

**7 February 2011**

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

**Amiad acquires French subsidiary**

Amiad, the producer and global supplier of water filters and filtration systems for the industrial, municipal and irrigation markets, is pleased to announce that it has acquired the remaining 34% of the issued share capital of its French subsidiary, Amiad France SARL ("Amiad France"), from its local partners Palinodie SARL, Bruno Jauneaud and Jean-Yves Gautret (the "Sellers"). As consideration for the shares, Amiad will issue the Sellers with 69,000 new ordinary shares of 0.5 NIS each in the Company (the "Shares") credited at fully paid and representing 0.31% of Amiad's enlarged issued share capital.

Amiad France has entered into employment agreements with Mr. Jauneaud, who will continue to act as Chief Executive Officer of the subsidiary and have responsibility for the Company's activities in Europe, and with Mr. Gautret, who will oversee European sales and marketing and business development.

**Rationale for the acquisition**

This acquisition forms part of Amiad's strategy to acquire 100% ownership of its subsidiaries in order to have a local presence and to establish direct sales channels in competitive markets. The first such transaction was in the latter part of 2010 when Amiad purchased the outstanding shares of its subsidiary in China. This acquisition also supports Amiad's long-term approach to acquire positions in companies that provide complimentary technologies or enable the Company to enter into new territories – as demonstrated by Amiad's acquisitions in Turkey in 2008, India in 2009 and the establishment of a subsidiary in Chile in 2010.

**Admission to trading on AIM**

Application has been made for the Shares to be admitted to trading on AIM, which will rank *pari passu* with the existing ordinary shares of the Company. It is expected that Admission of the Shares, and trading in the same, will commence at 8.00am GMT on 8 February 2011.

Following Admission of the Shares, Amiad will have 22,590,688 ordinary shares in issue.

**Enquiries:**

<b>Amiad Filtration Systems Ltd.</b>	
Tal Yeshua, Chairman Arik Dayan, Chief Executive Officer	+972 4 690 9500
<b>Panmure Gordon</b>	
Andrew Godber, Katherine Roe	+44 20 7459 3600
<b>Corfin Public Relations</b>	
Harry Chathli, Claire Norbury	+44 20 7596 2860