

PRESS RELEASE

FRUTAROM ACQUIRES THE FLAVORS COMPANY BELMAY

ESTABLISHES POSITION AS LEADING FLAVOR HOUSE IN BRITISH MARKET

CONTINUES TO IMPLEMENT RAPID GROWTH STRATEGY

Ori Yehudai, President of Frutarom: "The acquisition of Belmay has made Frutarom the leading flavor house in the British market and strengthens its position as a leading global flavors producer and supplier."

Haifa, Israel – March 28, 2007, Frutarom Industries Ltd. (LSE: FRUTq, TASE: FRUT, OTC: FRUTF) announced today that it has signed an agreement to acquire 100% of the share capital of the British company Belmay Limited ("Belmay"), which has subsidiaries in Singapore, Norway and Denmark, in consideration for a cash payment of US\$ 17.1 million. Belmay's sales for 2006 totaled to approximately US\$ 15.1 million.

Belmay is a leading British flavor house that develops, produces and markets flavors, with a particular focus on natural flavors, for the food and beverage industry. Belmay has a site with significant production capacity that is located close to Frutarom's production site in Kettering, England, which adheres to the most stringent standards in the food and beverage industry in Europe. Belmay employs some 85 employees. Belmay's extensive customer base includes leading food and beverage manufacturers in its countries of operation.

Livingstone Guarantee LLP, acted for the sellers in the sale process of Belmay.

According to **Ori Yehudai, President and Chief Executive Officer of the Frutarom Group**, "This acquisition, which is an additional step in the implementation of Frutarom's rapid growth strategy and of realizing its vision, "*To be the preferred partner for tasty and healthy success*", is an important strategic acquisition that makes Frutarom the leading flavor house in the British market and enhances its presence and position in additional important target markets. Belmay's acquisition significantly

strengthens Frutarom's technological capabilities and the product portfolio it offers its customers in the flavors field, especially in soft drinks and alcoholic beverages. The acquisition further supports Frutarom's position, which is already one of the ten largest companies in the world in the flavors' field." **Yehudai** added, "Thanks to Frutarom's proven experience in making acquisitions and in realizing the synergy and cross selling opportunities, we are convinced that this acquisition will benefit Frutarom's continued fast growth and profitability and will create added value for our customers, our employees and our investors."

Frutarom's personnel, particularly in England and in the flavors field, will benefit from the significant addition of experienced and skilled employees at all levels. Belmay's strong, experienced management will be integrated into Frutarom's and contribute from its rich experience, and together they will lead the British operation.

The acquisition is expected to significantly strengthen the Frutarom's research and development capabilities in the field of flavors, mainly for soft drinks and alcoholic beverages, with emphasis on natural flavors. Belmay, which is characterized by considerable research and development, recently established a special research department to develop organic products. This department will be integrated with Frutarom's growing business in this important area of organic products, which according to market research is growing by about 15% each year in the western world. Frutarom's research and development team will be augmented by skilled, experienced and high quality personnel.

Frutarom is reviewing its activity and Belmay's in various countries and will take steps to achieve the greatest efficiency and annual operational savings of approximately US\$ 3 million.

Yehudai added, "Above and beyond the extensive synergy existing in the British market, there is synergy between Belmay's flavors operation and Frutarom's activity in many additional countries, particularly Singapore, Denmark and Norway, where Belmay has subsidiaries. We intend to take advantage of our global marketing and sales infrastructure to leverage and realize the many cross selling opportunities created by this acquisition, by broadening both the customer base and the product portfolio.

According to **Yehudai**, Frutarom will continue to implement its rapid growth strategy and is continuously seeking additional strategic acquisitions of companies and activities in its field.

About a week ago, Frutarom published its year end results for 2006, showing record growth for the seventh consecutive year. Frutarom's sales for 2006 totaled US\$ 287.2 million, an increase of 17.8% compared with 2005. The net profit rose by 10.6% to total \$29.7 million.

Background on the Company

Frutarom is a global company with significant production and development centers on three continents that markets its products on five continents to over 5,000 customers in more than 120 countries. Frutarom's products are intended mainly for the food, beverage, flavor, fragrance, pharmaceutical, nutraceutical, health food, functional food, food additives, and cosmetic industries.

Frutarom operates through two Divisions:

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

Frutarom's products are produced at its plants in the United States, England, Switzerland, Germany, Israel, Denmark, China, and Turkey. The Company's global marketing organization includes branches in Israel, the United States, England, Switzerland, Germany, Belgium, Holland, Denmark, France, Hungary, Romania, Russia, Ukraine, Kazakhstan, Belarus, Turkey, Brazil, Mexico, China, Japan, Hong Kong, India and Indonesia. The Company also works through local agents and distributors worldwide. Frutarom has about 1,150 employees worldwide.

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