



PRESS RELEASE

FOR IMMEDIATE RELEASE

Sarine Continues to Shine with Record Performance in 1H 2014

**Record Revenue of US\$49.1 Million
and Record Net Profit of US\$17.6 Million in 1H 2014**

- ***Growing Galaxy™ family related revenues and increased sales of traditional planning and rough-diamond processing products underpinned record performance in 1H 2014***
- ***Sarine delivered a record 34 Galaxy™ family systems in 1H 2014, with 19 systems in Q2 2014, as compared to 46 systems delivered in the whole of 2013. Recurring income accounted for just under 35% of 1H 2014 revenue***
- ***The Group has launched the Sarine Loupe™ imaging service at its Indian service centre and will commence roll-out of enhanced systems to customer sites after the September Hong Kong trade show***
- ***Interim dividend of US cents 3.0 per share declared: US cents 2.0 based on policy and US cent 1.0 special dividend***

Singapore, 10 August 2014 – 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, measurement and grading of diamonds and gems, today announced a strong set of financial results for the second quarter and half year ended 30 June 2014.



Financial Results Review

Buoyed by increased Galaxy™ family related revenues as well as higher sales of rough diamond planning and processing products, Sarine continued to scale new heights with record semi-annual revenue of US\$49.1 million in 1H 2014, an increase of 16% over the previous corresponding period. The Group delivered a record 34 Galaxy™ family systems in 1H 2014 and boosted the total installed base to just over 175 systems as at 30 June 2014. Overall recurring income accounted for just under 35% of 1H 2014 revenue.

With the increase in sales volume and higher recurring revenue, gross profit rose 18% to US\$35.5 million and gross profit margin improved to 72%. Profit from operations climbed 13% to US\$21.0 million. As planned, increased sales and marketing and R&D expenses were incurred to support new polished diamond products and services recently launched and the development of others to be introduced not before 2016. Due to higher Israeli corporate tax rates for 2014 (on an increased profit before tax), the Group incurred higher income tax expenses. Notwithstanding the higher tax expense, net profit rose 8% to a record US\$17.6 million in 1H 2014.

In Q2 2014, Sarine achieved record revenue of US\$24.7 million and a net profit of US\$8.6 million, both higher than the corresponding period last year.

To reward shareholders for the strong results, the Board declared an interim dividend of US cents 3.0 per share: US cents 2.0 based on the dividend policy and a special interim dividend of US cent 1.0.

Prospects

For the rest of 2014, the Group expects overall economic conditions to remain favourable and recurring revenue from installed Galaxy™ family systems to continue to grow from the expanded installed base. In view of the robust market demand and the ongoing lack of meaningful competition, the Group will continue to leverage on Sarine's extensive installed base of planning products to augment recurring revenue, by continued strong deliveries of Galaxy™ family products to broaden further our market penetration. The latest addition to the Galaxy™ family, the Galaxy™ Ultra, is scheduled for delivery to customers in Q3 2014.



In Q2 2014, the Group concluded sales of Sarine Light™ with launch customers in the US and Taiwan. In addition to these two countries, the Group will expand marketing of Sarine Light™ to Hong Kong, China as well as to additional Asian countries, such as Thailand, Malaysia, Indonesia and Singapore over the next 12 months. On 1 July 2014, the Group launched the Sarine Loupe™ imaging service at its service centre in India. Enhanced systems will be introduced at the Hong Kong trade show in September 2014, and thereafter delivered to customers for their on-site use. Significant revenue contribution from the Sarine Light™ and Sarine Loupe™ should be expected in 2015 and beyond.

To entrench its global leadership position, the Group will continue to invest in research and development initiatives to constantly enhance its suite of rough diamond planning and processing products as well as its new polished diamond imaging and grading services.

This press release should be read in conjunction with Sarine's Q2 2014 results announcement released on 10 August 2014 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 products include diamond cut, color and light performance grading tools, the Galaxy™ family of inclusion mapping systems, rough diamond optimisation systems, laser cutting and shaping systems and laser-marking and inscription machines. 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 www.sarine.com.

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