Sarin Technologies Ltd.
and its Subsidiaries

(Incorporated in Israel)

PART1 INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Profit and Loss Accounts (US$'000):

	Group Quarter ended December 31,			Group Year ended December 31,		
	2009	2008	Change %	2009	2008	Change %
Revenue	**10,363**	**2,501**	**314.4**	**21,382**	**33,149**	**(35.5)**
Cost of sales	2,653	1,492	77.8	8,903	12,019	(25.9)
Gross profit	**7,710**	**1,009**	**664.1**	**12,479**	**21,130**	**(40.9)**
Research and development expenses	801	1,022	(21.6)	3,422	5,458	(37.3)
Sales and marketing expenses	1,275	1,408	(9.4)	4,502	7,152	(37.1)
General and administrative expenses	778	942	(17.4)	2,404	4,135	(41.9)
Profit (loss) from operations	**4,856**	**(2,363)**	**NM**	**2,151**	**4,385**	**(50.9)**
Net finance income (expense)	(73)	726	NM	181	1,094	(83.5)
Share of loss of equity accounted investee	(473)	(1,977)	(76.1)	(728)	(2,196)	(66.8)
Profit (loss) before income tax	**4,310**	**(3,614)**	**NM**	**1,604**	**3,283**	**(51.1)**
Income tax credit (expense)	218	(971)	NM	(76)	(1,689)	(95.5)
Profit (loss) for the period	4,528	(4,585)	NM	1,528	1,594	(4.1)
Other comprehensive income (expense)						
Foreign currency translation differences for foreign operations	(68)	(112)	(39.3)	84	(112)	NM
Total comprehensive income (loss) for the period	**4,460**	**(4,697)**	**NM**	**1,612**	**1,482**	**8.8**

Notes to income statement (US$'000)

Profit (loss) before income tax is stated after charging (crediting) the following:

	Group Quarter ended December 31,			Group Year ended December 31,		
	2009	2008	Change %	2009	2008	Change %
Allowance for doubtful trade receivables	(10)	11	NM	(227)	173	NM
Depreciation and amortization	882	140	530.0	2,845	1,288	120.9
Interest income (expense), net	(24)	513	NM	232	930	(75.1)
Foreign currency translation gain (loss)	(49)	213	NM	(51)	164	NM
Warranty provision	38	-	NM	(120)	126	NM

NM- Not meaningful

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Balance Sheet as at 31 December (US$'000):

	Group		Company	
	2009	**2008**	**2009**	**2008**
Assets				
Property, plant and equipment	2,163	2,128	1,522	1,356
Intangible assets	11,622	13,874	447	873
Other receivables	-	9	-	-
Investment in equity accounted investee and subsidiaries	563	1,279	13,858	20,011
Deferred tax assets	769	59	734	-
Total non-current assets	15,117	17,349	16,561	22,240
Inventories	2,924	4,685	2,220	4,048
Trade receivables	1,326	573	1,166	486
Other receivables	1,040	1,077	644	751
Current tax receivables	-	1,828	-	1,828
Short-term investments	8,712	2,100	8,208	2,100
Cash and cash equivalents	12,151	9,910	10,325	8,699
Total current assets	26,153	20,173	22,563	17,912
Total assets	41,270	37,522	39,124	40,152
Equity				
Share capital*	-	-	-	-
Share premium, reserves and retained earnings	32,471	30,451	32,204	34,380
Total Equity	32,471	30,451	32,204	34,380
Liabilities				
Long-term liabilities	920	1,518	221	758
Employee benefits	45	240	45	180
Total non-current liabilities	965	1,758	266	938
Trade payables	1,606	1,114	1,228	858
Other payables	5,087	3,647	4,519	3,606
Current tax payable	1,026	289	814	124
Warranty provision	115	263	93	246
Total current liabilities	7,834	5,313	6,654	4,834
Total liabilities	8,799	7,071	6,920	5,772
Total Equity and liabilities	41,270	37,522	39,124	40,152

*No par value

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

Zero borrowings from banks.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated cash flow statement for the year ended 31 December (US$'000):

	Group	
	2009	**2008**
Cash flows from operating activities		
Profit for the period	1,528	1,594
Adjustments for:		
Share-based payment expenses	326	308
Income tax expense	76	1,689
Depreciation of property, plant and equipment	877	852
Amortization of intangible assets	1,968	436
Share of loss of equity accounted investee	728	2,196
Loss on sale or disposal of property, plant and equipment	79	443
Net finance income	(181)	(1,094)
Changes in working capital		
Inventories	1,761	(491)
Trade receivables	(753)	725
Other receivables	37	(1,363)
Trade payables	492	(1,926)
Other payables and warranty provision	873	(619)
Employee benefits	(186)	31
Cash generated from operations	7,625	2,781
Income tax refunded (paid)	1,779	(1,133)
Net cash from operating activities	9,404	1,648
Cash flows from investing activities		
Acquisition of property, plant and equipment, net	(991)	(1,717)
Short-term investments, net	(6,612)	7,982
Long-term investments	-	1,000
Acquisition of subsidiary, net of cash acquired (Appendix A)	-	(8,467)
Capitalization of R&D expenses	(304)	(1,261)
Acquisition of equity accounted investee	-	(2,999)
Interest received	345	603
Net cash used in investing activities	(7,562)	(4,859)
Cash flows from financing activities		
Proceeds from exercise of share options	82	23
Receipt of long term-grants	481	-
Interest paid	(113)	(153)
Foreign currency translation gain (loss)	(51)	164
Dividends paid	-	(2,101)
Net cash generated (used in) financing activities	399	(2,067)
Net increase (decrease) in cash and cash equivalents	2,241	(5,278)
Cash and cash equivalents at beginning of the year	9,910	15,188
Cash and cash equivalents at end of the year	12,151	9,910

Appendix A - Acquisition of subsidiary, net of cash acquired (US$'000):

	Group	
	2009	**2008**
Working capital (excluding cash)	-	255
Property, plant and equipment	-	(94)
Intangible assets	-	(10,742)
Long-term liabilities	-	760
Contingent liabilities		758
Goodwill on acquisition	-	(995)
	-	(10,058)
Consideration paid by way of allotment and issuance of ordinary shares	-	1,591
Net cash outflow	-	(8,467)

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity

Group (US$'000)

	Share capital*	Share premium and reserves	Translation reserve	Retained earnings	Total
Balance at January 1, 2008	-	11,465	-	17,683	29,148
Total comprehensive income for the year ended December 31, 2008	-	-	(112)	1,594	1,482
Share-based payment expenses	-	308	-	-	308
Shares issued in connection with the purchase of a subsidiary	-	1,591	-	-	1,591
Exercise of options	-	23	-	-	23
Dividend paid	-	-	-	(2,101)	(2,101)
Balance at December 31, 2008	-	13,387	(112)	17,176	30,451
Total comprehensive income for the year ended December 31, 2009	-	-	84	1,528	1,612
Share-based payment expenses	-	326	-	-	326
Exercise of options	-	82	-	-	82
Balance at December 31, 2009	-	13,795	(28)	18,704	32,471

* No par value

Statement of Changes in Equity

Company (US$'000)

	Share capital*	Share premium and reserves	Translation reserve	Retained earnings	Total
Balance at January 1, 2008	-	11,465	-	19,015	30,480
Total comprehensive income for the year ended December 31, 2008	-	-	(112)	4,191	4,079
Share-based payment expenses	-	308	-	-	308
Exercise of options	-	23	-	-	23
Shares issued in connection with the purchase of a subsidiary	-	1,591	-	-	1,591
Dividend paid	-	-	-	(2,101)	(2,101)
Balance at December 31, 2008	-	13,387	(112)	21,105	34,380
Total comprehensive loss for the year ended December 31, 2009	-	-	84	(2,668)	(2,584)
Share-based payment expenses	-	326	-	-	326
Exercise of options	-	82	-	-	82
Balance at December 31, 2009	-	13,795	(28)	18,437	32,204

* No par value

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	As at December 31,	
	2009	2008
	No. of shares	No. of shares
Authorized:		
Ordinary shares of no par value	2,000,000,000	2,000,000,000
Issued and fully paid:		
Ordinary shares of no par value	264,288,225	260,747,225

Details of changes in share options

	Average Exercise price in US$ cent per share	Options
At January 1, 2009	18.6	9,827,500
Granted	9.5	6,009,148
Cancelled	20.8	2,237,885
Exercised	2.3	3,541,000
At December 31, 2009	18.4	10,057,763

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

These figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The same accounting policies and methods of computation adopted in the most recently audited financial statements for the financial year ended December 31, 2008 have been applied in the preparation for the financial statements for the year ended December 31, 2009, with the exception of operating segments as noted below.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

As of 1 January 2009 the Group determines and presents operating segments based on the information that internally is provided to the CEO, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of IFRS 8 Operating Segments. Previously operating segments were determined and presented in accordance with IAS 14 Segment Reporting. There was no impact on our consolidated operating results as a result of adopting this standard.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	For the quarter ended December 31,		For the year ended December 31,	
	2009	**2008**	**2009**	**2008**
Basic earnings (loss) per share (US cents)	1.72	(1.76)	0.58	0.62
Diluted earnings (loss) per share (US cents)	1.71	(1.76)	0.58	0.62

Basic earnings (loss) per share for the quarter ended December 31, 2009 are calculated based on the weighted average number of 262,896,682 ordinary shares issued during the current period and 260,747,225 during the preceding period.

Diluted earnings (loss) per share for the quarter ended December 31, 2009 are calculated based on weighted average number of 264,641,117 ordinary shares and outstanding options and 260,747,225 during the preceding period.

Basic earnings per share for the year ended December 31, 2009 are calculated based on the weighted average number of 261,796,293 ordinary shares issued during 2009 and 258,112,235 during 2008.

Diluted earnings per share for the year ended December 31, 2009 are calculated based on the weighted average number of 263,921,385 ordinary shares issued during 2009 and 258,149,327 during 2008.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	2009	**2008**	**2009**	**2008**
Net asset value per ordinary share (US cents)	12.29	11.68	12.19	13.19

Net asset value per share is calculated based on the number of 264,288,225 ordinary shares in issue at December 31, 2009 and 260,747,225 at December 31, 2008.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Overview

Sarin Technologies is 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. The Group's systems comprise various hardware technologies, including electro-optics, electronics, precision mechanics and lasers. At the heart of these systems is the computer software that implements three-dimensional modelling using advanced mathematical algorithms, and overall system control (motion, image capture, laser functionality, etc.).

Due to the global economic crisis and the resultant decline in industry activity, sales and profitability levels for H1 2009 were extremely depressed with only US$ 4.7 million in revenues and a net loss of US$ 3.4 million. However, the renewal of capital equipment expenditures, primarily in India, in Q3 2009 and its acceleration in Q4 2009 drove Group revenue for H2 2009 to US$ 16.6 million with profits of US$ 5.0 million. Throughout most of FY2009, the Group benefited from the significant steps taken in Q4 2008 and Q1 2009 to reduce operating expenses. This reduction in operating expenses was realised in both the fixed (primarily) and the variable aspects of our expenses.

In Q4 2009, the Group's performance improved significantly with revenues of US$10.4 million and net profit of US$ 4.5 million. However, on an annual basis, FY2009 revenues were US$ 21.4 million, with a net profit of US$ 1.5 million, down from revenues of US$ 33.1 million and a net profit of US$ 1.6 million in FY2008, due to the aforementioned sharp reduction in demand from customers during the first half of FY2009.

Q4 2009 also marked a significant milestone for the Group, with the first commercial sale of the Galaxy 1000™ machine to a leading diamond manufacturer in India. This follows the Group's commercialization of the technology through wholly-owned service centres in Israel and in India in Q2 2009. Galaxy related revenues during Q4 2009 represented over 10% of total Group revenue for this quarter.

As of December 31, 2009, cash and cash equivalents and short-term investments increased to US$ 20.9 million from the US$ 9.4 million reported as of June 30, 2009 and from the US$ 12.0 million reported as of December 31, 2008. As of December 31, 2009, inventory declined to US$ 2.9 million from the US$ 4.1 million reported as of June 30, 2009 and from the US$ 4.7 million reported as of December 31, 2008.

During Q3 2009, the Group realized a refund of approximately US $2.5 million, including interest and linkage from the Israeli Tax Authorities.

Revenues

Revenue by geographic segment for Q4 2009 (US$ '000)

Q4 2009 versus Q3 2009				
Region	**Q4 2009**	**Q3 2009**	**$ change**	**% change**
India	8,377	4,978	3,399	68.3
Africa	372	174	198	113.8
Europe	347	153	194	126.8
North America	193	516	(323)	(62.6)
Other	1,074	457	617	135.0
Total	10,363	6,278	4,085	65.1

Q4 2009 versus Q4 2008				
Region	**Q4 2009**	**Q4 2008**	**$ change**	**% change**
India	8,377	784	7,593	968.5
Africa	372	764	(392)	(51.3)
Europe	347	133	214	160.9
North America	193	268	(75)	(28.0)
Other	1,074	552	522	94.6
Total	10,363	2,501	7,862	314.4

Revenue by geographic segment for the year ended December 31, 2009 (US$ '000)

Jan. – Dec. 2009 versus Jan. – Dec. 2008				
Region	**1-12 2009**	**1-12 2008**	**$ change**	**% change**
India	16,934	23,461	(6,527)	(27.8)
Africa	705	3,186	(2,481)	(77.9)
Europe	664	2,009	(1,345)	(66.9)
North America	813	1,571	(758)	(48.2)
Other	2,266	2,922	(656)	(22.5)
Total	21,382	33,149	(11,767)	(35.5)

Revenues for Q4 2009 increased by 314% to US$ 10.4 million, as compared to US$ 2.5 million for Q4 2008, and on a sequential basis, the Group's revenue increased by 65% as compared to Q3 2009. This was primarily due to the acceleration of capital equipment expenditures, primarily in India, in Q4 2009, as compared to the depressed levels in Q4 2008, stemming from the global-recession and the subsequent decline in industry activity. By region, India registered revenue of US$ 8.4 million in Q4 2009, an increase of 969% from US$ 0.8 million in Q4 2008 and 68% from US$ 5.0 million in Q3 2009. With the exception of North America where market demand remained weak due to prevailing economic uncertainty, revenue in Q4 2009 continued to increase over Q3 2009 in all regions as the diamond manufacturing industry continued to recover.

Revenues for the year ended December 31, 2009 decreased by 36% to US$ 21.4 million, as compared to US$ 33.1 million for the year ended December 31, 2008. The decline in revenues was due to the decline in industry activity that resulted from the global economic crisis, which led to reduced revenues in all geographic regions in the first half of the year.

Cost of sales and gross profit

Cost of sales for Q4 2009 increased by 78% to US$ 2.7 million, as compared to US$ 1.5 million for Q4 2008. This was primarily due to significantly increased sales as well as non-cash expenses of approximately $0.5 million related to the amortisation of the Galatea know-how and previously capitalised research and development costs, which began in Q2 2009 with the onset of commercialisation of the Galatea Galaxy 1000™.

Cost of sales for the year ended December 31, 2009 decreased by 26% to US$ 8.9 million as compared to US$ 12.0 million for the year ended December 31, 2008. The decrease was due primarily to significantly reduced revenue over the period, offset somewhat by increased non-cash expenses of approximately US$ 1.5 million related to the amortisation of the Galatea know-how and previously capitalised research and development costs, as discussed above.

During Q4 2009, the Group recorded a gross profit margin of 74% as compared to a gross profit margin of 40% for Q4 2008. The improved gross margin in Q4 2009 was due primarily to a significantly higher sales volume and changes in the product mix. In addition, sales of inventory that had been previously written-off in earlier slow quarters this year contributed to the higher gross margin. The improvement was offset somewhat by the non-cash amortisation of Galatea know-how and previously capitalised research and development costs.

For the year ended December 31, 2009, the Group recorded a gross profit margin of 58% as compared to a gross profit margin of 64% for the year ended December 31, 2008. The gross margin in FY2009 was primarily affected by the Group's non-cash amortisation expenses discussed above.

Research and development expenses

For Q4 2009, research and development expenses decreased modestly by 22% to US$ 0.8 million as compared to US$ 1.0 million for Q4 2008. For the year ended December 31, 2009, research and development expenses decreased by 37% to US$ 3.4 million from US$ 5.5 million for the year ended December 31, 2008. The decrease in expenses for the year ended December 31, 2009 was due primarily to a reduction in manpower and other project-related expenses, offset somewhat by the cessation of the Group's capitalising of Galaxy-related development expenses, as has been previously explained.

Sales and marketing expenses

For Q4 2009, sales and marketing expenses decreased by 9% to US$ 1.3 million from US$ 1.4 million for Q4 2008. For the year ended December 31, 2009, sales and marketing expenses decreased by 37% to US$ 4.5 million from US$ 7.2 million for the year ended December 31, 2008.

The Group continues to realise the full benefit of the additional cost cutting measures that were implemented earlier this year. The decrease in expenses in Q4 2009 and for the year ended December 31, 2009 was primarily due to significantly lower fixed selling costs, reduction of non-essential staff and office expenses, trimmed expenditures on marketing activities, as well as reduced compensation paid to our sales team and agents as a result of weaker sales compared to the corresponding period last year.

General and administrative expenses

For Q4 2009, general and administrative expenses decreased by 17% to US$ 0.8 million from US$ 0.9 million for Q4 2008. For the year ended December 31, 2009, general and administrative expenses decreased by 42% to US$ 2.4 million from US$ 4.1 million for the year ended December 31, 2008.

The decrease in expenses for Q4 2009 and the year ended December 31, 2009 was primarily due to broad-based cost cutting measures, including reduction of managerial staff, lower fees to consultants and professional service providers, as well as lower expenditures on the protection of intellectual property.

Profit (loss) from operations

For Q4 2009, the Group reported profit from operations of US$ 4.9 million compared to a loss from operations of US$ 2.4 million for Q4 2008. This improved profitability was primarily due to increased revenue in Q4 2009, higher gross margins and the Group's cost containment measures implemented in Q4 2008 and Q1 2009.

For the year ended December 31, 2009, the Group reported a profit from operations of US$ 2.2 million compared to a profit from operations of US$ 4.4 million for the year ended December 31, 2008. This decline in profitability was primarily due to the decline in revenue, as detailed above, and was moderated by the realised benefit of the Group's cost containment measures implemented in Q4 2008 and Q1 2009.

Net finance income (expense)

For Q4 2009, the Group recorded net finance expense of US$ 0.07 million as compared to net finance income of US$ 0.73 million for Q4 2008. For the year ended December 31, 2009, the Group recorded net finance income of US$ 0.18 million as compared to net finance income of US$ 1.09 million for the

year ended December 31, 2008. The decrease in net finance income for Q4 2009 as compared to Q4 2008 was primarily due to the absence of the US$0.5 million gain associated with the write-back of a commercial paper in Q4 2008, subsequent to the successful end of the arbitration proceedings against a US financial institution. The decrease in net finance income for the year ended December 31, 2009 was primarily due to significantly lower interest rates on a lower level of invested funds as compared to the corresponding period last year as well as the absence of the US$0.5 million gain booked in Q4 2008, as mentioned.

Income tax (credit) expense

The statutory corporate tax rate in Israel in 2009 is 26% (27% in 2008). This rate is currently scheduled to decrease to 25% in 2010 and to gradually decline thereafter, until it reaches 18% in 2016.

For Q4 2009, the Group recorded an income tax credit of US$ 0.22 million as compared to an expense of US$ 0.97 million for Q4 2008. For the year ended December 31, 2009, the Group recorded an income tax expense of US$ 0.08 million, as compared to US$ 1.7 million for the year ended December 31, 2008.

As a result of the return to profitability for the year ended December 31, 2009, the Group provided for income tax expenses in Israel and India for Q4 2009 and for the year ended December 31, 2009. However, in view of the return to profitability and positive industry visibility available in H2 2009, the Group recorded an income tax credit in Q4 2009 of US$ 0.7 million from the write-back of Israeli deferred tax assets previously written-off during Q4 2008 as a result of the operating loss incurred amidst the then challenging and uncertain period.

Share of loss of equity accounted investee

For the three months and year ended December 31, 2009, the Group's share of loss of equity accounted investee (IDEX) was US$ 0.5 million and US $0.7 million, respectively, as compared to US$ 2.0 million and US$ 2.2 million, for the three months and year ended December 31, 2008, respectively. The share of loss of equity accounted investee included the non-cash impairment charge of US$ 0.4 million in Q4 2009 and US$ 1.8 million in Q4 2008. These non-cash impairment charges were recorded to adjust the fair value of the Group's investment in IDEX.

Profit (loss) for the period

For Q4 2009, the Group reported a profit of US$ 4.5 million compared to a net loss of US$ 4.6 million for Q4 2008. For the year ended December 31, 2009, the Group reported a net profit of US$ 1.5 million compared to net profit of US$ 1.6 million for the year ended December 31, 2008. The insignificant decrease in net profit during the year was a result of significantly lower revenue, as detailed above, offset by the aggressive cost reductions implemented by management.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

We expect the following industry trends to continue influencing our business:

a. The industry recovery reported in our previous two quarterly announcements continued to gain momentum in the last quarter of 2009. As for 2010, we believe the industry will continue to recover,

but at a moderated pace. The 2009 holiday season was as expected – typically showing modest single-digit gains over the depressed figures for the year earlier. Given the prevailing uncertainties in the current global economic environment, we remain watchful of any negative developments that may affect our industry.

b. The diamond manufacturing industry in India has gone through a significant change, with more emphasis being given to production that caters to specific market demand, such as higher quality (higher Clarity and Cut grades) diamonds of medium carat weights for the market in China. Traditionally in the diamond industry, evolution is a slow process. However during this crisis, changes in market demand occurred fast and manufacturers reacted faster than ever to meet these new demands. As the adoption of technology allows them to make the necessary adaptations to their production profiles more effectively than the alternative of retraining of existing manpower, this market development resulted in increased demand for our rough planning and polishing optimisation products in the second half of 2009. Barring unforeseen circumstances, we expect this trend to continue into 2010.

c. The diamond business in the United States at the end of 2009 recovered somewhat, due to the moderately positive holiday season, as mentioned above. The markets in Asia in general, and in China and India in particular, expanded further and continue to be the driving force of the current industry recovery.

d. The recovery in manufacturing activity, initially in India but also now in Africa and China, continued and gained further momentum in the last quarter of 2009. Initial signs indicate that this recovery trend may continue into Q1 2010, but without a sustained increase in polished diamond demand, especially from the still lagging key US market, it is still too early to predict whether this recovery will gain enough traction to carry through into the later quarters of 2010.

e. The manufacturing activity in Russia continues to lag behind the other major manufacturing centres in its recovery.

f. At the end of 2009 an anomaly in prices again manifested itself, as rough diamond prices appreciated significantly in the last six months of the year without sufficient polished diamond demand to push the polished diamond prices up appropriately. This could potentially hamper the continued industry recovery. Subsequently, a modest 3% increase in polished diamond prices was recorded in January 2010, which partially corrected this anomaly.

We continue to focus our research and development initiatives on the following projects.

The Galatea product, Galaxy 1000™: The commercial launch of the new Galaxy 1000™ product gathered additional momentum in Q4 2009 with the expansion of capacity in the service centres in India and Israel and the opening of a take-in window in Belgium, as planned. In addition, the initial Galaxy 1000™ was delivered to our inaugural customer in India, as expected. In Q4 2009 Galaxy 1000 ™ derived revenues accounted for just over 10% of the Group's revenues.

The roll out of service centres in 2010 is expected to continue, with Belgium being the next full service centre opened in January 2010, as previously announced. Additional expansion is expected later in the year in other major diamond trading and manufacturing centres, such as the USA, Africa and China.

The demand for the Galaxy 1000™ product from leading customers is growing and additional system deliveries are expected throughout 2010. However, we intend to continue to be very focused on scheduling deliveries so as to guarantee proper installation and assimilation by customers' personnel of this highly complex system. We expect continued refinement of the system's resolution and detection abilities to continue throughout 2010.

Rough planning products: This line of products is our primary contributor to revenue, and our share in this market continues to remain dominant and even grow. We continue to see higher sales of automated planning solutions, in line with the industry recovery, as well as from a secondary benefit of the Galaxy 1000™ rollout – enhanced demand for our other systems for manual inclusion mapping, such as the DiaExpert Eye, which are appropriate for utilisation on better quality rough stones with less complex internal inclusions. R&D efforts will continue to focus on more optimal integration of the planning products with the Galaxy 1000™ product through better utilisation of the latter's added value to enhance the planning process for higher returns and faster manufacturing execution with less room for error.

Polished planning products: We have launched the Instructor software package and the DiaMension HD (for high definition), which, we believe has more accurate performance than any existing products for the ongoing quality control of polished diamonds during the manufacturing process. The capability of providing instructions on necessary corrective actions and/or possible asymmetric enhancements to polished diamonds is an innovative feature we believe is unique to our product. These products target a need which until now had not been fully addressed, and we believe the market potential is approximately 90% untapped. The Instructor/HD has been met with enthusiastic interest and sales have commenced. We expect this pair of products to be a significant growth driver in 2010 and beyond.

Quazer™: Ongoing R&D efforts are continuing to focus on implementing the Set-up Station, renamed the Strategist™. This software package will allow better integration of our planning products , particularly Galaxy derived information , with the Quazer™. We continue to be encouraged by the number of deals closed in the second half of 2009 and orders for 2010. In addition, our US supplier of the green laser engine has completed the development of an enhanced model, which we intend to evaluate and commence utilisation of in early 2010. We believe the Quazer™ will continue to be a leading green laser system in the market. Sales are expected to increase when enhanced versions with new improvements (laser engine, optics, Strategist™, etc.) are introduced to market.

Colour products: An updated version of the Colibri™ product has been released to support the measuring of smaller stones and enhance functionality for the measurement of a diamond's fluorescence, and no further developments are currently foreseen. As previously announced, the highly-regarded Japanese diamond gemmological laboratory Zenhokyo has, after the completion of exhaustive testing on over 14,000 stones, published a report acclaiming the product's performance. The report can be viewed on their website: http://www.gaaj-zenhokyo.co.jp/researchroom/kanbetu/2009/2009_07_02-01en.html.

Polishing discs: We have at this time reached the conclusion, that, though the technology itself has proven adequate for its intended use, we are shelving the ongoing efforts towards the commercial launch of the discs and may seek other ways in which to realise our investment in the product.

Other issues which may affect the Group's business in the next 12 months include:

Sales and marketing: Sales and marketing efforts will continue to focus on leveraging the Galatea technology in order to expand our market share in all related product lines and in all markets.

IDEX Online: The recent recession has significantly slowed the adoption of IDEX's unique online spot market for business-to-business (B2B) trading, but interest amongst manufacturers is growing in general for internet-based B2B solutions as a more optimal and significantly quicker way of selling polished goods, and IDEX is well positioned to benefit from this overall trend. As announced, IDEX launched a business-to-business-to-consumer (B2B2C) derivative of this service with a link to eBay (www.diamonds.ebay.com), just prior to the recent holiday season, in which online sales in general demonstrated the most robust growth from the previous year. Success of this service and its core B2B spot market platform remains crucial to IDEX's prospects for 2010. IDEX has also launched its Diamond Benchmark Report, an alternative price list, which hopefully will gain traction as an index that is truly reflective of actual traded diamond prices and their fluctuations. In the year ended December 31, 2009, the Group, with the assistance of a third-party appraiser, as mandated by international accounting standards, further reviewed its investment in IDEX. Due to uncertainties related to the execution of IDEX's business plan, the Group recorded an impairment charge, as discussed in Section 8 above.

11. Dividend

(a) Current Financial Period Reported

Any dividend declared/recommended for the current financial period reported on?

The Board of Directors recommended, on February 24, 2010, a dividend of US cent 0.8 per share for the year ended December 31, 2009.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

The Board of Directors declared, on August 11, 2008, an interim dividend of US cent 0.8 per share.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived.

	Amount before tax US$'000	Tax rate applicable to shareholders %
2009	2,114	20%/0%* / 10% **
2008	2,101	15%* / 10% **

**** The tax rate for the interim cash dividend for H1 2008 was 15% for Israeli corporate and individual shareholders and will be 20% for individual Israeli shareholders and zero for Israeli corporate shareholders for the FY2009 dividend.***

*****The tax rate for the dividends was/is 10% for Singaporean shareholders.***

(d) Date Payable

		Amount US$'000
2009	27.5.10	2,114
2008	15.9.08	2,101

(e) Books Closure Date

		Amount US$'000
2009	8.5.10	2,114
2008	29.8.08	2,101

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

As of 1 January 2009 the Group determines and presents operating segments based on the information that internally is provided to the CEO, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of IFRS 8 Operating Segments. Previously operating segments were determined and presented in accordance with IAS 14 Segment Reporting.

	India	Europe	North America	Africa	Others	Consolidated
	2009	2009	2009	2009	2009	2009
			US$ thousands			
External revenues	16,934	664	813	705	2,266	21,382
Unallocated expenses						19,231
Profit from operations						2,151
Net finance income						181
Share of loss of equity accounted investees						(728)
Income tax expense						(76)
Profit for the year						1,528

	India	Europe	North America	Africa	Others	Consolidated
	2008	2008	2008	2008	2008	2008
			US$ thousands			
External revenues	23,461	2,009	1,571	3,186	2,922	33,149
Unallocated expenses						28,764
Profit from operations						4,385
Net finance income						1,094
Share of loss of equity accounted investees						(2,196)
Income tax expense						(1,689)
Profit for the year						1,594

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

See section 8 above regarding an analysis of the changes in the revenues in the various segments.

15. Breakdown of sales.

	2009 US$'000	2008 US$'000	Change %
Revenue reported for:			
First half-year ended 30 June	4,741	21,868	(78.3)
Second half-year ended 31 December	16,641	11,281	47.5
	21,382	33,149	(35.5)
Profit (loss) for the period:			
First half-year ended 30 June	(3,423)	5,138	NM
Second half-year ended 31 December	4,951	(3,544)	NM
	1,528	1,594	(4.1)

NM – Not Meaningful

16. A breakdown of the total annual dividend (in US dollar value) for the issuer's latest full year and its previous full year.

	Latest Full Year US$'000	Previous Full Year US$'000
Ordinary	2,114	2,101

17. Interested Person Transactions

On September 3, 2009, the Company leased 224 square meters of office space in the Israeli Diamond Exchange building, from a company controlled by an interested party. The lease is for a period of 24 months, with an option (at the Company's discretion) to extend the lease period by an additional 24 month period. The monthly rent during the initial six month period is US$4,855 per month and thereafter US$ 7,832. The monthly rent during the option period is US$8,615 per month.

On behalf of the Directors

Daniel Benjamin Glinert	Eyal Mashiah	Uzi Levami
Executive Chairman	Executive Director	Executive Director and CEO