

Sarine Technologies Ltd. and its Subsidiaries

(Incorporated in Israel)

PART 1 INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statements of Comprehensive Income for the (US\$'000):

	<u>Group</u> <u>Quarter ended</u> <u>March 31,</u>		
	<u>2014</u>	<u>2013</u>	<u>Change</u> <u>%</u>
Revenue	24,372	20,214	20.6
Cost of sales	6,615	5,656	17.0
Gross profit	17,757	14,558	22.0
Research and development expenses	2,529	1,666	51.8
Sales and marketing expenses	2,838	2,732	3.9
General and administrative expenses	1,516	1,098	38.1
Profit from operations	10,874	9,062	20.0
Net finance (expense) income	(4)	113	NM
Profit before income tax	10,870	9,175	18.5
Income tax expenses	(1,791)	(1,110)	61.4
Profit for the period	<u>9,079</u>	<u>8,065</u>	12.6
Other comprehensive income (expense)			
Foreign currency translation differences from foreign operations	161	(24)	NM
Total comprehensive income for the period	<u>9,240</u>	<u>8,041</u>	14.9

Notes to consolidated statements of comprehensive income (US\$'000)

Profit before income tax is stated after charging the following:

	<u>Group</u> <u>Quarter ended</u> <u>March 31,</u>		
	<u>2014</u>	<u>2013</u>	<u>Change</u> <u>%</u>
Allowance for doubtful trade receivables	24	(33)	NM
Depreciation and amortisation	1,274	941	35.4
Interest expense, net	(3)	(36)	(91.7)
Exchange rate differences	(1)	149	NM
Warranty provision	6	3	100
NM- Not meaningful			

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statement of Financial Position as at (US\$'000):

	Group		Company	
	<u>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>	<u>December 31,</u>
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Assets				
Property, plant and equipment	11,182	10,670	1,132	1,168
Intangible assets	8,112	8,375	--	--
Investment in equity accounted investee and subsidiaries	--	--	22,596	19,255
Deferred tax assets	1,746	1,355	914	650
Total non-current assets	21,040	20,400	24,642	21,073
Inventories	8,353	8,548	5,708	6,268
Trade receivables	16,998	15,838	1,637	2,637
Other receivables	2,241	3,744	1,370	1,578
Short-term investments (bank deposits)	18,015	13,048	8,409	8,534
Cash and cash equivalents	24,704	20,011	14,431	13,303
Total current assets	70,311	61,189	31,555	32,320
Total assets	91,351	81,589	56,197	53,393
Equity				
Share capital*	--	--	--	--
Dormant shares, at cost	--	--	--	--
Share premium, reserves and retained earnings	77,478	67,334	48,086	43,656
Total equity	77,478	67,334	48,086	43,656
Liabilities				
Long-term liabilities	143	159	143	159
Employee benefits	183	184	154	155
Total non-current liabilities	326	343	297	314
Trade payables	3,458	3,333	2,200	2,124
Other payables	9,101	9,792	5,391	7,070
Current tax payable	595	400	--	--
Warranty provision	393	387	223	229
Total current liabilities	13,547	13,912	7,814	9,423
Total liabilities	13,873	14,255	8,111	9,737
Total equity and liabilities	91,351	81,589	56,197	53,393

*No par value

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.
Zero borrowings from banks.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Cash Flows (US\$'000):

	Group	
	Period ended	
	March 31,	
	2014	2013
Cash flows from operating activities		
Profit for the period	9,079	8,065
Adjustments for:		
Share-based payment expenses	541	310
Income tax expense	1,791	1,110
Depreciation of property, plant and equipment	633	428
Amortisation of intangible assets	641	513
Net finance expenses (income)	4	(113)
Changes in working capital		
Inventories	195	511
Trade receivables	(1,160)	(3,802)
Other receivables	(92)	(676)
Trade payables	170	909
Other short- and long-term liabilities	(701)	799
Employee benefits	(1)	5
Cash generated from operations	11,100	8,059
Income tax paid	(392)	(1,408)
Net cash from operating activities	10,708	6,651
Cash flows used in investing activities		
Acquisition of property, plant and equipment	(1,029)	(5,483)
Restricted cash	--	485
Short-term investments, net	(4,967)	(3,105)
Capitalisation of R&D expenses	(378)	(629)
Interest received	48	105
Net cash used in investing activities	(6,326)	(8,627)
Cash flows from financing activities		
Proceeds from exercise of share options	363	258
Sale of Company's shares by the Company	--	2,527
Interest paid	(51)	(141)
Net cash from financing activities	312	2,644
Net increase in cash and cash equivalents	4,694	668
Cash and cash equivalents at beginning of the period	20,011	19,155
Exchange rate differences	(1)	149
Cash and cash equivalents at end of the period	24,704	19,972

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Shareholders' Equity

Group (US\$'000)

	Share capital*	Share premium and reserves	Translation reserve	Retained earnings	Dormant shares	Total
Balance at January 1, 2013**	--	16,671	(633)	41,213	(1,113)	56,138
Profit for the period ended March 31, 2013	--	--	--	8,065	--	8,065
Other comprehensive expense for the period ended March 31, 2013	--	--	(24)	--	--	(24)
Share-based payment expenses	--	310	--	--	--	310
Exercise of options	--	258	--	--	--	258
Dormant shares sold	--	1,414	--	--	1,113	2,527
Balance at March 31, 2013	<u>--</u>	<u>18,653</u>	<u>(657)</u>	<u>49,278</u>	<u>--</u>	<u>67,274</u>
Balance at January 1, 2014	--	21,525	(1,213)	47,022	--	67,334
Profit for the period ended March 31, 2014	--	--	--	9,079	--	9,079
Other comprehensive expense for the period ended March 31, 2014	--	--	161	--	--	161
Share-based payment expenses	--	541	--	--	--	541
Exercise of options	--	363	--	--	--	363
Balance at March 31, 2014	<u>--</u>	<u>22,429</u>	<u>(1,052)</u>	<u>56,101</u>	<u>--</u>	<u>77,478</u>

* No par value

** Retrospective application regarding initial application of amended IAS 19, Employee Benefits

Statement of Changes in Shareholders' Equity

Company (US\$'000)

	Share capital*	Share premium and reserves	Translation reserve	Retained earnings	Dormant shares	Total
Balance at January 1, 2013**	--	16,671	(633)	23,525	(1,113)	38,450
Profit for the period ended March 31, 2013	--	--	--	2,973	--	2,973
Other comprehensive expense for the period ended March 31, 2013	--	--	(24)	--	--	(24)
Share-based payment expenses	--	310	--	--	--	310
Exercise of options	--	258	--	--	--	258
Dormant shares sold	--	1,414	--	--	1,113	2,527
Balance at March 31, 2013	<u>--</u>	<u>18,653</u>	<u>(657)</u>	<u>26,498</u>	<u>--</u>	<u>44,494</u>
Balance at January 1, 2014	--	21,525	(1,213)	23,344	--	43,656
Profit for the period ended March 31, 2014	--	--	--	3,357	--	3,357
Other comprehensive expense for the period ended March 31, 2014	--	--	161	--	--	161
Share-based payment expenses	--	541	--	--	--	541
Exercise of options	--	363	--	--	--	363
Balance at March 31, 2014	<u>--</u>	<u>22,429</u>	<u>(1,052)</u>	<u>26,701</u>	<u>--</u>	<u>48,078</u>

* No par value

** Retrospective application regarding initial application of amended IAS 19, Employee Benefits

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	<u>March 31, 2014</u>	<u>December 31, 2013</u>	<u>March 31, 2013</u>
	<u>No. of shares</u>	<u>No. of shares</u>	<u>No. of shares</u>
Authorised:			
Ordinary shares of no par value	2,000,000,000	2,000,000,000	2,000,000,000
Issued and fully paid:			
Ordinary shares of no par value	347,037,928	346,047,303	341,576,342

For the quarter ended March 31, 2014, a total of 990,625 employee share options were exercised into ordinary shares.

Details of changes in share options:

	<u>Average exercise price in US\$ cents per share</u>	<u>Options</u>
At January 1, 2014	75.0	15,110,794
Granted	175.3	2,010,000
Cancelled	--	--
Exercised	36.6	(990,625)
At March 31, 2014	90.2	16,130,169

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at March 31, 2014, the total number of issued shares was 347,037,928 (as at December 31, 2013: 346,047,303). As at March 31, 2014 the total number of dormant shares was nil (as at December 31, 2013: nil).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

For the three months ended March 31, 2014, the Company did not purchase any of its ordinary shares and there was no sale, transfer, disposal, cancellation and/or use of treasury shares by the Company.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

These figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The same accounting policies and methods of computation adopted in the most recently audited financial statements for the financial year ended December 31, 2013 have been applied in the preparation for the financial statements for the period ended March 31, 2014.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	For the quarter ended March 31,	
	<u>2014</u>	<u>2013</u>
Basic earnings per share (US cents)	2.62	2.38
Diluted earnings per share (US cents)	2.58	2.34
Basic earnings per share (Singapore cents*)	3.30	3.00
Diluted earnings per share (Singapore cents*)	3.25	2.95

Basic earnings per share for the three months ended March 31, 2014 are calculated based on the weighted average number of 346,350,893 ordinary shares issued during the current period and the equivalent of 339,329,369 ordinary shares during the preceding period.

Diluted earnings per share for the three months ended March 31, 2014 are calculated based on weighted average number of 351,851,023 ordinary shares and outstanding options and the equivalent of 344,323,882 ordinary shares and outstanding options during the preceding period.

* Convenience translation based on exchange rate of US\$ 1=S\$ 1.2605.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	<u>March 31,</u> <u>2014</u>	<u>December 31,</u> <u>2013</u>	<u>March 31,</u> <u>2014</u>	<u>December 31,</u> <u>2013</u>
Net asset value (US\$ thousands)	77,478	67,334	48,086	43,656
Net asset value per ordinary share (US cents)	22.33	19.46	13.86	12.62
Net asset value per ordinary share (Singapore cents*)	28.15	24.53	17.47	15.91

At March 31, 2014, net asset value per share is calculated based on the number of ordinary shares in issue at March 31, 2014 of 347,037,928 (there were no dormant ordinary shares at March 31, 2014).

At December 31, 2013, net asset value per share is calculated based on the number of ordinary shares in issue at December 31, 2013 of 346,047,303 (there were no dormant ordinary shares at December 31, 2013).

* Convenience translation based on exchange rate of US\$ 1=S\$ 1.2605.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
- any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Overview

The Group reported record quarterly revenues in Q1 2014 of US\$ 24.4 million, record profit from operations of US\$ 10.9 million and record net profit of US\$ 9.1 million, as compared to revenues of US\$ 20.2 million, profit from operations of US\$ 9.1 million and net profit of US\$ 8.1 million reported in Q1 2013, and revenues of US\$ 16.7 million, profit from operations of US\$ 5.1 million and net profit of US\$ 4.5 million reported in Q4 2013. The improved operating performance in Q1 2014 on a year-over-year basis stemmed primarily from increased GalaxyTM family related revenues and also increased sales of our traditional planning products. On a sequential basis, Q4 2013 included the Divali holiday in India.

GalaxyTM family penetration and recurring revenues continues to grow, with deliveries in Q1 2014 of 15 GalaxyTM family systems in total, 14 of which to customers and a lone system to the newly opened New York service centre. As of March 31, 2014, the Group has an installed base of just under 160 GalaxyTM family systems. Overall recurring revenues for Q1 2014 (including GalaxyTM-related, QuazerTM services, annual maintenance contracts, etc.) represented over 30% of our overall sales.

Balance Sheet and Cash Flow Highlights

As of March 31, 2014, cash and cash equivalents and short-term investments (bank deposits) were US\$ 42.7 million as compared to US\$ 33.1 million as of December 31, 2013. The sequential increase in cash and cash equivalents and short-term investments (bank deposits) since December 31, 2013 was primarily due to the Group's Q1 2014 operating results. Trade receivables increased marginally to US\$ 17.0 million as at March 31, 2014 as compared to US\$ 15.8 million as at December 31, 2013. The increase in trade receivables is due to higher receivables associated with increased recurring revenues in Q1 2014 (typically, two months of recurring revenues are outstanding at any quarter's end) and also due to overall increased sales during the period.

Revenues

Revenue by geographic segments -- (US\$ '000)

Q1 2014 versus Q1 2013				
Region	Q1 2014	Q1 2013	\$ change	% change
India	19,482	15,501	3,981	25.7
Africa	994	1,248	(254)	(20.4)
Europe	710	523	187	35.8
North America	304	212	92	43.4
Israel	1,336	880	456	51.8
Other*	1,546	1,850	(304)	(16.4)
Total	24,372	20,214	4,158	20.6

Q1 2014 versus Q4 2013				
Region	Q1 2014	Q4 2013	\$ change	% change
India	19,482	12,843	6,639	51.7
Africa	994	503	491	97.6
Europe	710	579	131	22.6
North America	304	274	30	10.9
Israel	1,336	1,345	(9)	(0.7)
Other*	1,546	1,128	418	37.1
Total	24,372	16,672	7,700	46.2

* (primarily Asia, excluding India)

The Group reported record revenues in Q1 2014 of US\$ 24.4 million, an increase of 21% as compared to US\$ 20.2 million in Q1 2013 and an increase of 46% as compared to US\$ 16.7 million in Q4 2013 (which included the Divali holiday in India). The increase in revenues was across most geographic segments, and stemmed from increased Galaxy™ family related revenues and also increased sales of our traditional products.

Cost of sales and gross profit

Cost of sales for Q1 2014 increased by 17% to US\$ 6.6 million as compared to US\$ 5.7 million for Q1 2013, with gross profit margins of 73% in Q1 2014 versus 72% in Q1 2013. On a sequential basis, cost of sales for Q1 2014 increased by 37% to US\$ 6.6 million as compared to US\$ 4.8 million for Q4 2013, with gross profit margins of 73% in Q1 2014 versus 71% in Q4 2013. The increase in the cost of sales and the improvement in the gross profit margin in Q1 2014 as compared to Q1 2013 and Q4 2013 were due to increased sales volumes and composition of product mix (as Galaxy™ family related recurring revenues continue to grow from an expanded installed base).

Research and development expenses

Research and development expenses for Q1 2014 and for the comparable periods are as per the table below. The Group capitalised (in compliance with IFRS) costs associated with the development of the Sarine Loupe™ system. We expect to continue to capitalise the development of the Sarine Loupe™ system until commercialisation (see Section 10).

<u>US\$ (thousands)</u>	<u>Q1 2014</u>	<u>Q1 2013</u>	<u>Q4 2013</u>
R&D expenses as reported	2,529	1,666	2,446
Capitalised R&D costs	<u>378</u>	<u>629</u>	<u>287</u>
Total R&D costs incurred	2,907	2,295	2,733

The increase in research and development expenditures for Q1 2014 on year-over-year and sequential bases, is in line with the Group's expanded strategic research and development plans, as discussed in our FY 2013 full-year announcement dated 26 February 2014, and is primarily related to the Group's development of new products and services for polished diamonds along with other programs (see Section 10).

Sales and marketing expenses

Sales and marketing expenses for Q1 2014 increased by an insignificant 4% to US\$ 2.8 million as compared to US\$ 2.7 million for both Q1 2013 and Q4 2013.

General and administrative expenses

General and administrative expenses increased by US\$ 0.4 million to US\$ 1.5 million for Q1 2014 as compared to US\$ 1.1 million in Q1 2013 and were virtually flat as compared to US\$ 1.5 million in Q4 2013. The increase in general and administrative expenses on a year-over-year basis was primarily due to increased incentive-based compensation.

Profit from operations

Profit from operations for Q1 2014 increased by 20% to a record US\$ 10.9 million as compared to US\$ 9.1 million for Q1 2013 and by 112% as compared to US\$ 5.1 million for Q4 2013. The increase in profit from operations on a year-over-year and sequential basis was primarily due to higher sales and increased gross profits, offset somewhat by higher operating expenses, as discussed above.

Net finance (expense) income

Net finance expense for Q1 2014 was US\$ 4,000 as compared to net finance income of US\$ 0.1 million in Q1 2013 and net finance income US\$ 0.1 million in Q4 2013.

Income tax expense

The statutory corporate tax rate in Israel has increased in 2014 to 26.5% (25% in 2013). The Group's effective current period tax rate of approximately 16.5% for Q1 2014 is a blend of the statutory tax rate in Israel and substantial tax benefits, in accordance with tax directives enacted in Israel as of 2011, accorded to our export oriented revenue mix (marginally taxed in 2014 at between 9%-16% (7%-12.5% in 2013)), offset somewhat by the higher statutory tax rate (34%) in India.

For Q1 2014, the Group recorded income tax expense of US\$ 1.8 million, as compared to an expense of US\$ 1.1 million in Q1 2013 and US\$ 0.8 million in Q4 2013. The increase in the income tax expense was primarily due to higher pre-tax profitability and a higher marginal tax rate in 2014 following the enactment of the higher tax rates in Israel for 2014.

Profit for the period

Net profit for Q1 2014 increased by 13% to a record US\$ 9.1 million as compared to US\$ 8.1 million for Q1 2013 and by 103% as compared to US\$ 4.5 million for Q4 2013. The increase in net profit on a year-over-year and sequential basis was primarily due to higher sales and increased gross profits, offset somewhat by higher operating expenses and income taxes, as discussed above.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

We expect the following industry trends to continue influencing our business:

- a. Global economic indicators remain positive. The exchange rate of the Indian Rupee against the U.S. Dollar continues to remain stable. However, the shortage of available credit in India has worsened, both from formal banking channels and other less formal sources, which remains a dampening factor, especially on sales of big-ticket items. Sales of our Galaxy™ family, though robust (see paragraph [c] below), were probably impaired by some 10% by this development. Notwithstanding this, barring any unforeseen developments, the overall economic conditions should continue to be favourable to our business.
- b. Polished diamond prices have broken out of their downward bias of the past two years and have increased moderately during the first quarter of 2014 across all sizes, with high-demand sizes (under one carat) appreciating more than others. However, rough diamond prices have also increased somewhat in the quarter. Overall increases in both rough and polished prices have, essentially, been in tandem. We remain optimistic that this trend will continue and that the divergence in price trends of the previous two years (2012 – 2013) will not manifest itself again in 2014.
- c. Deliveries of new Galaxy™ family systems were strong this quarter, in line with the generally upbeat industry climate. With deliveries of fourteen systems to customers, the majority of which were, as to be expected, of the Solaris™ model, and an additional Galaxy™ system to our new New York service centre, as of 31 March 2014 we had just under 160 systems deployed worldwide. Our recurring revenue stream from the installed Galaxy™ and Solaris™ systems continued to expand significantly,

and we expect this trend to continue throughout 2014. To the best of our knowledge, the second solution now proposed by our Russian competitor has still not realised any commercial sales, nor has the system developed by the Indian competitor materialised commercially. Based on current demand and given our world-leading integrative solution and extensive installed base of planning systems, the Group expects to continue to accelerate the delivery of Galaxy™ and Solaris™ systems this year.

- d. Marketing efforts of the Sarine Light™ in the U.S., Taiwan and Korea are progressing, and we expect to conclude agreements with launch customers in the U.S. and Taiwan in Q2 2014. We reiterate that 2014 is a transition year, in which our marketing and sales footprint will expand to cover the above countries as well as HK and China, to be followed by additional Asian countries (e.g. Thailand, Malaysia, Indonesia and Singapore) in late 2014 or early 2015. Traction, measured either by the number of reports issued or revenues collected, should follow with significant contribution to be expected in 2015 and thereafter.
- e. The Sarine Loupe™ trial in India and the U.S. has been completed successfully. Due to customer interest, Sarine has begun offering the innovative imaging in India and Israel on a limited basis. Commercialisation will proceed as production of the Sarine Loupe™ systems ramps up. It is expected that production ramp-up will be achieved during the upcoming months, and that full commercial offering of the solution will begin in the third quarter.

We continue to focus our research and development initiatives on the following projects:

The Galaxy™ family of products: Commercial services of the Galaxy™ Ultra to successfully identify VVS1 inclusions more accurately and automatically, and with much higher throughput (15-20 stones a day) and ease of operation than any other competing solution, commenced in early 2014 in India and Israel. We expect services to be offered in additional service centres, most likely Belgium and the U.S., later this year. System deliveries to customers should commence in early Q3. Our research and development efforts relating to our inclusion scanning family of systems continue to focus on increasing the added value of using these systems, with emphasis being on increased throughput and automation, so as to lower the total cost of ownership and use.

Rough planning products: We continue to focus on bolstering the added value realised by utilising our planning systems in conjunction with our inclusion mapping systems. This has been a winning proposition both underpinning our inclusion systems market penetration (our industry-leading planning solution for rough diamond planning is a key penetration barrier to would be competition for the Galaxy™ / Solaris™ systems) and leading to our capturing an increased share in the planning systems market. Just this past quarter (Q1 2014) Sarine delivered to its customers worldwide over 1,000 planning systems and software-only workstations ("stations"), as inclusion-enabled planning requires more sophistication and time, thus driving demand for Sarine's planning abilities. We continue to refine the Advisor™ rough planning software so as to even further optimise the resulting polished diamonds' values, and expect to release a significantly upgraded version of the Advisor™ software with new and exciting features in the second half of 2014.

Facet polishing products: The new DiaMension Axiom™ platform, enabling more comprehensive geometric data measurements relating to the polished diamond, at an entirely new and unmatched level of accuracy, has commenced beta-testing in the U.S. with an opinion leading gem lab and a high-end manufacturer. It is expected to launch commercially in mid-year 2014. We expect the Axiom's™ introduction will lead to a refined definition of a polished diamond's Cut and symmetry, and thus create a new business opportunity for the Group.

Sarine Light™: As the Sarine Light™ is launched in additional markets in the Far East and the U.S., as noted above, continuing development efforts are addressing the refinement of the system to extend its capabilities to additional shapes and categories of polished diamonds, enhance its scalability, and finish the in-store tablet-based display system, to better meet retailers' needs in the actual sales environment.

Sarine Loupe™: The Sarine Loupe™ system's refinement, so as to enhance the polished diamond's visual appeal rendition, along with the unmatched internal inspection capability, has been proven successful in recently completed tests in the U.S. and India. Additional features, suggested by the customers who participated in the system's tests, will now be implemented over the next few months to avail even easier online assessment of polished diamonds, including an indication of the polished diamond's Colour, its actual size and its visual appearance. We are, in parallel, finalising the necessary Cloud software infrastructure, so as to avail the full commercial launch of the system in Q3.

11. Dividend

(a) Current Financial Period Reported

Any dividend declared/recommended for the current financial period reported on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived.

Not applicable.

(d) Date Payable

Not applicable.

(e) Books Closure Date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended for the current financial period.

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions under Rule 920(1)(a)(ii). If no IPT mandate has been obtained a statement to that effect.

The Group has not obtained a general mandate from its shareholders for IPTs.

14. Negative confirmation pursuant to Rule 705(5) (not required for announcement of full year results).

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial results of the Group for the period ended March 31, 2014, to be false or misleading, in any material aspect.

On behalf of the Directors



Daniel Benjamin Glinert
Executive Chairman



Uzi Levami
Executive Director and CEO



Eyal Mashiah
Executive Director