

AROTECH CORP
Form 8-K
March 07, 2006

OMB APPROVAL		
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

**Date of Report March
(Date of earliest 1, 2006
event reported):**

AROTECH CORPORATION

(Exact name of registrant as
specified in its charter)

Delaware (State or other jurisdiction of incorporation)	0-23336 (Commission File Number)	95-4302784 (IRS Employer Identification No.)
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354 Industry Drive, Auburn, Alabama (Address of Principal Executive Offices)	36830 (Zip Code)
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**Registrant's (334)
telephone number, 502-9001
including area
code:**

(Former name or former
address, if changed since
last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Potential persons
who are to
respond to the
collection of
information
contained in this
form are not
required to
respond
unless the form
displays a
currently valid
OMB control
number.**

Item 3.02 Unregistered Sales of Equity Securities.

Pursuant to the terms of our senior secured notes due March 31, 2008 (the "Notes"), we are obligated to repay the principal amount of the Notes over the term of the Notes, with the principal amount being amortized in twelve payments payable at our option in cash and/or by requiring the conversion of a portion of the Notes into shares of our common stock, provided certain conditions are met.

In this connection, we elected on March 1, 2006 to make the second payment of \$1,458,333.34, which is due on March 31, 2006, by requiring the conversion of a portion of the Notes into shares of our common stock. Pursuant to the terms of the Notes, the price used to determine the number of shares to be issued upon such conversion will be calculated using an 8% discount to the average trading price of our common stock during 17 of the 20 consecutive trading days ending two days before the installment payment date. The Notes further provide that within two trading days after we send notice of an election to convert a portion of the Notes into shares of our common stock, we must issue to the holders of our Notes a number of shares of our common stock equal to the quotient of (x) the amount of the Note being paid in stock, divided by (y) the conversion price of \$1.00 per share, rounded up to the nearest whole share of common stock. The remaining shares issuable upon such conversion must be issued by the installment payment date of March 31, 2006.

Accordingly, on March 1, 2006, we issued an aggregate of 1,458,335 shares of our common stock to the holders of the Notes. Subsequent to this issuance, we had 95,490,846 shares of common stock issued and outstanding.

We issued the above securities in reliance on the exemption from registration provided by Section 4(2) of the Securities Act as transactions by an issuer not involving a public offering. The issuance of these securities was without the use of an underwriter.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AROTECH CORPORATION

(Registrant)

By: /s/ Robert S. Ehrlich
Name: Robert S. Ehrlich
Title: Chairman and CEO

Dated: March 7, 2006