

POLISAN HOLDING
3Q 2017 Interim Operating Report

01.01.2017 – 09.30.2017 INTERIM OPERATING REPORT
PREPARED AS PER CAPITAL MARKET BOARD'S
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We are deeply saddened to have lost our founder, our boss, our Chairman, Our Almighty Plane Tree, our valuable elder Necmettin Bitlis. Mr. Bitlis founded Polisan by chasing his dreams and had his name written in golden letters among the veteran names of the Turkish Industry.

It will always be our highest priority to keep our visionary leader's values, on which he built our corporate culture and pass these values, which are Integrity, Transparency, Modesty, Reliability, Loyalty, Innovation, Respect to Human Health and Environment on to generations.

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POLISAN HOLDING: CEO LETTER



**Polisan Holding CEO
Erol Mizrahi**

We are deeply saddened to have lost Necmettin Bitlis; our founder, visionary leader, and our esteemed Chairman of Board of Directors, who never stopped chasing his dreams and has actively stood by his employees until his last days. As Polisan Holding, during this period when we recorded the highest revenue growth of all times, we feel bitter due to the loss of Mr. Bitlis, but we are trying to find consolation by continuing to take firm steps to turn Polisan into a world brand as he also wished. With the 5.1% growth rate announced in September, we rank the first among the OECD countries and third among the G-20. The growth rally pioneered by developed countries since the second half of 2016 and encouraging indicators from the European region signal to an accelerating flow of capital to developing countries in the days to come. Additionally, Turkey is expected to grow more than 5% by the end of 2017, through the contribution of domestic demand, credit expansion, tax reductions and steps that government has taken to encourage investments. As Polisan Holding, we recorded a quite strong financial performance both in the first nine months of 2017 and in the third quarter of the year compared to the same periods of the previous year on the back of both structural changes and measures to increase productivity, as well as f/x rate effects. We achieved this success although we have not yet seen the synergies stemming from our new foreign partnership, which we launched in a difficult year like 2016, and return of our investments that we have continued without any interruption. In 9M 2017, Polisan Holding's consolidated revenues increased by 65.0% to TRY 557.5 mln thanks to the restructuring activities focused on profitability and the contribution of the appreciating Euro on the revenues of chemical operations; as well as the positive impact of the strengthening US dollar on the revenues of port activities. Nominal EBITDA posted a robust growth at 27.1% to TRY78.4 mln, but EBITDA margin regressed down 4.2 p.p. to 14.1%. This was due to the fixed costs incurred by Poliport despite the decrease in dry cargo handled; as well as Polisan Kimya's increasing raw material costs and expenses related to the new construction chemicals facilities. Net profit in 9M 2017 increased by 32.1% compared to last year and realized as TRY60.5 mln despite the fact that there is a positive impact (TRY31 mln income from discontinued operations) attributable only to this period, related to the paint business, which is no longer consolidated. This was due to the decrease in net financial expenses as well as tax advantages of investment incentives.

In 3Q 2017, Polisan Kansai Boya grew its revenues by 53.4% compared to last year to TRY161.8 mln and its EBITDA by 96.4% to TRY27.6 mln. While we slowly begin to see the contribution of restructuring of our logistic centers, we continued our new facility investment at full speed. We aim to run trial tests by the end of the year at our new facility. After the facility becomes operational in 2018, we will start to gradually see the returns of this investment, which will carry us to the top of the world league in terms of profit margins by providing efficiency in production, labor, raw material, and energy. Meanwhile, we continue to work to create added value for our industry together with DOW, our world-wide partner in chemistry, and Kansai Paint, a pioneer in paint in the global arena.

At Poliport, contraction in dry cargo handled that was experienced in the first two quarters of the year due to declining coal imports compared to last year, changed its direction in the third quarter. Accordingly, Poliport's annual revenues increased by 19.6% to TL 37.1 mln while EBITDA margin exceeded 50.2%. We expect this trend to continue in the last quarter of the year and Poliport to realize its 2017 targets by the end of the year. We will start the construction of the tanks for additional 35,285 m³ capacity at Poliport in the days to come. We are planning to commission these tanks by the end of 2018. We also expect the Administration's final approval for the new jetty to be built.

In our chemical activities in Turkey, our revenues in this period increased by 68.4% compared to last year, reaching TRY70.0 million. Throughout 2017, our operational profitability was adversely affected due to the delay in the reflection of rising raw material costs on prices as well as increasing other operating costs on the back of f/x fluctuations. For this reason, our EBITDA margin declined to 6.3% in the third quarter. However, 9.2% recorded in the first nine months is considered quite a strong profitability for chemical operations. The erection of our construction chemicals facility in Morocco continues. We aim to have our new facility run by the end of November. Additionally, we are working on Polisan Maroc's shareholder structure so as to increase Polisan Kimya's share from 60% to 80%. At Polisan Hellas, PET operation in Greece, our product began to see strong demand in the Greek market. Our revenues increased by 76.0% compared to last year and came in at TRY81.8 mln. If there were no other operating expenses, EBITDA margin at 3.5% that we recorded in the third quarter, would have been 5%, which is the rational profitability levels for the sector. We are pleased to have achieved these profitability levels at this operation within a short period of time like three years. We continue our studies focused on profitable growth in Turkey and Greece chemical operations.

On the real estate front, as Polisan Yapı, out of 126 offices and 28 shops within the Z Office Project, we have sold 51 offices and shops, and leased 9 shops as of October 2017. DAP Yapı continues to work on the details of the other project, which we already agreed on. The Project will be spread on our ~180,000 m² land in Kurtköy, which is very close to the seaside, Sabiha Gökçen Airport, and Ankara-Istanbul high-speed railway route. With the revival of the economy, we expect to receive cash returns from both projects in the periods to come. As for Polisan Tarım, we carry out walnut plantation studies on our ~4.3 million square meter land bought in Balıkesir so far, and olive cultivation studies on our 2.4 million square meter land in Karacasu.

Due to continuing revenue growth above our expectations in the third quarter of 2017, we updated our consolidated revenue guidance for 2017, which we revised last quarter as above 45% levels, to above 50% levels. Although, we try to provide financing without bearing foreign exchange risk as much as possible except for that of our long term investment, other operating expenses exert a pressure on Polisan Kimya's profitability due to f/x fluctuations. Thus, we expect Polisan Kimya's EBITDA margin, which was realized at 18.0% last year, to come in at 10% levels. Consequently, we expect consolidated Holding EBITDA margin to be around 15%, instead of similar levels to that in 2016 (18.2%). As for the €35 mln capex requirement for the new facility investment amount of Polisan Kansai Boya, which is no longer consolidated into our financials, we have revised as €45 mln due to additional automation investments that will position our Company as a regional production hub. We hereby thank our shareholders, our employees, our business partners and our customers for their support.

POLİSAN HOLDİNG: CORPORATE PROFILE

Company Name	: Polisan Holding A.Ş.
Address (Headquarters)	: Dilovası Organize Sanayi Bölgesi 1. Kısım Liman Caddesi No : 7 Dilovası – KOCAELİ
Address (Branch)	: İçerenköy Mahallesi, Ali Nihat Tarlan Cad. No : 86 Ataşehir – İSTANBUL
Trade Registry Office and Number	: Gebze Ticaret Odası – 5769 / İstanbul Ticaret Odası – 615757
Subjected Legal Regulations	: Laws of Republic of Turkey
Telephone and Fax Number	: Tel. 00 90 216 578 56 00 ; Fax. 00 90 216 573 77 92
Internet Address	: www.polisanholding.com.tr
Capital	: TRY370,000,000
Registered Capital Ceiling	: TRY500,000,000
The Bourse/Market where shares are traded	: Bourse İstanbul (BIST) / Star Market
Date of Quotation on the Bourse	: May 24, 2012
Ticker Symbol	: POLHO
Independent Auditor	: Güney Bağımsız Denetim ve SMMM A.Ş.
Independent Auditor's address	: Eski Büyükdere Cad. Orjin Maslak No: 27 Maslak/Sarıyer 34398 İSTANBUL

POLISAN HOLDING: GROWS VIA NEW PARTNERSHIPS AND BUSINESS LINES



Holding Shareholder Structure	Share Amount (TRY)	Share Ratio (%)
Bitlis Family	328,291,143	%88.73
Other	10,507,500	%2.84
Float	31,201,357	%8.43
Total	370,000,000	%100.00



FOREIGN PARTNERSHIP

FOREIGN SUBSIDIARY

* The ratios in this graphic show Polisan Holding's share in the related subsidiary.

POLISAN HOLDING: MISSION, VISION & STRATEGIC PRIORITIES

OUR MISSION

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

OUR VISSION

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

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



OUR STRATEGIC PRIORITIES

Maximizing shareholder value through:

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

POLİSAN HOLDİNG: OPERATIONAL AREAS

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

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

Polisan Holding's subsidiaries' and Joint Venture (JV)'s operating activities are as follows:

Subsidiaries:

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

JV:

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

The Group's main operations are located in Turkey and it has a subsidiary located in Greece. The operations are gathered under the major segments below:

The production and sales of chemical materials,

The production and sales of final, bi-products supporting the planting and agricultural industries,

The production and sales of paint,

The production and sales of concrete chemicals,

Port, storage, and warehousing services,

Agriculture, growing and harvesting of every kind of plants,

Construction, building real estates, trading, imports, and commercial activities on this area,

Services (provided by Polisan Holding to Group companies such as accounting, finance, budgeting, healthcare, repair, maintenance, investment, human resources, etc.),

Plastic products; containers for beverage, water, drink, and food; production of Polyethylene Terephthalate (PET) resin and preform with a wide usage spectrum such as synthetic fiber.

Note: Information and development on Polisan Holding and its subsidiaries is available on the pages 9-19 of this Report.

3Q 2017 EVALUATION: POLISAN HOLDING - CONSOLIDATED

STRONG RESULTS SUPPORTED BY RECORD HIGH REVENUE GROWTH

TRY million	9M 2016	9M 2017	YoY (%)	3Q 2016	2Q 2017	3Q 2017	YoY (%)	QoQ (%)
Revenue	337.9	557.5	65.0%	115.9	195.8	198.6	71.3%	1.4%
EBITDA	61.7	78.4	27.1%	23.3	22.4	26.2	12.5%	17.1%
EBITDA Margin	18.3%	14.1%	-4.2 p.p.	20.1%	11.4%	13.2%	-6.9 p.p.	1.8 p.p.
Net Income/Loss	45.8	60.5	32,1%	1.9	25.5	18.7	n.m.	-26.4%

CONSOLIDATED FINANCIAL RESULTS

Polisan Holding recorded a strong financial performance both in the first nine months of 2017 and in the third quarter of the year compared to the same periods of the previous year. In 9M 2017, Polisan Holding's consolidated revenues increased by 65.0% to TRY 557.5 mln thanks to the restructuring activities focused on profitability and the contribution of the appreciating Euro on the revenues of chemical operations; as well as the positive impact of the strengthening US dollar on the revenues of port activities. Nominal EBITDA posted a robust growth at 27.1% to TRY78.4 mln, but EBITDA margin regressed down 4.2 p.p. to 14.1%. This was due to the fixed costs incurred by Poliport despite the decrease in dry cargo handled; as well as Polisan Kimya's increasing raw material costs, expenses of the new construction chemicals facilities, which became operational in Adana and Samsun in Turkey and established in Morocco abroad, as well as restructuring expenses of the Sales and Marketing teams of construction chemicals. Despite the positive impact of TRY31.0 mln income from discontinued operations recorded in 9M 2016 related to the paint operation, which is no longer consolidated as of 2016 year end, net profit in 9M 2017 increased by 32.1% compared to last year and realized as TRY60.5 mln. This stemmed from the diminishing net financial expenses as well as lower tax expenses due to investment incentives. Compared to 2Q 2017, due to the base effect caused by strong revenues recorded in the chemical operations as well as TRY11 mln reflected on 2Q 2017 Polisan Kimya revenues after the transfer of construction chemicals unit; Polisan Holding's consolidated revenues slightly increased by 1.4% compared to the previous quarter and realized as TRY198.6 mln. In the same period, EBITDA margin increased by 1.8 p.p. to 13.2%. This stemmed from the increase in the cargo handled by Poliport and as well as ability of Polisan Hellas to reflect rising raw material costs on consumer prices on time. Net income fictively decreased by 26.4% to TRY18.7 mln due to 1Q 2017's unutilized investment incentives, which were recorded as deferred tax income in 2Q 2017.

ACTUAL RESULTS AND FORWARD LOOKING EXPECTATIONS

In 9M 2017, Polisan Holding recorded higher revenues than its expectations due to higher efficiency and the positive f/x impact, particularly at chemical operations. Accordingly, Polisan Holding revised its year-end revenue guidance from above 40% for Polisan Kimya and above 45% for Polisan Hellas, to above 60% levels for both companies.

At Polisan Kimya, EBITDA margin was realized behind expectations as a result of the pressure on the Company's EBITDA caused by increasing raw material costs compared to last year and rising other operating expenses due to f/x fluctuations. Thus, Polisan Kimya's EBITDA margin expectation, which was previously similar to that in 2016 (18.0%), has been cut back to 10% levels.

In light of the aforementioned developments; Polisan Holding revised its consolidated revenue guidance for 2017 from above 45% to above 50% levels. Consolidated Holding EBITDA margin guidance has been revised to around 15%, instead of similar levels to that in 2016 (18.2%).

Additionally, €35 mln capex requirement for the new facility of Polisan Kansai Boya has been revised as €45 mln due to additional automation investments that will position the Company as a regional production hub.

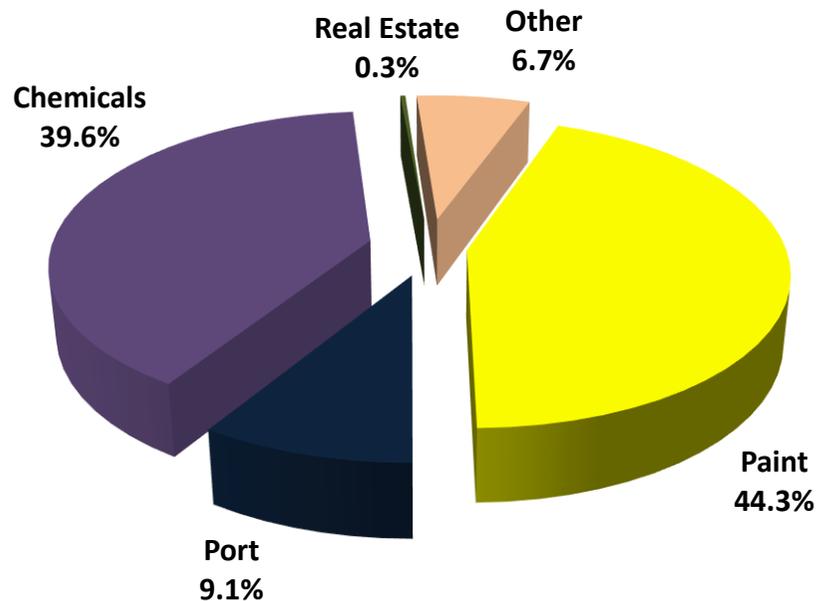
Detailed information on forward-looking expectations is available on page 18.

3Q 2017 EVALUATION: POLISAN HOLDING - COMBINED

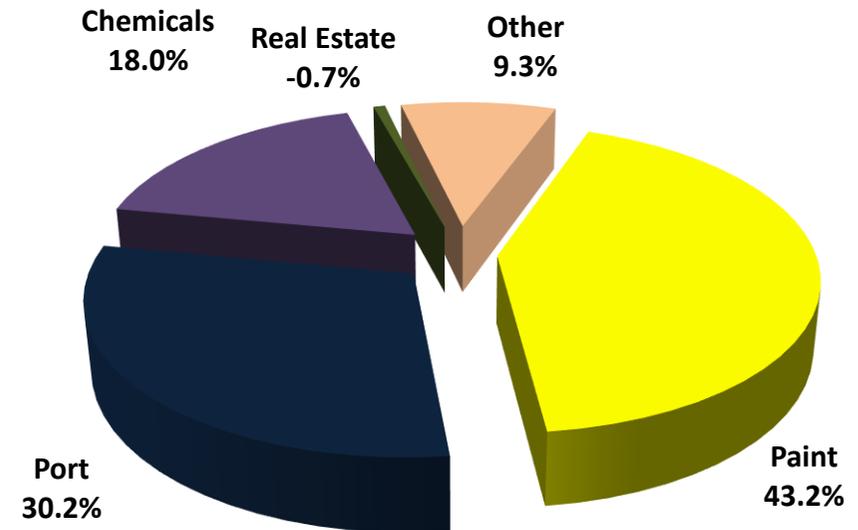
PROFITABILITY IS POISED TO ACCELERATE THROUGH INVESTMENTS

TRY million	9M 2016	9M 2017	YoY (%)	3Q 2016	2Q 2017	3Q 2017	YoY (%)	QoQ (%)
Revenue	854.7	1,142.7	33.7%	299.6	425.0	370.3	23.6%	-12.9%
EBITDA	140.1	161.0	14.9%	46.6	52.7	58.1	24.7%	10.4%
EBITDA Margin	16.4%	14.1%	-2.3 p.p.	15.6%	12.4%	15.7%	-0.1 p.p.	3.3 p.p.
Net Income/Loss	54.0	65.0	20.3%	9.0	28.5	19.7	118.0%	-30.9%

▶ 9M 2017 Combined Revenue Breakdown



▶ 9M 2017 Combined EBITDA Breakdown



3Q 2017 EVALUATION: POLİPORT

PROFITABILITY RISES DUE TO THE GROWTH IN CARGO HANDLED

TRY million	9M 2016	9M 2017	YoY (%)	3Q 2016	2Q 2017	3Q 2017	YoY (%)	QoQ (%)
Revenue	87.6	104.0	18.7%	31.0	33.5	37.1	19.6%	10.5%
EBITDA	43.1	48.6	12.9%	15.9	15.8	18.6	16.8%	18.1%
EBITDA Margin	49.2%	46.8%	-2.4 p.p.	51.4%	47.0%	50.2%	-1.2 p.p.	3.2 p.p.
Net Income/Loss	22.3	24.8	11.5%	8.9	11.8	8.8	-1.1%	-26.0%

• Poliport was founded in 1971 on the land rented from Kocaeli Revenue Office, General Directorate of National Real Estate. With its jetty, pier, embarkment, and warehousing facilities; Poliport is one of the largest ports, which is also the closest to Istanbul on the Anatolian side in Turkey. Kocaeli Port is also one of the largest and the most important ports of the European Union. It is located in the industrial zone where ~45% of Turkey's GDP is generated. Kocaeli Port has a 18% share in Turkey's foreign trade and 15% share in the total cargo handled. Located on a 160,000 m² land, Poliport is the only independent chemical storage terminal, which does not carry out merchandising, but gives storage, handling services for the products of the third parties and one of the few liquid storage terminals. Poliport is very close to strategic gateways as it is only 30 minutes away from Istanbul, 25 minutes from Sabiha Gökçen Airport, 400 meters from the new bridge, 1 kilometer from TEM (Trans-Europe) Motorway, 1.8 kilometers from D-100 Highway, and crossed by a railway. Operating on an area with a customs and eligible for import and every kind of transit trade practices, Poliport is the leader terminal of Kocaeli Port. Poliport has 3 main operational activities. Bulk liquid services, capturing 56% share in revenues, have the highest profitability. In 2016, total cargo handled stood at 1.5 million tons, composed of 60% chemicals and 40% petroleum products. Since 1990s, the world's largest manufacturers such as Dow, BASF, Bayer, and Shell are among the clients of Poliport. The annual handling capacity of the terminal is 2.5 million tons. Dry bulk and general cargo services constitute 32% of Poliport revenues. Dry bulk pier, which handled 3.3 mln tons of cargo in 2016, has an annual handling capacity of 5 million tons and the products mainly handled are coal, aluminum, different types of tin, iron, shaped tube, urea, grains, silica, and forestry products. Warehouse services constitute ~12% of Poliport's revenues. Through its website, Poliport provides with the opportunity to track the inventory and delivery of the products stored in A Type General Warehouses where it offers storage and logistic services located on a 44,500 square meter area. In 2016, cargo stored in A type warehouses was 582,200 tons.

In 9M 2017, 2,067,638 tons (9M 2016: 2,685,893 tons) handled at the dry bulk pier and 1,200,679 tons (9M 2016: 1,034,972 tons) handled at the terminal totaled 3,268,317 tons (9M 2016: 3,720,865 tons) representing a 12.2% decline compared to the cargo handled last year. During the same period, 297,869 tons (9M 2016: 457,615 tons) of cargo were stored in A type warehouses. Based on a ranking of operational profitability, starting with the highest margin, the share of bulk liquid storage, dry bulk, and warehouse services in revenues were realized at 60%, 27%, and 13%, respectively.

In 9M 2017, Poliport's revenues increased by 18.7% to TRY104.0 mln due to the rise in terminal handling prices indexed to US CPI and appreciating US dollar. This was despite decreasing dry cargo handled along with falling coal imports. The EBITDA margin was strong at 46.8% against a 2.4 p.p. fall, which stemmed from the fixed costs undertaken during times, in which the dry cargo handled deteriorated. On the back of decreasing tax expenses resulting from investment incentives, net income increased by 11.5% compared to last year to TRY24.8 mln.

Poliport's total cargo handled, which contracted by 31% in 1Q 2017 and by 15% in 2Q 2017 on an annual basis, bounced back in 3Q 2017, changing direction and increasing by 9% compared to last year. While TRY slightly appreciated against the US dollar compared to 2Q 2017, revenues increased by 10.5% to TRY37.1 mln and EBITDA margin rose 3.2 p.p. to 50.2% in 3Q 2017. Net income fictively decreased by 26.0% to TRY8.8 mln due to 1Q 2017's unutilized investment incentives, which were recorded as deferred tax income in 2Q 2017.

Having invested over \$250 million to date, Poliport further spent \$19 million in 2016, increasing its bulk liquid storage capacity from 200,000 cubic meters in 2015 to 237,000 cubic meters and the warehouse area to 44,500 square meters from 29,000 square meters. Poliport also plans to spend ~\$15 million in 2017 particularly for the tank investments. Turkey's foreign trade, Poliport's increasing capacity, and the expected synergies to be realized with Holding Companies are to generate business volume for Poliport and that contribute to the sustainability of the revenue growth and profitability trend.

3Q 2017 EVALUATION: POLİSAN KANSAI BOYA

Decorative segment captures a 60% share from the Turkish Paint Industry, which has an annual production capacity of 890,000 tons. Carrying out its operations particularly on decorative segment, Polisan Kansai Boya also operates in the area of furniture, marine, industrial groups, and insulation.

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

Polisan Kansai Boya launched Polipalette application in an attempt to offer the best service for its customers. Polipalette enables its customers to choose the ideal colors for their living spaces among thousands of color options, and proposed combination of colors presented to them, through their smart phones and tablets. With this application, customers can color their living spaces and then make their preferences depending on the result.

Polisan Kansai Boya continues the paint production and warehouse investment, which was initiated in 2016 on the 142,000 square meter land it owns in Gebze Chemical Specialization Organized Industrial Zone (“GEBKİM”). With this €45 million new facility (In 2016, €8 million and so far in 2017 €23 million has been spent.), which is planned to be completed in 2017 year end, the existing annual production capacity of 180,000 tons in three shifts, is to go up to 180,000 tons in one shift. The new facility will have the flexibility of producing 540,000 tons in three shifts without having to bear extra investment. (540,000 ton equals to Turkey’s current total decorative paint production.)



3Q 2017 EVALUATION: POLİSAN KANSAI BOYA

GROWTH DRIVERS: KANSAI PAINT PARTNERSHIP, NEW FACILITY, LOGISTIC CENTERS

TRY million	9M 2016	9M 2017	YoY (%)	3Q 2016	2Q 2017	3Q 2017	YoY (%)	QoQ (%)
Revenue	399.2	506.6	26.9%	105.4	184.2	161.8	53.4%	-12.1%
EBITDA	67.3	69.6	3.4%	14.1	24.0	27.6	96.1%	15.3%
EBITDA Margin	16.8%	13.7%	-3.1 p.p.	13.4%	13.0%	17.1%	3.7 p.p.	4.1 p.p.
Net Income/Loss	31.0	37.3	20.4%	-1.6	17.1	9.2	n.m.	-46.3%

The terrorist incidents taken place in Turkey throughout 2016 and the coup attempt in July, led to a vulnerability in the markets, also negatively affecting the Paint Sector in the second half of 2016. Polisan Kansai Boya has foreseen that the uneasiness in the market could lead to a potential collection problem in the days to come and accelerated the restructuring in logistic centers, mix and distribution systems. Within this context, in addition to the logistic centers established in Dilovasi, İzmir, Afyon, Muğla, Bursa and Samsun in 2016, logistic centers in Adana, Diyarbakır, Trabzon, Antalya, and Istanbul (European Side) were established in 2017. İzmir and Samsun Logistic Centers incorporate 2, while Diyarbakır and Adana Logistic Centers incorporate 4 distributors' warehouses within Polisan Kansai Boya.

In 9M 2017, Polisan Kansai Boya posted TRY506.6 mln in revenues with a 26.9% rise on the back of higher sales prices and volume compared to a year ago. Based on operational areas, in 9M 2017, paint, insulation, and auxiliary revenues increased 30.2%, 35.6%, and 39.6%, respectively. EBITDA margin decreased by 3.1 p.p. and realized at 13.7% on the back of increasing raw material cost and rising other operating expense. However, as a result of the declining tax expense due to investment incentives, net income increased 20.4% to TRY37.3 mln.

Polisan Kansai Boya, which has been affected by the negative conjuncture in Turkey in 3Q 2016, performed quite impressively in 3Q 2017 compared to last year. However, compared to 2Q 2017, which is the strongest quarter due to seasonality, sales revenues decreased by 12.1% to TRY161.8 million. Polisan Kansai Boya, which started to provide TRY based financing required for raw material purchases to minimize the impact of f/x on operational activities, saw its EBITDA margin increase by 4.1 p.p. to 17.1% due to diminishing other operating expense compared to the previous quarter. Net income decreased 46.3% to TRY9.2 mln as a result of increasing financial expenses.

After the transfer of Polisan Boya shares to Kansai Paint Co. Ltd., one of the leading paint manufacturers in Japan and among the top 10 in the world, Polisan Kansai Boya evaluates mutual synergies to be derived by means of this partnership. Initially, the Company plans to finalize its new facilities, which will be positioned as a regional hub, through €37 million investment (Total investment amount: €45 million) in 2017 and continue its operations without any capacity bottleneck. By doing so, Polisan Kansai Boya will be able to concentrate on the tenders (such as the recently attended airport and hospital tenders as well as road marking paint tender etc.) and new markets, which were not on its radar screen previously. Accordingly, Polisan Kansai Boya will provide savings in its operational costs due to the automation and economies of scale. In addition to its epimer paste system and unique tinting system, Polisan Kansai Boya also effectively uses its logistic centers so as to optimize its expenses. Polisan Kansai Boya is to continue its leading and profitable operations, by introducing innovations to the sector.

3Q 2017 EVALUATION: CHEMICAL ACTIVITIES



POLISAN KİMYA (Chemicals)

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

POLİSAN YAPI KİMYASALLARI (Construction Chemicals)

- Marketing and sales of:
 - Concrete and cement admixtures produced by Polisan Chemicals for the cement industry

Polisan Maroc SA

- International investment in Morocco
- The Company has been established
- 60% owned by Polisan Kimya and 40% by private entity
- Production and sales of concrete and cement admixtures
- The facility is expected to be operational at the end of November

ROHM & HAAS (DOW)

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

POLİSAN HELLAS

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

As of 31.03.2017, Polisan Yapı Kimyasalları A.Ş. has been transferred to Polisan Kimya Sanayii A.Ş. as a whole, with all of its assets and liabilities.

3Q 2017 EVALUATION: POLİSAN KİMYA

STRONG REVENUE GROWTH ON THE BACK OF ONGOING RESTRUCTURING

TRY million	9M 2016	9M 2017	YoY (%)	3Q 2016	2Q 2017	3Q 2017	YoY (%)	QoQ (%)
Revenue	116.4	210.4	80.7%	41.6	81.4	70.0	68.4%	-14.0%
EBITDA	15.5	19.3	24.3%	6.3	9.4	4.4	-30.6%	-53.1%
EBITDA Margin	13.3%	9.2%	-4.1 p.p.	15.2%	11.5%	6.3%	-8.9 p.p.	-5.2 p.p.
Net Income/Loss	-3.9	1.3	n.m.	-3.2	8.3	-0.1	n.m.	n.m.

The operating activity of Polisan Kimya is the production and sales of formaldehyde and formaldehyde resins, construction chemicals, and smart solution products (AUS 32-AdBlue® and Anti Freeze). Polisan Kimya is Turkey's first producer of formaldehyde resin, which can be used in the production of chip board, paper impregnation, MDF, and plywood. Turkey is the 5. largest consumer in the World's Board Industry, in which Formaldehyde Resin is used. Polisan Kimya is ranked in the 1. place in resin production, with a 40% market share. Besides, Polisan Kimya is Turkey's first AdBlue® manufacturer for the global giants such as Lukoil, BP, OMV, and Total. AdBlue® contributes to the environmental cleaning by decreasing NO_x exhaust gas emission by 80%. Polisan Kimya estimates that the Turkish AdBlue® market grew 32% in 2016 compared to a year ago and reached 120,000 tons and it is the market leader with a 16% share. At the end of 2015, Polisan Kimya added Organic and Inorganic Anti Freeze to its "Smart Solution" product line, which was initiated with AdBlue®. The products were offered to the market through AdBlue® distribution channel. With 107 million cubic meter Ready Mixed Concrete production, Turkey is ranked the 1. producer in Europe and the 3. in the world in 2015. Construction chemicals (concrete additives) market consists of 7 foreign and 12 domestic producers and Polisan Kimya targets to capture more than 10% share in this market. In February 2016, Polisan Kimya started to produce Poly Carboxylate Emulsion ("PCE"), which is the main input of hyper fluid manufactured in construction chemicals.

In 9M 2017, Polisan Kimya's sales totaled 131,659 tons (9M 2016: 82,000 tons); consisting of 47,106 tons (9M 2016:11,150 tons) construction chemicals, 14,987 tons (9M 2016: 14,952 tons) Smart Solution Products and 69,566 tons (9M 2016: 55,897 tons) formaldehyde and resins. In the same period, the share of formaldehyde, construction chemicals, smart solution products and other products in revenues were 57%, 31%, 6%, and 6%, respectively.

In 9M 2017; Polisan Kimya's revenues increased by 80.7% to TRY210.4 million due to the restructuring of construction chemicals as well as the increase in Formaldehyde and Resins sales, which were adversely affected by the conjuncture in 2016. (Please note, of this, ~TRY11 million stems from the transfer of Polisan Yapı Kimyasalları A.Ş. to Polisan Kimya as of March 31, 2017.) However, due to the increased raw material costs compared to last year as well as sales and marketing expenses related to the new construction chemicals facilities in Turkey and in abroad; and the fall in other operating income, EBITDA margin fell by 4.1 p.p. to 9.2%. But still, on the back of the robust growth in revenues and nominal profitability and the investment incentives, the Company recorded TRY1.3 mln net income in 9M 2017 as opposed to net loss of TRY3.9 mln in 9M 2016.

In 3Q 2017, despite the strong year on year revenue growth, profitability was pressurized due to the rising raw material costs as well as falling other operating income due to f/x fluctuations. Compared to the previous quarter, revenues decreased by 14.0% to TRY70.0 mln in 3Q 2017. This stemmed from the impact of TRY11 million recorded on revenues in 2Q 2017 as a result of the merger with the construction chemicals subsidiary. In the same period, on the back of diminishing other operating income, EBITDA margin shrank 5.2 p.p., realizing at 6.3%. Consequently, as opposed TRY8.3 mln net income recorded in the previous quarter, TRY0.1 mln net loss was recorded in 3Q 2017. This was due to 1Q 2017's unutilized investment incentives, which were recorded as deferred tax income in 2Q 2017 and higher financial expenses.

As a part of the measures taken to increase revenues and profitability in chemicals operations, Polisan Yapı Kimyasalları A.Ş. has been transferred to Polisan Kimya A.Ş. with the aim of a more effective process in the sales and marketing of concrete and cement admixtures, domestically and internationally. The new construction chemicals facilities became operational in Turkey, in Adana and Samsun, while the facility of Polisan Maroc SA established in Morocco in abroad, is expected to be operational at the end of November. Additionally, it is targeted to produce specific concrete additives to be used in underground railways, tunnels, and mines; developed by Polisan Kimya's R&D Center, which was certified in June 2017. In the long term, these products are planned to be produced and sold in North African, Asian and European markets along with the goal of the Company to be a global player. Besides, in the coming years, it is aimed to sell the PCE, which is currently produced as an input, to the companies that produce construction chemicals in Turkey, and to the international markets by utilizing the sales network of Polisan Holding subsidiaries. Not last but the least, the use of AdBlue for all vehicles comprising Euro 6 diesel engine to be manufactured as of September 2016 within the framework Euro 6 norms, is expected to grow the market. Accordingly, the demand, which is currently outside the city, is expected to begin shifting towards the city centers in the near future.

3Q 2017 EVALUATION: POLISAN HELLAS

PROFITABLE REVENUE GROWTH SUPPORTED BY STRONG DOMESTIC DEMAND

TRY million	9M 2016	9M 2017	YoY (%)	3Q 2016	2Q 2017	3Q 2017	YoY (%)	QoQ (%)
Revenue	137.4	241.7	76.0%	46.5	80.8	81.8	76.0%	1.3%
EBITDA	2.7	9.6	<i>n.m.</i>	1.8	1.0	2.9	60.4%	<i>n.m.</i>
EBITDA Margin	2.0%	4.0%	2.0 p.p.	3.9%	1.2%	3.5%	-0.4 p.p.	2.3 p.p.
Net Income/Loss	-1.3	4.6	<i>n.m.</i>	-0.2	-0.8	1.5	<i>n.m.</i>	<i>n.m.</i>

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

In 9M 2017, Polisan Hellas' revenues increased 76.0% compared to a year ago and realized as TRY241.7 million due to increasing sales volumes and depreciation of TRY against Euro. Polisan Hellas successfully manages the pressure on sales due to the economic environment in Greece and protection on the product, which restricts its sale in the Turkish market, through marketing strategy focusing on exports. Exports constituted ~29% of total sales during the period. Operational efficiency improved as a result of the reduction in the number of machine stoppages, and EBITDA margin rose by 2.0 p.p. to 4.0% while TRY4.6 million net income was recorded in the same period.

Polisan Hellas posted strong Year on Year revenue and nominal EBITDA growth in 3Q 2017. However, revenues grew only by 1.3% compared to last quarter and were realized at TRY81.8 mln due to the strong base effect in 2Q 2017. In the same period, EBITDA margin increased by 2.3 p.p. to 3.5% as a result of the Company's ability to reflect rising raw material costs on consumer prices on time despite higher raw material costs. Parallel to that, the Company recorded TRY1.5 million net income.

The protection on PET resin in the Turkish market is to be lifted gradually as of 2020-2021 period and that the product will be able to be sold in Turkey. This will be a factor that will further increase efficiency of Polisan Hellas.

3Q 2017 EVALUATION: POLİSAN YAPI

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

KAGITHANE Z OFFICE BUSINESS CENTER



KURTKOY PROJECT



Polisan Yapı had realized a flat for land basis project with DAP Yapı on its land in Kağıthane, which is İstanbul's 6. most densely populated district, going through a rapid urbanization process. The expertise value of 77 offices and 26 shops remaining from sales as of 2016 year end is ~TRY55 million.

Polisan Yapı signed an agreement on March 5, 2015 with DOP Yapı-DAP Yapı Joint Venture, for a project to be built on the land in Kurtköy. The land spreads on an approximately 180,000 m² area and it is very close to the TEM Motorway, E-5 Highway, Sabiha Gökçen Airport, and Ankara-Istanbul high-speed railway route.

OTHER ASSETS

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

The primary activities of Polisan Yapı İnşaat Taahhüt Turizm San. ve Tic. A.Ş. ("Polisan Yapı") are to engineer buildings and plants; to construct water channels, roads, bridges, dams, sewers and infrastructure facilities; to produce, market and trade construction and installation materials; to organize all kinds of domestic and international trips, and professional meetings for touristic, professional, and training purposes. The total expertise and market value of all real estates under Holding operations, except for the leased land, which is not owned by Poliport, is approximately TRY572* million.

KAGITHANE "Z OFFICE" BUSINESS CENTER PROJECT:

Situated on a total gross area of 10,683 m², Z Office Project is 42% owned by Polisan Yapı and 58% by DAP Yapı. Polisan Yapı received the ownership deeds for 126 offices and 28 shops that it owns in June 2014. Kentsel Hizmetler Yapı ve İşletme Sanayi Ticaret A.Ş. continue activities to sell and lease these offices and shops. As of October 2017, 51 shops and offices were sold and 9 shops were leased within the Z Office Project.

KURTKOY PROJECT:

DAP Yapı-DOP Yapı Joint Venture will own 66% of the land in Kurtköy, however will not pay any cash. But instead, it will build on a turnkey basis and deliver 34% of the independent units to Polisan Yapı in exchange for payment. DAP Yapı continues to work on the details of the project. The pace of growth resulting from the increase in Sabiha Gökçen Airport's traffic and easy access to be provided by the planned Kartal – Pendik – Kurtköy metro route is expected to increase the demand for the houses and the commercial estates in the region. Other business and tourism focused projects such as a fair, congress center, and techno-park are also expected to be on the agenda. The expertise value of the land as of 2016 year end is approximately TRY202 million.

3Q 2017 EVALUATION: POLİSAN TARIM

THE MINISTRY OF FORESTRY AND WATER AFFAIRS SUPPORTS WALNUT AND OLIVE PLANTATION THROUGH INCENTIVES.

WALNUT AND ALMOND

In Turkey, 73,230 tons of almonds were produced in 2014/5 period, and according to the 2016 figures, almond exports amounted \$66.4 million and imports amounted \$107.1 million. In the same period, 180,107 tons of walnuts were produced; walnut exports amounted to \$21.4 million and imports amounted \$172.8 million. Ministry of Forestry and Water Affairs supported these plants through action plans.

Target of Forestry and Water Affairs Ministry:

2013-16 Action Plan	5 million Walnut Seedlings
2013-17 Action Plan	8 million Almond Seedlings

OLIVE

As of 2015, there are approximately 172 million olive trees in Turkey, with a total production of approximately 1.7 million tons, of which 400,000 tons is edible and 1.3 million tons is for olive oil. Approximately 20,000 tons of olive oil is exported to an average of 90 countries including primarily the USA, Japan, Saudi Arabia, Iraq, and United Arab Emirates, while ~72,000 tons of edible olive is imported to an average of 65 countries including primarily Romania, Bulgaria, USA, Germany, and Iraq. According to the "Regulation on Afforestation and Erosion Control Services", which was published on the Official Gazette and became valid as of January 11, 2017, based on the approved applicable project of natural or legal persons, an incentive will be provided up to 25% of the total cost of the three year maintenance and project construction. The incentive is for the special plantation and nursery work to be carried out with the trees and shrub species, including walnut, almond, and olive trees located on the bad forest areas, treasury property, and lands owned by the state.

POLİSAN TARIM TARGETS TO LAY OUT THE TURKEY'S LARGEST WALNUT GARDENS AND CULTIVATE OLIVE.

Despite the eligible landscape of Turkey, which has been investing seriously on agriculture and stockbreeding sectors in recent years, there is a major amount of agricultural product on Turkey's portfolio of imported items. Having identified this, Polisan Holding decided to invest in agricultural sector in 2010.

Founded with that purpose, the business activity of Polisan Tarımsal Üretim Sanayi ve Ticaret A.Ş. ("Polisan Tarım") is to plant, produce, buy, and sell all kinds of organic and natural products; to obtain fresh and dry foods from all kinds of agricultural products; to grow all kinds of animals; to provide technology and consulting services on all kinds of agricultural issues; and to audit projects and investments.

The economic life of walnut and almond species is longer compared to the other plant types and the government provides with seedling, cultivation, irrigation, and fuel incentives to grow these trees. After having granted Seedling Producer Certification from the Kocaeli Directorate of Agriculture in 2011, Polisan Tarım grew walnut and almond seedlings on the plantations owned by Polisan Holding.

Polisan Tarım carries out walnut plantation studies on the 4.3 million square meter agricultural land it has so far bought in Balıkesir.

Besides, Polisan Tarım aims to do olive cultivation on the 2.4 million square meter land purchased in Karacasu in previous years, and carries out land preparation studies for this purpose.

POLISAN HOLDING: 2016 RESULTS AND 2017 GUIDANCE

2016 ACTUAL

2017 TARGETS

2017 GUIDANCE

Annual Revenue Growth

TRY470 mln

**Poliport: TRY119 mln
Polisan Kimya: TRY166 mln
Polisan Hellas: TRY187 mln
Polisan Kansai Boya**:
TRY478 mln**

**Poliport: 20%
Polisan Kimya: over 60%
Polisan Hellas: over 60%
Polisan Kansai Boya: 30%**

More than 50% growth compared to 2016

Annual EBITDA Margin*

18.2%

**Poliport: 48.6%
Polisan Kimya: 18.0%
Polisan Hellas: 0.9%
Polisan Kansai Boya**:
14.2%**

**Poliport: Similar
Polisan Kimya: 10%
Polisan Hellas: A few point increase
Polisan Kansai Boya: A few point decrease**

Around 15%

Capex

TRY83 mln

**Poliport: \$19 mln
Polisan Kansai Boya**:
€8 mln**

**Poliport's capacity increase
New paint production facility**

**Poliport: \$15 mln
Polisan Kansai Boya: €37 mln**

POLISAN HOLDİNG: BOARD OF DIRECTORS & COMMITTEES

Holding's business and administration is being conducted by the Board of Directors consisting of nine members that were elected by the General Assembly and there are two independent members at the Board. Holding Board of Directors, perform and observe the duties that were assigned to them by the Turkish Commercial Code, Holding's Articles of Association, and the decisions taken on the Holding's General Assembly on these matters. As per the Holding's Articles of Association and pursuant to the related articles of the Turkish Commercial Code, the Board of Directors may partially transfer its duties, authorities, and power of attorney to a committee to be formed among its members or to an executive director or directors or to a manager or managers. The members of the Board of Directors elected and their duties assigned during the Ordinary General Assembly dated April 13, 2017 for 1 year until the next General Assembly commences, are as follows:

Name - Surname	Duty
Necmettin Bitlis*	Chairman
Mehmet Emin Bitlis*	Vice Chairman
Ahmet Faik Bitlis	Member
Ahmet Ertuğrul Bitlis	Member
Fatma Nilgün Kasrat	Member
Erol Mizrahi	Member
Ali Fırat Yemenciler	Member
Yahya Mehmet İzzet Özberki	Independent Member
Ahmet Temizyürek	Independent Member

AUDIT COMMITTEE

The duties of the Audit Committee established along with the Holding Board of Directors' decision dated May 4, 2012 are decided to continue as is based on the BoD decision dated June 24, 2014.

Name - Surname	Duty	Essence of the Board Membership
Ahmet Temizyürek	Audit Committee Chairman	Independent Board Member
Yahya Mehmet İzzet Özberki	Audit Committee Member	Independent Board Member

- Due to the loss of Mr. Necmettin Bitlis, who served as Chairman of the Board of Directors of Polisan Holding as well as Chairman of the Polisan Group Companies, on 23.10.2017, Mehmet Emin Bitlis will conduct his duties until the General Assembly of the year 2017.

POLISAN HOLDING: BOARD OF DIRECTORS & COMMITTEES

CORPORATE GOVERNANCE COMMITTEE

The members of the Corporate Governance Committee established along with the Holding's Board of Directors' decision dated May 4, 2012 were renewed based on the BoD decision dated June 24, 2014.

Name - Surname	Duty	Essence of the Board Membership
Yahya Mehmet İzzet Özberki	Corporate Governance Committee Chairman	Independent Board Member
Necmettin Bitlis*	Corporate Governance Committee Member	Chairman of Polisan Holding BoD
Burhan Kurt	Corporate Governance Committee Member	Investor Relations Manager

EARLY DETECTION OF RISKS COMMITTEE

Holding has established the Early Detection of Risks Committee along with the Board of Directors' decision dated June 24, 2014 and determined the committee members.

Name - Surname	Duty	Essence of the Board Membership
Ahmet Temizyürek	Early Detection of Risks Committee Chairman	Independent Board Member
Necmettin Bitlis*	Early Detection of Risks Committee Member	Polisan Holding Chairman

CANDIDATE NOMINATION COMMITTEE AND COMPENSATION COMMITTEE

Based on the Board of Directors' decision dated June 24, 2014, the Holding has decided not to establish Candidate Nomination Committee and Compensation Committee and carry out the duties of the aforementioned committees by the Corporate Governance Committee.

- Due to the loss of Mr. Necmettin Bitlis, who served as Chairman of the Board of Directors of Polisan Holding as well as Chairman of the Polisan Group Companies, on 23.10.2017, Mehmet Emin Bitlis will conduct his duties until the General Assembly of the year 2017.

POLİSAN HOLDİNG: EXECUTIVE COMMITTEE & BENEFITS

Polisan Holding's Executive Committee is as follows:

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

The total amount of salaries and side benefits paid to the Senior Management is TRY 2,763,346 for the period between January 1 – September 30, 2017. Of this, TRY2,100,146 is salary and TRY663,200 is bonus (January 1 – September 30, 2016: TRY2,360,489). Holding defines Board Members, General Managers and Deputy General Managers as Senior Management.

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

Research and Development Activities

Polisan Holding's subsidiary Polisan Kansai Boya, which has been introducing firsts in terms of the products and services to the Chemicals and Paint Industries in Turkey and globally, has been granted the R&D Center Certificate and title as of June 4, 2014. The Certificate has been granted by the Ministry of Science, Industry and Technology as a result of the inspections, which concluded that the R&D Department met the necessary qualifications, ability and criteria. In October 2016, Polisan Kansai Boya's Main Research Laboratories, which have been conducting chemical tests and quality measurements for 30 years, obtained International Validity Accreditation Certificate from TURKAK. TURKAK has Mutual Recognition Agreement with International Laboratory Accreditation Association (ILAC). Holding's another subsidiary Polisan Kimya also established a separate R&D Center in an attempt to diversify its product groups and received its R&D Center Certificate.

Investments and Investment Incentive Utilized for Investments

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

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

Company	Incentive	Incentive No	Incentive Amount (TRY)	Incentive Expensed (as of June 30, 2017 - TRY)	Incentive Certificate Date
Poliport	Tank	B/112076	167,745,861	125,579,904	31.08.2016
Poliport	Crane	B/104761	15,092,285	15,092,285	29.03.2013
Polisan Kansai Boya	Gebkim Facility	C/122296	170,446,474	19,950,965	15.06.2017
Polisan Kimya	Adana Facility	A/127763	3,100,000	1,475,315	03.02.2017
Polisan Kimya	Samsun Facility	A/131376	2,140,000	59,135	21.07.2017
Polisan Kimya	Oxide Facility	D/112337	16,259,209	16,259,210	21.07.2016

Employee and Worker Flow

Polisan Holding's and its Companies' total number of employees, including Polisan Hellas was realized at 1,566 as of September 30, 2017 as opposed to 1,399 employees in September 30, 2016. The number of employees of Polisan Kansai Boya was taken fully, not pro rata, based on Polisan Group's share in the Company.

The Holding pays 12 month salary, private health insurance, personal accident insurance, bus service, lunch to the permanent staff. Additionally, in line with the regulations, personnel of particular titles (such as General Manager, Director, Manager) are allocated vehicles and the vehicles' gas and maintenance expenses are paid.

Donations Realized During the Period

Total donations and aids realized by Polisan Holding as of January 1 – September 30, 2017 was TRY374,318 (September 30, 2016: TRY1,72,881). The aforementioned amount is mainly composed of the donations given to the educational institutions and the institutions carrying out education supporting activities.

POLİSAN HOLDİNG: CONTACT OFFICES

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

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

POLISAN HOLDING: CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

The Balance Sheet and Income Statement are as follows:

		<i>(Restated Note 2.5)</i>	<i>(Restated Note 2.5)</i>
	<i>Unaudited</i>	<i>Audited</i>	<i>Audited</i>
ASSETS	September 30, 2017	December 31, 2016	January 1, 2016
Current assets	414,725,823	363,591,955	626,569,239
Cash and cash equivalents	22,445,531	91,206,315	103,196,750
Trade receivables	250,556,869	141,102,207	390,299,326
- Trade receivables from related parties	9,989,578	10,871,744	699,185
- Trade receivables from third parties	240,567,291	130,230,463	389,600,141
Other receivables	53,610,755	54,686,543	1,838,908
- Other receivables from related parties	51,335,055	51,130,369	-
- Other receivables from third parties	2,275,700	3,556,174	1,838,908
Inventories	73,003,573	65,149,588	109,402,528
Prepaid expenses	9,391,775	8,772,602	7,993,857
Current income tax assets	5,540	3,986	2,919,296
Other current assets	5,711,780	2,670,714	10,918,574

	<i>Unaudited</i>	<i>Audited</i>	<i>Audited</i>
Non-current assets	1,399,164,074	1,366,790,422	1,030,047,151
Trade receivables	954,187	1,550,317	13,445,390
- Trade receivables from third parties	954,187	1,550,317	13,445,390
Other receivables	493,834	452,648	418,790
- Other receivables from third parties	493,834	452,648	418,790
Financial investments	67,135	-	-
Investments accounted using the equity method	425,323,693	406,112,982	8,125,910
Investment properties	260,112,203	259,771,203	244,706,712
Tangible assets	627,569,235	623,323,097	700,074,686
Intangible assets	2,022,293	2,448,600	4,840,083
Prepaid expenses	37,931,646	33,598,533	28,942,048
Deferred tax assets	44,689,848	39,533,042	29,493,532
Total assets	1,813,889,897	1,730,382,377	1,656,616,390

POLISAN HOLDING: CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Restated Note 2.5)	(Restated Note 2.5)
	Unaudited	Audited	Audited
Liabilities	September 30, 2017	December 31, 2016	January 1, 2016
Current liabilities	273,678,992	228,308,860	597,741,357
Short term borrowings	46,850,891	6,185,430	37,899,135
Short term portion of long term borrowings	115,328,347	106,531,915	393,777,419
Trade payables	69,720,592	91,222,798	145,618,019
- Trade payables to related parties	438,796	115,310	11,434,458
- Trade payables to third parties	69,281,796	91,107,488	134,183,561
Employee benefit obligations	5,153,972	4,598,585	5,323,081
Other payables	5,084,250	804,840	1,824,720
- Other payables to related parties	3,306,201	6,208	6,208
- Other payables to third parties	1,778,049	798,632	1,818,512
Deferred income	5,079,449	3,781,550	3,886,262
Current income tax liabilities	2,964,782	8,135,928	4,162,807
Short term provisions	599,463	599,463	1,299,188
- Other short term provisions	599,463	599,463	1,299,188
Other current liabilities	22,897,246	6,448,351	3,950,726
Non-current liabilities	166,538,431	165,983,386	214,690,467
Long term borrowings	85,315,502	82,853,158	124,340,822
Long term provisions	9,935,119	8,526,458	12,968,300
- Provisions for employee termination benefits	9,935,119	8,526,458	12,968,300
Deferred income	99,705	465,000	-
Deferred tax liabilities	71,188,105	74,138,770	77,381,345

	Unaudited	Audited	Audited
Equity	1,373,672,474	1,336,090,131	844,184,566
Equity holders of the parent	1,349,558,960	1,314,883,954	824,445,517
Paid-in share capital	370,000,000	370,000,000	370,000,000
Adjustment to share capital	1,467,266	1,467,266	1,467,266
Share premium/discounts	23,130,220	23,130,220	23,130,220
Other comprehensive income/expense not to be reclassified to profit or loss	201,788,189	202,737,888	264,919,649
- Revaluation and measurement gain / loss	201,788,189	202,737,888	264,919,649
Defined benefit plans re-measurement gain / (loss)	(10,163,999)	(9,214,300)	(4,427,101)
Tangible assets revaluation	211,952,188	211,952,188	269,346,750
Other comprehensive income or expense to be reclassified to profit/(loss)	(12,586,075)	(8,072,636)	(2,217,237)
- Currency translation differences	(12,586,075)	(8,072,636)	(2,217,237)
Restricted reserves	40,062,818	28,530,253	25,484,767
Other reserves	(208,727,832)	(208,727,832)	(208,727,832)
Retained earnings	876,786,230	422,995,057	310,963,255
Profit for the period	57,638,144	482,823,738	39,425,429
Non-controlling interests	24,113,514	21,206,177	19,739,049
Total liabilities and equity	1,813,889,897	1,730,382,377	1,656,616,390

POLISAN HOLDING: CONSOLIDATED STATEMENT of P/L

	Unaudited	Unaudited		
		(Re-classified Note 2.4)		(Re-classified Note 2.4)
	January 1 - September 30, 2017	January 1 - September 30, 2016	July 1 – September 30, 2017	July 1 – September 30, 2016
Profit and loss				
Sales	557,475,256	337,879,727	198,584,171	115,940,561
Cost of sales (-)	(466,547,605)	(276,520,864)	(160,788,318)	(94,780,431)
Gross profit from commercial activities	90,927,651	61,358,863	37,795,853	21,160,130
General and administrative expenses (-)	(27,859,738)	(15,722,799)	(14,153,927)	(5,413,728)
Marketing expenses (-)	(20,690,623)	(12,510,582)	(7,077,104)	(4,468,198)
Research and development expenses (-)	(1,832,870)	(1,250,544)	(512,631)	(475,098)
Other operating income	6,757,810	6,820,680	(481,398)	3,511,341
Other operating expenses (-)	(5,997,976)	(4,318,684)	(2,419,530)	(449,653)
Profit from investments accounted using the equity method	19,502,687	600,277	3,398,594	(163,359)
Operating profit	60,806,941	34,977,211	16,549,857	13,701,435
Income from investment activities	1,679,991	11,723	1,586,770	2,669
Expense from investment activities (-)	(51,800)	(5,946)	(42,533)	(5,946)
Operating profit before financial income/expense	62,435,132	34,982,988	18,094,094	13,698,158
Financial income	11,911,318	2,017,818	4,728,317	209,109
Financial expenses (-)	(14,002,376)	(17,297,998)	(2,273,543)	(8,453,115)
Pre-tax profit from continuing operations	60,344,074	19,702,808	20,548,868	5,454,152
Continuing operations tax income/expense				
- Current tax expense	(7,424,224)	(7,378,867)	(2,975,659)	(2,651,080)
- Deferred tax income/expense	7,625,631	2,531,489	1,163,816	655,052
Profit of continuing operations for the period	60,545,481	14,855,430	18,737,025	3,458,124
Profit of discontinuing operations for the period	-	30,978,551	-	(1,571,226)
Profit for the period	60,545,481	45,833,981	18,737,025	1,886,898
Attributable to:				
Non-controlling interests	2,907,337	1,499,549	1,841,388	604,347
Equity holders of the parent	57,638,144	44,334,432	16,895,637	1,282,551
Earnings per share	0.156	0.120	0.046	0.003
-Earnings per share for continuing operations	0.156	0.036	0.046	0.008
-Earnings per share for discontinuing operations	-	0.084	-	(0.004)

POLISAN HOLDING: CONSOLIDATED STATEMENT of P/L

	Unaudited	Unaudited		
		(Re-classified Note 2.4)		(Re-classified Note 2.4)
Profit and loss	January 1 - September 30, 2017	January 1- September 30, 2016	July 1 – September 30, 2017	July 1 – September 30, 2016
Profit for the period	60,545,481	45,833,981	18,737,025	1,886,898
Other comprehensive income:				
Items not to be reclassified to profit or loss	(949,699)	(2,681,394)	(120,629)	74,065
- Defined benefit plans re-measurement gain / (loss)	(822,154)	(3,351,742)	(224,820)	92,581
- Defined benefit plans re-measurement gain / (loss), tax effect	164,431	670,348	44,964	(18,516)
- Defined benefit plans re-measurement gain / (loss) to Investments accounted using the equity method	(364,970)	-	74,034	-
-Defined benefit plans re-measurement gain / (loss), tax effect to investments accounted using equity method	72,994	-	(14,807)	-
Items to be reclassified to profit or loss	(4,513,439)	(1,837,895)	(1,237,925)	(1,591,222)
- Currency translation differences gain / (loss)	(4,513,439)	(1,837,895)	(1,237,925)	(1,591,222)
Other comprehensive income/(expense)	(5,463,138)	(4,519,289)	(1,358,554)	(1,517,157)
Total comprehensive income	55,082,343	41,314,692	17,378,471	369,741
Attributable to:				
Non-controlling interest	2,907,337	1,499,549	1,841,388	604,347
Equity holders of the parent	52,175,006	39,815,143	15,537,083	(234,606)

POLISAN HOLDING: FINANCIAL RATIOS

The profitability and financial ratios, calculated based on the 9M 2017 IFRS financial tables are as follow:

(TRY million)	01.01.-30.09.2017	01.01.-30.09.2016
Net Sales	557,475,256	337,879,727
Gross Profit	90,927,651	61,358,863
Gross Profit Margin (%)	16.3%	18.2%
Income Before Interest and Tax (EBIT)	40,544,420	31,874,938
EBIT Margin (%)	7.3%	9.4%
Income Before Interest, Tax, Depreciation and Amortization (EBITDA)	78,410,837	61,712,512
EBITDA Margin	14.1%	18.3%
Net Income	60,545,481	45,833,981
Net Income Margin (%)	10.9%	13.6%

	01.01.-30.09.2017	01.01.-30.09.2016
Current Ratio	1.515	1.029
Liquidity Ratio	1.249	0.865
Net Income/Total Equity	0.044	0.053
Net Income/Total Assets	0.033	0.026

POLISAN HOLDING: MATERIAL DISCLOSURES

Material disclosures in regards to the important developments that took place after the 2Q 2017 financial result announcement dated August 18, 2017 are as follows:

For other information, please see [2016 Annual Report](#)

POLISAN HOLDING: LOSS OF POLISAN HOLDING CHAIRMAN – October 24, 2017

Is This an Update Announcement?	No
Is This an Amendment Announcement?	No
Is This a Postponed Announcement?	No
Disclosure Date of the Previous Announcement on the Subject Matter	-
Summary Information	Loss of Polisan Holding Chairman Necmettin Bitlis

ADDITIONAL EXPLANATION:

The Chairman of Polisan Holding BoD and Polisan Group of Companies, Mr. Necmettin Bitlis has passed away because of his illness. We share the deepest grief of the loss of Bitlis Family, Polisan Group, and our country with the public.

Polisan Investor Relations

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