

29 July 2009

**Amiad Filtration Systems Ltd.**  
(“Amiad” or “the Company”)

**AGM STATEMENT AND BUSINESS UPDATE**

**Amiad Filtration Systems expects to report sequential growth of at least 6% over the second half of last year**

Amiad, a global producer and supplier of water filters and filtration systems for the industrial & municipal and the irrigation markets, will today provide the following business update at its Annual General Meeting:

"2008 was a pivotal year in which the organisation positioned itself to capitalise on the long term investment in water in both established and developing economies. In the year, the Company saw a shift in the trend towards greater demand for its industrial & municipal products as it became the largest contributor to Company revenues. The second half of 2008 saw a decline in revenues compared to H1 2008 due to slowdown in global economic downturn causing investment in infrastructure to be frozen or pushed back.

However, the beginning of 2009 saw a return in investment in infrastructure projects, particularly in the industrial and municipal segment in most of the Company's key markets. The Company saw a lag in recovery in the irrigation segment which is still continuing to be impacted by the slowdown in the global economy. As a result, the Company expects to report revenues of approximately \$36m for the first half of 2009 (H1 2008: \$39.5m), however, sequentially, approximately 6% higher compared to second half of 2008, demonstrating the return of investment in water infrastructure.

In the Industrial & Municipal segment, Europe saw heightened activity through the Turkish company that Amiad acquired in 2008. The project won through the Turkish Company became one of the largest contributors to revenues in the first half of 2009. There was increased delivery into the municipal markets in France, Italy and Holland. The Company also saw good growth in Western Europe, with projects for the oil and gas industries advancing well.

In Asia, the Company had targetted India as its main growth area in 2009. The Company performed well here and saw its first municipal project in the first half of 2009. There is also increased interest for Amiad's products in the irrigation market in India. The Company is very focused in its efforts and hopes to report further inroads into India. Elsewhere in Asia, as anticipated, the industrial markets in China saw decline as the steel and petrochemical industries suffered the effects of global downturn. However, growth in Singapore, Malaysia and Philippines mitigated the decline in China.

Whilst the general decrease in demand for irrigation products has continued since October of 2008, the Company is seeing that a slow uptick in demand is coming through in the African market which is now making steady progress.

The backlog going into the second half of 2009 remains steady and the Company continues to maintain a tight control over its costs. With the current pipeline of orders and the demand for Amiad's products set to continue in new territories as well as its established markets, the Company is expected to report higher revenues in second half of 2009 compared with the second half of 2008 and consequently be slightly ahead of market expectations for the full year 2009."

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