

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

Polisan Holding A.Ş.

January 1 – March 31, 2016 interim condensed consolidated financial statements

| CONTENTS | PAGES |
|--|--------------|
| INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION | 1-2 |
| INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | 3 |
| INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY | 4 |
| INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS | 5 |
| NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS | 6-40 |
| NOTE 1 GROUP'S ORGANISATION AND NATURE OF OPERATIONS..... | 6-8 |
| NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS | 8-13 |
| NOTE 3 BUSINESS COMBINATIONS | 13 |
| NOTE 4 SEGMENT REPORTING..... | 13-14 |
| NOTE 5 CASH AND CASH EQUIVALENTS | 15 |
| NOTE 6 FINANCIAL BORROWINGS | 16 |
| NOTE 7 DERIVATIVE INSTRUMENTS | 17 |
| NOTE 8 TRADE RECEIVABLES AND PAYABLES | 17-18 |
| NOTE 9 INVENTORIES | 18-19 |
| NOTE 10 BIOLOGICAL ASSETS | 19 |
| NOTE 11 DEFERRED INCOME | 19 |
| NOTE 12 INVESTMENTS ACCOUNTED UNDER THE EQUITY METHOD | 19-20 |
| NOTE 13 INVESTMENT PROPERTIES | 20 |
| NOTE 14 PROPERTY, PLANT AND EQUIPMENT | 21 |
| NOTE 15 INTANGIBLE ASSETS | 22 |
| NOTE 16 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES | 23-24 |
| NOTE 17 EMPLOYEE BENEFITS | 25-26 |
| NOTE 18 OTHER ASSETS AND LIABILITIES | 26 |
| NOTE 19 CAPITAL RESERVES AND OTHER EQUITY ITEMS | 27-29 |
| NOTE 20 REVENUE AND COST OF SALES | 30 |
| NOTE 21 EXPENSES BY NATURE..... | 31 |
| NOTE 22 OTHER INCOME AND EXPENSES FROM OPERATIONS | 31 |
| NOTE 23 INCOME AND EXPENSES FROM INVESTING ACTIVITIES | 32 |
| NOTE 24 FINANCIAL INCOME AND EXPENSES | 32 |
| NOTE 25 INCOME TAXES | 33-35 |
| NOTE 26 EARNINGS PER SHARE | 35 |
| NOTE 27 RELATED PARTY DISCLOSURES..... | 36 |
| NOTE 28 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT..... | 37-39 |
| NOTE 29 FINANCIAL INSTRUMENTS | 40 |
| NOTE 30 OTHER MATTERS | 40 |
| NOTE 31 SUBSEQUENT EVENTS..... | 40 |

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

Polisan Holding A.Ş.

**Consolidated statements of financial position as
at March 31, 2016
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)**

| | | <i>Unaudited</i> | <i>Audited</i> |
|---|--------------|---------------------------|------------------------------|
| Assets | | March 31, 2016 | December 31, 2015 |
| | Notes | | |
| Current assets: | | 640.811.460 | 628.928.488 |
| Cash and cash equivalents | 5 | 71.549.044 | 116.358.694 |
| Trade receivables | 8 | 416.616.932 | 379.496.631 |
| - Trade receivables from related parties | 27 | 636.111 | 699.185 |
| - Trade receivables from third parties | | 415.980.821 | 378.797.446 |
| Other receivables | | 2.548.670 | 1.838.908 |
| - Other receivables from third parties | | 2.548.670 | 1.838.908 |
| Inventories | 9 | 120.053.508 | 109.402.528 |
| Prepaid expenses | | 8.544.480 | 7.993.857 |
| Current income tax assets | | 42.169 | 2.919.296 |
| Other current assets | 18 | 21.456.657 | 10.918.574 |
| Non-current assets: | | 1.021.954.404 | 1.015.268.679 |
| Trade receivables | 8 | 3.969.838 | 11.086.141 |
| - Trade receivables from third parties | | 3.969.838 | 11.086.141 |
| Other receivables | | 406.598 | 418.790 |
| - Other receivables from third parties | | 406.598 | 418.790 |
| Investments accounted under the equity method | 12 | 8.708.848 | 8.125.910 |
| Investment properties | 13 | 243.685.712 | 244.706.712 |
| Biological assets | 10 | 5.686.716 | 5.558.872 |
| Tangible assets | 14 | 706.472.441 | 694.515.814 |
| Intangible assets | 15 | 4.644.762 | 4.840.083 |
| - Other intangible assets | | 4.644.762 | 4.840.083 |
| Prepaid expenses | | 29.161.799 | 28.942.048 |
| Deferred tax assets | 25 | 19.217.690 | 17.074.309 |
| Total assets | | 1.662.765.864 | 1.644.197.167 |

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 statements of financial position as
at March 31, 2016
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)**

| | | <i>Unaudited</i> | <i>Audited</i> |
|---|--------------|---------------------------|------------------------------|
| Liabilities | Notes | March 31, 2016 | December 31, 2015 |
| Current liabilities | | 656.200.625 | 597.741.357 |
| Short term borrowings | 6 | 65.661.240 | 37.899.135 |
| Short term portion of long term borrowings | 6 | 393.183.726 | 393.777.419 |
| Trade payables | | 158.278.816 | 145.618.019 |
| - Trade payables to related parties | 27 | 13.414.377 | 11.434.458 |
| - Trade payables to third parties | | 144.864.439 | 134.183.561 |
| Employee benefit obligations | 17 | 5.875.377 | 5.323.081 |
| Other payables | | 5.629.964 | 1.824.720 |
| - Other payables to related parties | 27 | 6.208 | 6.208 |
| - Other payables to third parties | | 5.623.756 | 1.818.512 |
| Derivative Instruments | 7 | 542.859 | - |
| Deferred income | 11 | 3.697.172 | 3.886.262 |
| Current income tax liabilities | | 3.318.914 | 4.162.807 |
| Short term provisions | 16 | 4.522.133 | 1.299.188 |
| - Other short term provisions | | 4.522.133 | 1.299.188 |
| Other current liabilities | 18 | 15.490.424 | 3.950.726 |
| Non-current liabilities: | | 164.860.893 | 214.690.467 |
| Long term borrowings | 6 | 74.349.626 | 124.340.822 |
| Long term provisions | 17 | 14.077.872 | 12.968.300 |
| - Provisions for employee termination benefits | | 14.077.872 | 12.968.300 |
| Deferred tax liabilities | 25 | 76.433.395 | 77.381.345 |
| Equity | | 841.704.346 | 831.765.343 |
| Equity holders of the parent | | 822.235.919 | 812.635.925 |
| Paid-in share capital | 19 | 370.000.000 | 370.000.000 |
| Adjustment to share capital | 19 | 1.467.266 | 1.467.266 |
| Share premium/discounts | | 23.130.220 | 23.130.220 |
| Other comprehensive income/expense not to be reclassified to profit or loss | 19 | 264.855.096 | 264.919.649 |
| - Provision for employee termination benefits actuarial gain/(loss) fund | | (4.491.654) | (4.427.101) |
| - Revaluation and classification gains | | 269.346.750 | 269.346.750 |
| Other comprehensive income or expense to be reclassified to profit or loss | | (2.480.061) | (2.217.237) |
| - Currency translation differences | | (2.480.061) | (2.217.237) |
| Restricted reserves | | 25.484.767 | 25.484.767 |
| Equity effect of acquisition | 19 | (208.727.832) | (208.727.832) |
| Retained earnings | | 338.579.092 | 305.554.887 |
| Profit for the period | | 9.927.371 | 33.024.205 |
| Non-controlling interest | 19 | 19.468.427 | 19.129.418 |
| Total liabilities and equity | | 1.662.765.864 | 1.644.197.167 |

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 - March 31, 2016
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

| | | <i>Unaudited</i> | <i>(Restated)</i> |
|---|-------|------------------------------|------------------------------|
| | Notes | January 1- March 31, 2016 | January 1- March 31, 2015 |
| Profit and loss | | | |
| Revenue | 20 | 232.862.542 | 195.381.331 |
| Cost of sales (-) | 20 | (168.500.641) | (143.574.438) |
| Gross profit | | 64.361.901 | 51.806.893 |
| Research and development expenses (-) | | (2.146.144) | (1.630.436) |
| Marketing, selling and distribution expenses (-) | | (26.415.564) | (21.544.458) |
| General and administrative expenses (-) | | (12.309.894) | (7.728.638) |
| Other operating income | 22 | 4.030.794 | 3.517.393 |
| Other operating expenses (-) | 22 | (9.130.535) | (7.608.159) |
| Profit from investments accounted under equity method | 12 | 582.938 | 1.314.477 |
| Operating profit | | 18.973.496 | 18.127.072 |
| Income from investment activities | 23 | 5.932 | 271.367 |
| Expense from investment activities (-) | 23 | (60.969) | - |
| Operating profit before financial income and expense | | 18.918.459 | 18.398.439 |
| Financial income | 24 | 3.592.485 | 5.787.678 |
| Financial expenses (-) | 24 | (8.939.819) | (23.802.159) |
| Profit before tax | | 13.571.125 | 383.958 |
| Tax income/expense | | | |
| - Current tax expense | 25 | (6.299.161) | (4.492.908) |
| - Deferred tax income | 25 | 3.027.382 | 3.460.093 |
| Profit/(loss) for the period | | 10.299.346 | (648.857) |
| Attributable to: | | | |
| Non-controlling interests | | 371.975 | 256.477 |
| Equity holders of the parent | | 9.927.371 | (905.334) |
| Earnings per share | 26 | 0,027 | (0,002) |
| Other comprehensive income / (expense) | | | |
| Items not to be reclassified in profit or loss | | | |
| -Actuarial (loss)/gain related to employee benefits | | (121.899) | 822.344 |
| - Deferred tax effect of actuarial gain/(loss) related to employee benefits | 25 | 24.380 | (164.469) |
| Items to be reclassified to profit or loss | | | |
| Currency translation differences | | (262.824) | (175.047) |
| Other comprehensive(expense)/ income | | (360.343) | 482.828 |
| Total comprehensive income/(expense) | | 9.939.003 | (166.029) |
| Attributable to: | | | |
| Non-controlling interest | | 339.009 | 109.019 |
| Equity holders of the parent | | 9.599.994 | (275.048) |

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 changes in equity
for the period ended March 31, 2016
(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 |
| Balance at January 1, 2016 | 19 | 370.000.000 | 1.467.266 | 23.130.220 | (4.427.101) | 269.346.750 | (2.217.237) | 25.484.767 | (208.727.832) | 305.554.887 | 33.024.205 | 812.635.925 | 19.129.418 | 831.765.343 |
| Transfers to reserves and retained earnings | | - | - | - | - | - | - | - | - | 33.024.205 | (33.024.205) | - | - | - |
| Total comprehensive income | | - | - | - | (64.553) | - | (262.824) | - | - | - | 9.927.371 | 9.599.994 | 339.009 | 9.939.003 |
| Balance at March 31, 2016 | | 370.000.000 | 1.467.266 | 23.130.220 | (4.491.654) | 269.346.750 | (2.480.061) | 25.484.767 | (208.727.832) | 338.579.092 | 9.927.371 | 822.235.919 | 19.468.427 | 841.704.346 |
| Balance at January 1, 2015 | | 370.000.000 | 1.467.266 | 23.130.220 | (3.064.311) | 235.746.750 | 745.789 | 22.983.012 | (208.011.543) | 269.781.320 | 50.275.322 | 763.053.825 | 18.032.460 | 781.086.285 |
| Transfers to reserves and retained earnings | | - | - | - | - | - | - | - | - | 50.275.322 | (50.275.322) | - | - | - |
| Total comprehensive income | | - | - | - | 672.897 | - | (175.047) | - | - | - | (905.334) | (407.484) | 109.019 | (298.465) |
| Balance at March 31, 2015 | | 370.000.000 | 1.467.266 | 23.130.220 | (2.391.414) | 235.746.750 | 570.742 | 22.983.012 | (208.011.543) | 320.056.642 | (905.334) | 762.646.341 | 18.141.479 | 780.787.820 |

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

Polisan Holding A.Ş.

**Consolidated statement of cash flows
for the period ended March 31, 2016
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)**

| | | Unaudited | |
|--|--------------|---|--|
| | | January 1 – March 31, 2016 | (Restated) January 1 – March 31, 2015 |
| | Notes | | |
| A. Cash flows from operating activities: | | 1.319.422 | (33.579.214) |
| Profit/loss for the period | | 10.299.346 | (648.857) |
| Adjustment for reconciliation of profit/loss for the period | | 19.888.048 | 16.142.962 |
| Adjustments for depreciation and amortization expenses | 14, 15 | 9.743.113 | 7.350.235 |
| Adjustments related to provisions and impairments | | 4.481.033 | 2.679.784 |
| Adjustments for profit/ loss on sale of tangible assets | 23 | 18.346 | (271.367) |
| Profit /losses from investments accounted under equity method | 12 | (582.938) | (1.314.477) |
| Income/loss from derivative instruments, (net) | 24 | 542.859 | - |
| Adjustments to tax expense/income | 25 | 3.271.779 | 1.032.815 |
| Adjustments for interest income and expense | 24 | 2.869.484 | 6.902.748 |
| Currency translation differences | | (455.628) | (236.776) |
| Changes in working capital | | (24.155.429) | (46.950.934) |
| Adjustments for increase/decrease in trade receivables | | (29.973.381) | (269.639.992) |
| Adjustments for increase/decrease in inventories | | (10.544.965) | (1.282.249) |
| Adjustments for increase in other receivables | | (12.006.027) | (7.362.225) |
| Adjustments for increase/decrease in trade payables | | 12.660.797 | (1.824.828) |
| Adjustments for increase in other payables | | 15.708.147 | 233.158.360 |
| Cash flows from operating activities | | 6.031.965 | (31.456.829) |
| Employment termination benefits paid | 17 | (407.047) | (267.066) |
| Tax paid | | (4.305.496) | (1.855.319) |
| B. Cash flows from investing activities | | (19.756.427) | (19.857.119) |
| Purchase of tangible/intangible assets and investment properties | 14,15 | (21.375.854) | (21.419.042) |
| Proceeds from sale of non-current assets | | 1.066.894 | 1.324.598 |
| Acquisition of biological assets | 10 | (127.844) | - |
| Interest received | 24 | 680.377 | 431.248 |
| Proceeds from sale of financial investments | | - | (193.923) |
| C. Cash flows from financing activities | | (26.372.645) | 50.480.670 |
| Changes in borrowings | | (22.822.784) | 57.814.666 |
| Interest paid | 24 | (3.549.861) | (7.333.996) |
| Changes in cash and cash equivalents | | (44.809.650) | (2.955.663) |
| Cash and cash equivalents at the beginning of the period | 5 | 116.358.694 | 80.511.849 |
| Cash and cash equivalents at the end of the period | 5 | 71.549.044 | 77.556.186 |

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 - March 31, 2016
(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 - March 31, 2016 (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. ("Poloport"):

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.

Poloport 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 - March 31, 2016 (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 March 31 are as follows:

| Employees | Polisan Holding | Polisan Boya | Polisan Kimya | Poloport | Polisan YapıKim | Polisan Tarım | Hellas | Total |
|----------------|-----------------|--------------|---------------|----------|-----------------|---------------|--------|-------|
| March 31, 2016 | 167 | 699 | 250 | 137 | 7 | - | 68 | 1328 |
| March 31, 2015 | 248 | 668 | 115 | 127 | 11 | 3 | 67 | 1239 |

2. Basis of presentation of financial statements

2.1 Basis of presentation

Declaration of Conformity

The condensed interim consolidated financial statements of the Group have been prepared in accordance with the Turkish Accounting Standards/Turkish Financial Reporting Standards, ("TAS/IFRS") and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") in line with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the CMB on June 13, 2013 which is published on Official Gazette numbered 28676. TAS/IFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards ("IFRS") by the communiqués announced.

For the period ended March 31, 2016, the Group prepared its condensed interim consolidated financial statements in accordance with the Turkish Accounting Standard No.34 Interim Financial Reporting. 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, 2015.

The consolidated financial statements prepared as of and for the period ended March 31, 2016 were approved in the Board of Directors meeting dated May 9, 2016. General assembly has the right to amend the financial statements prepared in accordance with the legal regulations and these consolidated financial statements.

Preparation of consolidated financial statements

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

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 - March 31, 2016 (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 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 (c) 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 - March 31, 2016 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

2. Basis of presentation of financial statements (continued)

As of March 31, 2016 and December 31, 2015 the Group's proportion of ownership interests of subsidiaries has been shown in the following table:

| Title of the ownership | Shares owned directly and indirectly by the Group (%) | | Effective ownership share (%) | |
|------------------------|---|-------------------|-------------------------------|-------------------|
| | March 31, 2016 | December 31, 2015 | March 31, 2016 | December 31, 2015 |
| 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 (*) | 100,00 | 100,00 | 100,00 | 100,00 |
| Polisan Hellas | 100,00 | 100,00 | 100,00 | 100,00 |

2.3 New and revised International Financial Reporting Standards:

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at March 31, 2016 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, 2016. 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, 2016 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)
- TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)
- 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 TFRSs - 2012-2014 Cycle

Polisan Holding Anonim Şirketi

**Notes to the condensed consolidated financial statements
for the period ended January 1 - March 31, 2016 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

2. Basis of presentation of financial statements (continued)

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 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)
- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments - Final standard (2014)
- IFRS 16 Leases
- IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses (Amendments)
- IAS 7 'Statement of Cash Flows (Amendments)

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.

Polisan Holding Anonim Şirketi

**Notes to the condensed consolidated financial statements
for the period ended January 1 - March 31, 2016 (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.

Adjustments on previous period consolidated financial statements:

| | Notes | March 31, 2015 (restated) | March 31, 2015 (previously reported) | Difference |
|--|--------------|--|---|-------------------|
| Cost of sales (-) | A, B | (143.574.438) | (146.147.803) | (2.573.365) |
| Research and development expenses (-) | B | (1.630.436) | (1.650.562) | (20.126) |
| Marketing, selling and distribution expenses (-) | B | (21.544.458) | (21.761.689) | (217.231) |
| General administration expenses (-) | B | (7.728.638) | (7.874.875) | (146.237) |
| Other income from operations | C | 3.517.393 | 22.678.727 | 19.161.334 |
| Other expense from operations (-) | C | (7.608.159) | (26.769.493) | (19.161.334) |
| Deferred tax income/(expenses) | D | 3.460.093 | 3.438.089 | (22.004) |
| Net (loss)/profit for the year | | (648.857) | (3.627.820) | 2.978.963 |

- A: In the prior periods, the Group had recognized advertising and promotional items as inventory. In 2016, the Group reconsidered that the future economic benefit of related items is unattainable and accordingly expensed these items.
- B: In the year 2016, 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, 2015.
- C: Deferred finance income and expense, which is calculated to advance cheques and presented in other real operating income and other real operating expense in financial statements, is offset as a result of offset of advance cheques sourcing from commercial transactions at an amount of TL 19.161.334.
- D: In the year 2016, the Group recognized the deferred tax effect of the retrospective adjustments beginning from January 1, 2015.

Polisan Holding Anonim Şirketi

**Notes to the condensed consolidated financial statements
for the period ended January 1 - March 31, 2016 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

2. Basis of presentation of financial statements (continued)

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 March 31, 2016 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, 2015.

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 March 31, 2016 may not be an indicator for the whole year.

3. Business combinations

None (December 31, 2015: 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 March 31, 2016 statement of financial position reporting is as follows:

| | Paint | Chemical products | Port | Services | Elimination between segments | Total |
|-------------|-------------------|--------------------------|--------------------|--------------------|-------------------------------------|--------------------|
| Assets | 462.294.908 | 589.168.674 | 371.512.106 | 913.566.399 | (673.776.223) | 1.662.765.864 |
| Liabilities | 362.747.790 | 387.526.712 | 59.404.295 | 57.293.947 | (45.911.226) | 821.061.518 |
| | 99.547.118 | 201.641.962 | 312.107.811 | 856.272.452 | (627.864.997) | 841.704.346 |

Polisan Holding Anonim Şirketi**Notes to the condensed consolidated financial statements
for the period ended January 1 - March 31, 2016 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)****4. Segment reporting (continued)**

As of December 31, 2015 statement of financial position reporting is as follows:

| | Paint | Chemical products | Port | Services | Elimination between segments | Total |
|-------------|-------------------|--------------------|--------------------|--------------------|------------------------------|--------------------|
| Assets | 467.326.919 | 571.450.022 | 366.513.293 | 909.009.061 | (670.102.128) | 1.644.197.167 |
| Liabilities | 375.734.858 | 364.896.186 | 59.777.727 | 54.304.894 | (42.281.841) | 812.431.824 |
| | 91.592.061 | 206.553.836 | 306.735.566 | 854.704.167 | (627.820.287) | 831.765.343 |

Income statement reporting for the period between January 1 and March 31, 2016 is as follows:

| | Paint | Chemical products | Port | Services | Elimination between segments | Total | |
|---|-------|-------------------|------------------|------------------|------------------------------|--------------------|-------------------|
| Revenue | | 126.408.534 | 81.690.972 | 27.717.870 | 15.355.861 | (18.310.695) | 232.862.542 |
| Cost of sales (-) | | (78.482.340) | (74.178.924) | (18.547.632) | (14.049.762) | 16.758.017 | (168.500.641) |
| Gross profit | | 47.926.194 | 7.512.048 | 9.170.238 | 1.306.099 | (1.552.678) | 64.361.901 |
| Operational expenses | | (35.976.296) | (8.081.380) | (2.232.704) | (454.481) | 773.518 | (45.971.343) |
| Profit from investments accounted under equity method | | - | 582.938 | - | - | - | 582.938 |
| Operational profit | | 11.949.898 | 13.606 | 6.937.534 | 851.618 | (779.160) | 18.973.496 |
| Depreciation and amortization | | 2.702.264 | 4.258.552 | 2.340.888 | 1.359.749 | (918.340) | 9.743.113 |
| Investment expenditures | | 11.283.945 | 9.633.182 | 752.615 | 485.273 | (779.161) | 21.375.854 |

Income statement reporting for the period between January 1 and March 31, 2015 is as follows:

| | Paint | Chemical products | Port | Services | Elimination between segments | Total | |
|---|-------|-------------------|--------------------|------------------|------------------------------|--------------------|-------------------|
| Revenue | | 112.091.529 | 69.665.724 | 21.128.807 | 42.047.163 | (49.551.892) | 195.381.331 |
| Cost of sales (-) | | (68.828.906) | (66.552.785) | (11.529.157) | (36.396.419) | 39.732.829 | (143.574.438) |
| Gross profit | | 43.262.623 | 3.112.939 | 9.599.650 | 5.650.744 | (9.819.063) | 51.806.893 |
| Operational expenses | | (28.444.139) | (7.965.687) | (2.831.940) | (122.243) | 4.369.711 | (34.994.298) |
| Profit from investments accounted under equity method | | - | - | 1.314.477 | - | - | 1.314.477 |
| Operational profit | | 14.818.484 | (4.852.748) | 8.082.187 | 5.528.501 | (5.449.352) | 18.127.072 |
| Depreciation and amortization | | 1.594.253 | 1.335.321 | 4.034.966 | 421.751 | (36.056) | 7.350.235 |
| Investment expenditures | | 5.448.320 | 4.615.420 | 7.703.018 | 8.840.620 | (5.188.336) | 21.419.042 |

Polisan Holding Anonim Şirketi

**Notes to the condensed consolidated financial statements
for the period ended January 1 - March 31, 2016 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

5. Cash and cash equivalents

As of March 31, 2016 and December 31, 2015 the Group's cash and cash equivalents are as follows:

| | March 31, 2016 | December 31, 2015 |
|-------------------|-----------------------|--------------------------|
| Cash in hand | 80.979 | 98.747 |
| Banks | | |
| - Demand deposits | 15.053.901 | 23.057.331 |
| - Time deposits | 38.289.890 | 80.040.672 |
| Other (*) | 18.124.274 | 13.161.944 |
| Total | 71.549.044 | 116.358.694 |

There is no blockage exists on the cash and cash equivalents of the Group as of March 31, 2016 (December 31, 2015 – None).

(*) Other liquid assets consist of credit card receivables with maturity dates in less than 3 months.

As of March 31, 2016 details of time deposits are as follows:

| Currency | Interest rate | Maturity | Foreign currency amount | TL equivalent |
|-----------------|----------------------|-----------------|--------------------------------|----------------------|
| TL | 8,00% | 1 Day | 879.000 | 879.000 |
| EURO | 1,30% | 1 Day | 6.388.670 | 20.495.492 |
| US Dollar | 2,15% | 1 Day | 5.970.000 | 16.915.398 |
| Total | | | | 38.289.890 |

As of December 31, 2015 details of time deposits are as follows:

| Currency | Interest rate | Maturity | Foreign currency amount | TL equivalent |
|-----------------|----------------------|-----------------|--------------------------------|----------------------|
| TL | 11,50%-12,00% | 1-71 Days | 42.069.485 | 42.069.485 |
| EURO | 1,40% | 1 Day | 6.034.431 | 19.175.006 |
| US Dollar | 1,85% | 1 Day | 6.464.500 | 18.796.181 |
| Total | | | | 80.040.672 |

Polisan Holding Anonim Şirketi

**Notes to the condensed consolidated financial statements
for the period ended January 1 - March 31, 2016 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

6. Financial borrowings

As of March 31, 2016 and December 31, 2015 the Group's financial borrowings are as follows:

| | Interest rate | March 31, 2016 | Interest rate | December 31, 2015 |
|---|---------------|--------------------|---------------|----------------------|
| Short-term borrowings | | | | |
| Short term bank borrowings | | | | |
| - TL | 12,75%-13,50% | 53.135.100 | 12,75%-13,50% | 25.492.083 |
| - EURO | 3,20% | 12.526.140 | 3,20% | 12.407.052 |
| | | 65.661.240 | | 37.899.135 |
| Short term portion of long term borrowings | | | | |
| - TL | 10,70%-13,74% | 61.667.763 | 10,70%-13,74% | 65.474.979 |
| - US Dollar | 2,90%-3,85% | 121.766.063 | 2,90%-4,40% | 119.681.956 |
| - EURO | 2,30%-4,75% | 209.749.900 | 2,30%-4,75% | 208.620.484 |
| | | 393.183.726 | | 393.777.419 |
| Long-term borrowings | | | | |
| Long term bank borrowings | | | | |
| - TL | 10,70%-13,74% | 10.448.373 | 10,70%-13,74% | 22.105.612 |
| - US Dollars | 2,90%-4,40% | 20.946.540 | 2,90%-4,40% | 44.116.063 |
| - EURO | 2,30%-4,75% | 42.954.713 | 2,30%-4,75% | 58.119.147 |
| | | 74.349.626 | | 124.340.822 |

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

| Maturity | March 31, 2016 | December 31, 2015 |
|-----------------------|--------------------|--------------------|
| 0 - 3 months | 137.626.886 | 96.934.013 |
| Between 3 - 6 months | 103.591.163 | 86.877.985 |
| Between 6 - 12 months | 217.626.917 | 247.864.556 |
| Between 1 – 2 years | 74.349.626 | 124.340.822 |
| Total | 533.194.592 | 556.017.376 |

Polisan Holding Anonim Şirketi

**Notes to the condensed consolidated financial statements
for the period ended January 1 - March 31, 2016 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

7. Derivative instruments

Valuation of outstanding derivative instruments which were transacted by the Group for foreign exchange risk management purposes are made by considering the market-to-market, values of these instruments marketing to market value at the date of valuation and the fair value of these instruments are disclosed as asset or liability in the statement of financial position.

| | March 31, 2016 | | December 31, 2015 | |
|--|-------------------|----------------------------------|-------------------|----------------------------------|
| | Contract amount | Fair value assets /(liabilities) | Contract amount | Fair value assets /(liabilities) |
| Short term derivative instruments | | | | |
| Forward transactions | 59.240.450 | - (542.859) | - | - |
| | 59.240.450 | - (542.859) | | |

8. Trade receivables and payables

As of March 31, 2016 and December 31, 2015 the Group's trade receivables are as follows:

| Short-term trade receivables | March 31, 2016 | December 31, 2015 |
|--|-----------------------|--------------------------|
| Trade receivables | 112.248.902 | 109.559.428 |
| Receivables from related parties (Note 27) | 636.111 | 699.185 |
| Notes and cheques receivables | 346.077.179 | 306.812.967 |
| | 458.962.192 | 417.071.580 |
| Allowance for doubtful receivables (-) | (26.847.054) | (27.466.116) |
| Deferred financial income (-) | (15.498.206) | (10.108.833) |
| Total | 416.616.932 | 379.496.631 |
| Long-term trade receivables | March 31, 2016 | December 31, 2015 |
| Trade receivables | 515.000 | 299.121 |
| Notes and cheques receivables | 4.108.335 | 11.031.369 |
| | 4.623.335 | 11.330.490 |
| Deferred financial income (-) | (653.497) | (244.349) |
| Total | 3.969.838 | 11.086.141 |

Movement of provision for doubtful receivables for the three months periods ended March 31, 2016 and 2015 are as follows:

| | March 31, 2016 | March 31, 2015 |
|--|-----------------------|-----------------------|
| Provisions at the beginning of the period | 27.466.116 | 23.794.211 |
| Provisions for doubtful receivables (Note 22) | 624.502 | 1.301.321 |
| Account receivables written off | (588.445) | (474.845) |
| Doubtful receivables provisions no longer required (Note 22) | (655.119) | (168.768) |
| Total | 26.847.054 | 24.451.919 |

Polisan Holding Anonim Şirketi

**Notes to the condensed consolidated financial statements
for the period ended January 1 - March 31, 2016 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

8. Trade receivables and payables (continued)

As of March 31, 2016 and December 31, 2015 the aging of the overdue but not impaired trade receivables are as follows:

| | March 31, 2016 | December 31, 2015 |
|----------------------|-----------------------|--------------------------|
| 1-30 days past due | 16.747.175 | 23.772.561 |
| 1-3 months past due | 5.490.492 | 1.380.629 |
| 3-12 months past due | 1.621.065 | 1.258.524 |
| 1-5 years past due | 2.080.005 | 1.518.499 |
| Total | 25.938.737 | 27.930.213 |

As of March 31, 2016 letter of guarantees amounting to TL 12.519.433 has been received for the overdue but not impaired trade receivables amounting to TL 25.938.737 (December 31, 2015: TL 27.930.213).

As of March 31, 2016 and December 31, 2015 the Group's trade payables are as follows:

| Trade payables | March 31, 2016 | December 31, 2015 |
|---------------------------------------|-----------------------|--------------------------|
| Short term trade payables | | |
| Trade payables | 116.615.926 | 92.209.939 |
| Notes and cheques payables | 29.084.177 | 42.627.158 |
| Payables to related parties (Note 27) | 13.414.377 | 11.434.458 |
| Deferred financial expense (-) | (835.664) | (653.536) |
| Total | 158.278.816 | 145.618.019 |

9. Inventories

As of March 31, 2016 and December 31, 2015 the Group's inventories are as follows:

| | March 31, 2016 | December 31, 2015 |
|---|---------------------------|------------------------------|
| Raw materials and supplies | 50.458.386 | 43.447.032 |
| Work in process | 2.736.707 | 3.145.499 |
| Finished goods | 43.024.990 | 34.291.600 |
| Merchandise | 3.952.260 | 3.905.781 |
| Goods in transit | 20.071.327 | 24.921.220 |
| Other inventories | 1.088.690 | 1.076.263 |
| Total | 121.332.360 | 110.787.395 |
| Provision for impairment of inventories (-) | (1.278.852) | (1.384.867) |
| Total | 120.053.508 | 109.402.528 |

Polisan Holding Anonim Şirketi

**Notes to the condensed consolidated financial statements
for the period ended January 1 - March 31, 2016 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

9. Inventories (continued)

Movement of provision for impairment of inventories for the periods ended March 31, 2016 and March 31, 2015 are as follows:

| | 2016 | 2015 |
|---|------------------|------------------|
| Provision at the beginning of period | 1.384.867 | 1.522.808 |
| Provisions booked during the period (Note 22) | 396.050 | 178.357 |
| Provisions no longer required (-) | (502.065) | - |
| March, 31 | 1.278.852 | 1.701.165 |

10. Biological assets

| | December 31, 2015 | December 31, 2015 |
|-------------------|--------------------------|--------------------------|
| Biological Assets | 5.686.716 | 5.558.872 |
| Total | 5.686.716 | 5.558.872 |

The Group's biological assets consist of almond and walnut gardens. The gardens which are invested in 2015 have not been cropped yet.

11. Deferred income

| | March 31, 2016 | December 31, 2015 |
|-----------------------------------|-----------------------|--------------------------|
| Short term deferred income | | |
| Advances taken | 2.863.422 | 3.210.341 |
| Short term deferred income | 833.750 | 675.921 |
| Total | 3.697.172 | 3.886.262 |

12. Investment accounted under the equity method

As of March 31, 2016 and December 31, 2015, the Group's investments accounted under equity method is as follow:

| | March 31, 2016 | | December 31, 2015 | |
|--|-----------------------|------------------|--------------------------|------------------|
| | Share (%) | Amount | Share (%) | Amount |
| Rohm And Haas Kimyasal Ürünler Üretim, Dağıtım ve Tic A.Ş. | 40,00 | 8.708.848 | 40,00 | 8.125.910 |
| Total | | 8.708.848 | | 8.125.910 |

Polisan Holding Anonim Şirketi

**Notes to the condensed consolidated financial statements
for the period ended January 1 - March 31, 2016 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

12. Investment accounted under the equity method (continued)

For the periods ended March 31, 2016 and 2015, the movements of the associate accounted under equity method are as follows:

| | 2016 | 2015 |
|---|------------------|------------------|
| January 1 | 8.125.910 | 5.078.763 |
| Profit from associate accounted for using equity method | 582.938 | 1.314.477 |
| March 31 | 8.708.848 | 6.393.240 |

Rohm and Haas Kimyasal Ürünler Üretim Dağıtım ve Tic. A.Ş. has been accounted using the equity method based on March 31, 2016 and December 31, 2015 financial statements given presented below:

| | March 31, 2016 | December 31, 2015 |
|-----------------------|-----------------------|--------------------------|
| Total assets | 81.332.838 | 70.433.120 |
| Total liabilities | 59.560.717 | 50.149.731 |
| Profit for the period | 1.457.346 | 7.617.624 |

13. Investment properties

| | January 1, 2015 | Additions | March 31, 2015 | January 1, 2016 | Disposals | March 31, 2016 |
|--------------|----------------------------|------------------|---------------------------|----------------------------|--------------------|---------------------------|
| Cost | | | | | | |
| Land | 170.116.557 | 5.789.867 | 175.906.424 | 185.248.855 | - | 185.248.855 |
| Buildings | 75.874.857 | - | 75.874.857 | 59.457.857 | (1.021.000) | 58.436.857 |
| Total | 245.991.414 | 5.789.867 | 251.781.281 | 244.706.712 | (1.021.000) | 243.685.712 |

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.

Polisan Holding Anonim Şirketi

**Notes to the condensed consolidated financial statements
for the period ended January 1 - March 31, 2016 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

14. Property, plant and equipment

The movement of property, plant and equipments and related accumulated depreciations for the periods ended March 31, 2016 and March 31, 2015 are as follows:

| | March 31, 2016 | March 31, 2015 |
|---------------------------------------|-----------------------|-----------------------|
| As of January 1 | | |
| Cost | 878.104.514 | 751.957.635 |
| Accumulated depreciation | (183.588.700) | (148.485.543) |
| Net book value | 694.515.814 | 603.472.092 |
| Net book value as of January 1 | 694.515.814 | 603.472.092 |
| Additions | 21.375.854 | 15.513.521 |
| Disposals | (64.240) | (127.205) |
| Currency translation differences | 192.805 | 61.729 |
| Current period depreciation | (9.547.792) | (7.187.283) |
| Net book value as of March 31 | 706.472.441 | 611.732.854 |
| As of March 31 | | |
| Cost | 899.608.933 | 767.405.680 |
| Accumulated depreciation | (193.136.492) | (155.672.826) |
| Net book value | 706.472.441 | 611.732.854 |

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

Polisan Holding Anonim Şirketi

**Notes to the condensed consolidated financial statements
for the period ended January 1 - March 31, 2016 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

15. Intangible assets

The movement of intangible assets and relevant amortizations for the periods ended March 31, 2016 and March 31, 2015 is as follows:

| | January 1, 2016 | Addition | March 31, 2016 |
|--|------------------------|-----------------|-----------------------|
| <u>Cost</u> | | | |
| Rights | 1.545.253 | - | 1.545.253 |
| Other intangible assets (*) | 8.981.646 | - | 8.981.646 |
| Total | 10.526.899 | - | 10.526.899 |
| <u>Accumulated Amortization</u> | | | |
| Rights | 163.700 | 11.776 | 175.476 |
| Other intangible assets | 5.523.116 | 183.545 | 5.706.661 |
| Total | 5.686.816 | 195.321 | 5.882.137 |
| Net Book Value | 4.840.083 | | 4.644.762 |
| | January 1, 2015 | Addition | March 31, 2015 |
| <u>Cost</u> | | | |
| Rights | 837.518 | - | 837.518 |
| Other intangible assets (*) | 5.854.372 | 115.654 | 5.970.026 |
| Total | 6.691.890 | 115.654 | 6.807.544 |
| <u>Cost</u> | | | |
| Rights | 103.971 | 10.769 | 114.740 |
| Other intangible assets | 4.583.774 | 152.183 | 4.735.957 |
| Total | 4.687.745 | 162.952 | 4.850.697 |
| Net Book Value | 2.004.145 | | 1.956.847 |

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

Polisan Holding Anonim Şirketi

**Notes to the condensed consolidated financial statements
for the period ended January 1 - March 31, 2016 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

16. Provisions, contingent liabilities and contingent assets

16.1 Debt provisions

| | March 31, 2016 | December 31, 2015 |
|--------------------------|-----------------------|--------------------------|
| Sales premium provisions | 3.697.026 | - |
| Money point provisions | 556.119 | 1.030.200 |
| Lawsuit provisions | 268.988 | 268.988 |
| Total | 4.522.133 | 1.299.188 |

16.2 Litigation and disputes

1) The ongoing lawsuits filed by the Group:

As of March 31, 2016 total amount of ongoing lawsuits and execution proceedings filed by the Group is TL 35.093.475 (December 31, 2015: TL 34.129.364). The Group has made a provision amounting to TL 26.847.054 (December 31, 2015: TL 27.466.116) for the receivables regarding to the ongoing lawsuits and execution proceedings in progress.

2) The ongoing lawsuits filed against the Group:

As of March 31, 2016, total amount of the ongoing lawsuits filed against the Group is TL 929.180 (December 31, 2015: TL 929.180).

16.3 Collaterals, pledges, mortgages, bills given/received:

1) CPMB's given

| Collaterals, pledges, mortgages, bills given (TL) | March 31, 2016 | December 31, 2015 |
|--|-----------------------|--------------------------|
| A. Total amount of CPMB's given in the name of its own legal personality | 1.190.404.928 | 1.152.723.519 |
| B. Total amount of CPMB's given on behalf of the fully consolidated companies (1) | 82.988.722 | 81.735.909 |
| C. Total amount of CPMB's given on behalf of third parties for ordinary course of business | - | - |
| D. Total amount of other CPMB's given in accordance with the 12/2 article of Corporate Governance Announcement | - | - |
| i. Total amount of CPMB's given on behalf of the majority shareholder | - | - |
| ii. Total amount of CPMB's given to on behalf of other group companies which are not in scope of B and C. | - | - |
| iii. Total amount of CPMB's given on behalf of third parties which are not in scope of C. | - | - |
| | 1.273.393.650 | 1.234.459.428 |

The ratio of CPMB's given by The Group and equity is 0%, as of March 31, 2016. (December 31, 2015 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 - March 31, 2016 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)****16. Provisions, contingent liabilities and contingent assets (continued)**

As of March 31, 2016 and December 31, 2015 the details of the CPMB's given by the Group is listed below;

| March 31, 2016 | | | | | |
|--------------------------|--|---|--|--------------------|----------------------|
| | Foreign Currency Amount US Dollar | Foreign Currency Amount EURO | Foreign Currency Amount TL Equivalent | TL amount | Total TL |
| Bill of guarantees | 141.000.000 | 29.681.250 | 494.729.818 | 685.730.000 | 1.180.459.818 |
| Letter of guarantee | - | 3.100.000 | 9.945.110 | 81.868.722 | 91.813.832 |
| Guarantee notes | - | - | - | 1.120.000 | 1.120.000 |
| | 141.000.000 | 32.781.250 | 504.674.928 | 768.718.722 | 1.273.393.650 |
| December 31, 2015 | | | | | |
| | Foreign currency USD Amount | Foreign currency EURO Amount | Foreign currency TL equivalent | TL amount | Total TL |
| Bill of guarantees | 129.500.000 | 6.000.000 | 395.599.800 | 724.900.000 | 1.120.499.800 |
| Letter of guarantee | - | 11.348.985 | 36.062.535 | 76.897.093 | 112.959.628 |
| Guarantee notes | - | - | - | 1.000.000 | 1.000.000 |
| | 129.500.000 | 17.348.985 | 431.662.335 | 802.797.093 | 1.234.459.428 |

2) CPMBs received

| March 31, 2016 | | | | | |
|--------------------------|--|---|--|-------------------|---------------------|
| | Foreign Currency Amount US Dollar | Foreign Currency Amount EURO | Foreign Currency Amount TL Equivalent | TL amount | Total TL |
| Pledges | - | 70.200 | 225.209 | 32.198.180 | 32.423.389 |
| Cheques of guarantee | 540.000 | - | 1.530.036 | 130.000 | 1.660.036 |
| Letter of guarantee | 387.000 | 9.000.000 | 29.969.426 | 3.330.500 | 33.299.926 |
| Guarantee notes | 810.620 | - | 2.296.811 | 7.153.900 | 9.450.711 |
| | 1.737.620 | 9.070.200 | 34.021.482 | 42.812.580 | 76.834.062 |
| December 31, 2015 | | | | | |
| | Foreign currency USD Amount | Foreign currency EURO Amount | Foreign currency TL equivalent | TL amount | Total TL |
| Pledges | - | 70.200 | 223.068 | 30.773.180 | 30.996.248 |
| Cheques of guarantee | 540.000 | - | 1.570.104 | 130.000 | 1.700.104 |
| Letter of guarantee | 1.086.882 | 9.214.712 | 32.440.886 | 3.672.500 | 36.113.386 |
| Guarantee notes | 10.620 | - | 30.879 | 3.972.983 | 4.003.862 |
| | 1.637.502 | 9.284.912 | 34.264.937 | 38.548.663 | 72.813.600 |

16.4 Commitment cheques and notes

The Group collects commitment cheques and notes from the dealers at the last month of the year. The amounts and maturities of these cheques and notes are determined by considering the sales quotas of the dealers and these quotas are considered as tonnage commitment of dealers. The Group makes production, raw material and workforce planning of the following year in accordance with these commitments. Total amount of the commitment cheques in the Group's portfolio is TL 352.628.785 as of March 31, 2016 (December 31, 2015 – TL 139.982.569).

Polisan Holding Anonim Şirketi

**Notes to the condensed consolidated financial statements
for the period ended January 1 - March 31, 2016 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

17. Employee benefits

Short term:

| | March 31, 2016 | December 31, 2015 |
|--|-----------------------|--------------------------|
| <u>Employee benefit obligations</u> | | |
| Payables to personnel | 3.310.678 | 2.831.286 |
| Social security premiums payable | 1.645.661 | 1.591.634 |
| Taxes and duties payable | 919.038 | 900.161 |
| | 5.875.377 | 5.323.081 |

Long term employee benefit terminations

| Long term employee benefits | March 31, 2016 | December 31, 2015 |
|--|-----------------------|--------------------------|
| Provisions for employee termination benefits | 10.364.364 | 10.127.250 |
| Provisions for unused vacation pay | 3.713.508 | 2.841.050 |
| | 14.077.872 | 12.968.300 |

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 TL 4.092,53 as of March 31, 2016 (December 31, 2015: TL 3.828,37).

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 March 31, 2016, provisions in the attached financial tables are calculated by estimating the present value of the potential future liability, which items from the retirement of the employees. As of March 31, 2016, the provisions are calculated by 4,74% real discount rate (December 31, 2015: 4,74 % real discount rate) based on the assumption of an annual 5,5% inflation rate and 10,5% 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 94,41% (December 31, 2015: 92,60%) 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 1,95%.

Polisan Holding Anonim Şirketi

**Notes to the condensed consolidated financial statements
for the period ended January 1 - March 31, 2016 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

17. Employee benefits (continued)

The movement of the severance payment provision of the Group for the periods ended March 31, 2016 and March 31, 2015 is as follows:

| | March 31, 2016 | March 31, 2015 |
|-----------------------|-----------------------|-----------------------|
| January 1 | 10.127.250 | 8.584.188 |
| Payments | (407.047) | (267.066) |
| Interest cost | 220.221 | 128.722 |
| Current service cost | 302.041 | 256.086 |
| Actuarial (gain)/loss | 121.899 | (822.344) |
| March, 31 | 10.364.364 | 7.879.586 |

18. Other assets and liabilities

As of March 31, 2016 and December 31, 2015 Group's other current assets are as follows:

| | March 31, 2016 | December 31, 2015 |
|------------------------------------|-----------------------|--------------------------|
| <u>Other current assets</u> | | |
| Deferred VAT | 20.632.551 | 10.917.539 |
| Income accrual | - | 1.035 |
| Other | 824.106 | - |
| Total | 21.456.657 | 10.918.574 |

As of March 31, 2016 and December 31, 2015 Group's other current liabilities are as follows:

| | March 31, 2016 | December 31, 2015 |
|--|-----------------------|--------------------------|
| <u>Other short term liabilities</u> | | |
| Accrued expenses | 12.219.436 | 1.599.120 |
| Taxes payable | 3.196.575 | 2.351.606 |
| Other | 74.413 | - |
| Total | 15.490.424 | 3.950.726 |

Polisan Holding Anonim Şirketi

**Notes to the condensed consolidated financial statements
for the period ended January 1 - March 31, 2016 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

19. Capital, reserves and other equity items

The share capital of the Company is TL 370.000.000 and composed of 370.000.000 shares each with a nominal value of TL 1, which all have only one voting right and are registered in owner's name. As of March 31, 2016 and December 31, 2015 the Group's partnership structure is as follows:

| | March 31, 2016 | | December 31, 2015 | |
|-----------------------------|----------------|--------------------|-------------------|--------------------|
| | Share (%) | Amount | Share (%) | Amount |
| Necmettin Bitlis | 15,18 | 56.163.449 | 15,18 | 56.163.449 |
| Ahmet Faik Bitlis | 10,20 | 37.756.717 | 10,20 | 37.756.717 |
| Fatma Nilgün Kasrat | 10,20 | 37.756.717 | 10,20 | 37.756.717 |
| Ali Fırat Yemeniciler | 0,95 | 3.502.500 | 0,95 | 3.502.500 |
| A.Melike Bitlis (Bush) | 10,20 | 37.756.717 | 10,20 | 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 (*) | 8,40 | 31.063.425 | 8,40 | 31.063.425 |
| | 100 | 370.000.000 | 100 | 370.000.000 |
| Adjustment to share capital | | 1.467.266 | | 1.467.266 |
| Total | | 371.467.266 | | 371.467.266 |

(*) As of March 31, 2016, the shareholding rate of Şark Mensucat Fabrikaları AŞ, a related party the Group, in the listed shares of the Company is 6,309%. Furthermore, other shareholders of the Company, Mehmet Emin Bitlis had a share amounting to TL 535.899, Erol Mizrahi had a share amounting to TL 88.393 and Ali Fırat Yemeniciler had a share amounting to TL 42.262 in the listed shares of the Company. (As of December 31, 2015, the shareholding rate of the Şark Mensucat Fabrikaları A.Ş., a related party of the Group, in the listed shares of the Company was 6,309%. Furthermore, other shareholders of the Company, Mehmet Emin Bitlis had a share amounting to TL435.380, Erol Mizrahi had a share amounting to TL 88.393 and Ali Fırat Yemeniciler had a share amounting to TL 42.262 in the listed shares of the Company).

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 - March 31, 2016 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

19. 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 Communique Serial II, Number: 19.1 regarding to the dividends, which is effective as of February 1, 2015.

Partnerships, distribute dividends within the framework of the dividend policies to be defined by and upon the decision of their General Assemblies in accordance with the provisions of the legislation. According to the aforementioned communique, there is no minimum distribution rate that has not been determined for the publicly traded companies. Partnerships distribute dividends in the manner specified in their Articles of Association and Dividend Policies. Additionally, the dividends may be paid in 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 2016; 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 - March 31, 2016 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

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

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

| | March 31, 2016 | December 31, 2015 |
|--|---------------------------|------------------------------|
| Property, plant and equipment revaluation fund | 336.683.438 | 336.683.438 |
| - tax effect | (67.336.688) | (67.336.688) |
| Employment termination benefits actuarial gain/(loss) fund | (5.614.568) | (5.533.876) |
| - tax effect | 1.122.914 | 1.106.775 |
| Share of equity holders of the parent | 264.855.096 | 264.919.649 |
| Non-controlling interest | | |
| Employment termination benefits actuarial gain/(loss) fund | 41.208 | 31.133 |
| - tax effect | (8.242) | (6.227) |
| | 32.966 | 24.906 |
| Total | 264.888.062 | 264.944.555 |

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;

| Non-Controlling interest | 2016 | 2015 |
|------------------------------------|-------------------|-------------------|
| January 1 | 19.129.418 | 18.032.460 |
| Share of the profit for the period | 339.009 | 109.019 |
| March 31 | 19.468.427 | 18.141.479 |

Equity effect of acquisition:

The Company purchased 22,23% share of non-controlling interests of Poliport in 2012 and 49% of shares of Polisan YapıKim in 2015. The difference between cost of acquisition and net asset portion of shares amounting to TL 208.011.543 and TL 716.289 was recognized under equity as "Transactions with non-controlling interest" under shareholder's equity.

Polisan Holding Anonim Şirketi

**Notes to the condensed consolidated financial statements
for the period ended January 1 - March 31, 2016 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

20. Revenue and cost of sales

Details regarding to revenue and cost of sales for the periods ended March 31, 2016 and March 31, 2015 are as follows:

| | January 1 - March 31, 2016 | January 1 - March 31, 2015 |
|-----------------------------|-------------------------------|-------------------------------|
| Domestic sales | 210.839.954 | 180.929.935 |
| Foreign sales | 40.055.516 | 33.504.792 |
| Gross sales | 250.895.470 | 214.434.727 |
| Sales returns | (2.628.865) | (2.856.280) |
| Sales discounts | (14.879.511) | (15.711.408) |
| Other discounts | (524.552) | (485.708) |
| Sales deductions (-) | (18.032.928) | (19.053.396) |
| Net sales | 232.862.542 | 195.381.331 |

| | January 1 - March 31, 2016 | (Restated) July 1 - March 31, 2016 |
|---|-------------------------------|--|
| Cost of sales | | |
| Direct raw material and supply expenses | 113.164.712 | 93.988.691 |
| Direct labour expenses | 3.666.688 | 3.769.984 |
| Production overheads | 12.402.350 | 5.188.325 |
| Depreciation and amortization | 998.863 | 207.128 |
| Changes in work in process inventory | | |
| - Opening inventories | 3.145.499 | 4.141.105 |
| - Closing inventories | (2.736.707) | (3.273.930) |
| Changes in finished goods inventory | | |
| - Opening inventories | 34.291.600 | 35.876.794 |
| - Closing inventories | (43.024.990) | (32.865.209) |
| Cost of goods sold | 121.908.015 | 107.032.888 |
| - Opening inventories | 3.905.781 | 3.721.439 |
| - Purchases during the period | 17.618.927 | 18.564.281 |
| - Closing inventories | (3.952.260) | (4.417.989) |
| Cost of merchandise sold | 17.572.448 | 17.867.731 |
| Personnel expenses | 8.714.393 | 6.852.393 |
| Other service expenses | 14.930.881 | 8.242.603 |
| Depreciation and amortization | 5.154.043 | 3.578.823 |
| Cost of services rendered | 28.799.317 | 18.673.819 |
| Cost of other sales | 220.861 | - |
| Total cost of sales | 168.500.641 | 143.574.437 |

Polisan Holding Anonim Şirketi

**Notes to the condensed consolidated financial statements
for the period ended January 1 - March 31, 2016 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

21. Expenses by nature

| | January 1 - March 31, 2016 | (Restated) January 1 - March 31, 2015 |
|--|-------------------------------|---|
| <u>Personnel expenses</u> | | |
| Cost of services rendered | 8.714.393 | 6.852.393 |
| Marketing, selling and distribution expenses | 6.658.451 | 5.651.169 |
| Cost of goods sold | 3.666.688 | 3.769.984 |
| General administrative expenses | 3.049.137 | 2.361.639 |
| Research and development expenses | 762.841 | 1.349.643 |
| Total | 22.851.510 | 19.984.828 |

| | January 1 - March 31, 2016 | (Restated) January 1 - March 31, 2015 |
|--|-------------------------------|---|
| <u>Depreciation and amortization</u> | | |
| Cost of services rendered | 5.154.043 | 3.578.823 |
| Marketing, selling and distribution expenses | 1.867.290 | 1.026.574 |
| General administrative expenses | 1.536.219 | 2.453.545 |
| Cost of goods sold | 998.863 | 207.128 |
| Research and development expenses | 186.698 | 84.165 |
| Total | 9.743.113 | 7.350.235 |

22. Other income and expenses from operations

Group's other income and expenses from operations for the periods ended March 31, 2016 and March 31, 2015 are as follows:

| | January 1 - March 31, 2016 | (Restated) January 1 - March 31, 2015 |
|---|-------------------------------|---|
| <u>Other operating income</u> | | |
| Deferred financial income | 1.267.341 | 863.884 |
| Foreign currency translation income | 893.540 | 1.565.199 |
| Provisions no longer required (Note 8) | 655.119 | 168.768 |
| Rent income | 209.042 | - |
| Incentive income | 138.583 | 651.383 |
| Insurance income | 15.764 | 16.410 |
| Other | 851.405 | 251.749 |
| Total | 4.030.794 | 3.517.393 |

| | January 1 - March 31, 2016 | (Restated) January 1 - March 31, 2015 |
|--|-------------------------------|---|
| <u>Other operating expenses</u> | | |
| Deferred financial expense | 7.161.200 | 4.719.722 |
| Allowance for doubtful receivables (Note 8) | 624.502 | 1.301.321 |
| Provision for impairment inventories(Note 9) | 396.050 | 178.357 |
| Foreign currency translation expense | 126.694 | 1.315.595 |
| Other | 822.089 | 93.164 |
| Total | 9.130.535 | 7.608.159 |

Polisan Holding Anonim Şirketi

**Notes to the condensed consolidated financial statements
for the period ended January 1 - March 31, 2016 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

23. Income and expenses from investing activities

Group's income and expenses from investing activities for the periods ended March 31, 2016 and March 31, 2015 are as follows:

| | January 1 - March 31, 2016 | January 1 - March 31, 2015 |
|--|-------------------------------|-------------------------------|
| <u>Income from Investing Activities</u> | | |
| Profit from fixed assets sales | 5.932 | 271.367 |
| Total | 5.932 | 271.367 |

| | January 1 - March 31, 2016 | January 1 - March 31, 2015 |
|--|-------------------------------|-------------------------------|
| <u>Expenses from Investing Activities</u> | | |
| Loss on sale of investment properties | 24.278 | - |
| Other | 36.691 | - |
| Total | 60.969 | - |

24. Financial income and expense

Group's financial income and expense for the periods ended March 31, 2016 and March 31, 2015 are as follows:

| | January 1 - March 31, 2016 | January 1 - March 31, 2015 |
|--------------------------------|-------------------------------|-------------------------------|
| <u>Financial income</u> | | |
| Foreign exchange gains | 2.912.108 | 5.356.430 |
| Interest income | 680.377 | 431.248 |
| Total | 3.592.485 | 5.787.678 |

| | January 1 - March 31, 2016 | January 1 - March 31, 2015 |
|---|-------------------------------|-------------------------------|
| <u>Financial expenses</u> | | |
| Foreign exchange rate losses | 4.230.488 | 16.303.106 |
| Loan interest expenses | 3.549.861 | 7.333.996 |
| Losses on derivative instruments | 542.859 | - |
| Bank commission charge and POS expenses | 350.664 | 98.574 |
| Letters of guarantee commission expense | 265.947 | 66.483 |
| Total | 8.939.819 | 23.802.159 |

Polisan Holding Anonim Şirketi

**Notes to the condensed consolidated financial statements
for the period ended January 1 - March 31, 2016 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

25. 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 2016 is 20% (2015: 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 2016 corporate income by the advance tax periods is 20%. (2015: 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.

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 - March 31, 2016 (continued)
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)**

25. 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 March 31, 2016 and December 31, 2015.

| | March 31, 2016 | | December 31, 2015 | |
|---|------------------------|-----------------------|------------------------|-----------------------|
| | Cumulative differences | Asset/ (liability) | Cumulative differences | Asset/ (liability) |
| Property, plant and equipment and intangible assets | 525.072.649 | (75.494.321) | 540.055.208 | (76.463.401) |
| Deferred finance income | 835.664 | (167.133) | 653.536 | (130.707) |
| Deferred finance expense | (16.301.829) | 3.260.366 | (9.722.659) | 1.944.532 |
| Provision for employee termination benefits | (10.364.364) | 2.072.873 | (10.127.250) | 2.025.450 |
| Unused vacation pay liability | (3.713.508) | 742.702 | (2.841.050) | 568.210 |
| Adjustment for loans | 1.069 | (214) | (333.521) | 66.704 |
| Allowance for doubtful receivables | (3.285.102) | 525.710 | (4.360.170) | 744.051 |
| Adjustment for inventories | (4.900.761) | 768.501 | (4.813.087) | 756.329 |
| Impairment of subsidiary and associate | (291.295) | 14.565 | (291.295) | 14.565 |
| Tax losses carry forwards | (63.275.791) | 8.022.775 | (62.538.849) | 7.992.770 |
| Investment incentive income | (14.175.290) | 1.559.282 | (14.175.290) | 1.559.282 |
| Litigation provision | (268.988) | 53.798 | (268.988) | 53.798 |
| Money point provisions | (556.119) | 111.224 | (1.030.200) | 206.040 |
| Derivative instruments | (542.859) | 108.572 | - | - |
| Sales premium provision | (3.697.026) | 739.405 | - | - |
| Other | (4.765.871) | 466.190 | (4.240.541) | 355.341 |
| Deferred tax liability, net | | (57.215.705) | | (60.307.036) |
| Deferred tax asset | | 19.217.690 | | 17.074.309 |
| Deferred tax liability | | (76.433.395) | | (77.381.345) |

Polisan Holding Anonim Şirketi

**Notes to the condensed consolidated financial statements
for the period ended January 1 - March 31, 2016 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

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

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

| | 2016 | (Restated) 2015 |
|---|---------------------|---------------------|
| January 1 | (60.307.036) | (59.796.172) |
| Tax income reflected in stament of profit or loss | 3.027.382 | 3.460.093 |
| Foreign exchange difference | 47.811 | 10.437 |
| Deferred tax effect of actuarial gain/loss | 16.138 | (164.469) |
| March 31 | (57.215.705) | (56.490.111) |

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

| Tax income/(expense) | January 1 - March 31, 2016 | January 1 - March 31, 2015 |
|-----------------------------|---------------------------------------|---------------------------------------|
| Tax expense for the period | (6.299.161) | (4.492.908) |
| Deferred tax income | 3.027.382 | 3.460.093 |
| Total | (3.271.779) | (1.032.815) |

26. 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 March 31, 2016 and as of March 31, 2015, Group's earning per share is as follows:

| | January 1 - March 31, 2016 | January 1 - March 31, 2015 |
|--|-------------------------------|-------------------------------|
| Net (loss)/profit for the period | 9.927.371 | (905.334) |
| Weighted average number of ordinary shares outstanding | 370.000.000 | 370.000.000 |
| Earning per share | 0,027 | (0,002) |

Polisan Holding Anonim Şirketi

Notes to the condensed consolidated financial statements
for the period ended January 1 - March 31, 2016 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

27. Related party disclosures

a) Benefits to top management

The total amount of wage and similar benefits has paid to the management is TL 1.150.587 between the date of January 1 - March 31, 2016. The amount consist of TL 595.131 as wage and TL 555.456 as premium. (January 1 - March 31, 2015: TL 1.030.726). Board members, general manager and vice general directors defined as the management by The Group.

b) Due from related parties

| | March 31, 2016 | December 31, 2015 |
|---|----------------|-------------------|
| Trade receivables from related parties | | |
| Şark Mensucat Fabrikası A.Ş (**) | 47.181 | 89.588 |
| Rohm and Haas Kim. Ürün. Üretim, Dağ. Ve Tic. A.Ş.(*) | 588.930 | 609.597 |
| Total | 636.111 | 699.185 |

c) Due to related parties

| | March 31, 2016 | December 31, 2015 |
|---|-------------------|-------------------|
| Trade payables to related parties | | |
| Rohm and Haas Kim. Ürün. Üretim, Dağ. Ve Tic. A.Ş.(*) | 13.414.377 | 11.434.458 |
| Total | 13.414.377 | 11.434.458 |

| | March 31, 2016 | December 31, 2015 |
|--|----------------|-------------------|
| Other payables to related parties | | |
| Mehmet Haluk Sevel | 3.104 | 3.104 |
| Recep Haldun Sevel | 3.104 | 3.104 |
| Total | 6.208 | 6.208 |

d) Related party transactions

| | January 1 - March 31, 2016 | | January 1 - March 31, 2015 | |
|------------------------------|--|--|-----------------------------|---|
| | Şark Mensucat Fabrikası A.Ş ⁽¹⁾ | Rohm and Haas Kim. Ürün. Üretim, Dağ. ve Tic. A.Ş ⁽²⁾ | Şark Mensucat Fabrikası A.Ş | Rohm and Haas Kim. Ürün. Üretim, Dağ. ve Tic. A.Ş |
| Purchases | | | | |
| Raw material | - | 11.298.890 | - | 9.327.457 |
| Foreign exchange differences | - | 165.669 | - | 609.531 |
| Service | - | 50.865 | - | 50.865 |
| Total | - | 11.515.424 | - | 9.987.853 |
| Sales | | | | |
| Finished goods | 1.025 | - | 12.179 | - |
| Services | 117.553 | 1.295.328 | 108.647 | 998.435 |
| Rent | 2.373 | - | 2.208 | - |
| Foreign exchange differences | - | 458 | - | - |
| Maturity differences | - | - | - | - |
| Total | 120.951 | 1.295.786 | 123.034 | 998.435 |

(1) Parent company

(2) Subsidiary

Polisan Holding Anonim Şirketi**Notes to the condensed consolidated financial statements
for the period ended January 1 - March 31, 2016 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)****28. 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 March 31, 2016 and December 31, 2015, Group's foreign currency position is as follows:

| | March 31, 2016 | | | | |
|--|----------------------|---------------------|---------------------|-----------------|----------|
| | TL equivalent | USD | EURO | GBP | Other |
| 1. Trade receivables | 6.884.472 | 1.570.087 | 759.262 | - | - |
| 2a. Monetary financial assets | 22.235.325 | 6.101.380 | 1.539.943 | 1.811 | 1 |
| 2b. Non-monetary financial assets | 496 | - | 155 | - | - |
| 3. Other | 67.279 | 1.200 | 19.912 | - | - |
| 4. Current assets (1+2+3) | 29.187.572 | 7.672.667 | 2.319.272 | 1.811 | 1 |
| 5. Trade receivables | - | - | - | - | - |
| 6a. Monetary financial assets | - | - | - | - | - |
| 6b. Non-monetary financial assets | 33.364.240 | - | 10.400.000 | - | - |
| 7. Other | - | - | - | - | - |
| 8. Non-current assets (5+6+7) | 33.364.240 | - | 10.400.000 | - | - |
| 9. Total assets (4+8) | 62.551.812 | 7.672.667 | 12.719.272 | 1.811 | 1 |
| 10. Trade payables | 287.485.371 | 52.706.389 | 43.018.250 | 34.393 | - |
| 11. Borrowings | - | - | - | - | - |
| 12a. Monetary liabilities | 14.462 | 2.300 | 2.477 | - | - |
| 12b. Non-monetary liabilities | - | - | - | - | - |
| 13. Current liabilities (10+11+12) | 287.499.833 | 52.708.689 | 43.020.727 | 34.393 | - |
| 14. Trade payables | - | - | - | - | - |
| 15. Borrowings | 40.941.356 | 7.856.905 | 5.822.637 | - | - |
| 16 a. Monetary liabilities | - | - | - | - | - |
| 16 b. Non-monetary liabilities | - | - | - | - | - |
| 17. Non current liabilities (14+15+16) | 40.941.356 | 7.856.905 | 5.822.637 | - | - |
| 18. Total liabilities (13+17) | 328.441.189 | 60.565.594 | 48.843.363 | 34.393 | - |
| 19. Off-balance sheet derivative instruments net position (19a-19b) | - | - | - | - | - |
| 19a. Derivative assets | - | - | - | - | - |
| 19b. Derivative liabilities | - | - | - | - | - |
| 20. Off-balance sheet derivative instruments net position (9-18+19) | (265.889.377) | (52.892.927) | (36.124.091) | (32.582) | 1 |
| 21. Net foreign currency position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a) | (299.321.392) | (52.894.127) | (46.544.159) | (32.582) | 1 |

Polisan Holding Anonim Şirketi

Notes to the condensed consolidated financial statements
for the period ended January 1 - March 31, 2016 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

28. Financial instruments and financial risk management (continued)

| | December 31, 2015 | | | | |
|--|----------------------|---------------------|---------------------|--------------|-----------------|
| | TL equivalent | US Dollar | EURO | GBP | Other |
| 1. Trade receivables | 6.568.155 | 1.412.562 | 774.481 | - | - |
| 2a. Monetary financial assets | 38.854.615 | 6.708.882 | 6.085.802 | 2.237 | 1 |
| 2b. Non-monetary financial assets | - | - | - | - | - |
| 3. Other | - | - | - | - | - |
| 4. Current assets (1+2+3) | 45.422.770 | 8.121.444 | 6.860.283 | 2.237 | 1 |
| 5. Trade receivables | - | - | - | - | - |
| 6a. Monetary financial assets | - | - | - | - | - |
| 6b. Non-monetary financial assets | 4.455.182 | 2.250 | 1.400.000 | - | - |
| 7. Other | - | - | - | - | - |
| 8. Non-current assets (5+6+7) | 4.455.182 | 2.250 | 1.400.000 | - | - |
| 9. Total assets (4+8) | 49.877.952 | 8.123.694 | 8.260.283 | 2.237 | 1 |
| 10. Trade payables | 44.912.596 | 10.045.414 | 4.932.516 | 1.564 | 73.219 |
| 11. Borrowings | 243.525.566 | 40.412.469 | 39.659.576 | - | - |
| 12a. Monetary liabilities | 13.441 | 2.000 | 2.400 | - | - |
| 12b. Non- monetary liabilities | - | - | - | - | - |
| 13. Current liabilities (10+11+12) | 288.451.603 | 50.459.884 | 44.594.492 | 1.564 | 73.219 |
| 14. Trade payables | - | - | - | - | - |
| 15. Borrowings | 64.513.875 | 15.899.674 | 5.754.023 | - | - |
| 16 a. Other monetary liabilities | - | - | - | - | - |
| 16 b. Other non- monetary liabilities | - | - | - | - | - |
| 17. Non-current liabilities (14+15+16) | 64.513.875 | 15.899.674 | 5.754.023 | - | - |
| 18. Total liabilities (13+17) | 352.965.478 | 66.359.558 | 50.348.514 | 1.564 | 73.219 |
| 19. Off-balance sheet derivative instruments net position (19a-19b) | - | - | - | - | - |
| 19a. Derivative assets | - | - | - | - | - |
| 19b. Derivative liabilities | - | - | - | - | - |
| 20. Net foreign currency position(9-18+19) | (303.087.527) | (58.235.864) | (42.088.231) | 674 | (73.218) |
| 21. Net foreign currency position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a) | (307.542.709) | (58.238.114) | (43.488.231) | 674 | (73.218) |

Polisan Holding Anonim Şirketi

**Notes to the condensed consolidated financial statements
for the period ended January 1 - March 31, 2016 (continued)**
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

28. Financial instruments and financial risk management (continued)Sensitivity analysis:

As of March 31, 2016 and December 31, 2015 the Group's profit before tax and shareholders' equity would be higher/lower as presented by the amounts below in case of a 10% increase or decrease in the foreign currency, with all other variables held constant.

| As of March 31, 2016 | 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 | (14.986.682) | 14.986.682 | - | - |
| 2- USD hedged portion (-) | - | - | - | - |
| 3- USD net effect (1+2) | (14.986.682) | 14.986.682 | - | - |
| <i>The impact of 10% increase/decrease of EURO against TL</i> | | | | |
| 4- EURO net asset/liability | (11.588.970) | 11.588.970 | - | - |
| 5- EURO hedged portion (-) | - | - | - | - |
| 6- EURO net effect (4+5) | (11.588.970) | 11.588.970 | - | - |
| <i>The impact of 10% increase/decrease of other foreign currencies against TL</i> | | | | |
| 7- Other foreign currency net asset/liability | (13.286) | 13.286 | - | - |
| 8- Other foreign currency hedged items (-) | - | - | - | - |
| 9- Other foreign currency net effect (7+8) | (13.286) | 13.286 | - | - |
| Total (3+6+9) | (26.588.938) | 26.588.938 | - | - |

| As of December 31, 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 | (16.932.660) | 16.932.660 | - | - |
| 2- USD hedged portion (-) | - | - | - | - |
| 3- USD net effect (1+2) | (16.932.660) | 16.932.660 | - | - |
| <i>The impact of 10% increase/decrease of EURO against TL</i> | | | | |
| 4- EURO net asset/liability | (13.373.956) | 13.373.956 | - | - |
| 5- EURO hedged portion (-) | - | - | - | - |
| 6- EURO net effect (4+5) | (13.373.956) | 13.373.956 | - | - |
| <i>The impact of 10% increase/decrease of other foreign currencies against TL</i> | | | | |
| 7- Other foreign currency net asset/liability | (2.136) | 2.136 | - | - |
| 8- Other foreign currency hedged items (-) | - | - | - | - |
| 9- Other foreign currency net effect (7+8) | (2.136) | 2.136 | - | - |
| Total (3+6+9) | (30.308.752) | 30.308.752 | - | - |

Polisan Holding Anonim Şirketi

**Notes to the condensed consolidated financial statements
for the period ended January 1 - March 31, 2016 (continued)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)**

29. 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.

30. Other matters

The amount of paid donations and aids in the period of January 1 - March 31, 2016 is TL 815.687.

31. Subsequent events

In the Ordinary General Meeting held on April 16, 2016, it was decided that the decree of the Board of Directors regarding profit distribution and the gross profit share amounting to TL 13.500.000 should be distributed on April 21, 2016. (December 31, 2015: None).