Cerebra
ACCOUNTING • AUDIT • ADVISORY

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WHY IS BUSINESS INTEGRITY CONSIDERED A COST?

Does business integrity have a cost indeed? If it costs to put integrity at the heart of our business and to do the right thing, is this cost worth the pain?

I had the chance to attend various panels and meetings on corporate governance and institutionalization in various parts of Turkey. I have also taken part in studies on family businesses for many years and tried to understand the behaviors and management styles of bosses. Over the years, I have observed there is a perception that when companies do business in a transparent and accountable manner and in compliance with laws and code of ethics (which can be called "culture of business integrity"), they may not fully benefit from this under some circumstances, and even incur a cost due to the current market conditions and/or legal regulations.

This paper discusses this perception, the current business environment and the developments in the world and puts forth my perspective and proposals towards the development of culture of business integrity.

Turkey's position in Corruption Perceptions Index

I believe that the Corruption Perceptions Index Survey conducted every year by Transparency International, an international non-governmental organization, is a good source for evaluating today's business world from the perspective of "culture of integrity". In this survey, the business world and professionals are asked questions about corruption perception of the public and an index is created based on the answers given.

In the most recent index - 2014 Corruption Perceptions Index - Turkey ranked in the 64th place among 175 countries. Turkey was the 53rd in 177 countries in 2013 and went down to 64th. This is the biggest fall among the 175 countries listed. Considering that Turkey is one of the world's top 20 biggest economies, this rank in the corruption perceptions index and deterioration of perception every year is rather worrisome.

Some might be optimistic and think that ranking the 64th in 175 countries is not bad at all. However, a report issued by the World Bank in May 2015 indicated that this rank of 64 did not reflect the truth and, in reality, Turkey is much lower in the list. The World Bank looked into the "reticence to tell the truth" regarding the said index results in its research. This research that involved seven countries including Turkey concluded that Turkey is the top coun-

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A lot of company owners are looking for investors to grow their business, but do they know what they are getting into?

A majority of small- and medium-sized enterprises (SMEs) in Turkey is family-owned. And, again most of these family owned Turkish SMEs are managed by the family members. There are many family-owned Turkish companies that have a reasonable level of corporate structure but the ones that lack such an advantage may have the following characteristics:

- Low level of corporate governance,
- Quick decision-making process based on experience rather than data,
- Management style based on individuals rather than functional organization charts,
- Lack of internal control mechanisms, and
- Lack of accurate and timely financial and non-financial data.

As it is in many other emerging markets, Turkish family-owned businesses have become an attractive target for foreign investors. Likewise, many of the second generation family members of such companies are also interested in getting into negotiations with

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WHY IS BUSINESS INTEGRITY CONSIDERED A COST?

← try to "avoid giving the right answer" to the questions addressed in the corruption perception survey. In short, they were not honest and gave misleading answers to the questions. If you would like to review the report, you can access it via the website of the World Bank (report number WPS7276).

Unpunished financial statement frauds and effects of tax amnesty on culture of business integrity

As you might already know, tax amnesties covering the correction of certain accounts on financial statements have been granted in recent years in Turkey. Accordingly, stocks that are recorded in the accounts that do not physically exist (fictitious stocks) and carrying values that are recorded in the accounts as cash and shareholders' balances that do not physically exist (money withdrawn from the company) have been adjusted to their fair values after paying certain rates of taxes.

For instance; we understand from the statements given that a part of the taxes collected regarding the tax amnesty granted in 2011 was TRY 2.4 billion, which reveals that the companies that benefited from the amnesty falsified their stocks, cash accounts and shareholders' current accounts of approximately TRY 80 billion on their financial books and submitted fraudulent reports to the Ministry of Finance. It should be noted that this amount is merely the portion of the fraud which we could calculate. The statements given are not sufficient to calculate the whole fraud. In other words, fraudulent reporting is above TRY 80 billion. Moreover, I would like to draw your attention to the fact that this amount is approximately four times higher than the total net income of the top 500 industrial businesses (TRY 22.7 billion), as disclosed by the Istanbul Chamber of Industry in 2011.

Now let us discuss the relation between these amnesties and if business integrity is a cost. Tax amnesties show that financial statement frauds are unfortunately not punished in Turkey. Even with these amnesties, the companies that commit financial statement fraud and submit fraudulent financial statements to the tax authority are charged with lower taxes than those companies that conduct business with integrity, keep an accurate record of accounting and pay their taxes on time. Thus, the former companies are in a way awarded. I think this is a sufficient reason for defrauders to consider business integrity a cost. It is in the hands of the lawmaker to correct this bias. Defrauders need to be punished in order to encourage the culture of business integrity.

Lessons to learn from tendencies in the world

The corporate scandals that occurred as a result of corruption and financial statement frauds in the Western world for approximately 30 years created a real trauma and shattered the public trust. The issue of public trust was handled seriously by lawmakers who felt responsible and the root causes of the events were searched. This trauma led to implementation of corporate governance principles and practices, and even the integration of such principles in laws. It was thought that this problem could be overcome by reinforcing the internal control systems. At this point, Sarbanes-Oxley law was created in the USA as a strict application of this approach. The corruptions needed to be responded and the public trust needed to be restored. Therefore, the actions taken were harsh, yet accurate.

However, it was realized in time that making an individual or a company transparent, accountable, responsible and fair or ensuring a company has an effective internal control system were not enough to solve the problems, and it became necessary to touch something deeper and to "remember" and "remind" this thing. This thing was "business ethics, compliance and integrity." Indeed, in recent years business ethics, compliance and integrity have started to revive in the world and to become an integral part of the decision mechanisms of managements. For instance, some companies have begun to conduct risk analyses including anti-corruption policies, working standards, etc. while selecting suppliers, service providers or distributors to work with. Anti-corruption, in particular, has become one of the prominent elements of this tendency.

The most important situation that strikes my attention and which I envy in the above-mentioned development is that the parties to the problem did not attempt to cover the issue, rather they discussed about corruption and financial statement frauds open-heartedly, learnt their lessons and took immediate actions.

How can we put integrity in the heart of our business?

Corruption happens in Turkey, as anywhere else in the world. While making decisions, companies prefer to earn more money than to take the right business decision with integrity. The above-mentioned corruption perception index probably gives you the adequate idea as to where Turkey stands in the world. Tax amnesties reveal the financial statement frauds and unrecorded economy. However, I believe that in order to get stronger, we need to understand and analyze our weaknesses. For this, we need to discuss these issues more often and more sincerely and without being defensive and without reservations.

This would be a difficult and time-consuming process, quoting the American author Robert Brault, "a man does not become a bad person nor honest in one night". A wide range of stakeholders including company owners, investors, managers, lawmakers, public administrators and employees, attorneys, financial affairs managers, etc. should assume responsibility.

> *You do not wake up one morning a bad person. It happens by a thousand tiny surrenders of self-respect to self-interest.*
>
> *-Robert Brault, American Author*

My proposals for creating a business environment with integrity:

- Doing business with integrity requires working in compliance with the highest values we set. We must be fair to everyone and keep our words.
- While making decisions, having a clear conscience that we made the right decision in a transparent way ensures ease for accountability. Peace of mind and having nothing to avoid lead to successful individuals and strong foundations for companies.
- Making business decision with integrity may not be as easy as one thinks. There may be times that we lose the opportunity to "earn more money" while we make the right decision. In order to avert hardship every time, core values should be set and business

decisions should be taken without making any compromises. For instance, zero tolerance against bribery, respect for human rights, avoiding unrecorded transactions, no tax evasion, etc.

- Form a circle of people around you doing business with integrity and spread this. Doing business with integrity and transparency is an important element to differentiate individuals and companies. It should be the core approach to clear the business environment from all individuals and companies that carry out fraudulent business without forgetting that you are as strong as the weakest link of a chain. Corrupt companies and individuals cannot stay in transparent and clean environments. A hygienic business environment will form on its own.
- When we conduct business with integrity, our individual and corporate reputation will be strengthened and we earn the trust of third parties. If we assume responsibility, we will be a good role model.

I am aware that what is listed above may be hard to implement due to the realities of the current business environment. However, if we make compromises on accuracy, we will not be any different from the enemy we fight against and also, it will be meaningless to complain.

If doing business with integrity has a cost, this cost that is not reflected in the financial statements may be the most important asset of the company. You can be sure that somebody will see this asset of yours and value this asset more than you predict. When an international company comes to you to acquire your company or when a world giant wishes to cooperate with you, then you will be able to stand strong leaning on this asset, because you will be accountable for everything.

We should not avoid incurring the cost of business integrity. As we should be doing our business with integrity, we should also demand this from individuals and companies and we should create this most important asset in our business environment.

Fikret Sebilcioğlu, CPA, CFE

WHAT TO EXPECT WHEN YOU ARE EXPECTING AN INVESTOR

← strategic/financial investors in order to grow their business or cash out within a certain time span. Even if this is the case and there is interest on both sides of the table, do the parties know what they are getting into?

A foreign investor that carries out an acquisition in a Turkish SME is usually a multinational corporate entity that has structured requirements from its subsidiaries. A target company tends to down play the importance of this fact during the pre-acquisition negotiations. They are naturally more focused on the potential financial and economic contributions of new investor/partner. However, this mistake in some cases may prove to be a major reason for an unsuccessful partnership.

The shareholders (family members) and the management of the target company should at least have an idea of what is to come once the closing signature photographs are taken and the hangover from the celebration dinner is finally over: a major management culture clash.

As it is in most instances, the local shareholders of the target company at the end of the M&A transaction is left with a minority stake in their own company and their previous management functions. However, there is one more additional unspoken layer of responsibility that they will have to face, which is to adapt to the corporate governance dynamics of their new majority shareholders.

Corporate governance is easier said than done especially in or-

ganizations that have decades of family way of doing business in their DNA. The transition from the old habits to new corporate dynamics and discipline at times may be much harder than hitting the aggressive revenue and profitability targets, but it is as equally important in the eyes of a foreign shareholder trying to manage a company from a land far far away.

We believe that any target company looking for a potential foreign investor should always be reminded that these soft responsibilities that are to come may be as important as the economic aspects of the deal and partnership. Such soft issues if not addressed with reasonable care may result in:

- An environment of mistrust between partners,
- Concrete dispute and deadlock between partners,
- Low level of accountability of the management, and
- Shareholders' time and resources spent on such issues whereas they can be used in growing the business.

The issues listed above are just few examples of what might happen. The common denominator of these issues is that they would all have a negative effect for both partners and the management team alike. They will lead to an incoherent board, unmanageable company and diminishing equity value.

In order to avoid future major conflicts between partners, we also believe that the foreign investor should try to assess the management style and corporate culture of the target during the pre-acquisition period. An action plan for the transition of the target company's management dynamics after a potential acquisition should be a standard item to discuss before any acquisition is made in a small- and medium-sized company in Turkey.

Ömer Tunabaş

MANAGING EARNINGS OR COOKING THE BOOKS

Earnings management is the generic term given to accounting decisions that influence financial reporting outcomes. However, the term tends to be used pejoratively in the sense that it implies an attempt to misreport financial results.

History is full of instances where managements have used their financial reporting discretion to camouflage poor performance or create the illusion of spectacular growth by employing accounting irregularities. These irregularities may be named as aggressive accounting, earnings management, income smoothing, fraudulent financial reporting or creative accounting practices. While they may vary in the degree to which they misreport financial results, they have similar effects: financial statements which serve as a foundation for decision makers are incorrect, improper, and worse, misleading.

The subject of "creative accounting" (also referred to as "earnings management") was dramatically brought to the attention by Arthur Levitt, former Chairman of the Securities and Exchange Commission, in a September 1998 speech at New York University. Mr. Levitt's talk was entitled "The Numbers Game", and he provided current examples of "creative accounting" and also challenged "the broad spectrum of capital market participants, from corporate management to Wall Street analysts to investors, to stand together and reenergize the touchstone of financial reporting system: transparency and comparability." In the course of the years that followed this speech, the SEC and other authorities all over the world have launched a number of initiatives aimed at reducing creative accounting.

What is earnings management?

Earnings (sometimes called "net income" or "bottom line") are the most important element of financial statements. Increased earnings are the indication of increased company value, while decreased earnings could be a significant indicator of a decrease in that value. Given the importance of earnings, it is no surprise that the company management has a vital interest in how earnings are reported in financial statements. Therefore, it is not surprising, either, that they will need to understand the impact of their accounting choices so that they make the best decision for the company.

I have checked the definition of earnings management from different sources for this article. For example; according to C. Mulford and E. Comiskey, earnings management is the active manipulation of accounting results for the purpose of creating an altered impression of business performance. As stated in many sources, earnings management may also be defined as "reasonable and legal management decision making and reporting intended to achieve stable and predictable financial results"; therefore, earnings management should not be confused with illegal activities to manipulate financial statements and report results that do not reflect economic realities. These types of activities, popularly known as "cooking the books", involve misrepresenting financial results.

Motivations for Managing Earnings

There is a reasonable amount of research, in addition to evidence, indicating that companies manipulate financial reporting outcomes in response to a wide range of factors including the desire to meet or beat shareholders' earnings expectations, incentives to maximize compensation tied to earnings outcomes, capital market pressures for superior growth or avoiding debt covenant violation.

Closer look to earnings managements

The aggressive accounting is the choice and application of accounting principles in a forceful and intentional fashion in an effort to achieve desired results and book higher current earnings.

The question that arises in this context concerns whether the practices followed are in accordance with generally accepted accounting principles or not. Aggressive accounting practices are labeled as fraudulent financial reporting when fraudulent intent is alleged in an administrative, civil or criminal proceeding.

Just as the case with aggressive accounting, earnings management entails an intentional effort to manipulate earnings. However, the term earnings management typically refers to steps taken to move earnings toward a predetermined target, such as one set by the management, a forecast made by analysts, or an amount that is consistent with a smoother, more sustainable earnings stream. As such, earnings management may result in lower current earnings in an effort to "store" them for future years. Income smoothing is a subset of earnings management targeted at removing peaks and valleys from a normal earnings series in order to impart an impression of a less risky earnings stream.

Creative accounting involves practices that might be used to adjust reported financial results and position to alter perceived business performance. Therefore, aggressive accounting, both within and beyond the boundaries of generally accepted accounting principles, is considered to fall in the scope of the group of actions known here as creative accounting practices. This scope also includes actions referred to as earnings management and income smoothing. Fraudulent financial reporting is part of the creative accounting practices, as well.

Earnings management within the boundaries of GAAP

There are no authoritative listings of actions that could be considered earnings management. Rather, those suggested usually are identified simply by considering areas of flexibility within GAAP and anecdotes based on experience. A sampling of possible earnings management techniques or accounting activities that might be used for earnings management purposes is provided in the Exhibit.

Items listed in the Exhibit are routine accounting activities that are an essential part of the implementation of GAAP. While the activity per se is required in the implementation of the GAAP requirements, each of these areas has one common characteristic: the need to exercise varying degrees of estimation and judgment. It is this feature, among others, that former SEC chairman Levitt no doubt had in mind when he declared that "Flexibility in accounting allows it to keep pace with business innovations. Abuses such as earnings management occur when people exploit this pliancy. Trickery is employed to obscure actual financial volatility."

For example, consider item dealing with determining the allowance for uncollectible accounts. There is some evidence that companies may use the adjustment for bad debt expenses to manage earnings. An earnings shortfall might be avoided simply by booking a somewhat lower bad debt adjustment. The degree of uncertainty in making such an accrual is great, and it would be difficult to demonstrate that the adjustment was understated.

Item dealing with restructuring accruals has received considerable attention as a possible earnings management tool. The pattern is to overstate the restructuring accrual and then reverse a portion of it into earnings if needed to reach an earnings target. As with the loss accrual, the degree of uncertainty and the need for the exercise of considerable judgment makes it very difficult to demonstrate that the charge is overstated.

Earnings Management Activities

- Determining the allowance required for uncollectible accounts or loans receivable
- Judging the need for and the amount of inventory write-downs
- Estimating the amount of a restructuring provision
- Determining the presence of impaired assets and any necessary loss accrual
- Estimating the stage of completion of percentage-of-completion contracts
- Estimating the likelihood of realization of contract claims
- Determining the allowance required for warranty obligations or any claims
- Deciding the extent to which various costs such as advertising, software development, production costing etc. should be capitalized
- Changing depreciation methods, (e.g., accelerated to straight-line)
- Changing the useful lives used for depreciation purposes
- Determining or changing the amortization periods for intangibles
- Deciding on the valuation allowance required for deferred tax assets
- Estimating write-downs required for certain investments
- Estimating environmental obligation accruals
- Making or changing pension actuarial assumptions
- Determining the portion of the price of a purchase transaction to be assigned to in-process research and development

Is earnings management good or bad?

The critical point here is that steps taken to manage earnings can range from the employment of conventional GAAP flexibility to behavior that goes well beyond GAAP boundaries and into the dark realm of fraudulent financial reporting.

The question is when does playing the numbers cause fraud? If carried too far, efforts to manage earnings result in misstatements or omissions of material amounts or proper disclosures; thus, this may be considered as "cooking the books". The actions are intended to deceive the users of the financial statements. The terms "accounting irregularities" and "fraudulent financial reporting" are often used to describe such activities.

Beyond the boundaries of conventional GAAP, according to Mr. Levitt, is a "gray area where the accounting is being perverted, where managers are cutting corners, and where earnings reports reflect the desires of the management rather than the underlying financial performance of the company." Presumably, a black area lies beyond the gray. Movement from gray to black increases the likelihood of action which is bad.

Fikret Sebilcioğlu, CPA, CFE

SHOULD YOU KEEP YOUR PAYROLL IN-HOUSE OR OUTSOURCE IT?

Savings in time and money, avoiding possible confidentiality issues and having the comfort that experts are handling your payroll functions are today the compelling reasons for exploring the benefits of outsourcing.

Every business that has at least one employee needs to manage its payroll. It is not a choice, but a necessity. A well-managed payroll system ensures that all employees are paid when promised and all tax and social security regulations are addressed accurately.

Payroll is not simply entering numbers into a software program. A lot of thinking has to go into finding the right numbers. Moreover, doing payroll is not like learning how to ride a bicycle. You do not only learn how to do it once and then can do it the same way repeatedly but you need to stay abreast of changing governmental employment rules, tax and social security regulations.

While some companies handle the payroll function internally, some prefer to use the expertise of professional payroll service providers. Outsourcing payroll, they have found, enables them to focus on processes and strategies that directly affect the future of their business and the bottom line.

Although you may actually be fairly competent at doing your own payroll, you may want to consider many benefits of hiring out the work to a professional payroll service provider.

Here are some of the top reasons why companies outsource their payroll function:

Compliance and accuracy

Generally speaking, many business owners, human resources or accounting personnel are not the experts in the complicated world of government's tax and social security regulations. At the same time, the business owners are legally responsible for any cases of misrepresentation or a failure to accurately report employment taxes or social security premiums to the government authorities. Mistakes can lead to government inspections and subsequent penalties.

Government rules and regulations are always changing and business owners cannot be expected to stay on top of these changes. Professional payroll service providers, on the other hand, must keep abreast of the current rules, regulations and changes in tax rates.

Confidentiality

Confidentiality across organizations, particularly in small- to medium-sized businesses, can be a real challenge. When personal matters become community knowledge, employees can be embarrassed, ridiculed and judged. And, such undesired events can have a direct impact on productivity – quality and quantity – and, therefore, on the bottom line.

One of the most difficult areas to manage confidentiality lies in payroll. It is not just about keeping confidential the wages and additional compensation items such as bonuses, but keeping personal matters such as garnishments for child support or other court ordered payments private.

It is not uncommon to discover that private information is shared with the general office via gossips. Whether it is intended to be malicious or not, gossips always end up harming the organization.

As in most countries, well-managed companies take extra care to make sure the payroll information of their employees remains confidential. Outsourcing payroll is the easy and affordable way to manage the confidentiality of payroll.

Time saving

Running a business is hard enough with getting bogged down with administrative tasks, and payroll processing inside your business is one of the most important but time-consuming processes. Outsourcing payroll allows employers to concentrate on the core business and frees up the business owner, human resources or accounting personnel to work more on strategic tasks that could ultimately affect the bottom line.

Lower long-term costs

The choice between in-house and outsourced solutions is a question of what is most efficient and cost-effective for the size of the operation.

Time saved equals the money saved. Think of the time required for each of the following tasks:

- Calculating payroll each time period.
- Printing, signing, and distributing pay slips.
- Generating reports for in-house and accountant use.
- Preparing and remitting payroll taxes and returns to government agencies.

When evaluated on a per-payroll period or monthly basis, a time/cost analysis may well indicate the benefits of an affordable full-service provider.

The expertise of professionals

A professional payroll provider employs individuals who know payroll processing inside and out. These individuals are specialized in the complexities of payroll taxes as well as compliance with social security regulations. It is what they're trained for and it is the part of the guaranteed service they provide.

Multi-tasking payroll responsibilities with an overworked human resources manager or accounting employee, every business with in-house payroll function runs the risk of receiving notice that your payroll person is taking an extended vacation, falls ill, takes another job or are not able to do payroll. If your bookkeeper or controller gets a new job, they will walk out the door with their knowledge of the payroll process. Outsourcing your payroll will also secure the retention of the knowledge of all the payroll information.

With the help of a professional payroll service provider, the hassle and pain often associated with processing payroll is gone. You

provide the basic information, and your payroll company takes care of the rest.

There is a lot to be said for the peace of mind that outsourcing payroll services can bring to a business owner or manager. No headaches, no hassles: You are left to focus on running a profitable business. A clear focused mind is one of the true benefits of outsourcing payroll.

We, as the Cerebra team, have a wealth of knowledge and experience in processing your company payroll. We have professional staff with a proven track record of improving and developing your company payroll that is accurate, effective and timely for management. We would love the opportunity to speak with you about how we can help your firm — please contact us.

Seda Bayraktar, CPA

SEARCHING FOR A HERO

How can one ensure an objective financial reporting function after an acquisition?

Who gets to carry out the financial reporting of a firm that has recently been acquired by a majority shareholder and is still being managed by the minority shareholder? There are different answers to this question and each of them has its own luggage. One might think that an accurate and mutually agreed upon financial reporting of a partnership may be down the line on the things to do after an acquisition list but in some instances, such a reporting may have major economic effects to all shareholders in terms of future pay-outs and/or exit valuation models.

After certain transactions, a timely financial reporting may not be just a contribution to the consolidation package of the majority shareholder but may be a basis for a tailored calculations of a set of KPIs that tie up to the Share Transfer and/or Shareholders' Agreements. In Turkey, for the past few decades we have seen partners tackling with this issue in different ways, which can be shortlisted as follows:

- Assigning a trusted expatriate from the head office,
- Hiring of a local CFO appointed by the majority shareholder (acquirer),
- Leaving things as they are and implementing an independent audit,
- Outsourcing of an independent reporting service.

An expatriate from Head Office

This usually is the most expensive and unproductive alternative. An expatriate is usually an expensive item for especially small- and medium-sized Turkish partnerships. It also takes a lot of time for the expatriate to get used to the local culture, standards and regulations.

Hiring a local CFO

In this scenario, the acquirer, usually being the new majority shareholder, appoints a new CFO with the approval of the minority local shareholders. The newly appointed person is actually appointed by one of the parties but has to deal with the local shareholders on a daily basis as they represent the management. This alone creates a challenging conflict which may make the life of the newly appointed professional a struggle on a daily basis. If this person turns out to be not cut out for such an appointment, you can be sure that the memories of such a person may easily be the plot for a thriller novel or a movie script.

Implementing independent audit

Following some M&A transactions, parties do not appoint anyone new to the partnership and they simply decide to strengthen, or if it is not in place at all, to introduce the independent audit process of the company. There are just many advantages of a first time independent audit to a small- and medium-sized Turkish company: it introduces a new discipline, a new culture, a new documentation standard, thereby creating a basis for accountability. However, an independent audit falls short for being a basis for an accurate and timely financial reporting that fits the custom-tailored requirements of the partnership and its relevant agreements.

Outsourcing of financial reporting

Such a service guarantees as much as possible the fairness and the validity of the financial reporting. An outsourced party can and should stand behind their output in front of all of the shareholders, foreign and local alike. A third party firm will not be threatened by the internal conflicts that may arise between the shareholders. The service provider in such instances should have a good understanding of the business and requirements of the reporting so that its deliverables are effectively utilized by the shareholders to:

- Assess the performance of the company,
- Make timely decisions based on accurate data, and
- Avoid major conflicts between shareholders when dealing with the performance-based pay-outs and exit valuation processes.

We, as Cerebra, encourage our customers and their transaction advisors to have an open communication with us when we carry out financial and tax due diligence. It is crucial for them to receive feedback as to whether the valuation method or their definition of profit, which they intend to incorporate into the related agreements, is realistically compatible with the financial data infrastructure of the target company. As Cerebra, we also offer high-quality outsourced financial reporting services following an M&A transaction to partnerships that have sensitive pay-out and valuation mechanisms which will be enforceable in the coming years as part of their Share Transfer or Shareholders' Agreements.

Ömer Tunabaş

About Cerebra

Cerebra founded in 2009, is a full service accounting, audit and advisory firm based in Turkey. In Cerebra we are a team of professionals led by top management with extensive "big four" background. Our clients and working partners in general are multinational firms, funds and other entities based especially in Western Europe, Scandinavia and USA as well as firms, funds, law firms and investment banks established in Turkey.

Our aim is to mix our past experience with the track record of Cerebra to provide services to clients that require the attention and hands on approach of boutique service providers. We are very keen on implementing the corporate policies and infrastructure of the best practices of the industry to our services without losing the flexibility and human touch that our clients require and appreciate.

Our professionals provide the following services to its international and local clients;

- Accounting Compliance and Reporting
- Independent Audit
- Internal Control Systems and Internal Audit
- Fraud Investigations
- Buy Side Financial Due Diligence
- Sell Side Financial Due Diligence and Vendor Assistance
- Company Valuations

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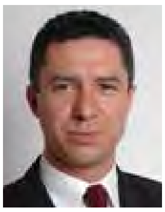

Fikret Sebilcioğlu
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Worked with PwC Turkey and the Netherlands for 15 years. Became the founding partner of Cerebra in 2009. Has a wide range of experience in independent audit, fraud investigations, consolidation, internal audit, internal controls, IFRS, US GAAP. Certifed Public Accountant and Certified Fraud Examiner. Board member of Corporate Governance Association of Turkey (TKYD).

Ömer Tunabaş
Partner

Worked with PwC Turkey and Alfa Securities for 6 years as an auditor and corporate finance consultant. Continued his career as an internal financial and business development consultant in Koç Holding for 10 years. Became a partner of Cerebra in 2010. Has a wide range of experience in independent audit, buy and sell side financial due diligence, M&A advisory, company valuation, budgeting and strategic planning.

Seda Bayraktar
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Worked total of 8 years in BDO and PwC. Continued her career as a CFO in Clear Channel Turkey before joining Cerebra in 2009 as the Head of Accounting Compliance and Reporting. Has a wide range of experience in independent audit, accounting and finance management, internal controls, IFRS and US GAAP.