

Sarine Technologies Ltd.

Corporate Presentation

March 2016



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Agenda

- ◆ **Company Overview**
- ◆ **Products Update**
- ◆ **Results Update**
- ◆ **Appendix - Industry Overview and Sarine's Competitive Positioning**



Company Overview



Sarine Technologies

Sarine Technologies, through its proprietary systems and technologies, is a global leader in the development and provider of solutions for the entire diamond value chain, from rough diamonds evaluation, planning, manufacturing and finishing to polished diamonds assessment, grading and trade

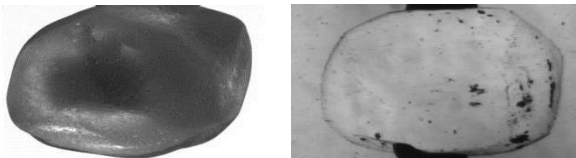


Inclusion Mapping Technologies Before Galaxy™

Technology	Suppliers	Disadvantages
Manual Inclusion Charting	Sarine and others	<ul style="list-style-type: none"> ◆ Needs windows opened in stone ◆ Done by expert personnel ◆ Limited success on complicated inclusions ◆ Limited to larger inclusion sizes ◆ Very long (hours/days per stone) process
X-Ray	Others	<ul style="list-style-type: none"> ◆ Expert personnel required - not all inclusions easily detected, often many “false positives” ◆ Relatively long process (hour +) ◆ High cost

Automated Inclusion Mapping Technology with Galaxy

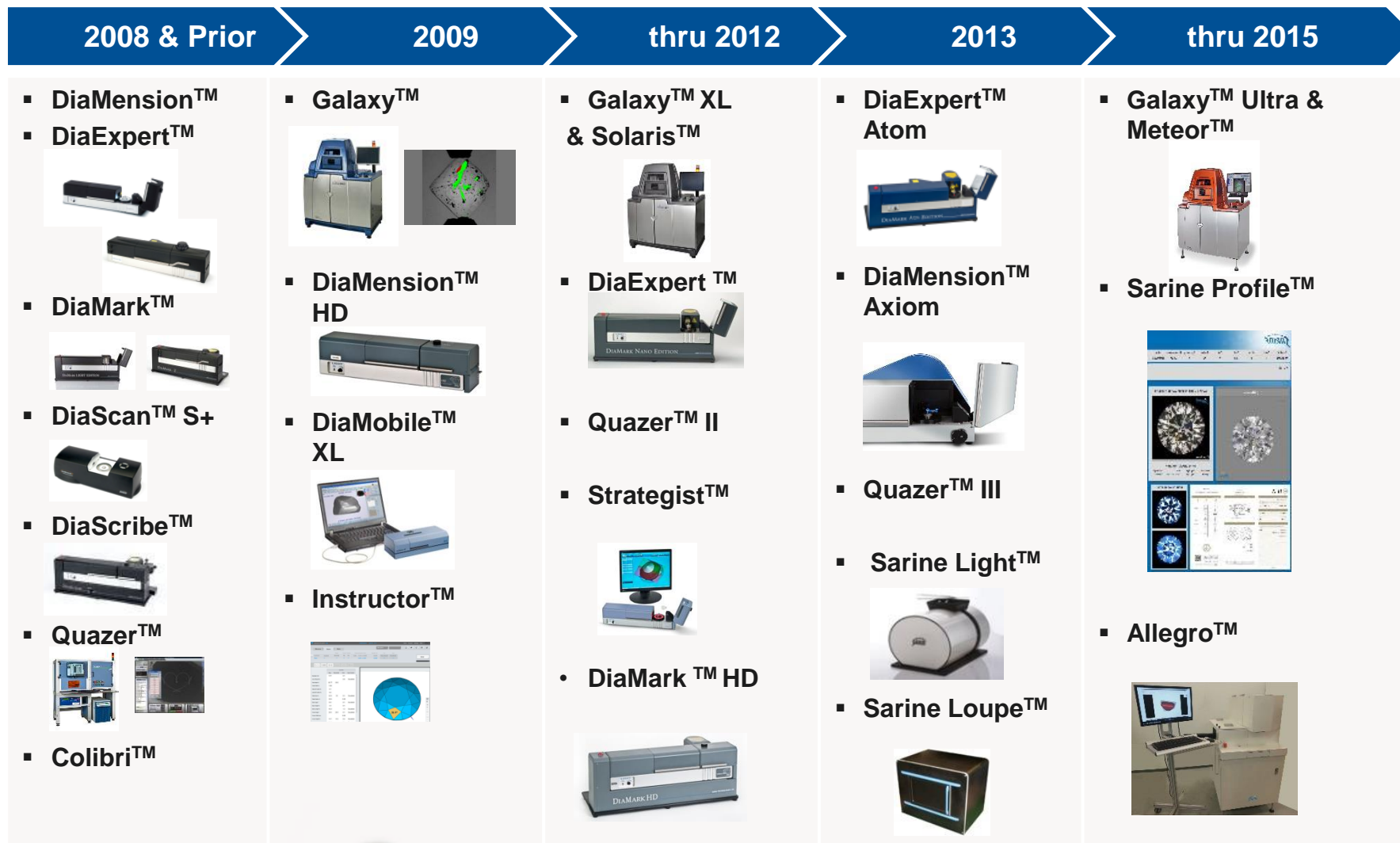
How opaque becomes transparent



- ◆ No need to pre-process the rough diamond (no “windows”)
- ◆ Supports most types of stones (even thin mineral-coating)
- ◆ Automatic; little user-expertise required
- ◆ Identifies all types and most sizes of inclusions
- ◆ Relatively fast operation (minutes)
- ◆ Cost-effective



Proven Track Record of Product Innovation



Products Update



DiaMension™ Axiom / Instructor™

◆ DiaMension™ Axiom

- ◆ Quantum leap in proportion measurement and symmetry grading of polished diamonds
- ◆ Adopted by industry leaders (e.g., Tiffany) and by leading gemological labs (e.g., GSI)
- ◆ New Cut and Symmetry grading standards a new business opportunity

◆ The Instructor™ software product

- ◆ For the ongoing quality control of the actual polishing process as the polished diamond is faceted
 - ◆ Unique capability of providing instructions on necessary corrective actions and/or possible asymmetric enhancements
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- ◆ These products are expected to continue to drive the growth of the Group's polished diamond grading product line

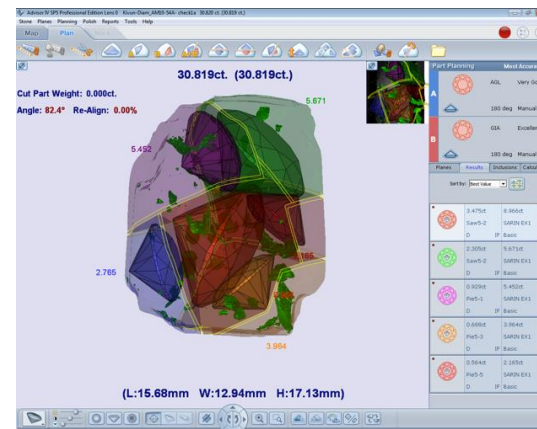


Galaxy™ Family Rollout

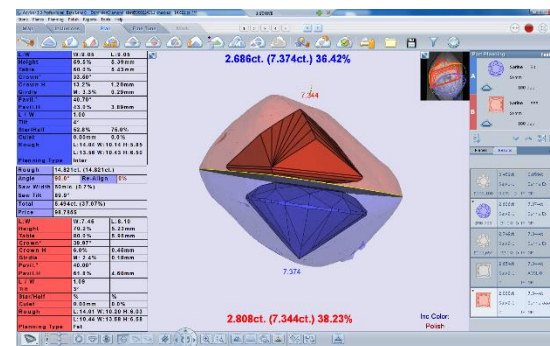
- ◆ No real competition for Group's inclusion mapping systems in the market
- ◆ Total installed base of Galaxy™ family of products at 215 as at 31 Dec 2015
- ◆ Meteor™, Sarine's inclusion mapping system for rough stones of 20-85 points launched; with throughput doubled it addresses market segment where 50 million stones are polished – 4 times Galaxy™ and Solaris™ segments
- ◆ Galaxy™ Ultra gaining traction at expense of competition's high-end M-Box

Optimal Planning with Galaxy™ Inclusion Mapping

Note unique Strategist™ & Quazer™ III pie-cut sawing

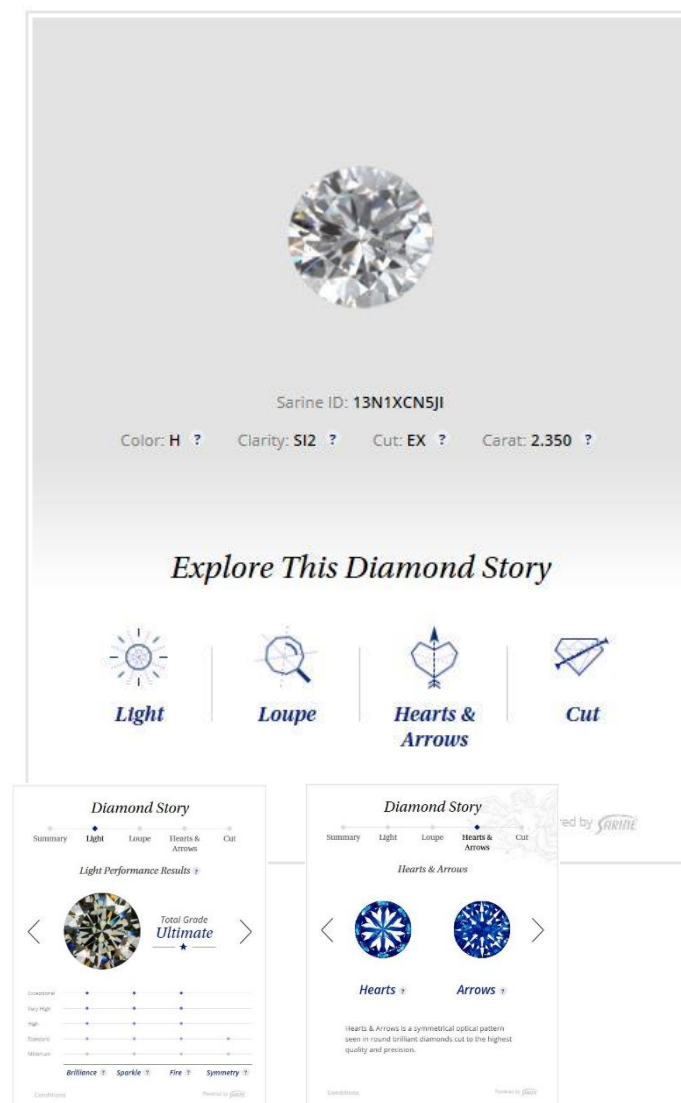


Pre-inclusion Mapping State-of-the-Art



Sarine Profile™

- ◆ Imaging technologies are gaining traction as an essential marketing tool in the polished diamond trade
- ◆ Instead of a dry tabular non-intuitive report, Sarine Profile™ utilises all the benefits of Sarine's diverse cutting-edge technologies to “show and tell” the stone with graphic and video displays
- ◆ Product launched 2015 with focus now on pilot programs in U.S. and China/HK
- ◆ GSI, one of world's leading gem labs, has adopted full Sarine Profile™ into its polished diamond grading and education services
- ◆ Adoption of Sarine Profile™ program by leading brick-and-mortar and online retailers expected to accelerate in FY2016



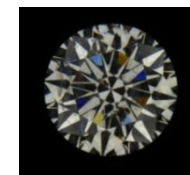
- ◆ With increasing demand for quality and branded diamonds, light performance parameters - brilliance, fire, scintillation/sparkle and symmetry, are becoming key consumer-oriented criteria
- ◆ 2013: Sarine Light™ light performance grading report launched in Japan with CIMA, a leading bridal diamond jewellery chain; CIMA confirms Sarine Light™ has enhanced its positioning as high-end retailer and contributed to higher sales.
- ◆ Subsequently, adopted by leading Belgian diamond manufacturer for quality assurance and sorting and by retail customers in the US, India and Taiwan
- ◆ 2015: Integration of Sarine Light™, Sarine Loupe™ and displays of a polished diamond's Cut and Hearts & Arrows to create consumer-oriented diamond “story” – the Sarine Profile™
- ◆ Leading retailers adopting Sarine Light™; moving away from lesser competing products
- ◆ Development of new derivative functionality from Sarine Light™, polished diamond “fingerprinting”, completed

Perfect Stone

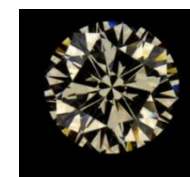
High Clarity, Colour and Cut grades



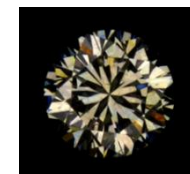
Low Clarity



Low Colour



Low Cut

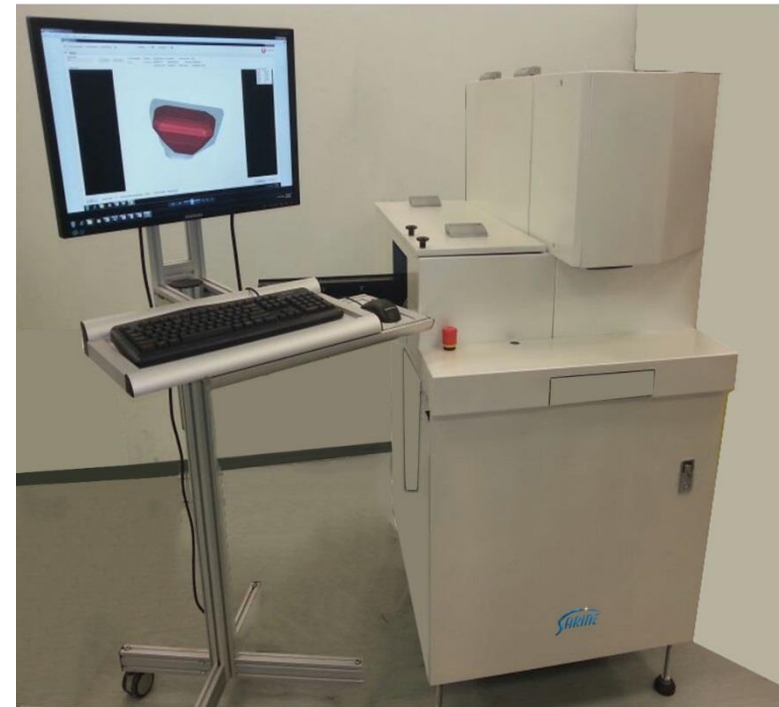


- ◆ A unique imaging and inspection system that captures a polished diamond, including its internal features, in simulated three dimensions
- ◆ Enables buyers to view the polished stone from a multitude of angles and at varying magnifications without having it in hand; simplifies the buying process of polished diamonds while reducing costs and time involved for both buyers and sellers wholesale; empowers online and enhances in-store polished diamond buying experience while creating virtual inventories for retail chains
- ◆ Sarine Loupe™ imaging services opened in India, Israel and New York. Brinks has adopted it as an add-on service offered in Los Angeles and Hong Kong
- ◆ Integrated into Sarine Profile™ with optional levels of imaging and magnifications

Sarine Loupe™ Imagery of Included Stone



- ◆ The Allegro™ system processes gemstones (excluding diamonds) and transforms the rough stone directly into a cut and shaped (unfinished) gem with high speed and accuracy
- ◆ New product addresses new market with proven Sarine technologies; market for gemstones independent of and larger in volume than that of diamonds (albeit lower dollar value)
- ◆ Allegro™ will be offered as an inexpensive per-stone service and will expand the recurring revenue base
- ◆ Initial service centres in Jaipur, India, and Israel; additional centres can be expected in 2016 (Thailand, South America, etc.)



Going Forward

- ◆ Given the immediate tangible benefits of Sarine's unique technology and the ongoing lack of substantial competition, the Group is confident of extending the market penetration of the Galaxy™ family of inclusion mapping systems
- ◆ Inclusion mapping systems market penetration enhances demand for Sarine's planning products and contributes to the consolidation of the Group's leading market share for manufacturing products
- ◆ New products such as Sarine Light™, Sarine Loupe™, Sarine Profile™ and similar services (as complementing bundles or standalone) address the wholesale and retail trade of polished diamonds – a significant new market for the Group with substantially larger potential for recurring revenue
- ◆ Gemstone processing product, Allegro™, addresses new market (non-diamond gemstones manufacturing) with significant potential to create additional recurrent income stream for the Group



Growth Drivers for Recurring Revenue

Important Catalysts to Future Growth

- ◆ Deliveries of additional Galaxy™ family systems for rough diamond inclusion scanning and mapping to customers
- ◆ Increased adoption and roll-out of new products and services based on digital trade visualisation solutions - Sarine Light™ , Sarine Loupe™ and Sarine Profile™
- ◆ Increased market penetration for Allegro™ gemstones processing services

Benefits to Sarine

- ◆ Expand Sarine's presence to the trade segment of the diamond industry as well as manufacturing market for other gemstones
- ◆ Broaden the Group's revenue base into polished diamond trade and non-diamond gemstones market
- ◆ Increase recurrent portion of Group's revenue stream



Results Update



FY2015 Results Highlights

- ◆ FY2015 revenue and net profit declined to US\$48.5m and US\$3.6m, respectively, due to lower diamond manufacturing activities
 - Overly aggressive rough diamond pricing and stagnant polished diamond prices
 - Higher than normal polished diamond inventory level at end 2014
- ◆ On sequential quarterly basis, Sarine achieved significant improvement with 31% increase in Q4 2015 revenue and reversed net loss of US\$1.4m in Q3 2015 to net profit of US\$1.5m
- ◆ Initial industry recovery with business sentiments improving after November 2015
 - Correction of rough prices and higher polished diamond pricing increased profitability of midstream diamond manufacturers
 - Accelerated sales of polished diamonds during festive seasons reduced polished diamond inventory level
- ◆ Balance sheet remains healthy at end 2015 with cash and cash-equivalents of US\$32.6m and no debt

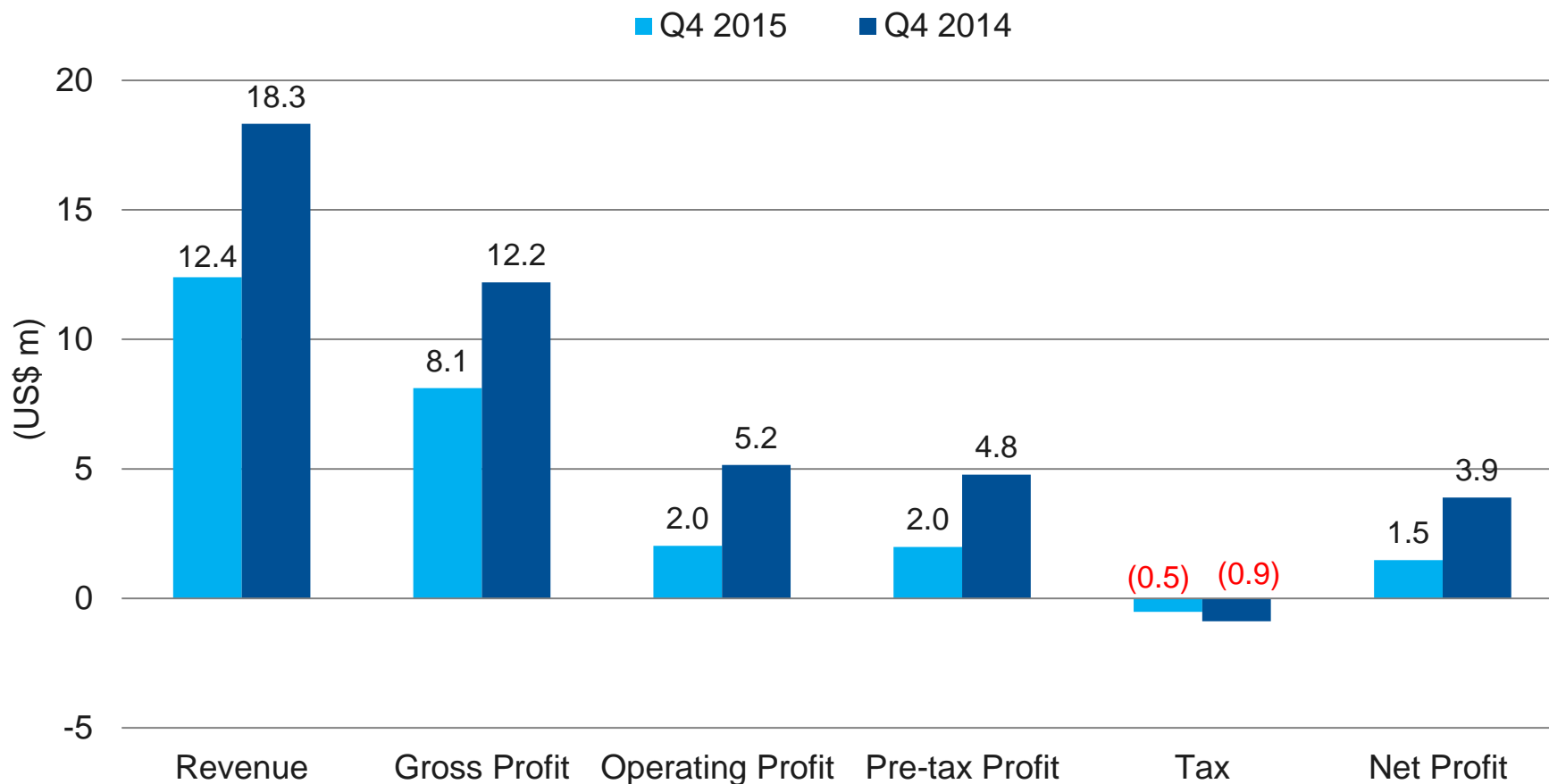


2016 – Early Prospects

- ◆ Improvement in business sentiments continued into January 2016 – rough diamond prices fell a further 7 to 10%, while diamond jewellery prices rose 7% in the US.
- ◆ DeBeers February 2016 Sight - **TBD**
- ◆ Industry downturn of 2015 seemingly past its worst
- ◆ Manufacturers yet to resume full production in Q1 2016 but record number of stones are being scanned by inclusion mapping systems
- ◆ Orders (not yet delivered) in first two months of 2016 already matched all of Q4 2015
- ◆ Barring unforeseen circumstances, midstream manufacturing activities expected to continue improving throughout 2016



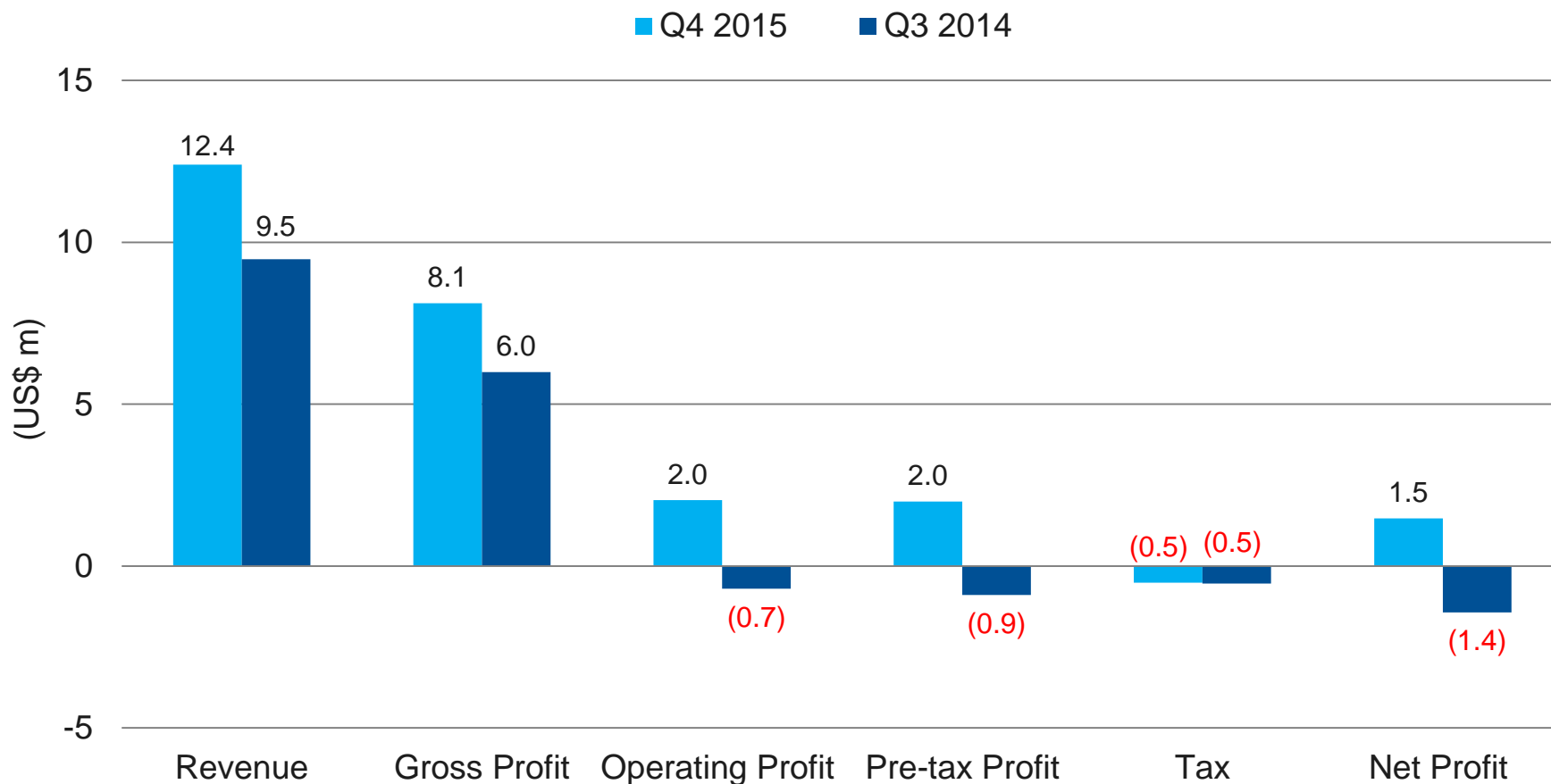
Q4 2015 Results Summary



% change	(32%)	(34%)	(61%)	(58%)	(42%)	(62%)
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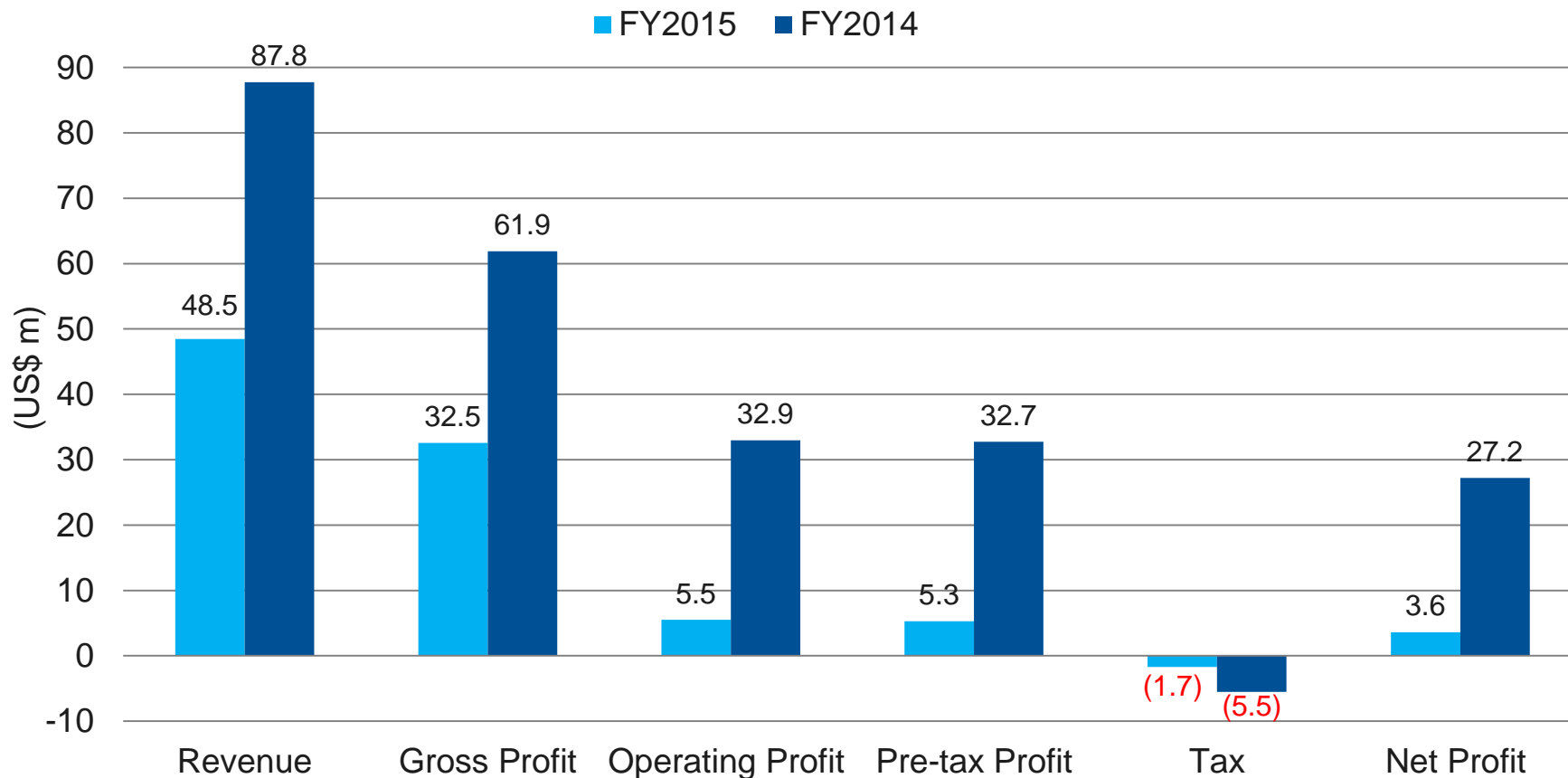
Sequential Quarterly Results – Higher Q4 2015



% change	+ 31%	+ 35%	N.A.	N.A.	(4%)	N.A.
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FY2015 Results Summary



% change	(45%)	(47%)	(83%)	(84%)	(69%)	(87%)
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Revenue Breakdown by Geography

Region	FY2015 (US\$' 000)	FY2014 (US\$' 000)	% Chg	% Share (FY2015)
India	34,217	69,595	(51%)	70%
Africa	2,234	4,011	(44%)	5%
Europe	2,280	2,381	(4%)	5%
N. America	1,370	1,210	+ 13%	3%
Israel	3,480	5,060	(31%)	7%
Other	4,872	5,513	(12%)	10%
Total	48,453	87,770	(45%)	100%



Strong Balance Sheet (debt free)

(US\$ millions)	31 Dec 2015	31 Dec 2014
Non-Current Assets	23.4	20.5
- Property, plant & equipment	12.4	11.5
- Intangible assets	7.8	6.8
Current Assets	57.8	71.6
- Inventories	10.1	10.1
- Trade receivables	11.3	13.5
- Cash & bank deposits	32.6*	45.5
Non-current Liabilities	0.1	0.2
Current Liabilities	9.5	12.3
- Trade & other payables	9.0	11.7
Shareholders' Equity	71.5	79.6

* Decrease in cash & bank balances mainly due to US\$12.2m dividend payment, US\$1.3m share buy-back and US\$3.0m payment to licensor of software utilised in the Galaxy family of products

Dividend

US cent/share	2015	2014	2013	2012
Interim	1.50	2.00	1.50	1.25
Special interim	-	1.00	2.50	2.00
Final	1.50*	2.00	2.00	1.25
Total	3.00	5.00	6.00	4.50

* Proposed; subject to AGM approval



Appendix

Industry Overview and Sarine's Competitive Positioning



Diamond Industry Value Chain



Miners	De Beers concentrates ~ 40% of rough diamonds worldwide; Russia; Botswana; Australia; Canada; Zimbabwe; others
Manufacturers	India accounts for ~ 90% of all stones; Southern Africa (S. Africa, Botswana and Namibia) and China other manufacturing centres
Gemmological Laboratories	Strategic customers setting industry standards
Wholesalers	Belgium, Israel, USA, Hong Kong
Retailers	<ul style="list-style-type: none"> • USA > 40% of global retail diamond market • Hong Kong is second largest market (~25%) • Chains gaining in importance over shops



Diamond Industry Value Chain

Our products increase profits at all stages of the diamond trade from purchase of rough stones to sale of polished diamonds

Value of Market in US\$ in 2014



Sarine's Value Proposition

Challenges

- Increase industry players' sustainable profitability
- Satisfy consumer concerns on issues of quality and beauty

Sarine's Solutions

- Maximise polished value yield from rough diamonds, while reducing risk and cutting costs
- Grade quality and beauty of polished diamonds according to 4Cs and light performance
 - Solutions to affirm and enhance marketing and branding

Sarine's Expertise

Proprietary precision mechanics, optics, electronics, laser and colour technology with sophisticated software in computerised systems



Competitors

Diamond Planning & Grading Products	Laser Sawing & Cutting Products
<p>OctoNus (Russia) High-end rough planning and polished evaluation equipment-offers services and trying to gain traction, without success so far, with Immersion Glass inclusion mapping system; teamed with Lexus in India for sales</p> <p>Sahajanand Technologies (Surat, India) Former Sarine distributor in India- markets rough planners for low and medium range applications; announced in Dec. 2014 intent to offer competing inclusion mapping system (so far no launch)</p> <p>Sahajanand Laser Technology (Ahmedabad, India) Low-end rough planning equipment with minimal market presence; has been trying, unsuccessfully so far, to launch Nebula inclusion mapping system</p> <p>OGI Systems (Israel) Price player with diminishing international presence; announced in Dec. 2014 intent to offer competing inclusion mapping system (so far no launch)</p>	<p>Synova (Switzerland) High-end, fast, safe green lasers; extremely expensive (\$600K - \$1M price tag)</p> <p>Soenen (Belgium) Quazer copy; very low market presence</p> <p>Laxmi (India) Low-cost/low-end green laser without shaping capabilities</p> <p>S.O.S. (India) Mainstream infra-red (IR) laser supplier</p> <p>Sahajanand Technologies (India) Low-end/low-cost IR laser; broadest presence</p> <p>Sahajanand Laser Technology (India) Low-end/low-cost IR laser; wide presence</p> <p>OGI Systems (Israel) Very limited market presence with a laser</p>
<p>Combined market share of competitors for diamond planning & grading products is still smaller than Sarine's (~70+%)</p>	



Thank You
Q & A

