

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

**CONDENSED UNAUDITED FINANCIAL INFORMATION
AT 30 SEPTEMBER 2008**

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

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CONDENSED INTERIM BALANCE SHEET AT 30 SEPTEMBER 2008

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

	Note	30 September 2008	31 December 2007
ASSETS			
Current assets:			
Cash and due from banks	4	10,877	5,796
Trade receivables	5	64,704	77,435
Due from related parties	6	141	-
Inventories	7	37,855	57,677
Other current assets	8	3,831	11,749
Total current assets		117,408	152,657
Non-current assets:			
Trade receivables	5	1	1
Property and equipment, net	9	5,537	5,683
Intangible assets, net		82	79
Deferred income tax assets	10	-	276
Other non-current assets		1,153	1,055
Total non-current assets		6,773	7,094
Total assets		124,181	159,751

These financial statements have been approved by Board of Directors on 30 October 2008.

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 SEPTEMBER 2008

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

	Note	30 September 2008	31 December 2007
LIABILITIES AND EQUITY			
Current liabilities:			
Bank borrowings	11	40,649	54,791
Trade payables	12	43,591	62,702
Due to related parties	6	7	864
Income taxes payable	10	378	60
Other current liabilities	13	9,069	9,582
Total current liabilities		93,694	128,000
Non-current liabilities:			
Provision for employment termination benefits		114	107
Deferred tax liabilities	10	62	-
Other non-current liabilities		-	2,073
Total non-current liabilities		176	2,180
Total liabilities		93,870	130,180
Equity:			
Share capital	14	12,023	12,023
Share premium		55	55
Retained earnings		18,233	17,493
Total equity		30,311	29,571
Total liabilities and equity		124,181	159,751

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 INCOME FOR THE NINE AND THREE-MONTH PERIODS ENDED 30 SEPTEMBER 2008 AND 2007

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

	Note	1 January - 30 September 2008	1 July - 30 September 2008	1 January - 30 September 2007	1 July - 30 September 2007
Sales	15	401,598	127,509	363,492	123,193
Cost of goods sold		(375,404)	(118,346)	(343,489)	(117,115)
Gross profit		26,194	9,163	20,003	6,078
Operating expenses	16	(16,380)	(4,949)	(12,542)	(4,215)
Other operating income/(expenses), net	17	2,073	(186)	(873)	(340)
Operating profit		11,887	4,028	6,588	1,523
Financial income/(expenses), net	18	(6,946)	(1,657)	(836)	125
Profit before income tax		4,941	2,371	5,752	1,648
Income tax expense	10	(1,164)	(500)	(392)	35
Profit for the period		3,777	1,871	5,360	1,683
Earnings per share in full US dollar - thousands of ordinary shares		0.24	0.12	0.33	0.11

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 CHANGES IN EQUITY FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2008 AND 2007**

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

	Share capital	Share premium	Retained earnings	Total equity
Balance at 1 January 2007	12,023	55	11,862	23,940
Dividends paid	-	-	(2,603)	(2,603)
Profit for the period	-	-	5,360	5,360
Balance at 30 September 2007	12,023	55	14,619	26,697
Balance at 1 January 2008	12,023	55	17,493	29,571
Dividends paid	-	-	(3,037)	(3,037)
Profit for the period	-	-	3,777	3,777
Balance at 30 September 2008	12,023	55	18,233	30,311

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 NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2008 AND 2007

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

	Note	30 September 2008	30 September 2007
Profit before income tax		4,891	5,752
Adjustments for:			
Interest expense, credit card commissions and other financial expenses		5,408	2,321
Provision for doubtful receivables		610	311
Diminishing in value of inventories		208	20
Depreciation and amortisation	16	682	291
Employment termination benefits		8	28
(Reversal of litigation provision)/litigation charge	17	(2,052)	70
Other		-	(38)
Changes in working capital:			
Decrease in trade receivables		11,854	(2,593)
Decrease/(increase) in inventories		19,416	(7,891)
Decrease/(increase) in other current assets		7,745	(1,779)
Decrease in trade payables		(18,920)	2,258
(Decrease)/increase in due to related parties		(849)	(342)
(Decrease)/increase in other current liabilities		(1,218)	1,559
Income taxes paid		(63)	(977)
Net cash provided by/(used in) operating activities		27,720	(1,010)
Cash flows from investing activities:			
Purchase of property, equipment and intangible assets		(540)	(4,387)
Net cash used in investing activities		(540)	(4,387)
Cash flows from financing activities:			
(Decrease)/increase in bank borrowings		(13,907)	9,102
Dividends paid		(2,991)	(2,602)
Interest, credit card commissions and other financial expenses paid		(5,017)	(2,053)
Translation differences from financing activities		(17)	-
Net cash (used in)/provided by financing activities		(21,932)	4,447
Translation differences from cash and cash equivalents		148	-
Net decrease in cash and cash equivalents		5,081	(950)
Cash and cash equivalents at beginning of period	4	5,796	5,490
Cash and cash equivalents at end of period	4	10,877	4,540

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 SEPTEMBER 2008

(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 30 September 2008, 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 INFORMATION

This condensed interim financial information for the half year ended 30 September 2008 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 2007.

The Company maintains its books of account and prepare its statutory financial statements (“Statutory Financial Statements”) in New Turkish Lira (“YTL”) 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 INFORMATION AT 30 SEPTEMBER 2008

(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 2007, as described in the annual financial statements for the year ended 31 December 2007.

NOTE 4 - CASH AND DUE FROM BANKS

The analysis of cash and due from banks at 30 September 2008 and 31 December 2007 is as follows:

	30 September 2008	31 December 2007
Cash	47	17
Due from banks		
- demand deposits in New Turkish Lira	1,751	178
- demand deposits in foreign currency	7,977	4,010
Credit card receivables	1,102	1,591
Total	10,877	5,796

NOTE 5 - TRADE RECEIVABLES

The analysis of trade receivables at 30 September 2008 and 31 December 2007 is as follows:

	30 September 2008	31 December 2007
Trade receivables	34,978	46,320
Cheques and notes receivable	32,151	32,923
Less: provision for receivables impairment	(2,425)	(1,808)
Total	64,704	77,435

The movements in the provision for impairment of receivables for the nine-month periods ended 30 September 2008 and 2007 is as follows:

	30 September 2008	30 September 2007
Balance at 1 January	1,710	1,356
Provision for receivables impairment	715	527
Balance at 30 September	2,425	1,883

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION AT 30 SEPTEMBER 2008

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

NOTE 5 - TRADE RECEIVABLES (Continued)

As of 30 September 2008, accounts receivables of USD 672 (2007: USD 1,448) 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 September 2008	31 December 2007
Up to 1 month	566	1.414
1 to 2 months	17	11
2 to 3 months	65	20
Over 3 months	24	3
Total	672	1.448

The Company obtained the following collaterals for its trade receivables:

	30 September 2008	31 December 2007
Guarantee notes, cheques and letters of guarantee	7,152	5,593
Mortgages	260	404
Total	7,412	5,997

Long term trade receivables

The analysis of trade receivables at 30 September 2008 and 31 December 2007 is as follows:

	30 September 2008	31 December 2007
Trade receivables	1	1
Total	1	1

NOTE 6 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

i) Amounts due to related parties at 30 September 2008 and 31 December 2007 were as follows:

a) Due from related parties:	30 September 2008	31 December 2007
Armada Bilgisayar Sistemleri Sanayi ve Ticaret A.Ş. ("Armada")	141	-

b) Due to related parties:	30 September 2008	31 December 2007
Armada Bilgisayar Sistemleri Sanayi ve Ticaret A.Ş. ("Armada")	7	864

ii) Major sales to related parties and purchases from related parties for the nine and three-month periods ended 30 September 2008 and 2007 were as follows:

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SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION AT 30 SEPTEMBER 2008

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

a) Sales to related parties:

	1 January - 30 September 2008	1 July - 30 September 2008
Armada	425	250

	1 January - 30 September 2007	1 July - 30 September 2007
Armada	237	29

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SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION AT 30 SEPTEMBER 2008

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

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

b) Purchases from related parties:

	1 January - 30 September 2008	1 July - 30 September 2008
Armada	919	42

	1 January - 30 September 2007	1 July - 30 September 2007
Armada	3,591	689

- iii) Remuneration of directors and key management personnel for the nine-month period ended 30 September 2008 amounted to USD 1,583 (30 September 2007: USD 1,111).

NOTE 7 - INVENTORIES

The analysis of inventories at 30 September 2008 and 31 December 2007 is as follows:

	30 September 2008	31 December 2007
Trade goods	38,318	57,766
Goods in transit	-	162
Sample goods	4	8
Less: diminishing in value of inventories	(467)	(259)
Total	37,855	57,677

NOTE 8 - OTHER CURRENT ASSETS

The analysis of other current assets at 30 September 2008 and 31 December 2007 is as follows:

	30 September 2008	31 December 2007
Value Added Tax ("VAT") receivable	1,745	9,152
Receivable from tax authorities	94	-
Order advances given	1,664	1,959
Prepaid expenses	220	479
Non-current assets held for sale	67	64
Other	41	95
Total	3,831	11,749

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SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION AT 30 SEPTEMBER 2008

(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 September 2008 and 2007 were as follows:

	1 January 2008	Additions	Transfers	30 September 2008
Cost:				
Furniture and fixtures	2,886	142	-	3,028
Motor vehicles	25	-	-	25
Leasehold improvements	5,002	106	-	5,108
Construction in progress	-	273	-	273
Total	7,913	521	-	8,434
Accumulated depreciation:				
Furniture and fixtures	(1,619)	(257)	-	(1,876)
Motor vehicles	(9)	(4)	-	(13)
Leasehold improvements	(607)	(401)	-	(1,008)
Total	(2,235)	(662)	-	(2,897)
Net book value	(5,678)			(5,537)

	1 January 2007	Additions	Transfers	30 September 2007
Cost:				
Furniture and fixtures	1,863	212	-	2,075
Motor vehicles	25	-	-	25
Leasehold improvements	-	-	-	-
Construction in progress	1,146	2,663	-	3,809
Total	3,034	2,875	-	5,909
Accumulated depreciation:				
Furniture and fixtures	(1,429)	(117)	-	(1,546)
Motor vehicles	(5)	(4)	-	(9)
Total	(1,434)	(121)	-	(1,555)
Net book value	(1,600)			(4,354)

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION AT 30 SEPTEMBER 2008

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

NOTE 10 - TAXATION ON INCOME

	30 September 2008	31 December 2007
Corporation and income taxes	1,266	939
Less: prepaid taxes	(888)	(879)
Income taxes payable, net	378	60

Corporate Income Tax Law numbered 5520 has been approved by the Turkish General Assembly on 13 June 2006 and published in the official gazette dated 21 June 2006. With the law numbered 5520, the corporate income tax and advance corporate income tax rate is decreased to 20% (31 December 2007: 20%).

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid 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.

Advance corporate income tax is payable 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. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

In accordance with Tax Law No.5024 "Law Related to Changes in Tax Procedural Law, Income Tax Law and Corporate Tax Law" that was published in the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004, the income and corporate taxpayers are required to prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish lira. In accordance with the aforementioned law, the cumulative inflation rate for the last 36 months and inflation rate for the last 12 months must exceed 100% and 10% respectively (increase rate of wholesale price index published by the State Institute of Statistics) to apply inflation accounting. Since these conditions were not fulfilled in year 2005, no inflation adjustment has been performed.

Until 31 December 2005, capital expenditures, with some exceptions, over YTL 10,000 were eligible for an investment incentive allowance of 40%, which was deductible from taxable income prior to calculation of the corporate income tax, without the requirement of an investment incentive certificate and the amount of allowance was not subject to withholding tax. Investment allowances utilized within the scope of investment incentive certificates granted prior to 24 April 2003 were subject to withholding tax at the rate of 19.8%, irrespective of profit distribution. This Investment incentive allowance application is abolished with Tax Law No.5479 on 30 March 2006. Under new law the taxpayers that have investment allowance rights obtained under the scope of the previous provisions valid before 24 April 2003 and the provisions of the amended article 19 of the Income Tax Law (amended with Law no. 4842) that were effective until 31 December 2005, will be able to utilise their investment allowance rights only for their income generated in the years 2006, 2007, and 2008.

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION AT 30 SEPTEMBER 2008

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

NOTE 10 - TAXATION ON INCOME (Continued)

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 15th of the fourth month following the close of the financial year to which they relate.

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 cannot be carried back to offset profits from previous periods.

The taxation on income for the nine and three-month periods ended 30 September 2008 and 2007 are as follows:

	1 January - 30 September 2008	1 July - 30 September 2008
Current	(1.266)	(766)
Deferred	102	266
Income tax expense	(1.164)	(500)

	1 January - 30 September 2007	1 July - 30 September 2007
Current	(1.167)	(663)
Deferred	775	698
Income tax expense	(392)	35

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 coming years under the liability method using a principal tax rate of 20% (31 December 2007: 20%).

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SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION AT 30 SEPTEMBER 2008

(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 income tax assets/(liabilities) provided at 30 September 2008 and 31 December 2007 using the enacted tax rates are as follows:

	Cumulative temporary differences		Deferred income tax assets/(liabilities)	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007
Diminishing in value of inventories	(467)	(259)	93	52
Provision for doubtful receivables	287	(257)	57	51
Net difference between the tax base and the carrying value of inventories	206	(883)	(41)	177
Provision for employment termination benefits	115	(107)	23	21
Net difference between the tax base and the carrying value of property and equipment and intangible assets	541	201	(108)	(40)
Accrued income	387	-	(77)	-
Other	43	(74)	(9)	15
Deferred income tax assets/(liabilities), net			(62)	276

NOTE 11 - BANK BORROWINGS

The analysis bank borrowings at 30 September 2008 and 31 December 2007 is as follows:

30 September 2008

Short-term bank borrowings	Interest rate	USD equivalent
Borrowings in USD	4.5 – 6.96%	38,335
Borrowings in New Turkish Lira	18.74 – 18.80 %	2,314
Total short-term bank borrowings		40,649

The bank borrowings at 30 September 2008 include the Company's payables to financial institutions amounting to USD 12,235 in respect of letter of credits issued by such financial institutions for international trade transactions (31 December 2007: USD 20,361).

31 December 2007

Short-term bank borrowings	Interest rate	USD equivalent
Borrowings in USD	4.0 – 8.0%	50,498
Borrowings in New Turkish Lira	16.0 – 17.0%	4,293
Total short-term bank borrowings		54,791

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION AT 30 SEPTEMBER 2008

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

NOTE 12 - TRADE PAYABLES

The analysis of trade payables at 30 September 2008 and 31 December 2007 is as follows:

	30 September 2008	31 December 2007
Trade payables	32,261	48,409
Notes payable	10,635	13,424
Other	695	869
Total	43,591	62,702

NOTE 13 - OTHER CURRENT LIABILITIES

The analysis of other current liabilities at 30 September 2008 and 31 December 2007 is as follows:

	30 September 2008	31 December 2007
Expense accruals	5,366	6,260
Taxes and funds payable	630	1,213
Advances received	2,724	573
Social security premiums payable	338	183
Deferred revenue (*)	-	1,344
Other	11	9
Total current liabilities	9,069	9,582

(*) The deferred revenue at 30 September 2008 and 31 December 2007 represent goods invoiced to customers which were not dispatched as of the balance sheet date.

NOTE 14 - SHARE CAPITAL

The Company's authorised share capital consists of 1,600,000,000 shares with a value of 1 New Kuruş ("YKr") at 30 September 2008.

At 30 September 2008 and 31 December 2007, the Company's share capital and shareholding structure in terms of New Turkish Lira is as follows:

	30 September 2008		31 December 2007	
	Share (%)	YTL	Share (%)	YTL
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	-	-
Public quotation	38.21	6,114,360	38.21	6,114,360
Total	100.00	16,000,000	100.00	16,000,000

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION AT 30 SEPTEMBER 2008

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

NOTE 15 - SALES

The analysis of sales for the nine and three-month periods ended 30 September 2008 and 2007 is as follows:

	1 January - 30 September 2008	1 July - 30 September 2008
Domestic and foreign sales	413,489	129,889
Other sales	2,098	902
Sales discounts and returns	(13,989)	(3,282)
Net sales	401,598	127,509

	1 January - 30 September 2007	1 July - 30 September 2007
Domestic and foreign sales	376,223	126,944
Other sales	412	124
Sales discounts and returns	(13,143)	(3,875)
Net sales	363,492	123,193

NOTE 16 - OPERATING EXPENSES

The analysis of operating expenses for the nine and three-month periods ended 30 September 2008 and 2007 is as follows:

	1 January - 30 September 2008	1 July - 30 September 2008
Personnel expenses	8,385	2,677
Distribution expenses	2,600	798
Depreciation and amortization expenses	688	229
Rent expenses	697	239
Consulting expenses	456	149
Travel expenses	213	60
Utilities	208	69
Communication expenses	166	50
Commission expenses	81	23
Other	2,886	655
Total	16,380	4,949

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION AT 30 SEPTEMBER 2008

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

NOTE 16 - OPERATING EXPENSES (Continued)

	1 January - 30 September 2007	1 July - 30 September 2007
Personnel expenses	6,542	2,172
Distribution expenses	2,023	695
Rent expenses	518	188
Consulting expenses	367	118
Commission expenses	265	69
Utilities	188	44
Travel expenses	209	68
Depreciation and amortization expenses	277	147
Communication expenses	150	58
Other	2,003	656
Total	12,542	4,215

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

The analysis of other operating income and expenses for the nine and three-month periods ended 30 September 2008 and 2007 is as follows:

	1 January - 30 September 2008	1 July - 30 September 2008
Reversal of litigation provision	2,073	(8)
Other	0	(178)
Other operating income/(expenses), net	2,073	(186)

	1 January - 30 September 2007	1 July - 30 September 2007
Litigation charge (*)	(70)	(22)
Other	(803)	(318)
Other operating income/(expenses), net	(873)	(340)

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.

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SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION AT 30 SEPTEMBER 2008

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

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

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.

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 2,073 is recognised as other operating income.

NOTE 18 - FINANCIAL INCOME / (EXPENSES), NET

The analysis of financial income and expenses for the nine and three-month periods ended 30 September 2008 and 2007 is as follows:

	1 January - 30 September 2008	1 July - 30 September 2008
Interest expenses	(2,924)	(806)
Commission on credit card sales	(1,989)	(763)
Foreign exchange gains/(losses), net	(1,162)	20
Other	(871)	(108)
Financial expenses, net	(6,946)	(1,657)

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION AT 30 SEPTEMBER 2008

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

NOTE 18 - FINANCIAL INCOME / (EXPENSES), NET (Continued)

	1 January - 30 September 2007	1 July - 30 September 2007
Interest expenses	(887)	(417)
Commission on credit card sales	(1,233)	(415)
Foreign exchange gains/(losses), net	1,753	1,095
Other	(469)	(138)
Financial expenses, net	(836)	125

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:

	30 September 2008	31 September 2007
Letter of guarantees given	13,492	13,805

Mortgages and letters of guarantees obtained at 30 September 2008 and 31 December 2007 were as follows:

	30 September 2008	31 September 2007
Mortgages taken	260	404
Letter of guarantees taken	7,153	5,593

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.

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SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION AT 30 SEPTEMBER 2008

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

NOTE 20 - FINANCIAL RISK MANAGEMENT (Continued)

(i) 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 New Turkish Lira denominated assets and liabilities. The Company defines the foreign currency risk as the mismatch between New 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 New Turkish Lira defined as foreign currency for the purpose of the following table) held by the Company at 30 September 2008 and 31 December 2007 is as follows:

Foreign currency position:	30 September 2008	31 December 2007
Assets	64,809	74,558
Liabilities	(79,790)	(113,863)
Net foreign currency position	(14,981)	(39,305)

The inventories at 30 September 2008 amounted to USD 37,855 and the Company management takes into account the current foreign currency exchange rates while setting the sales prices of trade goods (31 December 2007: USD 57,677).

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

US dollar equivalent of assets and liabilities denominated in New Turkish Lira held by the Company at 30 September 2008 and 31 December 2007 is as follows:

New Turkish Lira position:	30 September 2008	31 December 2007
Assets	14.524	20.422
Liabilities	(14.067)	(16.316)
Net New Turkish Lira position	457	4.106

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

NOTE 20 - FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency position:	30 September 2008	
	Original currency	USD equivalent
Cash and due from banks	USD	6,264
	EUR	1,743
	GBP	1
	CHF	0
Trade receivables and other current assets	USD	53,674
	EUR	3,127
Total		64,809
Short-term bank borrowings	USD	38,335
Trade payables and due to related parties	USD	29,729
	EUR	6,128
Other current liabilities	USD	5,593
	EUR	5
Total		79,790

Foreign currency position:	31 December 2007	
	Original currency	USD equivalent
Cash and due from banks	USD	3,948
	EUR	70
Trade receivables and other current assets	USD	69,052
	EUR	1,488
		74,558
Short-term bank borrowings	USD	50,498
Trade payables and due to related parties	USD	53,907
	EUR	2,372
Other current liabilities	USD	5,013
Other non-current liabilities	USD	2,073
		113,863

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.**SELECTED NOTES TO THE CONDENSED INTERIM
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NOTE 20 - FINANCIAL RISK MANAGEMENT (Continued)

New Turkish Lira position:	30 September 2008	
	Original currency	USD equivalent
Cash and due from banks	New Turkish Lira	2.869
Trade receivables and other current assets	New Turkish Lira	11.655
Total		14.524
Short-term bank borrowings	New Turkish Lira	2.314
Trade payables and due to related parties	New Turkish Lira	7.790
Other current liabilities and income taxes payable	New Turkish Lira	3.848
Provision for employment termination benefits	New Turkish Lira	115
Total		14.067

New Turkish Lira position:	31 December 2007	
	Original currency	USD equivalent
Cash and due from banks	New Turkish Lira	1,778
Trade receivables and other current assets	New Turkish Lira	18,644
		<u>20,422</u>
Short-term bank borrowings	New Turkish Lira	4,293
Trade payables and due to related parties	New Turkish Lira	7,287
Other current liabilities and income taxes payable	New Turkish Lira	4,629
Provision for employment termination benefits	New Turkish Lira	107
		<u>16,316</u>

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

NOTE 20 - FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (continued)

(ii) 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.

(iii) 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 Direct Debit System (“DDS”). The banks provide credit limits for the Company’s customers through DDS and the Company collects its receivable from the bank when due. The Company also obtains guarantees from its customers (Note 5) as another mean of securing its receivables.

(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 September 2008, the Company has USD 169 million available credit line from financial institutions.

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SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION AT 30 SEPTEMBER 2008

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

NOTE 20 - FINANCIAL RISK MANAGEMENT (Continued)

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 September 2008 and 31 December 2007 were as follows:

	30 September 2008	31 December 2007
Total borrowings	84,247	118,357
Less: cash and cash equivalents (Note 4)	(10,877)	(5,796)
Net debt	73,370	112,561
Total equity	30,311	29,571
Total capital	103,681	142,132
Gearing ratio	71%	79%

The Company's strategy is to maintain a gearing ratio within 70% to 80%.

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