

FRUTAROM ACQUIRES THE U.S. COMPANY ABACO

CONTINUES IMPLEMENTING ITS RAPID GROWTH STRATEGY

ABACO SALES FOR 2006 REACHED \$US3.2 MILLION

**ABACO DEVELOPS, PRODUCES AND MARKETS UNIQUE
INGREDIENTS FOR THE FLAVOR AND FRAGRANCE INDUSTRY**

Haifa, Israel – July 4, 2007, Frutarom Industries Ltd. (LSE: FRUTq, TASE: FRUT, OTC: FRUTF) announced today that on July 3, 2007, its wholly owned subsidiary, Frutarom U.S.A. Inc., signed an agreement to acquire 100% of the ownership of Abaco (Abaco Manufacturing, LLC and Abaco Incorporated) ("**Abaco**"), a privately owned American company located in Georgia, in consideration for US\$4 million (and assumption of the company's debt of \$1.1 million). Abaco's sales in 2006 totaled approximately US\$3.2 million.

Abaco develops, produces and markets unique ingredients for the flavor and fragrance industry and has synergetic activities with those of Frutarom's Fine Ingredients Division, whose main development laboratories and production facilities are located in the U.S., the U.K. and Israel. The acquisition is expected to enhance Frutarom's activities in the U.S., which is a strategic market for the Frutarom Group, and to expand the product line offered by the Fine Ingredients Division to its customers in the U.S.A. and globally. Abaco has hundreds of customers, both multinational and local, with whom it enjoys long term relationships. Frutarom intends to utilize the multiple cross selling opportunities arising from the acquisition and to offer Frutarom's products to Abaco's many customers in the U.S.A. and throughout the world, as well as offering Abaco's products to Frutarom's existing customer base. The acquisition will strengthen Frutarom's capabilities and expertise in the field of unique ingredients for the flavor and fragrance industry and improve the service and quality that Frutarom provides to its customers, particularly in the U.S.A.

Abaco was founded in 1989 and its principals have decades of accumulated knowledge and experience in the field of ingredients for the flavor and fragrance industry. With the merging of the two companies' activities, Frutarom will benefit from the addition of

excellent, high quality employees, especially in the realm of development, marketing and sales. Abaco's management will be integrated with that of Frutarom U.S.A., contributing its experience and network.

According to **Ori Yehudai, President and Chief Executive Officer of the Frutarom Group**, "The acquisition of Abaco, the fifth acquisition Frutarom has made this year, demonstrates the continued implementation of the rapid growth strategy of the Frutarom Group, which is already one of the ten largest companies in the world in the flavor and fragrance field. The acquisition supports Frutarom's continued strengthening and positioning, especially in the American market, which is an extremely important goal for us. Frutarom will immediately integrate Abaco's activities with that of Frutarom U.S.A. while realizing and utilizing the extensive commercial and operational synergy that exists between Frutarom's and Abaco's operations in order to take maximum advantage of the cross selling possibilities while achieving maximum cost savings." **Yehudai** added, "Thanks to Frutarom's proven experience in acquisitions and synergy realization, we are certain that this acquisition will also contribute to Frutarom's continued rapid and profitable growth and that it will create high value for our customers, our employees and our investors."

According to **Yehudai**, Frutarom continues to implement its rapid growth strategy. which integrates organic growth in core activities at rates above those of the industry, with strategic acquisitions. Frutarom continues working to identify and implement additional strategic acquisitions of companies and operations within its fields of operation.

About Frutarom

Established in 1933, the Frutarom Group is a rapidly growing global flavor and fine ingredients company. Frutarom develops, manufactures and markets an extensive variety of high quality flavors and natural fine ingredients for customers in the food, beverage, flavor, fragrance, pharmaceutical, nutraceutical, food additive, and cosmetic industries. Frutarom's 15,000 products are sold to more than 5,000 customers in 120 countries around the world. The Frutarom Group has 1,200 employees worldwide and manufacturing facilities in Europe, North America, Israel and Asia.

Frutarom operates through two divisions:

- Flavors Division, which develops, produces and markets flavor compounds and food systems.
- Fine Ingredients Division, which develops, produces and markets natural flavor extracts, functional food ingredients, natural pharmaceutical/nutraceutical extracts, specialty essential oils, citrus products and aroma chemicals.

Frutarom provides tasty and healthy solutions to its customers fulfilling our vision: **Tobe the Preferred Partner for Tasty and Healthy Success.**

Since 1993, Frutarom has successfully implemented a rapid growth strategy that combines organic growth at above-industry levels with strategic acquisitions of synergistic companies.

Frutarom Industries Ltd. is a public company whose stock is listed on the Tel Aviv and London Stock Exchanges. As of January 1, 2003, Frutarom has been included in the Tel Aviv 100 Index.

For further information, visit our website: www.frutarom.com.