

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

**CONDENSED UNAUDITED INTERIM FINANCIAL INFORMATION
AT 30 SEPTEMBER 2009**

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

**CONDENSED UNAUDITED INTERIM FINANCIAL INFORMATION
AT 30 SEPTEMBER 2009**

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ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

**CONDENSED UNAUDITED INTERIM BALANCE SHEET AT
30 SEPTEMBER 2009**

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

	Notes	30 September 2009	31 December 2008
Assets			
Current Assets:			
Cash and due from banks	4	9,183	10,910
Trade receivables	5	46,801	51,740
Receivables from related parties	6	0.27	-
Inventories	7	34,557	30,618
Assets classified as held for sale		146	64
Other current assets	8	982	525
Total current Assets		91,669	93,857
Non-current assets:			
Trade receivables		4	-
Property and equipment	9	4,797	5,338
Intangible assets		201	181
Other non-current assets		1,050	1,121
Total non-current assets		6,052	6,640
Total assets		97,721	100,497

These financial statements have been approved by Board of Directors on 23 October 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 UNAUDITED INTERIM BALANCE SHEET AT 30 SEPTEMBER 2009

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

	Notes	30 September 2009	31 December 2008
Liabilities and Equity			
Current liabilities:			
Bank borrowings	11	7,001	27,392
Trade payables	12	44,968	36,899
Due to related parties	6	461	119
Other current liabilities	13	7,352	6,929
Income taxes payable	10	511	435
Total current liabilities		60,293	71,774
Non-current liabilities			
Provision for employment termination Benefits		146	89
Deferred income tax liabilities	10	33	495
Total non-current liabilities		179	584
Total liabilities		60,472	72,358
Equity:			
Share capital	14	22,319	12,023
Share premium		55	55
Retained earnings		14,875	16,061
Total equity		37,249	28,139
Total liabilities and equity		97,721	100,497

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 UNAUDITED INTERIM STATEMENTS OF COMPREHENSIVE INCOME FOR THE NINE AND THREE-MONTH PERIODS ENDED 30 SEPTEMBER 2009 AND 2008

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

	Notes	01 January - 30 September 2009	01 July - 30 September 2009	01 January - 30 September 2008	01 July - 30 September 2008
Net sales	15	317,936	109,780	401,598	127,509
Cost of sales	15	(293,167)	(101,133)	(375,404)	(118,346)
Gross profit		24,769	8,647	26,194	9,163
Operating expenses	16	(11,343)	(4,078)	(16,380)	(4,949)
Other operating income / (expenses), net	17	134	10	2,073	(186)
Operating profit		13,560	4,579	11,887	4,028
Financial income / (expenses), net	18	(2,343)	(962)	(6,946)	(1,657)
Profit before income taxes		11,217	3,617	4,941	2,371
Income tax expenses	10	(2,107)	(546)	(1,164)	(500)
Profit for the period		9,110	3,071	3,777	1,871
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		9,110	3,071	3,777	1,871
Earnings per share in full US Dollar thousands of ordinary shares		2.85	0.96	1.18	0.58

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 UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 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	-	-	(3,037)	(3,037)
Profit for the period	-	-	3,777	3,777
Balance at 30 September 2008	12,023	55	18,233	30,311
Balance at 1 January 2009	12,023	55	16,061	28,139
Capital Increase	10,296	-	(10,296)	-
Profit for the period	-	-	9,110	9,110
Balance at 30 September 2009	22,319	55	14,875	37,249

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 UNAUDITED INTERIM STATEMENTS OF CASH FLOWS FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2009 AND 2008

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

	Note	30 September 2009	30 September 2008
Profit before income taxes		11,218	4,891
Adjustments for:			
Interest expenses, credit card commissions and other financial expenses		3,413	5,408
Provision for doubtful receivables		481	610
Depreciation and amortisation	16	721	682
Diminishing in value of inventories	5	143	208
Employment termination benefits		56	8
Reversal of litigation provision		-	(2,052)
Other	17	(112)	(167)
Changes in working capital			
Decrease /(increase) in trade receivables		4,432	11,854
Decrease /(increase) in inventories		(4,082)	19,416
Decrease /(increase) in other assets		(447)	7,745
Decrease /(increase) in trade payables		8,091	(18,920)
Decrease /(increase) in du to related parties		321	(849)
Decrease /(increase) in other current liabilities		424	(1,218)
Income taxes paid		(2,382)	(63)
Net cash provided by / (used in) operating activities		22,277	27,553
Cash flows from investing activities			
Purchase of property, equipment and intangible assets		(200)	(540)
Net cash used in investing activities		(200)	(540)
Cash flows from financing activities:			
(Decrease)/increase in bank borrowings		(20,123)	(13,907)
Dividends paid		-	(2,991)
Interest expenses, credit card commissions and other financial expenses paid		(3,681)	(5,017)
Translation differences from financing activities		-	(17)
Net cash (used in) / provided by financing activities		(23,804)	(21,932)
Net increase in cash and cash equivalents		(1,727)	5,081
Cash and cash equivalents at the beginning of period	4	10,910	5,796
Cash and cash equivalents at the end of period	4	9,183	10,877

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 UNAUDITED INTERIM FINANCIAL INFORMATION AT 30 SEPTEMBER 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, 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 İstanbul, Türkiye

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL INFORMATION

This condensed interim financial information for the 3rd quarter ended 30 September 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 UNAUDITED INTERIM FINANCIAL INFORMATION AT 30 SEPTEMBER 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 September 2009 and 31 December 2008 is as follows:

	30 September 2009	31 December 2008
Cash	44	23
Due from banks		
-demand deposits in Turkish Lira	800	179
-demand deposits in foreign currency	6,573	2,120
- time deposits in Turkish Lira	-	2,638
-time deposits in foreign currency	-	4,700
Credit card receivables	1,766	1,250
Total cash and due from banks	9,183	10,910

NOTE 5 - ACCOUNTS RECEIVABLES

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

	30 September 2009	31 December 2008
Trade receivables	28,782	27,970
Cheques and notes receivable	21,527	26,798
Less:provision for doubtful receivables	(3,508)	(3,028)
Total account receivables	46,801	51,740

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

	2009	2008
Balance at 1 January	3,028	1,710
Provisions for receivables impairment	798	715
Collections	(318)	-
Balance at 30 September	3,508	2,425

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

SELECTED NOTES TO THE CONDENSED UNAUDITED INTERIM FINANCIAL INFORMATION AT 30 SEPTEMBER 2009

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

NOTE 5 - ACCOUNTS RECEIVABLES (Continued)

As of 30 September 2009, accounts receivables of 1,736 USD (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 September 2009	31 December 2008
Up to 1 month	801	1,317
1 to 2 months	863	28
2 to 3 months	4	31
Over 3 months	68	25
Total	1,736	1,401

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

	30 September 2009	31 December 2008
Guarantee notes, cheques and letters of guarantee	8,865	5,931
Mortgages	1,655	1,041
Total	10,520	6,972

NOTE 6 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

a) Due from related parties:	30 September 2009	31 December 2008
Armada Bilgisayar Sistemleri Sanayi ve Ticaret A.Ş. ("Armada")	0.27	-
b) Due to related parties:	30 September 2009	31 December 2008
Armada	461	119

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

a) Sales to related parties:	01 January - 30 September 2009	01 July - 30 September 2009
Armada	156	77

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

SELECTED NOTES TO THE CONDENSED UNAUDITED INTERIM FINANCIAL INFORMATION AT 30 SEPTEMBER 2009

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

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

	01 January - 30 September 2008	01 July - 30 September 2008
Armada	425	250

b) Purchases from related parties:	01 January - 30 September 2009	01 July - 30 September 2009
Armada	1,538	621

	01 January - 30 September 2008	01 July - 30 September 2008
Armada	919	42

- iii) Remuneration of directors and key management personnel for the nine-month period ended 30 September 2009 amounted to 1,275 USD (30 September 2008: 1,583 USD).

NOTE 7 - INVENTORIES

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

	30 September 2009	31 December 2008
Trade goods	26,132	30,680
Goods in transit	8,731	390
Sample goods	3	1
Less: Dimishing in value of inventories	(309)	(453)
Total inventories	34,557	30,618

NOTE 8 - OTHER CURRENT ASSETS

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

	30 September 2009	31 December 2008
Value Added Tax ("VAT") receivable	113	-
Given Order Advances	633	280
Prepaid expenses	162	194
Prepaid income taxes	3	25
Other	71	26
Total other current assets	982	525

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

SELECTED NOTES TO THE CONDENSED UNAUDITED INTERIM FINANCIAL INFORMATION AT 30 SEPTEMBER 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 nine-month periods ended 30 September 2009 and 2008 were as follows:

	01 January 2009	Additions	Disposals	30 September 2009
Cost:				
Furniture and fixtures	3,123	148	(84)	3,187
Motor vehicles	25	-	-	25
Special costs	5,306	12	(97)	5,221
Total	8,454	160	(181)	8,433

	01 January 2009	Additions	Disposals	30 September 2009
Accumulated depreciation:				
Furniture and fixtures	(1,962)	(268)	76	(2,154)
Motor vehicles	(14)	(4)	-	(18)
Special costs	(1,140)	(405)	81	(1,464)
Total	(3,116)	(677)	157	(3,636)

Net book value	5,338			4,797
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	01 January 2008	Additions	Disposals	30 September 2008
Cost:				
Furniture and fixtures	2,885	143	-	3,028
Motor vehicles	25	-	-	25
Special costs	5,001	380	-	5,381
Total	7,911			8,434

	01 January 2008	Additions	Disposals	30 September 2008
Accumulated depreciation:				
Furniture and fixtures	(1,616)	(260)	-	(1,876)
Motor vehicles	(9)	(4)	-	(13)
Special costs	(602)	(406)	-	(1,008)
Total	(2,227)	(670)	-	(2,897)

Net book value	5,684	(670)	-	5,537
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ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

SELECTED NOTES TO THE CONDENSED UNAUDITED INTERIM FINANCIAL INFORMATION AT 30 SEPTEMBER 2009

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

NOTE 10 - TAXATION ON INCOME

Current Income Taxes

	30 September 2009	31 December 2008
Corporation and income taxes	2,718	1,112
Less: prepaid taxes	(2,207)	(677)
Income taxes payable, net	511	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 corporation tax rate is 20% (30% if the entity elects to use investment incentive exemption).

Corporation 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 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 UNAUDITED INTERIM FINANCIAL INFORMATION AT 30 SEPTEMBER 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 nine and three-month periods ended 30 September 2009 and 2008 are as follows:

	01 January - 30 September 2009	01 July - 30 September 2009
Current	(2,569)	(572)
Deferred	462	26
Income tax expense	(2,107)	(546)

	01 January - 30 September 2008	01 July - 30 September 2008
Current	(1266)	(766)
Deferred	102	266
Income tax expense	(1,164)	(500)

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 UNAUDITED INTERIM FINANCIAL INFORMATION AT 30 SEPTEMBER 2009

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

NOTE 10 - TAXATION ON INCOME (Continued)

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

	Cumulative Temporary Differences		Deferred tax assets/(liabilities)	
	30 September 2009	31 December 2008	30 September 2009	31 December 2008
Diminishing value of inventories	309	(453)	62	91
Provision for doubtful receivables	159	(89)	32	18
Net difference between the tax base and carrying value of inventories	410	86	82	(17)
Provision for employment termination benefits	146	281	29	(56)
Net difference between the tax base and the carrying value of property and equipment and intangible assets	(1,211)	1,154	(242)	(231)
Accrued income	269	1,480	54	(296)
Other	(245)	16	(50)	(4)
Deferred income tax liabilities, net			(33)	(495)

NOTE 11 - BANK BORROWINGS

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

Short-term bank borrowings	30 September 2009	
	Interest Rate	USD Equivalent
Borrowings in USD (cash)	5%	2,055
Borrowings in USD (promissory notes)	1,08-3,60%	4,946
Total short-term bank borrowings		7,001

The bank borrowings at 30 September 2009 include the Company's payables to financial institutions amounting to USD 4,946 in respect of promissory notes issued by such financial institutions for international trade transactions (31 December 2008: USD 10,892).

Short-term bank borrowings	31 December 2008	
	Interest rate	USD equivalent
Borrowings in USD (cash)	4,5%-5,2%	15,177
Borrowings in USD (promissory note)	2,9%-5,0%	10,892
Borrowings Turkish Lira	22,5%	1,323
Total short-term bank borrowings		27,392

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

SELECTED NOTES TO THE CONDENSED UNAUDITED INTERIM FINANCIAL INFORMATION AT 30 SEPTEMBER 2009

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

NOTE 12 - TRADE PAYABLES

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

	30 September 2009	31 December 2008
Trade payables	39,539	31,547
Notes payable	4,933	4,774
Other	496	578
Total trade payables	44,968	36,899

NOTE 13 - OTHER CURRENT LIABILITIES

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

	30 September 2009	31 December 2008
Expense accruals	5,880	3,031
Advances received	887	849
Deferred revenue	-	1,839
Taxes and funds payable	463	1,085
Social security premiums payable	113	106
Other	9	19
Total other current liabilities	7,352	6,929

The deferred revenue at 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 UNAUDITED INTERIM FINANCIAL INFORMATION AT 30 SEPTEMBER 2009

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

NOTE 14 - SHARE CAPITAL

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

	30 September 2009		31 December 2008	
	Share (%)	TL	Share (%)	TL
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
Total	100.00	32,000,000	100.00	16,000,000

Shared premium translation differences presents cash injections and impact of translation to shared premium.

It was decided to increase the capital of Company from 16.000.000 TL to 32.000.000 TL by board of directors at 24 April 2009. Capital increase was completely provided from retained earnings amounted to USD 10,296. Capital increase approved by Capital Market Board and completed as of 30 June 2009.

NOTE 15 - NET SALES AND COST OF SALES

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

	01 January - 30 September 2009	01 July - 30 September 2009
Domestics and foreign sales	322,520	111,075
Other sales	2,762	900
Sales discounts and returns	(7,346)	(2,195)
Net Sales	317,936	109,780
Cost of sales	(293,167)	(101,133)
Gross Profit	24,769	8,647

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

SELECTED NOTES TO THE CONDENSED UNAUDITED INTERIM FINANCIAL INFORMATION AT 30 SEPTEMBER 2009

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

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

	01 January - 30 September 2008	01 July - 30 September 2008
Domestics 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
Cost of sales	(375,404)	(118,346)
Gross Profit	26,194	9,163

NOTE 16 - OPERATING EXPENSES

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

	01 January - 30 September 2009	01 July - 30 September 2009
Personnel expenses	5,698	2,195
Distribution expenses	1,354	512
Doubtful receivable expenses	798	182
Other	1,559	533
Rent expenses	735	269
Depreciation and amortisation expenses	721	232
Consultancy expenses	226	74
Utilities	147	46
Cargo Expenses	105	35
Total	11,343	4,078

	01 January - 30 September 2008	01 July - 30 September 2008
Personnel expenses	8,385	2,677
Distribution expenses	2,600	798
Doubtful receivable expenses	618	60
Other	2,570	655
Rent expenses	697	239
Depreciation and amortisation expenses	688	229
Consultancy expenses	456	149
Utilities	208	69
Cargo Expenses	158	73
Total	16,380	4,949

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

SELECTED NOTES TO THE CONDENSED UNAUDITED INTERIM FINANCIAL INFORMATION AT 30 SEPTEMBER 2009

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

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.

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 has applied for the amendment of decision against Supreme Court Judicial Office No:19 regarding the approval of the decision made by Istanbul Commercial Court No:8. The amendment of decision was rejected by Supreme Court Judicial Office No:19 after the application was discussed on 20 March 2008.

Based on the rulings of the local court and 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.

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SELECTED NOTES TO THE CONDENSED UNAUDITED INTERIM FINANCIAL INFORMATION AT 30 SEPTEMBER 2009

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

NOTE 18 - FINANCIAL INCOME AND EXPENSES, NET

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

	01 January - 30 September 2009	01 July - 30 September 2009
Commission on credit card sales	2,160	870
Interest expense	486	(30)
Foreign exchange (gains) / losses	(588)	45
Other	285	77
Financial (income)/expenses, net	2,343	962

	01 January - 30 September 2008	01 July - 30 September 2008
Commission on credit card sales	1,989	763
Interest expense	2,924	806
Foreign exchange (gains) / losses	1,162	(20)
Other	871	108
Financial (income)/expenses, net	6,946	1,657

NOTE 19 - COMMITMENTS AND CONTINGENT LIABILITIES

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

	30 September 2009	31 December 2008
Letter of guarantees given	20,723	10,610

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SELECTED NOTES TO THE CONDENSED UNAUDITED INTERIM FINANCIAL INFORMATION AT 30 SEPTEMBER 2009

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

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 UNAUDITED INTERIM FINANCIAL INFORMATION AT 30 SEPTEMBER 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 September 2009 and 31 December 2008 is as follows:

Foreign currency position:	30 September 2009	31 December 2008
Assets	46,796	53,571
Liabilities	(54,212)	(61,277)
Net foreign currency position	(7,416)	(7,706)

The inventories at 30 September 2009 amounted to USD 34,557 and the Company management takes into account the current foreign currency exchange rates while setting the sales prices of trade goods (30 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 30 September 2009 and 31 December 2008 is as follows:

Turkish Lira position:	30 September 2009	31 December 2008
Assets	10,321	9,668
Liabilities	(6,049)	(10,497)
Turkish Lira position	4,272	(829)

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

SELECTED NOTES TO THE CONDENSED UNAUDITED INTERIM FINANCIAL INFORMATION AT 30 SEPTEMBER 2009

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

NOTE 20 - FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency position	Original currency	30 September 2009 USD equivalent
Cash and cash equivalents	USD	6,139
	EUR	442
Trade receivables and other current assets	USD	39,407
	EUR	808
		46,796
Trade payables and due to related parties	USD	38,938
	EUR	2,051
Short-term bank borrowings	USD	7,001
Other current liabilities	USD	6,211
	EUR	11
		54,212

Foreign currency position	Original currency	31 December 2008 USD equivalent
Cash and cash equivalents	USD	6,510
	EUR	313
Trade receivables and other current assets	USD	44,310
	EUR	2,438
		53,571
Trade payables and due to related parties	USD	29,623
	EUR	2,042
Short-term bank borrowings	USD	26,069
Other current liabilities	USD	3,543
		61,277

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SELECTED NOTES TO THE CONDENSED UNAUDITED INTERIM FINANCIAL INFORMATION AT 30 SEPTEMBER 2009

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

NOTE 20 - FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency position	Original currency	30 September 2009 USD equivalent
Cash and due from banks	Turkish Lira	2,602
Trade receivables and other current assets	Turkish Lira	7,719
		10,321
Trade payables and due to related parties	Turkish Lira	4,440
Other current liabilities and income taxes payable	Turkish Lira	1,609
		6,049
Foreign currency position	Original currency	31 December 2008 USD equivalent
Cash and due from banks	Turkish Lira	4,087
Trade receivables and other current assets	Turkish Lira	5,581
		9,668
Trade payables and due to related parties	Turkish Lira	5,353
Short-term bank borrowings	Turkish Lira	1,323
Other current liabilities and income taxes payable	Turkish Lira	3,821
		10,497

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 of 30 September 2009, the Company has USD 172 million available credit line from financial institutions.

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

SELECTED NOTES TO THE CONDENSED UNAUDITED INTERIM FINANCIAL INFORMATION AT 30 SEPTEMBER 2009

(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 2009 and 31 December 2008 were as follows:

	30 September 2009	31 December 2008
Total borrowings	52,430	64,410
Less: cash and cash equivalents	(9,183)	(10,910)
Net debt	43,247	53,500
Total Equity	37,249	28,139
Total capital	80,496	81,639
Gearing ratio	0.54	0.66

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

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