

**FRUTAROM AND ILEX MEDICAL ENTERED INTO AN
EXCLUSIVE COOPERATION AGREEMENT FOR THE
COMMERCIALIZATION OF PROPRIETARY KNOWHOW FOR
PRODUCING NATURAL EXTRACT AS A SOURCE FOR
CARTENOIDS AND CAPSANTHIN**

**Capsanthin is one of the most powerful natural antioxidants with
antioxidant activity eight times higher than lycopene**

Haifa, Israel – May 2, 2007, Frutarom Industries Ltd. (LSE: FRUTq, TASE: FRUT, OTC: FRUTF) through its subsidiary, Frutarom Ltd., and Ilex Medical Ltd., through its subsidiary, CapsiVit Biotechnology Ltd., signed today an exclusive agreement to commercialize unique knowhow developed by the Volcani Institute, with funding from CapsiVit, to produce a natural extract from the *Capsicum annuum L.* plant as highly bio-available source of carotenoids and particularly capsanthin. Capsanthin is one of the most powerful natural antioxidants in existence. Based on CapsiVit's laboratory trials, capsanthin's antioxidant activity is eight times higher than that of lycopene. In its natural form, capsanthin is non-available to the human body and only a small amount is processed by digestive enzymes and absorbed into the blood. This unique, patent-protected technology enables industrial use of enzymes found naturally in the human digestive system to process capsanthin and allow significant bio-availability

The agreement with CapsiVit gives Frutarom an exclusive global license to manufacture and market the unique natural extract, based on patented knowhow, worldwide. Frutarom intends to market this unique product, whose efficiency and bio-availability in the human body have been proven in successful clinical trials carried out at Rambam Hospital, in Haifa, Israel, to the nutraceutical, functional food, health food and animal feed industries as part of its unique natural product offering.

According to the agreement, the parties will cooperate in commercializing the knowhow and in developing, manufacturing and marketing the product. Frutarom will use its considerable knowhow in natural product manufacturing for the development and scaling up of the product's manufacturing process in accordance with international quality standards so as to achieve industrial scale production and commercialization. Frutarom estimates that the product will be launched in about a year's time.

Ori Yehudai, President and Chief Executive Office of Frutarom:

“The addition of this unique, innovative product to Frutarom’s sizeable offering of natural products will contribute to the continued realization of Frutarom’s rapid growth strategy, with emphasis on natural products intended for segments with higher than average growth rates, such as functional food, health food and food supplements.”

Yehudai added, “The cooperation with CapsiVit is part of Frutarom’s strategic plan, that aims to expand our offering of unique natural products and to strengthen Frutarom’s position as a leading global supplier of natural products and functional food ingredients for tasty and healthy solutions. As part of this strategy, Frutarom invests in and cooperates with start-up companies, research institutes and universities that develop innovative and unique technologies. This supports Frutarom’s own ongoing research and development activities, carried out in-house by its R&D teams throughout the world. Frutarom continues to work to create additional strategic collaborations and today has a solid pipeline of projects and natural, innovative products.”

As part of the cooperation with Frutarom, CapsiVit will benefit from Frutarom’s global reach, which includes over 5,000 international and local customers – among them leading companies in their fields – in more than 120 countries, as well as from Frutarom’s sales and marketing organization and rich experience in industrial production, including extensive knowledge in scaling up production processes and commercialization

In accordance with the agreement CapsiVit granted Frutarom with an option, for a four years period commencing on the date of the agreement, to purchase CapsiVit shares such that Frutarom and Ilex will equally share control over CapsiVit. The consideration for the shares to be issues to Frutarom in case the option is exercised will be determined by an agreed external assessor.

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. 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 USA, the UK, Switzerland, Germany, Israel, Denmark, China, and Turkey. The company's global marketing network includes marketing departments in Israel, the USA, the UK, 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 has agents and local distributors throughout the world. Frutarom employs some 1,150 employees worldwide.

For additional information, please visit our website: www.frutarom.com.