

PRESS RELEASE

August 21, 2011

FRUTAROM ACQUIRES THE FLAVORS COMPANY AROMCO FOR US\$ 25 M AND FURTHER ENHANCES ITS GLOBAL MARKET POSITION WITH ITS FOURTH ACQUISITION IN 2011

**Ori Yehudai, Frutarom's President and CEO: "THE
ACQUISITION OF AROMCO FITS OUR STRATEGY OF
EXPANDING AND INCREASING OUR MARKET
SHARE IN DEVELOPING REGIONS WITH HIGH
GROWTH RATES."**

Frutarom Industries Ltd., a top-ten company in the Flavors and Specialty Fine Ingredients markets, reports an acquisition of 100% of Aromco Ltd. for USD 25m (GBP 15m) in cash. By this transaction, Frutarom completes its fourth acquisition of flavors companies since the beginning of 2011.

Aromco develops, manufactures and markets flavors for the Beverage, Dairy, Confectionary, Bakery and Savoury markets with annual sales turnover growing impressively in recent years and achieving USD 13m (GBP 7.7m) in 2010. Aromco's owner, Keith Brown, founded the acquired company in 1985 focusing on business development and penetrating into developing markets with high growth potential in Eastern Europe, Africa and Asia as well as building a market share in the UK.

Acquiring Aromco will enable Frutarom to broaden its activity and market share in these developing markets, which enjoy high growth rates, as well as to strengthen its current product supply chain. Additionally, Frutarom will utilize Aromco's extensive and excellent Innovation activities in flavor creation, development and application. Aromco's existing efficient operational activity in England, employing 40 people, will be used to strengthen the merged activities using Frutarom's Global organization giving operational and cross selling synergies.



Ori Yehudai, Frutarom's President and CEO commented today: "The acquisition of Aromco, which is active and growing extensively in developing markets, compliments our strategy and strengthens our presence and market share. Aromco's activity in the UK market will be merged with Frutarom's existing successful activity in which Frutarom is already considered a leading player. We will strive to maximize the numerous synergies among the different activities of Frutarom by utilizing the operating synergies in the different countries to accelerate the cross-selling opportunities and to achieve significant efficiencies and savings. The acquisition enriches Frutarom with a skilled and experienced Research and Development team which will contribute to expanding our existing product and technology range enabling an enhanced offering to our customers."

Ori Yehudai added that "Aromco's acquisition was the fourth completed since the beginning of 2011 and it continues the realization of our strategy to integrate internal profitable growth with strategic acquisitions to double the sales turnovers within the next 4 years. We are convinced that the current acquisition will contribute to Frutarom's rapid growth and profitability and will produce high value to our customers, employees and investors."

Yehudai concluded by saying "Frutarom will act to locate and to carry out additional strategic acquisitions of companies and activities in its chosen markets. We strive to continue the realization of the excellent pipeline of acquisitions in developed markets in the United States and Western Europe and developing countries focused on Asia, Central and South America and Eastern Europe. Our stable capital structure combined with world leading banks credit lines will enable us to continue carrying out additional strategic acquisitions."

About Frutarom

Frutarom is a global company operating in the flavor and fine ingredients markets. Frutarom has significant production and development centers on three continents and it markets its products in five continents to over 13,000 customers in more than 120 countries. Frutarom's products are intended 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, Norway, China, Turkey and South Africa. The Company's global marketing organization includes branches in Israel, the US, Germany, UK, Belgium, Switzerland, Denmark, Norway, South Africa, France, the Netherlands, Hungary, Romania, Russia, Ukraine, Kazakhstan, Belarus, Turkey, Brazil, Mexico, Costa Rica, China, Japan, Hong Kong, India and Indonesia. The Company also works through local agents and distributors worldwide.

For further information visit:

Frutarom's website: www.frutarom.com

Aromco's website: www.aromco.com

