



Sarine Technologies Ltd.

Corporate Presentation

August 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

- ◆ Sarine set new record with stellar performance in 1H 2014:
 - Record revenue of US\$49.1m
 - Record profit from operations of US\$21.0m
 - Record net profit of US\$17.6m
- ◆ Total installed base of Galaxy™ family systems rose to just over 175 with record 34 systems delivered in 1H 2014; recurring revenue accounted for just under 35% of 1H 2014 revenues
- ◆ Sarine Loupe™ imaging service launched in Sarine service centre in India and roll-out of enhanced systems at customer sites will commence after September Hong Kong trade show
- ◆ Interim dividend of US cents 3.0 per share declared: US cents 2.0 based on dividend policy and US cent 1.0 special dividend



Results Update



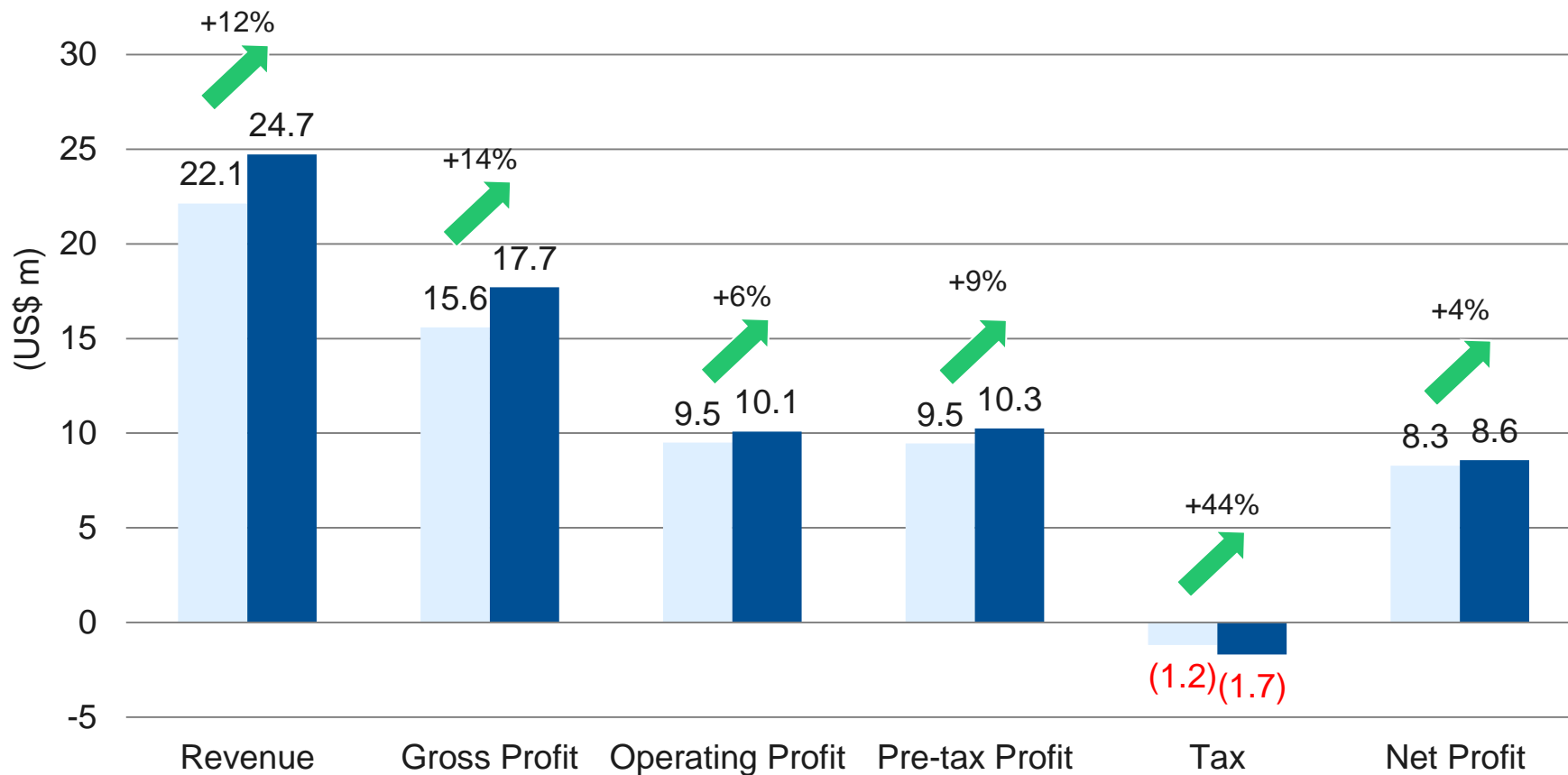
Q2 and 1H 2014 Results Highlights

- ◆ Increased Galaxy™ family related revenue and higher sales of traditional planning and rough-diamond processing products underpinned record performance in 1H 2014
 - Revenue +16% to US\$49.1m
 - Profit from operations +13% to US\$21.0m
 - Net profit +8% to US\$17.6m (higher tax rates in Israel in 2014)
- ◆ In Q2 2014, revenue grew 12% to a record US\$24.7m and net profit rose 4% to US\$8.6m. As planned, higher marketing and R&D expenses were incurred to support new polished diamond products and services recently launched and the development of new products for 2016 launch.
- ◆ Record of 34 Galaxy™ family system delivered in 1H 2014 (of which 19 systems were delivered in Q2 2014) compared to 46 systems delivered in the whole of FY2013
- ◆ Strong balance sheet with no debt. Cash and bank balances totalled US\$46.5m as of 30 June 2014



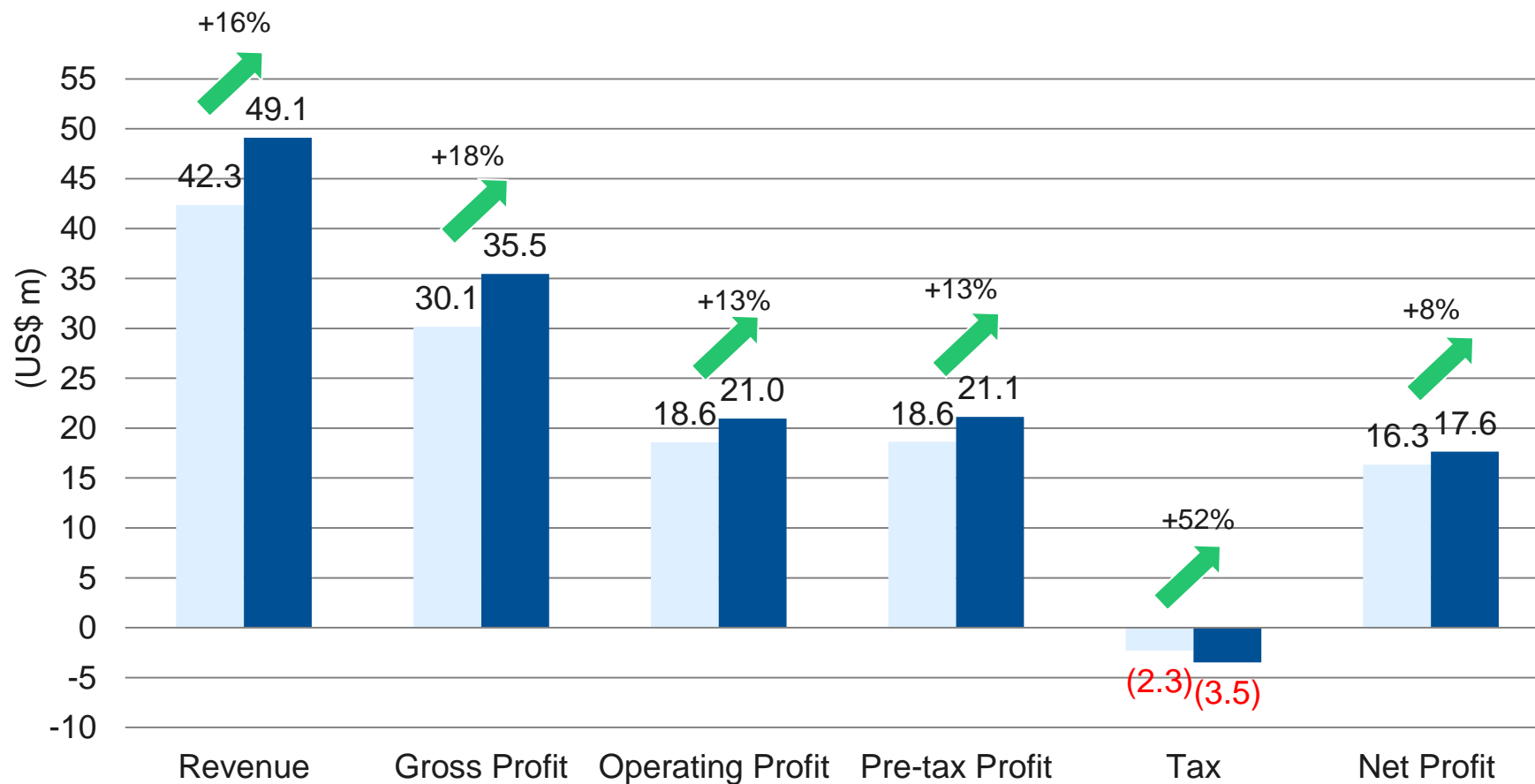
Q2 2014 Results Summary

■ Q2 2013 ■ Q2 2014



1H 2014 Results Summary

■ 1H 2013 ■ 1H 2014



Revenue Breakdown by Geography

| Region | 1H 2014 (US\$' 000) | 1H 2013 (US\$' 000) | % Change | % Share (1H 2014) |
|------------|------------------------|------------------------|----------|----------------------|
| India | 39,722 | 32,481 | +22% | 81 |
| Africa | 2,068 | 2,180 | (5%) | 4 |
| Europe | 1,025 | 1,099 | (7%) | 2 |
| N. America | 591 | 238 | +148% | 1 |
| Israel | 2,788 | 1,883 | +48% | 6 |
| Other | 2,894 | 4,467 | (35%) | 6 |
| Total | 49,088 | 42,348 | +16% | 100 |



Strong Balance Sheet (debt free)

| (US\$ millions) | 30 Jun 2014 | 31 Dec 2013 |
|--------------------------------|-------------|-------------|
| Non-Current Assets | 21.2 | 20.4 |
| - Property, plant & equipment | 11.5 | 10.7 |
| - Intangible assets | 7.8 | 8.4 |
| Current Assets | 74.5 | 61.2 |
| - Inventories | 8.7 | 8.5 |
| - Trade receivables | 16.5 | 15.8 |
| - Cash & bank deposits | 46.5 | 33.1 |
| Current Liabilities | 15.3 | 13.9 |
| - Trade payables | 4.5 | 3.3 |
| Non-current Liabilities | 0.3 | 0.4 |
| - Long term liabilities | 0.1 | 0.2 |
| Shareholders' Equity | 80.1 | 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 | 1H 2014 | FY2013 | FY2012 |
|-----------------|------------|-------------|-------------|
| Interim | 2.0 | 1.50 | 1.25 |
| Special interim | 1.0 | 2.50 | 2.00 |
| Final | N.A. | 2.00 | 1.25 |
| Total | 3.0 | 6.00 | 4.50 |

- ◆ 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)

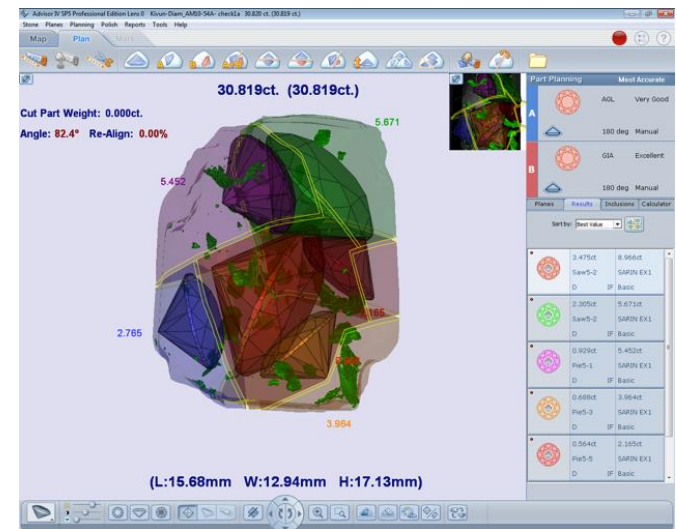
New Products Update



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 over 175 systems as of 30 June 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; initial sales to customers in India are 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
- ◆ Beta-testing in U.S. with leading gem lab and industry opinion leaders in U.S. and India completed, and sales to customers in U.S. and India will commence in Q3 2014



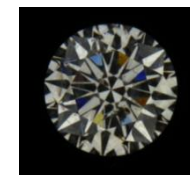
- ◆ With increasing demand for prettier diamonds, Light Performance parameters (brilliance, fire, scintillation/sparkle and symmetry) are offered as understandable consumer-oriented criteria
- ◆ In April 2013, CIMA, a leading bridal diamond jewellery chain in Japan, launched Sarine Light™ Light Performance grading reports for polished diamonds in all its stores
- ◆ Subsequently, an esteemed diamond manufacturer adopted the Sarine Light™ Light Performance grading system. In Q2 2014, the Group concluded sales of Sarine Light™ with launch customers in the U.S. and Taiwan
- ◆ The Group is expanding marketing efforts in the U.S., Taiwan, HK and China as well as to additional Southeast Asian countries e.g., Thailand, Malaysia, Indonesia and Singapore over the next 12 months
- ◆ Extensive marketing of Sarine Light™ in 2014 should follow with significant revenue contribution in 2015 and beyond

Perfect Stone

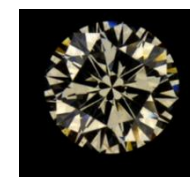
High Clarity, Colour and Cut grades



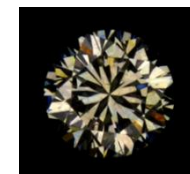
Low Clarity



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
- ◆ Commercial Sarine Loupe™ imaging service launched in service centre in India; rollout at customer sites to commence after the introduction of enhanced features at HK jewellery trade show in September

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 rough diamond 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
- ◆ Growing adoption of Sarine Light™ and Sarine Loupe™

Benefits to Sarine

- ◆ 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






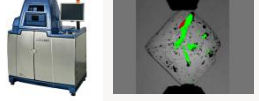


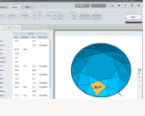









- ◆ Sarine Technologies, through its proprietary systems and technologies, is a global leader in the development and provider of solutions for the entire diamond value chain, from rough diamonds (evaluation, planning, manufacturing and finishing) to polished diamonds (assessment and grading)

| 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 |
|--|---|--|---|--|
| <ul style="list-style-type: none"> ▪ DiaMension™ ▪ DiaExpert™  <ul style="list-style-type: none"> ▪ DiaMark™  <ul style="list-style-type: none"> ▪ DiaScan™ S+  <ul style="list-style-type: none"> ▪ DiaScribe™  <ul style="list-style-type: none"> ▪ Quazer™  <ul style="list-style-type: none"> ▪ Colibri™ | <ul style="list-style-type: none"> ▪ Galaxy™ 1000 / 2000  <ul style="list-style-type: none"> ▪ DiaMension™ HD  <ul style="list-style-type: none"> ▪ DiaMobile™ XL  <ul style="list-style-type: none"> ▪ Instructor™  | <ul style="list-style-type: none"> ▪ Solaris™ 100  <ul style="list-style-type: none"> ▪ DiaExpert™ Nano 6.5  <ul style="list-style-type: none"> ▪ Quazer™ II ▪ Strategist™  | <ul style="list-style-type: none"> ▪ Galaxy™ HD ▪ DiaMark™ HD  | <ul style="list-style-type: none"> ▪ Galaxy™ XL  <ul style="list-style-type: none"> ▪ Galaxy™ Ultra ▪ DiaExpert™ Atom  <ul style="list-style-type: none"> ▪ DiaMension™ Axiom  <ul style="list-style-type: none"> ▪ Sarine Light™  <ul style="list-style-type: none"> ▪ 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

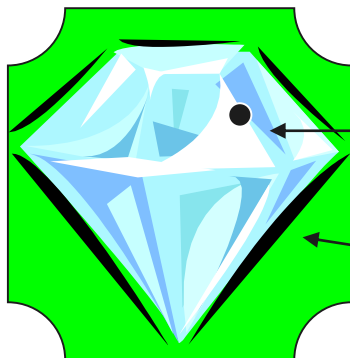
Sarine's Expertise

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

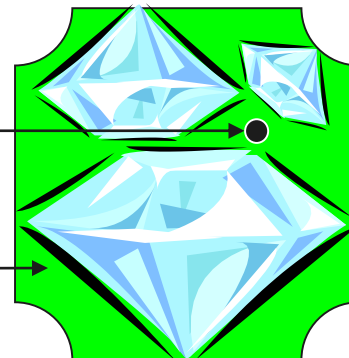


Inclusion Mapping - Overview

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

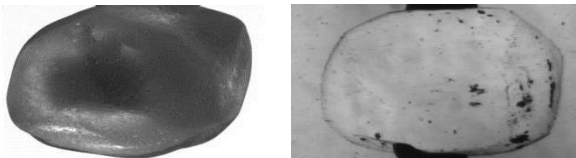


Inclusion Technologies Before Galaxy™ 1000

| Technology | Suppliers | Disadvantages |
|---------------------------|-------------------|---|
| Manual Inclusion Charting | Sarine and others | <ul style="list-style-type: none"> ◆ 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 | <ul style="list-style-type: none"> ◆ 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



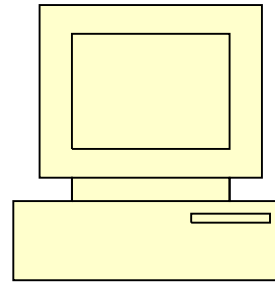
Galaxy™ / Solaris™ in Planning

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 |
|--|---|
| <p>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</p> <p>Sahajanand Technologies (Surat, India) Former Sarine distributor in India; markets rough planners for low and medium range applications</p> <p>Sahajanand Laser Technology (Ahmedabad, India) Low-end rough planning equipment with minimal market presence; trying to launch Nebula inclusion mapping system</p> <p>OGI Systems (Israel) Price player with diminishing international presence</p> | <p>Synova (Switzerland) High-end, fast, safe green lasers; extremely expensive (\$600K - \$1M price tag)</p> <p>Soenen (Belgium) Quazer copy; very low market presence</p> <p>Laxmi (India) Low-cost/low-end green laser without cutting/shaping capabilities</p> <p>S.O.S. (India) Mainstream infra-red (IR) laser supplier</p> <p>Sahajanand Technologies (India) Low-end/low-cost IR laser; broadest presence</p> <p>Sahajanand Laser Technology (India) Low-end/low-cost IR laser; wide presence</p> <p>OGI Systems (Israel) Very limited market presence with a laser</p> |
| <p>Combined market share of competitors for diamond planning & grading products is still smaller than Sarine's (~70+%)</p> | |



Thank You
Q & A

