

FRUTAROM ACQUIRES THE BUSINESS OF UK COMPANY OXFORD

CONTINUES TO IMPLEMENT ITS RAPID GROWTH STRATEGY

OXFORD'S 2007 SALES TOTALED APPROXIMATELY US\$ 14 M

**OXFORD DEVELOPS, PRODUCES AND MARKETS SPECIALITY
INGREDIENTS FOR THE FLAVOR AND FRAGRANCE INDUSTRY**

Haifa, Israel – January 5, 2008, Frutarom Industries Ltd. (LSE: FRUTq, TASE: FRUT, OTC: FRUTF) (“Frutarom”) announced today that it has signed an agreement to acquire the assets and business of the UK Company Oxford Chemicals Ltd. (“Oxford”) for consideration of approximately US\$ 12 million (£ 8.25 million). The consideration will be paid in full in cash at completion. Completion of the transaction is expected to take place within the coming weeks. The acquired activity 2007 sales were approximately US\$ 14 million (approximately £ 10 million). The acquisition will be financed through a long-term bank loan.

Established in 1973 and employing some 70 employees, Oxford develops, produces and markets specialty ingredients for the flavor and fragrance industry, and is a leading company in its field. Oxford's activity is highly synergetic with Frutarom's global Fine Ingredients Division, whose development laboratories and production facilities are located in the U.S., UK, Switzerland and Israel. The acquisition is expected to enhance the product offering of Frutarom's Fine Ingredients Division and its customer base around the world. Oxford has hundreds of customers, including leading multinational flavor and fragrance companies, with which Frutarom and Oxford have excellent long-term relationships. Frutarom intends to utilize the many cross-selling opportunities which arise from the acquisition by selling its products to Oxford's customers around the world as well as selling Oxford's products to Frutarom's existing customers, especially in markets where Oxford has not had any significant activities until now.

Oxford and its management have decades of accumulated knowledge and experience in the field of specialty ingredients for the flavor and fragrance industry. With the integration of the activities of Frutarom and Oxford, Frutarom will benefit from the addition of excellent, high quality personnel, especially in the area of research and development, production, marketing and sales. Oxford's management will join the management of Frutarom's Fine Ingredients Division, contributing its experience and expertise. Oxford has a pipeline of innovative products with emphasis on natural flavors.

Frutarom and Oxford have production and development plants located in close proximity in Northern England. Frutarom will take steps to achieve the greatest commercial and operational efficiency from the integration with Oxford's activities in England, while achieving



operational savings and maximizing the synergy, including with other Frutarom's plants around the world. Frutarom will act to integrate its research and development, operations, marketing, purchasing and sales infrastructure with that of Oxford.

In 2007, sales of the acquired activity were approximately US\$ 14 million (£ 10 million) and operating profit totaled US\$ 0.9 million (£ 0.6 million). The estimated operating profit from the acquired activity for 2008 is expected to increase by more than 50% to over US\$ 1.45 million (£ 1.0 million). Frutarom will act to achieve operational savings from the integration of the activities, as mentioned above, achieving margins higher than Frutarom's average margins.

According to **Ori Yehudai, President and Chief Executive Officer of the Frutarom Group**, "The acquisition of Oxford continues the implementation of Frutarom's rapid growth strategy, and further supports Frutarom's position, which is already one of the ten largest companies in the world in the flavors' field. Frutarom will act immediately to integrate Oxford's activity with that of Frutarom's Fine Ingredients Division while realizing and utilizing the extensive commercial and operational synergy that exists between Frutarom's operations and Oxford's operations in order to take maximum advantage of the cross-selling opportunities and achieving maximum cost savings." **Yehudai** added, "thanks to Frutarom's proven experience in acquisitions and synergy realization, we are certain that this acquisition will also contribute to Frutarom's continued rapid and profitable growth and that it will create high value for our customers, our employees and our investors."

According to **Yehudai** Frutarom continues to implement its rapid growth strategy combining internal growth in its core activities, at rates above the industry average, with strategic acquisitions. Frutarom continues working to identify and implement additional strategic acquisitions of companies and activities and believes that its solid capital structure and its ability to generate cash from operating activities, together with available credit lines from leading banks in the world, will enable it to utilize acquisition opportunities created due to the global economic crisis.

About Frutarom

Frutarom is a multinational company which operates in the global markets of flavors and fine ingredients. Frutarom has significant production and development centers in three continents and it markets its products to five continents and more than 5,000 customers in 120 countries. Frutarom's products are designated for the industries of food and beverage, flavor and fragrance, pharmaceuticals, nutraceuticals, health food and functional food, food supplements and cosmetics.

Frutarom operates through two divisions:

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

Frutarom's products are produced in its plants in the US, the UK, Switzerland, Germany, Israel, Denmark, China and Turkey. Its global marketing system includes the marketing divisions in Israel, the US, the UK, Switzerland, Germany, Belgium, Denmark, France, Hungary, Romania, Russia, Ukraine, Kazakhstan, Belarus, Turkey, Brazil, Mexico, China, Japan, Hong Kong, India and Indonesia. In addition, the Company operates local agents and distributors throughout the world. Frutarom employs approximately 1,500 people around the worlds.