

24 January 2008

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

TRADING UPDATE

Amiad, a global producer and supplier of water filters and filtration systems for the industrial & municipal and the irrigation markets, provides the following trading update for the full year ended 31 December 2007, ahead of its full year results announcement which is currently scheduled for 26 March 2008.

As stated at the time of the interim results on 30 August 2007, the market for Amiad's products continued to expand throughout 2007 and, accordingly, the Company increased its sales and marketing effort globally. With greater global investments in water infrastructure, the Company benefited from increased investment in the municipality area (waste water, desalination and potable water) due to stricter restrictions and regulations being introduced worldwide, as well as solid growth in the irrigation segment.

In addition, the Company saw growth in all territories, particularly in Europe, Australia and North America, and sales into East Asia, including China, saw a prominent rise in the second half of the year. Amiad now sells its products in over 70 countries across the Americas, Africa, Europe, Asia and Australasia through a network of distributors and its own subsidiaries.

The Company also saw growth in all product lines including in its new line of automatic microfiber filters. Though not yet a significant part of the business, sales of microfiber filters are growing with projects in Russia, Ireland and Australia during 2007, and additional projects in the pipeline for 2008 in the Far East, the US, Russia and Eastern Europe.

In its 2007 full year results the Company expects to report strong growth in both revenues and profits although the continued rise in raw material costs and increasing weakness of the US dollar are putting pressures on margins and financial expenses. Revenues for the year ended 31 December 2007 are expected to be above US \$56 million, which represents an increase of at least 27 per cent. compared with 2006 and is ahead of current market expectations.

Looking ahead, the Company has entered 2008 with a backlog substantially higher than it did at the corresponding time in 2007. The Company plans to continue increasing its sales and marketing effort globally and believes that global investment in water filtration and treatment systems will continue to grow, driven by the tightening in environmental and public health standards, as well as rising demand for clean water, a scarce resource. Consequently, the Company's management believes that Amiad is well positioned to benefit from these trends and continue to deliver shareholder value.

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