

29 April 2010

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

Completion of Acquisition of Arkal Filtration Systems

Further to the update provided in the Company's full year results announcement of 15 April 2010 and statement of 20 January 2010, the Board of Directors of Amiad is pleased to announce that, having received the approval of the banks, Amiad has completed the acquisition of the entire issued share capital of, and ownership rights in, Arkal Filtration Systems Cooperative Agricultural Society Ltd. ("Arkal"), from its existing shareholders - Kibbutz Beit Zera, including its affiliated corporations ("Beit Zera"), and Bermad Industries Cooperative Agricultural Society Ltd. ("Bermad").

As stated previously, under the terms of the agreement, the consideration for Arkal has been satisfied by a combination of a cash payment of \$10 million to Beit Zera and the issue of 3,284,159 new ordinary shares of 0.5 NIS of Amiad (the "Consideration Shares"), representing 14.5% of the Company's issued share capital (on a fully diluted basis). As a result, following the completion, the Company has issued the Consideration Shares, of which Bermad has received 2,038,443 new shares representing 9% of Amiad's issued share capital, Beit Zera received 1,019,223 shares representing 4.5% and the creditor banks of Beit Zera received the remaining 226,493 shares representing 1%. These shares are subject to a lock-in period of 12 months and thereafter a 12 month orderly market arrangement, and will rank *pari passu* with Amiad's existing ordinary shares in issue.

Following the issuance of the Consideration Shares, a shareholders agreement has come into effect among Kibbutz Amiad, through its wholly-owned subsidiary, A.M.SI. Investments (1997) Ltd, Beit Zera and Bermad. Pursuant to the shareholders agreement, the parties thereto shall vote their shares together at all meetings of the shareholders of Amiad, as shall be agreed among them or in the absence of agreement as shall be decided by Kibbutz Amiad. In addition, the shareholders agreement imposes on Beit Zera and Bermad certain limitations on the transferability of the Consideration Shares.

Application has now been made for the new ordinary shares to be admitted to trading on AIM, which is expected to occur at 8.00am BST on Friday 30 April 2010.

Following admission, the Company will have a total of 22,521,688 ordinary shares in issue.

Enquiries:

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