



PRESS RELEASE

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Sarine's Profit Widens in Q1 2016 as Business Sentiments Continue to Improve

- *Group revenue rose 27% to US\$ 15.5 million and net profit jumped 240% to US\$3.0 million in Q1 2016 as midstream diamond industry continues to recover*
- *Positive business sentiments driven by return of manufacturer profitability, overall positive consumer demand, replenishment of depleted polished diamond inventories and improved midstream manufacturers' liquidity*
- *With strong launch reception for newest small-stone inclusion mapping system, Meteor, 18 Galaxy systems were delivered in Q1 2016*
- *Interest for Sarine Profile™ programs continues to grow; Sarine to expand marketing team in Asia Pacific region and the US to support rollout*

Singapore, 8 May 2016 – Singapore Exchange Mainboard-listed Sarine Technologies Ltd ("Sarine" or "the Company", and with its subsidiaries "the Group") (U77:SI), a worldwide leader in the development, manufacture and sale of precision technology products for the evaluation, planning, processing, finishing, grading and trading of diamonds and gemstones, today announced its financial results for the first quarter ended 31 March 2016.



Q1 2016 Financial Results Review

Following the initial recovery in the diamond industry in late 2015, business sentiments continued to improve as recovery gained momentum in Q1 2016 with increasing polished diamond prices, lower rough diamond prices, overall positive diamond jewellery demand from consumers, replenishment of depleted polished diamond inventories and easing of midstream liquidity problems. The return of profitability for diamond manufacturers drove higher manufacturing activities and renewed investments in capital equipment. Against this backdrop, Sarine recorded a significant jump in revenue to US\$ 15.5 million in Q1 2016, representing improvement of 27% and 25% over revenues in Q1 2015 and Q4 2015, respectively.

During the quarter, the Group delivered 18 Galaxy™ family systems to customers and expanded the total installed base of Galaxy™ family systems to 233 as of 31 March 2016. Recurring income generated by the growing installed base accounted for over 40% of Q1 2016 revenue. On a sequential basis, recurring revenue in Q1 2016 was approximately 30% higher than that in Q4 2015. Despite higher revenue, total operating costs were well controlled. This resulted in a steep rise in profit from operations to US\$ 3.7 million in Q1 2016, up 357% compared to the previous corresponding period in 2015. After accounting for income tax expenses, the Group reported net profit of US\$ 3.0 million in Q1 2016. This compares favourably with US\$ 0.9 million and US\$ 1.5 million recorded in Q1 2015 and Q4 2015, respectively.

Prospects

Given the positive industry developments and stable demand for polished diamonds across most markets, Sarine is likely to continue benefiting from rising demand for capital equipment, particularly, Galaxy™ family systems, and enjoying higher recurring revenues from its expanding installed base during 2016. "Our extensive Galaxy™ suite of inclusion mapping solutions is now capable of processing stones from 20 points rough up to 200 carats, addressing a market segment from which 65 million polished stones are derived annually," commented Mr. Uzi Levami, CEO of the Group. "We expect the current trend favouring smaller stones to drive the sales of Solaris™ and



Meteor™ systems. We also see continued strong customer demand for our high-resolution inclusion mapping system, the Galaxy™ Ultra," Mr. Levami added.

The Group is also on track with its rollout of Sarine Profile™ in targeted key markets, namely the US and the Asia Pacific (APAC) region. In fact, the uptake of Sarine Profile™ initial programs by retailers in APAC has exceeded the Group's expectation. In order to capitalise on the enthusiastic reception for Sarine Profile™, the Group plans to step up sales efforts by expanding its marketing teams in the newly established Hong Kong regional sales headquarters as well as in the US in FY2016.

In Jaipur, India and Ramat Gan, Israel, the Allegro™ service centres for gemstone processing are generating initial revenue with increasing activities. The Group has added a second Allegro™ system at the Jaipur service centre and expects to deploy more machines during the year. In view of the growing demand for gemstones, the Group is looking to open new Allegro™ service centres in other regions.

This press release should be read in conjunction with Sarine's Q1 2016 results announcement released on 8 May 2016 to the Singapore Exchange.

About Sarine Technologies:

Established in 1988, Sarine Technologies Ltd. is a worldwide leader in the development and manufacturing of advanced evaluation, planning, processing, and finishing 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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