

FRUTAROM ACQUIRES ADUMIM FOOD ADDITIVES' ACTIVITY

CONTINUES IMPLEMENTING RAPID GROWTH STRATEGY

ADUMIM SALES FOR 2006 REACHED US\$ 5.5 MILLION

**ADUMIM DEVELOPS, PRODUCES AND MARKETS
INGREDIENTS AND UNIQUE FINE INGREDIENTS FOR THE FOOD,
NUTRACEUTICALS AND FUNCTIONAL FOOD INDUSTRIES**

Haifa, Israel – July 2, 2007, Frutarom Industries Ltd. (LSE: FRUTq, TASE: FRUT, OTC: FRUTF) announced today that on June 28, 2007 its wholly owned subsidiary, Frutarom Ltd., signed an agreement to acquire the activity of Adumim Food Additives Ltd. ("**Adumim**"), a public company listed on the Tel Aviv Stock Exchange, which was established in 1977 by, among others, Dr. Eli Pintus and Prof. Nissim Garti. According to the terms of the agreement Frutarom will purchase Adumim's assets (excluding its real estate and customer, debit and cash balances) in consideration for US\$4,250,000. Adumim's sales for 2006 totaled approximately US\$5.5 million, mostly in Israel.

Adumim has two main fields of activity: development, production and marketing of ingredients and unique fine ingredients for the food and functional food industries which provide the final product with flavor, color, texture, a long shelf life and healthful values; and development and production of food ingredients containing medicinal plant extracts, vitamins and minerals known to have positive health benefits and nutrition products for the elderly (including ill people who have difficulty consuming solid food.)

Adumim's activity is synergetic and compatible with the Frutarom Group's operations and will broaden Frutarom's product portfolio and the natural, healthful solutions which Frutarom offers its customers worldwide, especially in the fields of food, nutraceuticals and functional food. The acquisition will also strengthen Frutarom in the natural emulsions and clean label areas, both of which are characterized by an above average growth rate. Adumim's products, some of which are patented, will be integrated into the range of products produced and marketed by both Frutarom's Flavors and Fine Ingredient divisions. Frutarom intends to utilize the cross selling opportunities created from this acquisition and to sell Adumim products to its existing customers, located in 120 countries,

via its 45 marketing and sales offices, thus maximizing the synergy between the companies' operations. The cross selling will also include Adumim's customers located outside Israel, to whom Adumim sells unique products, some of which are patented.

Adumim holds 45.8% of the share capital in NutraLease Ltd. ("**NutraLease**") which was established at the initiative of Prof. Nissim Garti of The Hebrew University of Jerusalem's Casali Institute of Applied Chemistry and one of the founders of Adumim. NutraLease has developed new and unique nano-encapsulation technology that enables a unique delivery system through which insoluble materials may be added to foods, beverages, medications and cosmetic products without adversely affecting their quality. The patented technology helps to enhance the solubility of active ingredients, to increase their bio-availability and to control the release of active ingredients, including flavors and medications. The technology also helps with the introduction of insoluble materials into clear beverages, which is currently a rapidly growing field. Adumim has exclusive production and marketing rights for products based on the unique technology developed by NutraLease for the food industry. Frutarom intends to develop this activity and to bring this unique technology to its customers around the world.

Adumim abounds with research, development and innovation, led by Dr. Eli Pintus and Prof. Nissim Garti, each of whom has accrued decades of applied research experience. The integration of Adumim's operations with those of Frutarom will strengthen the Frutarom Group's research and development infrastructure, which will benefit from the addition of high quality personnel in the fields of development of fine ingredients and unique technology.

According to **Ori Yehudai, President and Chief Executive Officer of the Frutarom Group**, "The acquisition of Adumim, the fourth acquisition Frutarom has made this year, constitutes the continued implementation of our rapid growth strategy while strengthening the Taste and Health area as per Frutarom's vision: "To be the Preferred Partner for Tasty and Healthy Success." Frutarom intends to realize and utilize the great commercial and operational synergy that exists between Frutarom's operations and those of Adumim in order to take maximum advantage of the cross selling possibilities while achieving maximum cost savings." **Yehudai** added that, "thanks to Frutarom's proven experience in acquisitions and synergy realization, we are certain that this acquisition will also contribute to the continuing rapid and profitable growth of Frutarom and that it will create high value for our customers, our employees and our shareholders."

Completion of the acquisition is subject, among others, to the approval of the Israeli Anti Trust Commissioner.

Yehudai concluded that, Frutarom continues to implement its rapid growth strategy, which combines organic growth in core activities, at rates higher than the average for the industry in which Frutarom operates, with strategic acquisitions. Frutarom continues acting to locate and complete additional strategic acquisitions of activities and knowhow in Frutarom's fields of activity.

About Frutarom:

Frutarom is a multinational company operating in the global flavor extracts and fine ingredients markets. Frutarom has significant manufacturing and development centers on three continents and markets its products to more than 5,000 customers in over 120 countries on 5 continents. Frutarom's products are intended for the food and beverage, flavor and fragrance, pharmaceutical, nutraceutical, health food, functional food, food supplement and cosmetic industries.

Frutarom operates two main divisions:

- The Flavors Division develops, manufactures and markets flavor compounds and food systems.
- The Fine Ingredients Division develops, manufactures and markets natural flavor extracts, natural functional food ingredients, natural pharma/nutraceutical extracts, essential oils and unique citrus products and aromatic chemicals.

Frutarom's products are produced at its facilities in the US, the UK, Switzerland, Germany, Israel, Denmark, China, and Turkey. The company's global marketing network includes marketing departments in Israel, the US, the UK, Switzerland, Germany, Belgium, Holland, Denmark, France, Hungary, Romania, Russia, the Ukraine, Kazakhstan, Belarus, Turkey, Brazil, Mexico, China, Japan, Hong Kong, India, and Indonesia. The Company also has agents and local distributors throughout the world. Frutarom employs 1,200 employees worldwide.