

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

**CONDENSED UNAUDITED FINANCIAL STATEMENTS
AT 31 MARCH 2009**

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

CONDENSED UNAUDITED FINANCIAL STATEMENTS AT 31 MARCH 2009

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ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

CONDENSED INTERIM BALANCE SHEET AT 31 MARCH 2009

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

	Note	31 March 2009	31 December 2008
ASSETS			
Current assets:			
Cash and due from banks	4	6,584	10,910
Trade receivables	5	42,568	51,740
Due from related parties	6	1	-
Inventories	7	27,610	30,618
Assets classified as held for sale		609	64
Other current assets	8	6,725	525
Total current assets		84,097	93,857
Non-current assets:			
Trade receivables		1	1
Property and equipment, net	9	5,123	5,338
Intangible assets, net		184	181
Other non-current assets		1,098	1,121
Total non-current assets		6,406	6,640
Total assets		90,503	100,497

These financial statements have been approved by Board of Directors on 24 April 2009.

The notes on pages 6 to 21 form an integral part of this condensed interim financial statements.

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

CONDENSED INTERIM BALANCE SHEET AT 31 MARCH 2009

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

	Note	31 March 2009	31 December 2008
LIABILITIES AND EQUITY			
Current liabilities:			
Bank borrowings	11	16,797	27,392
Trade payables	12	35,252	36,899
Due to related parties	6	32	119
Income taxes payable	10	911	435
Other current liabilities	13	6,955	6,929
Total current liabilities		59,947	71,774
Non-current liabilities:			
Provision for employment termination benefits		107	89
Deferred tax liabilities	10	667	495
Other non-current liabilities			
Total non-current liabilities		774	584
Total liabilities		60,721	72,358
Equity:			
Share capital	14	12,023	12,023
Share premium		55	55
Retained earnings		17,704	16,061
Total equity		29,782	28,140
Total liabilities and equity		90,503	100,497

The notes on pages 6 to 21 form an integral part of this condensed interim financial statements.

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2009 AND 2008

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

	Note	31 March 2009	31 March 2008
Sales	15	93,504	150,708
Cost of goods sold	15	(86,919)	(142,098)
Gross profit		6,585	8,610
Operating expenses	16	(3,174)	(5,702)
Other operating income/(expenses), net	17	7	2,073
Operating profit		3,418	4,981
Financial income/(expenses), net	18	(693)	(2,732)
Profit before income tax		2,725	2,249
Income tax expense	10	(1,082)	(565)
Profit for the period		1,643	1,684
Earnings per share in full US dollar - thousands of ordinary shares		1,03	1,05

The notes on pages 6 to 21 form an integral part of this condensed interim financial statements.

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE
THREE-MONTH PERIODS ENDED 31 MARCH 2009 AND 2008**

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

	Share capital	Share premium	Retained earnings	Total equity
Balance at 1 January 2008	12,023	55	17,493	29,571
Dividends paid	-	-	-	-
Profit for the period	-	-	1,684	1,684
Balance at 31 March 2008	12,023	55	19,177	31,255
Balance at 1 January 2009	12,023	55	16,061	28,139
Dividends paid	-	-	-	-
Profit for the period	-	-	1,643	1,643
Balance at 31 March 2009	12,023	55	17,704	29,782

The notes on pages 6 to 21 form an integral part of this condensed interim financial statements.

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.**CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2009 AND 2008**

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

	Note	31 March 2009	31 March 2008
Profit before income taxes		2,725	2,249
Adjustments for:			
Interest expenses, credit card commissions and other financial expenses	18	414	2,264
Provision for doubtful receivables	5	99	23
Depreciation and amortisation	16	245	226
Diminishing in value of inventories		81	193
Employment termination benefits		18	(2)
(reversal of litigation provision) / litigation charge	17	-	(2,073)
Other		19	(2)
Changes in working capital:			
Decrease /(increase) in trade receivables		9,035	13,971
Decrease /(increase) in inventories		2,927	(3,292)
Decrease /(increase) in other assets		(6,705)	(195)
Decrease /(increase) in trade payables		(1,734)	(15,053)
Decrease /(increase) in due to related parties			(710)
Decrease /(increase) in other current liabilities		26	(1,068)
Income taxes paid		(435)	(59)
Net cash provided by / (used in) operating activities		6,716	(3,527)
Cash flows from investing activities:			
Purchase of property, equipment and intangible assets		(34)	(198)
Net cash used in investing activities		(34)	(198)
Cash flows from financing activities:			
(Decrease)/increase in bank borrowings		(10,620)	18,795
Dividends paid		-	-
Interest expenses, credit card commissions and other financial expenses paid		(389)	(1,643)
Net cash (used in) / provided by financing activities		(11,008)	17,152
Net increase / (decrease) in cash and cash equivalents		(4,326)	12,871
Cash and cash equivalents at the beginning of period	4	10,910	6,352
Cash and cash equivalents at the end of period	4	6,584	19,224

The notes on pages 6 to 21 form an integral part of this condensed interim financial statements.

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 2009

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

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 and peripherals. The Company purchases the merchandise from domestic and international suppliers and sells them in the domestic Turkish market 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 (ISE). As of 31 March 2009, 38,21 % of the Company’s shares are publicly traded in ISE.

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 STATEMENTS

This condensed interim financial statements for the half year ended 31 March 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 prepare 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 shareholders’ 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 STATEMENTS AT 31 MARCH 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 31 March 2009 and 31 December 2008 is as follows:

	31 March 2009	31 December 2008
Cash	7	23
Due from banks		
- demand deposits in Turkish Lira	171	179
- demand deposits in foreign currency	-	2,120
- time deposits in Turkish Lira	5,208	2,638
- time deposits in foreign currency	100	4,700
Credit card receivables	1,097	1,250
Total	6,584	10,910

NOTE 5 - TRADE RECEIVABLES

The analysis of trade receivables at 31 March 2009 and 31 December 2008 is as follows:

	31 March 2008	31 December 2008
Trade receivables	26,198	27,970
Cheques and notes receivable	19,289	26,798
Less: provision for receivables impairment	(2,919)	(3,028)
Total	42,568	51,740

The movements in the provision for impairment of receivables for the three-month periods ended 31 March 2009 and 2008 is as follows:

	31 March 2009	31 March 2008
Balance at 1 January	3,028	1,808
Provision for receivables impairment	(109)	(20)
Balance at 31 March	2,919	1,788

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 2009

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

NOTE 5 - TRADE RECEIVABLES (Continued)

As of 31 March 2009, accounts receivables of USD 1,009 (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:

	31 March 2008	31 December 2008
Up to 1 month	894	1,317
1 to 2 months	112	28
2 to 3 months	3	31
Over 3 months	0.1	25
Total	1,009	1,401

The Company obtained the following collaterals for its trade receivables:

	31 March 2009	31 December 2008
Guarantee notes, cheques and letters of guarantee	6,778	5,931
Mortgages	735	1,041
Total	7,513	6,972

NOTE 6 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

a) Due from related parties:	31 March 2009	31 December 2008
Armada Bilgisayar Sistemleri Sanayi ve Ticaret A.Ş. ("Armada")	1	-

b) Due to related parties:	31 March 2009	31 December 2008
Armada Bilgisayar Sistemleri Sanayi ve Ticaret A.Ş. ("Armada")	32	119

ii) Major sales to related parties and purchases from related parties for the nine and three-month periods ended 31 March 2009 and 2008 were as follows:

a) Sales to related parties:	31 March 2009	31 March 2008
Armada	38	102

b) Purchases from related parties:	31 March 2009	31 March 2008
Armada	211	611

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 2009

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

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

- iii) Remuneration of directors and key management personnel for the three-month period ended 31 March 2009 amounted to USD 278 (31 March 2008: USD 775).

NOTE 7 - INVENTORIES

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

	31 March 2009	31 December 2008
Trade goods	27,445	30,680
Goods in transit	537	390
Sample goods	0	1
Less: diminishing in value of inventories	(371)	(453)
Total	27,610	30,618

NOTE 8 - OTHER CURRENT ASSETS

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

	31 March 2009	31 December 2008
Value Added Tax ("VAT") deductible	202	0
Advances given	5,585	280
Prepaid expenses	215	194
Guarantees given to the customs administration and prepaid withholding tax	609	25
Other	115	25
Total	6,725	525

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 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 three-month periods ended 31 March 2009 and 2008 were as follows:

	1 January 2009	Additions	Disposals	31 March 2009
Cost:				
Furniture and fixtures	3,123	21	26	3,118
Motor vehicles	25	-	-	25
Special costs	5,306	-	10	5,296
Total	8.454	21	36	8.439
Accumulated depreciation:				
Furniture and fixtures	(1,962)	(92)	(25)	(2,028)
Motor vehicles	(14)	(1)	-	(15)
Leasehold improvements	(1,140)	(139)	(7)	(1,272)
Total	(3,116)	(232)	(33)	(3,316)
Net book value	5,338	(212)	3	5,123

	1 January 2008	Additions	Disposals	31 March 2008
Cost:				
Furniture and fixtures	2,885	49	-	2,934
Motor vehicles	25	-	-	25
Special costs	5,001	37	-	5,038
Total	7,911	86	-	7,997
Accumulated depreciation:				
Furniture and fixtures	(1,616)	(84)	-	(1,700)
Motor vehicles	(9)	(1)	-	(10)
Special costs	(602)	(134)	-	(736)
Total	(2,227)	(219)	-	(2,446)
Net book value	5,684	(133)	-	5,551

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 2009

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

NOTE 10 - TAXATION ON INCOME

	31 March 2009	31 December 2008
Corporation and income taxes	911	1,112
Less: prepaid taxes	-	(677)
Income taxes payable, net	911	435

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 corporate tax rate is 20 % (30 % if the entity elects to use investment incentive exemption).

Corporate tax rate is applicable on the total income of the companies after adjusting for certain disallowable expenses, income tax exemptions (participation exemption, investment allowance exemption, etc.) and income tax deductions (for example research and development expenses deduction). No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19.8% on the investment incentive allowance utilized within the scope of the Income Tax Law transitional article 61).

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 corporate 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 year 2004 as these conditions were not fulfilled in the fiscal years 2009,2008,2007,2006 and 2005.

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

Tax returns are open for 5 years from the beginning of the year that follows the date of the 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 Turkish taxation system, 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.

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 2009

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

NOTE 10 - TAXATION ON INCOME (Continued)

The taxation on income for the three month periods ended at 31 March 2009 and 2008 is as follows:

	31 March 2009	31 March 2008
Current income tax expense	911	-
Deferred income tax expense / (credit)	171	565
Income tax expenses	1,082	565

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% (31 December 2008: 20%). The breakdown of the cumulative temporary differences and the resulting deferred tax assets / (liabilities) provided at 31 March 2009 and 31 December 2008 using enacted tax rates are as follows:

	Cumulative temporary differences		Deferred tax assets / (liabilities)	
	31 March 2009	31 December 2008	31 March 2009	31 December 2009
Diminishing in value of inventories	(371)	(453)	74	91
Provision for employment termination benefits	57	(89)	(11)	18
Provision for doubtful receivables	1,120	86	(224)	(17)
Accrued income	(107)	281	21	(56)
Net difference between the tax base and the carrying value of inventories	1,848	1,154	(370)	(231)
Net difference between the tax base and the carrying value of property and equipment and intangible assets	425	1,480	(85)	(296)
Other	363	16	(73)	(4)
Deferred income tax assets / (liabilities),net			(667)	(495)

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 2009

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

NOTE 11 - BANK BORROWINGS

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

31 March 2009

Short-term bank borrowings	Interest rate	USD equivalent
Borrowings in USD (cash)	4,8 - 5,2 %	7,143
Borrowings in USD (letter of credits)	1,8 - 5,0 %	9,565
Borrowings in Turkish Lira	12,80%	89
Total short-term bank borrowings		16,797

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 credits)	2,9 - 5,0 %	10,892
Borrowings in Turkish Lira	22,50%	1,323
Total short-term bank borrowings		27,392

The bank borrowings in USD at 31 March 2009 disclosed above include the Company's payables to financial institutions amounting to USD 9,565 in respect of letter of credits issued by such financial institutions for international trade transactions (31 December 2008 : USD 10,892).

NOTE 12 - TRADE PAYABLES

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

	31 March 2009	31 December 2008
Trade payables	29,219	31,547
Notes payable	5,735	4,774
Other	298	578
Total	35,252	36,899

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 2009

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

NOTE 13 - OTHER CURRENT LIABILITIES

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

	31 March 2009	31 December 2008
Expense accruals	5,523	3,031
Advances received	489	849
Deferred revenue	-	1,839
Taxes and social security premiums payable	935	1,190
Other	8	19
Total current liabilities	6,955	6,929

NOTE 14 - SHARE CAPITAL

The Company's authorised share capital consists of 1,600,000,000 shares with a value of 1 Kuruş ("Kr") at 31 March 2009.

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

	31 March 2009		31 December 2008	
	Share (%)	TL	Share (%)	TL
İzi Kohen	18.88	3,020,000	18.88	3,020,000
Mehmet Betil	17.49	2,798,000	20.67	3,307,640
Ahmet Umur Serter	11.12	1,779,000	11.12	1,779,000
Alvi Mazon	11.12	1,779,000	11.12	1,779,000
Other	3.19	509,640	-	-
Publicly quoted	38.21	6,114,360	38.21	6,114,360
Total	100.00	16,000,000	100.00	16,000,000

NOTE 15 - SALES

The analysis of sales for the nine and three-month periods ended 31 March 2009 and 2008 is as follows:

	31 March 2009	31 March 2008
Domestic and foreign sales	94,800	154,570
Other sales	1,234	543
Sales discounts and returns	(2,530)	(4,405)
Net sales	93,504	150,708
Cost of sales	(86,919)	(142,098)
Gross Profit	6,585	8,610

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 2009

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

NOTE 16 - OPERATING EXPENSES

The analysis of operating expenses for the nine and three-month periods ended 31 March 2009 and 2008 is as follows:

	31 March 2009	31 March 2008
Personnel expenses	1.509	3.038
Distribution expenses	530	1.323
Rent expenses	237	213
Depreciation and amortisation expenses	245	226
Consulting expenses	110	136
Utilities	59	84
Travel expenses	27	74
Communication expenses	22	60
Commission expenses	7	17
Other	429	532
Total	3.174	5.702

NOTE 17 - OTHER OPERATING INCOME/(EXPENSES), NET

The analysis of other operating income and expenses for the three-month period ended 31 March 2009 and 2008 is as follows:

	31 March 2009	31 March 2008
Reversal of litigation provision	-	2,073
Other	7	-
Other operating income/(expenses), net	7	2,073

NOTE 18 - FINANCIAL INCOME / (EXPENSES), NET

The analysis of financial income and expenses for the three-month period ended 31 March 2009 and 2008 is as follows:

	31 March 2009	31 March 2008
Interest expenses	180	1.180
Commission on credit card sales	463	558
Foreign exchange (gains) / losses, net	(190)	490
Other	240	504
Financial (income) / expenses, net	693	2,732

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 2009

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

NOTE 19 - COMMITMENTS AND CONTINGENT LIABILITIES

The commitments and contingencies, from which the management does not anticipate any significant losses or liabilities are summarised below:

	31 March 2009	31 December 2008
Letter of guarantees given	11,905	10,610

NOTE 20 - FINANCIAL RISK MANAGEMENT

20.1 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.

(i) 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 (Note 20), 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.

US dollar equivalent of assets and liabilities denominated in foreign currency (currencies other than Turkish Lira defined as foreign currency for the purpose of the following table) held by the Company at 31 March 2009 and 31 December 2008 is as follows:

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 2009

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

NOTE 20 - FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency position:	31 March 2009	31 December 2008
Assets	47,359	53,571
Liabilities	(52,897)	(61,277)
Net foreign currency position	(5.538)	(7.706)

The inventories at 31 March 2009 amounted to USD 27,610 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 30,619).

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 March 2009 and 31 December 2008 is as follows:

Turkish Lira position:	31 March 2009	31 December 2008
Assets	9,128	9,668
Liabilities	(7,050)	(10,497)
Net Turkish Lira position	2,077	(829)

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.**SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS AT 31 MARCH 2009**

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

NOTE 20 - FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency position:	31 March 2009	
	Original Currency	USD Equivalent
Cash and due from banks	USD	5,219
	EUR	90
Trade receivables and other current assets	USD	41,406
	EUR	644
		<u>47,359</u>
Short-term bank borrowings	USD	16,709
Trade payables and due to related parties	USD	28,914
	EUR	1,573
Other current liabilities	USD	5,678
	EUR	24
		<u>52,897</u>
	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
		<u>53,571</u>
Short-term bank borrowings	USD	26,069
Trade payables and due to related parties	USD	29,623
	EUR	2,042
Other current liabilities	USD	3,543
		<u>61,277</u>

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.**SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS AT 31 MARCH 2009**

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

NOTE 20 - FINANCIAL RISK MANAGEMENT (Continued)

Turkish Lira position:	31 March 2009	
	Original Currency	USD Equivalent
Cash and due from banks	Turkish Lira	1,275
Trade receivables and other current assets	Turkish Lira	7,853
		<u>9,128</u>
Short-term bank borrowings	Turkish Lira	89
Trade payables and due to related parties	Turkish Lira	4,797
Other current liabilities	Turkish Lira	2,165
		<u>7,050</u>
	31 December 2008	
Turkish Lira position:	Original Currency	USD Equivalent
Cash and due from banks	Turkish Lira	4,087
Trade receivables and other current assets	Turkish Lira	5,581
		<u>9,668</u>
Short-term bank borrowings	Turkish Lira	1,323
Trade payables and due to related parties	Turkish Lira	5,353
Other current liabilities	Turkish Lira	3,821
		<u>10,497</u>

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 2009

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

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 31 March 2009, the Company has USD 161,725 million available credit line from financial institutions.

20.2 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 31 March 2009 and 31 December 2008 were as follows:

	31 March 2009	31 December 2008
Total borrowings	52,081	64,410
Less: cash and cash equivalents (Note:4)	(6,584)	(10,910)
Net Debt	45,497	53,500
Total Equity	29,782	28,139
Total capital	75,279	81,639
Gearing ratio	60%	66%

The Company's strategy is to maintain a gearing ratio within 60% to 80%.

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