

**ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.**

**CONDENSED INTERIM FINANCIAL INFORMATION  
AT 30 JUNE 2009  
TOGETHER WITH AUDITOR'S REVIEW REPORT**

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of Arena Bilgisayar Sanayi ve Ticaret A.Ş.

### *Introduction*

1. We have reviewed the accompanying condensed balance sheet of Arena Bilgisayar Sanayi ve Ticaret A.Ş. (the "Company") as of 30 June 2009 and the related condensed statements of comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

2. We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Başaran Nas Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.  
a member of  
PricewaterhouseCoopers

  
Haluk Yalçın, SMMM

Istanbul, 7 August 2009

**ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.**

**CONDENSED INTERIM FINANCIAL INFORMATION  
AT 30 JUNE 2009**

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# ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

## CONDENSED INTERIM BALANCE SHEET AT 30 JUNE 2009

(Amounts expressed in thousands of US dollars unless otherwise indicated)

	Notes	(Reviewed) 30 June 2009	31 December 2008
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and due from banks	4	9,667	10,910
Trade receivables	5	40,808	51,740
Inventories	7	34,492	30,618
Assets classified as held for sale		154	64
Other current assets	8	4,565	525
<b>Total current assets</b>		<b>89,686</b>	<b>93,857</b>
<b>Non-current assets:</b>			
Property and equipment	9	4,902	5,338
Intangible assets		188	181
Other non-current assets		1,083	1,121
<b>Total non-current assets</b>		<b>6,173</b>	<b>6,640</b>
<b>Total assets</b>		<b>95,859</b>	<b>100,497</b>

These financial statements have been approved by the Board of Directors on 7 August 2009.

The notes on pages 6 to 23 form an integral part of this condensed interim financial information.

# ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

## CONDENSED INTERIM BALANCE SHEET AT 30 JUNE 2009

(Amounts expressed in thousands of US dollars unless otherwise indicated)

	Notes	(Reviewed) 30 June 2009	31 December 2008
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities:</b>			
Bank borrowings	11	11,599	27,392
Trade payables	12	41,007	36,899
Due to related parties	6	409	119
Income taxes payable	10	1,015	435
Other current liabilities	13	7,466	6,929
<b>Total current liabilities</b>		<b>61,496</b>	<b>71,774</b>
<b>Non-current liabilities:</b>			
Provision for employment termination benefits		123	89
Deferred income tax liabilities	10	62	495
<b>Total non-current liabilities</b>		<b>185</b>	<b>584</b>
<b>Total liabilities</b>		<b>61,681</b>	<b>72,358</b>
<b>Equity:</b>			
Share capital	14	22,319	12,023
Share premium		55	55
Retained earnings		11,804	16,061
<b>Total equity</b>		<b>34,178</b>	<b>28,139</b>
<b>Total liabilities and equity</b>		<b>95,859</b>	<b>100,497</b>

The notes on pages 6 to 23 form an integral part of this condensed interim financial information.

## ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

### CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME FOR THE SIX AND THREE-MONTH PERIODS ENDED 30 JUNE 2009 AND 2008

(Amounts expressed in thousands of US dollars unless otherwise indicated)

	Notes	1 January - 30 June 2009	1 April - 30 June 2009	1 January - 30 June 2008	1 April - 30 June 2008
Net sales	15	208,156	114,652	272,350	121,830
Cost of sales	15	(192,034)	(105,116)	(255,426)	(113,506)
<b>Gross profit</b>		<b>16,122</b>	<b>9,536</b>	<b>16,924</b>	<b>8,324</b>
Operating expenses	16	(7,265)	(4,091)	(11,358)	(5,662)
Other operating income and expenses, net	17	124	117	2,244	174
<b>Operating profit</b>		<b>8,981</b>	<b>5,562</b>	<b>7,810</b>	<b>2,836</b>
Financial income and expenses, net	18	(1,381)	(688)	(5,257)	(2,527)
<b>Profit before income taxes</b>		<b>7,600</b>	<b>4,874</b>	<b>2,553</b>	<b>309</b>
Income tax expenses	10	(1,561)	(478)	(659)	(95)
<b>Profit for the period</b>		<b>6,039</b>	<b>4,396</b>	<b>1,894</b>	<b>214</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>6,039</b>	<b>4,396</b>	<b>1,894</b>	<b>214</b>
Earnings per share in full US dollar thousands of ordinary shares		1.89	1.37	0.59	0.07

The notes on pages 6 to 23 form an integral part of this condensed interim financial information.

**ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.**

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2009 AND 2008**

(Amounts expressed in thousands of US dollars unless otherwise indicated)

	<b>Share capital</b>	<b>Share premium</b>	<b>Retained earnings</b>	<b>Total Equity</b>
<b>Balance at 1 January 2008</b>	<b>12,023</b>	<b>55</b>	<b>17,493</b>	<b>29,571</b>
Dividends paid	-	-	(3,038)	(3,038)
Profit for the period	-	-	1,894	1,894
<b>Balance at 30 June 2008</b>	<b>12,023</b>	<b>55</b>	<b>16,349</b>	<b>28,427</b>
<b>Balance at 1 January 2009</b>	<b>12,023</b>	<b>55</b>	<b>16,061</b>	<b>28,139</b>
Capital increase (Note 14)	10,296	-	(10,296)	-
Profit for the period	-	-	6,039	6,039
<b>Balance at 30 June 2009</b>	<b>22,319</b>	<b>55</b>	<b>11,804</b>	<b>34,178</b>

The notes on pages 6 to 23 form an integral part of this condensed interim financial information.

**ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.****CONDENSED INTERIM STATEMENTS OF CASH FLOWS  
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2009 AND 2008**

(Amounts expressed in thousands of US dollars unless otherwise indicated)

	Notes	30 June 2009	30 June 2008
Profit before income taxes		7,600	2,553
<b>Adjustments for:</b>			
Interest expenses, credit card commissions and other financial expenses		2,344	3,744
Depreciation and amortisation	16	489	457
Provision for receivables impairment, net	5	375	647
Diminishing in value of inventories		191	549
Employment termination benefits		34	16
Reversal of litigation provision	17	-	(2,067)
Other		(37)	(98)
<b>Changes in working capital:</b>			
Decrease in trade receivables		10,546	19,963
(Increase)/decrease in inventories		(4,064)	16,535
(Increase)/decrease in other current assets		(4,080)	7,368
Increase/(decrease) in trade payables		4,121	(30,319)
Increase/(decrease) in due to related parties		277	(820)
Increase/(decrease) in other current liabilities		542	(1,720)
Income taxes paid		(1,368)	(57)
<b>Net cash provided by operating activities</b>		<b>16,970</b>	<b>16,751</b>
<b>Cash flows from investing activities:</b>			
Purchase of property, equipment and intangible assets		(75)	(441)
<b>Net cash used in investing activities</b>		<b>(75)</b>	<b>(441)</b>
<b>Cash flows from financing activities:</b>			
Decrease in bank borrowings		(15,688)	(11,535)
Dividends paid		-	(3,038)
Interest, credit card commissions and other financial expenses paid		(2,450)	(3,957)
<b>Net cash used in financing activities</b>		<b>(18,138)</b>	<b>(18,530)</b>
Net decrease in cash and cash equivalents		(1,243)	(2,220)
<b>Cash and cash equivalents at beginning of period</b>	<b>4</b>	<b>10,910</b>	<b>5,796</b>
<b>Cash and cash equivalents at end of period</b>	<b>4</b>	<b>9,667</b>	<b>3,576</b>

The notes on pages 6 to 23 form an integral part of this condensed interim financial information.

## **ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.**

### **SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2009**

(Amounts expressed in thousands of US dollars unless otherwise indicated)

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#### **NOTE 1 - ORGANISATION AND PRINCIPAL ACTIVITIES**

Arena Bilgisayar Sanayi ve Ticaret A.Ş. (the “Company”) was incorporated on 18 September 1991. The Company operates in one main industry segment, the wholesale of personal computers, peripherals, consumer electronics and telecommunication devices. The Company purchases the merchandise from domestic and international suppliers and sells them in the domestic Turkish market and the Turkish Republic of Northern Cyprus through its distribution network.

The Company’s headquarter is located in Istanbul. The Company has branches in Ankara, Izmir and Istanbul Free Trade Zone. The branch in the free trade zone, Arena Serbest Bölge, is commonly used as a purchasing department of the Company for overseas.

In November 2000, 15% of the Company’s existing shares were offered to the public in an initial public offering on the Istanbul Stock Exchange.

The address of its registered office is as follows:

Göktürk Beldesi, Göktürk Caddesi No.4  
Eyüp 34077 Istanbul, Turkey

#### **NOTE 2 - BASIS OF PREPARATION OF FINANCIAL INFORMATION**

This condensed interim financial information for the half year ended 30 June 2009 has been prepared in accordance with IAS 34 “Interim Financial Reporting”. The interim condensed financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2008.

The Company maintains its books of account and prepares its statutory financial statements (“Statutory Financial Statements”) in Turkish Lira (“TL”) in accordance with the Turkish Commercial Code (the “TCC”), tax legislation, and the Uniform Chart of Accounts issued by the Ministry of Finance. These financial statements are based on the statutory records, which are maintained under the historical cost convention, with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS.

The Company’s functional currency is the US dollar, based on the fact that a significant portion of its sales and purchases are denominated and settled in that currency.

The statutory financial statements have been translated into US dollar on the following basis: inventories, property and equipment, intangible assets and equity at historical rates of exchange; remaining assets and liabilities by the exchange rate prevailing at the balance sheet date.

The items in the income statement (other than cost of goods sold and depreciation which have been translated at historical rates of exchange) have been translated by the exchange rates prevailing at the date of underlying transactions.

## ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2009

(Amounts expressed in thousands of US dollars unless otherwise indicated)

#### NOTE 3 - ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2008, as described in the annual financial statements for the year ended 31 December 2008.

#### NOTE 4 - CASH AND DUE FROM BANKS

The analysis of cash and due from banks at 30 June 2009 and 31 December 2008 is as follows:

	30 June 2009	31 December 2008
Cash	26	23
Due from banks		
- demand deposits in Turkish Lira	216	179
- demand deposits in foreign currency	3,259	2,120
- time deposits in Turkish Lira	1,601	2,638
- time deposits in foreign currency	3,643	4,700
Credit card receivables	922	1,250
<b>Total cash and due from banks</b>	<b>9,667</b>	<b>10,910</b>

#### NOTE 5 - ACCOUNTS RECEIVABLES

The analysis of accounts receivables at 30 June 2009 and 31 December 2008 is as follows:

	30 June 2009	31 December 2008
Trade receivables	23,878	27,970
Cheques and notes receivable	20,333	26,798
Less: provision for doubtful receivables	(3,403)	(3,028)
<b>Total accounts receivables</b>	<b>40,808</b>	<b>51,740</b>

The movements in the provision for impairment of receivables for the six-month periods ended 30 June 2009 and 2008 is as follows:

	2009	2008
Balance at 1 January	3,028	1,808
Provision for receivables impairment	616	647
Collections	(241)	-
<b>Balance at 30 June</b>	<b>3,403</b>	<b>2,455</b>

## ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2009

(Amounts expressed in thousands of US dollars unless otherwise indicated)

#### NOTE 5 - ACCOUNTS RECEIVABLES (Continued)

As of 30 June 2009, accounts receivables of USD 541 (31 December 2008: USD 1,401) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these accounts receivables is as follows:

	30 June 2009	31 December 2008
Up to 1 month	300	1,317
1 to 2 months	160	28
2 to 3 months	7	31
Over 3 months	74	25
<b>Total</b>	<b>541</b>	<b>1,401</b>

The Company obtained the following collaterals for account receivables at 30 June 2009 and 31 December 2008.

	30 June 2009	31 December 2008
Guarantee notes, cheques and letters of guarantee	8,091	5,931
Mortgages	987	1,041
<b>Total</b>	<b>9,078</b>	<b>6,972</b>

#### NOTE 6 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

i) Amounts due to related parties at 30 June 2009 and 31 December 2008 were as follows:

a) Due to related parties:	30 June 2009	31 December 2008
Armada Bilgisayar Sistemleri Sanayi ve Ticaret A.Ş. ("Armada")	409	119

ii) Major sales to related parties and purchases from related parties for the six and three-month periods ended 30 June 2009 and 2008 were as follows:

a) Sales to related parties:	1 January - 30 June 2009	1 April - 30 June 2009
Armada	79	41

  

	1 January - 30 June 2008	1 April - 30 June 2008
Armada	174	72

## ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2009

(Amounts expressed in thousands of US dollars unless otherwise indicated)

#### NOTE 6 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

<b>b) Purchases from related parties:</b>	<b>1 January - 30 June 2009</b>	<b>1 April - 30 June 2009</b>
Armada	917	706
	<b>1 January - 30 June 2008</b>	<b>1 April - 30 June 2008</b>
Armada	871	261

- iii) Remuneration of directors and key management personnel for the six-month period ended 30 June 2009 amounted to USD 681 (30 June 2008: USD 1,163).

#### NOTE 7 - INVENTORIES

The analysis of inventories at 30 June 2009 and 31 December 2008 is as follows:

	<b>30 June 2009</b>	<b>31 December 2008</b>
Trade goods	34,146	30,680
Goods in transit	596	390
Sample goods	12	1
Less: diminishing in value of inventories	(262)	(453)
<b>Total inventories</b>	<b>34,492</b>	<b>30,618</b>

#### NOTE 8 - OTHER CURRENT ASSETS

The analysis of other current assets at 30 June 2009 and 31 December 2008 is as follows:

	<b>30 June 2009</b>	<b>31 December 2008</b>
Order advances given	3,747	280
Value Added Tax ("VAT") receivable	569	-
Prepaid expenses	147	194
Prepaid withholding taxes	3	25
Other	99	26
<b>Total other current assets</b>	<b>4,565</b>	<b>525</b>

## ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2009

(Amounts expressed in thousands of US dollars unless otherwise indicated)

#### NOTE 9 - PROPERTY AND EQUIPMENT

The movements in the property and equipment and related accumulated depreciation during the six-month periods ended 30 June 2009 and 2008 were as follows:

	1 January 2009	Additions	Disposals	30 June 2009
<b>Cost:</b>				
Furniture and fixtures	3,123	31	(36)	3,118
Motor vehicles	25	-	-	25
Special costs	5,306	8	(19)	5,295
<b>Total</b>	<b>8,454</b>	<b>39</b>	<b>(55)</b>	<b>8,438</b>
<b>Accumulated depreciation:</b>				
Furniture and fixtures	(1,962)	(181)	33	(2,110)
Motor vehicles	(14)	(3)	-	(17)
Special costs	(1,140)	(280)	11	(1,409)
<b>Total</b>	<b>(3,116)</b>	<b>(464)</b>	<b>44</b>	<b>(3,536)</b>
<b>Net book value</b>	<b>5,338</b>			<b>4,902</b>
	1 January 2008	Additions	Disposals	30 June 2008
<b>Cost:</b>				
Furniture and fixtures	2,885	135	-	3,020
Motor vehicles	25	-	-	25
Special costs	5,001	306	-	5,307
<b>Total</b>	<b>7,911</b>	<b>441</b>	<b>-</b>	<b>8,352</b>
<b>Accumulated depreciation:</b>				
Furniture and fixtures	(1,616)	(172)	-	(1,788)
Motor vehicles	(9)	(3)	-	(12)
Special costs	(602)	(270)	-	(872)
<b>Total</b>	<b>(2,227)</b>	<b>(445)</b>	<b>-</b>	<b>(2,672)</b>
<b>Net book value</b>	<b>5,684</b>			<b>5,680</b>

## ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2009

(Amounts expressed in thousands of US dollars unless otherwise indicated)

#### NOTE 10 - TAXATION ON INCOME

##### *Current Income Taxes*

	30 June 2009	31 December 2008
Corporation and income taxes	2,093	1,112
Less: prepaid taxes	(1,078)	(677)
<b>Income taxes payable, net</b>	<b>1,015</b>	<b>435</b>

Turkish Corporate Tax Law has been amended by Law No. 5520 dated 13 June 2006. Most of the articles of this new Law No. 5520 have come into force effective from 1 January 2006. The corporation tax rate is 20% (2008: 20%).

Corporation tax rate is applicable on the total income of the companies after adjusting for certain disallowable expenses, income tax exemptions (participation exemption, etc) and income tax deductions (for example research and development expenses deduction). No further tax is payable unless the profit is distributed.

Except for the dividends paid to non-resident corporations which have a representative office in Turkey or resident corporations, dividends are subject to withholding tax at the rate of 10%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance tax is declared by the 10th and paid by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability, if, despite offsetting, there remains a paid advance tax amount, it may be refunded or offset against other liabilities to the government.

In accordance with Tax Law No. 5024 "Law regarding amendments to Tax Procedural Law, Income Tax Law and Corporate Tax Law" that was published on the Official Gazette on 30 December 2003 effective from 1 January 2004, income and corporate taxpayers will prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the TL. In accordance with the aforementioned law provisions, in order to apply inflation adjustment, the cumulative inflation rate (TURKSTAT WPI) over last 36 months and 12 months must exceed 100% and 10%, respectively. Inflation adjustment has not been applied after fiscal year 2004 as these conditions were not fulfilled in the fiscal years 2008, 2007, 2006 and 2005.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns by the 25th of the fourth month following the close of the financial year to which they relate.

## ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2009

(Amounts expressed in thousands of US dollars unless otherwise indicated)

#### NOTE 10 - TAXATION ON INCOME (Continued)

Tax returns are open for 5 years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses can not be carried back to offset profits from previous periods.

The taxation on income for the six and three-month periods ended 30 June 2009 and 2008 are as follows:

	1 January - 30 June 2009	1 April - 30 June 2009
Current	(1,994)	(1,083)
Deferred	433	605
<b>Income tax expense</b>	<b>(1,561)</b>	<b>(478)</b>

	1 January - 30 June 2008	1 April - 30 June 2008
Current	(500)	(500)
Deferred	(159)	405
<b>Income tax expense</b>	<b>(659)</b>	<b>(95)</b>

#### *Deferred income taxes*

The Company recognises deferred income tax assets and liabilities based upon temporary differences arising between their financial statements as reported for IFRS purposes and their statutory tax financial statements.

Deferred income taxes are calculated on temporary differences that are expected to be realised or settled based on the taxable income in future years under the liability method using a principal tax rate of 20% (2008: 20%).

## ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2009

(Amounts expressed in thousands of US dollars unless otherwise indicated)

#### NOTE 10 - TAXATION ON INCOME (Continued)

The breakdown of cumulative temporary differences and the resulting deferred tax assets/(liabilities) provided at 30 June 2009 and 31 December 2008 using the enacted tax rates is as follows:

	Cumulative temporary differences		Deferred tax assets/ (liabilities)	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Net difference between the tax base and the carrying value of inventories	(562)	1,154	112	(231)
Diminishing in value of inventories	(262)	(453)	52	91
Accrued income	(221)	281	44	(56)
Provision for doubtful receivables	(213)	86	43	(17)
Provision for employment termination benefits	(123)	(89)	25	18
Net difference between the tax base and the carrying value of property and equipment and intangible assets	1,421	1,480	(284)	(296)
Other	226	16	(54)	(4)
<b>Deferred income tax liabilities, net</b>			<b>(62)</b>	<b>(495)</b>

#### NOTE 11 - BANK BORROWINGS

The analysis bank borrowings at 30 June 2009 and 31 December 2008 is as follows:

30 June 2009		
Short-term bank borrowings	Interest rate	USD equivalent
Borrowings in USD (cash)	4.80% - 5.20%	7,189
Borrowings in USD (letter of credit )	1.80% - 4.50%	3,429
Borrowings Turkish Lira	10.7%	981
<b>Total short-term bank borrowings</b>		<b>11,599</b>

The bank borrowings at 30 June 2009 include the Company's payables to financial institutions amounting to USD 3,429 in respect of letter of credits issued by such financial institutions for international trade transactions (31 December 2008: USD 10,892).

## ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2009

(Amounts expressed in thousands of US dollars unless otherwise indicated)

#### NOTE 11 - BANK BORROWINGS (Continued)

31 December 2008

Short-term bank borrowings	Interest rate	USD equivalent
Borrowings in USD (cash)	4.5% - 5.2%	15,177
Borrowings in USD (letter of credit)	2.9% - 5.0%	10,892
Borrowings Turkish Lira	22.5%	1,323
<b>Total short-term bank borrowings</b>		<b>27,392</b>

#### NOTE 12 - TRADE PAYABLES

The analysis of trade payables at 30 June 2009 and 31 December 2008 is as follows:

	30 June 2009	31 December 2008
Trade payables	34,462	31,547
Notes payable	5,993	4,774
Other	552	578
<b>Total trade payables</b>	<b>41,007</b>	<b>36,899</b>

#### NOTE 13 - OTHER CURRENT LIABILITIES

The analysis of other current liabilities at 30 June 2009 and 31 December 2008 is as follows:

	30 June 2009	31 December 2008
Accrued expenses	5,378	3,031
Advances received	1,092	849
Taxes and funds payable	829	1,085
Social security premiums payable	101	106
Deferred revenue	61	1,839
Other	5	19
<b>Total other current liabilities</b>	<b>7,466</b>	<b>6,929</b>

The deferred revenue at 30 June 2009 and 31 December 2008 represent goods invoiced to customers which were not dispatched as of the balance sheet date.

## ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2009

(Amounts expressed in thousands of US dollars unless otherwise indicated)

#### NOTE 14 - SHARE CAPITAL

At 30 June 2009 and 31 December 2008, the Company's share capital and shareholding structure in terms of Turkish Lira is as follows:

	<b>30 June 2009</b>		<b>31 December 2008</b>	
	<b>Share (%)</b>	<b>TL</b>	<b>Share (%)</b>	<b>TL</b>
İzi Kohen	18.88	6,040,000	18.88	3,020,000
Mehmet Betil	17.48	5,596,000	17.48	2,798,000
Ahmet Umur Serter	11.12	3,558,000	11.12	1,779,000
Alvi Mazon	11.12	3,558,000	11.12	1,779,000
Other	3.19	1,019,280	3.19	509,640
Public quotation	38.21	12,228,720	38.21	6,114,360
<b>Total</b>	<b>100.00</b>	<b>32,000,000</b>	<b>100.00</b>	<b>16,000,000</b>

In the Board of Directors' meeting dated 24 April 2009, it was decided to increase the share capital of the Company from TL 16.000.000 to TL 32.000.000. The capital increase was all non-cash and funded by the retained earnings. The capital increase has been approved by the Capital Markets Board of Turkey as of 30 June 2009.

#### NOTE 15 - NET SALES AND COST OF SALES

The analysis of sales for the six and three-month periods ended 30 June 2009 and 2008 is as follows:

	<b>1 January - 30 June 2009</b>	<b>1 April - 30 June 2009</b>
Domestic and foreign sales	211,445	116,647
Other sales	1,862	629
Sales discounts and returns	(5,151)	(2,624)
<b>Net sales</b>	<b>208,156</b>	<b>114,652</b>
<b>Cost of sales</b>	<b>(192,034)</b>	<b>(105,116)</b>
<b>Gross profit</b>	<b>16,122</b>	<b>9,536</b>

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### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2009

(Amounts expressed in thousands of US dollars unless otherwise indicated)

#### NOTE 15 - NET SALES AND COST OF SALES (Continued)

	<b>1 January - 30 June 2008</b>	<b>1 April - 30 June 2008</b>
Domestic and foreign sales	281,800	127,423
Other sales	1,189	646
Sales discounts and returns	(10,639)	(6,239)
<b>Net sales</b>	<b>272,350</b>	<b>121,830</b>
<b>Cost of sales</b>	<b>(255,426)</b>	<b>(113,506)</b>
<b>Gross profit</b>	<b>16,924</b>	<b>8,324</b>

#### NOTE 16 - OPERATING EXPENSES

The analysis of operating expenses for the six and three-month periods ended 30 June 2009 and 2008 is as follows:

	<b>1 January - 30 June 2009</b>	<b>1 April - 30 June 2009</b>
Personnel expenses	3,503	1,994
Distribution expenses	842	451
Provision for receivables impairment (Note 5)	616	517
Depreciation and amortization expenses	489	244
Rent expenses	466	229
Consulting expenses	152	42
Utilities	101	42
Cargo expenses	70	37
Other	1,026	535
<b>Total</b>	<b>7,265</b>	<b>4,091</b>

## ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2009

(Amounts expressed in thousands of US dollars unless otherwise indicated)

#### NOTE 16 - OPERATING EXPENSES (Continued)

	1 January - 30 June 2008	1 April - 30 June 2008
Personnel expenses	5,672	2,622
Distribution expenses	1,790	827
Provision for receivables impairment (Note 5)	647	392
Depreciation and amortization expenses	457	217
Rent expenses	455	242
Consulting expenses	305	170
Utilities	138	54
Cargo expenses	89	39
Other	1,805	1,099
<b>Total</b>	<b>11,358</b>	<b>5,662</b>

#### NOTE 17 - OTHER OPERATING INCOME AND EXPENSES, NET

The Company signed an agreement in 1999 with CHS Electronics Incorporation, a company incorporated in the United States ("CHS Electronics") and CHS Finance SA, a participation of CHS Electronics in Switzerland, in which the Company gave an option to CHS Electronics to acquire the majority shareholding of the Company and CHS Finance agreed to renounce the principle and accrued interest of the loan at an amount of USD 1,266 which had been previously provided to the Company. Upon the signing of the agreement, the Company wrote off this loan and the related accrued interest payable and recognised USD 1,266 as income in 1999.

However, the legal attorneys of CHS Finance filed for bankruptcy and claimed that the person who ratified the agreement did not have the legal capacity to represent CHS Finance with his sole signature as at the date of the agreement and therefore the outstanding principle and the accrued interest until the date of the payment should be paid back to CHS Finance by the Company. Thereupon, the legal attorneys of CHS Finance began legal action against the Company in order to collect the debt together with its accumulated interest. Two lawsuits against the Company, one in Turkey and one in Switzerland, were started in 2001. The former one resulted in favour of the Company due to the fact that the case was not filed procedurally at the right time; it is currently at the appeal stage. The lawsuit in Switzerland resulted in favour of CHS Finance on 23 September 2004. Subsequently, the decision was approved by the Supreme Court in Switzerland on 15 April 2005, ruling that the Company pay the principle amounting to USD 1,200 together with its accumulated interest at 7.75% per annum. Consequently, the lawsuit was concluded before the Switzerland Federal Court as of the date these statements were prepared. However, in order for verdicts by Swiss courts to be valid and enforceable in Turkey, they have to undergo a recognition process subject to a lawsuit and an executory process.

On 5 July 2006 the Company was informed that CHS Finance SA bankruptcy agency started a lawsuit in Turkey asserting that ruling in Switzerland is definite evidence of the lawsuit therefore should be enforced in Turkey.

## ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2009

(Amounts expressed in thousands of US dollars unless otherwise indicated)

#### NOTE 17 - OTHER OPERATING INCOME AND EXPENSES, NET (Continued)

The first ruling in Turkey resulted in favour of the Company on 21 September 2006; however CHS Finance SA bankrupt agency appealed the ruling. On 28 June 2007, the Supreme Court ruled approved the first ruling.

CHS Finance SA bankruptcy agency applied to the Supreme Court and demanded the correction of the verdict. However, the application of CHS Finance SA bankruptcy agency was disapproved by the Supreme Court on 20 March 2008.

Based on the rulings of the local court and the Supreme Court, it is determined that the Company does not have a legal obligation. Accordingly, the reversal of litigation provision amounting to USD 2,067 is recognised as other operating income.

#### NOTE 18 - FINANCIAL INCOME AND EXPENSES, NET

The analysis of financial income and expenses for the six and three-month periods ended 30 June 2009 and 2008 is as follows:

	<b>1 January - 30 June 2009</b>	<b>1 April - 30 June 2009</b>
Commission on credit card sales	1,290	827
Interest expenses	516	335
Foreign exchange (gains)/losses	(633)	(442)
Other	208	(32)
<b>Financial (income)/expenses, net</b>	<b>1,381</b>	<b>688</b>

  

	<b>1 January - 30 June 2008</b>	<b>1 April - 30 June 2008</b>
Interest expenses	2,105	926
Commission on credit card sales	1,218	661
Foreign exchange (gains)/losses	1,174	684
Other	760	256
<b>Financial (income)/expenses, net</b>	<b>5,257</b>	<b>2,527</b>

## ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2009

(Amounts expressed in thousands of US dollars unless otherwise indicated)

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#### NOTE 19 - COMMITMENTS AND CONTINGENT LIABILITIES

The commitments and contingencies, at 30 June 2009 and 31 December 2008, from which the management does not anticipate any significant losses or liabilities are summarised below:

	30 June 2009	31 December 2008
Letter of guarantees given	21,668	10,610

#### NOTE 20 - FINANCIAL RISK MANAGEMENT

##### Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

##### *i) Cash flow and fair value interest rate risk*

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities.

##### *ii) Credit risk*

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. The Company closely monitors its customers and the risks are monitored by limiting the aggregate risk to any individual counterparty. The Company secures a portion of its receivables through the use of factoring arrangements. The Company also obtains guarantees from its customers (Note 5) as another mean of securing its receivables.

##### *iii) Foreign currency risk*

As disclosed in Note 2, the Company's functional currency is the US dollar, based on the fact that a significant portion of its sales and purchases are denominated and settled in that currency. As a result of US dollar denomination of sales and purchases, consequently trade receivables and trade payables, the Company is not significantly exposed to changes in foreign currencies.

As the functional currency of the Company is US dollar, the Company monitors its foreign exchange risk by analysing the Turkish Lira denominated assets and liabilities. The Company defines the foreign currency risk as the mismatch between Turkish Lira denominated assets and liabilities. The Company does not use derivative financial instruments to hedge foreign currency risk.

The Company's foreign currency risk (open exposure) is monitored by the management on a weekly and where necessary on a daily basis. The objective of the management is to limit the open exposure under levels determined by the Board of Directors.

## ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2009

(Amounts expressed in thousands of US dollars unless otherwise indicated)

#### NOTE 20 - FINANCIAL RISK MANAGEMENT (Continued)

US dollar equivalent of assets and liabilities denominated in foreign currency held by the Company at 30 June 2009 and 31 December 2008 is as follows:

<b>Foreign currency position:</b>	<b>30 June 2009</b>	<b>31 December 2008</b>
Assets	43,458	53,571
Liabilities	(54,152)	(61,277)
<b>Net foreign currency position</b>	<b>(10,694)</b>	<b>(7,706)</b>

The inventories at 30 June 2009 amounted to USD 34,492 and the Company management takes into account the current foreign currency exchange rates while setting the sales prices of trade goods (31 December 2008: USD 30,618).

As the functional currency of the Company is US dollar, the Company defines the foreign currency risk as the mismatch between Turkish Lira denominated assets and liabilities and monitors its exposure accordingly.

US dollar equivalent of assets and liabilities denominated in Turkish Lira held by the Company at 31 December 2009 and 2008 is as follows:

<b>Turkish Lira position:</b>	<b>30 June 2009</b>	<b>31 December 2008</b>
Assets	11,736	9,668
Liabilities	(7,344)	(10,497)
<b>Net Turkish Lira position</b>	<b>4,392</b>	<b>(829)</b>

## ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2009

(Amounts expressed in thousands of US dollars unless otherwise indicated)

#### NOTE 20 - FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency position:	30 June 2009	
	Original currency	USD equivalent
Cash and cash equivalents	USD	5,393
	EUR	1,518
Trade receivables and other current assets	USD	35,726
	EUR	821
		<b><u>43,458</u></b>
Short-term bank borrowings	USD	10,618
Trade payables and due to related parties	USD	34,968
	EUR	2,462
Other current liabilities and income taxes payable	USD	6,100
	EUR	4
		<b><u>54,152</u></b>
	31 December 2008	
Foreign currency position:	Original currency	USD equivalent
Cash and due from banks	USD	6,510
	EUR	313
Trade receivables and other current assets	USD	44,310
	EUR	2,438
		<b><u>53,571</u></b>
Short-term bank borrowings	USD	26,069
Trade payables and due to related parties	USD	29,623
	EUR	2,042
Other current liabilities and income taxes payable	USD	3,543
		<b><u>61,277</u></b>



## ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION AT 30 JUNE 2009

(Amounts expressed in thousands of US dollars unless otherwise indicated)

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#### NOTE 20 - FINANCIAL RISK MANAGEMENT (Continued)

##### *iv) Liquidity risk*

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

Due to the dynamic nature of the underlying businesses, the Company maintains flexibility in funding by maintaining availability under available credit lines. As at 30 June 2009, the Company has USD 167 million available credit line from financial institutions.

##### **Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may pay out dividends, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings, accounts payable and due to related parties, as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the balance sheet, plus net debt. The gearing ratios at 30 June 2009 and 31 December 2008 were as follows:

	<b>30 June 2009</b>	<b>31 December 2008</b>
Total borrowings	53,015	64,410
Less: cash and cash equivalents (Note 4)	(9,667)	(10,910)
Net debt	43,348	53,500
Total equity	34,178	28,139
Total capital	77,526	81,639
<b>Gearing ratio</b>	<b>0.56</b>	<b>0.66</b>

The Company's strategy is to maintain a gearing ratio within 50% to 80%.

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