



Corporate News

For Immediate Release

Ann Arbor, Michigan

January 2008

IES Expands International Market Presence with recent Contract Wins

Arotech Simulation and Training Division's IES Interactive Training subsidiary has recently expanded its international market presence with new contract awards for its MILO Range Pro HD Force-options and firearms training simulation systems, MILO Live-Fire Training systems, and Course designer suites.

IES has recently received new system contracts for high-profile law enforcement and public safety agencies, including orders for international customers in Mexico, Bolivia, Europe, and the United Arab Emirates. These multiple system orders all include unique IES MILO features such as un-tethered wireless recoil weapons and IES's course and scenario designer program, which allow these agencies to quickly make their own interactive scenarios and training programs in their own languages, using techniques, procedures and content that is relative to them. The MILO Systems destined for the UAE and Europe will be combination laser and live-fire systems, including an IES mobile containerized shooting range that can move around the region to provide high-quality judgmental and firearms training to a large number of officers and agencies.

The new orders span a diverse set of applications, including:

- a key police training facility in Leon, Mexico that will incorporate training on IES MILO Range Pro HD simulators parallel to in parallel with driving simulation,
- the US Embassy in Bolivia that will use their three new Milo systems through a US State Department initiative to train local police for narcotics interdiction and security operations,
- police and security forces in Romania, through our European distributor, that will use their MILO Live-Fire system to train in basic and advanced firearms competency.

"These recent contract wins continue to validate IES's industry-leading position in the interactive simulation system market" said Robert McCue, IES Director of Business Development. "IES's international presence has grown significantly this year with these new orders combined with those announced earlier this year, including the Royal Malaysian Police and a prominent police training agency in Ecuador. Forty-seven countries now have IES simulation training systems operating on a daily basis to train their officers and security forces," McCue stated. "IES is constantly developing industry leading innovations that will help save officer's lives and prepare them for challenges they face now and in the future – a responsibility we take very seriously at IES."

For more information on IES Interactive Training or its products, please contact Rob McCue at 1.800.344.1707 or visit IES's website at www.ies-usa.com

About Arotech's Training and Simulation Division

Arotech's Training and Simulation Division develops, manufactures, and markets advanced high-tech multimedia and interactive digital solutions for use-of-force and driver training of military, law enforcement, security, municipal and private industry personnel. The division's fully interactive driver-training systems feature state-of-the-art vehicle simulator technology enabling training in situation awareness, risk analysis and decision-making, emergency reaction and avoidance procedures, and conscientious equipment operation. In addition, the division's use-of-force training products and services allow organizations to train their personnel in safe, productive, and realistic environments. The division also provides pilot decision-making support software for the F-15, F-16, F-18, and JSF aircraft, as well as simulation models for the ACMI/TACTS air combat training ranges.

Arotech's Training and Simulation Division consists of FAAC Incorporated and IES Interactive Training Inc.

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: Armor, Training & Simulation, and Battery & 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. For more information on Arotech, please visit Arotech's website at www.arotech.com.

For more information on Arotech or investor and public relations, please contact Victor Allgeier, TTC Group, 1.646.290.6400, vic@tcominc.com

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; and other risk factors detailed in Arotech's most recent Annual Report on Form 10-K for the fiscal year ended December 31, 2006, 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.