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 March 31, 2010	Group Quarter ended March 31, 2009	Change %
Revenue	**13,586**	**1,063**	**1,178.1**
Cost of sales	4,190	985	325.4
Gross profit	**9,396**	**78**	**11,946.2**
Research and development expenses	1,080	847	27.5
Sales and marketing expenses	1,530	1,074	42.5
General and administrative expenses	800	502	59.4
Profit (loss) from operations	**5,986**	**(2,345)**	**NM**
Net finance expense	(25)	(9)	177.8
Share of loss of equity accounted investee	(88)	(75)	17.3
Profit (loss) before income tax	**5,873**	**(2,429)**	**NM**
Income tax expense	(1,500)	(89)	1,585.4
Profit (loss) for the period	4,373	(2,518)	NM
Other comprehensive income (expense)			
Foreign currency translation differences from foreign operations	31	(26)	NM
Total comprehensive income (loss) for the period	**4,404**	**(2,544)**	**NM**

Notes to income statement (US$'000)
Profit (loss) before income tax is stated after charging (crediting) the following:

	Group Quarter ended March 31, 2010	Group Quarter ended March 31, 2009	Change %
Allowance for doubtful trade receivables	(14)	(111)	(87.4)
Depreciation and amortization	888	310	186.5
Interest expense, net	58	17	241.2
Exchange rate differences	33	(27)	NM
Warranty provision	40	-	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 (US$'000):

	Group		Company	
	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
Assets				
Property, plant and equipment	2,293	2,163	1,567	1,522
Intangible assets	11,001	11,622	340	447
Investment in equity accounted investee and subsidiaries	475	563	14,103	13,858
Deferred tax assets	829	769	782	734
Total non-current assets	14,598	15,117	16,792	16,561
Inventories	3,087	2,924	2,456	2,220
Trade receivables	2,005	1,326	634	1,166
Other receivables	1,290	1,040	893	644
Short-term investments	4,612	8,712	4,010	8,208
Cash and cash equivalents	23,354	12,151	22,111	10,325
Total current assets	34,348	26,153	30,104	22,563
Total assets	48,946	41,270	46,896	39,124
Equity				
Share capital*	-	-	-	-
Share premium, reserves and retained earnings	36,985	32,471	36,917	32,204
Total equity	36,985	32,471	36,917	32,204
Liabilities				
Long-term liabilities	895	920	237	221
Employee benefits	42	45	43	45
Total non-current liabilities	937	965	280	266
Trade payables	2,455	1,606	2,212	1,228
Other payables	6,228	5,087	5,324	4,519
Current tax payable	2,193	1,026	2,043	814
Warranty provision	148	115	120	93
Total current liabilities	11,024	7,834	9,699	6,654
Total liabilities	11,961	8,799	9,979	6,920
Total equity and liabilities	48,946	41,270	46,896	39,124

*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 (US$'000):

	Group Quarter ended March 31, 2010	Group Quarter ended March 31, 2009
Cash flows from operating activities		
Profit for the period	4,373	(2,518)
Adjustments for:		
Share-based payment expenses	96	53
Income tax expense	1,500	89
Depreciation of property, plant and equipment	267	204
Amortization of intangible assets	621	106
Share of loss of equity accounted investee	88	-
Net finance (income) expense	(52)	10
Changes in working capital		
Inventories	(163)	(508)
Trade receivables	(679)	132
Other receivables	(250)	169
Trade payables	452	(211)
Other short- and long-term liabilities	1,518	(1,352)
Employee benefits	(3)	6
Cash generated from (used in) operations	7,768	(3,820)
Income tax paid	(393)	(76)
Net cash from (used in) operating activities	7,375	(3,896)
Cash flows from investing activities		
Acquisition of property, plant and equipment, net	(397)	(65)
Short-term investments, net	4,100	(452)
Capitalization of R&D expenses	-	(302)
Acquisition of equity accounted investee	-	64
Interest received	42	29
Net cash from (used in) investing activities	3,745	(726)
Cash flows from financing activities		
Proceeds from exercise of share options	14	-
Receipt of long term-grants	59	481
Interest paid	(23)	(12)
Exchange rate differences	33	(27)
Net cash from financing activities	83	442
Net increase (decrease) in cash and cash equivalents	11,203	(4,180)
Cash and cash equivalents at beginning of the year	12,151	9,910
Cash and cash equivalents at end of the period	23,354	5,730

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, 2009	-	13,387	(112)	17,176	30,451
Total comprehensive loss for the period ended March 31, 2009	-	-	(26)	(2,518)	(2,544)
Share-based payment expenses	-	53	-	-	53
Balance at March 31, 2009	-	13,440	(138)	14,658	27,960
Balance at January 1, 2010	-	13,795	(28)	18,704	32,471
Total comprehensive income for the period ended March 31, 2010	-	-	31	4,373	4,404
Share-based payment expenses	-	96	-	-	96
Exercise of options	-	14	-	-	14
Balance at March 31, 2010	-	13,905	3	23,077	36,985

* 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, 2009	-	13,387	(112)	21,105	34,380
Total comprehensive loss for the period ended March 31, 2009	-	-	(26)	(2,366)	(2,392)
Exercise of options	-	53	-	-	53
Balance at March 31, 2009	-	13,440	(138)	18,739	32,041
Balance at January 1, 2010	-	13,795	(28)	18,437	32,204
Total comprehensive income for the period ended March 31, 2010	-	-	31	4,572	4,603
Share-based payment expenses	-	96	-	-	96
Exercise of options	-	14	-	-	14
Balance at March 31, 2010	-	13,905	3	23,009	36,917

* 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 March 31,	
	2010	2009
	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	264,358,043	260,747,225

Details of changes in share options:

	Average exercise price in US$ cents per share	Options
At January 1, 2010	18.4	10,057,763
Granted	--	--
Cancelled	16.0	(35,000)
Exercised	18.1	(69,818)
At March 31, 2010	18.4	9,952,945

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, 2009 have been applied in the preparation for the financial statements for the three months ended March 31, 2010.

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.**

   Not applicable

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 March 31,	
	2010	2009
Basic earnings (loss) per share (US cents)	1.65	(0.97)
Diluted earnings (loss) per share (US cents)	1.63	(0.97)

Basic earnings (loss) per share for the quarter ended March 31, 2010 are calculated based on the weighted average number of 264,292,880 ordinary shares issued during the current period and 260,747,225 during the preceding period.

Diluted earnings (loss) per share for the quarter ended March 31, 2010 are calculated based on weighted average number of 268,060,604 ordinary shares and outstanding options and 260,747,225 during the preceding period.

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	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Net asset value per ordinary share (US cents)	13.99	10.72	13.96	12.29

Net asset value per share is calculated based on the number of 264,358,043 ordinary shares in issue at March 31, 2010 and 260,747,225 at March 31, 2009.

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 and volume / value optimisation using advanced mathematical algorithms, and overall system control (motion, image capture, laser functionality, etc.).

In Q1 2010, the Group's performance improved significantly with record revenues of US$13.6 million and net profit of US$ 4.4 million, as compared to the extremely depressed results reported in Q1 2009 with revenues of only US$ 1.1 million and a net loss of US$ 2.5 million, stemming from the pronounced industry slowdown as a result of the global economic crisis. On a sequential basis, Q1 2010 revenues increased by 31.1% to US$13.6 million as compared to US$10.4 million in Q4 2009. Net profit in Q1 2010 was in line with the net profit in Q4 2009, as reported. To note, as detailed in the FY 2009 report, Q4 2009 included certain one-off adjustments, also discussed below. Revenues in Q1 2010 were driven by continued strength in capital equipment expenditures, primarily in India, as discussed in previous announcements, and continued positive momentum in the Group's Galaxy-related activities. Net profits were driven by significantly higher revenues and gross margins apportioned over the Group's leaner cost structure which resulted from the significant steps taken during late 2008 and early 2009 to alleviate the impact of the economic crisis by reducing operating expenses (primarily the fixed costs). Consequently, the Group's cash flow from operating activities jumped to US$ 7.4 million in Q1 2010 versus a negative cash flow of US$ 3.9 million in the comparable period of the preceding year.

During Q1 2010 positive momentum of the roll-out of our Galaxy™ 1000 product continued with a number of notable milestones for the Group - the opening, in cooperation with our Belgian distributor, of the Antwerp, Belgium Service Centre and the decision by BHP Billiton to adopt the Group's Galaxy™ 1000 output data to aid in the sale of its rough diamonds to customers in upcoming spot market auctions.

As of March 31, 2010, cash and cash equivalents and short-term investments increased to US$ 28.0 million from the US$ 20.9 million reported as of December 31, 2009. As a result of the Group's sequential increase in revenues in Q1 2010 as compared to Q4 2009 and the Group's continued profitability, the Group registered material increases in balance sheet current liability line items - trade and other payables and current tax payable.

Revenues

Revenue by geographic segment for Q1 2010 (US$ '000)

	Q1 2010 versus Q1 2009			
Region	**Q1 2010**	**Q1 2009**	**$ change**	**% change**
India	11,007	720	10,287	1,428.8
Africa	930	38	892	2,347.4
Europe	321	47	274	583.0
North America	250	46	204	443.5
Other	1,078	212	866	408.5
Total	13,586	1,063	12,523	1,178.1

Q1 2010 versus Q4 2009				
Region	**Q1 2010**	**Q4 2009**	**$ change**	**% change**
India	11,007	8,377	2,630	31.4
Africa	930	372	558	150.0
Europe	321	347	(26)	(7.5)
North America	250	193	57	29.5
Other	1,078	1,074	4	0.4
Total	13,586	10,363	3,223	31.1

Revenues for Q1 2010 increased by 1,178% to US$ 13.6 million, as compared to US$ 1.1 million for Q1 2009 and by 31.1% as compared to US$ 10.4 million for Q4 2009. This increase was primarily due to the continued capital equipment expenditures across all geographic segments, particularly in India, following the extremely depressed levels in Q1 2009. This was supplemented by the continued positive momentum in the Group's Galaxy-related activities which contributed over 10% of the Group's revenues for the quarter. By region, India registered revenue of US$ 11.0 million in Q1 2010, an increase of 1,429% from US$ 0.7 million in Q1 2009. Similar trends were also seen across the Group's other geographic segments, as shown in the above table.

Cost of sales and gross profit

Cost of sales for Q1 2010 increased by 325% to US$ 4.2 million, as compared to US$ 1.0 million for Q1 2009. This was primarily due to the significantly increased sales as well as non-cash expenses of approximately US$ 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.

During Q1 2010, the Group recorded a gross profit margin of 69% as compared to a gross profit margin of 7% for Q1 2009 and 74% in Q4 2009. The improved gross margin in Q1 2010 as compared to Q1 2009 was due primarily to a significantly higher sales volume as compared to the extremely depressed levels reported during the comparable period last year, as well as to the composition of products delivered, and is at the higher end of the Group's historical range achieved for gross profit margin before the economic crisis. The modest decline in gross margin in Q1 2010 as compared to Q4 2009 was due primarily to revenues in Q4 2009 generated from the sale of inventory that had been previously written-off in earlier slow quarters in 2009.

Research and development expenses

For Q1 2010, research and development expenses increased moderately by 28% to US$ 1.1 million as compared to US$ 0.8 million in Q1 2009. The increase in expenses in Q1 2010 was primarily due to the Group's capitalising of US$ 0.3 million in Q1 2009 of Galaxy-related development expenses.

Sales and marketing expenses

For Q1 2010, sales and marketing expenses increased by 43% to US$ 1.5 million as compared to US$ 1.1 million in Q1 2009. The increase in expenses in Q1 2010 was primarily due to increased compensation paid to our sales team and agents as a result of significantly stronger sales compared to the corresponding period in the preceding year and also due to modestly increased marketing-related expenditures in Q1 2010 as compared to Q1 2009.

General and administrative expenses

For Q1 2010, general and administrative expenses increased by 59% to US$ 0.8 million as compared to US$ 0.5 million for Q1 2009. The increase in expenses for Q1 2010 was primarily due to incentive based compensation accrued in the significantly profitable Q1 2010 as well as the absence of any write-back of allowance for doubtful accounts as had been recognised in Q1 2009.

Profit (loss) from operations

For Q1 2010, the Group reported profit from operations of US$ 6.0 million compared to a loss from operations of US$ 2.3 million for Q1 2009 and profit from operations of US$ 4.9 million in Q4 2009. The improved profitability was primarily driven by the Group's significantly higher revenues apportioned over the Group's leaner cost structure.

Net finance expense

For Q1 2010, the Group recorded net finance expense of US$ 0.03 million, as compared to US$ 0.01 million for Q1 2009. For Q1 2010, the Group recorded net finance expense of US$ 0.03 million, as compared to US$ 0.01 million for Q1 2009. The increase in net finance expense was due to revaluation of the long-term liabilities offset by increased interest income associated with a higher level of invested funds as compared to the corresponding period last year

Income tax expense

The statutory corporate tax rate in Israel in 2010 is 25% (26% in 2009). This rate is currently scheduled to decrease to 24% in 2011 and to gradually decline thereafter, until it reaches 18% in 2016.

For Q1 2010, the Group recorded an income tax expense of US$ 1.5 million as compared to an expense of US$ 0.1 million for Q1 2009 and a credit of US$0.2 million in Q4 2009. The increase in expense was due to the Group's improved business performance in Q1 2010 as compared to Q1 2009. In Q4 2009 there was an income tax credit of US$ 0.2 million due to the write-back of US$ 0.7 million in Israeli deferred tax assets previously written-off in 2008.

Share of loss of equity accounted investee

For Q1 2010 the Group's share of loss of equity accounted investee (IDEX) was US$ 0.09 million as compared to US$ 0.08 million for the comparable period in 2009 and US$ 0.5 million in Q4 2009. Q4 2009 included a non-cash impairment charge of US$ 0.4 million related to the adjustment to fair value of the Group's investment in IDEX.

Profit (loss) for the period

For Q1 2010, the Group reported a profit of US$ 4.4 million compared to a loss of US$ 2.5 million for Q1 2009 and net profit of US$4.5 million in Q4 2009. This improved profitability in Q1 2010 as compared to Q1 2009 was a direct result of our improved business results as detailed above. Net profit in Q1 2010 was in line with net profit in Q4 2009, as reported, taking into account the Q4 2009 adjustments discussed above, which overall impacted the net profit positively.

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 quarterly announcements has continued to gain momentum in the first quarter of 2010. Based on industry feedback, and the overall positive economic news from the U.S. and the Far East, we believe the industry will continue to recover going forward, but at a more moderated pace. Still, given the prevailing uncertainties in the current global economic environment, particularly in Europe, we remain watchful of any negative developments that may affect our industry.

b. The diamond jewellery business in the United States has continued its moderate recovery. The markets in Asia, China and India in particular, remain the driving force of the current industry recovery, as evident in the higher level of manufacturing activities across all main manufacturing centres, including Russia.

c. The current market conditions reflect relatively strong demand for rough and polished diamonds alike. Mainly due to reductions in mining during much of 2009, supply of rough diamonds has still not met demand and their prices continue to reflect this, while increases in polished diamond prices still lag behind rough diamond prices.

We continue to focus our research and development initiatives on the following projects and expect our research and development expenses to increase moderately over the year.

The Galatea product, Galaxy™ 1000: The roll out of our service centres has progressed as planned, with a full service centre in Belgium having been opened in January by the Belgian distributor. With the adoption of the service by BHP Billiton, additional capacity expansion in Belgium will be mandated in the near future, ahead of the originally planned deployment schedule. Plans for expansion into other diamond trading and manufacturing centres later in the year, such as the USA, Africa and China, remain on track.

The demand for the Galaxy™ 1000 product from leading customers is growing in all major industry centres, including India, Belgium and Africa. Deliveries in the first quarter of 2010 continued on a very selective basis. Additional installations are planned for the second quarter of 2010 and accelerated deliveries are expected later in the year.

Revenues from this technology continue to exceed 10% of the Group's sales this quarter.

Development efforts will, as previously disclosed in our earlier publications, be an ongoing effort throughout 2010 and into 2011 and will continue to refine and enhance the system's functionality from various aspects.

Rough planning products: This line of products continues to be our primary contributor to revenue, and our share in this market continues to remain dominant. We continue to see higher sales of automated planning solutions, in line with the industry recovery, and the secondary benefit of the Galaxy™ 1000 rollout – enhanced demand for our other systems for manual inclusion mapping, such as the DiaExpert Eye, as previously reported, continues. 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.

Polished planning products: Sales for the Instructor™ and DiaMension™ HD have been robust. We expect this pair of products to be significant growth drivers in 2010 and beyond. Our development efforts will continue to enhance this product pair with additional functionality.

Quazer™: Ongoing R&D efforts remain focused on implementing the Strategist™ set-up station and evaluating/integrating the new green laser engine which has been developed by our U.S. supplier. Orders are currently exceeding the delivery capacity of the new laser engine by the U.S. supplier, but we believe this is a temporary bottleneck which will be resolved with the cooperation of our supplier. We expect sales to further increase when the enhanced model (laser engine, optics, Strategist™, etc.) debuts in the market.

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 acquired technology in order to expand our market share in all related product lines and in all markets.

IDEX Online: IDEX's business-to-business-to-consumer (B2B2C) derivative of its spot transaction service, implemented via eBay (diamonds.ebay.com), continues to show potential and additional online retailers have expressed interest in similar commercial links. Success of this service is still not guaranteed, but IDEX's business is improving somewhat in line with the overall industry recovery. IDEX has also launched its Diamond Benchmark Report, an alternative price list that reflects actual traded diamond prices and their fluctuations. However, it may require some time to gain traction in the existing price lists' market.

11. Dividend

(a) Current Financial Period Reported

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

No

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No

(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.

Not Applicable

(d) Date Payable

Not Applicable

(e) Books Closure Date

Not Applicable

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

No dividend has been declared or recommended for the current financial period.

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial results of the Group for the period ended March 31, 2010, to be false or misleading.

On behalf of the Directors

Daniel Benjamin Gliner Executive Chairman	Eyal Mashiah Executive Director	Uzi Levami Executive Director, CEO