

Frutarom to Acquire GewurzMuhle Nesse - European Based Company Specializing in Savory Solutions

Haifa, Israel, January XX 2006- Frutarom Industries Ltd. (LSE: FRUT, TASE: FRUT, OTC: FRUTF) today announced that it has signed an agreement to acquire 70% of the shares of GewurzMuhle Nesse, an international company with recorded revenue of Euro 25 mm in 2005. The consideration for the acquisition is Euro 18.4 mm in a one time cash installment plus a future earn-out based on performance. The transaction includes a call option to acquire the remaining 30% from January 2008.

Founded in 1880, **GewurzMuhle Nesse** is a fast growing international company with production facilities in Germany and representatives in 20 countries in East and West Europe. The company is one of the leading producers in the meat and fish segments with a vast customer base including leading producers in Germany, Russia and other East European countries. The company's broad product portfolio of innovative savory solutions includes savory flavors, seasonings and functional ingredients.

GewurzMuhle Nesse has achieved remarkable double digit profitable growth over the past years, with sales growing from Euro 14.4 mm in 2001 to Euro 21.4 mm in 2004 and an estimated Euro 25 mm in 2005, and achieving net profit of Euro 3.24 mm in 2004 and an estimated Euro XXX mm in 2005.

The purchase price for 70% of **GewurzMuhle Nesse's** shares is Euro 18.4 mm in a one time cash installment. The future earn-out is based on performance and based on Nesse's business plan should reach an additional Euro 2.5 mm. Frutarom will incorporate 100% of Nesse's results in its financial reports.

Frutarom has a call option for the remaining 30% of Nesse's shares as of January 2008; the exercise price will be based on 30% of the average EBIT achieved in 200_ - 2007 multiple by 6.5.

"We believe that completing this strategic acquisition is another significant milestone in implementing our rapid growth strategy. The acquisition not only contributes to our sales turnover and profit, but also strengthen significantly Frutarom's savory offering and our market position in both West and East Europe," said Ori Yehudai, president and chief executive officer of the Frutarom Group. Yehudai added, "We believe that there are strong synergies between the newly acquired savory solution activity and our exiting activities in the area of meat and fish in both West Europe, mainly Germany, and in East European countries, such as Russia and Ukraine. The acquisition also includes activities in additional countries where Frutarom has been less active, such as Poland, the Czech Republic, Latvia, Yugoslavia, and others. The broad, integrated savory offering includes savory flavors, functional ingredients, savory food systems, and seasonings, and will better position us in terms of meeting our customers' current and future needs."

Frutarom's human resources are expected to benefit from the addition of experienced and efficient personnel at all levels. The Krause family, Nesse's owners and experienced managers, will continue to manage Nesse, as they have done successfully so far, and will join Frutarom's global Flavors Division's management. Nesse's experienced R&D and sales and marketing personnel will join Frutarom's global infrastructure and are expected to contribute to Frutarom's efforts to extract the most value from the integration.

"With Frutarom's track record of successfully integrating acquisitions and leveraging synergies and cross-selling opportunities, we feel confident that this acquisition will support our fast, above industry-average growth, and will bring significant value to our customers, employees and shareholders," added Yehudai.