POLISAN HOLDING
3Q 2018 Interim Operating Report

07.01.2018 – 09.30.2018 INTERIM OPERATING REPORT
PREPARED AS PER CAPITAL MARKET BOARD'S
COMMUNIQUE SERIAL II, NUMBER 14.2
NOVEMBER 5, 2018

TABLE OF CONTENTS

CEO Letter....3
Corporate Profile....4
Business Lines and Shareholder Structure....5
Mission, Vision, Strategic Priorities....6
Operational Areas....7
Evaluation of Operational and Financial Results
- Polisan Holding....8
- Poliport....10
- Polisan Kansai Boya....11
- Chemical Activities....13
- Polisan Kimya....14
- Polisan Hellas....15
- Polisan Yapı....16
- Polisan Tarım....17

2018 Company Targets....18
Board of Directors and Committees....19
Executive Committee and Rights of Senior Management....21
Information in regards to R&D, Incentive, Personnel, and Aids....22
Contact Offices....23
Consolidated Statement of Financial Position....24
Consolidated Statement of P/L and Other Comprehensive Income....26
Financial Ratios....28
Material Developments that Take Place During and After the Quarter....29

POLİSAN HOLDİNG: CEO LETTER

Polisan Holding CEO
Erol Mizrahi

As we approached 3Q 2018, the decelerating activity in the manufacturing industry, the contraction in the construction sector, the regress in the service sector playing an important role in the growth trend already hinted for challenging conditions for the second half of 2018. As a matter of fact, economic growth entered a delicate process after the coup attempt in 2016. Having been supported by the measures and incentives, primarily the Credit Guarantee Fund, initiated by the government to stimulate employment and the domestic demand, the economic growth slowed down due to the turmoil in financial markets, sharp depreciation in TRY and rising trend in inflation. The consumer confidence index fell below 60 levels for the first time since September 2015. According to the New Economy Program announced by the government, the growth rate of 3.8% for 2018 indicates a contraction for the last quarter of the year. The Program, which envisages the suspension of all projects whether they have been tendered or not, in order to meet the targeted savings, is signaling that 2019 will also be quite challenging.

As Polisan Holding, we continued profitable revenue growth in our operations in 9M 2018. Our consolidated revenues increased by 48.0% to TRY825.3 million, mainly due to our chemical operations with revenues, which are euro-based to a large extent. Thanks to our focus on efficiency and with the support of fx rates, our EBITDA margin increased by 2.8 p.p. to 16.9% with the contribution of both our port operations and chemical activities in Turkey as well as Greece. Our consolidated net income decreased by 43.8% to TRY34.0 million, due to the effect of TRY4.9 million recorded in 1Q 2018 related to the permits for the Pendik Project as well as net loss of Polisan Kimya stemming from rising financial expenses along with fx rate differences. As per combined financial results, in which, Polisan Kansai Boya, our 50% partnership with Kansai Paint, is included; our combined revenues increased by 31.3% to TRY1,500.0 million while EBITDA margin increased by 1.6 p.p. to 15.7% thanks to the strong performance of our paint operations, particularly in 1H 2018. Our net income decreased by 81.6% to TRY15.3 million due to rising financial expenses of Polisan Kimya and Polisan Kansai Boya stemming from fx rate differences as well as TRY4.9 million negative impact recorded in 1Q 2018 due to the Pendik Project of Polisan Yapı.

In the third quarter, in our paint operations having a wide product range, we continued to make necessary arrangements so as to reach the optimum cost and quality level in the fully automated new plant, in which we commenced trial productions in June. As per the distribution channel, we terminated the studies initiated to open a logistic center in Erzurum in the second quarter due to the conjuncture. However, by directly supplying the products from the other warehouses in the region, we eliminated the distributor expenses and ensured the cost efficiency. Polisan Kansai Boya's revenues declined by 5.1% compared to 3Q 2017 as we did not supply new products to the market in order to eliminate the piling up of inventories in the market. Our EBITDA margin decreased to -0.8% levels due to other operating expenses originating from fx rates. (3Q 2018 EBITDA margin excluding other operating income/expense: 10.2%). We aim to compensate for the adverse effects of the contraction in the domestic market through exposure to foreign markets. In our port operations, based on the data released by the Directorate General of Merchant Marine as of September 2018, cargo handed at Turkish Ports deteriorated by 0.6% compared to the same period of previous year as a reflection of stagnant economic activities. In the same period, cargo handled at Kocaeli Ports rose by 4.6% originating from the rising container trade, which is out of the scope of our operating area. At Poliport while the cargo handled as of 9M 2018 increased by 5.6% compared to last year, cargo handled in 3Q 2018 contracted by 18.6% due to slow down in seaborne trade except for the container trade. Despite the decrease in cargo handled and the negative impact on revenues stemming from the transfer of General Management Services to the Holding as of 2018, Poliport's revenues increased by 25.4% compared to 3Q 2017 due to the depreciation of TRY against the US dollar while EBITDA margin rose by 12.0 p.p. to 62.2% on the back of the decrease in Group service expenses. We continue our capacity expansion investments at Poliport, though at a slower pace. At our chemical operations in Turkey, we operate in quite a competitive market. Additionally, we started to feel the negative impact of the contraction in the construction sector on our construction chemicals business line that we restructured last year. By focusing on high value added products and exports, we increased our revenues by 62.9% compared to 3Q 2017 while we posted quite a strong EBITDA margin at 12.0% with a 5.7 p.p. increase. Polisan Maroc, our construction chemicals facility established in Morocco, started to generate revenues. Polisan Hellas, which records Euro denominated revenues, posted a 101.7% increase in revenues compared to 3Q 2017 with rising volume, prices, and with the effect of f/x rates. With EBITDA margin rising by 7.8 p.p.to 11.3%, Polisan Hellas achieved an impressive performance, exceeding 5-6% EBITDA margin band, which is considered as rational levels for the PET business.

In the area of real estate, we have 76 offices and 26 shops ready for sale in the Kağıthane Z Office Project. The fact that there is currently excess office supply in the Kağıthane region negatively impacted the sales of this project. As for the project in Kurtköy, which is located on our 180,000 m^2 land, and very close to the seaside, Sabiha Gökçen Airport, and the Ankara-Istanbul high-speed railway route, 5,740 m^2 of land was abandoned to the Municipality free of charge as a prerequisite for the grant of permits, and this abandonment had a negative effect of TRY4.9 million on our financials in 1Q 2018. DAP Yapı, which we agreed for this project, continues its studies to receive necessary permits.

Under the tough market conditions, which adversely affect the demand in our operating areas, we strive to increase our revenues by focusing on the sale of our high value-added products in the domestic and new export markets while maintaining our operational profitability by evaluating all kinds of measures that reduce production costs. By reducing the collection periods and working with the minimum inventory, we both control the bad debt risk and manage our working capital requirement in an effective manner, and if necessary, we increase the capital of our companies. We are confident that we will successfully overcome the tough times ahead of us through the measures we are taking.

We hereby thank our shareholders, our employees, our business partners and our customers for their support.

Polisan HOLDİNG

POLİSAN HOLDİNG: CORPORATE PROFILE

Company Name	**:** Polisan Holding A.Ş.
Address (Headquarters)	**:** Dilovası Organize Sanayi Bölgesi 1. Kısım Liman Caddesi No : 7 Dilovası – KOCAELİ
Address (Branch)	**:** İçerenköy Mahallesi, Ali Nihat Tarlan Cad. No : 86 Ataşehir – İSTANBUL
Trade Registry Office and Number	**:** Gebze Ticaret Odası – 5769 / İstanbul Ticaret Odası – 615757
Subjected Legal Regulations	**:** Laws of Republic of Turkey
Telephone and Fax Number	**:** Tel. 00 90 216 578 56 00 ; Fax. 00 90 216 573 77 92
Internet Address	**:** www.polisanholding.com.tr
Capital	**:** TRY 370,000,000
Registered Capital Ceiling	: TRY 500,000,000
The Bourse/Market where shares are traded	**:** Bourse İstanbul (BIST) / Star Market
Date of Quotation on the Bourse	**:** May 24, 2012
Ticker Symbol	**:** POLHO
Independent Auditor	: Güney Bağımsız Denetim ve SMMM A.Ş.
Independent Auditor's address	: Eski Büyükdere Cad. Orjin Maslak No: 27 Maslak/Sarıyer 34398 İSTANBUL

POLİSAN HOLDİNG: GROWS VIA NEW PARTNERSHIPS AND BUSINESS LINES

Holding Shareholder Structure	Share Amount (TRY)	Share Ratio (%)
Bitlis Family	314,726,143	85.06%
Other	9,757,500	2.64%
Float	45,516,357	12.30%
Total	370.000.000	100.00%

Polisan HOLDİNG *

PAINT	CHEMICAL ACTIVITIES	PORT OPERATIONS	AGRICULTURE	REAL ESTATE
Polisan HOME COSMETICS 50% / KANSAI PAINT (ALESCO)	ROHM AND HAAS / DOW 40%	Poliport 93%	Polisan TARIM 100%	Polisan YAPI 100%

FOREIGN PARTNERSHIP

FOREIGN SUBSIDIARY

- Polisan MAROC 80%
- Polisan HELLAS 100%
- Polisan KİMYA 100%

** The ratios in this graphfic show Polisan Holding's direct and indirect share in the related subsidiary.*

POLİSAN HOLDİNG: MISSION, VISION & STRATEGIC PRIORITIES

OUR MISSION

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

OUR VISSION

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

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

OUR STRATEGIC PRIORITIES

Maximizing shareholder value through:

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

POLİSAN HOLDİNG: OPERATIONAL AREAS

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

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

Having established in 2000, Polisan Holding's subsidiaries' and Joint Venture (JV)'s operating activities are as follows:

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

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

The Group's main operations are located in Turkey and it has subsidiaries located in Greece and Morocco. The operations are gathered under the major segments below:
The production and sales of chemical materials,
The production and sales of final, bi-products supporting the planting and agricultural industries,
The production and sales of paint,
The production and sales of construction chemicals,
Port, storage, and warehousing services,
Agriculture, growing and harvesting of every kind of plants,
Construction, building real estates, trading, imports, and commercial activities on this area,
Services provided by Polisan Holding to Group companies such as accounting, finance, budgeting, healthcare, repair, maintenance, investment, human resources etc.
Plastic products; containers for beverage, water, drink, and food; production of Polyethylene Terephthalate (PET) resin and preform with a wide usage spectrum such as synthetic fiber.

Note: Information and development on Polisan Holding and its subsidiaries is available on the pages 8-17 of this Report.

3Q 2018 EVALUATION: POLİSAN HOLDİNG - CONSOLIDATED

FX RATES POSITIVELY AFFECTED OPERATIONAL PROFITABILITY WHILE DISTORTING NET INCOME

TRY million	9M 2017	9M 2018	*YoY (%)*	3Q 2017	2Q 2018	3Q 2018	*YoY (%)*	*QoQ (%)*
Revenue	557.5	825.3	***48.0%***	198.6	270.6	325.8	***64.1%***	***20.4%***
EBITDA*	78.4	139.9	***78.4%***	26.2	47.2	62.8	***139.5%***	***32.9%***
EBITDA Margin	14.1%	16.9%	***2.8 p.p.***	13.2%	17.4%	19.3%	***6.1 p.p.***	***1.9 p.p.***
Net Income/Loss	60.5	34.0	***-43.8%***	18.7	25.0	-10.0	***n.m.***	***n.m.***

CONSOLIDATED FINANCIAL RESULTS:

In 9M 2018, Polisan Holding continued its profitable revenue growth. Consolidated revenues increased by 48.0% to TRY825.3 million, mainly due to the chemical operations with revenues, which are euro-based to a large extent. Supported by fx rates and focus on efficiency, EBITDA margin increased by 2.8 p.p. to 16.9% with the contribution of both port operations and chemical activities in Turkey as well as Greece. In this period, net loss recorded by Polisan Kimya on the back of rising financial expenses due to the fx rate differences resulted in a 43.8% decline in net income to TRY34.0 million. In 1Q 2018, there has been a TRY4.9 million negative impact on net income due to the abandonment of 5,740 m^2 land to the Municipality free of charge, required for the grant of the permits for the Pendik Project.

COMBINED FINANCIAL RESULTS:

As per combined financial results, in which, Polisan Kansai Boya, our 50% partnership with Kansai Paint, is included; combined revenues increased by 31.3% to TRY1,500.0 million while EBITDA margin increased by 1.6 p.p. to 15.7% thanks to the strong performance of the paint operations, particularly in 1H 2018. Net income decreased by 81.6% to TRY15.3 million due to rising financial expenses of Polisan Kimya and Polisan Kansai Boya stemming from fx rate differences as well as TRY4.9 million negative impact recorded in 1Q 2018 due to the Pendik Project of Polisan Yapı.

ACTUAL RESULTS AND FORWARD LOOKING EXPECTATIONS

In 3Q 2018, Polisan Holding recorded higher than expected revenue and EBITDA margin in its consolidated financials with the effect of fx rates.

As per its guidance revised in 1Q 2018, Polisan Holding forecasted to grow its consolidated revenues by approximately 20% and maintain its EBITDA margin at similar levels compared to previous year, depending on the market conditions and f/x movements.

On page 18, the revized Revenue and EBITDA margin guidance for each subsidiary is presented. While demand contracts in all business lines of Polisan Holding due to tough economic conditions, the Company foresees that consolidated revenues will increase more than 35% along with the rising fx rates and EBITDA margin will be similar levels to that in 2017.

As per capital expenditures, Polisan Kansai Boya completed its new facility investment for €47 million as of first half of 2018 and the new facility requires €1-2 million additional capital expenditures in the process of trial productions. At Poliport, ~$20 million budgeted for the capacity increase in 2018 has been revized as US$15 million. Chemical activities expects to invest €5 million for the renewal of its formaldehyde facility as of the year end.

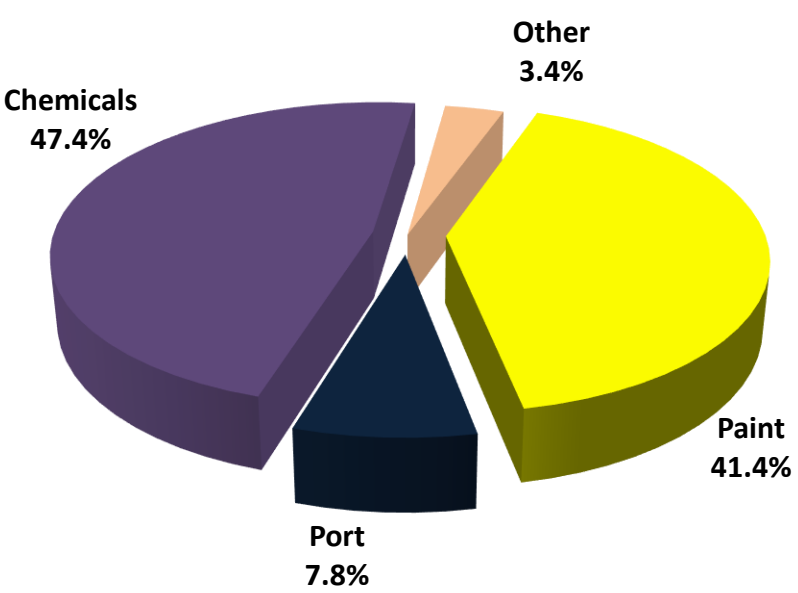
** The EBITDA calculation methodology includes Other operating income and expense as of 1Q 2017.*

3Q 2018 EVALUATION: POLİSAN HOLDİNG - COMBINED

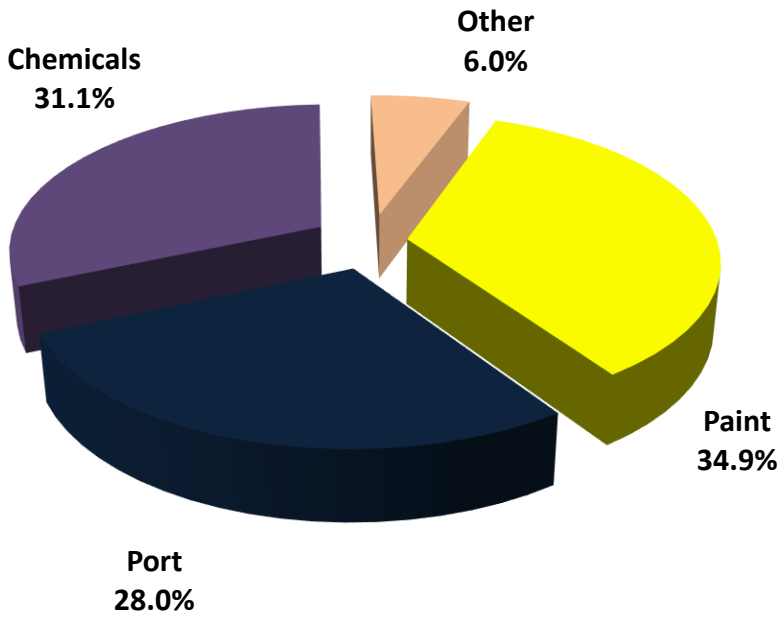
INCREASING FX RATES PUT PRESSURE ON THE PROFITABILITY

TRY million	9M 2017	9M 2018	*YoY (%)*	3Q 2017	2Q 2018	3Q 2018	*YoY (%)*	*QoQ (%)*
Revenue	1,142.7	1,500.0	***31.3%***	370.3	516.7	497.4	***34.3%***	***-3.7%***
EBITDA	161.0	234.8	***45.9%***	58.1	87.8	66.1	***13.7%***	***-24.7%***
EBITDA Margin	14.1%	15.7%	***1.6 p.p.***	15.7%	17.0%	13.3%	***-2.4 p.p.***	***-3.7 p.p.***
Net Income/Loss	82.7	15.3	***-81.6%***	25.5	34.7	-51.4	***n.m.***	***n.m.***

9M 2018 Combined Revenue Breakdown



9M 2018 Combined EBITDA Breakdown



3Q 2018 EVALUATION: POLİPORT

PROFITABILITY SUPPORTED BY THE FX RATE

TRY million	9M 2017	9M 2018	YoY (%)	3Q 2017	2Q 2018	3Q 2018	YoY (%)	QoQ (%)
Revenue	104.0	116.9	***12.4%***	37.1	39.0	46.5	***25.4%***	***19.2%***
EBITDA	48.6	65.6	***35.0%***	18.6	23.1	28.9	***55.4%***	***25.5%***
EBITDA Margin	46.8%	56.2%	***9.4 p.p.***	50.2%	59.1%	62.2%	***12.0 p.p.***	***3.1 p.p.***
Net Income/Loss	24.8	43.5	***75.4%***	8.8	13.7	23.4	***n.m.***	***71.5%***

- Poliport was founded in 1971 on the land rented from Kocaeli Revenue Office, General Directorate of National Real Estate. With its jetty, pier, embarkment, and warehousing facilities; Poliport is one of the largest ports, which is also the closest to Istanbul on the Anatolian side in Turkey. Kocaeli Port is one of the ten largest ports in the European Union. Located in the industrial zone where ~45% of Turkey's GDP is generated, Kocaeli Port is the largest port in Turkey and it is ranked in the first place, capturing a 17.2% share in Turkey's foreign trade and 15.5% share in the total cargo handled in Turkey in 2017. Having spread on a 160,000 m² land, Poliport is one of the limited numbers of independent chemical storage terminals, which do not carry out merchandising activities, but proving storage and handling services for the products of the third parties. It is also among the few liquid storage terminals. Poliport is very close to strategic gateways as it is only 30 minutes away from Istanbul, 25 minutes from Sabiha Gökçen Airport, 400 meters from the new bridge, 1 kilometer from TEM (Trans-Europe) Motorway, 1.8 kilometers from D-100 Highway, and crossed by a railway. Operating on an area with a customs and eligible for import and every kind of transit trade practices, Poliport is the leader terminal of Kocaeli Port. Poliport has 3 main operational activities. Bulk liquid services, capturing 59% share in revenues, have the highest profitability. In 2017, total cargo handled stood at 1.7 million tons, 63% composed of chemicals and 37% petroleum products. Since 1990s, the world's largest manufacturers such as Dow, BASF, Bayer, and Shell are among the clients of Poliport. The annual handling capacity of the terminal is 2.5 million tons. Dry bulk and general cargo services constitute 29% of Poliport revenues. Dry bulk pier, which handled 2.9 mln tons of cargo in 2017, has an annual handling capacity of 5 million tons and the products mainly handled are coal, aluminum, different types of tin, iron, shaped tube, urea, grains, silica, and forestry products. Warehouse services constitute ~12% of Poliport's revenues. Through its website, Poliport provides with the opportunity to track the inventory and delivery of the products stored in A Type General Warehouses where it offers storage and logistic services located on a 44,500 square meter area. In 2017, cargo stored in A type warehouses was 377,716 tons.
- Based on the data released by the Directorate General of Merchant Marine as of September 2018, cargo handed at Turkish Ports deteriorated by 0.6% compared to the same period of previous year due to the stagnant economic activities. In the same period, cargo handled at Kocaeli Ports rose by 4.6% on the back of a 25.5% increase in container cargo. At Poliport, 2,274,769 tons (9M 2017: 2,067,638 tons) handled at the dry bulk pier and 1,175,459 tons (9M 2017: 1,200,679 tons) handled at the terminal totaled 3,450,228 tons (9M 2017: 3,268,317 tons) representing a 5.6% increase compared to the cargo handled last year. During the same period, 298,397 tons (9M 2017: 297,869 tons) of cargo were stored in A type warehouses. Based on a ranking of operational profitability, starting with the highest margin, the share of bulk liquid storage, dry bulk, and warehouse services in revenues realized at 57%, 29% and 14%, respectively.
- Although, in 9M 2018, dry bulk, bulk liquid and warehouse revenues rose respectively by 31.5%,17.6%, and 39.4%, compared to the same period of last year, also with the support of fx rates, Poliport's revenues increased only by 12.4% due to the negative impact stemming from the transfer of General Management Services to the Holding as of 2018. Thanks to the economies of scale resulting from the increase in the cargo handled and the decrease in Group service expense, the EBITDA margin increased by 9.4 p.p. to 56.2%. Net income increased by 75.4% to TRY43.5 million in parallel with operational profitability.
- Compared to 2Q 2018, revenues surged by 19.2% due to an approximate 30% depreciation of TRY against USD dollar in spite of a 18.6% decrease in total cargo handled, particularly dry bulk cargo. Supported by the decreasing Group service expense, EBITDA margin increased by 3.1 p.p. to 62.2% and net income by 71.5% to TRY23.4 million.
- Having financed its investments through the cash it generated so far, and budgeted a capital expenditure of approximately US$20 million in 2018, Poliport decided to decelerate its capital expenditures and spend US$15 million in 2018 as a measure against the contraction in the cargo handled that started following the slowdown in seaborne trade.
- Kocaeli Port, which has grown at a CAGR of 4.0% between 2009 and 2017, is expected to require a capacity increase over the coming years. Kocaeli Port Administration does not issue permits for the building of new terminals. Poliport has idle land for expansion behind the terminal area. Poliport indexes its terminal service price increases to US CPI, records its revenues in US dollar and its costs in TRY while realizing its capacity increase investments based on the fill rate of tanks. Accordingly, it can offer more competitive prices and grow its customer base. Some terminals handling their own dry bulk cargo at Kocaeli Port provide services at quite low prices in order to utilize their idle capacity. However, as these terminals approach work at full capacity usage rates, the supply-demand balance is expected to deteriorate in favor of Poliport, which, by then would have completed its capacity increase investments.

3Q 2018 EVALUATION: POLİSAN KANSAİ BOYA

Decorative segment captures a 60% share from the Turkish Paint Industry, which has an annual production capacity of 915,000 tons. Carrying out its operations particularly on decorative segment, Polisan Kansai Boya also operates in the area of furniture, marine, industrial groups, and insulation.

As its differentiation strategy, Polisan Kansai Boya emphasized the “Polisan does not produce paint, it produces Home Cosmetics” approach, claiming that paint is not all about colors, but that in addition to its functional benefits of maintenance and protection, paint makes an aesthetic contribution to the environment. Within this context, it has registered “Home Cosmetics” concept in 2008 and became the first company introducing “Home Cosmetics” approach to the world. Additionally, it has developed Turkey’s first 7-feature interior, 9-feature exterior paint, water-based road marking paint, wood protector spray varnish, water-based top coat gloss paint, paint perfume, plastic spray paint, and the World’s first water-based metal paint. Continuously investing in the development of innovative products, the laboratories of Polisan Kansai Boya in Turkey’s 159th R&D Center has obtained International Validity Accreditation Certificate. Polisan Kansai Boya is also the first paint producer in Turkey and one of the three in Europe, which has been granted Environmental Product Declaration (EPD) Certificate for its four products. Besides, Polisan Kansai Boya has been included in the TURQUALITY® Support Program, which was initiated to build up on and solidify the positive image of the Turkish brands in abroad, under the “POLİSAN” brand name along with other Polisan Holding subsidiaries. In addition to the innovative products, Polisan Kansai Boya offers innovative solutions, too. Its insulation insurance is also a global first in the insurance sector. Polisan Kansai Boya positions its sales channel as the production center and ensures effective inventory management through Turkey’s first water-based mix machines providing products at the factory quality from 3,000 points, and with its 11 Logistic Centers spreading to 37,500 square-meter area. Another first by Polisan Kansai Boya; the loyalty program and collection practice using a single POS, ensure a problem free collection process as well as loyalty of 41,000 painters registered in its system. Polisan Kansai Boya serves in more than 1,000 sales points throughout Turkey using "Polisan Shop" concept, which was initiated in 2008 in an attempt to help Polisan Kansai Boya dealers to improve their businesses and plan their future while ensuring comfort for its customers. Polisan Kansai Boya, which also produces for the brands of 3 market chains, serves at 7,000 sales points.

50% of Polisan Boya shares has been transferred to Japanese Kansai Paint, also a global giant in paint, for US$113.5 million as of December 21, 2016. Since then, the Company continues its activities as Polisan Kansai Boya Sanayi ve Ticaret A.Ş. Having strengthened its balance sheet structure, the Company initially commenced new facility investment.

Located on its 142,000 square meter land in Gebze Chemical Specialization Organized Industrial Zone (“GEBKIM”) and commenced trial production in June 2018, the annual production capacity of Polisan Kansai Boya’s new paint production and warehouse facility increased to 180,000 tons in one shift from 180,000 tons in three shifts. Accordingly, the new facility has the potential of producing 540,000 tons in three shifts without having to bear extra investment. 555,000 tons equal to Turkey’s current total decorative paint production.

3Q 2018 EVALUATION: POLİSAN KANSAİ BOYA

DECLINE IN PROFITABLITY DUE TO FX BASED RAW MATERIAL AND COST OF INVESTMENT

TRY million	9M 2017	9M 2018	*YoY (%)*	3Q 2017	2Q 2018	3Q 2018	*YoY (%)*	*QoQ (%)*
Revenue	506.6	621.4	***22.6%***	161.8	229.3	153.5	***-5.1%***	***-33.1%***
EBITDA	69.6	82.1	***18.0%***	27.6	36.0	-1.2	***n.m.***	***n.m.***
EBITDA Margin	13.7%	13.2%	***-0.5 p.p.***	17.1%	15.7%	-0.8%	***-17.9 p.p.***	***-16.5 p.p.***
Net Income/Loss	37.3	-58.0	***n.m.***	9.2	10.5	-92.3	***n.m.***	***n.m.***

Having completed its €47 million new paint production and warehouse facility investment and commenced trial production in June, Polisan Kansai Boya continued to make necessary arrangements in the third quarter due to its wide product range so as to reach the optimum cost and quality level in the fully automated new plant. As per the distribution channel, the studies initiated to open a logistic center in Erzurum in the second quarter were terminated due to the conjuncture. However, the products were directly supplied by the other warehouses in the region, eliminating the distributor expenses and ensuring the cost efficiency.

In 9M 2018, revenues increased by 22.6% compared to last year, reaching TRY621.4 million with the effect of the increasing sales volume as well as rising prices. Based on operational areas, in 9M 2018, paint, insulation, and auxiliary revenues increased by 26.7%, 0.4% and 13.2%, respectively. Increasing raw material expenses as well as other operating expenses resulted in a 0.5 p.p. decline in EBITDA margin to 13.2%. Despite of the absence of a tax liability during this period due to the tax incentive utilized within the scope of new facility investment, the Company recorded TRY58.0 million net loss. This resulted from the fx rate difference and interest expenses stemming from the deprecation of TRY against foreign currencies, as the Company financed its new facility investment through fx denominated loans.

The deterioration of the Turkish economy in an accelerating pace in the third quarter had serious effects reaching to an alarming scale such that many companies operating in the construction sector applied for administration. The revenues of Polisan Kansai Boya, operating in the paint industry, which is already affected by the seasonality, decreased by 33.1% compared to the previous quarter. In addition to seasonality, this decline was also due to the fact that the Company did not supply new products to the market in order to eliminate the risk of potential bad debt that may arise in the future and not to pile up inventories in the market. In addition, EBITDA margin decreased by 16.5 p.p. compared to the previous quarter to -0.8% (3Q 2018 EBITDA margin excluding other operating expense/income: 10.2%) as a result of rising raw material costs and operating expenses along with fx rates. The Company recorded a net loss of TRY92.3 million due to interest expense and increasing foreign exchange losses related to the financing of the new facility investment.

Polisan Kansai Boya will not need any investment other than a €1-2 million additional capital expenditure requirement that will rise as a result of the arrangements in the process of trial productions in the new facility. The new facility will be able to finance itself in the next decade thanks to savings from production costs and tax incentives after the new plant becomes operational.

Polisan Kansai Boya will already be positioned as a regional production hub with its new facility by its partner Kansai Paint Co. Ltd., one of the leading paint manufacturers in Japan and among the top 10 in the world. The Company plans to eliminate the effects of the contraction in the domestic market due to the volatility in the Turkish economy by exploring overseas markets and accelerate its efforts initiated in this context, thanks to its increasing capacity. In addition, Polisan Kansai Boya manages its working capital requirement in the most efficient way possible by reducing the number of days receivables and holding minimum inventory.

3Q 2018 EVALUATION: CHEMICAL ACTIVITIES

POLİSAN KİMYA (Chemicals)

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

POLİSAN MAROC (Construction Chemicals)

- International investment in Morocco
- 80% owned by Polisan Kimya and 20% by private entity
- Production and sales of concrete and cement admixtures
- Facility commenced trial production in November 2017 and started to generate revenues in 1Q 2018.
- Sales are expected to accelerate in 2H 2018.

ROHM & HAAS (DOW)

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

POLİSAN HELLAS

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

3Q 2018 EVALUATION: POLİSAN KİMYA

RISING NET LOSS ON THE BACK OF FX BASED FINANCIAL LIABILITIES

TRY million	9M 2017	9M 2018	YoY (%)	3Q 2017	2Q 2018	3Q 2018	YoY (%)	QoQ (%)
Revenue	210.4	315.0	***49.7%***	70.0	108.3	114.0	***62.9%***	***5.3%***
EBITDA	19.3	34.5	***78.5%***	4.4	11.4	13.7	***n.m.***	***20.4%***
EBITDA Margin	9.2%	10.9%	***1.8 p.p.***	6.3%	10.5%	12.0%	***5.7 p.p.***	***1.5 p.p.***
Net Income/Loss	1.3	-102.1	***n.m.***	-0.1	-38.5	-54.8	***n.m.***	***n.m.***

The operating activity of Polisan Kimya is the production and sales of formaldehyde and formaldehyde resins, construction chemicals (concrete, cement and underground chemicals), and AUS 32-AdBlue©. Polisan Kimya is Turkey's first producer of formaldehyde resin, which can be used in the production of chip board, paper impregnation, MDF, and plywood. Turkey is the 5. largest consumer in the World's Board Industry, in which Formaldehyde Resin is used. Polisan Kimya is ranked in the 1. place in resin production, with a 40% market share. The concrete additives market in Europe has a volume of approximately 1.2 million tons/year. With 480,000 tons/year, Turkey represents 40% of this market. In the ready mixed concrete market, Turkey ranks 1st in Europe and the 3rd in the world with 110 million cubic meters of ready mixed concrete production volume per annum. Besides, it is the 4th largest cement producer in the world with an annual production capacity of 66 million tons following, India and the United States. With an approximately 20% market share, Polisan Kimya became one of the three leading companies in the construction chemicals market, which has 7 foreign and close to 20 domestic companies. Additionally, Polisan Kimya is Turkey's first AdBlue© manufacturer for the global giants such as Lukoil, BP, OMV, and Total. AdBlue© contributes to the environmental cleaning by decreasing NOx exhaust gas emission by 80%. Polisan Kimya estimates that it is the market leader with a 16% share in the AdBlue© market, which is projected to have reached 125,000 tons in 2017.

The business lines of Polisan Kimya, formaldehyde resins and AUS32 have been adversely affected by increasing competition, and the construction chemicals product group by the economic turmoil that brought construction sector activities in Turkey to a halt. While the company strives to manage its working capital requirement at the optimum efficiency by reducing the collection period in the contracting domestic market, it focuses on getting over this tough period by weighing on exports particularly in the formaldehyde resins group.

Having increased the weight of value added products in its formaldehyde and resins sales portfolio compared to 9M 2017, Polisan Kimya increased its revenues in this product group by 41.5% despite a 6.9% contraction in terms of sales tonnes. As per construction chemicals where the effects of the restructuring started to be attained in the second half of 2017, the sales volume increased by 52.8% and construction chemicals revenues by 83.1%. In the AUS32 market, where competition is increasingly intense, volume declined by 4.2% and revenues by 3.4%, in tandem. Other sales revenues, which are predominantly stemming from raw materials, have almost tripled compared to last year's levels. Consequently; in 9M 2018, Polisan Kimya's revenues increased by 49.7% compared to last year to TRY315.0 million. EBITDA margin increased by 1.8 p.p. to 10.9% thanks to the timely reflection of increasing costs due to fx rates, on sales prices. The Company recorded a net loss of TRY102.1 million in this period, due to the increasing foreign exchange expenses with the effect of fx rates.

In 3Q 2018, although sales of all product groups contracted in terms of volume as a result of both seasonality and the economic instability that brought consumption to a halt, revenues increased by 5.3% compared to 2Q 2018 due to the fx indexed export revenues of formaldehyde resins. EBITDA margin increased by 1.5 p.p. to 12.0% thanks to the timely reflection of increasing costs due to fx rates, on sales prices. The Company has recorded a net loss of TRY54.8 million due to the foreign exchange loss from fx denominated financing.

As part of the measures taken to increase revenues and profitability in chemicals operations, Polisan Yapı Kimyasalları A.Ş. has been transferred to Polisan Kimya A.Ş. as of March 31, 2017. The new construction chemicals have been established in Adana and Samsun in Turkey, and Morocco in abroad (Polisan Maroc SA) with the aim of a more effective process in the sales and marketing of concrete and cement admixtures, domestically and internationally. Additionally, it is targeted to produce specific concrete additives to be used in underground railways, tunnels, and mines; developed by Polisan Kimya's R&D Center, which was certified in June 2017. According to the Regulation on the Protection of Buildings from Fire, issued by the Council of Ministers, exterior facades should be made of hard combustive materials in buildings with a height of more than 28.5 meters and made from the least flammable material in other buildings. Phenol resin is used in rock wool, which has a "fireproof" feature in the A1 fire category, and increasing rock wool demand is expected to result in a surge in phenol resin demand. Polisan Kimya focuses on maintaining its operational efficiency through higher margin product groups and effective management of exports and collection periods in spite of the contraction of demand in the domestic market.

3Q 2018 EVALUATION: POLİSAN HELLAS

PROFITABILITY BACKED BY HIGHER VOLUME AND FX RATES

TRY million	9M 2017	9M 2018	YoY (%)	3Q 2017	2Q 2018	3Q 2018	YoY (%)	QoQ (%)
Revenue	241.7	395.2	***63.5%***	81.8	125.0	165.0	***101.7%***	***32.1%***
EBITDA	9.6	38.6	***n.m.***	2.9	13.4	18.6	***n.m.***	***39.0%***
EBITDA Margin	4.0%	9.8%	***5.8 p.p.***	3.5%	10.7%	11.3%	***7.8 p.p.***	***0.6 p.p.***
Net Income/Loss	4.6	31.1	***n.m.***	1.5	9.3	16.6	***n.m.***	***79.5%***

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

In 9M 2018, Polisan Hellas' revenues increased 63.5% compared to a year ago and realized as TRY395.2 million due to increasing sales volumes and appreciation of Euro. Exports constituted ~30% of total sales. While the unit prices rose during the period due to the increasing petroleum prices and contraction in the raw material supply, the Company continued its measures such as effective inventory management and reduction in the number of machine stoppages, focusing on operational efficiency. EBITDA margin surged by 5.8 p.p. to 9.8%. Net income was realized as TRY31.1 million due to increasing operational profitability.

Compared to 2Q 2018, revenues surged by 32.1%, while the EBITDA margin rose by 0.6 p.p. to 11.3% and the net income came in at TRY16.6 million.

The countries with the highest bottled water consumption in the world are located in Western Europe. Polisan Hellas evaluates different projects with the aim of increasing revenue and profitability through insignificant investments in the area of PET recycling and preform production. Besides, the protection on PET resin in the Turkish market is to be lifted gradually as of 2020-2021 period and that the product will be able to be sold in Turkey. This will be a factor that will further increase efficiency of Polisan Hellas.

3Q 2018 EVALUATION: POLİSAN YAPI

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

KAGITHANE Z OFFICE BUSINESS CENTER

- Polisan Yapı had realized a flat for land basis project with DAP Yapı on its land in Kağıthane, which is İstanbul's 6. most densely populated district, going through a rapid urbanization process. The expertize value of 77 offices and 26 shops remaining from sales as of 2017 year end is ~TRY55 million.

KURTKOY PROJECT

- Polisan Yapı signed an agreement on March 5, 2015 with DOP Yapı-DAP Yapı Joint Venture, for a project to be built on the land in Kurtköy. The land spreads on an approximately 180,000 m^2 area and it is very close to the TEM Motorway, E-5 Highway, Sabiha Gökçen Airport, and Ankara-İstanbul high-speed railway route.

OTHER ASSETS

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

The primary activities of Polisan Yapı İnşaat Taahhüt Turizm San. ve Tic. A.Ş. ("Polisan Yapı") are to engineer buildings and plants; to construct water channels, roads, bridges, dams, sewers and infrastructure facilities; to produce, market and trade construction and installation materials; to organize all kinds of domestic and international trips, and professional meetings for touristic, professional, and training purposes. The total expertize and market value of all real estates under Holding operations, except for the leased land, which is not owned by Poliport, is approximately TRY645* million.

KAĞITHANE "Z OFFICE" BUSINESS CENTER PROJECT:

Situated on a total gross area of 10,683 m², Z Office Project is 42% owned by Polisan Yapı and 58% by DAP Yapı. Polisan Yapi received the ownership deeds for 126 offices and 28 shops that it owns in June 2014. TURYAP Holding A.Ş. continue activities to sell and lease these offices and shops. As of September 30 2018, there are 26 shops and 76 offices available for sale at the Z Office Project.

KURTKOY PROJECT:

DAP Yapı-DOP Yapı Joint Venture will own 66% of the land in Kurtköy, however will not pay any cash. But instead, it will build on a turnkey basis and deliver 34% of the independent units to Polisan Yapı in exchange for payment. The pace of growth resulting from the increase in Sabiha Gökçen Airport's traffic and easy access to be provided by the planned Kartal – Pendik – Kurtköy metro route is expected to increase the demand for the houses and the commercial estates in the region. Other business and tourism focused projects such as a fair, congress center, and techno-park are also expected to be on the agenda. The appraisal value of the land as of 2017 year end is approximately TRY202 million. Regarding the abandonment required to be made to the municipality for the grant of the permits of this project, 5,740 m^2 of land was abandoned to the Municipality free of charge, and TRY4.9 million has been recorded as a negative on 1Q 2018 financials. DAP Yapı continues its studies to receive necessary permits for the project.

** Detailed information in regards to the expertise dates and market valuation of real estates owned by Polisan Yapı is available in 2016 Annual Report.*

3Q 2018 EVALUATION: POLİSAN TARIM

WALNUT

The Ministry of Forestry and Water Affairs has prepared a “Walnut Action Plan for the Period of 2013-2016” for the crop, which is used by many sectors and thereby is a major economic source of income. For that purpose, it carried out studies for 5,000,000 walnut seedlings to be planted. Based on the Ministry’s declarations, the global market, where total walnut production has reached 2.3 million tons, is led by China and the US. However, in Turkey, consumption per person is at 2-3 kg and approximately 60% of annual consumption is met through imports. In Turkey, 195,000 tons of walnuts were produced in 2016; walnut exports amounted to $21.4 million and imports amounted $172.8 million. Despite the fact that Turkey has a rich genetic variability with roughly 12,000,000 million trees and it is among one of the major producers globally with an annual production of approximately 200,000 tons per year, Turkey is still an importer of walnut.

Polisan Tarım continues walnut plantation studies on the 4.4 million square meter agricultural land in Balıkesir.

OLIVE

The "Regulation on Afforestation and Erosion Control Services" was published in the *Official Gazete* and became valid as of January 11, 2017. According to the Regulation, based on the approved applicable project of natural or legal persons, an incentive will be provided for the plantation work to be carried out with trees and shrub species, including walnut and olive, located in poorly forested areas, treasury property, and lands owned by the state. The amount of the incentive may be up to 25% of the total cost of three-year maintenance and project construction.

As of 2017, there are approximately 175 million olive trees in Turkey, with a total production of roughly 2.1 million tons, of which 460,000 tons is edible and 1.64 million tons is for olive oil. Turkey is ranked the 4th among the world olive producer countries in terms of tree number, and the 6th in terms of area. Turkey, which contributes 8% to world olive oil production, ranks second in the world after Spain in edible olive production, in the top five in olive oil production and first in olive consumption.

Polisan Tarım carries out land preparation studies to engage in olive cultivation on the 2.5 million square meter land in Karacasu, purchased in previous years.

STEVIA

It is considered that the essence of Stevia plant has blood glucose regulation effects. Research indicating that Stevia increases insulin sensitivity and secretion, supports its use in the treatment of diabetes. Stevia, which contains natural sweetener glycosides, is a product that food and beverage giants such as Coca Cola, Pepsi Cola (Pure Circle), Nestle and Danone have made very notable investments in, especially over the past decade.

Polisan Tarım conducts breeding studies

- ✓ to expand and promote Stevia agriculture in our country as an alternative and healthy solution in the face of rapidly increasing diseases due to sugar consumption.
- ✓ To develop and register a 100% domestic species containing high useful glycoside, which can be used in Stevia agriculture.
- ✓ To provide registered and high quality raw material to all the parties processing Stevia since 2016 with the cooperation of the Ataturk University Faculty of Agriculture.

POLİSAN HOLDİNG: REVISED 2018 GUIDANCE

	2017 ACTUAL	2018 TARGETS	2018 GUIDANCE
Annual Revenue Growth	TRY750 mln Poliport: TRY140 mln Polisan Kimya:TRY300 mln Polisan Hellas: TRY318 mln Polisan Kansai Boya**: TRY625 mln	Poliport: 20% Polisan Kimya: 30% Polisan Hellas: 50% Polisan Kansai Boya: 10-15%	More than 35%* growth compared to 2017 (revized up from 20%*)
Annual EBITDA Margin*	14.9% Poliport: 47.1% Polisan Kimya:9.5% Polisan Hellas: 4.9% Polisan Kansai Boya**: 13.2%	Poliport: App. 55% Polisan Kimya: A few point increase Polisan Hellas: App. %10 Polisan Kansai Boya: A few point decrease	Similar levels compared to 2017
Capex	TRY77 mln Poliport: $13 mln Polisan Kansai Boya**: €28 mln	Poliport's capacity increase Formaldahyde facility New paint facility	Poliport: $15 mln Polisan Kimya: €5 mln Polisan Kansai Boya: Completed at €11 mln, additional €1-2 mln

** The EBITDA calculation methodology throughout the report has been revised so as to include Other operating income and expense as of 1Q 2017.*
***Polisan Kansai Boya is consolidated into Holding financials by Investment Accounted Using the Equity Method.*

POLİSAN HOLDİNG: BOARD OF DIRECTORS & COMMITTEES

Holding's business and administration is being conducted by the Board of Directors consisting of nine members that were elected by the General Assembly and there are two independent members at the Board. Holding Board of Directors, perform and observe the duties that were assigned to them by the Turkish Commercial Code, Holding's Articles of Association, and the decisions taken on the Holding's General Assembly on these matters. As per the Holding's Articles of Association and pursuant to the related articles of the Turkish Commercial Code, the Board of Directors may partially transfer its duties, authorities, and power of attorney to a committee to be formed among its members or to an executive director or directors or to a manager or managers. The members of the Board of Directors and their duties were assigned during the Ordinary General Assembly dated May 15, 2018 for 1 year until the next General Assembly commences, and the independent board members were elected with the Board of Directors resolution dated June 1, 2018.

Name - Surname	Duty
Mehmet Emin Bitlis	Chairman
Ahmet Ertuğrul Bitlis	Vice Chairman
Ahmet Faik Bitlis	Member
Fatma Nilgün Kasrat	Member
Erol Mizrahi	Member
Ali Fırat Yemeniciler	Member
Zafer Kurtul	Member
Şeref Taşkın	Independent Member
Arif Başer	Independent Member

AUDIT COMMITTEE

Based on the Holding BoD's resolution dated June 22, 2018 regarding the change in independent board members; the duties of the Audit Committee, established as per BoD decision dated May 4, 2012, were reassigned.

Name - Surname	Duty	Essence of the Board Membership
Şeref Taşkın	Audit Committee Chairman	Independent Board Member
Arif Başer	Audit Committee Member	Independent Board Member

POLİSAN HOLDİNG: BOARD OF DIRECTORS & COMMITTEES

CORPORATE GOVERNANCE COMMITTEE

Based on the Holding BoD's resolution dated June 22, 2018 regarding the change in independent board members; the duties of the Corporate Governance Committee, established as per BoD decision dated May 4, 2012, were reassigned.

Name - Surname	Duty	Essence of the Board Membership
Arif Başer	Corporate Governance Committee Chairman	Independent Board Member
Mehmet Emin Bitlis	Corporate Governance Committee Member	Chairman of Polisan Holding BoD
Varol Ürel	Corporate Governance Committee Member	Accounting Manager / Investor Relations Manager

EARLY DETECTION OF RISKS COMMITTEE

Based on the Holding BoD's resolution dated June 22, 2018 regarding the change in independent board members; the duties of the Early Detection of Risks Committee, established as per BoD decision dated May 4, 2012, were reassigned.

Name - Surname	Duty	Essence of the Board Membership
Şeref Taşkın	Early Detection of Risks Committee Chairman	Independent Board Member
Mehmet Emin Bitlis	Early Detection of Risks Committee Member	Chairman of Polisan Holding BoD
Burhan Kurt	Early Detection of Risks Committee Member	Investor Relations Officer

CANDIDATE NOMINATION COMMITTEE AND COMPENSATION COMMITTEE

On June 22, 2018; the Holding reiterated its decision dated June 24, 2014, not to establish a Candidate Nomination Committee and Compensation Committee; and to carry out the duties of the aforementioned committees through the Corporate Governance Committee.

POLİSAN HOLDİNG: EXECUTIVE COMMITTEE & BENEFITS

Polisan Holding's Executive Committee is as follows:

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

The total amount of salaries and side benefits paid to the Senior Management is TRY3,440,993 for the period between January 1 – September 30, 2018. Of this, TRY2,660,993 is salary and TRY780,000 is bonus (January 1 – September 30, 2017: TRY3,138,382). Holding defines Board Members, General Managers and Deputy General Managers as Senior Management.

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

Research and Development Activities

Polisan Kansai Boya received the R&D Center Certificate and title as of June 4, 2014. As Turkey's 159th R&D Center, incentives and exemptions utilized by Polisan Kansai Boya in 2017 totaled US$5.7 million. In 2017, the Company's R&D spending was 1.9% of the total unique product revenues. This ratio is close to the average for developed countries. Believing in university-industry cooperation, the R&D Center has successfully received approval for 3 new TUBITAK TEYDEB projects this year and presented 11 new products in total; 4 in the furniture group, 5 in the industrial group and 2 in the decorative group, to customers. Another key R&D study in 2017 was the placement of the Rapid Group Solvent Based products in the Mix system. Thus, the colors of these products on RAL and Rapid color chart can now be produced in desired quantities. Polisan Kansai Boya's main research laboratories, which have been conducting chemical test and quality measurements for 30 years, obtained "International Validity" accreditation certification in October 2016 from TURKAK, which has a Mutual Recognition Agreement with the International Laboratory Accreditation Cooperation (ILAC). The Main Research Laboratory, which increases the number of accreditation tests each year, has been accredited by a total of 10 new tests in 2017. Polisan Holding's subsidiary Polisan Kimya, has been granted Turkey's 507th R&D Center Certification and status effective from June 6, 2017, as a result of the inspections carried out by the Ministry of Science, Industry and Technology. Polisan Kimya R&D Center carries out studies aimed at the production of specific concrete additives, which can be used in metro systems, tunnels and mines.

Investments and Investment Incentive Utilized for Investments

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

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

Company	Incentive	Incentive No	Incentive Amount (TRY)	Incentive Expensed (as of September 30, 2018 - TRY)	Incentive Certificate Date (Including replacements)
Poliport	Tank	B/112076	148,770,416	148,770,416	04.10.2013-17.08.2018*
Poliport	Crane	B/104761	15,092,285	15,092,285	29/03/2013
Poliport	Tank	B/137652	130,000,000	-	20/06/2018
Polisan Kansai Boya	Gebkim Facility	D/122296	218,678,372	166,692,177	19.01.2016 - 5.12.2017
Polisan Kimya	Adana Facility	A/127763	3,100,000	2,516,127	03/02/2017
Polisan Kimya	Samsun Facility	A/131376	2,140,000	2,030,178	21/07/2017*
Polisan Kimya	Oxide Facility	D/112337	16,259,209	16,259,209	05.11.2013-21.07.2016*

Employee and Worker Flow

Polisan Holding's and its Companies' total number of employees, including Polisan Hellas was realized at 1,699 as of September 30, 2018 as opposed to 1,566 employees in September 30, 2017. The number of employees of Polisan Kansai Boya was taken fully, not pro rata, based on Polisan Group's share in the Company. The Holding pays 12 month salary, private health insurance, personal accident insurance, bus service, lunch to the permanent staff. Additionally, in line with the regulations, personnel of particular titles (such as General Manager, Director, Manager) are allocated vehicles and the vehicles' gas and maintenance expenses are paid.

Donations Realized During the Period

Total donations and aids realized by Polisan Holding as of January 1 – September 30, 2018 was TRY673,158 (September 30, 2017: TRY374,318). The aforementioned amount is mainly composed of the donations given to the educational institutions and the institutions carrying out education supporting activities.

** Related incentives are closed.*

POLİSAN HOLDİNG: CONTACT OFFICES

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

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

POLİSAN HOLDİNG: CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

The Balance Sheet and Income Statement are as follows:

	Unaudited	Audited
ASSETS	**30 September 2018**	**31 December 2017**
Current assets	**710.698.076**	**418.076.930**
Cash and cash equivalents	148.512.390	18.972.561
Financial investments	-	199.998
Trade receivables	351.245.013	242.732.962
- Trade receivables from related parties	*9.825.457*	*9.411.305*
- Trade receivables from third parties	*341.419.556*	*233.321.657*
Other receivables	66.899.596	55.332.398
- Other receivables from related parties	*2.069.442*	*51.096.024*
- Other receivables from third parties	*64.830.154*	*4.236.374*
Inventories	132.082.748	88.172.132
Prepaid expenses	9.500.339	9.480.628
Current income tax assets	309.160	6.339
Other current assets	2.148.830	3.179.912

	Unaudited	Audited
Non-current assets	**1.553.027.823**	**1.570.373.226**
Trade receivables	338.605	808.574
-Trade receivables from third parties	*338.605*	808.574
Other receivables	749.329	506.045
- Other receivables from third parties	*749.329*	506.045
Investments accounted using the equity method	399.405.708	439.020.640
Investment properties	264.324.274	270.849.274
Tangible assets	793.020.141	759.980.174
Intangible assets	2.909.426	3.051.516
Prepaid expenses	40.835.033	40.900.155
Deferred tax assets	51.445.307	55.256.848
Total assets	**2.263.725.899**	**1.988.450.156**

POLİSAN HOLDİNG: CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited	Audited
LIABILITIES	**30 September 2018**	**31 December 2017**
Current liabilities	**502.827.771**	**315.897.401**
Short term borrowings	82.755.473	52.927.918
Short term portion of long term borrowings	172.280.053	147.022.888
Derivative instruments	-	91.904
Trade payables	225.442.189	91.571.142
- Trade payables to related parties	*86.675*	*217.089*
- Trade payables to third parties	*225.355.514*	*91.354.053*
Employee benefit obligations	7.066.771	5.483.774
Other payables	5.936.464	4.143.738
- Other payables to related parties	*3.384.181*	*170.556*
- Other payables to third parties	*2.552.283*	*3.973.182*
Deferred income	3.349.107	6.139.363
Current income tax liabilities	-	4.373.898
Short term provisions	558.062	558.062
- Other short term provisions	*558.062*	*558.062*
Other current liabilities	5.439.652	3.584.714
Non-current liabilities	**275.756.474**	**187.626.817**
Long term borrowings	139.230.367	39.847.667
Long term provisions	10.869.075	10.203.729
- Provisions for employee termination benefits	*10.869.075*	*10.203.729*
Deferred income	-	99.705
Deferred tax liabilities	125.657.032	137.475.716

	Unaudited	Audited
Equity	**1.485.141.654**	**1.484.925.938**
Equity holders of the parent	**1.456.098.093**	**1.458.313.389**
Paid-in share capital	370.000.000	370.000.000
Adjustment to share capital	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	302.297.654	302.629.367
- Revaluation and measurement gain / loss	302.297.654	302.629.367
Defined benefit plans re-measurement gain / (loss)	(10.602.497)	*(10.270.784)*
Tangible assets revaluation	312.900.151	*312.900.151*
Other comprehensive income or expense to be reclassified to profit/(loss)	(27.761.110)	(15.865.646)
- Currency translation differences	(27.761.110)	*(15.865.646)*
Restricted reserves	42.221.733	40.062.818
Other reserves	(208.727.832)	(208.727.832)
Retained earnings	921.958.281	846.985.924
Profit for the period	31.511.881	98.631.272
Non-controlling interests	**29.043.561**	**26.612.549**
Total liabilities	**2.263.725.899**	**1.988.450.156**

POLİSAN HOLDİNG: CONSOLIDATED STATEMENT of P/L

	Unaudited		Unaudited	
Profit and loss	**January 1 – September 30 2018**	**January 1 – September 30 2017**	**July 1 – September 30 2018**	**July 1 – September 30 2017**
Sales	825.286.103	557.475.256	325.799.546	198.584.171
Cost of sales (-)	(634.914.095)	(452.566.329)	(240.667.854)	(156.127.893)
Gross profit from commercial activities	**190.372.008**	**104.908.927**	**85.131.692**	**42.456.278**
General and administrative expenses (-)	(45.698.810)	(41.841.014)	(15.143.048)	(18.814.352)
Marketing expenses (-)	(32.268.474)	(20.690.623)	(11.297.066)	(7.077.104)
Research and development expenses (-)	(3.119.757)	(1.832.870)	(2.011.730)	(512.631)
Other operating income	16.303.556	6.757.810	8.697.128	(481.398)
Other operating expenses (-)	(17.221.721)	(5.997.976)	(12.381.500)	(2.419.530)
Profit from investments accounted using the equity method	(39.442.163)	19.502.687	(50.981.935)	3.398.594
Operating profit	**68.924.639**	**60.806.941**	**2.013.541**	**16.549.857**
Income from investment activities	2.975.020	1.679.991	1.918.618	1.586.770
Expense from investment activities (-)	(5.910.865)	(51.800)	(266.503)	(42.533)
Operating profit before financial income/(expense)	**65.988.794**	**62.435.132**	**3.665.656**	**18.094.094**
Financial income	102.922.898	11.911.318	81.861.390	4.728.317
Financial expenses (-)	(121.462.085)	(14.002.376)	(92.913.466)	(2.273.543)
Pre-tax profit/(loss) from continuing operations	**47.449.607**	**60.344.074**	**(7.386.420)**	**20.548.868**
Continuing operations tax income/expense				
- Current tax expense	(16.201.837)	(7.424.224)	(4.624.015)	(2.975.659)
- Deferred tax income	2.753.757	7.625.631	2.012.108	1.163.816
Profit or (Loss) of continuing operations for the period	**34.001.527**	**60.545.481**	**(9.998.327)**	**18.737.025**
Profit or (Loss) for the period	**34.001.527**	**60.545.481**	**(9.998.327)**	**18.737.025**
Attributable to:				
Non-controlling interests	2.489.646	2.907.337	1.467.145	1.841.388
Equity holders of the parent	31.511.881	57.638.144	(11.465.472)	16.895.637
Earnings per share	**0,085**	**0,156**	**(0,031)**	**0,046**
- Earnings per share for continuing operations	0,085	0,156	(0,031)	0,046

POLİSAN HOLDİNG: CONSOLIDATED STATEMENT of P/L

	Unaudited		Unaudited	
	January 1 – September 30 2018	January 1 – September 30 2017	July 1 – September 30 2018	July 1 – September 30 2017
Profit or (Loss) for the period	**34.001.527**	**60.545.481**	**(9.998.327)**	**18.737.025**
Other comprehensive income:				
Items not to be reclassified to profit or loss	**(260.778)**	**(949.699)**	**(641.437)**	**(120.629)**
- Defined benefit plans re-measurement gain / (loss)	(110.011)	(822.154)	(286.050)	(224.820)
- Defined benefit plans re-measurement gain / (loss), tax effect	22.002	164.431	57.210	44.964
- Defined benefit plans re-measurement gain / (loss) to Investments accounted using the equity method	(215.961)	(364.970)	(515.747)	74.034
- Defined benefit plans re-measurement gain / (loss), tax effect to investments accounted using equity method	43.192	72.994	103.150	(14.807)
Items to be reclassified to profit or loss	**(12.025.033)**	**(4.513.439)**	**(6.459.776)**	**(1.237.925)**
- Currency translation differences gain / (loss)	(12.025.033)	(4.513.439)	(6.459.776)	(1.237.925)
Other comprehensive income/(expense)	**(12.285.811)**	**(5.463.138)**	**(7.101.213)**	**(1.358.554)**
Total comprehensive income	**21.715.716**	**55.082.343**	**(17.099.540)**	**17.378.471**
Attributable to:				
Non-controlling interest	2.431.012	2.907.337	1.368.619	1.841.388
Equity holders of the parent	19.284.704	52.175.006	(18.468.159)	15.537.083

POLİSAN HOLDİNG: FINANCIAL RATIOS

The profitability and financial ratios, calculated based on the 9M 2018 TFRS financial tables are as follow:

(TRY million)	30 September 2018	30 September 2017
Net Sales	825,286,103	557,475,256
Gross Profit	190,372,007	90,927,651
Gross Profit Margin (%)	23.1%	16.3%
Income Before Interest and Tax (EBIT)	108,366,801	41,304,254
EBIT Margin (%)	13.1%	7.4%
Income Before Interest, Tax, Depreciation and Amortization (EBITDA)	139,878,424	78,410,837
EBITDA Margin	16.9%	14.1%
Net Income	34,001,525	60,545,481
Net Income Margin (%)	4.1%	10.9%

	30 September 2018	30 September 2017
Current Ratio	1.413	1.515
Liquidity Ratio	1.151	1.249
Net Income/Total Equity	0.023	0.044
Net Income/Total Assets	0.015	0.033

POLİSAN HOLDİNG: MATERIAL DISCLOSURES

Material disclosures in regards to the important developments that took place after the 2Q 2018 financial result announcement dated August 10, 2018 are as follows:

For other information, please see 2017 Annual Report

POLİSAN HOLDİNG: POLİSAN KİMYA CAPITAL INCREASE – August 14, 2018

Is This an Update Announcement?	No
Is This an Amendment Announcement?	No
Disclosure Date of the Previous Announcement on the Subject Matter	-
Is This a Postponed Announcement?	No
Summary Information	Subsidiary Capital Increase

ADDITIONAL EXPLANATION:

TRY150,000,000 capital increase of Polisan Kimya Sanayii A.Ş. (“Polisan Kimya”), the wholly owned chemicals subsidiary of Polisan Holding, has been registered at Gebze Trade Registry Office as of August 13, 2018. Thus, the capital of Polisan Kimya increased from TRY3,611,602.17 to TRY153,611,602.17. Polisan Kimya will use the cash obtained from the capital increase to pay back its financial debt.

POLİSAN HOLDİNG: SHARE PRICE MOVEMENTS – September 7, 2018

Is This an Update Announcement?	No
Is This an Amendment Announcement?	No
Disclosure Date of the Previous Announcement on the Subject Matter	-
Is This a Postponed Announcement?	No
Summary Information	Extraordinary Price and Volume Movements

ADDITIONAL EXPLANATION:

Re: Notification of Bourse Istanbul ("BIST") dated September 7, 2018 and numbered BİAŞ-4-7584

Currently, there is no special subject, which is not made public regarding our Company, other than the matters previously announced to the public.

This announcement is made as per Article 8 titled "Extraordinary price and volume movements" of the Capital Markets Board's Communique Serial II, No 15.1 on Material Events Disclosure, as well as BIST's notification aforementioned.

POLİSAN HOLDİNG: UPDATE ON POTENTIAL SHARE SALE – October 3, 2018

Is This an Update Announcement?	Yes
Is This an Amendment Announcement?	No
Is This a Postponed Announcement?	No
Summary Information	Update on Potential Sale of Shares

ADDITIONAL EXPLANATION:

Previously, Polisan Holding announced that its shareholders had the intention to sell a portion of their shares on Bourse Istanbul to diverse international and local investors to increase liquidity of the stock and broaden the investor base of the Company and that increase the float from 8.43% to 25%. Accordingly, on its announcement dated August 3, 2018, the Company informed the public that selling shareholders have initiated studies to be able to make a portion of their non-floating shares, to make public.

In this context, as a result of the share sales, the float increased to 12.30%. The process continues taking into consideration the market conditions.

Polisan Investor Relations

Telephone	**00 90 216 5785600**
Fax	**00 90 216 5737792**
E-mail address	**yatirimciiliskileri@polisanholding.com.tr** **investorrelations@polisanholding.com.tr**

www.polisanholding.com.tr