

17 June 2010

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

Notice of AGM and Business Update

Amiad, the producer and global supplier of water filters and filtration systems for the industrial, municipal and irrigation markets, gives notice of its Annual General Meeting and provides a business update for the first half of 2010. The AGM of the Company is to be held at 11.00am BST on Wednesday 28 July 2010 at the offices of Speechly Bircham LLP, 6 New Street Square, London, EC4A 3LX, England, to consider the following resolutions:

- to receive the Company's annual report and accounts for the year ended 31 December 2009;
- to re-appoint Kesselman & Kesselman, a member firm of PricewaterhouseCoopers International Limited, as the Company's auditors and to authorise the directors of the Company to fix their remuneration;
- to re-elect the following directors of the Company who retire in accordance with the Company's articles of association (the "Articles") and who in each case being eligible, offer themselves for re-election, to hold office until the conclusion of the next annual general meeting:

Mr Tal Yeshua
Mr Dan Falk
Mr Zeev Holender
Mr Harel Beit-On
Dr Izhar Ben-Shlomo
Ms Osnat Ronen
Mr Arie Dayan;

- to appoint Mr Amos Shalev as a director of the Company;
- to approve the terms of appointment and remuneration of Mr Amos Shalev as a director of the Company, as set out in his draft letter of appointment to be entered into by the Company and Mr Amos Shalev;
- to approve the entering into of an indemnification agreement between the Company and Mr Shalev, in a form to be produced to the AGM (which is substantially in the form previously approved by the shareholders of the Company in respect of existing directors);
- to approve an increase in the monthly gross remuneration of the Chairman of the Board, Mr Tal Yeshua, from NIS 27,300 to NIS 45,000 with effect retrospectively from 1 January 2010;

- to approve a bonus of NIS 250,000 for Mr Tal Yeshua in respect of the year 2009;
- to authorise the Company to extend its directors' and officers' liability insurance policy for an additional 12 month period ending on 31 July 2011, in the current level of expenses.

Business Update

Further to the completion of the acquisition of Arkal Filtration Systems Cooperative Agricultural Society Ltd. ("Arkal"), Amiad announces that its results will be incorporated with those of the Company as of 1 May 2010.

In the Company's results for the year ended 31 December 2009, which were announced on 15 April 2010, Amiad stated that trading in the early part of 2010 had been impacted negatively by the general economic downturn. This trend has continued, primarily in the irrigation segment and in industrial projects in the US. As a result, revenues and profits are expected to be below the Company's previous expectations. Amiad now expects to report revenues for the first half of 2010 of approximately \$37 million (including c.\$6 million contribution from Arkal) compared with \$36.8 million for the first half of 2009.

The Company expects that trading in the second half of 2010 will improve. In addition, the Arkal acquisition is expected to further strengthen total revenue. It is anticipated that results for the six months to 30 June 2010 will be announced in early September 2010, when the Company will provide an update on its trading for the full year. These will take into account the synergies that should begin to flow from the merger with Arkal.

Enquiries:

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