

FRUTAROM STRENGTHENS AND EXPANDS ACTIVITY IN LATIN AMERICA – OPENS SUBSIDIARY IN MEXICO

Haifa, Israel – November 1, 2006, Frutarom Industries Ltd. (LSE: FRUTq, TASE: FRUT, OTC: FRUTF), one of the world's ten largest producers of flavors, continues to implement its rapid growth strategy and expand its activity in Latin America. Recently Frutarom established a subsidiary in Mexico (Frutarom Mexico Ltd.) to coordinate and manage Frutarom's activity and sales in Central America. Frutarom already has a subsidiary and sales office in Brazil, which coordinates Frutarom's sales in South America.

Mexico is one of the world's large emerging markets and has over one hundred million residents. The new company will serve Frutarom's customers in Mexico and Central America and will enable the company to considerably grow its development, sales and logistics systems in the region. The regional service center to be established in Mexico will also provide Frutarom's customers with development and applications services with the aim of substantially developing Frutarom's flavors business in this region. Until today, Frutarom has focused on sales of ingredients in Central America. The establishment of Frutarom Mexico will enable Frutarom to develop the flavors market and to further expand its ingredient activities.

The opening of Frutarom Mexico is a further step in the implementation of the rapid growth strategy that Frutarom has successfully achieved in recent years, combining organic growth in core activities (at rates higher than the average in the industry) with strategic acquisitions of activities and knowhow in the company's main fields of activity and expansion into strategic geographic targets.

Ori Yehudai, Frutarom's President and Chief Executive Officer, said that "As part of Frutarom's strategy, we are working to broaden and expand our business in additional countries and emerging markets, where growth rates are significantly higher than the average rate for Europe and the United States. We believe that establishing our subsidiary in Mexico will greatly strengthen our presence in Central and South America, and also enable us to develop our flavors business and strengthen our ingredients presence through offering our customer base in Central America the wide range of solutions that our customers in Europe and the United States enjoy. Additionally, we see great significance in shifting our activity from agents, as this enables us to make direct contact with our customers. This will contribute substantially to our continued growth in this important developing area."

Our Vision is "To be the Preferred Partner for Tasty and Healthy Success."

Frutarom is a global company listed on the TASE and the LSE. It engages in the development,

production and marketing of flavor extracts and fine ingredients used in the manufacture of food, beverages, pharmaceuticals, nutraceuticals, functional food, and cosmetics. Frutarom manufactures, markets and sells over 15,000 products to over 5,000 customers in more than 100 countries.

Frutarom's 2005 sales totaled \$243.8 million (a 24% increase from 2004), and its net profit totaled \$28 million (a 50% increase from 2004). Frutarom's sales for the first half of 2006 totaled \$143.3 million, up 8.7% from the first half of 2004. Net profit for the first half of 2006 grew by 14.4%, totaling \$17.4 million.

Frutarom's activities are carried out in two divisions:

- The Flavors Division, which engages in the development, manufacture and sale of flavors, compounds and food systems.
- The Fine Ingredients Division, which engages in the development, manufacture and sale of natural flavor extracts, natural functional food ingredients, natural pharma/nutraceutical extracts, essential oils, unique citrus products, and aroma chemicals.

For more information, visit us at www.frutarom.com.