

29 July 2008

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

AGM STATEMENT

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 trading statement at its Annual General Meeting:

"As stated at the time of the full year results on 26 March 2008, the Company has continued its programme to increase its sales and marketing efforts globally as it believes that global investment in water filtration and treatment systems will continue to grow. This ongoing investment saw strong growth in 2007 which continued into 2008. The first half of 2008 has seen increased trading in substantially all parts of the business compared with the corresponding period last year.

Order levels in the industrial & municipal segment have been good across all major territories. Overall, the Company's automatic screen filters have continued to gain traction. The thread filters too have seen strong growth, specifically, in the municipal for drinking water and industrial applications. This segment saw growth in all of its main territories, particularly in Europe, Australia and North America. In the US, the Company continues to perform well in its specialist project for the provision of clean water for liquid gas storage and for which the contract has been expanded.

Operations in the Far East have also shown significant growth. In South Korea, the Company has secured a large project using thread and pre-filtration filters and the project in Singapore of converting sewage water into drinking water continues to grow successfully. Other projects for the industrial sector include a breakthrough project in India for the use of Amiad's screen-filters in the petrochemical and power industries. The industrial sector in China is progressing well and the water cooling business in the petrochemical market with a customer in South America continues to perform strongly. Projects in Russia, including the use of Amiad's filters to remove iron from water to produce drinking water, as well as those in Kazakhstan and Ukraine, continue to make good progress.

Additionally, trading conditions on the agricultural side have continued to improve globally as a result of increased planting of crops such as corn, sugarcane and soya beans in response to the growing demand for alternative fuel sources. In Europe, the Company has seen a high increase in demand for the irrigation segment, with projects in Italy and France developing well. The Company is also pleased to report that it has recently secured a large filtration for irrigation project in Central Africa.

As a result, and as stated in the trading update of 15 July 2008, sales in the first half of 2008 have been significantly higher than in the first half of 2007 and the Company is expected to report a growth in revenues for this period well ahead of market expectations. Revenues for the six months ended 30 June 2008 are expected to be approximately US\$39m (H1 2007: US\$27m), representing an increase of over 40%

on the corresponding period in 2007. Additionally, although the continued rise in raw material costs and the increasing weakness of the US Dollar are putting pressures on margins and profits, net profits for the same period are also expected to exceed market expectations and be higher than in the same period of 2007.

Also, in the first half of 2008, the Company entered into an agreement to acquire a controlling interest in a Turkish company for a cash consideration of up to US\$1.4m. The deal was completed in July 2008. This is an important move for Amiad adding a complimentary product line and manufacturing capabilities and enabling it to penetrate new territories. Sales of the Turkish company in 2007 were just over US\$2m and it was profitable.

Looking ahead, the Company expects to continue to penetrate the water filtration market globally and has entered the second half of 2008 with a backlog higher than the corresponding period last year. As a result, the Company expects to report significant growth for the full year 2008 compared to 2007. The Company believes that the demand for its products is set to continue driven by the tightening in environmental and public health standards, as well as rising demand for clean water, and is looking forward to delivering sustained growth.”

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