

24 January 2011

**Amiad Filtration Systems Ltd.
("Amiad" or the "Company")**

Trading Update

Amiad, the producer and global supplier of water filters and filtration systems for the industrial, municipal and irrigation markets, provides the following trading update for the six months ended 31 December 2010 ahead of the Company's full year results, which are expected to be announced in April 2011.

2010 was a transformational year for Amiad as it completed the acquisition of its neighbouring competitor, Arkal Filtration Systems ("Arkal"). The post-merger integration continues to make good progress and synergies are being achieved. The enlarged company now has an expanded product range, sales and marketing infrastructure and increased geographical spread. The first product combining technologies from both Amiad and Arkal, which targets the ballast water market, was launched in the last quarter and has secured a major project in the United States to be delivered in 2011.

As stated in the Company's interim results announced on 15 September 2010, Amiad entered the second half of 2010 with a higher backlog compared with the corresponding period in 2009 as investment in water infrastructure projects began to resume. In particular, the Company's enhanced offering following the Arkal acquisition has enabled the irrigation segment to return to growth, and Amiad has also seen its sales increasing in new and growing geographies.

Specifically, Amiad's subsidiaries in India and Chile, established in November 2009 and January 2010 respectively, have progressed well. The product assembly line in India was completed and Amiad Andina achieved its targets despite the earthquake in Chile. Amiad recently acquired the remaining 50% issued share capital of its subsidiary in China, where the Company is seeing returning investment in the industrial and municipal segments. Amiad also saw growth in sales in Singapore and Australasia.

As a result, the Company expects to report approximately 27% growth in full year 2010 revenues to \$88m (2009: \$69.1m), in line with market expectations. The gross margin increased slightly in the second half due to the product mix and the improved contribution from Arkal. This is expected to contribute to a higher operating profit in the six months to 31 December 2010 compared with the first half of 2010.

The Company will report on the full impact of the Arkal acquisition's synergies and benefits as well as the growth drivers for 2011 at the time of the full year results announcement.

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