

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

# **Polisan Holding A.Ş.**

**January 1 – September 30, 2015 interim  
condensed consolidated financial statements**

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

Polisan Holding A.Ş.

Consolidated statements of financial position as  
at September 30, 2015

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

Assets	Notes	Unaudited	Audited	Audited
		September 30, 2015	(Restated) December 31, 2014	(Restated) January 1, 2014
<b>Current assets:</b>		<b>924.255.767</b>	602.411.394	484.577.574
Cash and cash equivalents	5	124.647.632	80.511.849	87.178.665
Trade receivables	7	563.371.846	402.823.044	281.692.448
- Trade receivables from related parties	26	462.261	456.059	2.667.647
- Trade receivables from third parties		562.909.585	402.366.985	279.024.801
Other receivables		1.674.494	1.525.238	9.869.403
- Other receivables from third parties		1.674.494	1.525.238	9.869.403
Inventories	8	90.685.239	85.472.365	80.586.103
Prepaid expenses		15.920.394	14.843.741	12.334.197
Current income tax assets		3.472.380	3.370.612	5.133.910
Other current assets	17	11.288.674	12.428.094	5.874.421
<b>Subtotal</b>		<b>811.060.659</b>	600.974.943	482.669.147
Assets held for sale		510.425	1.436.451	1.908.427
Investment properties held for sale	11	112.684.683	-	-
<b>Non-current assets:</b>		<b>839.897.180</b>	932.075.800	679.651.841
Trade receivables	7	3.598.722	14.027.487	8.174.004
- Trade receivables from third parties		3.598.722	14.027.487	8.174.004
Other receivables		-	327.611	281.502
- Other receivables from third parties		-	327.611	281.502
Financial investments		-	40.920	40.920
Investments accounted under equity method	10	8.495.932	5.078.764	4.558.254
Investment properties	12	124.581.863	242.783.495	218.366.797
Tangible assets	13	642.822.529	621.814.694	400.496.500
Intangible assets	14	2.800.668	2.004.145	1.704.392
- Other intangible assets		2.800.668	2.004.145	1.704.392
Prepaid expenses		42.000.838	36.788.863	38.090.709
Deferred tax assets	24	15.596.628	9.209.821	7.938.763
<b>Total assets</b>		<b>1.764.152.947</b>	1.534.487.194	1.164.229.415

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

## Polisan Holding A.Ş.

Consolidated statements of financial position as  
at September 30, 2015

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

Liabilities	Notes	Unaudited	Audited	Audited
		September 30, 2015	(Restated) December 31, 2014	(Restated) January 1, 2014
<b>Current liabilities</b>		<b>619.569.403</b>	575.258.003	339.043.023
Short term borrowings	6	44.052.762	101.113.382	82.761.071
Short term portion of long term borrowings	6	306.964.459	234.365.680	80.343.938
Trade payables	7	142.846.827	129.133.970	101.926.800
- Trade payables to related parties	26	13.496.704	8.519.616	6.945.471
- Trade payables to third parties		129.350.123	120.614.354	94.981.329
Employee benefit obligations	16	5.607.025	4.056.388	3.817.508
Other payables		4.358.770	19.818	33.026
- Other payables to related parties		1.518.323	6.208	-
- Other payables to third parties		2.840.447	13.610	33.026
Short term provisions	15	10.996.843	-	63.829
Deferred income	9	98.622.714	101.980.431	67.411.165
Current income tax liabilities	24	2.975.868	1.788.960	1.312.151
Other current liabilities	17	3.144.135	2.799.374	1.373.535
<b>Non-current liabilities:</b>		<b>383.774.031</b>	168.993.411	241.381.597
Long term borrowings	6	292.094.950	77.856.491	160.319.549
Deferred income	9	2.881.249	3.018.632	7.452.245
Long term provisions		12.962.543	11.651.166	10.234.882
- Provisions for employee termination benefits	16	12.962.543	11.651.166	10.234.882
Deferred tax liabilities	24	75.835.289	76.467.122	63.374.921
<b>Equity</b>		<b>760.809.513</b>	790.235.780	583.804.795
<b>Equity holders of the parent</b>		<b>743.152.571</b>	771.738.809	571.570.232
Paid-in share capital	18	370.000.000	370.000.000	370.000.000
Adjustment to share capital	18	1.467.266	1.467.266	1.467.266
Share premium	18	23.130.220	23.130.220	23.130.220
Other comprehensive income/expense not to be reclassified to profit or loss		248.147.652	249.189.417	80.530.454
-Provision for employee termination benefits actuarial gain/loss fund	18	(4.106.076)	(3.064.311)	(2.029.035)
- Revaluation and classification gains	18	252.253.728	252.253.728	82.559.489
Other comprehensive income or expense to be reclassified to profit/(loss)		(4.111.822)	745.789	(90.357)
- Currency translation differences		(4.111.822)	745.789	(90.357)
Restricted reserves	18	25.484.766	22.983.012	21.470.963
Equity effect of acquisition	18	(208.011.543)	(208.011.543)	(208.011.543)
Retained earnings	18	297.732.894	270.561.180	283.073.229
Profit for the period		(10.686.862)	41.673.468	-
<b>Non-controlling interest</b>	18	<b>17.656.942</b>	18.496.971	12.234.563
<b>Total liabilities and equity</b>		<b>1.764.152.947</b>	1.534.487.194	1.164.229.415

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

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

**Polisan Holding A.Ş.**

**Consolidated statement of profit or loss and other comprehensive income  
for the period ended January 1 - September 30, 2015  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

			<i>(Restated)</i>	<i>Unaudited (Restated)</i>	
	Notes	January 1- September 30, 2015	January 1- September 30, 2014	July 1- September 30, 2015	July 1- September 30, 2014
<b>Profit and loss</b>					
Revenue	19	<b>715.037.345</b>	619.589.865	<b>256.790.951</b>	191.155.190
Cost of sales (-)	19	<b>(542.760.449)</b>	(454.163.141)	<b>(204.588.737)</b>	(140.809.270)
<b>Gross profit</b>		<b>172.276.896</b>	165.426.724	<b>52.202.214</b>	50.345.920
Research and development expenses (-)		<b>(6.706.845)</b>	(4.555.688)	<b>(3.321.156)</b>	(1.530.492)
Marketing, selling and distribution expenses (-)		<b>(72.657.263)</b>	(68.315.346)	<b>(22.743.101)</b>	(18.530.328)
General and administrative expenses (-)		<b>(26.103.857)</b>	(25.169.653)	<b>(9.030.461)</b>	(8.772.476)
Other operating income	21	<b>19.864.625</b>	22.946.648	<b>4.591.294</b>	(176.138)
Other operating expenses (-)	21	<b>(23.568.773)</b>	(31.356.178)	<b>(2.615.810)</b>	(11.639.014)
Profit from investments accounted under using equity method	10	<b>3.417.168</b>	924.353	<b>547.362</b>	222.399
<b>Operating profit</b>		<b>66.521.951</b>	59.900.860	<b>19.630.342</b>	9.919.871
Income from investment activities	22	<b>604.722</b>	266.454	<b>(24.923)</b>	61.224
Expense from investment activities (-)	22	-	(9.420)	-	(3.834)
<b>Operating profit before financial income and expense</b>		<b>67.126.673</b>	60.157.894	<b>19.605.419</b>	9.977.261
Financial income	23	<b>13.585.205</b>	25.058.914	<b>4.725.814</b>	12.942.476
Financial expenses (-)	23	<b>(87.589.064)</b>	(55.736.146)	<b>(45.130.257)</b>	(20.345.737)
<b>Profit/loss before tax</b>		<b>(6.877.186)</b>	29.480.662	<b>(20.799.024)</b>	2.574.000
<b>Tax income/expense</b>					
- Current tax expense	24	<b>(9.645.059)</b>	(14.294.306)	<b>(1.047.348)</b>	(2.346.319)
- Deferred tax income	24	<b>6.193.660</b>	4.441.948	<b>1.749.463</b>	(1.197.852)
<b>Profit for the period</b>		<b>(10.328.585)</b>	19.628.304	<b>(20.096.909)</b>	(970.171)
<b>Attributable to:</b>					
Non-controlling interests		<b>358.277</b>	972.208	<b>123.290</b>	317.462
Equity holders of the parent		<b>(10.686.862)</b>	18.656.096	<b>(20.220.199)</b>	(1.287.633)
<b>Earnings per share</b>	25	<b>(0,029)</b>	0,050	<b>(0,055)</b>	(0,003)
<b>Other comprehensive income / (expense)</b>					
<b>Items not to be reclassified in profit/loss</b>					
-Actuarial gain/loss related to employee benefits	16	<b>(1.302.207)</b>	(599.397)	<b>(384.147)</b>	(159.014)
- Deferred tax effect of actuarial gain/(loss) related to employee benefits		<b>260.442</b>	119.879	<b>76.829</b>	31.802
<b>Items to be reclassified to profit/loss</b>					
Currency translation differences		<b>(4.857.611)</b>	200.384	<b>(3.588.851)</b>	(23.276)
<b>Other comprehensive income/(expense)</b>		<b>(5.899.376)</b>	(279.134)	<b>(3.896.169)</b>	(150.488)
<b>Total comprehensive income</b>		<b>(16.227.961)</b>	19.349.170	<b>(23.993.078)</b>	(1.120.659)
<b>Attributable to:</b>					
Non-controlling interest		<b>358.277</b>	957.585	<b>117.653</b>	302.839
Equity holders of the parent		<b>(16.586.238)</b>	18.391.585	<b>(24.110.731)</b>	(1.423.498)

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

**Polisan Holding A.Ş.**

**Consolidated statement of changes in equity  
for the period ended September 30, 2015  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

Notes	Paid in share capital	Adjustment to share capital	Share premium	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		Retained earnings		Equity holders of the parent	Non-controlling interests	Total equity	
				Provision for employee termination benefits actuarial gain/loss fund	Revaluation and classification gains	Currency translation differences	Restricted reserves	Equity effect of acquisition	Accumulated profits				Net profit
<b>December 31, 2014 (Previously reported)</b>	<b>370.000.000</b>	<b>1.467.266</b>	<b>23.130.220</b>	<b>(3.064.311)</b>	<b>384.364.814</b>	<b>745.789</b>	<b>22.983.012</b>	<b>(208.011.543)</b>	<b>145.458.512</b>	<b>42.148.698</b>	<b>779.222.457</b>	<b>18.837.732</b>	<b>798.060.189</b>
<b>Restatement effect (Note 2.5)</b>	-	-	-	-	<b>(132.111.086)</b>	-	-	-	<b>125.102.668</b>	<b>(475.230)</b>	<b>(7.483.648)</b>	<b>(340.761)</b>	<b>(7.824.409)</b>
<b>Balance at January 1, 2015 (Restated)</b>	<b>370.000.000</b>	<b>1.467.266</b>	<b>23.130.220</b>	<b>(3.064.311)</b>	<b>252.253.728</b>	<b>745.789</b>	<b>22.983.012</b>	<b>(208.011.543)</b>	<b>270.561.180</b>	<b>41.673.468</b>	<b>771.738.809</b>	<b>18.496.971</b>	<b>790.235.780</b>
Dividends distributed	18	-	-	-	-	-	-	-	<b>(12.000.000)</b>	-	<b>(12.000.000)</b>	<b>(1.198.306)</b>	<b>(13.198.306)</b>
Transfers to reserves and retained earnings		-	-	-	-	-	<b>2.501.754</b>	-	<b>39.171.714</b>	<b>(41.673.468)</b>	-	-	-
Total comprehensive income		-	-	-	<b>(1.041.765)</b>	<b>(4.857.611)</b>	-	-	-	<b>(10.686.862)</b>	<b>(16.586.238)</b>	<b>358.277</b>	<b>(16.227.961)</b>
<b>Balance at September 30, 2015</b>	<b>370.000.000</b>	<b>1.467.266</b>	<b>23.130.220</b>	<b>(4.106.076)</b>	<b>252.253.728</b>	<b>(4.111.822)</b>	<b>25.484.766</b>	<b>(208.011.543)</b>	<b>297.732.894</b>	<b>(10.686.862)</b>	<b>743.152.571</b>	<b>17.656.942</b>	<b>760.809.513</b>
<b>December 31, 2013 (Previously reported)</b>	<b>370.000.000</b>	<b>1.467.266</b>	<b>23.130.220</b>	<b>(2.029.035)</b>	<b>214.670.575</b>	<b>(90.357)</b>	<b>21.470.963</b>	<b>(208.011.543)</b>	<b>157.970.561</b>	-	<b>578.578.650</b>	<b>12.575.324</b>	<b>591.153.974</b>
<b>Restatement effect (Note 2.5)</b>	-	-	-	-	<b>(132.111.086)</b>	-	-	-	<b>125.102.668</b>	-	<b>(7.008.418)</b>	<b>(340.761)</b>	<b>(7.349.179)</b>
<b>Balance at January 1, 2014 (Restated)</b>	<b>370.000.000</b>	<b>1.467.266</b>	<b>23.130.220</b>	<b>(2.029.035)</b>	<b>82.559.489</b>	<b>(90.357)</b>	<b>21.470.963</b>	<b>(208.011.543)</b>	<b>283.073.229</b>	-	<b>571.570.232</b>	<b>12.234.563</b>	<b>583.804.795</b>
Dividends distributed		-	-	-	-	-	-	-	<b>(11.000.000)</b>	-	<b>(11.000.000)</b>	-	<b>(11.000.000)</b>
Transfers to reserves		-	-	-	-	-	<b>916.606</b>	-	<b>(916.606)</b>	-	-	-	-
Total comprehensive income		-	-	-	<b>(464.895)</b>	<b>200.384</b>	-	-	-	<b>18.656.096</b>	<b>18.391.585</b>	<b>957.585</b>	<b>19.349.170</b>
<b>Balance at September 30, 2014</b>	<b>370.000.000</b>	<b>1.467.266</b>	<b>23.130.220</b>	<b>(2.493.930)</b>	<b>82.559.489</b>	<b>110.027</b>	<b>22.387.569</b>	<b>(208.011.543)</b>	<b>271.156.623</b>	<b>18.656.096</b>	<b>578.961.817</b>	<b>13.192.148</b>	<b>592.153.966</b>

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

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

**Polisan Holding A.Ş.**

**Consolidated statement of cash flows  
for the period ended September 30, 2015**

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

		(Unaudited)	
		January 1 – September 30, 2015	(Restated) January 1 – September 30, 2014
	Notes		
<b>A. Cash flows from operating activities:</b>		<b>(108.748.898)</b>	(83.356.736)
Profit/loss for the period		<b>(10.328.585)</b>	19.628.304
<b>Adjustment for reconciliation of profit/loss for the period</b>		<b>59.532.460</b>	68.718.599
Adjustments for depreciation and amortization expenses	13, 14	<b>34.556.304</b>	17.487.246
Adjustments related to provisions and impairments		<b>15.982.671</b>	16.181.568
Adjustments for fair value income/loss		-	8.701.094
Adjustments for profit/ loss on sale of tangible assets	22	<b>(604.722)</b>	(257.034)
Adjustments for profit/loss related to sales of financial investments		<b>(81.116)</b>	-
Profit /losses from investments accounted under equity method	10	<b>(3.417.168)</b>	(924.361)
Adjustments to tax expense/income		<b>3.451.399</b>	9.953.555
Adjustments for interest income and expense	23	<b>18.301.533</b>	17.066.610
Currency translation differences		<b>(8.656.441)</b>	509.921
<b>Changes in working capital</b>		<b>(147.261.578)</b>	(157.275.769)
Adjustments for increase/decrease in trade receivables		<b>(153.199.048)</b>	(194.430.851)
Adjustments for increase/decrease in inventories		<b>(5.543.783)</b>	(14.576.901)
Adjustments for increase in other operational receivables		<b>(4.970.856)</b>	7.290.420
Adjustments for increase/decrease in trade payables		<b>16.547.096</b>	22.919.614
Adjustments for increase in other operational payables		<b>(94.987)</b>	21.521.949
<b>Cash flows from operating activities</b>		<b>(98.057.703)</b>	(68.928.866)
Employment termination benefits paid	16	<b>(1.566.737)</b>	(1.206.877)
Tax payments/returns		<b>(9.124.458)</b>	(13.220.993)
<b>B. Cash flows from investing activities</b>		<b>(44.372.041)</b>	(47.109.821)
Purchase of tangible/intangible and investment properties	12, 13, 14	<b>(58.499.504)</b>	(70.393.554)
Proceeds from sale of non-current assets		<b>12.985.371</b>	20.830.111
Advances and debts given		-	750.835
Interest received		<b>1.020.057</b>	1.702.787
Proceeds from sale of financial investments		<b>122.035</b>	-
<b>C. Cash flows from financing activities</b>		<b>197.256.722</b>	108.035.939
Changes in borrowings		<b>229.776.618</b>	137.805.336
Dividends paid		<b>(13.198.306)</b>	(11.000.000)
Interest paid		<b>(19.321.590)</b>	(18.769.397)
<b>Changes in cash and cash equivalents</b>		<b>44.135.783</b>	(22.430.618)
Cash and cash equivalents at the beginning of the period	5	<b>80.511.849</b>	87.178.665
Cash and cash equivalents at the end of the period	5	<b>124.647.632</b>	64.748.047

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

**Polisan Holding Anonim Şirketi**

**Notes to the condensed consolidated financial statements  
for the period ended January 1 - September 30, 2015  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

**1. Group's organisation and nature of operations**

Polisan Holding A.Ş. ("Polisan Holding" or "the Company") was established in order to maintain coordination within the group companies, provide management and ensure to the group companies advanced techniques in planning, marketing and financial affairs which consist of finance and fund management, legal, human resources, and information technology. The operating area of the Company involves all business activities primarily in the commercial, industrial, agricultural, tourism, construction, mining, and financial matters as well as participating in the capital and management of both domestic and foreign companies for performing in various activities.

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

The Istanbul branch of the Company is located in İçerenköy Mah. Ali Nihat Tarlan Cad. No:86 Ataşehir-İstanbul.

The operating activities of Polisan Holding, its subsidiaries and joint venture (altogether referred to as "the Group") are as follows:

- Polisan Boya Sanayi ve Ticaret A.Ş.
- Polisan Kimya Sanayii A.Ş.
- Poliport Kimya Sanayi ve Ticaret A.Ş.
- Polisan Tarımsal Üretim Sanayi ve Ticaret A.Ş. (Former title: Polikem Kimya San ve Tic. A.Ş.)
- Polisan Yapı İnşaat Taahhüt Turizm Sanayi ve Ticaret A.Ş.
- Polisan Yapı Kimyasalları A.Ş.
- Rohm and Haas Kimyasal Ürünler Üretim Dağıtım ve Tic. A.Ş.
- Polisan Hellas S.A.

The Group's main operating activities are in Turkey and summarizes under the following principal industries;

Production and sale of chemical products  
Production and sale of the final and subsidiary products for wood and agricultural industries  
Production and sale of paint  
Production and sale of concrete chemicals  
Port, storage and warehouse services  
Services

***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.

***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.



**Polisan Holding Anonim Şirketi**

**Notes to the condensed consolidated financial statements  
for the period ended January 1 - September 30, 2015 (continued)  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

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

*Poloport Kimya Sanayi ve Ticaret A.Ş. ("Poliport"):*

Operating activities of Poloport are bulk liquid storage services, A-type general warehouse services, loading and unloading services for dry bulk and general cargo vessels.

Poliport was established in 1971 and company's registered office is located in Dilovası Organize Sanayi Bölgesi 1. Kısım Liman Cad. No:7 Dilovası / Kocaeli.

*Polisan Tarımsal Üretim Sanayi ve Ticaret A.Ş. ("Polisan Tarım"):*

Operating activity of Polisan Tarım is the cultivation of all sorts of plants, producing, purchasing and selling all types of natural and organic products, producing wet or dried foods from all types of agricultural products, producing and raising all kinds of livestock, providing all kinds of technology and consultancy services on agriculture and supervising projects and investments.

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

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

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

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

*Polisan Yapı Kimyasalları A.Ş. ("Polisan YapıKim"):*

Operating activity of Polisan YapıKim is performing the sale and marketing of construction chemicals (concrete chemicals).

Polisan YapıKim was established in 2010 and company's registered office is located in Dilovası Organize Sanayi Bölgesi 1. Kısım Liman Cad. No: 7 Dilovası / Kocaeli.

*Rohm and Haas Kimyasal Ürünler Üretim Dağıtım ve Tic. A.Ş. ("Rohm and Haas")*

Operating activity of Rohm and Haas is purchasing, selling, marketing and trading of emulsion polymers and their raw materials.

Rohm and Haas was established in 2004 and company's registered office is located in Bayar Cad. Şehit Mehmet Fatih Öngök Sokak, Odak Plaza, A Blk. 5/2 Kozyatağı-Kadıköy/İstanbul.

*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 Holding Anonim Şirketi

### Notes to the condensed consolidated financial statements for the period ended January 1 - September 30, 2015 (continued) (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

The average number of personnel employed on the basis of the Group's companies for the periods ended September 30 are as follows:

Employees	Polisan Holding	Polisan Boya	Polisan Kimya	Poliport	Polisan YapıKim	Polisan Tarım	Hellas	Total
September 30, 2015	231	746	143	146	13	1	68	1348
September 30, 2014	248	668	115	127	11	3	67	1239

#### 2. Basis of presentation of financial statements

##### 2.1 Basis of presentation

###### Declaration of Conformity

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.

Condensed interim consolidated financial statements as of and for the period ended September 30, 2015 are prepared in accordance with the Turkish Accounting Standard No.34 Interim Financial Reporting. Furthermore condensed interim consolidated financial statements of the Group do not include all the information and disclosures required in the annual financial statements, therefore should be read in conjunction with the Group's annual financial statements as of December 31, 2014.

The consolidated financial statements prepared as of and for the period ended September 30, 2015 were approved in the Board of Directors meeting dated 9 November 2015. General assembly has the right to amend the financial statements prepared in accordance with the legal regulations and these consolidated financial statements.

###### Preparation Form of Financial Statements

The Company, its subsidiaries and its Joint Venture 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 based on legal records and stated as TL are prepared by being subjected to certain amendments and classifications in order to properly reflect the situation of the Group pursuant to Accounting Standards of Turkey published by POA.

The accompanying consolidated financial statements of the Group have been prepared in compliance with CMB's "Announcement on Financial Statements and Footnote Formats" dated June 7, 2013.

###### Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in TL, which is the functional currency of Company and the presentation currency of the Group.

**Polisan Holding Anonim Şirketi**

**Notes to the condensed consolidated financial statements  
for the period ended January 1 - September 30, 2015 (continued)  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

**2. Basis of presentation of financial statements (continued)**

**Financial statements of subsidiaries operating in countries other than Turkey**

Financial statements of subsidiary operating abroad Turkey are adjusted to the TAS/IFRS promulgated by the POA to reflect the proper presentation and content. 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 the translation of the opening net assets and differences between the average and balance sheet date rates are included in the "currency translation difference" under the shareholders' equity.

**2.2 Consolidation principles**

- a) The consolidated financial statements include the accounts of the parent company, Polisan Holding, and its Subsidiaries and Associates on the basis set out in sections (b) to (f) below. The financial statements of the companies included in the consolidation have been prepared as of the date of the consolidated financial statements and are based on the statutory records with adjustments and reclassifications for the purpose of presentation in conformity TAS/IFRS promulgated by the POA.
- b) The Subsidiary is the Company in which Polisan Holding has the power to control the financial and operating policies for the benefit of Polisan Holding either (a) through the power to exercise more than 50% of voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself, or (b) although not having the power to exercise more than 50% of the voting rights, through the exercise of an actual dominant influence over the financial and operating policies. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The balance sheets and income statements of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by Polisan Holding and its Subsidiaries is eliminated against the related equity. Intercompany transactions and balances between Polisan Holding and its Subsidiaries are eliminated during the consolidation. The nominal amount of the shares held by Polisan Holding in its Subsidiaries and the associated dividends are eliminated from equity and income for the period, respectively.

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.

- c) Joint Venture is the entity, which is subject to the control of one or more parties along with Polisan Holding, carrying out an economic activity under contract. Polisan Holding exercises such joint control through direct and indirect voting rights related to the shares held by itself.

"TAS 11 Joint Arrangements", effective for the annual periods on or after January 1, 2013, supersedes "TAS 31 Shares in Joint Ventures" and requires the application of the equity method for the consolidation of interests in joint ventures in accordance with "TAS 28 Investments in Associates and Joint Ventures".

Under the equity method, the investment in a joint venture is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of profit or loss of the investee after the date of the acquisition. The investor's share of the profit or loss of the investee is recognised in the investor's profit or loss. Distributions (dividends etc.) received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for the change in the investor's proportionate interest in the investee arising from changes in the investee's other comprehensive income.

**Polisan Holding Anonim Şirketi**

**Notes to the condensed consolidated financial statements  
for the period ended January 1 - September 30, 2015 (continued)  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

**2. Basis of presentation of financial statements (continued)**

As of September 30, 2015 and December 31, 2014 the Group's proportion of ownership interests of subsidiaries and joint ventures has been shown in the following table:

Title of the ownership	Shares (%) owned directly and indirectly by the Group		Effective ownership share %	
	September 30, 2015	December 31, 2014	September 30, 2015	December 31, 2014
Polisan Boya	100,00	100,00	100,00	100,00
Polisan Kimya	100,00	100,00	100,00	100,00
Poliport	93,35	93,35	93,35	93,35
Polisan Yapı	100,00	100,00	100,00	100,00
Polisan Tarım	100,00	100,00	100,00	100,00
Polisan YapıKim	51,00	51,00	51,00	51,00
Rohm and Haas	40,00	40,00	50,00	50,00
Polisan Hellas	100,00	100,00	100,00	100,00

Ownerships out of the scope of the consolidation are shown in Note 10.

**2.3 New and revised International Financial Reporting Standards:**

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at September 30, 2015 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, 2015. 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 January 1, 2015 are as follows:**

*Annual Improvements to TAS/TFRSs  
TAS 19 Defined Benefit Plans: Employee Contributions (Amendment)  
Annual Improvements - 2010–2012 Cycle  
Annual Improvements – 2011–2013 Cycle*

The amendments will not have any impact on the financial position or performance of the Group.

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

Standards, amendments and interpretations to existing standards that are issued but not yet effective up to the date of issuance of the condensed 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, after the new standards and interpretations become in effect.

- TFRS 9 Financial Instruments – Classification and measurement
- TFRS 11 Acquisition of an Interest in a Joint Operation (Amendment)
- TAS 16 and TAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to TAS 16 and TAS 38)
- TAS 16 Property, Plant and Equipment and TAS 41 Agriculture: Bearer Plants (Amendment)
- TAS 27 Equity Method in Separate Financial Statements (Amendment to TAS 27)
- IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

**Polisan Holding Anonim Şirketi**

**Notes to the condensed consolidated financial statements  
for the period ended January 1 - September 30, 2015 (continued)  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

**2. Basis of presentation of financial statements (continued)**

- IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 and IAS 28)
- TAS 1: Disclosure Initiative (Amendment to TAS 1)
- Annual Improvements to TFRS - 2012-2014 Cycle

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

**The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA):**

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

- Annual Improvements – 2010–2012 Cycle (IFRS 13 Fair Value Measurement - Reasons for Decision)
- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments - Final standard (2014)

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

**2.4 Comparative information and restatement of prior year financial statements**

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

The Group made the below stated reclassifications in accordance with the communication of CMB related to the financial reporting in the consolidated statement of profit or loss and other comprehensive income for the period ended September 30, 2014:

- Exchange difference income arising from trading operations amounting to TL 7.015.408 is reclassified from financial income account into other operating income account,
- Exchange difference expense arising from trading operations amounting to TL 6.304.337 is reclassified from financial expense account into other operational expense account,
- Exchange difference income arising from financial borrowings amounting to TL 12.805.936 is reclassified from income from investment activities account into financial income account,
- Exchange difference expenses arising from financial borrowings amounting to TL 6.091.560 is reclassified from expense from investment activities account into financial expense account.

Additionally interest payment amounting to TL 18.769.397 is reclassified from cash flow from operating activities to cash flow from financing activities in the consolidated cash flow statement for the period ended September 30, 2014.

**Polisan Holding Anonim Şirketi****Notes to the condensed consolidated financial statements  
for the period ended January 1 - September 30, 2015 (continued)  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)****2. Basis of presentation of financial statements (continued)****2.5 Changes and errors in accounting policies/estimates**

Significant changes in accounting policies and significant accounting errors are applied retrospectively and prior period financial statements are restated. If changes in accounting estimates are only for a period, changes are applied to the current year but if the changes in the estimates are for the following period changes are applied both to the current and future years prospectively.

IAS 1 requires that in case of a company makes retrospective amendments in its financial statements, the opening balances of the financial statements which is comparatively presented the earliest period, should also present comparatively as it has been amended. Therefore the Group presents the opening statement of financial position which includes the effects of the following restatements;

*Adjustments on previous period consolidated financial statements:*

	Notes	January 1, 2014 (restated)	January 1, 2014 (previously reported)	Difference
Inventories	A	80.586.103	82.354.545	(1.768.442)
Intangible assets	B	1.704.392	6.449.037	(4.744.645)
Deferred tax assets	C	7.938.763	6.101.468	1.837.295
Long term provisions	D	10.234.882	7.561.495	(2.673.387)
Other accumulated comprehensive income (expense)	B,E	80.530.454	212.641.540	132.111.086
Retained earnings	A,B,C,D,E	254.952.549	129.849.881	(125.102.668)
Non-controlling interest	A,B,C,D,E	12.234.563	12.575.324	340.761
	Notes	December 31, 2014 (restated)	December 31, 2014 (previously reported)	Difference
Inventories	A	85.472.365	87.836.639	(2.364.274)
Intangible assets	B	2.004.145	6.353.404	(4.349.259)
Deferred tax assets	C	9.209.821	7.253.719	1.956.102
Long term provisions	D	11.651.166	8.584.188	(3.066.978)
Other accumulated comprehensive income (expense) not to be reclassified in profit or (loss)	B, E	249.189.417	381.300.503	132.111.086
Retained earnings	A,B,C,D,E	270.561.180	145.458.512	(125.102.668)
Net profit for the year	F	41.673.468	42.148.698	475.230
Non-controlling interest	A,B,C,D,E	18.496.971	18.837.732	340.761
	Notes	September 30, 2014 (restated)	September 30,2014 previously reported)	Difference
Cost of sales (-)	F	(454.163.141)	(453.592.933)	(570.208)
Marketing, selling and distribution expenses (-)	F	(68.315.346)	(68.202.219)	(113.127)
General administration expenses (-)	F	(25.169.653)	(25.401.020)	231.367
Research and development expenses (-)	F	(4.555.689)	(4.545.221)	(10.468)
Deferred tax income/(expenses)	F	(4.441.948)	(4.340.751)	101.197
Other expense from operations (-)	F	43.548	-	(43.548)
Net profit for the year	F	19.628.304	20.033.091	404.787

**Polisan Holding Anonim Şirketi**

**Notes to the condensed consolidated financial statements  
for the period ended January 1 - September 30, 2015 (continued)  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

**2. Basis of presentation of financial statements (continued)**

**2.5 Changes and errors in accounting policies/estimates**

- A: In the prior periods, group had recognized advertising and promotional items as inventory. In 2015, the Group reconsidered that the future economic benefit of related items is unattainable and accordingly expensed these items.
- B: The fair value of the land tenure right related with the port area which is leased with an agreement signed between Poliport, Ministry of Finance National Estate Head Office and Turkish State Railways was determined with an appraisal report in 2011 by using the discounted cash flow method and this value was recognized in the consolidated financial statements. In 2015, the Company reconsidered that the land tenure right mentioned above does not fit the criteria about fair value recognition in accordance with TAS 38. Therefore this amount is released from intangible assets and revaluation and reclassification funds beginning from January 1, 2014 consolidated statement of financial position.
- The amounts released from intangible assets and revaluation and classification fund as of January 1, 2014 and December 31, 2014 are TL 5.930.804 and TL 4.349.259 respectively.
- C: In the year 2015, the Group recognized the deferred tax effect of the retrospective adjustments beginning from January 1, 2014.
- D: In the year 2015, the Group management noticed that vacation pay liability amount is significant and recognized the related amount in long term provisions account in consolidated statement of financial position beginning from January 1, 2014.
- E: The Group's investment properties were recognized with their fair values in the first time consolidated financial statements prepared in accordance with TAS/IFRS and the difference between cost of these properties and their fair values are recognized under revaluation and classification account. As a result of the re-assessment made by the Group in accordance with TAS 40, related revaluation surplus amounts is reclassified to retained earnings in the consolidated statement of financial position beginning from January 1, 2014. The reclassified amounts are TL 126.180.282 in the consolidated financial statements as of January 1, 2014 and December 31, 2014.
- F: Current period profit and loss effects of restatements explained in A and C items are recognized in related income statement accounts.

**2.6 Offsetting**

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

**2.7 Summary of significant accounting policies**

Significant accounting policies used in preparing condensed interim consolidated financial statements of the Group for the three months period ended September 30, 2015 have been prepared in accordance with the illustrative financial statement and user guide issued in accordance with the decision taken in CMB's 20/670 numbered meeting on June 7, 2013. Accordingly, these condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2014.

**Polisan Holding Anonim Şirketi**

**Notes to the condensed consolidated financial statements  
for the period ended January 1 - September 30, 2015 (continued)  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

**2. Basis of presentation of financial statements (continued)**

**2.8 Seasonality in operations**

Operations of the companies within the consolidation may show increase or decrease as of periods. Thus, the results of the three months period ended September 30, 2015 may not be an indicator for the whole year.

**2.9 Convenience translation into English of financial statements originally issued in Turkish**

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, certain reclassifications and also for certain disclosures requirement of the TAS/TFRS promulgated by POA. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

**3. Business combinations**

None (December 31, 2014: None).

**4. Segment reporting**

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

As of September 30, 2015 statement of financial position reporting is as follows:

	<b>Paint</b>	<b>Chemical products</b>	<b>Port</b>	<b>Services</b>	<b>Elimination between segments</b>	<b>Total</b>
Assets	607.154.312	614.646.179	312.872.881	885.664.188	(656.184.613)	1.764.152.947
Liabilities	529.555.325	389.945.380	37.158.885	78.404.129	(31.720.284)	1.003.343.434
	<b>77.598.987</b>	<b>224.700.799</b>	<b>275.713.996</b>	<b>807.260.059</b>	<b>(624.464.329)</b>	<b>760.809.513</b>

As of December 31, 2014 statement of financial position reporting is as follows:

	<b>Paint</b>	<b>Chemical products</b>	<b>Port</b>	<b>Services</b>	<b>Elimination between segments</b>	<b>Total</b>
Assets	443.873.663	421.320.872	314.109.423	1.028.750.492	(673.567.256)	1.534.487.194
Liabilities	363.760.228	149.383.797	37.145.218	244.692.450	(50.730.279)	744.251.414
	<b>80.113.435</b>	<b>271.937.075</b>	<b>276.964.205</b>	<b>784.058.042</b>	<b>(622.836.977)</b>	<b>790.235.780</b>



## Polisan Holding Anonim Şirketi

**Notes to the condensed consolidated financial statements  
for the period ended January 1 - September 30, 2015 (continued)  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

**4. Segment reporting (continued)**

Income statement reporting for the period between January 1 and September 30, 2015 is as follows:

	Paint	Chemical products	Port	Services	Elimination between segments	Total
Revenue	372.939.622	259.523.401	68.611.390	75.046.972	(61.084.040)	715.037.345
Cost of sales (-)	(241.383.503)	(232.517.912)	(40.674.118)	(67.767.620)	39.582.704	(542.760.449)
<b>Gross profit</b>	<b>131.556.119</b>	<b>27.005.489</b>	<b>27.937.272</b>	<b>7.279.352</b>	<b>(21.501.336)</b>	<b>172.276.896</b>
Operational expenses	(90.410.384)	(17.928.197)	(10.989.460)	12.572.139	(2.416.211)	(109.172.113)
Profit from investments accounted under equity method	-	3.417.168	-	-	-	3.417.168
<b>Operational profit</b>	<b>41.145.735</b>	<b>12.494.460</b>	<b>16.947.812</b>	<b>19.851.491</b>	<b>(23.917.547)</b>	<b>66.521.951</b>
Depreciation and amortization	4.473.004	7.723.063	21.166.465	1.330.946	(137.174)	34.556.304
Capital expenditures	9.208.616	14.694.818	24.490.163	16.350.471	(6.244.564)	58.499.504

Income statement reporting for the period between January 1 and September 30 2014 is as follows:

	Paint	Chemical products	Port	Services	Elimination between segments	Total
Revenue	360.643.202	220.302.614	50.736.145	44.093.529	(56.185.625)	619.589.865
Cost of sales (-)	(229.639.387)	(206.312.210)	(32.694.737)	(37.098.380)	51.581.573	(454.163.141)
<b>Gross profit</b>	<b>131.003.815</b>	<b>13.990.404</b>	<b>18.041.408</b>	<b>6.995.149</b>	<b>(4.604.052)</b>	<b>165.426.724</b>
Operational expenses	(78.635.955)	(25.995.062)	(2.010.643)	(661.618)	853.061	(106.450.217)
Profit from investments accounted under equity method	-	-	-	924.353	-	924.353
<b>Operational profit</b>	<b>52.367.859</b>	<b>(12.004.658)</b>	<b>16.030.765</b>	<b>7.257.884</b>	<b>(3.750.991)</b>	<b>59.900.860</b>
Depreciation and amortization	4.857.269	2.997.251	8.793.099	1.136.167	-	17.783.786
Capital expenditures	15.097.383	10.681.849	13.874.608	19.283.765	(4.002.865)	54.934.740

Income statement reporting for the period between July 1 and September 30, 2015 is as follows:

	Paint	Chemical products	Port	Services	Elimination between segments	Total
Revenue	112.281.390	93.040.757	25.400.173	13.672.762	12.395.869	256.790.951
Cost of sales (-)	(76.935.332)	(82.381.900)	(14.443.926)	(12.287.356)	(18.540.223)	(204.588.737)
<b>Gross profit</b>	<b>35.346.058</b>	<b>10.658.857</b>	<b>10.956.247</b>	<b>1.385.406</b>	<b>(6.144.354)</b>	<b>52.202.214</b>
Operational expenses	(28.565.198)	(5.872.735)	(4.947.986)	746.405	5.520.280	(33.119.234)
Profit from investments accounted under equity method	-	547.362	-	-	-	547.362
<b>Operational profit</b>	<b>6.780.860</b>	<b>5.333.484</b>	<b>6.008.261</b>	<b>2.131.811</b>	<b>(624.074)</b>	<b>19.630.342</b>
Depreciation and amortization	1.684.843	3.284.723	11.179.052	358.711	-	16.507.329
Capital expenditures	(401.756)	7.639.562	10.864.812	4.304.201	(296.646)	22.110.173

**Polisan Holding Anonim Şirketi**

**Notes to the condensed consolidated financial statements  
for the period ended January 1 - September 30, 2015 (continued)  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

**4. Segment reporting (continued)**

Income statement reporting for the period between July 1 and September 30, 2014 is as follows:

	Paint	Chemical products	Port	Services	Elimination between segments	Total
Revenue	99.613.119	86.352.391	18.327.678	21.550.726	(34.688.724)	191.155.190
Cost of sales (-)	(62.587.350)	(80.901.756)	(11.538.464)	(18.021.815)	32.240.115	(140.809.270)
<b>Gross profit</b>	<b>37.025.769</b>	<b>5.450.635</b>	<b>6.789.214</b>	<b>3.528.911</b>	<b>(2.448.609)</b>	<b>50.345.920</b>
Operational expenses	(24.690.201)	(13.690.504)	(1.294.163)	(1.281.018)	307.438	(40.648.448)
Profit from investments accounted under equity method	-	(701.954)	-	924.353	-	222.399
<b>Operational profit</b>	<b>12.335.568</b>	<b>(8.941.823)</b>	<b>5.495.051</b>	<b>3.172.246</b>	<b>(2.141.171)</b>	<b>9.919.871</b>
Depreciation and amortization	1.696.356	662.589	3.551.441	624.147	171.710	6.706.243
Capital expenditures	2.505.357	5.219.055	2.304.890	4.678.914	(2.252.566)	12.455.650

**5. Cash and cash equivalents**

As of September 30, 2015 and December 31, 2014 the Group's cash and cash equivalents are as follows:

	September 30, 2015	December 31, 2014
Cash in hand	120.157	49.764
Banks		
- Demand deposits	26.871.455	4.716.201
- Time deposits	76.200.757	55.422.763
Other *	21.455.263	20.323.121
<b>Total</b>	<b>124.647.632</b>	<b>80.511.849</b>

No blockage on the Group's cash and cash equivalents exists as of September 30, 2015 (December 31, 2014 – None).

(\*) Other liquid assets consist of credit card receivables that will be matured in less than 3 months.

As of September 30, 2015 details of time deposits are as follows:

Currency	Interest rate	Maturity	Foreign currency amount	TL equivalent
TL	%11,00-%11,10	1 Gün	12.840.904	12.840.904
EURO	%0,44-%1,60	1 Gün	6.269.903	21.450.593
US Dollar	%1,60-%1,80	1 Gün	13.770.992	41.909.260
<b>Total</b>				<b>76.200.757</b>

**Polisan Holding Anonim Şirketi**

**Notes to the condensed consolidated financial statements  
for the period ended January 1 - September 30, 2015 (continued)  
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**5. Cash and cash equivalents (continued)**

As of December 31, 2014 details of time deposits are as follows:

<b>Currency</b>	<b>Interest rate</b>	<b>Maturity</b>	<b>Foreign currency amount</b>	<b>TL equivalent</b>
TL	%3,20 - %9,00	2-34 Days	19.996.595	19.996.595
EURO	%0,1	2 Days	1.364.570	3.849.041
US Dollar	%1,40 - %2,70	26-90 Days	13.617.287	31.577.127
<b>Total</b>				<b>55.422.763</b>

**6. Financial borrowings**

As of September 30, 2015 and December 31, 2014 the Group's financial borrowings are as follows:

	<b>September 30, 2015</b>		<b>December 31, 2014</b>	
	<b>Interest rate</b>	<b>Amount</b>	<b>Interest rate</b>	<b>Amount</b>
<b>Short-term borrowings</b>				
Bank borrowings				
- TL	%0,00-%11,50	33.644.402	%9,75 - %12,00	51.045.577
- EURO	3,75%	10.407.747	%4,30	50.067.249
Financial leasing payables, net	0%	613	-	556
<b>Total</b>		<b>44.052.762</b>		<b>101.113.382</b>
<b>Short term portion of long term borrowings</b>				
Short term interest and capital payment of long term loans				
- TL	%9,85-%13,74	62.169.914	%9,85- % 12,15	46.942.729
- US Dollar	%2,45-%4,40	109.432.102	% 2,90 - % 4,40	124.040.450
- EURO	2.30% - 5.40%	135.362.443	% 3,00 - % 5,40	63.382.501
<b>Total</b>		<b>306.964.459</b>		<b>234.365.680</b>
<b>Long-term borrowings:</b>				
Bank borrowings				
- TL	9.85% - 13.74%	36.709.476	%9,85-% 12,15	13.729.224
- US Dollar	%2,90-%3,80	86.520.655	% 2,90 - % 4,40	5.876.415
- EURO	%2,45-%5,40	168.864.819	% 3,00 - % 5,40	58.250.852
<b>Total</b>		<b>292.094.950</b>		<b>77.856.491</b>

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

<b>Maturity</b>	<b>September 30, 2015</b>	<b>December 31, 2014</b>
Until 3 months	105.722.240	183.100.707
Between 3 - 6 months	60.862.680	65.048.956
Between 6 - 12 months	184.432.301	87.329.399
Between 1 – 2 years	287.026.201	63.837.221
More than 2 years	5.068.749	14.019.270
<b>Total</b>	<b>643.112.171</b>	<b>413.335.553</b>

**Polisan Holding Anonim Şirketi**

**Notes to the condensed consolidated financial statements  
for the period ended January 1 - September 30, 2015 (continued)  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

**7. Trade receivables and payables**

As of September 30, 2015 and December 31, 2014 the Group's trade receivables are as follows:

<b>Short-term trade receivables</b>	<b>September 30, 2015</b>	<b>December 31, 2014</b>
Trade receivables	139.173.258	115.057.180
Receivables from related parties	462.261	456.059
Notes and cheques received	464.437.715	321.834.580
	<b>604.073.234</b>	<b>437.347.819</b>
Allowance for doubtful receivables (-)	(25.935.621)	(23.794.211)
Deferred financial expense (-)	(14.765.767)	(10.730.564)
<b>Total</b>	<b>563.371.846</b>	<b>402.823.044</b>

<b>Long-term trade receivables</b>	<b>September 30, 2015</b>	<b>December 31, 2014</b>
Trade receivables	-	99.090
Notes and cheques receivables	4.211.511	15.476.906
	<b>4.211.511</b>	<b>15.575.996</b>
Deferred financial expense (-)	(612.789)	(1.548.509)
<b>Total</b>	<b>3.598.722</b>	<b>14.027.487</b>

Movement of provision for doubtful receivables for the nine months periods ended September 30, 2015 and 2014 are as follows:

	<b>September 30, 2015</b>	<b>September 30, 2014</b>
Provisions at the beginning of the period	23.794.211	23.284.924
Provisions for doubtful receivables (Note 21)	3.353.534	677.501
Account receivables written off	(937.601)	-
Doubtful receivables provisions no longer required (Note 21)	(274.523)	(363.845)
<b>Total</b>	<b>25.935.621</b>	<b>23.598.580</b>

**Polisan Holding Anonim Şirketi**

**Notes to the condensed consolidated financial statements  
for the period ended January 1 - September 30, 2015 (continued)  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

**7. Trade receivables and payables (continued)**

As of September 30, 2015 and December 31, 2014 the aging of the overdue but not impaired trade receivables are as follows:

	<b>September 30, 2015</b>	<b>December 31, 2014</b>
1-30 days overdue	15.154.510	24.663.220
1-3 months overdue	8.246.191	3.145.230
3-12 months overdue	3.415.820	1.014.451
1-5 years overdue	1.884.900	1.041.000
<b>Total</b>	<b>28.701.421</b>	<b>29.863.901</b>

As of September 30, 2015 letter of guarantees amounting to TL 7.460.799 has been received for the overdue but not impaired trade receivables amounting to TL 28.701.421 (December 31, 2014: TL 29.863.901).

As of September 30, 2015 and December 31, 2014 the Group's trade payables are as follows:

<b>Short term trade payables</b>	<b>September 30, 2015</b>	<b>December 31, 2014</b>
Trade payables	96.856.288	92.732.012
Notes and cheques payables	33.259.044	28.166.856
Payables to related parties	13.496.704	8.519.616
Deferred financial income(-)	(765.209)	(284.514)
<b>Total</b>	<b>142.846.827</b>	<b>129.133.970</b>

**8. Inventories**

As of September 30, 2015 and December 31, 2014 the Group's inventories are as follows:

	<b>September 30, 2015</b>	<b>(Restated) December 31, 2014</b>
Raw materials and supplies	46.003.969	38.890.462
Work in process	4.768.012	4.141.105
Finished goods	27.220.654	35.876.794
Merchandise	5.448.752	3.721.439
Other inventories	7.960.324	3.228.128
<b>Total</b>	<b>91.401.711</b>	<b>85.857.928</b>
Provision for impairment of inventories (-)	(716.472)	(385.563)
<b>Total</b>	<b>90.685.239</b>	<b>85.472.365</b>

**Polisan Holding Anonim Şirketi**

**Notes to the condensed consolidated financial statements  
for the period ended January 1 - September 30, 2015 (continued)  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

**8. Inventories (continued)**

Movement of provision for impairment of inventories for the nine months periods ended September 30, 2015 and 2014 are as follows:

	<i>(Restated)</i>	
	<b>September 30, 2015</b>	<b>September 30, 2014</b>
Provisions at the beginning of the period	385.563	253.868
Provisions for the year (Note 21)	483.096	153.268
Provisions no longer required	(152.187)	-
<b>Total</b>	<b>716.472</b>	<b>407.136</b>

**9. Deferred income**

**Deferred income:**

	<b>September 30, 2015</b>	<b>December 31, 2014</b>
<b>Short term deferred income</b>		
Advances taken (*)	101.302.270	107.257.826
Short term deferred income	368.715	523.868
	<b>101.670.985</b>	<b>107.781.694</b>
Deferred financial income (-)	(3.048.271)	(5.801.263)
<b>Total</b>	<b>98.622.714</b>	<b>101.980.431</b>
<b>Long term deferred income</b>		
Advances taken (*)	3.238.000	3.201.210
Deferred financial income (-)	(356.751)	(182.578)
<b>Total</b>	<b>2.881.249</b>	<b>3.018.632</b>

(\*) Advances received consist of the cheques received from dealers and customers for the sales to be realized by the Group in subsequent periods.

**10. Investments accounted under the equity method**

As of September 30, 2015 and December 31, 2014, the Group's investments accounted under equity method are as follows:

	<b>September 30, 2015</b>		<b>December 31, 2014</b>	
	<b>Share (%)</b>	<b>Amount</b>	<b>Share (%)</b>	<b>Amount</b>
Rohm And Haas	40	8.495.932	40	5.078.764
<b>Total</b>		<b>8.495.932</b>		<b>5.078.764</b>

**Polisan Holding Anonim Şirketi**

**Notes to the condensed consolidated financial statements  
for the period ended January 1 - September 30, 2015 (continued)  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

**10. Investments accounted under the equity method (continued)**

For the periods ended September 30, 2015 and 2014, the movements of the investments accounted under equity method are as follows:

	2015	2014
January 1	5.078.764	4.558.254
Profit from investments accounted for using equity method	3.417.168	924.361
<b>September 30</b>	<b>8.495.932</b>	<b>5.482.615</b>

Rohm and Haas Kimyasal Ürünler Üretim Dağıtım ve Tic. A.Ş. has been accounted under equity method based on September 30, 2015 and December 31, 2014 financial statements. Selected informations from these financial statements are presented below:

	September 30, 2015	December 31, 2014
Total assets	84.784.441	61.926.114
Total liabilities	63.586.816	49.062.250
Profit for the period	8.542.921	1.301.272

**11. Investment properties held for sale**

	September 30, 2015	December 31, 2014
Investment properties held for sale (*)	112.684.683	-
<b>Total</b>	<b>112.684.683</b>	<b>-</b>

(\*) The Group signed "real estate sales promissory agreement and contract for construction in return for land share" agreement regarding to its land in İstanbul/Pendik with Dop Yapı Mimarlık İnşaat Gıda Turizm Hizmetleri Sanayi ve Ticaret Limited Şirketi and Dap Yapı İnşaat Sanayi ve Ticaret AŞ Joint Arrangement (the Contractor) at March 5, 2015. According to the agreement, the Contractor will not make any payment for the share of % 66 but the Contractor will build up single spaces and transfer their title to the Company's ownership on the rest 34% share of the land. Referring to above mentioned conditions, %66 share of related land is recognized under investment properties held for sale account.

Fair value hierarchy of investment properties held for sale is level 2.

**12. Investment properties**

	January 1, 2014	Additions	Transfers	September 30, 2014	December 30, 2014	Additions	Disposals	Transfer(*)	September 30, 2015 (restated)
<b>Cost</b>									
Property and plant	218.366.797	-	(72.000.000)	146.366.797	168.900.000	5.789.865	(3.275.815)	(112.684.683)	58.729.368
Buildings	-	216.034	72.000.000	72.216.034	73.883.495	-	(8.031.000)	-	65.852.495
<b>Total</b>	<b>218.366.797</b>	<b>216.034</b>	<b>-</b>	<b>218.582.831</b>	<b>242.783.495</b>	<b>5.789.865</b>	<b>(11.306.815)</b>	<b>(112.684.683)</b>	<b>124.581.863</b>

(\*) Note 11

**Polisan Holding Anonim Şirketi**

**Notes to the condensed consolidated financial statements  
for the period ended January 1 - September 30, 2015 (continued)  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

**12. Investment properties held for sale (continued)**

There is a rent annotation of Türkiye Elektrik Kurumu A.Ş. on the land which is located at Pendik/İstanbul and which is one of the investment properties of Polisan Yapı. Besides, TOKİ has preemption right throughout the Sabiha Gökçen Airport approach line.

Fair value hierarchy of investment properties is level 2.

**13. Property, plant and equipment**

The movement of property, plant, equipment and related accumulated depreciations for the periods ended September 30, 2015 and September 30, 2014 are as follows:

	<b>September 30, 2015</b>	<b>September 30, 2014</b>
<b>As of January 1</b>		
Cost	817.785.724	573.711.387
Accumulated depreciation	(195.971.030)	(173.214.887)
<b>Net book value</b>	<b>621.814.694</b>	<b>400.496.500</b>
<b>As of January 1</b>	621.814.694	400.496.500
Additions	52.047.014	54.443.779
Disposals	(905.028)	-
Transfers	(147.808)	(5.097.349)
Currency translation differences	3.798.831	(298.588)
Current period depreciation	(33.785.174)	(16.929.399)
<b>Net book value at the end of the period</b>	<b>642.822.529</b>	<b>432.614.943</b>
<b>As of December 31</b>		
Cost	872.699.093	622.759.229
Accumulated depreciation	(229.876.564)	(189.650.705)
<b>Net book value</b>	<b>642.822.529</b>	<b>433.108.524</b>

On the property registered on Polisan Holding and Polisan Kimya, there is a leasing restriction and an eminent domain by Türkiye Elektrik Kurumu A.Ş., a car-park restriction by İ.E.T.T. General Directorate, an expropriation and leasing restriction by Botaş A.Ş. due to the construction of a pipeline, and a leasing restriction by the General Directorate of the Turkish Electricity Agency. The restrictions on the companies are related to the power plant, carpark and pipeline projects. The remaining restrictions arise from land purchasing rights.



**Polisan Holding Anonim Şirketi**

**Notes to the condensed consolidated financial statements  
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**14. Intangible assets**

The movement of intangible fixed assets and relevant amortizations for the periods ended September 30, 2015 and September 30, 2014 is as follows:

	January 1, 2015	Restatement effect	Restated January 1, 2015	Addition	Disposal	Transfers	September 30, 2015
<b>Cost</b>							
Rights	6.768.322	(5.930.804)	837.518	-	-	-	837.518
Other intangible assets (*)	5.854.372	-	5.854.372	662.625	-	905.028	7.422.025
<b>Total</b>	<b>12.622.694</b>	<b>(5.930.804)</b>	<b>6.691.890</b>	<b>662.625</b>	<b>-</b>	<b>905.028</b>	<b>8.259.543</b>
<b>Accumulated Amortization</b>							
Rights	1.685.516	(1.581.545)	103.971	41.860	-	-	145.831
Other intangible assets	4.583.774	-	4.583.774	729.270	-	-	5.313.044
<b>Total</b>	<b>6.269.290</b>	<b>(1.581.545)</b>	<b>4.687.745</b>	<b>771.130</b>	<b>-</b>	<b>-</b>	<b>5.458.875</b>
<b>Net Book Value</b>	<b>6.353.404</b>		<b>2.004.145</b>				<b>2.800.668</b>

	January 1, 2014	Restatement effect	Restated January 1, 2014	Addition	Disposal	Foreign Currency translation differences	September 30, 2014
<b>Cost</b>							
Rights	6.222.322	(5.930.804)	291.518	-	-	-	291.518
Other intangible assets (*)	5.346.914	-	5.346.914	274.927	(16.962)	25	5.604.904
<b>Total</b>	<b>11.569.236</b>	<b>(5.930.804)</b>	<b>5.638.432</b>	<b>274.927</b>	<b>(16.962)</b>	<b>25</b>	<b>5.896.422</b>
<b>Cost</b>							
Rights	1.267.594	(1.186.159)	81.435	311.166	(296.540)	-	96.062
Other intangible assets	3.852.605	-	3.852.605	543.221	(3.015)	-	4.392.811
<b>Total</b>	<b>5.120.199</b>	<b>(1.186.159)</b>	<b>3.934.040</b>	<b>854.387</b>	<b>(299.555)</b>	<b>-</b>	<b>4.488.873</b>
<b>Net Book Value</b>	<b>6.449.037</b>		<b>1.704.392</b>				<b>1.407.549</b>

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

**Polisan Holding Anonim Şirketi**

**Notes to the condensed consolidated financial statements  
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**15. Provisions, contingent liabilities and contingent assets**

**15.1 Debt provisions**

	<b>September 30, 2015</b>	<b>December 31, 2014</b>
Sales premium provisions	10.996.843	-
<b>Total</b>	<b>10.996.843</b>	<b>-</b>

**15.2 Litigation and disputes**

**1) The ongoing lawsuits filed by the Group:**

As of September 30, 2015 total amount of ongoing lawsuits and execution proceedings filed by the Group is TRY 34.736.773 (December 31, 2014: TRY 39.067.350). The Group has made a provision amounting to TRY 24.698.466 (December 31, 2014: TRY 23.794.211) for the receivables regarding to the ongoing lawsuits and execution proceedings in progress.

**2) The ongoing lawsuits filed against the Group:**

As of September 30, 2015, total amount of the ongoing lawsuits filed against the Group is TRY 825.800 (December 31, 2014: TRY 587.180).

**15.3 Collaterals, pledges, mortgages, bills given/received:**

**1) CPMB's given**

<b>Collaterals, pledges, mortgages, bills given (TL)</b>	<b>September 30, 2015</b>	<b>December 31, 2014</b>
A. Total amount of CPMB's given in the name of its own legal personality	-	-
B. Total amount of CPMB's given on behalf of the fully consolidated companies (1)	997.136.694	1.042.121.750
C. Total amount of CPMB's given on behalf of third parties for ordinary course of business	84.035.795	86.553.525
D. Total amount of other CPMB's given	-	-
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.	-	-
	<b>1.081.172.489</b>	<b>1.128.675.275</b>

The ratio of CPMB's given by The Group and equity is 0%, as of September 30, 2015. (December 31, 2014 0%)

(1) Bills of guarantees given for the Bank's Loan Agreements.

**Polisan Holding Anonim Şirketi****Notes to the condensed consolidated financial statements  
for the period ended January 1 - September 30, 2015 (continued)  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)****15. Provisions, contingent liabilities and contingent assets (continued)**

As of September 30, 2015 and December 31, 2014 the details of the CPMB's given by the Group is listed below;

<b>September 30, 2015</b>					
	Foreign Currency Amount US Dollar	Foreign Currency Amount EURO	Foreign Currency Amount TL Equivalent	TL Equivalent	Total TL
Bill of guarantees	129.500.000	6.000.000	272.428.920	724.900.000	997.328.920
Letter of guarantee	-	1.100.000	2.602.920	80.240.649	82.843.569
Guarantee notes	-	-	-	1.000.000	1.000.000
	<b>129.500.000</b>	<b>7.100.000</b>	<b>275.031.840</b>	<b>806.140.649</b>	<b>1.081.172.489</b>

<b>December 31, 2014</b>					
	Foreign Currency Amount US Dollar	Foreign Currency Amount EURO	Foreign Currency Amount TL Equivalent	TL Equivalent	Total TL
Bill of guarantees	129.500.000	6.000.000	317.221.750	724.900.000	1.042.121.750
Letter of guarantee	-	1.100.000	3.102.772	82.450.753	85.553.525
Guarantee notes	-	-	-	1.000.000	1.000.000
	<b>129.500.000</b>	<b>7.100.000</b>	<b>320.324.522</b>	<b>808.350.753</b>	<b>1.128.675.275</b>

**2) CPMBs received**

<b>September 30, 2015</b>					
	Foreign Currency Amount US Dollar	Foreign Currency Amount EURO	Foreign Currency Amount TL Equivalent	TL Equivalent	Total TL
Pledges	-	70.200	202.611	28.463.180	28.665.791
Cheques of guarantee	540.000	-	1.195.603	171.500	1.367.103
Letter of guarantee	1.086.882	9.478.712	26.541.976	457.000	26.998.976
Guarantee notes	810.620	21.200	2.134.871	7.125	2.141.996
	<b>2.437.502</b>	<b>9.570.112</b>	<b>30.075.061</b>	<b>29.098.805</b>	<b>59.173.866</b>

<b>December 31, 2014</b>					
	Foreign Currency Amount US Dollar	Foreign Currency Amount EURO	Foreign Currency Amount TL Equivalent	TL Equivalent	Total TL
Pledges	-	-	-	26.033.180	26.033.180
Cheques of guarantee	540.000	-	1.252.206	171.500	1.423.706
Letter of guarantee	1.185.506	9.410.907	29.294.415	3.409.834	32.704.249
Guarantee notes	-	21.200	59.799	3.422.983	3.482.782
	<b>1.725.506</b>	<b>9.432.107</b>	<b>30.606.420</b>	<b>33.037.497</b>	<b>63.643.917</b>

**Polisan Holding Anonim Şirketi**

**Notes to the condensed consolidated financial statements  
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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

**16. Employee benefits**

**Short term:**

	<b>September 30, 2014</b>	<b>December 31, 2014</b>
Payables to personnel	2.717.403	2.161.351
Taxes and duties payable	1.804.626	1.345.422
Social security premiums payable	1.084.996	549.615
<b>Total</b>	<b>5.607.025</b>	<b>4.056.388</b>

**Long term employee benefit terminations**

<b>Long term employee benefits</b>	<b>September 30, 2015</b>	<b>December 31, 2014</b>
Provisions for employee termination benefits	10.041.012	8.584.188
Provisions for vacation pay	2.921.531	3.066.978
<b>Total</b>	<b>12.962.543</b>	<b>11.651.166</b>

**Provision for employee termination benefits**

In accordance with existing social legislation in Turkey the Company is 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 06.03.1981, Numbered 2422 and dated 25.08.1999, 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.

The severance payment for each year of service is one month salary and this amount is limited to a maximum of TRY 3.828,37 (December 31, 2014: TRY 3.438,22) as of September 30, 2015.

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, 2015, 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, 2015, the provisions are calculated by 3,08% real discount rate (December 31, 2014: 3,08 % real discount rate) based on the assumption of an annual 5,50% inflation rate and 8,75% 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 92,44% (December 31, 2014: 95,37%) 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 1.75% and a discount rate of 3.20%.

**Polisan Holding Anonim Şirketi**

**Notes to the condensed consolidated financial statements  
for the period ended January 1 - September 30, 2015 (continued)  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

**16. Employee benefits (continued)**

The movement of the severance payment provision of the Group for the periods ended September 30, 2015 and September 30, 2014 is as follows:

	<b>September 30, 2015</b>	<b>September 30, 2014</b>
January 1	8.584.188	7.561.495
Payments	(1.566.737)	(1.206.877)
Interest cost	621.046	190.278
Current service cost	1.100.309	960.505
Actuarial (gain)/loss	1.302.206	599.397
<b>Total</b>	<b>10.041.012</b>	<b>8.104.798</b>

**17. Other assets and liabilities**

As of September 30, 2015 and December 31, 2014 Group's other current assets are as follows:

	<b>September 30, 2015</b>	<b>December 31, 2014</b>
<b>Other current assets</b>		
Deferred VAT	10.788.395	12.380.051
Income accrual	-	48.043
Other	500.279	-
<b>Total</b>	<b>11.288.674</b>	<b>12.428.094</b>

As of September 30, 2015 and December 31, 2014 Group's other current liabilities are as follows:

	<b>September 30, 2015</b>	<b>December 31, 2014</b>
<b>Short term other liabilities</b>		
Prepaid expenses	1.859.351	1.986.977
Taxes and funds payable	1.284.784	812.397
<b>Total</b>	<b>3.144.135</b>	<b>2.799.374</b>

**Polisan Holding Anonim Şirketi**

**Notes to the condensed consolidated financial statements  
for the period ended January 1 - September 30, 2015 (continued)  
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**18. Capital, reserves and other equity items**

The share capital of the Company is TRY 370.000.000 and composed of 370.000.000 shares each with a nominal value of TRY 1, which all have only one voting right and are registered in owner's name. As of September 30, 2015 and December 31, 2014 the Group's partnership structure is as follows:

	September 30, 2015		December 31, 2014	
	Share (%)	Amount	Share (%)	Amount
Necmettin Bitlis	15,18	56.163.449	15,18	56.163.449
Ahmet Faik Bitlis	10,2	37.756.717	10,2	37.756.717
Fatma Nilgün Kasrat	10,2	37.756.717	10,2	37.756.717
Ali Fırat Yemenciler	0,95	3.502.500	0,95	3.502.500
A.Melike Bitlis (Bush)	10,2	37.756.717	10,2	37.756.717
Mehmet Emin Bitlis	16,89	62.493.625	16,89	62.493.625
Ahmet Ertuğrul Bitlis	16,89	62.493.625	16,89	62.493.625
Alaattin Bitlis	1,36	5.018.350	1,36	5.018.350
Melis Bitlis	1,71	6.329.050	1,71	6.329.050
Selahaddin Bitlis	2,21	8.161.175	2,21	8.161.175
Erol Mizrahi	1,89	7.005.000	1,89	7.005.000
Galip Demirel	0,77	2.836.850	0,77	2.836.850
Güldal Akşit	1,15	4.255.275	1,15	4.255.275
Serdar Demirel	1,15	4.255.275	1,15	4.255.275
Melda Bitlis	0,28	1.050.750	0,28	1.050.750
Burcu Bitlis	0,28	1.050.750	0,28	1.050.750
Banu Bitlis	0,28	1.050.750	0,28	1.050.750
Publicly held (*)	8,4	31.063.425	8,4	31.063.425
	<b>100</b>	<b>370.000.000</b>	<b>100</b>	<b>370.000.000</b>
Adjustment to share capital		1.467.266		1.467.266
<b>Total</b>		<b>371.467.266</b>		<b>371.467.266</b>

(\*) As of September 30, 2015, the shareholding rate of the Şark Mensucat Fabrikaları AŞ, a related party the Group, in the listed part is 6,227%. Furthermore, other shareholders Ahmet Ertuğrul Bitlis has a share amounting to TL 227.000, Mehmet Emin Bitlis has a share amounting to TL 141.578, Erol Mizrahi has a share amounting to TL 88.393 and Ali Fırat Yemenciler has a share amounting to TL 42.262 in the listed part as of September 30, 2015. (As of December 31, 2014, the shareholding rate of the Şark Mensucat Fabrikaları A.Ş., a related party of the Group, in the listed part reached to 6,753%. Furthermore, other shareholders Ahmet Ertuğrul Bitlis has a share amounting to TL 227.000, Mehmet Emin Bitlis has a share amounting to TL 141.578, Erol Mizrahi has a share amounting to TL 88.393 and Ali Fırat Yemenciler has a share amounting to TL 42.262 in the listed part).

Polisan Holding A.Ş. has increased its paid-in capital by cash in the amount of TL 200.000.000 from TL 150.250.000 to TL 350.250.000 along with the extraordinary general assembly decision dated 15 February 2012. Later, Polisan Holding A.S. has increased its capital to TL 370.000.000 from TL 350.250.000 through a public offering on 16-17-18 May 2012 by restricting the preemptive rights of the shareholders whereas TL 19.750.000 nominal shares have been sold on the Stock Exchange.

**Polisan Holding Anonim Şirketi**

**Notes to the condensed consolidated financial statements  
for the period ended January 1 - September 30, 2015 (continued)  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

**18. Capital, reserves and other equity items (continued)**

**Restricted Reserves**

General reserves comprise prior years' undistributed income and 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**

Holding 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 Communiqué Serial II, Number: 19.1 regarding to the dividends, which is effective as of February 1, 2014.

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 communiqué, 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 installments 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.

According to the Board Decision dated 16 March 2015; it's been decided to make dividend payment amounting to TL 12.000.000, based on the net distributable profit after including the deduction of TL 612.966 legal reserves calculated over legal records and addition of TL 610.339 donations and contributions into the consolidated profit calculated based on CMB Communiqué Serial: II, No 14.1.

**Polisan Holding Anonim Şirketi**

**Notes to the condensed consolidated financial statements  
for the period ended January 1 - September 30, 2015 (continued)  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

**18. Capital, reserves and other equity items (continued)**

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

	<b>September 30, 2015</b>	<b>December 31, 2014</b>
Tangible asset revaluation fund	285.252.377	285.252.377
- tax effect	(32.998.649)	(32.998.649)
Employment termination benefits actuarial gain/(loss) fund	(5.165.971)	(3.856.719)
- tax effect	1.033.194	771.344
<b>Total</b>	<b>248.120.951</b>	<b>249.168.353</b>
<b>Minus: Minority Interest</b>		
Employment termination benefits actuarial gain/(loss) fund	33.376	26.330
- tax effect	(6.675)	(5.266)
	<b>26.701</b>	<b>21.064</b>
<b>Share of equity holders of the parents</b>	<b>248.147.652</b>	<b>249.189.417</b>

**Non-controlling interests**

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

The movement of non-controlling interests is as follows;

<b>Non-Controlling Interest</b>	<b>2015</b>	<b>(Restated) 2014</b>
January 1	18.496.971	12.234.563
Share of the profit for the period	358.277	957.585
Dividend payments	(1.198.306)	--
<b>September 30</b>	<b>17.656.942</b>	<b>13.192.148</b>

**Equity effect of acquisition:**

The Company purchased 22,23% share from non-controlling interests of Poliport in 2012. The difference between cost of acquisition and net asset portion of Poliport amounting to 208.011.543 was recognized under equity effect of acquisition account under shareholder's equity.



**Polisan Holding Anonim Şirketi****Notes to the condensed consolidated financial statements  
for the period ended January 1 - September 30, 2015 (continued)  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)****19. Revenue and cost of sales**

Details regarding to revenue and cost of sales for the periods ended September 30, 2015 and September 30, 2014 are as follows:

	January 1 - September 30, 2015	January 1 - September 30, 2014	July 1 - September 30, 2015	July 1.- September 30, 2014
Domestic sales	662.866.839	614.454.097	232.544.378	183.961.779
Foreign sales	115.648.365	45.503.502	41.504.130	18.091.583
<b>Gross sales</b>	<b>778.515.204</b>	659.957.599	<b>274.048.508</b>	202.053.362
Sales returns	(11.358.368)	(5.585.066)	(4.192.798)	(1.680.803)
Sales discounts	(50.033.695)	(30.903.508)	(12.384.297)	(8.678.080)
Other discounts	(2.085.796)	(3.879.160)	(680.462)	(539.289)
<b>Sales deductions (-)</b>	<b>(63.477.859)</b>	(40.367.734)	<b>(17.257.557)</b>	(10.898.172)
<b>Net sales</b>	<b>715.037.345</b>	619.589.865	<b>256.790.951</b>	191.155.190

	January 1 - September 30, 2015	(Restated) January 1 - September 30, 2014	July 1 - September 30, 2015	(Restated) July 1.- September 30, 2014
<b>Cost of sales</b>				
Direct raw material and supply expenses	319.746.341	299.723.423	92.056.183	86.224.216
Direct labour expenses	12.019.157	7.714.876	4.054.370	2.685.831
Production overheads	29.760.552	32.020.803	7.824.212	3.230.713
Depreciation and amortization	5.286.087	3.839.021	2.408.741	1.372.501
Changes in work in process inventory				
- Opening inventories	4.193.163	3.250.529	52.058	-
- Closing inventories	(4.768.012)	(4.478.605)	(1.211.397)	(1.347.941)
Changes in finished goods inventory				
- Opening inventories	25.229.869	17.194.499	(10.646.925)	-
- Closing inventories	(27.220.654)	(35.246.396)	24.580.187	364.266
<b>Cost of goods sold</b>	<b>364.246.503</b>	324.018.150	<b>119.117.429</b>	92.529.586
- Opening inventories	3.697.760	3.708.961	(23.679)	-
- Purchases during the period	79.793.223	75.735.957	26.598.863	23.602.674
- Closing inventories	(5.448.752)	(5.017.226)	(210.393)	483.394
<b>Cost of merchandise sold</b>	<b>78.042.231</b>	74.427.692	<b>26.364.791</b>	24.086.068
Personnel expenses	21.673.957	17.530.944	6.417.861	5.724.277
Other service expenses	62.376.092	27.856.571	46.104.186	14.688.877
Depreciation and amortization	14.119.679	8.507.168	6.385.474	3.285.184
<b>Cost of services rendered</b>	<b>98.169.728</b>	53.894.683	<b>58.907.521</b>	23.698.338
<b>Cost of other sales</b>	<b>2.301.987</b>	1.822.616	<b>198.996</b>	495.278
<b>Total cost of sales</b>	<b>542.760.449</b>	454.163.141	<b>204.588.737</b>	140.809.270

**Polisan Holding Anonim Şirketi**

**Notes to the condensed consolidated financial statements  
for the period ended January 1 - September 30, 2015 (continued)  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

**20. Expenses by nature**

	<b>January 1 - September 30, 2015</b>	January 1 - September 30, 2014	<b>July 1 - September 30, 2015</b>	July 1.- September 30, 2014
<b>Personnel expenses</b>				
General administrative expenses	<b>24.031.352</b>	16.962.521	<b>15.395.995</b>	5.506.213
Cost of services rendered	<b>21.673.957</b>	17.530.944	<b>6.417.861</b>	5.724.277
Marketing, selling and distribution expenses	<b>16.734.831</b>	15.113.126	<b>5.534.389</b>	5.117.954
Cost of goods sold	<b>12.019.157</b>	7.714.876	<b>4.054.370</b>	2.585.871
Research and development expenses	<b>3.089.391</b>	3.048.550	<b>1.839.512</b>	1.029.197
<b>Total</b>	<b>77.548.688</b>	60.370.017	<b>33.242.127</b>	19.963.512

	<b>January 1 - September 30, 2015</b>	January 1 - September 30, 2014	<b>July 1 - September 30, 2015</b>	July 1.- September 30, 2014
<b>Depreciation and amortization</b>				
Cost of services rendered	<b>14.119.679</b>	8.507.168	<b>6.385.474</b>	3.285.184
General administrative expenses	<b>9.152.170</b>	1.210.713	<b>5.433.340</b>	821.244
Marketing, selling and distribution expenses	<b>5.599.673</b>	3.930.724	<b>1.949.085</b>	1.137.357
Cost of goods sold	<b>5.286.087</b>	3.839.021	<b>2.408.741</b>	1.372.501
Research and development expenses	<b>398.695</b>	296.160	<b>330.688</b>	89.957
<b>Total</b>	<b>34.556.304</b>	17.783.786	<b>16.507.328</b>	6.706.243

**21. Other income and expenses from operations**

Group's other income and expenses from operations for the periods ended September 30, 2015 and September 30, 2014 are as follows:

	<b>January 1 - September 30, 2015</b>	(Restated) January 1 - September 30, 2014	<b>July 1 - September 30, 2015</b>	(Restated) July 1- September 30, 2014
<b>Other operating income</b>				
Foreign currency translation income	<b>10.348.278</b>	14.227.755	<b>5.485.561</b>	(2.255.636)
Deferred financial income	<b>4.264.186</b>	5.929.932	<b>(4.609.941)</b>	1.058.647
Incentive income	<b>491.726</b>	-	<b>135.936</b>	-
Rent income	<b>388.423</b>	340.457	<b>388.423</b>	114.733
Provisions no longer required ( Note 7)	<b>274.523</b>	363.845	<b>(22.193)</b>	100.130
Insurance income	<b>57.030</b>	71.284	<b>(212)</b>	753
Other	<b>4.040.459</b>	2.013.375	<b>3.213.720</b>	805.235
<b>Total</b>	<b>19.864.625</b>	22.946.648	<b>4.591.294</b>	(176.138)

**Polisan Holding Anonim Şirketi**

**Notes to the condensed consolidated financial statements  
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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

**21. Other income and expenses from operations (continued)**

	<b>January 1 - September 30, 2015</b>	January 1 - September 30, 2014	<b>July 1 - September 30, 2015</b>	July 1.- September 30, 2014
<b>Other operating expenses</b>				
Deferred financial expense	<b>9.683.486</b>	15.607.002	<b>(6.144.399)</b>	2.334.825
Foreign currency translation expense	<b>7.431.663</b>	14.699.754	<b>5.181.992</b>	9.000.686
Allowance for doubtful receivables (Note 7)	<b>3.353.534</b>	677.501	<b>1.097.485</b>	38.645
Provision for impairment inventories(Note 8)	<b>716.472</b>	153.268	<b>592.926</b>	153.268
Other	<b>2.383.618</b>	218.653	<b>1.887.806</b>	111.590
<b>Total</b>	<b>23.568.773</b>	31.356.178	<b>2.615.810</b>	11.639.014

**22. Income and expenses from investing activities**

Group's income and expenses from investing activities for the periods ended September 30, 2015 and September 30, 2014 are as follows:

	<b>January 1 - September 30, 2015</b>	(Restated) January 1 - September 30, 2014	<b>July 1 - September 30, 2015</b>	(Restated) July 1- September 30, 2014
<b>Income from Investing Activities</b>				
Profit from fixed assets sales	<b>604.722</b>	266.454	<b>(24.923)</b>	61.224
<b>Total</b>	<b>604.722</b>	266.454	<b>(24.923)</b>	61.224

  

	<b>January 1 - September 30, 2015</b>	January 1 - September 30, 2014	<b>July 1 - September 30, 2015</b>	July 1.- September 30, 2014
<b>Expenses from Investing Activities</b>				
Loss on sale of fixed assets	-	9.420	-	3.834
<b>Total</b>	-	9.420	-	3.834

**Polisan Holding Anonim Şirketi**

**Notes to the condensed consolidated financial statements  
for the period ended January 1 - September 30, 2015 (continued)  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

**23. Financial income and expense**

Group's financial income and expense for the periods ended September 30, 2015 and September 30, 2014 are as follows:

	<b>January 1 - September 30, 2015</b>	(Restated) January 1 - September 30, 2014	<b>July 1 - September 30, 2015</b>	(Restated) July 1 - September 30, 2014
<b>Financial income</b>				
Foreign exchange gains	<b>12.565.148</b>	22.850.461	<b>4.525.258</b>	12.438.537
Interest income	<b>1.020.057</b>	1.702.787	<b>200.556</b>	(1.727)
Late interest income from related parties (Note 26)	-	473.429	-	473.429
Other	-	32.237	-	32.237
<b>Total</b>	<b>13.585.205</b>	25.058.914	<b>4.725.814</b>	12.942.476

	<b>January 1 - September 30, 2015</b>	(Restated) January 1 - September 30, 2014	<b>July 1 - September 30, 2015</b>	(Restated) July 1 - September 30, 2014
<b>Financial expenses</b>				
Foreign exchange rate losses	<b>67.301.197</b>	36.012.707	<b>38.574.754</b>	12.478.948
Loan interest expenses	<b>19.321.590</b>	18.769.397	<b>6.269.470</b>	7.506.787
Bank charge and POS expenses	<b>557.804</b>	805.000	<b>270.223</b>	309.230
Letters of guarantee commission expense	<b>408.473</b>	149.042	<b>15.810</b>	50.772
<b>Total</b>	<b>87.589.064</b>	55.736.146	<b>45.130.257</b>	20.345.737

**24. Income taxes (including deferred tax assets and liabilities)**

**Corporate tax**

Necessary provisions are made in the accompanying financial statements in regards to the estimated tax liabilities of the Group's operating results in the current period.

The corporate tax rate to be accrued over the taxable corporate income is calculated based on the taxable income, which remains after subtracting the tax-exempt gain, the income not subject to taxation and other discounts (previous years' losses, if any and investment incentives utilized over preference) and adding the non-deductible expenses, which were expensed during the determination of the corporate income, however, should not be deducted, to the taxable income. The corporate tax rate implied on the profits for the calendar year 2015 is 20% (2014: 20%)

In Turkey, advance tax is calculated and accrued on a quarterly basis. The advance tax rate that needs to be calculated over the corporate income during the taxation of 2015 corporate income by the advance tax periods is 20%. (2014: 20%). Losses can be carried forward for a maximum of five consecutive years so as to be deducted from the taxable income to arise in the years to come. However, losses cannot be deducted from the previous years' profits retrospectively.

**Polisan Holding Anonim Şirketi**

**Notes to the condensed consolidated financial statements  
for the period ended January 1 - September 30, 2015 (continued)  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

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

Confirmation with the tax authority on the tax amount is not a valid application in Turkey. Corporate tax returns must be submitted to related tax office until the afternoon of 25th day of the 4th month, following the end of the accounting period. In addition to this, the authorities who are authorized for the tax investigation may review the accounting records within five years and in case of a detection of incorrect transaction, the tax amount to be paid may change

In Turkey no taxes are withheld from undistributed profits, profits added to share capital (bonus shares) and dividends paid to other tax payer companies. However, profits distributed in dividend to individuals and non-resident companies are subject to withholding at the rate of 15%.

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.

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

**Polisan Holding Anonim Şirketi**

**Notes to the condensed consolidated financial statements  
for the period ended January 1 - September 30, 2015 (continued)  
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**24. Income taxes (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 as reported for IAS/IFRS purposes and its statutory tax financial statements. These differences usually arise from the recognition of some revenue and expense items in different reporting periods for IAS/IFRS and tax purposes and these differences are given below. The tax rate used for the calculation of deferred tax asset and liabilities is 20% as of September 30, 2015 and December 31, 2014.

	September 30, 2015		December 31, 2014	
	Cumulative Revaluation differences	Asset/ (liability)	Cumulative Revaluation differences	Asset/ (liability)
Tangible and intangible amortizations adjustment differences	2.557.385	(531.218)	5.737.413	(1.147.482)
Tangible assets revaluation increment	499.173.928	(71.783.769)	463.188.692	(74.392.885)
Deferred finance income	4.173.995	(834.046)	(6.539.831)	1.307.966
Deferred finance expense	(15.604.745)	3.120.949	284.514	(56.903)
Provision for employee termination benefits	(10.041.012)	2.008.202	(8.419.204)	1.683.842
Vacation pay liability	(2.921.531)	584.306	(3.066.978)	613.396
Adjustment for loans	(203.897)	40.779	-	-
Allowance for doubtful receivables	(1.854.094)	282.355	(2.369.338)	473.868
Adjustment for inventories	(3.353.252)	675.089	(2.820.449)	564.090
Subsidiaries and joint ventures impairment	(291.295)	58.259	(1.032.528)	206.506
Adjustment for interest accruals	2.799	(560)	(27.417)	5.483
Tax losses carried forward	(15.872.939)	3.878.580	(14.133.942)	3.484.818
Sales premium provisions	(10.996.843)	2.199.369	-	-
Other	(315.221)	63.044	-	-
<b>Deferred tax liability, net</b>	<b>444.453.278</b>	<b>(60.238.661)</b>	<b>430.800.932</b>	<b>(67.257.301)</b>
Deferred tax asset		<b>15.596.628</b>		<b>9.209.821</b>
Deferred tax liability		<b>(75.835.289)</b>		<b>(76.467.122)</b>

**Polisan Holding Anonim Şirketi**

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

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

	<b>2015</b>	(Restated) 2014
January 1	<b>(67.257.301)</b>	(55.436.158)
Tax income for the period	<b>6.193.660</b>	4.441.948
Foreign exchange difference	<b>565.948</b>	(23.626)
Deferred tax effect of actuarial gain	<b>259.032</b>	119.879
<b>September 30</b>	<b>(60.238.661)</b>	(50.897.957)

The Group's tax (expense)/income income are as follows;

<b>Tax income/(expense)</b>	<b>January 1 - September 30, 2015</b>	January 1 - September 30, 2014
Tax expense for the period	<b>(9.645.059)</b>	(14.294.306)
Deferred tax income	<b>6.193.660</b>	4.441.948
<b>Total</b>	<b>(3.451.399)</b>	(9.852.358)

**25. (Loss)/earning per share**

The calculation of earnings per share is based on net profit for the related year/interim period ended divided by weighted average number of ordinary shares outstanding during the year or the interim period. As of September 30, 2015 and as of September 30, 2014, Group's earning per share is as follows:

	<b>January 1 - September 30, 2015</b>	January 1 - September 30, 2014
Net (loss)/profit for the period	<b>(10.686.862)</b>	18.656.096
Weighted average number of ordinary shares outstanding	<b>370.000.000</b>	370.000.000
<b>(Loss)/earning per share</b>	<b>(0,029)</b>	0,050

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**26. Related party disclosures**

**a) Benefits to top management**

The total amount of wage and similar benefits has paid to the management is TL 2.082.924 between the date of January 1 - September 30, 2015. The TL 1.568.724 of related amount is wage and the rest TL 514.200 of it is promotion. (January 1-September 30, 2014: TL 1.882.971). Board members, general manager and vice general directors defined as the management by The Group.

**b) Due from related parties**

	September 30, 2015	December 31, 2014
Rohm and Haas (1)	462.261	416.985
Şark Mensucat Fabrikası A.Ş (2)	-	39.074
	<b>462.261</b>	<b>456.059</b>

**c) Due to related parties**

	September 30, 2015	December 31, 2014
<b>Trade payables</b>		
Rohm and Haas (1)	13.496.704	8.519.616
	<b>13.496.704</b>	<b>8.519.616</b>

**d) Related party transactions**

	January 1 - September 30, 2015		January 1 - September 30, 2014	
	Şark Mensucat Fabrikası A.Ş	Rohm and Haas Kim. Ürün. Üretim, Dağ. ve Tic. A.Ş	Şark Mensucat Fabrikası A.Ş	Rohm and Haas Kim. Ürün. Üretim, Dağ. ve Tic. A.Ş
<b>Purchases</b>				
Raw material	-	38.287.352	-	40.101.698
Service	-	152.596	-	152.596
Foreign exchange differences	-	2.368.720	-	273.552
<b>Total</b>	-	<b>40.808.668</b>	-	<b>40.527.846</b>
<b>Sales</b>				
Finished goods	13.467	-	11.793	-
Services	329.662	3.739.065	228.169	2.905.884
Rent	6.624	-	6.624	-
Foreign exchange differences	-	31.906	-	1.319
Maturity differences	-	-	473.429	-
<b>Total</b>	<b>349.753</b>	<b>3.770.971</b>	<b>720.015</b>	<b>2.907.203</b>

- (1) The Company has participation at the rate of 40% in Rohm and Haas Rohm and Haas Kimyasal Ürünler Üretim Dağıtım ve Tic. A.Ş.  
(2) The Company has the same shareholders with the Şark Mensucat A.Ş.



**Polisan Holding Anonim Şirketi**

**Notes to the condensed consolidated financial statements  
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**27. Financial instruments and financial risk management**

**Financial risk management**

Group's financial department provides access to financial markets on a regular basis and is responsible for monitoring the financial risks through the reports analyzing 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, 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 company's capital and short-term bank loans, if necessary. Since the distribution of trade receivables, payment terms, and monitoring and controlling the credit quality is of great importance for risk management, the company 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, 2015 and December 31, 2014, Group's foreign currency position is as follows:

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

	September 30, 2015				
	TL	USD	EURO	GBP	Other
1. Trade receivables	10.091.373	2.003.616	1.167.359	-	-
2a. Monetary financial assets	65.116.889	13.861.203	6.700.203	2.245	-
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	1.034	-	302	-	-
<b>4. Current assets (1+2+3)</b>	<b>75.209.296</b>	<b>15.864.819</b>	<b>7.867.864</b>	<b>2.245</b>	-
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non-monetary financial assets	35.580.480	-	10.400.000	-	-
7. Other	-	-	-	-	-
<b>8. Non-current assets (5+6+7)</b>	<b>35.580.480</b>	-	<b>10.400.000</b>	-	-
<b>9. Total assets (4+8)</b>	<b>110.789.776</b>	<b>15.864.819</b>	<b>18.267.864</b>	<b>2.245</b>	-
10. Trade payables	39.575.527	7.948.577	4.487.493	5.973	15.306
11. Borrowings	215.030.211	34.810.019	31.887.315	-	-
12a. Monetary liabilities	76.859	2.300	20.420	-	-
12b. Non-monetary liabilities	-	-	-	-	-
<b>13. Current liabilities (10+11+12)</b>	<b>254.682.597</b>	<b>42.760.896</b>	<b>36.395.228</b>	<b>5.973</b>	<b>15.306</b>
14. Trade payables	-	-	-	-	-
15. Borrowings	147.117.570	29.521.768	16.740.902	-	-
16 a. Monetary liabilities	-	-	-	-	-
16 b. Non-monetary liabilities	-	-	-	-	-
<b>17. Non current liabilities (14+15+16)</b>	<b>147.117.570</b>	<b>29.521.768</b>	<b>16.740.902</b>	-	-
<b>18. Total liabilities (13+17)</b>	<b>401.800.167</b>	<b>72.282.664</b>	<b>53.136.130</b>	<b>5.973</b>	<b>15.306</b>
19. Off-balance sheet derivative instruments net position (19a-19b)	-	-	-	-	-
19a. Derivative assets	-	-	-	-	-
19b. Derivative liabilities	-	-	-	-	-
20. Off-balance sheet derivative instruments net position (19a-19b)	(291.010.391)	(56.417.845)	(34.868.266)	(3.728)	(15.306)
<b>21. Net foreign currency position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(326.591.905)</b>	<b>(56.417.845)</b>	<b>(45.268.568)</b>	<b>(3.728)</b>	<b>(15.306)</b>

  

	December 31, 2014				
	TL	USD	EURO	GBP	Other
1. Trade receivables	7.820.823	1.936.219	1.180.350	582	-
2a. Monetary financial assets	32.431.905	13.691.926	238.821	3.103	-
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	806.475	-	285.913	-	-
<b>4. Current assets (1+2+3)</b>	<b>41.059.203</b>	<b>15.628.145</b>	<b>1.705.084</b>	<b>3.685</b>	-
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	1.692	-	600	-	-
<b>8. Non-current assets (5+6+7)</b>	<b>1.692</b>	-	<b>600</b>	-	-
<b>9. Total assets (4+8)</b>	<b>41.060.895</b>	<b>15.628.145</b>	<b>1.705.684</b>	<b>3.685</b>	-
10. Trade payables	163.176.158	-	57.785.362	69.715	-
11. Borrowings	237.490.199	53.491.073	40.220.424	-	-
12a. Monetary liabilities	12.320	2.300	2.477	-	-
12b. Non-monetary liabilities	-	-	-	-	-
<b>13. Current liabilities (10+11+12)</b>	<b>400.678.677</b>	<b>53.493.373</b>	<b>98.008.263</b>	<b>69.715</b>	-
14. Trade payables	-	-	-	-	-
15. Borrowings	64.127.266	2.534.139	20.651.204	-	-
16 a. Monetary liabilities	-	-	-	-	-
16 b. Non-monetary liabilities	-	-	-	-	-
<b>17. Non current liabilities (14+15+16)</b>	<b>64.127.266</b>	<b>2.534.139</b>	<b>20.651.204</b>	-	-
<b>18. Total liabilities (13+17)</b>	<b>464.805.943</b>	<b>56.027.512</b>	<b>118.659.467</b>	<b>69.715</b>	-
19. Off-balance sheet derivative instruments net position (19a-19b)	7.686	-	2.725	-	-
19a. Derivative assets	19.134.283	-	6.783.523	-	-
19b. Derivative liabilities	19.126.597	-	6.780.798	-	-
20. Net foreign currency position asset/liability (9-18+19)	(423.737.362)	(40.399.367)	(116.951.058)	(66.030)	-
<b>21. Net foreign currency position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(424.553.215)</b>	<b>(40.399.367)</b>	<b>(117.240.296)</b>	<b>(66.030)</b>	-

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

## Sensitivity analysis:

As of September 30, 2015 and December 31, 2014 the Group's profit before tax and shareholders' equity would be higher/lower as presented by the amounts below in case of a 10% increase or decrease in the foreign currency, with all other variables held constant.

As of September 30, 2015	Pre-tax profit/loss		Shareholder's equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<i>The impact of 10% increase/decrease of USD against TL</i>				
1- USD net asset/liability	(17.169.643)	17.169.643	-	-
2- USD hedged portion (-)	-	-	-	-
<b>3- USD net effect (1+2)</b>	<b>(17.169.643)</b>	<b>17.169.643</b>	-	-
<i>The impact of 10% increase/decrease of EURO against TL</i>				
4- EURO net asset/liability	(11.929.131)	11.929.131	-	-
5- EURO hedged portion (-)	-	-	-	-
<b>6- EURO net effect (4+5)</b>	<b>(11.929.131)</b>	<b>11.929.131</b>	-	-
<i>The impact of 10% increase/decrease of other foreign currencies against TL</i>				
7- Other foreign currency net asset/liability	(2.266)	2.266	-	-
8- Other foreign currency hedged items (-)	-	-	-	-
<b>9- Other foreign currency net effect (7+8)</b>	<b>(2.266)</b>	<b>2.266</b>	-	-
<b>Total (3+6+9)</b>	<b>(29.101.040)</b>	<b>29.101.040</b>	-	-
<i>The impact of 10% increase/decrease of USD against TL</i>				
1- USD net asset/liability	(14.110.239)	14.110.239	-	-
2- USD hedged portion (-)	-	-	-	-
<b>3- USD net effect (1+2)</b>	<b>(14.110.239)</b>	<b>14.110.239</b>	-	-
<i>The impact of 10% increase/decrease of EURO against TL</i>				
4- EURO net asset/liability	(10.222.673)	10.222.673	-	-
5- EURO hedged portion (-)	-	-	-	-
<b>6- EURO net effect (4+5)</b>	<b>(10.222.673)</b>	<b>10.222.673</b>	-	-
<i>The impact of 10% increase/decrease of other foreign currencies against TL</i>				
7- Other foreign currency net asset/liability	(4.255)	4.255	-	-
8- Other foreign currency hedged items (-)	-	-	-	-
<b>9- Other foreign currency net effect (7+8)</b>	<b>(4.255)</b>	<b>4.255</b>	-	-
<b>Total (3+6+9)</b>	<b>(24.337.167)</b>	<b>24.337.167</b>	-	-

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**28. 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. Off-exchange 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.

**29. Other matters**

A flat for land agreement was signed with Dop Yapı Mimarlık İnşaat Gıda Turizm Hizmetleri Sanayi ve Ticaret Limited Şirketi and Dap Yapı İnşaat Sanayi ve Ticaret AŞ joint arrangement for the land of Polisan Yapı in Pendik with an area of approximately 175 thousand m<sup>2</sup>.

The amount of paid donations and aids in the period of January 1 - September 30, 2015 is TL 3.672.664.

**30. Subsequent events**

None (December 31, 2014: None).