

AROTECH CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Nine months ended September 30,		Three months ended September 30,	
	2009	2008	2009	2008
Revenues	\$ 53,674,998	\$ 45,074,091	\$ 17,547,586	\$ 19,216,509
Cost of revenues, exclusive of amortization of intangibles ..	39,294,226	33,256,814	12,698,782	13,484,314
Research and development	1,313,363	1,231,530	577,788	398,658
Selling and marketing expenses	3,535,273	3,290,499	1,217,818	1,003,504
General and administrative expenses	8,680,228	10,025,658	3,131,701	3,199,878
Amortization of intangible assets	1,104,957	1,362,251	358,331	377,230
Escrow adjustment – credit	–	(1,448,074)	–	–
Total operating costs and expenses	<u>53,928,047</u>	<u>47,718,678</u>	<u>17,984,420</u>	<u>18,463,584</u>
Operating profit (loss)	(253,049)	(2,644,587)	(436,834)	752,925
Other income (expense).....	(429,418)	670,483	(481,068)	11,334
Financial expenses, net.....	<u>(1,159,372)</u>	<u>(341,632)</u>	<u>(59,880)</u>	<u>(288,680)</u>
Income (loss) before earnings of affiliated company and income tax expenses	(1,841,839)	(2,315,736)	(977,782)	475,579
Income tax expenses.....	(722,480)	(386,690)	(253,836)	(374,862)
Loss from affiliated company.....	–	(261,207)	–	(145,121)
Net loss attributable to common stockholders.....	<u>\$ (2,564,319)</u>	<u>\$ (2,963,633)</u>	<u>\$ (1,231,618)</u>	<u>\$ (44,404)</u>
Basic and diluted net loss per share.....	<u>\$ (0.18)</u>	<u>\$ (0.22)</u>	<u>\$ (0.09)</u>	<u>\$ (0.00)</u>
Weighted average number of shares used in computing basic and diluted net loss per share.....	<u>13,943,991</u>	<u>13,513,993</u>	<u>14,240,523</u>	<u>13,534,347</u>

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