

AROTECH CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	<u>Six months ended June 30,</u>		<u>Three months ended June 30,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues	\$ 36,127,412	\$ 25,857,582	\$ 16,035,190	\$ 12,607,006
Cost of revenues, exclusive of amortization of intangi- bles.....	26,595,444	19,772,500	11,763,982	9,767,718
Research and development	735,575	832,872	403,687	225,778
Selling and marketing expenses	2,317,455	2,286,995	1,171,363	1,144,356
General and administrative expenses	5,548,527	6,825,780	2,781,858	3,293,320
Amortization of intangible assets	746,626	985,021	374,029	492,408
Escrow adjustment – credit	–	(1,448,074)	–	–
Total operating costs and expenses	<u>35,943,627</u>	<u>29,255,094</u>	<u>16,494,919</u>	<u>14,923,580</u>
Operating profit (loss)	183,785	(3,397,512)	(459,729)	(2,316,574)
Other income	51,650	659,149	1,819	122,777
Financial income (expenses), net.....	<u>(1,306,158)</u>	<u>(52,952)</u>	<u>(333,080)</u>	<u>137,061</u>
Loss before earnings of affiliated company and income tax expenses.....	(1,070,723)	(2,791,315)	(790,990)	(2,056,736)
Income tax credits (expenses)	(468,644)	(11,828)	(272,354)	108,106
Gain (loss) from affiliated company.....	–	(116,086)	–	–
Net loss attributable to common stockholders.....	<u>\$ (1,539,367)</u>	<u>\$ (2,919,229)</u>	<u>\$ (1,063,344)</u>	<u>\$ (1,948,630)</u>
Basic and diluted net loss per share.....	<u>\$ (0.11)</u>	<u>\$ (0.22)</u>	<u>\$ (0.08)</u>	<u>\$ (0.14)</u>
Weighted average number of shares used in computing basic and diluted net loss per share.....	<u>13,802,821</u>	<u>13,503,705</u>	<u>14,028,757</u>	<u>13,533,966</u>

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