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 (Loss) for the (US$'000):

	Group Quarter ended September 30,			Group Nine months ended September 30,		
	2015	2014	Change %	2015	2014	Change %
Revenue	**9,479**	**20,362**	**(53.4)**	**36,056**	**69,450**	**(48.1)**
Cost of sales	3,487	6,119	(43.0)	11,624	19,749	(41.1)
Gross profit	**5,992**	**14,243**	**(57.9)**	**24,432**	**49,701**	**(50.8)**
Research and development expenses	2,634	2,649	(0.6)	8,042	7,922	1.5
Sales and marketing expenses	3,281	3,210	2.2	9,831	9,558	2.9
General and administrative expenses	782	1,553	(49.6)	3,092	4,429	(30.2)
(Loss) profit from operations	**(705)**	**6,831**	**NM**	**3,467**	**27,792**	**(87.5)**
Net finance (expense) income	(193)	1	NM	(154)	168	NM
(Loss) profit before income tax	**(898)**	**6,832**	**NM**	**3,313**	**27,960**	**(88.2)**
Income tax expense	(539)	(1,141)	(52.8)	(1,200)	(4,622)	(74.0)
(Loss) profit for the period	**(1,437)**	**5,691**	**NM**	**2,113**	**23,338**	**(90.9)**
Other comprehensive expense						
Foreign currency translation differences from foreign operations	(230)	(160)	43.8	(285)	--	NM
Total comprehensive (loss) income for the period	**(1,667)**	**5,531**	**NM**	**1,828**	**23,338**	**(92.2)**

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

(Loss) profit before income tax is stated after charging the following:

	Group Quarter ended September 30,			Group Nine months ended September 30,		
	2015	2014	Change %	2015	2014	Change %
(Write back) allowance for doubtful trade receivables	(28)	30	NM	8	5	60.0
Depreciation and amortisation	970	1,104	(12.1)	3,094	3,535	(12.5)
Interest (expense) income, net	(227)	4	NM	(168)	100	NM
Exchange rate differences	34	(3)	NM	14	68	(79.4)
Warranty provision	(86)	20	NM	(115)	42	NM

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	
	September 30, 2015	December 31, 2014	September 30, 2015	December 31, 2014
Assets				
Property, plant and equipment	12,036	11,535	1,766	1,534
Intangible assets	8,235	6,751	--	--
Investment in equity accounted investee and subsidiaries	--	--	32,435	25,465
Deferred tax assets	3,132	2,198	1,489	1,290
Total non-current assets	23,403	20,484	35,690	28,289
Inventories	10,913	10,070	7,112	6,212
Trade receivables	10,477	13,486	2,032	4,080
Other receivables	3,481	2,522	1,920	1,025
Short-term investments (bank deposits)	12,663	25,145	9,348	17,382
Cash and cash equivalents	19,087	20,352	8,931	7,834
Total current assets	56,621	71,575	29,343	36,533
Total assets	80,024	92,059	65,033	64,822
Equity				
Share capital*	--	--	--	--
Dormant shares, at cost	(2,366)	(1,033)	(2,366)	(1,033)
Share premium, reserves and retained earnings	72,268	80,664	61,480	52,325
Total equity	69,902	79,631	59,114	51,292
Liabilities				
Employee benefits	158	159	142	143
Total non-current liabilities	158	159	142	143
Trade payables	1,991	2,838	1,114	1,949
Other payables	7,542	8,821	4,428	11,119
Current tax payable	112	176	--	--
Warranty provision	319	434	235	319
Total current liabilities	9,964	12,269	5,777	13,387
Total liabilities	10,122	12,428	5,919	13,530
Total equity and liabilities	80,024	92,059	65,033	64,822

* No par value

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.
Zero borrowings from banks as at September 30, 2015 and December 31, 2014.

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 Quarter ended September 30, 2015	Group Quarter ended September 30, 2014	Group Nine months ended September 30, 2015	Group Nine months ended September 30, 2014
Cash flows from operating activities				
(Loss) profit for the period	(1,437)	5,691	2,113	23,338
Adjustments for:				
Share-based payment expenses	100	791	1,152	1,977
Income tax expense	539	1,141	1,200	4,622
Depreciation of property, plant and equipment	594	463	1,578	1,612
Amortisation of intangible assets	376	641	1,516	1,923
Net finance expense (income)	193	(1)	154	(168)
Changes in working capital				
Inventories	(154)	(1,685)	(644)	(1,818)
Trade receivables	2,323	(170)	3,009	(872)
Other receivables	108	(100)	(545)	(187)
Trade payables	(312)	(657)	(847)	583
Other liabilities	(356)	(172)	(1,546)	(62)
Employee benefits	(6)	(13)	(1)	(12)
Income tax refund (paid), net	(849)	(791)	(2,612)	(3,777)
Net cash from operating activities	1,119	5,138	4,527	27,159
Cash flows from (used in) investing activities				
Acquisition of property, plant and equipment	(987)	(423)	(2,411)	(2,295)
Acquisition of intellectual property	--	--	(3,000)	--
Short-term investments, net	5,598	1,431	12,482	(11,451)
Capitalisation of development expenses	--	(314)	--	(1,029)
Interest received	38	49	165	249
Net cash from (used in) investing activities	4,649	743	7,236	(14,526)
Cash flows used in financing activities				
Proceeds from exercise of share options	37	194	840	947
Purchase of Company's shares by the Company	(385)	--	(1,333)	--
Dividend paid	(5,234)	(10,426)	(12,216)	(17,398)
Interest paid	(265)	(28)	(333)	(98)
Net cash used in financing activities	(5,847)	(10,260)	(13,042)	(16,549)
Net decrease in cash and cash equivalents	(79)	(4,379)	(1,279)	(3,916)
Cash and cash equivalents at beginning of the period	19,132	20,545	20,352	20,011
Exchange rate differences	34	(3)	14	68
Cash and cash equivalents at end of the period	19,087	16,163	19,087	16,163

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, 2014	--	21,525	(1,213)	47,022	--	67,334
Profit for the period ended September 30, 2014	--	--	--	23,338	--	23,338
Share-based payment expenses	--	1,977	--	--	--	1,977
Exercise of options	--	947	--	--	--	947
Dividend paid	--	--	--	(17,398)	--	(17,398)
Balance at September 30, 2014	--	24,449	(1,213)	52,962	--	76,198
Balance at January 1, 2015	--	25,201	(1,391)	56,854	(1,033)	79,631
Profit for the period ended September 30, 2015	--	--	--	2,113	--	2,113
Other comprehensive loss for the period ended September 30, 2015	--	--	(285)	--	--	(285)
Share-based payment expenses	--	1,152	--	--	--	1,152
Exercise of options	--	840	--	--	--	840
Dormant shares, acquired at cost (993,100)	--	--	--	--	(1,333)	(1,333)
Dividend paid	--	--	--	(12,216)	--	(12,216)
Balance at September 30, 2015	--	27,193	(1,676)	46,751	(2,366)	69,902

* No par value

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, 2014	--	21,525	(1,213)	23,344	--	43,656
Profit for the period ended September 30, 2014	--	--	--	21,998	--	21,998
Share-based payment expenses	--	1,977	--	--	--	1,977
Exercise of options	--	947	--	--	--	947
Dividend paid	--	--	--	(17,398)	--	(17,398)
Balance at September 30, 2014	--	24,449	(1,213)	27,944	--	51,180
Balance at January 1, 2015	--	25,201	(1,391)	28,515	(1,033)	51,292
Profit for the period ended September 30, 2015	--	--	--	19,664	--	19,664
Other comprehensive loss for the period ended September 30, 2015	--	--	(285)	--	--	(285)
Share-based payment expenses	--	1,152	--	--	--	1,152
Exercise of options	--	840	--	--	--	840
Dormant shares, acquired at cost (993,100)	--	--	--	--	(1,333)	(1,333)
Dividend paid	--	--	--	(12,216)	--	(12,216)
Balance at September 30, 2015	--	27,193	(1,676)	35,963	(2,366)	59,114

* No par value

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.

	September 30, 2015	June 30, 2015	September 30, 2014
	No. of shares	No. of shares	No. of shares
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	350,521,948	350,354,761	348,463,552
Dormant shares (out of the issued and fully paid share capital):			
Ordinary shares of no par value	1,583,100	1,253,100	--
Total number of issued shares (excluding dormant shares)	348,938,848	349,101,661	348,463,552

For the three months ended September 30, 2015, a total of 167,187 employee share options were exercised into ordinary shares. For the three months ended September 30, 2015, the Company purchased 330,000 ordinary shares at an aggregate cost of US$ 0.4 million.

In accordance with Israeli Companies Law, Company shares that have been acquired and are held by the Company are dormant shares (treasury shares in Singaporean terms) as long as they are held by the Company, and as such they do not bear any rights until they are transferred to a third party. The issued and fully paid shares as at September 30, 2015 and June 30, 2015 included 1,583,100 and 1,253,100 dormant shares, respectively.

Details of changes in share options:

	Average exercise price in US$ per share	Options
At January 1, 2015	1.048	15,753,142
Granted	1.981	600,000
Cancelled	0.373	(15,625)
Exercised	0.454	(1,850,743)
At September 30, 2015	1.076	14,486,774

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 September 30, 2015, the total number of issued shares excluding dormant shares was 348,938,848 (as at December 31, 2014: 348,081,205). As at September 30, 2015 the total number of dormant shares was 1,583,100 (as at December 31, 2014: 590,000).

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 and nine months ended September 30, 2015, the Company purchased 330,000 and 993,100 of its ordinary shares, respectively, 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, 2014 have been applied in the preparation for the financial statements for period ended September 30, 2015.

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 September 30,		**For the nine months ended September 30,**	
	2015	**2014**	**2015**	**2014**
US cents				
Basic (loss) earnings per share	(0.41)	1.63	0.61	6.71
Diluted (loss) earnings per share	(0.41)	1.61	0.60	6.61
Singapore cents*				
Basic (loss) earnings per share	(0.58)	2.32	0.87	9.56
Diluted (loss) earnings per share	(0.58)	2.29	0.86	9.42

Basic earnings per share for the three months ended September 30, 2015 are calculated based on the weighted average number of 349,041,202 ordinary shares issued during the current period and the equivalent of 348,310,101 ordinary shares during the preceding period.

Diluted earnings per share for the three months ended September 30, 2015 are calculated based on weighted average number of 349,041,202 ordinary shares and outstanding options and the equivalent of 354,558,755 ordinary shares and outstanding options during the preceding period.

Basic earnings per share for the nine months ended September 30, 2015 are calculated based on the weighted average number of 348,859,436 ordinary shares issued during the current period and the equivalent of 347,576,655 ordinary shares during the preceding period.

Diluted earnings per share for the nine months ended September 30, 2015 are calculated based on weighted average number of 351,452,508 ordinary shares and outstanding options and the equivalent of 353,260,097 ordinary shares during the preceding period.

* Convenience translation based on exchange rate of US$ 1=S$ 1.4253 at September 30, 2015.

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	
	September 30, 2015	December 31, 2014	September 30, 2015	December 31, 2014
Net asset value (US$ thousands)	69,902	79,631	59,114	51,292
Net asset value per ordinary share (US cents)	20.03	22.88	16.94	14.74
Net asset value per ordinary share (Singapore cents*)	28.55	32.61	24.15	21.00

At September 30, 2015, net asset value per share is calculated based on the number of ordinary shares in issue at September 30, 2015 of 348,938,848 (not including 1,583,100 dormant ordinary shares at September 30, 2015). At December 31, 2014, net asset value per share is calculated based on the number of ordinary shares in issue at December 31, 2014 of 348,081,205 (not including 590,000 dormant ordinary shares at December 31, 2014).

* Convenience translation based on exchange rate of US$ 1=S$ 1.4253 at September 30, 2015.

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:-**
   (a) 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
   (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Overview

As disclosed in our profit guidance on October 1, 2015, our business activity was significantly impaired during the third quarter of 2015. The Group reported revenues in Q3 2015 of US$ 9.5 million, a loss from operations of US$ 0.7 million and a net loss of US$ 1.4 million, as compared to revenues of US$ 20.4 million, profit from operations of US$ 6.8 million and net profit of US$ 5.7 million reported in Q3 2014, and as compared to revenues of US$ 14.4 million, profit from operations of US$ 3.4 million and net profit of US$ 2.7 million reported in Q2 2015. For the nine months ended September 30, 2015, the Group realised revenues of US$ 36.1 million, profit from operations of US$ 3.5 million and net profit of US$ 2.1 million, as compared to revenues of US$ 69.5 million, profit from operations of US$ 27.8 million and net profit of US$ 23.3 million reported for the comparable period in 2014.

The decrease in overall revenues year-over-year by approximately 50% for Q3 2015 and the nine months ended September 30, 2015, and the consequential decline in Group profitability including the loss in Q3 2015, were due to continued negative conditions in the midstream of the diamond industry driven by:

- disproportionately high rough diamond prices compared to polished diamond prices;
- high polished inventory levels resulting in significantly reduced quantities of new rough entering the midstream resulting in lower than anticipated Galaxy™ processing revenues; and
- continued squeezed working capital and credit lines of manufacturers due to slower turnaround of inventories, although in India, at the government's encouragement, banks have extended additional credit lines, somewhat alleviating this as an issue.

On a sequential basis, Q3 2015 revenues decreased by 34%, as compared to Q2 2015, driven by approximately 15% lower recurring revenues and nearly halved capital equipment sales. Q3 2015 results were particularly impacted following Sightholder refusals of an unprecedented 60%-70% of the offered rough diamonds at DeBeers' already substantially trimmed July sight (buying only US$ 150-200 million worth – the lowest quantity for a July sight since the global financial crisis of 2008-9), and the subsequent

DeBeers and Alrosa sights, in late August and September, respectively, where quantities traded were some 50% below normal. This resulted in polishing output, which had already been reduced by some 20% - 30% as from December 2014, dropping to some 40%-50% of normal output for most of Q3. This all but negated the need for capital equipment investment in Q3 2015 and further impaired our ongoing processing fees from the Galaxy™ family of inclusion mapping systems.

During the three and nine months ended September 30, 2015, the Group continued to prudently control its operating expenditures, which were modestly down, while focusing its activities on future growth drivers – our offerings for the polished diamond trade, unique enhancements to inclusion scanning and planning for rough diamonds and accelerated development of our non-diamond gemstone manufacturing offering, the Allegro™.

Due to continued negative industry conditions as noted, only one Galaxy™ family system was delivered in Q3 2015. As of September 30, 2015, the Group has an installed base of still just over 200 Galaxy™ family systems. Overall recurring revenues for the nine months ended September 30, 2015 (including Galaxy™-related, Quazer services, annual maintenance contracts, etc.) represented half of our overall revenue.

Balance Sheet and Cash Flow Highlights

As at September 30, 2015, *cash and cash equivalents* and *short-term investments (bank deposits)* ("**Cash Balances**") decreased to US$ 31.8 million as compared to US$ 37.4 million as at June 30, 2015 and US$ 45.5 million as of December 31, 2014. The decrease in Cash Balances for the nine months ended September 30, 2015 was primarily due to the payment of US$ 12.2 million in dividends in 2015 - the US$ 7.0 million final dividend for the fiscal year 2014, paid in May 2015 and the US$ 5.2 million interim 2015 dividend paid in September 2015 and the Group's US$ 1.3 million buy-back of its shares in the open market in 2015. An additional factor affecting our Cash Balances was the payment of US$ 3.0 million in Q2 2015 to a licensor of software utilised in the Galaxy™ family of products (resulting in an equivalent increase in intangible assets on the Group's balance sheet). Finally, the Cash Balances were also affected by paying down of payables (trade payables and 2014 accrued cash-based incentive compensation) and increased inventory (due to lower than expected sales), offset by lower trade receivables. The sequential quarterly decline in Cash Balances during the three months ended September 30, 2015 was primarily due to the payment of the US$ 5.2 million dividend in September 2015, the Group's US$ 0.4 million buy-back of its shares in the open market, and lower payables, offset by lower trade receivables.

Revenues

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

Q3 2015 versus Q3 2014				
Region	**Q3 2015**	**Q3 2014**	**$ change**	**% change**
India	5,951	16,366	(10,415)	(63.6)
Africa	547	803	(256)	(31.9)
Europe	394	315	79	25.1
North America	265	385	(120)	(31.2)
Israel	768	1,178	(410)	(34.8)
Other*	1,554	1,315	239	18.2
Total	9,479	20,362	(10,883)	(53.4)

1-9.2015 versus 1-9.2014				
Region	**1-9.2015**	**1-9.2014**	**$ change**	**% change**
India	25,399	56,088	(30,689)	(54.7)
Africa	1,675	2,872	(1,197)	(41.7)
Europe	1,882	1,340	542	40.4
North America	1,110	1,007	103	10.2

Israel	2,401	3,966	(1,565)	(39.5)
Other*	3,589	4,177	(588)	(14.1)
Total	36,056	69,450	(33,394)	(48.1)

Q3 2015 versus Q2 2015				
Region	**Q3 2015**	**Q2 2015**	**$ change**	**% change**
India	5,951	10,611	(4,660)	(43.9)
Africa	547	691	(144)	(20.8)
Europe	394	717	(323)	(45.0)
North America	265	557	(292)	(52.4)
Israel	768	816	(48)	(5.9)
Other*	1,554	1,029	525	51.0
Total	9,479	14,421	(4,942)	(34.3)

*primarily Asia, excluding India

The Group reported decreased revenues in Q3 2015 of US$ 9.5 million, as compared to US$ 20.4 million in Q3 2014, and revenues for the nine months ended September 30, 2015 of US$ 36.1 million as compared to revenues of US$ 69.5 million for the comparable period in 2014. The decrease in revenues on a year-over-year basis was across most geographies and was primarily due to decreased capital equipment sales in virtually all geographies, especially in India. Year-over-year recurring revenues declined by just under 35% in Q3 2015, as compared to Q3 2014, and by just over 25% for the nine months ended September 30, 2015, versus the comparable period in 2014, primarily on lower Galaxy™ processing revenues, while capital equipment sales were down 60% on a year-over-year basis. Similarly, on a sequential basis, Q3 2015 revenues decreased by 34%, as compared to Q2 2015, and were driven by approximately 15% lower recurring revenues and nearly halved capital equipment sales. The decrease in revenues was across most geographies, especially in India.

Cost of sales and gross profit

Cost of sales in Q3 2015 decreased to US$ 3.5 million, as compared to US$ 6.1 million in Q3 2014, with a gross profit margin of 63% in Q3 2015 versus 70% in Q3 2014, and as compared to US$ 4.0 million with gross profit margin of 72% in Q2 2015. Cost of sales for the nine months ended September 30, 2015 decreased to US$ 11.6 million, versus US$ 19.7 million for the comparable period in 2014, with gross profit margins of 68% in 2015 versus 72% in 2014. The decrease in cost of sales on a year-over-year basis, and the decline of the gross profits margin was primarily due to significantly lower sales volumes in 2015, offset somewhat by the cessation of Galatea-related acquisition costs amortisation as of Q2 2015 of US$ 0.5 million per quarter. Similarly, the sequential decrease in cost of sales and decrease in gross profit margin was due to lower sales volume and specific product mix.

Research and development expenses

Research and development expenses for Q3 2015, Q2 2015, the nine months ended September 30, 2015, and the comparable periods in 2014 are shown in the table below. Sarine Loupe™ system development-related expenditures were capitalised through September 30, 2014 in compliance with IFRS.

US$ (thousands)	**Q3 2015**	**Q3 2014**	**Q2 2015**	**1-9.2015**	**1-9.2014**
R&D expenses as reported	2,634	2,649	2,732	8,042	7,922
Capitalised development	--	314	--	--	1,029
Total R&D costs incurred	2,634	2,963	2,732	8,042	8,951

Research and development costs for Q3 2015 and the nine months ended September 30, 2015 decreased on a year-over-year basis primarily due to lower employee-related expenses, including lower incentive-based compensation expenses. Research and development costs in Q3 2015 decreased on a sequential basis as compared to Q2 2015 due to lower employee-related expenses. The Group continues to focus its research and development expenditures on the development of future growth products and services for polished diamonds and non-diamond gemstones, along with other key growth programs as expanded upon in Section 10.

Sales and marketing expenses

Sales and marketing expenses for Q3 2015 increased by 2% on a year-over-year basis to US$ 3.3 million as compared to US$ 3.2 million in Q3 2014. Sales and marketing expenses for the nine months ended September 30, 2014 increased by 3% to US$ 9.8 million versus US$ 9.6 million in the comparable period in 2014. These increases on a year-over-year basis were primarily due to increased staffing levels associated with the establishment and expansion of the necessary sales and marketing infrastructures associated with the Sarine Profile™ and the other polished diamond services and products, offset somewhat by lower incentive-based compensation expenses. Sales and marketing expenses for Q3 2015 decreased by 2% on a sequential basis to US$ 3.2 million as compared to US$ 3.3 million in Q2 2015. This decrease was primarily due to lower expenses associated with trade shows.

General and administrative expenses

General and administrative expenses decreased to US$ 0.8 million for Q3 2015 as compared to US$ 1.6 million for Q3 2014 and US$ 1.0 million in Q2 2015. General and administrative expenses decreased to US$ 3.1 million for the nine months ended September 30, 2015 versus US$ 4.4 million for the comparable period in 2014. The decrease in general and administrative expenses on a year-over-year basis was primarily due to lower incentive-based compensation expenses and decreased third-party professional fees. The decrease in general and administrative expenses on a sequential basis was primarily due to lower incentive-based compensation expenses.

(Loss) profit from operations

For Q3 2015, the Group incurred a loss from operations of US$ 0.7 million, significantly less than the US$ 1.5 million loss on which guidance was given in our October 1 announcement, as compared to profit from operations of US$ 6.8 million in Q3 2014 and profit from operations of US$ 3.4 million in Q2 2015. For the nine months ended September 30, 2015, profit from operations decreased to US$ 3.5 million versus US$ 27.8 for the comparable period last year. The decrease in profitability on a year-over-year and sequential basis was primarily due to significantly lower sales due to the challenging industry conditions, as detailed above.

Net finance (expense) income

Net finance expense for Q3 2015 was US$ 0.2 million as compared to negligible income of US$ 0.001 million for Q3 2014. Net finance expense for the nine months ended September 30, 2015 was US$ 0.2 million as compared to income of US$ 0.2 million for the comparable period last year. The increase in financial expense on a year-over-year basis was primarily due to an interest charge of US$ 0.2 million relating to a prior year tax assessment under dispute in India.

Income tax expense

The statutory corporate tax rate in Israel in 2015 remains 26.5%. The Group's effective tax rate is a blend of the statutory tax rate in Israel reduced by substantial tax benefits, in accordance with tax directives enacted in Israel as of 2011, accorded to our export-oriented revenue mix (taxed at between 9%-16%), offset somewhat by the higher statutory tax rate (34%) in India.

For Q3 2015, the Group recorded an income tax expense of US$ 0.5 million, as compared to an expense of US$ 1.1 million in Q3 2014 and an expense of US$ 0.8 million in Q2 2015. Income tax expenses in Q3 2015 were primarily due to income tax expenses associated with subsidiary profitability during the current period. The Group recorded an income tax expense of US$ 1.2 million for the nine months ended September 30, 2015, versus an expense of US$ 4.6 million in the comparable period last year. The decrease in the income tax expense was primarily due to lower pre-tax profitability, as discussed above.

(Loss) profit for the period

For Q3 2015, the Group incurred a net loss for the period of US$ 1.4 million, as compared to net profit of US$ 5.7 million in Q3 2014 and net profit of US$ 2.7 million in Q2 2015. For the nine months ended September 30, 2015, net profit decreased to US$ 2.1 million versus US$ 23.3 million for the comparable period last year. The decrease in net profit on a year-over-year and sequential basis was primarily due to significantly lower sales, as detailed above.

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

In our profit guidance on October 1, 2015, we had estimated an operating loss of approximately US$ 1.5 million in Q3 2015. The actual operating loss reported in Q3 2015 was less than half at US$ 0.7 million.

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 overall positive. The U.S. and European economies continue to improve and Asian economies in general, and China specifically, though their growth may be slowing, are still in growth mode. Indeed formal U.S. government data show demand for diamond jewelry in the U.S. has been higher, year over year, by 1% - 2% for each of the past 5 months and the latest Consumer Price Index for jewelry shows prices up 2.4%, year over year. Data published by several of China's leading publicly-traded retail diamond jewelry chains also indicate demand in mainland China is growing, albeit their numbers vary from high single digits to low double digits. The demand in Hong Kong and Macau has dropped significantly, as mainland Chinese tourism to those venues has decreased. However, as that tourism heads to Japan (almost doubled), Korea (up some two thirds) and Taiwan (up by almost a half), there are indications that diamond jewelry sales have increased in those markets, most notably, indeed, in Japan. The Hong Kong trade show in September was better than expected, although, admittedly, expectations were low. Aside from the Middle East and Russia, hit by lower oil prices (Russia also affected by sanctions), there are no indications of lower consumer demand for diamond jewelry from any significant market.

b. The volumes of DeBeers sights continue to be substantially lower than comparable sights in previous years, as manufacturers continue to buy only minimal quantities of goods. Due to their deferring some 50% of the offered goods, the sights averaged only $200 - 250 million per sight in July, August and October (note – no sight was scheduled or held in September). DeBeers, as a result of the continued negative sentiment in the midstream, let it be known that they will agree to deferments by the sightholders at the November and December sights of even their complete allotment (Alrosa continues to require their contract partners take at least 50% of their intended rough goods). Industry sources also indicate that DeBeers has seemingly adopted a mechanism of sales outside the official sights, of substantially discounted "specials" (stones in excess of 10.8 carats), in order to indirectly and selectively (a very limited number of sightholders were offered this benefit; a possible longer term customer relations issue) offset the still high prices of the sight boxes. This probably raised the estimated volume of the October sight substantially. As of this writing, there is as yet no firm data as to the November sight, it having ended only at last week's end. However, initial indications are that rough prices were effectively not reduced and that the sight volume was markedly less than normal, though the timing of the sight, a week before the Diwali holiday in India, may have also contributed to its volume being minimal. Notwithstanding the August reduction in prices of rough diamonds by some 8% - 10% by leading rough producers, most sightholders and industry experts believe that the margin between rough diamond prices and polished diamond prices is unsustainably low to the tune of 10% - 15%. Thus, manufacturers continue to selectively buy and polish only those rough goods, which they believe to be profitable or for which there is immediate demand. An example of such rough goods is larger SI quality stones, for which a shortage has developed due to demand in the U.S. Furthermore, though consumer demand has not declined in any significant market, as noted above in paragraph [a], manufacturers are still coping with reluctance by wholesalers and retailers to replenish stocks due to pricing uncertainties and credit issues. A positive note is that 2015 has seen a shrinking of industry credit exposure by an estimated US$ 5 billion, which we believe is another indication of the pipeline inventories having cleared to a significant degree. We believe that, following nearly a year during which polished manufacturing has been reduced by more than a third, and given what are expected to be normal holiday seasons for the Christmas, Chinese New Year and Valentine's Day peak buying periods, remaining inventories should be worked through the pipeline by early 2016. In fact, analysis of a leading online trading bulletin board shows that over the past two months the number of polished stones posted has dropped by some 12% (overall), the value of the posted diamonds has dropped by some 7% while the average price per diamond has increased 6%. We believe this clearly indicates that the "commercial" goods (in contrast to the more expensive goods) are, indeed, trading more briskly now. Coupled with some further necessary rough pricing relief, this should create the necessary conditions for a return to normal operations in 2016.

c. The ongoing negative conditions in the midstream of the diamond industry have continued to push smaller players in India into default. Though the Group has not experienced any material collection issues to date, the selling of used equipment by these now defunct manufacturers, has created additional headwinds against our sale of new capital equipment - both for planning as well as inclusion mapping systems.

d. We continue to closely monitor our various would-be Galaxy™ competitors' activities. There are no developments to report, and the current industry conditions are all but favourable to new competing product introductions and launches. With the delivery of only one Galaxy™ Ultra system in Q3, our installed base remains at just over 200 as of 30 September 2015.

e. Initial trial programs utilising the Sarine Profile™, in whole or in part, as per the modular design and intent of the offering, with leading brick and mortar and online retailers in the U.S and the Far East have commenced, and more will be commencing throughout November for the U.S. holiday season. Some of our initial adopters are using all the offered features (Sarine Light™, Sarine Loupe™, Cut graphics and Hearts & Arrows and the newly implemented Inscription Viewer and video streaming [see below]), while as others have opted for various subsets, typically focusing on the light performance offered by the Sarine Light™ or the actual polished stone imaging provided by the Sarine Loupe™. Some retailers have integrated the Sarine Profile™ experience only into their in-store selling process, others only into their online platforms and some into both, all as per their individual strategies. Additional retailers and wholesalers in North America (the U.S., Canada and Mexico) and the Far East have also adopted, are in the process of adopting or are evaluating the Sarine Profile™ offering. The following links offer a glimpse of the expanded capabilities of the Sarine Profile™, both in digital report **http://api.sarine.com/viewer/v1/139D33GQHY/HUNUGUTH6S** and widget display **http://api.sarine.com/viewer/v1/139D33GQHY/MEGAY7TRAF** formats.

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

The Galaxy™ family of products: As reported, we have launched the Meteor™, bringing the proven benefits of inclusion mapping in rough diamonds to the next tier of smaller stones - 20 - 85 points in size. The Meteor™ addresses a new market estimated to be in excess of 50 million stones, broadening the addressable domain significantly, even taking into account the machine's higher throughput.

Rough planning products: The beta testing of Advisor™ 6.0 is essentially complete, with over 1,000 stations up and running, and over 20,000 stones a day being planned using the new upgraded software. Commercial release in India will start immediately following the Diwali break (second half of November). Development focus now moves to the beta testing of the new Clarity prediction feature to be integrated into the Advisor™ 6.0 planning software's new Most Valuable Planning (MVP) (replacing the True Best Value of yore) package for all shapes of stones. Initial testing on thousands of stones indicates this feature to be accurate to within half a grade in most cases. We believe the significantly upgraded capabilities offered by our planning package will further raise the penetration barrier for our integrative inclusion mapping – planning – laser cutting solution.

Facet polishing products: The second generation of the DiaMension™ Axiom, incorporating a 30% improvement in a polished diamond's scanning and processing time, has been launched. The development focus is now on more accurate modeling of fancy shaped diamonds with release planned for the second half of 2016.

Sarine Profile™: Subsequent to the initial adoption by launch customers of this new product, which integrates information from various industry-leading Sarine platforms, the Sarine Light™, Sarine Loupe™ and DiaMension™ HD, we continue expanding the system's capabilities to accommodate additional diamond shapes and sizes, which should be completed for all common shapes by midyear 2016, as well as program-specific enhancements requested by our customers. We have thus already implemented an Inscription Viewer feature, to allow retailers to show their customers the diamond's serial number matching the presented lab report, Hearts and Arrows graphics for modified round and fancy shapes that display special patterns for these stones, and we now support video streaming to allow customers to integrate their sales and marketing material seamlessly into the Profile™. A full 3-dimensional (3D) wireframe rendition of the Cut is to shortly, optionally, replace the 2D one. Importantly, we have improved our offering's "responsiveness", which, in layman's terms, means it can now be integrated smoothly for display on digital devices (smartphones, tablets, laptops, PC's, etc.).

Sarine Light™: We have all but completed the new derivative functionality for the Sarine Light™, which essentially "fingerprints" diamonds based on their generated light pattern, and we expect beta introduction of this new functionality should commence in Q4 2015 after the Diwali holiday in India, i.e., the second half of November.

Sarine Loupe™: We have similarly continued to develop the new derivative technologies based on the Sarine Loupe™. The first of these functionalities is an automated method for advanced Clarity fine-sorting, providing the trade with information relating to the more specific nature and location of the grade-critical inclusions in the polished stone. It too is ready for beta introduction and is expected to launch selectively in Q4 2015. This fine sorting will initially provide manufacturers and traders with refined information for at least 70% of the polished diamonds produced. Additional development will allow for the eventual sorting of even more of the polished diamonds.

Allegro™: The initial Allegro™ service centre opening in Jaipur, India, a major gemstone polishing centre, is scheduled for 16 November 2015, the day after the Diwali holiday. It is expected that the Jaipur service centre will expand in 2016, along with the opening of additional service centres in Israel, South America and Thailand.

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 September 30, 2015, 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