

January 12, 2007



Arotech Announces Over \$600k in Battery & Rechargeable Orders

Company Backlog Stands at \$41 Million

ANN ARBOR, MI -- (MARKET WIRE) -- 01/12/07 -- Arotech Corporation (NASDAQ: ARTX) announced today that its Battery and Power Systems Division has received new orders totaling over \$600k for various military applications. The batteries and chargers will be used to power portable communication equipment and tactical computers.

"We are pleased that our Battery & Power Systems division continues to gain wide-spread acceptance among militaries and OEMs world wide," said Robert S. Ehrlich, Chairman and CEO of Arotech Corporation. "The various types of products we continue to provide allows us the opportunity to penetrate new emerging markets with our battle-field-proven technology."

Ehrlich also noted that, "Arotech's backlog stands at \$41 million versus \$22 million for the same time last year; the majority of the current backlog will be delivered within fiscal 07."

Arotech's Battery and Power Systems Division is a leading provider of primary and rechargeable batteries and chargers for defense and other military applications. Arotech develops and produces high power zinc-air batteries and is believed to be the sole supplier of this technology to the US military. In addition, Arotech develops high-end primary and secondary batteries and associated chargers and has vast experience in working with government agencies, the military and large corporations.

The Battery and Power Systems Division consists of Electric Fuel Battery Corporation, Electric Fuel Ltd., and Epsilon Electronic Industries Ltd.

About Arotech Corporation

Arotech Corporation is a leading provider of quality defense and security products for the military, law enforcement and homeland security markets, including multimedia interactive simulators/trainers, lightweight armoring and advanced zinc-air and lithium batteries and chargers. Arotech operates through three major business divisions: Armoring, Simulation and Training, and Batteries and Power Systems.

Arotech is incorporated in Delaware, with corporate offices in Ann Arbor, Michigan and research, development and production subsidiaries in Alabama, Michigan and Israel.

Except for the historical information herein, the matters discussed in this news release include forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995, including the results of our restructuring program. Forward-looking statements reflect management's current knowledge, assumptions, judgment and expectations

regarding future performance or events. Although management believes that the expectations reflected in such statements are reasonable, readers are cautioned not to place undue reliance on these forward-looking statements, as they are subject to various risks and uncertainties that may cause actual results to vary materially. These risks and uncertainties include, but are not limited to, risks relating to: product and technology development; the uncertainty of the market for Arotech's products; changing economic conditions; delay, cancellation or non-renewal, in whole or in part, of contracts or of purchase orders; dilution resulting from issuances of Arotech's common stock upon conversion or payment of its outstanding convertible debt, which would be increasingly dilutive if and to the extent that the market price of Arotech's stock decreases; and other risk factors detailed in Arotech's most recent Annual Report on Form 10-K for the fiscal year ended December 31, 2005, as amended, and other filings with the Securities and Exchange Commission. Arotech assumes no obligation to update the information in this release. Reference to the Company's website above does not constitute incorporation of any of the information thereon into this press release.

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