



Sarine Technologies Ltd.

Corporate Presentation

May 2015



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Agenda

- ◆ Executive Summary
- ◆ Results Update
- ◆ New Products Update
- ◆ Appendices
 - ◆ Company Overview
 - ◆ Industry Overview and Sarine's Competitive Positioning



Executive Summary

- ◆ Against the backdrop of negative business sentiments in a challenging operating environment for the diamond industry, Group revenue and net profit declined to US\$12.2m and US\$0.9m respectively in Q1 2015
 - Squeezed manufacturer margins due to high rough diamond prices relative to polished prices
 - Weaker consumer demand across most markets outside the US
 - Limited credit availability for 2nd and 3rd tier Indian diamond manufacturers
- ◆ The Group delivered 5 Galaxy™ family systems in Q1 2015 and increased total installed base to 195 as of 31 March 2015
- ◆ Cash and bank deposit balances amounted to US\$47.3m as at 31 March 2015, with no bank debt
- ◆ New products based on digital trade visualisation solutions are expected to be increasingly adopted by manufacturers, gemmological laboratories, wholesale and retail traders across the polished diamond value chain from Q2 2015



Results Update

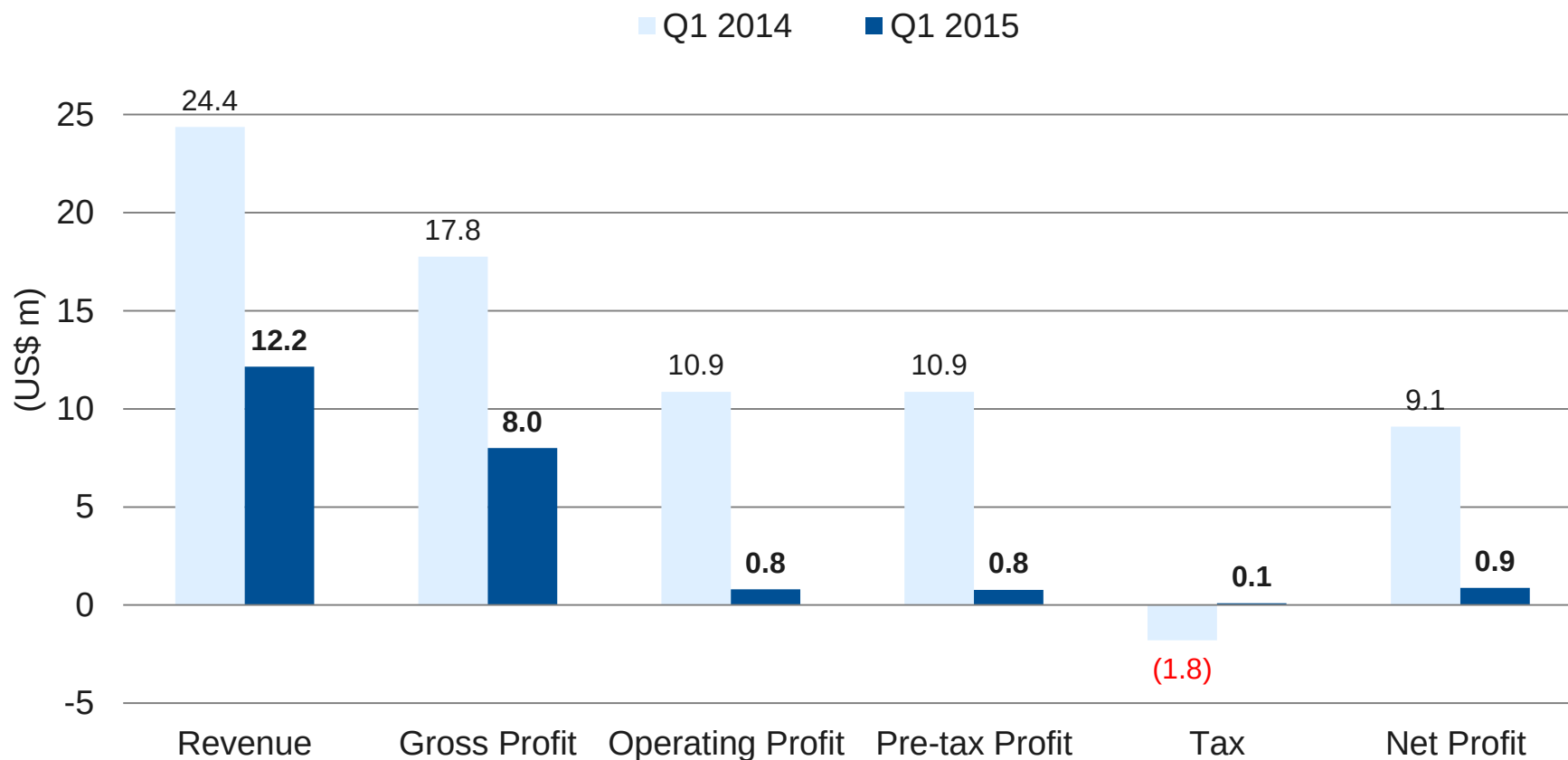


Results Highlights

- ◆ The challenges experienced by the diamond manufacturing industry since late 2014 persisted into Q1 2015
- ◆ Group revenue declined 50% to US\$12.2m due to lower sales of diamond manufacturing equipment and Galaxy™ –related income.
- ◆ As diamond manufacturers shifted focus to smaller diamonds, recurring revenue fell approximately 20% and accounted for just over half of Q1 2015 revenue
- ◆ The Group delivered 5 Galaxy™ family systems, primarily Galaxy™ Ultras, to customers and service centres in Q1 2015, bringing total installed base to 195 as 31 at March 2015.
- ◆ Due to lower revenue, net profit decreased to US\$0.9m in Q1 2015



Q1 2015 Results Summary



% change	(50%)	(55%)	(93%)	(93%)	NM	(90%)
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Revenue Breakdown by Geography

Region	Q1 2015 (US\$' 000)	Q1 2014 (US\$' 000)	% Change	% Share (Q1 2015)
India	8,837	19,482	(55%)	73%
Africa	437	994	(56%)	4%
Europe	771	710	+ 9%	6%
N. America	287	304	(6%)	2%
Israel	817	1,336	(39%)	7%
Other	1,007	1,546	(35%)	8%
Total	12,156	24,372	(50%)	100%



Strong Balance Sheet (debt free)

(US\$ millions)	31 Mar 2015	31 Dec 2014
Non-Current Assets	20.3	20.5
- Property, plant & equipment	11.4	11.5
- Intangible assets	6.0	6.8
Current Assets	72.1	71.6
- Inventories	10.9	10.1
- Trade receivables	9.7	13.5
- Cash & bank deposits	47.3	45.5
Non-current Liabilities	0.2	0.2
Current Liabilities	10.3	12.3
- Trade payables	2.2	2.8
Shareholders' Equity	81.9	79.6



Dividend

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

- ◆ Revised dividend policy: semi-annual dividend to increase by 25% to US 2.5 cents per share in 2015, subject to Board and AGM approval as well as relevant business considerations



5-Year Results Summary (2010 – 2014)

(US\$'000)	2010	2011	2012	2013	2014
Revenues	45,663	57,803	63,750	76,369	87,770
Gross Profit	29,350	38,281	43,388	54,583	61,903
Net Profit	11,111	17,366	20,755	23,888	27,230
Gross Profit Margin	64.3%	66.2%	68.1%	71.5%	70.5%
Net Profit Margin	24.3%	30.0%	32.6%	31.3%	31.0%
Cash and investments (no debt)	28,270	33,946	36,787	33,059	45,497
EPS (US cents, fully diluted)*	3.30	5.12	6.03	6.87	7.70
Annual Dividend (US cents)*	1.60	2.60	4.50	6.00	5.00

*Adjusted for bonus issue in May 2012

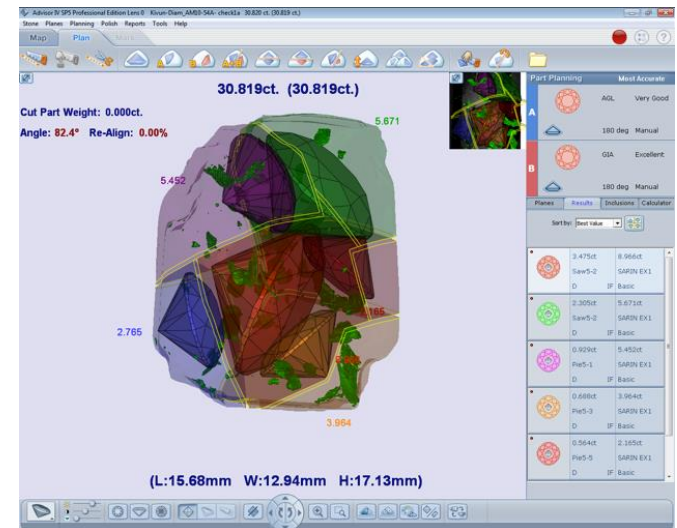
New Products Update



Galaxy™ Family Rollout

- ◆ Demand for Galaxy™ family of products remains strong in all major industry centres
- ◆ Total installed base of Galaxy™ family of products increased to 195 as at 31 Mar 2015
- ◆ The Group is capitalising on the ongoing lack of meaningful competition for inclusion mapping systems in the market to deepen Galaxy™ penetration
- ◆ The Group is currently working on inclusion mapping systems for smaller rough stone sizes between 20-85 points and targets commercialisation in late 2015

Optimal Planning with Galaxy™ Inclusion Mapping



Note Unique Strategist™ & Quazer™ II pie-cut sawing



◆ DiaMension™ Axiom

- ◆ Quantum leap in proportion measurement and symmetry grading of polished diamonds
- ◆ Adopted by industry leaders (e.g., Tiffany) and in evaluation by leading gemmological labs (e.g., GIA)
- ◆ New Cut and Symmetry grading standards possibly 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
- ◆ Enhanced handling of fancy shaped diamonds to counter competition
- ◆ These products are expected to continue to drive the growth of Group's polished diamond grading product line



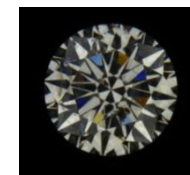
- ◆ With increasing demand for quality and branded diamonds, Light Performance parameters (brilliance, fire, scintillation/sparkle and symmetry) are becoming accepted as understandable consumer-oriented criteria
- ◆ In 2013, Sarine Light™ light performance grading reports launched in Japan with CIMA, a leading bridal diamond jewellery chain, in all its stores, followed by smaller retail players. Subsequently, adopted by leading Belgian diamond manufacturer the for quality assurance and sorting.
- ◆ In 2014, the Group concluded sales of Sarine Light™ with launch customers in the US, India and Taiwan.
- ◆ In 2015, light performance grading technology is being integrated with rough diamond planning systems and polished diamond facet polishing quality control systems to allow manufacturers to add light performance optimisation to polished diamond manufacturing criteria.
- ◆ The Group is developing new derivative use for Sarine Light™ and has scheduled commercialisation of the new product in 2H 2015

Perfect Stone

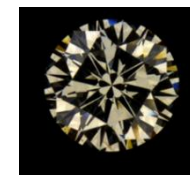
High Clarity, Colour and Cut grades



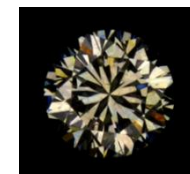
Low Clarity



Low Colour



Low Cut



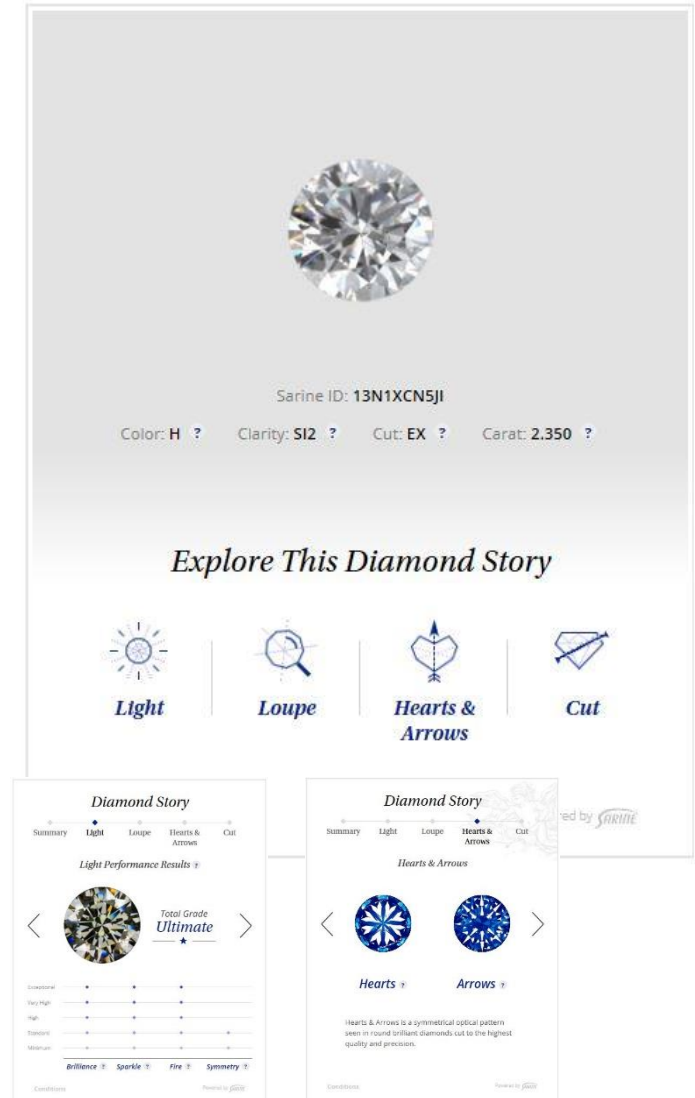
- ◆ A unique imaging and inspection system that captures a polished diamond, including its internal features, in simulated three dimensions
- ◆ Enables buyers to view it, as if with a traditional loupe, from a multitude of angles and at varying magnifications, without the polished diamond in hand
- ◆ Empowers online and in-store polished diamond trading and significantly simplifies the buying process of polished diamonds by reducing costs and time involved for both buyers and sellers
- ◆ Commercial Sarine Loupe™ imaging service launched in service centres in India, Israel and New York
- ◆ Brinks has adopted as an add-on service, initially in Los Angeles and Hong Kong

Sarine Loupe™ Imagery of Included Stone

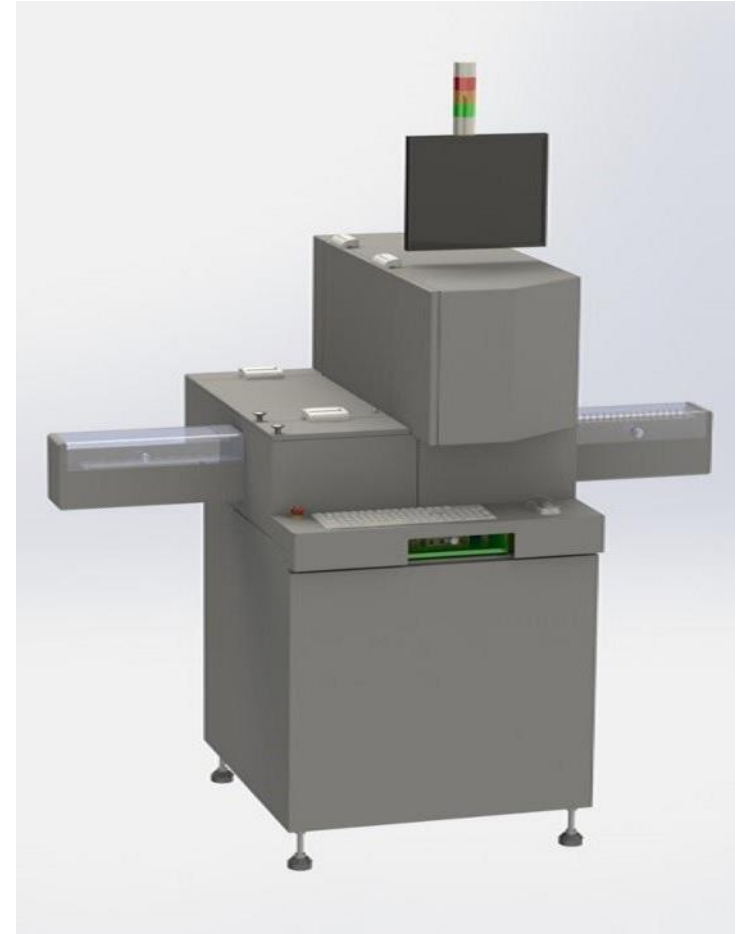


Sarine Profile™

- ◆ Imaging technologies are increasingly recognised as an essential marketing tool for 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 on a concise “page”
- ◆ This new product has been launched in India, Israel, Japan and the US to significant market interest
- ◆ Subject to prevailing industry conditions, the Group expects significant revenue contribution from Sarine Profile™ in FY2015



- ◆ 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
- ◆ Positive prospect for this new product as the manufacturing market for gemstones is significantly larger in volume than that of diamonds (albeit lower dollar value)
- ◆ Beta-rollout is expected in mid-2015, followed by commercialisation in late 2015 or early 2016
- ◆ The Group plans to offer Allegro™'s capabilities as an inexpensive per-stone service to expand the recurring revenue base



Going Forward

- ◆ Given the immediate tangible benefits of Sarine's unique technology and the ongoing lack of meaningful competition, the Group is confident of deepening the market penetration of the Galaxy™ family of inclusion mapping systems
- ◆ Galaxy™ family systems 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 segment that adds to the Group's recurring revenue base
- ◆ Gemstone processing product, Allegro™, will address the significantly bigger gemstones market and create new 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™
- ◆ Commercialisation of 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 gemstones market
- ◆ Increase the recurrent portion of the revenue stream for the Group



Appendix

Company Overview



About Sarine Technologies

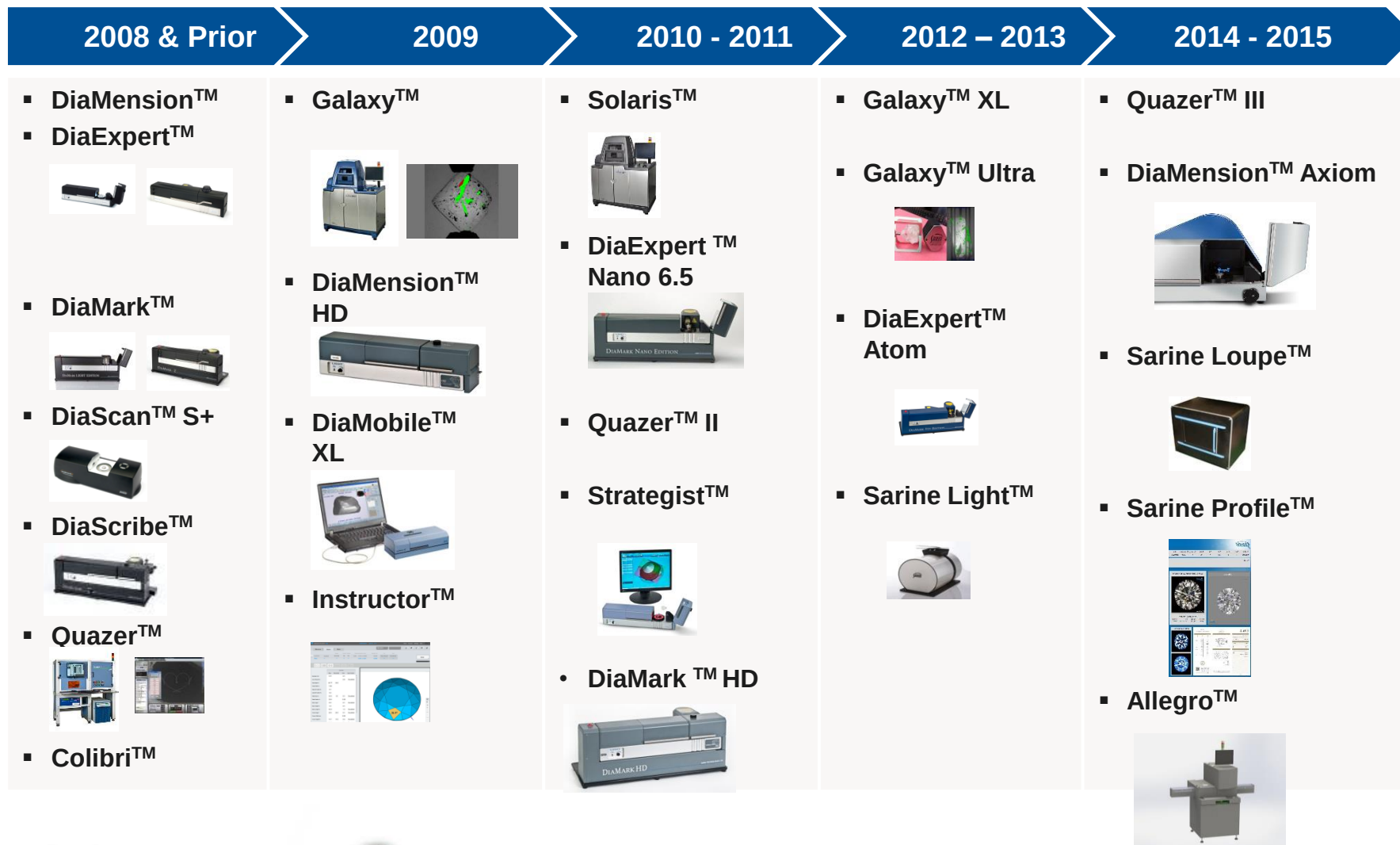
Sarine Technologies, through its proprietary systems and technologies, is a global leader in the development and provider of solutions for the entire diamond value chain, from rough diamonds (evaluation, planning, manufacturing and finishing) to polished diamonds (assessment and grading)



Established in Israel in 1988 and listed on the Main Board of the Singapore SGX-ST in April 2005



Proven Track Record of Product Innovation



Appendix

Industry Overview and Sarine's Competitive Positioning



Diamond Industry Value Chain



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

- Need to increase industry players' profits
- Address issues of quality and beauty

Sarine's Solutions

- Maximise profit from rough diamonds
- Grade quality and beauty polished diamonds according to 4Cs and light performance
- Solutions to affirm and enhance branding

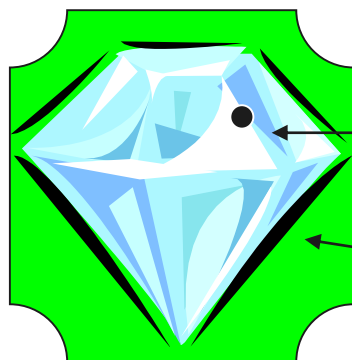
Sarine's Expertise

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

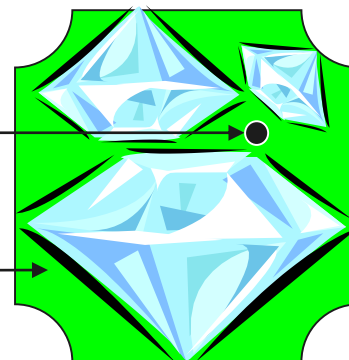


Inclusion Mapping - Overview

Diamond with Inclusion



Diamonds without Inclusion



Inclusion

Planned diamonds

- ◆ Diamonds without inclusions can be worth up to 10x more
- ◆ No cost effective automated inclusion mapping system existed in the market until the introduction of Galaxy™
- ◆ Galaxy™/Solaris™ offer automated, comprehensive and accurate mapping of inclusions within rough and polished diamonds in a far shorter time compared to currently available techniques

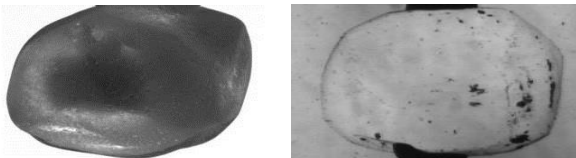


Inclusion Technologies Before Galaxy™

Technology	Suppliers	Disadvantages
Manual Inclusion Charting	Sarine and others	◆ 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	◆ Expert personnel required - not all inclusions easily detected, often many “false positives” ◆ Relatively long process (hour +) ◆ High cost

Galaxy™ / Solaris™ Automated Inclusion Mapping Technology

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



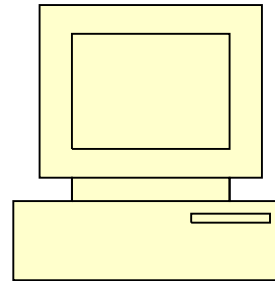
Galaxy™ / Solaris™ in Planning

DiaExpert™

Galaxy™
Solaris™

Set-up Station

DiaMark™ Z



3-D External
Convex /
Concave Mapping

Internal Inclusion
Scanning /
Mapping

Linking inclusion
mapping data and
rough planning to
optimise polished
diamonds' value

Marking



Competitors

Diamond Planning & Grading Products	Laser Sawing & Cutting Products
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 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) 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 OGI Systems (Israel) Price player with diminishing international presence; announced in Dec. 2014 competing inclusion mapping system (so far no launch)	Synova (Switzerland) High-end, fast, safe green lasers; extremely expensive (\$600K - \$1M price tag) Soenen (Belgium) Quazer copy; very low market presence Laxmi (India) Low-cost/low-end green laser without shaping capabilities S.O.S. (India) Mainstream infra-red (IR) laser supplier Sahajanand Technologies (India) Low-end/low-cost IR laser; broadest presence Sahajanand Laser Technology (India) Low-end/low-cost IR laser; wide presence OGI Systems (Israel) Very limited market presence with a laser
Combined market share of competitors for diamond planning & grading products is still smaller than Sarine's (~70+%)	



Thank You
Q & A

