



## PRESS RELEASE

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# Sarine Reports Record Quarter in Q1 2014

**Revenue and Net Profit Grew 21% and 13% to US\$24.4 Million and US\$9.1 Million Respectively**

- ***Complementary nature of Sarine's planning systems and inclusion mapping systems underpinned higher sales of traditional planning products and accelerated Galaxy™ family systems deliveries***
- ***Deployment of 15 Galaxy™ family systems in Q1 2014 expanded total installed base to just under 160 and boosted recurring revenue***
- ***Marketing efforts for Sarine Light™ expanding to additional Asian countries; full commercial launch of Sarine Loupe™ expected in Q3 2014***
- ***Introduction of DiaMension Axiom™ platform in mid-2014 may lead to redefinition of Cut and symmetry for polished diamonds and create new business opportunity for the Group***

**Singapore, 11 May 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 another record set of financial results for the first quarter ended 31 March 2014.

### **Q1 2014 Financial Results Review**

Since Sarine launched its inclusion mapping systems in 2009, growing global demand for this revolutionary technology has underpinned the accelerated market penetration of the Galaxy™ family products and services. In Q1 2014, the Group continued to see robust orders for Galaxy™ family systems, especially of the Solaris™ model. With deliveries of 14 systems to customers and the deployment of one Galaxy™ system to its new service centre in New



York during the quarter, the Group boosted its total installed base to just under 160 as of 31 March 2014. The expanded Galaxy™ family related recurrent revenue base, together with increased sales of Sarine's traditional planning products, with **over 1,000** systems and software-only workstations delivered during the quarter, drove Q1 2014 revenue up by 21% to US\$24.4 million, of which over 30% was recurrent in nature.

Bolstered by the growth in sales volume and recurring revenue, gross profit climbed 22% to US\$17.8 million and gross profit margin improved to 73%. After accounting for additional research and development expenses to support the Group's business development in the polished diamond sector, the Group still reported record profit from operations of US\$10.9 million. Due to the enactment of higher tax rates in Israel for 2014, income tax expenses jumped 61% from US\$1.1 million in Q1 2013 to US\$1.8 million in Q1 2014. Notwithstanding this, the Group also achieved record net profit of US\$9.1 million, an increase of 13% over the previous corresponding period.

### **Going Forward**

"Currently, the Galaxy™ family systems have no true competition in the marketplace. Our world-leading integrative mapping solution and extensive installed base of rough diamond planning systems also present a strong penetration barrier to any would be competition for our inclusion mapping products and services. We will continue to leverage on this competitive advantage to accelerate the deliveries of our Galaxy™/Solaris™ systems," commented Mr. Uzi Levami, Chief Executive Officer of the Group.

The latest addition to the family, Galaxy™ Ultra, commenced commercial services in India and Israel in early 2014. The Group will extend Galaxy™ Ultra services to additional service centres later this year and begin deliveries to customers in Q3 2014. Given the prevailing favourable business conditions, Sarine expects the recurring revenue stream from its growing installed base of Galaxy™ family systems to continue expanding in FY2014.

On the polished diamond business front, the Group's marketing efforts for Sarine Light™ in the US, Taiwan and Korea are progressing with launch customers likely to be signed in Q2 2014. The Group views FY2014 as an important transition year for its business development in the polished diamond trade sector as marketing efforts for Sarine Light™ will be expanded to HK and China, to be followed by additional Asian markets (e.g., Thailand, Malaysia, Indonesia and Singapore) in late 2014 or early 2015. The Group expects significant revenue contribution from Sarine Light™ in FY2015 and thereafter. Following successful tests, the



Group has also launched the Sarine Loupe™ by offering the innovative imaging services on a limited basis in India and Israel. This service will expand accordingly with the increase in system production during upcoming months and lead to the full commercialization of Sarine Loupe™ in Q3 2014.

The Group has also planned for the commercial release of DiaMension Axiom™ platform in mid-2014. "We are excited about the introduction of Axiom™ as we expect it will lead to a refined definition of a polished diamond's Cut and symmetry. Such a development will create a new business opportunity for the Group," said Mr. Levami. Another new release is the upgraded version of the Advisor software which is scheduled for the second half of FY2014.

This press release should be read in conjunction with Sarine's Q1 2014 results announcement released on 11 May 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 planning 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://sarine.com/>.

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