



PRESS RELEASE

FOR IMMEDIATE RELEASE

Sarine Q1 2015 Results Reflect Challenging Industry Conditions

- *Q1 2015 revenue and net profit declined to US\$ 12.2 million and US\$ 0.9 million, respectively, due to weak business sentiments in the midstream diamond industry*
- *Installed base of Galaxy™ family systems rose to 195 as at 31 March 2015 with deliveries of 5 systems in Q1 2015; recurring revenue accounted for just over half of Group revenue*
- *Strong balance sheet with cash and bank balances of US\$47.3 million and no debt as at 31 March 2015*
- *The Group expects new products based on digital trade visualisation solutions to be increasingly adopted by players across the polished diamond value chain from Q2 2015*

Singapore, 10 May 2015 – 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 its financial results for the first quarter ended 31 March 2015.

Q1 2015 Financial Results Review

As highlighted in Sarine's announcements of 22 February and 13 April 2015, challenges experienced by the diamond manufacturing industry commencing in late 2014 have persisted into the current financial year. Business sentiments were dampened by ongoing issues, primarily squeezed manufacturer margins due to high rough diamond prices relative to polished prices and weaker consumer demand across most markets outside the United States, as well



as limited credit availability for second and third-tier Indian diamond manufacturers. As a result, Sarine recorded a 50% decrease in revenue to US\$ 12.2 million in Q1 2015 with lower sales of diamond manufacturing equipment and Galaxy™-related income. Overall recurring income declined approximately 20% and accounted for just over half of Q1 2015 revenue. However, total installed base of Galaxy™ family systems rose to 195 as the Group delivered 5 systems, primarily Galaxy™ Ultras, to customers and service centres during the quarter.

Corresponding to the decline in revenue, gross profit fell 55% to US\$ 8.0 million, with a reduced gross profit margin of 66%. In order to support the launch of new products, such as Sarine Profile™, and establish essential sales and marketing infrastructures for the Group's new polished diamond services and product offerings, additional sales and marketing expenses were incurred during the quarter. With lower revenue, net profit decreased to US\$0.9 million in Q1 2015.

Prospects

"Despite the prevailing challenging business conditions in the immediate term, the Group remains optimistic about the prospects of our new products and services based on Sarine Light™ and Sarine Loupe™. In view of the increasing popularity of digital trade visualisation solutions to complement traditional marketing methods, both online and in stores, we continue to expect growing demand for these technologies from manufacturers, gemmological laboratories, wholesale and retail traders across the polished diamond value chain in 2015," commented Mr. Uzi Levami, Chief Executive Officer of the Group. Subject to industry conditions and business sentiments, the Group expects such adoption should generate material revenues in the current year.

Besides Sarine Profile™, the Group is also working on new derivative uses of Sarine Light™ and Sarine Loupe™. The new application based on Sarine Light™ is currently in an advanced testing stage and patents are being applied for. Subject to the test results and patent application process, the introduction of this new product can be expected in 2H 2015. In addition, the Group targets to commercialise several new products in 2015 – such as the release of Advisor™ 6.0 in India scheduled in June 2015, the launch of a new inclusion mapping system for smaller diamonds (in the 20-85 points range) in late 2015 and the commercialisation of Allergo™, a new system for gemstone processing, in late 2015 or early 2016.



This press release should be read in conjunction with Sarine's Q1 2015 results announcement released on 10 May 2015 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, 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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