

AROTECH CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three months ended March 31,	
	2009	2008
Revenues.....	\$20,092,222	\$13,250,576
Cost of revenues, exclusive of amortization of intangibles.....	14,831,462	10,004,782
Research and development.....	331,888	607,094
Selling and marketing expenses.....	1,146,092	1,142,639
General and administrative expenses.....	2,766,669	3,532,460
Amortization of intangible assets.....	372,597	492,613
Escrow adjustment – credit.....	–	(1,448,074)
Total operating costs and expenses.....	<u>19,448,708</u>	<u>14,331,514</u>
Operating profit (loss).....	643,514	(1,080,938)
Other income.....	49,831	536,372
Financial expenses, net.....	<u>(973,078)</u>	<u>(190,013)</u>
Loss before minority interest in earnings of a subsidiary, earnings from affiliated company and income tax expenses.....	(279,733)	(734,579)
Income tax expenses.....	(196,290)	(119,934)
Minority interest in earnings of subsidiary.....	–	(116,086)
Net loss.....	<u>\$ (476,023)</u>	<u>\$ (970,599)</u>
Basic and diluted net loss per share.....	<u>\$ (0.04)</u>	<u>\$ (0.07)</u>
Weighted average number of shares used in computing basic net loss per share.....	<u>13,576,885</u>	<u>13,473,443</u>

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