



PRESS RELEASE

FOR IMMEDIATE RELEASE

Q4 2015 Diamond Industry Conditions Update and Profitability Guidance

Kfar Saba, Israel, 6 January 2016 – Singapore Exchange Mainboard-listed Sarine Technologies Ltd (“Sarine”) (U77:SI), a worldwide leader in the development, manufacture and sale of precision technology products for the planning, processing, evaluation and measurement of diamonds and gems, wishes to update its investing public as to current industry conditions and their impact on the Group’s revenues and profitability.

As previously disclosed in our Q3 update and profitability guidance published 1 October 2015 and the subsequent more detailed Q3 results discussion published on 8 November 2015, we foresaw that the fourth quarter of 2015 would continue to be impaired by the challenging industry conditions, which have prevailed for most of the financial year. We also opined that the initial two months of the quarter would most likely see continued subdued manufacturing activity, pending actual market developments leading into the crucial year-end holiday season, and that a positive trend could only be expected late in the quarter following the Indian Diwali break in November or in the first quarter of 2016.

We are pleased to update the public that the holiday season in the primary and key U.S. diamond jewelry market (approximately 40% of worldwide demand) has overall been positive, with sales generally meeting or exceeding expectations. Furthermore, wholesale buying for the Chinese New Year has commenced positively. There have thus developed, as we had previously surmised, distinct shortages of high-demand goods, primarily in the size range of 0.3 – 2.0 carats, Colours of D – H and Clarity grades of SI1 – I2 (often referred to as U.S. goods, but which, at lower price points, are gaining in market share in the Far East markets as well), given the significantly reduced production throughout most of 2015. In fact, initial analyses show that upwards of U.S. \$5.5 billion of inventory has been cleared from Indian manufacturers’ stocks. Due to these developments, the December sight by De Beers was around U.S. \$200 million in scope – less than in previous years, but more than the October and November 2015 sights. Furthermore, auction sales, which allow pointed selective buying as per specific market demand, were accelerated, even at slightly higher prices.



On the backdrop of these overall positive developments, we are pleased to report that the prevailing sentiment in the Indian diamond manufacturing industry seems to have significantly improved.

With final numbers not yet available, we expect revenues for the fourth and final quarter of the year to be approximately U.S. \$12.25 million, constituting a significant improvement on a sequential basis, though revenues are still expected to be less than in the corresponding quarter in 2014. Significantly, Galaxy™ family deliveries have rebounded with 13 systems having been shipped during the quarter, comprising a mix of various systems including the new Meteor™. On the basis of preliminary estimated revenues and operating expenses, we expect to report a modest profit from operations (EBIT) for the quarter.

We have, as previously announced, launched the small stone inclusion mapping system, the Meteor™, and have opened our Allegro™ gemstone processing service centre in Jaipur, India. The pilot programs of the Sarine Profile™ with key leading US and China/HK retailers have progressed overall satisfactorily, with some initial users reporting positive quantitative sales feedback. The development of the derivative technologies based on the Sarine Light™ and Sarine Loupe™, complementing the Sarine Profile™, is also progressing, with partial beta implementation for selected customers expected during Q1 2016.

About Sarine Technologies:

Established in 1988, Sarine Technologies Ltd. is a worldwide leader in the development and manufacturing of advanced evaluation, planning, processing and grading 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, laser-marking and inscription machines and polished diamond visualisation systems. 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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