



PRESS RELEASE

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Sarine Reports Strong Performance in Q3 2014

**Revenue Rose 17% to US\$20.4 Million and
Net Profit Grew 85% to US\$5.7 Million**

- *Improved business sentiment in Q3 2014 vs. Q3 2013 and increased Galaxy™-related recurring income from a broader installed base underpinned growth*
- *Total installed base of Galaxy™ family systems expanded to just under 185 as at 30 Sept 2014 and recurring income grew to 35% of total revenue for 9M 2014*
- *Record revenue and net profit for the nine months ended 30 September 2014*
- *Following the commercialisation of Sarine Loupe™ imaging service in India, Israel and New York, the Group targets initial roll-out of the new product at customers' sites in Q4 2014*

Singapore, 9 November 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 and measurement of diamonds and gems, today announced a strong set of financial results for the third quarter and nine months ended 30 September 2014.

Financial Results Review

In Q3 2014, Sarine reported revenue growth of 17% year over year to US\$ 20.4 million, representing record third-quarter revenues for the Group. The growth was attributed to improved business sentiment over the comparable period as well as higher Galaxy™-related recurring revenue from a broader installed base and increased sales of other rough diamond



planning and processing products. During the quarter, the Group delivered six Galaxy™ family systems to customers and a Galaxy™ XL to its service centre in New York. With these deployments, the total installed base of Galaxy™ family systems grew to just under 185 as at 30 September 2014.

In line with the revenue growth, gross profit rose 13% to US\$ 14.2 million. However, gross profit margin declined slightly from 73% in Q3 2013 to 70% in Q3 2014 due to changes in product mix. Profit from operations increased 12% to US\$ 6.8 million despite anticipated higher R&D and sales and marketing expenses to support the development and launch of new products and services. Although income tax expense for Q3 2014 rose with increased profit before tax and higher Israeli statutory corporate tax rate, it was still lower in comparison to the total tax expenses in Q3 2013 which included a one-time US\$2.6 million charge associated with the release of prior periods' exempted profits. As a result of higher revenue and lower taxes, net profit grew 85% to US\$5.7 million.

The Group also achieved record performance for the nine months ended 30 September 2014. Group revenue grew 16% to US\$69.5 million, of which 35% was recurrent in nature, and net profit increased 20% to US\$ 23.3 million.

Prospects

Global economic conditions affecting our business are likely to remain stable for the rest of the financial year. Nevertheless, Sarine will remain vigilant in monitoring the latest market developments, as factors including changes in bank credit lines available to diamond manufacturers in India as well as possible divergence in rough and polished diamonds prices could affect customers' capital investment decisions. "Against the backdrop of credit availability issues affecting the Indian diamond industry and the relatively early Diwali holiday, we delivered only seven Galaxy™ family systems in Q3 2014. However, current interest in Galaxy systems seems to indicate that most of the Q3 demand was delayed rather than foregone," commented Mr. Uzi Levami, Sarine's Chief Executive Officer. "We do not currently foresee this credit issue extending significantly into 2015," he added.

On the polished diamond front, the Group launched the Sarine Loupe™ imaging service in India in Q3 2014, which was followed by the initiation of service in Israel in October and subsequently in New York in early November. The enhanced Sarine Loupe™ system was also met with an overwhelming positive response at the September Hong Kong trade show, as well as at selected launch events. Going forward, the Group plans to market Sarine



Light™ and Sarine Loupe™ as standalone systems as well as joint packages. "Given the complementary nature of these two products, we believe such marketing efforts will provide additional impetus to broader commercial adoption of our unique imaging and documentation solutions," said Mr. Levami. The Group targets initial roll-out of Sarine Loupe™ at customers' sites in Q4 2014 and expects more significant revenue contribution from the new products and services in FY2015.

This press release should be read in conjunction with Sarine's Q3 2014 results announcement released on 9 November 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 <http://www.sarine.com/>.

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