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PRESS RELEASE

FRUTAROM CONTINUES TREND OF SALES GROWTH

THIRD QUARTER SALES GREW 23% TO US$ 87.7 M

DOUBLE-DIGIT GROWTH CONTINUES IN CORE ACTIVITIES, FAR SURPASSING GROWTH RATE IN THE MARKET

INTEGRATION PROCESS IN ACTIVITIES ACQUIRED RECENTLY IN ENGLAND, USA, ISRAEL AND GERMANY PROCEEDING AS PLANNED TO ACHIEVE MAXIMUM UTILIZATION OF COMMERCIAL SYNERGY AND OPERATIONAL SAVINGS

Haifa, Israel – November 20, 2007. Frutarom (LSE: FRUTq, TASE: FRUT, OTC: FRUTF) today presented its results for the third quarter of 2007.

The trend of sales growth that has characterized Frutarom's activity in the past seven years continued in the third quarter of this year while achieving accelerated growth in core activities that is considerably higher than the growth rate in Frutarom's field of activity. This growth is being achieved through the successful implementation of Frutarom's rapid growth strategy, combining organic growth in core activities with strategic acquisitions of activities and knowhow in its main business segments and in strategic geographic regions. This year Frutarom made seven strategic acquisitions that are synergetic with the activity at its sites worldwide while utilizing the Company's global spread, which enables it to quickly enjoy the considerable commercial synergy in these acquisitions. Frutarom acquired Belmay and Jupiter in England at the beginning of the second quarter, and Raychan and Adumim in Israel and the American company Abaco during the third quarter. In October of this year, the German Gewurzmuller group was acquired and in November, the activity of RAD Natural Technologies was acquired in Israel. Frutarom is working to integrate the acquired activities with its existing activity and to extract synergy, both commercial and operational, in order to take best advantage of opportunities for cross selling while making substantial cost savings and significantly improving the margins of the acquired activities.

The accelerated growth contributed to establishing Frutarom's position as one of the ten leading global companies in its field and to strengthening its global spread, with sales to over 120 countries, 18 production sites, 24 research and development laboratories and 48 sales and marketing offices.

Frutarom's results and margins were significantly influenced by the acquisitions made this year. The acquisitions have contributed to sales growth but at this point in time, during the merger of the acquired activities with Frutarom's existing activity they have not contributed to profit and have affected profitability, as expected. Upon completion of the merger process, savings will be made in many expenses and substantial operational improvement achieved. Completing the merger of the three sites in England into one, following the acquisition of Belmay and Jupiter will, in Frutarom's estimation, lead to annual operational savings of over US$ 3 million as of the beginning of 2008. Completion of the merger of Abaco with the Fine Ingredients Division's activity in the USA and the merger of Raychan's and Adumim's activity with the Flavors Division's activity in Israel and its transfer to Frutarom's plants in Israel, while achieving considerable operational savings, is also expected to contribute to improved margin in 2008. Frutarom estimates that as of the first quarter of 2008, each of the acquisitions will not only contribute to the continued trend of sales growth, but also to growth in profit through improved margin.

An additional, important influence on the results of Frutarom's activity and margin is the ongoing upward trend in most raw materials prices used by Frutarom in its production, with an even more significant increase in the prices of many natural raw materials, which are the majority of the raw materials used by Frutarom. During the third and fourth quarters Frutarom has and will continue to act determinedly to raise the selling prices of its products in order to adjust them to the continued rise in raw materials prices, just as many of its customers in the global food industry are doing.

Frutarom’s **sales in the third quarter** of 2007 grew 23.0% to total US$ 87.7 million. Excluding the influence of the strengthening Western European currencies, Frutarom's sales for the quarter grew 20.0%. The main contributors to the growth in sales were: (1) growth in the sales of flavors produced and sold by the Flavors Division; (2) the integration of Acatris’s and Abaco's activities, which were acquired and consolidated as of October 2006 and July 2007, respectively, with the Fine Ingredients Division's global activity; (3) the merger of Belmay and Jupiter, which were acquired and consolidated with the Flavors Division's activity as of April 2007; (4) the merger of Raychan's and Adumim's activities, which were acquired and consolidated with the Flavors Division's activity in Israel as of September 2007; (5) utilization of the synergy and cross selling opportunities between Frutarom’s Divisions, existing customers and products and those added through the acquisitions made in recent years; (6) the strengthening of the European currencies and New Israeli Shekel (in which most of Frutarom’s sales are made) against the dollar; and (7) growth in the activity of Trade & Marketing in Israel.

Sales in the first nine months of 2007 grew 21.1% to total US$ 260.0 million. Excluding the influence of the strengthening Western European currencies, sales for the quarter grew 18.0%.

Gross profit for the third quarter rose 17.1% to reach US$ 31.5 million compared with US$ 26.9 million in the same quarter last year. **Gross margin for the third quarter** reached 36.0% in the quarter compared with 37.8% in the same quarter of 2006.

Operating profit for the third quarter totaled US$ 8.3 million, compared with US$ 9.2 million in the same quarter in 2006. Operating margin reached 9.5% compared with 13.1% in the same period of last year. **Operating profit for the first nine months** totaled US$ 27.2 million, compared with US$ 29.3 million in the same period in 2006. Operating margin reached 10.4% compared with 13.6% in the same period of last year.

Excluding one-time expenses and income in the first nine months of the year and the same period last year, operating profit rose to total US$ 28.4 million compared with US$ 27.6 million in the first nine months of 2006. Operating margin was 10.9% compared with 12.9% in the same period last year.

Profit before tax for the third quarter totaled US$ 6.6 million, compared with US$ 9.2 million in the same period last year. **Taxes on income for the third quarter** totaled US$ 0.7 million compared with US$ 2.2 million in the same quarter in 2006. The decrease in taxes on income derives from the expected reduction of the tax rate in Germany as of January 1, 2008, which led to a decline of US$ 0.7 million in deferred tax, and from a decrease in tax in the amount of US$ 0.5 million in Israel as the result of the revaluation in the New Israeli Shekel against the US dollar.

Net profit for the third quarter totaled US$ 5.9 million compared with US$ 7.0 million in the same quarter last year. Net margin reached 6.7% compared with 9.8% in the same quarter of 2006. **Net profit for the first nine months of 2007** was US$ 19.4 million compared with US$ 24.4 million in the same quarter of 2006, and net margin reached 7.4% compared with 11.4%. **Excluding one-time expenses and income in the first nine months of 2007** and the same period in 2006, **net profit** for the first nine months of 2007 reached US$ 19.0 million compared with US$ 20.6 million in the first nine months of 2006. As stated, margin was influenced by the increase in raw materials prices and by the merger of acquisitions that have contributed to sales but not to profit and have temporarily affected margin, as expected.

Frutarom's **shareholders' equity** as at September 30, 2007 totaled US$ 242.6 million (62.3% of the balance sheet) compared with US$ 206.7 million (69.7% of the balance sheet) at September 30, 2006. The growth in shareholders' equity is mainly due to the profit for the period and the changes in the US dollar exchange rate against the other currencies that are the autonomous subsidiaries' main activity currency, which influenced the currency translation differences equity fund and caused the growth in the shareholders' equity balance.

According to **Ori Yehudai, Frutarom President and Chief Executive Officer**, "In the third quarter of 2007, Frutarom again achieved accelerated organic growth in its core activities in line with the business strategy we have been implementing in recent years. This growth comes, among others, from the accelerated shift of many leading food companies to the use of natural flavors and ingredients, with the emphasis on clean labels and functional and organic food, fields in which Frutarom intensified its investment in recent years in implementing its vision: "To Be the Preferred Partner for Tasty and Healthy Success," while utilizing the considerable synergy with the acquisitions made from Frutarom in recent years. We expect this growth to intensify as we realize the synergy of the acquisitions made this year." **Yehudai** added, "Our plans for the merger of this year's seven acquisitions are progressing according to our expectations and during the fourth quarter we expect to complete the integration of Belmay and Jupiter in England, Raychan and Adumim in Israel, and Abaco in the USA, while achieving substantial savings and improving these activities' margin. Upon completing these processes, the acquisitions made this year will contribute not just to the ongoing upward trend in sales, but also to substantial growth in profit while improving margin." **Yehudai** also said, "Similar to many of our customers in the global food market, we are working determinedly to raise the selling prices of our products in order to adjust them to the continuing rise in raw materials prices." **Yehudai** concluded, "Frutarom continues working to implement the Company's strategy for rapid growth and to utilize the synergy and many cross selling opportunities in the acquisitions of recent years, which will contribute to sustain profitable organic growth in Frutarom's core activities. Frutarom invests considerable resources in identifying and executing additional strategic acquisitions, mainly in countries and markets where it has substantial activity."

Background on the Company

Frutarom is a global company active in the global markets for flavors and ingredients. Frutarom has significant production and development centers on three continents and 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 1,500 employees worldwide.

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

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