



PRESS RELEASE

FOR IMMEDIATE RELEASE

Another Year of Record Performance for Sarine Technologies

**FY2014 Revenue Rose 15% to US\$87.8 Million and
Net Profit Improved 14% to US\$27.2 Million**

- ***Healthy revenue growth bolstered by increased Galaxy™ family related recurring income and higher sales of rough diamond planning and processing products***
- ***A record 48 Galaxy™ family systems delivered in FY2014 increased total installed base to 190; overall recurring income accounted for over 35% of FY2014 group revenue***
- ***Solid balance sheet with strong cash and bank balances of US\$45.5 million and no debt as of 31 December 2014***
- ***New product, Sarine Profile™, will boost demand for Sarine Light™ and Sarine Loupe™ imaging services***
- ***Beta-rollout for Allegro™, Sarine's upcoming product to process gemstones, expected in Q2 2015***

Singapore, 22 February 2015 – Singapore Exchange Mainboard listed Sarine Technologies Ltd (“Sarine” or “the Group”) (U77:SI), a worldwide leader in the development, manufacturing, marketing and sale of precision technology products for the planning, processing, evaluation and measurement of diamonds and gems, today announced a healthy set of record financial results for the financial year ended 31 December 2014.



Financial Results Review

The Group achieved 15% growth in revenue to US\$87.8 million in FY 2014 from US\$76.4 million in FY2013. Revenue growth was underpinned by increased Galaxy™-related income on an expanded installed base and higher demand for Sarine's rough diamond planning and processing products. The Group delivered 7 Galaxy™ family systems to customers in Q4 2014, bringing the annual deliveries to a record 48 systems for the year. Consequently, the installed base of Galaxy™ family systems expanded to 190 as of 31 December 2014 and overall recurring income grew to over 35% of group revenue in FY2014.

Gross profit grew 13% to US\$61.9 in FY 2014 from US\$54.6 million in FY2013 and gross profit margin remained stable at 71%. Despite higher operating expenses incurred during the year to support R&D and marketing of the Group's new products and services, profit from operations rose 11% to a record US\$32.9 million. The effective tax rate of the Group was higher in FY2014 mainly due to an increase in Israeli statutory corporate tax rate. However, total income tax expense incurred was lower than the previous year, which included a one-time US\$2.6 million tax charge associated with the release of approximately US\$30 million in prior years exempted profits. As a result, net profit increased 14% to US\$27.2 million. With this net profit, Sarine achieves five consecutive financial years of record performance.

In Q4 2014, the Group reported a 10% increase in revenue year over year to US\$18.3 million from higher Galaxy™-related recurring income as well as increased sales of traditional diamond manufacturing equipment, in particular, the recently released Quazer 3 laser cutting system. However, due to the change in product mix, gross profit margin was lower than the previous corresponding period. Together with higher R&D expenses and marketing expenses as well as increased income tax expense, net profit for the quarter declined 13% to US\$3.9 million.

As a reward to shareholders for the record financial performance, the Board has declared a final dividend of US 2.0 cents per share, subject to approval at the Annual General Meeting. In addition, the Board has decided to increase the payment of semi-annual dividends by 25% to US 2.5 cents per share for FY2015, subject to relevant business considerations.



Prospects

"The current overall stable global economic conditions remain favorable to our business. However, the diamond manufacturing industry in India is still experiencing liquidity issues and the decoupling of rough and polished diamond prices intensified in Q4 2014. The continuation of these headwinds into 2015 will affect our business activities in the immediate term," commented Mr. Uzi Levami, Sarine's Chief Executive Officer. "However, we anticipate a further price correction for rough diamonds early in 2015, on top of the minimal correction of 4% in January, and are optimistic of regaining our growth momentum with significant Galaxy™ family systems deliveries in 2015 when business sentiments in the diamond industry improve," Mr. Levami added.

In FY2015, the Group will continue with marketing efforts for Sarine Light™ and Sarine Loupe™ imaging services with the introduction of Sarine Profile™, a new marketing and promotional tool that utilises all the benefits of Sarine's diverse cutting-edge technologies to "show and tell" the stone with graphic and video displays on a concise "page", rather than simply present a dry tabular non-intuitive report. As imaging technologies become increasingly recognised as an essential marketing and sales tool for the polished diamond trade, Sarine Profile™ has garnered significant interest following its launch in India, Israel, Japan and the US. Subject to diamond industry conditions, the Group expects material revenue contribution from Sarine Profile™ and its imaging systems in the current financial year.

Coming up next in the new product pipeline is the Allegro™ system, which processes pre-formed gemstones (not diamonds) and transforms the rough stone directly into a fully shaped (unfinished) gem. It thus comprises partial functionality of our rough planning systems, also taking into consideration market requirements, as well as (non-laser) shaping abilities. The Allegro™ provides extremely accurately sized stones, with minimal unnecessary weight loss, at high throughput and without human error. Compared to diamonds, a much larger volume of gemstones (but not by value) is manufactured each year. The Group intends to offer the system's capabilities as an inexpensive per-stone service and targets a beta-rollout in Q2 2015. Commercialisation of the new system can be expected in late 2015 or early 2016.

This press release should be read in conjunction with Sarine's FY2014 results announcement released on 22 February 2015 to the Singapore Exchange.



About Sarine Technologies:

Established in 1988, Sarine Technologies Ltd. is a worldwide leader in the development and manufacturing of advanced planning, evaluation and measurement systems for diamond and gemstone production. Sarine's products include the Galaxy™ family of inclusion mapping systems, optimal planning solutions and laser cutting and shaping systems for rough diamonds and polished diamond cut, colour and light performance grading tools, imaging systems and laser-marking / inscription systems. Sarine systems have become an essential gemology tool in every properly equipped gem lab, diamond appraisal business and manufacturing plant, and are today considered essential items by both diamond dealers and retailers. For more information about Sarine and its products and services, visit <http://www.sarine.com/>.

Contact

Cyrus Capital Consulting Mr. Lee Teong Sang Principal Consultant Tel: +65-9633 9035 Fax: +65-62546811 E-mail: teongsang@cyrus.com.sg	Sarine Technologies Ltd. Tamar Brosh Market Communications Tel: +972-9-7903500 Ext. 148 Fax: +972-9-7903501 E-mail: tamer.brosh@sarine.com
--	--