effect of tangible asset sale	3.830.813	-
Tax expenses for continuing operations	(20.495.203)	1.787.786
Deferred tax effect of actuarial gain	1.167.069	356.991
Currency translation differences	352.177	2.307.124
September 30	**(98.576.329)**	**(51.319.232)**

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

Tax expenses/(income)	**2021**	**2020**
Tax expense for the period	(9.628.200)	(7.409.609)
Deferred tax income	(20.495.203)	1.787.786
Total	**(30.123.403)**	**(5.621.823)**

28. Earnings per share

The calculation of earnings per share is based on net profit attributable to equity holders of the parent divided by weighted average number of ordinary shares outstanding during the period. As of September 30, 2021 and as of September 30, 2020, Group's earnings per share are as follows:

	2021	2020
Profit of continuing operations for the period/(parent)	124.844.908	47.289.417
Weighted average of ordinary shares issued	758.500.000	758.500.000
-Earnings per share for continuing operations	0,165	0,062
Earnings per share	**0,165**	**0,062**

29. Related party disclosures

a) Key management compensation

Total amount of wage and similar benefits paid to the top management is TL 4.157.267 for the period ended September 30, 2021 (September 30, 2020: TL 3.868.480). Board members, general manager and deputy general managers are defined as key management by the Group.

b) Due from related parties

	September 30, 2021	December 31, 2020
Trade receivables from related parties		
Polisan Kansai Boya (*)	7.199.512	5.144.799
Rohm and Haas (**)	2.711.656	1.776.046
Şark Mensucat Fabrikası A.Ş. (***)	1.697.337	1.595.539
Polar Teknoloji Yatırım A.Ş. (***)	16.787	-
Total	**11.625.292**	**8.516.384**

c) Due to related parties

	September 30, 2021	December 31, 2020
Trade payables to related parties		
Polisan Kansai Boya(*)	574.573	126.132
Total	**574.573**	**126.132**

	September 30, 2021	December 31, 2020
Other payables to related parties		
Kansai Paint Co. Ltd. (****)	-	7.374.816
Total	**-**	**7.374.816**

(*) Joint venture
(**) Associate
(***) Company owned by the main shareholders
(****) Shareholder of the company's joint venture

29. Related party disclosures (continued)

d) Sales / purchases transaction with related parties

Purchases

	January 1 – September 30, 2021			January 1 – September 30, 2020		
	Polisan Kansai Boya(*)	Şark Mensucat Fabrikası A.Ş. (***)	Rohm and Haas(**)	Polisan Kansai Boya(*)	Şark Mensucat Fabrikası A.Ş. (***)	Rohm and Haas(**)
Service	485.705	-	-	752.978	-	-
Raw material and finished goods	322.311	-	-	296.522	-	-
Rent	-	-	-	3.895	-	-
Total	**808.016**	**-**	**-**	**1.053.395**	**-**	**-**

Sales

	January 1 – September 30, 2021			January 1 – September 30, 2020		
	Polisan Kansai Boya(*)	Şark Mensucat Fabrikası A.Ş. (***)	Rohm and Haas(**)	Polisan Kansai Boya(*)	Şark Mensucat Fabrikası A.Ş. (***)	Rohm and Haas(**)
Service	11.099.118	2.120.495	11.853.078	6.392.883	2.618.933	8.868.107
Rent	409.500	14.877	-	358.875	13.248	
Finished goods	82.252	-	-	62.895	-	-
Exchange difference	-	-	-	-	-	
Carrying interest	-	-	32.969	-	-	19.684
Total	**11.590.869**	**2.135.372**	**11.886.047**	**6.814.653**	**2.632.181**	**8.887.792**

(*) Joint venture
(**) Associate
(***) Company owned by the main shareholders

As of September 30, 2021 there is no impairment on trade receivables from related parties (December 31, 2020: None).

30. Nature and level of risk derived from financial instruments

Financial risk management

The Group's finance department is responsible for the access to financial markets on a regular basis and for monitoring the financial risks through the reports analysing them based on their level and magnitude and managing the risks that the company is exposed to. Such risks contain market risk (exchange rate risk and interest rate risk), credit risk and liquidity risk.

The most important determinant of the Group's financing needs; the net working capital requirement, which is composed of the difference of the trade payables, trade receivables, and inventories, is provided by group's capital and short-term bank loans, if necessary. Since the distribution of trade receivables, payment terms and monitoring and controlling the credit quality have significant importance for risk management, the Group continuously monitors customer risks.

Exchange rate risk

The Group's foreign currencies denominated financial instruments are exposed to exchange rate risk as a result of exchange rate fluctuations. As of September 30, 2021 and December 31, 2020, the Group's foreign currency position is as follows:

				September 30, 2021
	TL Equivalent	**US Dollar**	**Euro**	**GBP**
1. Trade receivables	66.752.237	4.404.952	2.695.295	-
2a. Monetary financial assets (Including cash and banks balances)	203.561.636	14.168.310	7.588.637	135
2b. Non-monetary financial assets	-	-	-	-
3. Other	27.719	2.843	250	-
4. Current assets (1+2+3)	**270.341.592**	**18.576.104**	**10.284.182**	**135**
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)	**311.176.625**	**18.576.104**	**19.284.182**	**135**
10. Trade payables	143.730.523	7.909.816	7.153.890	-
11. Borrowings	132.270.638	-	12.825.000	-
12a. Monetary liabilities	-	-	-	-
12b. Non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	**276.001.161**	**7.909.816**	**19.978.890**	-
14. Trade payables	-	-	-	-
15. Borrowings	125.695.781	-	12.187.500	-
16 a. Other monetary liabilities	-	-	-	-
16 b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	**125.695.781**	-	**12.187.500**	-
18. Total liabilities (13+17)	**401.696.942**	**7.909.816**	**32.166.390**	-
19. Off-balance sheet derivative instruments net position (19a-19b)	-	-	**-**	-
19a. Total amount of hedged assets	-	-	-	-
19b. Total amount of hedged liabilities	-	-	**-**	-
20. Net foreign currency asset/(liability) position (9-18+19)	**(90.520.317)**	**10.666.288**	**(12.882.208)**	**135**
21. Net foreign currency monetary asset/(liability) (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(131.383.069)**	**10.663.446**	**(21.882.458)**	**135**

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

					December 31, 2020
	TL Equivalent	USD	EUR	GBP	Other
1. Trade receivables	58.529.297	5.962.840	1.638.458	-	-
2a. Monetary financial assets (Including cash, banks)	191.723.572	16.409.298	7.911.925	130	-
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	802	110	-	-	-
4. Current assets (1+2+3)	**250.253.671**	**22.372.248**	**9.550.383**	**130**	**-**
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)	**291.088.704**	**22.372.248**	**18.550.383**	**130**	**-**
10. Trade payables	75.873.852	4.492.982	4.754.167	6.845	-
11. Borrowings	120.837.792	-	13.414.646	-	-
12a. Monetary liabilities	-	-	-	-	-
12b. Non- monetary liabilities	-	-	-	-	-
13. Current liabilities (10+11+12)	**196.711.644**	**4.492.982**	**18.168.813**	**6.845**	**-**
14. Trade payables	-	-	-	-	-
15. Borrowings	163.289.496	-	18.127.366	-	-
16 a. Other monetary liabilities	-	-	-	-	-
16 b. Other non- monetary liabilities	-	-	-	-	-
17. Non-current liabilities (14+15+16)	**163.289.496**	**-**	**18.127.366**	**-**	**-**
18. Total liabilities (13+17)	**360.001.140**	**4.492.982**	**36.296.179**	**6.845**	**-**
19. Off-balance sheet derivative instruments net position (19a-19b)	**-**	**-**	**-**	**-**	**-**
19a. Derivative assets	-	-	-	-	-
19b. Derivative liabilities	**-**	**-**	**-**	**-**	**-**
20. Net foreign currency position (9-18+19)	**(68.912.436)**	**17.879.266**	**(17.745.796)**	**(6.715)**	**-**
21. Net foreign currency position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(109.748.271)**	**17.879.156**	**(26.745.796)**	**(6.715)**	**-**

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

Sensitivity analysis;

As of September 30, 2021 and December 31, 2020 the Group's profit before tax and shareholders' equity would be higher/lower as presented by the amounts below in case of a consequently 10% and 10% increase or decrease in the foreign currency, with all other variables held constant.

As of September 30, 2021	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 US Dollar against TL				
1- US Dollar net asset/liability	9.430.005	(9.430.005)	-	-
2- US Dollar hedged portion (-)	-	-	-	-
3- US Dollar net effect (1+2)	**9.430.005**	**(9.430.005)**	**-**	**-**
The impact of 10% increase/decrease of EURO against TL				
4- EURO net asset/liability	(22.568.473)	22.568.473	-	-
5- EURO hedged portion (-)	-	-	-	-
6- EURO net effect (4+5)	**(22.568.473)**	**22.568.473**	**-**	**-**
The impact of 10% increase/decrease of other foreign currencies against TL				
7- Other foreign currency net asset/liability	162	(162)	-	-
8- Other foreign currency hedged items (-)	-	-	-	-
9- Other foreign currency net effect (7+8)	**162**	**(162)**	**-**	**-**
Total (3+6+9)	**(13.138.307)**	**13.138.307**	**-**	**-**

As of December 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	13.124.195	(13.124.195)	-	-
2- USD hedged portion (-)	-	-	-	-
3- USD net effect (1+2)	**13.124.195**	**(13.124.195)**	**-**	**-**
The impact of 10% increase/decrease of EUR against TL				
4- EUR net asset/liability	(24.092.346)	24.092.346	-	-
5- EUR hedged portion (-)	-	-	-	-
6- EUR net effect (4+5)	**(24.092.346)**	**24.092.346**	**-**	**-**
The impact of 10% increase/decrease of other foreign currencies against TL				
7- Other foreign currency net asset/liability	(6.676)	6.676	-	-
8- Other foreign currency hedged items (-)	-	-	-	-
9- Other foreign currency net effect (7+8)	**(6.676)**	**6.676**	**-**	**-**
Total (3+6+9)	**(10.974.827)**	**10.974.827**	**-**	**-**

31. Financial instruments (fair value disclosures 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.

Judgment is necessarily required to estimate the fair value and to interpret market data. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

The following methods and assumptions are used in estimating the fair value of financial instruments 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 monetary items denominated in foreign currencies are translated into Turkish Lira by using period end exchange rates. Non-quoted financial assets are measured at cost.

Financial liabilities

Foreign currency monetary items are 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 are 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.

32. Other matters

Total donations and aids paid in the period between January 1 – September 30, 2021 is TL 721.305 (September 30, 2020 – TL 411.512).

33. Subsequent events

The Group transferred its shares of Polisan Maroc that was owned by 99%, which operates in the field of construction chemicals in Morocco, to Muhammet Kürşat Haddat, who is not a related party, on 5 October 2021 for a price of USD 216.833.