Cerebra Newsletter
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ISTANBUL-TURKEY

BUY SIDE FINANCIAL DUE DILIGENCE IN AN UNAUDITED TURKISH SMALL AND MIDDLE SIZED ENTERPRISES

How can you identify and manage the crucial issues?

As in any emerging market, most of the small and middle sized enterprises (SMEs) in Turkey are yet to go through an independent audit. Most of the companies in Turkey are not obliged to be audited unless they are financial institutions, quoted on the Istanbul Stock Exchange or are over the threshold required by the new Turkish Commercial Code (TCC). Most of the independent audits in Turkey are carried out to comply with these obligations or for specific reasons such as;

i. voluntary independent audits requested by holding companies, multinational companies and/or joint venture partners,
ii. independent audits based on covenants of loan or shareholders agreements,
iii. independent audits based on specific situations such as an exit or an entry of a shareholder and IPO etc.

The recent amendments made in the new TCC have regulated the matter further, with the obligatory statutory audits of all joint stock companies. The details of this process are to be elaborated on in the coming days by the Ministry of Customs and Trade.

Whether or not this new regulation and its standards will satisfy a potential buyer in the future , there will always be a need for carrying out a buy side financial and tax due diligence to examine the historic unaudited financials of a target SME .

Like in many emerging markets a buy side approach may be driven by a fear of potential misrepresentations by target companies. In some cases this suspicion is rewarded with crucial findings during the due diligence stage and the necessary issues are addressed before any closing if any. And unfortunately in some cases in which a significant misrepresentation is discovered after the closing, we

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WHO WILL HELP YOU PROTECT YOUR COMPANY FROM THE DEVASTATING IMPACT OF FRAUD?

Fraud and corruption are major problems in Turkey while awareness gradually increases. Fraud continues to cost Turkish companies significantly while severely damaging or destroying reputations. Certified Fraud Examiners specializing in this field attempt to minimize the incidence of fraud and corruption in organizations.

The Association of Certified Fraud Examiners (ACFE) notes that the world average for fraud in organizations is calculated at 7 percent of total turnover, whereas this figure is about 15 percent in Turkey. Despite various anti-fraud laws and significant attempts to create more ethical culture in organizations, fraud continues to be an inevitable and unpleasant component of business life in Turkey.

The most common occurrence of financial statement fraud is when losses are underplayed or deliberately hidden by corporations. Our experience in Turkey reveals that financial statement fraud may comprise the following methods:

- deliberate misstatements or omissions of amounts or disclosures of financial statements to deceive financial statement users, particularly shareholders, investors and creditors;
- outright falsification, alteration, or manipulation of material financial records, supporting documents, or business transactions;
- material intentional omissions or misrepresentations of events,

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BUY SIDE FINANCIAL DUE DILIGENCE IN AN UNAUDITED TURKISH SMALL AND MIDDLE SIZED ENTERPRISE

tend to see a commercially destructive process between the parties of the transaction.

In Turkey, we as transactional service providers include an increasing number of independent audit and fraud detection procedures in our due diligence work programs for identifying any misrepresentation in the historic and current financials of a target. These steps could be as simple as confirmation letters with customers and suppliers or more sophisticated approaches such as benchmark price research of the raw materials acquired by a target company.

If there are any misrepresented items in the financials of a target SME in Turkey, in general they can be based on two different goals;

i. deliberate misrepresentations made to create an advantage in terms of the Turkish GAAP (tax planning),

ii. deliberate misrepresentations made specifically to create an advantage during a M&A process.

The misrepresentations made to create an advantage in terms of Turkish GAAP are generally tax related and may include out of book salary payments, irrelevant expense items to make up for the overstated profit created due to these out of book payments, shifts between inventory and cost of goods sold and other issues to minimize profits. While carrying out due diligence work in such target companies we, as service providers, generally do not have too much difficulty in identifying such practices but rather focus the bulk of our work on the accurate quantification of any such misrepresentations as they may affect the valuation of the target company.

Where there are hints of specific structured misrepresentations made to maximize the historic profitability of the target company which would affect the valuation based on false historic financials,

we exercise a hybrid approach while preparing our work programs. This hybrid approach may include audit procedures such as third party confirmation work with customers and suppliers to at least provide stronger hints of adjusted working capital levels, overstated sales and understated expenses. We may also include procedures such as the detailed examination of the capitalized investments of the company to understand if any of the spending capitalized on the balance sheet should have been expensed in the profit and loss of the relevant period. In some instances we are requested to widen our scope to carry out detailed work on these specific issues to be able to quantify them.

We, as Cerebra, believe that a customized buy side due diligence in an unaudited Turkish SMEs is a significant critical success factor in the whole acquisition process and we prepare our scope of financial and tax due diligence work accordingly. We also believe that a careful distinction should be made between the findings as some of them may be benign in the acquisition process whereas some of them may be deal breakers.

Ömer Tunabaş

WHO WILL HELP YOU PROTECT YOUR COMPANY FROM THE DEVASTATING IMPACT OF FRAUD?

transactions, accounts, or other significant information from which financial statements are prepared;

- deliberate misapplication of accounting principles, policies, and procedures used to measure, recognize, report, and disclose economic events and business transactions; and
- intentional omissions of disclosures or presentation of inadequate disclosures regarding accounting principles and policies and related financial amounts.

Financial statement fraud results from the temptation to make the bottom line look better than it is. It can surface in many different forms, although once deceptive accounting practices are initiated,

Al Capone, one of the most notorious US gangsters of the 20th century, was finally brought down by being prosecuted for tax evasion thanks to the use of a forensic accountant by the Internal Revenue Service. The role of forensic accountants is as important in Turkey as it is worldwide.

various systems of manipulation will be utilized to maintain the appearance of sustainability.

Our real life experience in various fraud investigation engagements in Turkish entities shows that common approaches to artificially improving the appearance of the financials include:

- overstating revenues by recording future expected sales or entirely fictitious sales;
- understating expenses through certain means as (a) capitalizing operating expenses (b) inflating assets' net worth by knowingly failing to apply an appropriate depreciation schedule;
- hiding obligations off of the company's balance sheet;
- recording cookie-jar accounting practices by which the management understates revenues or overstates provisions in one accounting period and maintain them as a reserve for future periods with worse performance. Such procedures remove the appearance of volatility from the operations.

In Turkey financial statement fraud is heavily committed by the senior and mid-level management to fraudulently enhance the financial health of a business and enrich one's own net worth. Senior management may indulge in fraudulent cover-ups to exceed the earnings or revenue growth expectations of the shareholder. They may also fudge the statements to create a rosy picture for the shareholders.

How do you determine financial statement fraud then? Financial statement fraud is designed to rob you of your earnings primarily to fulfill the ever-growing corporate greed. Here are some of the clear red flags that you might want to consider:

- accounting anomalies;
- unusually rapid revenue and/or profit growth;
- readily noticeable internal control weaknesses;
- noticeably "aggressive" financial actions by senior management;
- personality or character flaws of the top management (general manager, CFO and/or other "C-level" executives.

Obviously there are massive issues that emanate from financial statement fraud. Financial statement fraud undermines the reliability, quality, transparency, and integrity of the financial reporting process. If an entity does not proactively identify and manage fraud risk, fraud could put the entity out of business. Therefore, those charged with governance should implement policies and procedures that help companies to identify major gaps with respect to the fraud prevention processes and recommend the necessary anti-fraud controls to deter and detect fraud.

Cerebra's fraud investigation professionals can help you address the challenges and risks of doing business in Turkey which will help limit an entity's exposure to fraud. Our team members are Certified Fraud Examiners (CFE) in addition to being CPA.

We have solutions that combine experience, subject matter knowledge and deep industry expertise. Our fraud investigation team is expert at uncovering economic evidence, detecting and deterring fraudulent activity, and supporting companies and their attorneys involved in an existing or pending litigation, alternative dispute resolution or investigation.

Fikret Sebilcioğlu, CPA, CFE

Who is a Certified Fraud Examiner?

The Certified Fraud Examiner certification has become the gold standard in fraud detection and prevention. CFEs are known the world over as fraud-fighting experts. The ACFE has built a respected organization that is at the forefront of fraud research and education. Robust fraud prevention programs must use CFEs as staff members or consultants. CFEs can also assist the audit committee, internal auditors, and independent auditors in their oversight capacities. CFEs in fraud prevention programs can be deterrents to potential fraud perpetrators.

What are the benefits of acquiring the assistance of a CFE?

You may need an objective expert to deter potential problems, investigate allegations or provide resolution. Certified Fraud Examiners possess specialized knowledge and experience and offer the anti-fraud skills that you need to:

- Investigate allegations against one of your employees
- Recommend strong anti-fraud internal controls
- Conduct interviews related to sensitive issues
- Provide assistance with financial dispute resolution
- Resolve irregularities discovered during your company's audit
- Provide expert testimony on financial and investigative matters

The CFE credential is the globally preferred certification for anti-fraud professionals. Over 25,000 Certified Fraud Examiners are actively fighting fraud worldwide.

ONE DOZEN GOOD REASONS WHY ACCOUNTING OUTSOURCING IS A SMART CHOICE IN TURKEY

Outsourcing accounting and finance isn't new in Turkey, but it is getting a second look as companies search for ways to get accurate and timely financial information, to manage complicating compliance issues, and to cut office costs.

For some organizations, turning over vital business functions, such as accounting, to a third party can seem daunting. Executives need to be well informed about outsourcing arrangements and processes in order to truly recognize the value and benefits of hiring third party experts to manage day-to-day functions. Here are some examples of why accounting outsourcing is a smart and efficient solution for your company:

1. Compliance with changing regulatory environment: As the world becomes increasingly regulated, the pressure on your finance department grows. How do you ensure your compliance requirements are in hand? What risk management strategies do you have in place? Particularly when you operate in multiple jurisdictions such as Turkey, ever-changing local rules and regulations put your companies at an even greater risk of non-compliance and increased liability. Cerebra's accounting team can assist with maintaining your organization in compliance with laws and regulations, particularly with respect to new audit, accounting and reporting requirements.

2. Less time on non-revenue producing functions and focus on your core competencies and grow your business: In today's increasing competitive environment, the trend in the market for many companies of various sizes is overwhelmingly moving towards outsourcing of key non-core services. Hence, by delegating such responsibilities to professional organizations, company owners and management can focus on their core businesses which consequently lead them to become faster, larger and more profitably growing companies compared to those non-outsourcing companies.

3. Reliable and accurate financial reports: With proper month-end closing procedures and quality control, you will receive reliable and accurate financial reports in a timely manner and make informed management decisions. This will also lead to an effective management accounts and preparation of group consolidation packages required by the head office.

4. Effective cost savings: Outsourcing provides cost savings to many organizations, including salaries, benefits, office space, technology costs and overhead. There are intangible benefits as well including reliable and timely financial reports, eliminated frustrations related to staff turnover, recruiting, performance management, and saving management's valuable time.

5. Access to highly talented professionals: Trusting your accounting and finance function to a third part can provide access to highly talented professionals with various levels of accounting and finance experience to perform your non-core accounting services, expertise normally too expensive to hire staff for.

6. Better governance (effective risk management and internal control): Trusted accounting advisors can help strengthen your organization's internal controls, increase transparency and accountability in financial operations. Segregation of accounting duties can easily be achieved with the combination of your staff and outsourcing team members. Particularly this matter is getting attention in Turkey because the new Turkish Commercial Code has introduced new non-delegable duties and powers to Boards of Directors that will have an impact on the ways of doing daily business for directors and management.

7. Better business processes: Outsourcing will result in recommendations and implementations of financial process re-engineering incorporating best practices to improve efficiency and effectiveness of your accounting/reporting functions.

8. Elimination of the headache of recruiting, hiring and managing clerical staff: Managing a clerical staff that typically has high turnover and requires extensive training is generally a headache for most financial managers and takes time away from other priorities more important to the business. In this context, you can actually save money through using outsourced accounting and finance function services.

9. Best audit preparation method: For annual audit of financial statements, trusting your accounting to a professional accounting firm is an excellent way to obtain support for the preparation of the audit. Effective outsourcing teams will save their clients audit fees by being fully ready for the audit, responsive to auditors needs and effectively managing the audit process.

10. Flexible to your organization's need: Outsourcing can be extremely flexible to meet your organization's specific needs. You can outsource the entire accounting function or only certain positions or tasks.

11. Built-in scalability: Outsourcing provides built-in scalability. As your organization grows or shrinks, you can easily have your outsourced accounting service provider adjust the staffing needs and deal with resource management.

12. Greater "control" over the business and the accounting and finance function: Management is freed up to focus more time, energy, and resources on building the company's core businesses as your accounting advisors assume full responsibility for managing the day-to-day back-office operations. Many executives are under the impression that outsourcing reduces "control" over the relevant function. In fact, outsourcing greatly increases "control". Why? Because management has better control when it can spend time in "analyzing" business information instead of simply managing the daily aspects of the function.

Ongoing pressures to optimize business performance and considering the aforementioned factors have prompted many executives to outsource accounting and finance function. However, many executive directors find it difficult to find someone with the right skills to maintain accounting records, produce financial statements, and analyze financial data to answer management questions. And finding such a person at a fair rate is even more challenging.

CEREBRA Accounting Compliance, Reporting and Advisory Services is perfectly suited to help your company transform into a high-performance organization that streamlines processes, maintains compliance and cuts costs, all while letting you focus on your core competencies and grow your business.

Fikret Sebilcioğlu, CPA, CFE

As foreign subsidiaries' owners or managers in Turkey, we know that one of the most important problems that you face is to maintain proper accounting and effective financial reporting. Outsourcing your accounting and finance function could be the best solution.

DID YOU PLAN TO PREPARE ANNUAL REPORT AND AFFILIATION REPORT FOR 2013?

The New Turkish Commercial Code requires the preparation and filing of annual report and affiliation report for all joint stocks companies and limited liability companies (AŞ and LŞ). The deadline for filing annual report and affiliation report for 2013 is 28 February 2014 and 31 March 2014, respectively. Are you ready to comply with these requirements?

I. ANNUAL REPORT

The communiqué regarding "Determination of Minimum Contents of Companies' Annual Report" prepared by the Ministry of Customs and Trade was published in the Official Gazette on 28 August 2012 and became effective on the same date. This communiqué covers annual reports of joint stock companies (AŞ) and limited liability companies (LŞ) as well as the annual report of parent company in group of companies.

What is the deadline for the preparation of 2013 annual report?

In accordance with the communiqué, an annual report shall be prepared within two months following the year-end of the related financial period. Accordingly, for the financial year ended 31 December 2013 annual reports shall be prepared until 28 February 2014.

What is the basis of financial information to be included in the 2013 annual report?

The financial information will be based on the financial statements as at and for the year ended 31 December 2013 prepared in accordance with the new Turkish Commercial Code.

General principles of the preparation of annual report

a) Annual report reflects the relevant year's financial activities and financial position from all aspects in a complete, accurate, straightforward, true and fair manner. The annual report does include any statements which are misleading, exaggerated and false.

b) The management body of the Company (board of directors in JSC and managers or board of manager in LLC) should prepare the annual report in a way that shareholders may access to all types of information accurately and completely. In the annual reports the simplest concepts and terms should be used as much as possible and ambiguous statements that may cause doubts should be avoided. In case technical terms should be used, clear explanations should be made to enable the reader to understand easily.

c) The evaluation of financial position, financial performance as well as the financial and non-financial risks that the Company is exposed to is included in the annual report. These evaluations regarding the financial position and performance are based on the financial statements.

d) The explanations regarding the effectiveness, adequacy and compatibility of internal controls are also made in the annual report.

e) If needed, statistical information and graphics may be included in the annual report.

f) In cases where the information related to future and forecasts are presented in the annual report, the rationale of these information and the supporting statistical information should be presented. In addition, such information must be aligned with the financial position and financial performance of the company.

g) In addition to the minimum information to be included in the annual report as required with this communiqué, other information may be given in the annual report if such information complies with this communiqué and the management body thinks fit.

What is the minimum content of annual report?

The annual report is composed of the following sections:

1. General information

a) The financial period that the report is related to

b) Trade names, trade registry number, the contact numbers of the head quarters and branches and details of the company website, if any

c) The organization of the company, capital and shareholding structure and any changes related to these elements in the related financial period

d) Privileged shares, if any

e) Information regarding management, senior managers and the headcount

f) If any, information regarding the transactions conducted by the board of directors or manager with the permission of general assembly and transactions within the framework of non-compete obligation are provided.

2. Financial benefits provided to board of directors and senior executives.

a) Attendance fee, salary, bonus and dividend payments

b) Allowances, travelling, accommodation and representation expenses, cash or non-cash advantages, insurances and similar benefits.

3. Research and development activities of the company and their results

4. The company's operations and significant developments regarding operations

a) Capital expenditures in the related financial period

b) Information regarding the internal control system and the internal audit activities as well as the view of the management on these matters

c) The company's direct and indirect investments and ownership ratios

d) Information regarding own shares acquired by the company

e) Explanations related to the special audit and public audit conducted in the financial year

f) Legal actions taken against the company that may have an adverse impact on the financial position and performance and their possible outcomes

g) Explanations regarding sanctions imposed on management due to actions which are not in compliance with regulations

h) Information whether the targets set in the past have been met or not, whether the general assembly resolutions have been applied or not. In cases where the targets have not been made and resolutions have not been applied, information and assessments regarding the reasons should be stated

i) In case the general assembly meeting has been conveyed extra-ordinarily, the date of the meeting, the resolutions and transactions that have been conducted as a result of this meeting

j) Information on expenditures made in the financial period regarding charities and aids as well as social responsibility projects

k) In case of a subsidiary in a group of companies, all legal transactions which the subsidiary conducted in the previous year with the parent company and any companies that the parent company participates in as well as any compensation of losses of subsidiaries by the parent company. In addition, the subsidiary must explain whether or not the subsidiary incurred any damages resulting from taking or refraining from taking the measure pertaining to the transactions with the group of companies including the parent company.

5. Financial condition

a) Analysis and assessments of management on the financial position and performance, realization of the targeted operations, the company's status considering the predetermined strategic targets

b) The company's sales in the period on a comparative basis with previous years, productivity, profitability and debts / equity ratio as well as other information that may provide insights regarding the results of the company's operations and prospects

c) Identification of the situation regarding going concern uncertainties and bankruptcy and the evaluations of the board of directors or managers

d) Actions to be taken to improve the company's financial condition, If any

e) Information regarding dividend distribution policy. If no dividend is distributed, the reason of this decision and recommendation as to how undistributed dividend will be used.

6. Risks and assessments of board of directors / managers

a) Information regarding risk management policies to be applied to the foreseen risks, if any

b) In case the committee of early risk identification and management is established, information regarding the activities and reporting of the committee

c) Future risks regarding sales, productivity, profitability and debts / equity ratio

7. Other matters

a) Matters that have occurred subsequent to the financial year-end shall be explained in the annual report provided that such matters have an impact on the rights of shareholders, creditors and other related persons or enterprises

b) In this section, other information may also be given in the annual report if such information complies with this communiqué and the management body thinks fit.

II. AFFILIATION REPORT

In accordance with article 199 of the new Turkish Commercial Code, all joint stocks companies and limited liability companies (AŞ and LŞ) must prepare an "Affiliate Report".

What is the deadline for the preparation of 2013 affiliation report?

The board of directors of the subsidiary must prepare a report related to the company's relations with the parent company and dependent companies within the first quarter of the year. Accordingly, the deadline for the preparation of the 2013 affiliation report is 31 March 2014.

What is the content of affiliation report?

This report includes all legal transactions which the company conducted in the previous year with the parent company and any companies that the parent company participates in. This report

will also include any compensation of losses of subsidiaries by the parent company.

In addition, the board of directors of the subsidiary must explain whether or not the subsidiary incurred any damages resulting from taking or refraining from taking the measure pertaining to the transactions with the group of companies including the parent company. If the subsidiary incurred damage, the board of directors must also explain whether or not the damage was compensated. This explanation must be included in the report.

What is the penalty in case of failure to prepare affiliation report?

If the board of directors fails to prepare this report related to the company's relations with the parent company and dependent companies, the judicial fine may not be less than 200 days. This fine corresponds to approximately minimum 4.000 TL and maximum 73.000 TL in accordance with the law.

How Cerebra can help you

Cerebra offers services designed to help our clients meet their annual reporting and affiliation reporting requirements in accordance with the new Turkish Commercial Code. Please contact us if you have any questions regarding this matter.

Fikret Sebilcioğlu, CPA, CFE

MANAGING A TURKISH COMPANY AFTER AN ACQUISITION

Why are post merger issues a critical success factor for Turkish acquisitions?

There are numerous checklists prepared by advisors for steps to be taken or issues of importance during a post acquisition period especially in relevance to a transaction in the emerging markets. Such lists may include some of the following steps;

i. restructuring the management team (including their targets & compensation)
ii. tax issues considerations
iii. local and global compliance
iv. establishing a strategic plan

The steps above are all valid and extremely important for an acquisition to become a strategic and commercial success. However in landscapes such as Turkey we have learned the hard way that simpler essentials should be in place for a foreign acquirer to be successful with an acquired Turkish target.

Turkey until the early 2000's has attracted the attention of limited number of financial and strategic investors. The acquisitions made by foreign financial and strategic investors until the rebound from the 2001 banking crisis were only a handful and were all big transactions in which the target was in general a well established company. After the rebound from the domestic crisis by 2003, domestic consolidation that took place paved the way for a wider base of foreign investors to come in and examine the possibilities of acquiring Turkish targets. Since the second half of the 2000's regardless of the global financial crisis the number of foreign investors and acquirers in Turkey increased significantly. For the past 5 years we as advisors in Turkey are have come across mid to small cap strategic acquisitions made by foreign investors into Turkish SMEs. These investors are usually groups that are interested in tapping into the domestic consumption dynamics and spending of the country as well as the relatively cheaper and good quality production capabilities of the labor force.

As the aforementioned investment momentum started before the 2010's, today we still witness the problems that these investors are having even if they are already a couple of years into their investment. To analyze these problems we should understand the general characteristics of a Turkish SME.

What are the characteristics of a Turkish SME?

i. generally family owned businesses (first or second generation)
ii. management having a significant knowledge of the sector they operate in but a poor grip on financial reporting (ie. cost accounting) and control environment
iii. never been through an independent audit or internal audit
iv. weak internal control environment exposed to fraud
v. like in most emerging markets financial statements may not reflect a true and fair view in accordance with generally accepted accounting standards (such as IFRS or US GAAP)

The characteristics mentioned above make a simple fact very significant for a foreign majority or minority shareholder in a Turkish SMEs which is the extraction of accurate and timely data from the company in order to;

i. to be able to make remote strategic decisions,
ii. hold the management accountable for their performance and
iii. create a remote system for a new control environment not to mention the minimization of the cultural differences in corporate governance.

The Turkish SMEs due to a lack of resource and a lack of prioritization skills usually cannot quantify financial data in terms of product and business unit profitability. They also have a hard time providing comparable past performance figures for a foreign shareholder who prefers to cease certain accounting policies after the closing due the tax risks that are related with them.

Even if a foreign investor feels comfortable in keeping the existing shareholders as an important part of the management tied up with a minority stake in the company or if they appoint a new local management together with a financial controller in place, they have difficulty in obtaining the relevant data needed for correct strategic decisions that needs to made as well as a transparent controlling environment in which the management can be held accountable.

Such deficiencies are usually identified by the buyer during the pre-acquisition due diligence process. However, we tend to see that if the buyer interprets these non quantified issues with the required importance and spends the necessary financial and managerial resources to solve them after the closing, then they at least establish a strong foundation for the other post merger issues to be successfully dealt with.

Cerebra's corporate finance advisors and transaction service providers, emphasize this to our clients while carrying out the buy-side due diligence and work with them after the closing to create the optimum structure for a robust management reporting / group consolidation package and a well established internal control environment.

Ömer Tunabaş

CEREBRA PUBLISHED A NEW BOOKLET "A NEW WAY OF DOING BUSINESS IN TURKEY: THE NEW TURKISH COMMERCIAL CODE"

New Turkish Commercial Code will have significant impact on the Turkish commercial life. It is introducing many new internal mechanisms in companies which will take time and effort to establish and make them function in compliance with the new Code.

The New Turkish Commercial Code (the new TCC) came into force as of 1 July 2012. The Turkish business world is entering into a new era with the new TCC of which the main column is corporate governance. The new TCC introduces many radical changes within the context of corporate governance such as democracy among shareholders, responsibilities of board of directors, group of companies, the use of information technology, internal controls, internal audit, risk management, international standards in accounting, auditing and financial reporting.

The investment opportunities in Turkey are vast and very exciting. Turkey has already been ranked as the 17th largest economy and one of the fastest growing countries in the world for many years. However, various requirements under the old Turkish Commercial Code were burdensome to foreign investors. Taking into account the aforementioned deep-rooted changes that will integrate the principles of transparency, accountability, fairness and responsibility to Turkish business, we believe that the new TCC will create a sustainable development and a more foreign investor friendly environment and will facilitate the increase of the capital flow to Turkey.

We believe that this booklet "A New Way of Doing Business in Turkey: The New Turkish Commercial Code" will provide foreign companies that have invested or plan to invest in Turkey and their advisors with a basic understanding of the main areas of the new Turkish Commercial Code and to facilitate the communication with their Turkish accountants and lawyers.

The partners of Cerebra would be delighted to provide such specialized services in areas of corporate governance, accounting and financial reporting, internal controls, internal audit, independent audit and corporate finance and they look forward to working with you.

If you would like to have a free copy of this booklet, please contact us through fikretsebilcioglu@cerebra.com.tr

About Cerebra

Cerebra is a full service accounting, audit and advisory firm in a wide range of industries in Turkey. We offer solutions to a client base that ranges from small and medium sized entities, owner managed businesses, high net worth individuals to large corporations by using a highly-personalized service approach.

Cerebra is a dynamic client-driven professional services firm in Turkey. With a 'hands-on' approach, a highly qualified team and a keen responsiveness to client needs, we combine imaginative and constructive advice to create robust financial solutions to all types of businesses and individuals.

Cerebra's brand message, "Beyond the Numbers", represents our performance commitment to continually earn your trust. The mission of Cerebra, with local and international knowledge and experience that enables us to move beyond your numbers, is to exceed our clients' expectations through using such knowledge and experience in an innovative and proactive manner.

Cerebra offers the following services:

- Audit and Assurance
- Accounting & Finance Outsource
- Corporate Finance
- Turkish Commercial Code Compliance
- Management Consulting
- Fraud Investigation
- Tax

Cerebra

Fikret Sebilcioğlu
Partner
CPA, CFE

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, forensic audit, 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
Director
CPA

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, Reporting and Advisory Services. Has a wide range of experience in independent audit, accounting and finance management, internal controls, IFRS and US GAAP.