



Sarine Technologies Ltd.

Corporate Presentation

May 2014



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Agenda

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



Executive Summary

- ◆ Record quarterly performance in Q1 2014 with revenue and profit rising 21% and 13% to US\$24.4m and US\$9.1m, respectively
- ◆ Total installed base of Galaxy™ family systems rose to just under 160 as of 31 March 2014 and recurring revenue accounted for over 30% of Group revenue
- ◆ Marketing efforts for Sarine Light™ in the US, Taiwan and Korea will expand to HK and China and subsequently to additional Southeast Asian markets in late FY2014 or early FY2015
- ◆ Full commercialization of Sarine Loupe expected in Q3 2014



Results Update



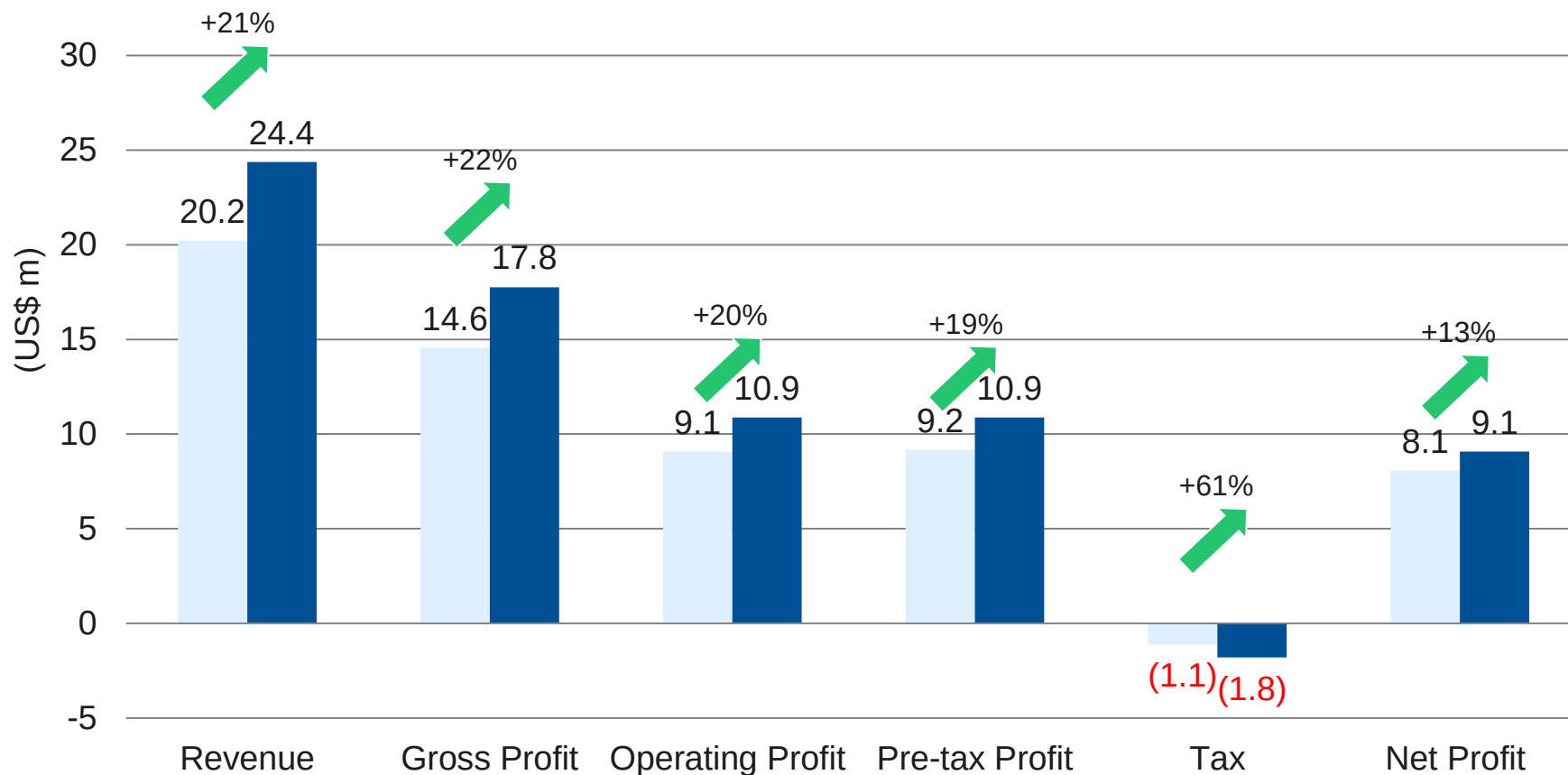
Q1 2014 Results Highlights

- ◆ The Group achieved record quarterly revenue of US\$24.4m in Q1 2014 on the back of increased Galaxy™ family related revenue and higher sales of traditional planning products
- ◆ Total installed base of Galaxy™ family systems expanded to just under 160 with deliveries of 14 systems to customers and deployment of one system to new service centre in New York
- ◆ Recurrent income accounted for over 30% of Group revenue
- ◆ Increase in recurring revenue stream contributed to improvement in gross profit margin to 73%
- ◆ Net profit rose 13% to US\$9.1m, a record quarterly net profit for the Group
- ◆ Strong balance sheet with no debt. Cash and bank balances totalled US\$42.7m as of 31 March 2014



Q1 2014 Results Summary

■ Q1 2013 ■ Q1 2014



Revenue Breakdown by Geography

Region	Q1 2014 (US\$' 000)	Q1 2013 (US\$' 000)	% Change	% Share (Q1 2014)
India	19,482	15,501	+26%	80
Africa	994	1,248	(20%)	4
Europe	710	523	+36%	3
N. America	304	212	+43%	1
Israel	1,336	880	+52%	6
Other	1,546	1,850	(16%)	6
Total	24,372	20,214	+21%	100



Strong Balance Sheet (debt free)

(US\$ millions)	31 Mar 2014	31 Dec 2013
Non-Current Assets	21.0	20.4
- Property, plant & equipment	11.1	10.7
- Intangible assets	8.1	8.4
Current Assets	70.3	61.2
- Inventories	8.4	8.5
- Trade receivables	17.0	15.8
- Cash & bank deposits	42.7	33.1
Current Liabilities	13.5	13.9
- Trade payables	3.5	3.3
Non-current Liabilities	0.3	0.3
- Long term liabilities	0.1	0.2
Shareholders' Equity	77.5	67.3



Dividend

- ◆ Dividend policy: US 2.0 cents per share every six months subject to Board approval, AGM approval and other conditions

US cent/share	FY2013	FY2012	FY2011 (adj*)	FY2011
Interim	1.50	1.25	1.00	1.25
Special interim	2.50	2.00	0.80	1.00
Final	2.00	1.25	0.80	1.00
Total	6.00	4.50	2.60	3.25
* Adjusted for 1-for-4 bonus issue effected in May 2012				

- ◆ Total dividend payout for FY2013 (including special dividend) was about 87% of the year's net profit (or just over 77% of net profit for the year before the income tax expense for prior periods)



5-Year Results Summary (2007 – 2013)

(excluding 2008 & 2009, years impaired by the GFC)

(US\$'000)	FY2007	FY2010	FY2011	FY2012	FY2013
Revenues	37,123	45,663	57,803	63,750	76,369
Gross Profit	24,402	29,350	38,281	43,388	54,583
Net Profit**	8,010	11,111	17,366	20,755	26,475
Gross Profit Margin	65.7%	64.3%	66.2%	68.1%	71.5%
Net Profit Margin**	21.6%	24.3%	30.0%	32.6%	34.7%
Cash and investments (no debt)	25,270	28,270	33,946	36,787	33,059
EPS (US cents, fully diluted)*	2.49	3.30	5.12	6.03	6.87
Annual Dividend (US cents)*	1.32	1.60	2.60	4.50	6.00

*Adjusted for bonus issue in May 2012

** On a comparable basis before one-time tax for prior periods (exempt profits)



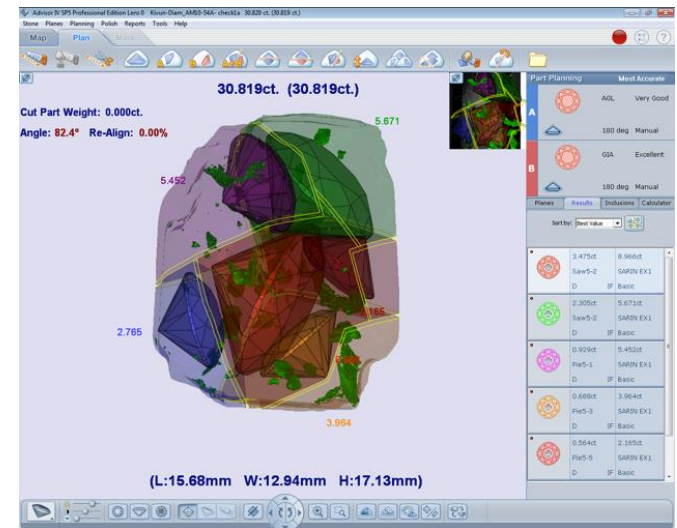
New Products Update



Galaxy™ Family Rollout

- ◆ Demand for Galaxy™ family of products remains strong in all major industry centres
- ◆ From just over 95 at year end 2012, the Group has increased total installed base to just under 160 systems as of 31 March 2014
- ◆ The Group is capitalising on the ongoing lack of meaningful competition for inclusion mapping systems in the market to deepen Galaxy™ penetration
- ◆ Commercialisation of Galaxy™ Ultra has commenced in India and Israel and additional rollout and sales to customers can be expected in Q3 2014

Optimal Planning with Galaxy™ Inclusion Mapping



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



DiaMension™ Axiom / Instructor™

◆ DiaMension™ Axiom

- ◆ Quantum leap in proportion measurement and symmetry grading of polished diamonds
- ◆ New Cut and Symmetry grading 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

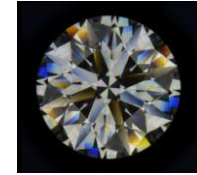


Sarine Light™

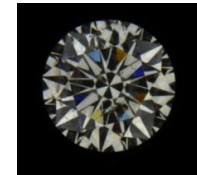
- ◆ With increasing demand for prettier diamonds, Light Performance parameters (brilliance, fire, scintillation/sparkle and symmetry) are becoming accepted as understandable consumer-oriented criteria
- ◆ In April 2013, CIMA, a leading bridal diamond jewellery chain in Japan, launched Sarine Light™ Light Performance grading reports for polished diamonds in all its stores
- ◆ Subsequently, an esteemed diamond manufacturer adopted the Sarine Light™ Light Performance grading system
- ◆ The Group has expanded its presence in Japan to additional customers and has launched Sarine Light™ in the US, Taiwan and Korea; marketing efforts will be expanded to HK and China to be followed by additional Southeast Asian markets (e.g., Thailand, Malaysia, Indonesia and Singapore) late in 2014 or early 2015

Perfect Stone

High Clarity, Colour and Cut grades



Low Clarity



Low Colour



Low Cut



- ◆ An imaging 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 having the polished diamond physically in hand
- ◆ Expected to significantly simplify the buying process of polished diamonds by reducing costs and time involved for both buyers and sellers
- ◆ Sarine Loupe™ has been introduced to a limited number of Indian manufacturers and Israeli wholesale traders; full commercial launch scheduled in Q3 2014

Sarine Loupe™ Imagery of Included Stones



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™ and Solaris™ inclusion mapping 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™ and similar services address the wholesale and retail trade of polished diamonds – a significant new market segment that is expected to add to the Group's recurring revenue base
- ◆ The Group seeks to broaden offerings for polished diamonds as well as for semi-precious gemstones manufacturing to increase sales, recurring revenue and overall profitability



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 of Sarine Light™ and commercial launch of Sarine Loupe™

Benefits to Sarine

- ◆ Expand Sarine's potential markets to the trade segment of the diamond industry
- ◆ Broaden the Group's revenue base into polished diamond trade
- ◆ Increase the recurrent portion of the revenue stream for the Group



Appendix

Company Overview



About Sarine Technologies

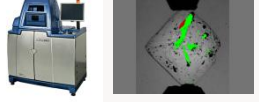
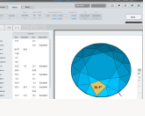
- ◆ Sarine Technologies, through its proprietary systems and technologies, is a global leader in the development and provider of solutions for the entire diamond value chain, from rough diamonds (evaluation, planning, manufacturing and finishing) to polished diamonds (assessment and grading)

Inclusion Mapping	Planning	Sawing & Shaping	Polishing	Cut & Finishing	Laser Inscription	Visual Grading
 Galaxy / Solaris	 DiaExpert Eye / DiaExpert Atom  DiaMark-Z  Advisor	 Strategist & Quazer Green Laser System	 DiaScan S+  Instructor 3.0	 DiaMension Axiom  Instructor 3.0	 DiaScribe	 Sarine Light  Sarine Loupe

- ◆ 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

2008 & Prior	2009	2010	2011	2012 & Beyond
▪ DiaMension™ ▪ DiaExpert™  ▪ DiaMark™  ▪ DiaScan™ S+  ▪ DiaScribe™  ▪ Quazer™  ▪ Colibri™	▪ Galaxy™ 1000 / 2000  ▪ DiaMension™ HD  ▪ DiaMobile™ XL  ▪ Instructor™ 	▪ Solaris™ 100  ▪ DiaExpert™ Nano 6.5  ▪ Quazer™ II ▪ Strategist™ 	▪ Galaxy™ HD ▪ DiaMark™ HD 	▪ Galaxy™ XL  ▪ Galaxy™ Ultra ▪ DiaExpert™ Atom  ▪ DiaMension™ Axiom  ▪ Sarine Light™  ▪ Sarine Loupe™ 



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 2013



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

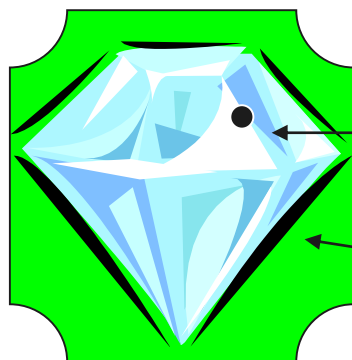
Sarine's Expertise

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

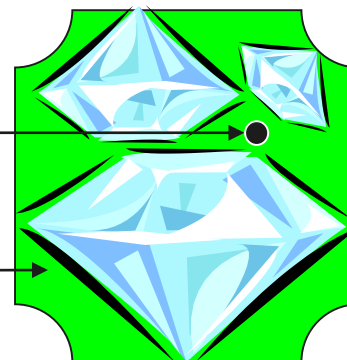


Inclusion Mapping - Overview

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™ 1000
- ◆ 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

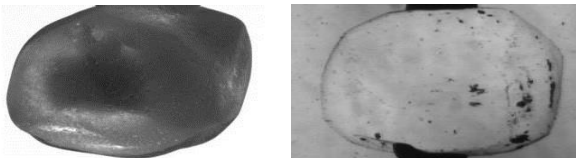


Inclusion Technologies Before Galaxy™ 1000

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



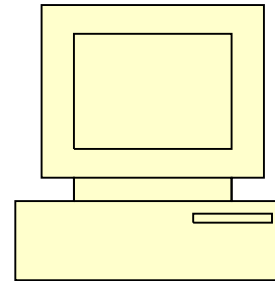
Galaxy™ / Solaris™ in Planning

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; trying to launch 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 Sahajanand Laser Technology (Ahmedabad, India) Low-end rough planning equipment with minimal market presence; trying to launch Nebula inclusion mapping system OGI Systems (Israel) Price player with diminishing international presence	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 cutting/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

