

PRESS RELEASE

FRUTAROM CONTINUES IMPLEMENTING ITS RAPID GROWTH STRATEGY

ACQUIRES THE ACTIVITY OF BRITISH FLAVOR COMPANY EAFI

EAFI DEVELOPS, PRODUCES AND MARKETS SAVORY SOLUTIONS

EAFI 2010 REVENUES EXPECTED TO TOTAL US\$ 8.4 MILLION (£ 5.4 MILLION)

Haifa, Israel – January 23, 2011, Frutarom Industries Ltd. (LSE: FRUTq, TASE: FRUT, OTC: FRUTF) (“Frutarom”) announced today the signing of an agreement to acquire the activity and assets of the British East Anglian Food Ingredients Ltd. (“EAFI”) for the amount of approximately US\$ 4.8 million (£ 3 million). EAFI’s turnover for the 12 months ending December 2010 is expected to total US\$ 8.4 million (£ 5.4 million). The acquisition will be self-financed. Frutarom estimates that the deal will be completed within a number of weeks.

Founded in 1979, **EAFI** develops, manufactures, and markets savory taste solutions (the non-sweet taste spectrum). Its product range includes flavors, seasoning compounds, and functional ingredients for the food industry with a specialization in the sectors of convenience food, snacks, and processed meat and fish. Among the assets being acquired is EAFI’s operational facility in the United Kingdom which houses the company’s R&D, marketing, and manufacturing capabilities. EAFI employs roughly 35 employees and serves a broad customer base. EAFI’s activities are synergetic with Frutarom’s current activities in the UK and with Frutarom’s savory competencies in Europe, which have grown significantly in recent years following a number of acquisitions in the sector. These acquisitions include the savory activity of Chr. Hansen, Gewurzmueller and Nesse in Germany (acquired in 2009, 2007 and 2006 respectively) along with the recent purchase of the Scandinavian savory activity of Rieber a few weeks ago.

According to **President and Chief Executive Officer of Frutarom, Ori Yehudai**, “the acquisition of EAFI is a continuation of Frutarom’s rapid growth strategy, and another step in the fulfillment of its vision ‘**to be the preferred partner for tasty and healthy success**’. This acquisition bolsters Frutarom’s presence and positioning as a leading global producer of flavors in general and of savory solutions in particular. It strengthens both Frutarom’s technological capabilities and its comprehensive product offering to our customers in the fields of savory flavors and functional foods around the world. The acquisition of EAFI will allow Frutarom to widen its global customer base via a stronger entrance into the UK market. Frutarom is the leading local flavor manufacturer in the United Kingdom, however until now our main focus in that market has been on the sweet



spectrum of flavors. The addition of EAFI rounds out the Frutarom portfolio, increasing the range of solutions that we can offer to food manufacturers in the United Kingdom. The global market for savory flavors is growing as a result of trends in improved quality-of-life and changes in consumer behavior. Accordingly the consumption of processed and convenience foods has grown both inside and outside of the home. Frutarom has identified the savory sector as an important growth engine and is investing in the development of unique and innovative products of high added value in its sites around the world.” says **Yehudai**.

“Frutarom has a proven track record in the execution of successful acquisitions, utilizing operational and business synergies between Frutarom and the acquired party, and taking advantage of cross-selling opportunities that arise as a result. We are confident that this acquisition will also continue Frutarom’s rapid and profitable growth, creating value for our customers, employees, and investors.”

Yehudai concludes, “We are continuing to pursue additional strategic acquisitions and implementing our rapid growth strategy combining internal profitable growth with strategic acquisitions. This combination will allow us to again double Frutarom’s turnover within the next four years to US\$ 1 billion. Our sturdy capital structure, low net debt level and the strong cash flow we achieve, along with the support of leading banks, will allow us to continue executing acquisitions.”

About Frutarom

Frutarom is a global company operating in the global flavor and fine ingredients markets. Frutarom has significant production and development centers in three continents and it markets its products in five continents to over 10,000 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, which employs approximately 1,500 people worldwide, has 2 main activities:

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

Frutarom’s products are produced in its plants in the US, UK, Switzerland, Germany, Israel, China, South Africa and Turkey. The Company’s global marketing organization includes branches in Israel, the US, UK, Switzerland, Germany, Belgium, the Netherlands, Denmark, Norway, France, Hungary, Romania, Russia, Ukraine, Kazakhstan, Belarus, Turkey, Brazil, Mexico, Costa Rica, China, Japan, Hong Kong, India, Indonesia and South Africa. The Company also works through local agents and distributors worldwide.

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

