Sarin Technologies Ltd.
and its Subsidiaries

(Incorporated in Israel)

PART 1 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 Statements of Comprehensive Income for the (US$'000):

	Group Quarter ended December 31,			Group Year ended December 31,		
	2010	2009	Change %	2010	2009	Change %
Revenue	**9,310**	**10,363**	**(10.2)**	**45,663**	**21,382**	**113.6**
Cost of sales	3,444	2,653	29.8	16,313	8,903	83.2
Gross profit	**5,866**	**7,710**	**(23.9)**	**29,350**	**12,479**	**135.2**
Research and development expenses	1,549	801	93.4	5,246	3,422	53.3
Sales and marketing expenses	1,794	1,275	40.7	6,369	4,502	41.5
General and administrative expenses	945	778	21.5	3,305	2,404	37.5
Profit (loss) from operations	**1,578**	**4,856**	**(67.5)**	**14,430**	**2,151**	**570.9**
Net finance income (expense)	150	(73)	NM	(18)	181	NM
Share of loss of equity accounted investee	(287)	(473)	(39.3)	(563)	(728)	(22.7)
Profit before income tax	**1,441**	**4,310**	**(66.6)**	**13,849**	**1,604**	**763.4**
Income tax expense (credit)	145	(218)	NM	2,738	76	3,502.6
Profit for the period	**1,296**	**4,528**	**(71.4)**	**11,111**	**1,528**	**627.2**
Other comprehensive income						
Foreign currency translation differences from foreign operations	9	(68)	NM	55	84	(34.5)
Total comprehensive income for the period	**1,305**	**4,460**	(70.7)	**11,166**	**1,612**	592.7

Notes to consolidated statements of comprehensive income (US$'000)
Profit before income tax is stated after charging (crediting) the following:

	Group Quarter ended December 31,			Group Year months ended December 31,		
	2010	2009	Change %	2010	2009	Change %
Write-back of doubtful trade receivables	(69)	(10)	590.0	(18)	(227)	(92.1)
Depreciation and amortization	777	882	(11.9)	3,459	2,845	21.6
Interest expense (income), net	(35)	24	NM	123	(232)	NM
Exchange rate differences	(115)	49	NM	(105)	51	NM
Warranty provision	12	38	(68.4)	141	(120)	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	
	2010	**2009**	**2010**	**2009**
Assets				
Property, plant and equipment	2,629	2,163	1,509	1,522
Intangible assets	9,687	11,622	22	447
Investment in equity accounted investee and subsidiaries	--	563	13,899	13,858
Deferred tax assets	845	769	638	734
Total non-current assets	13,161	15,117	16,068	16,561
Inventories	4,762	2,924	3,865	2,220
Trade receivables	3,140	1,326	2,087	1,166
Other receivables	961	1,040	616	644
Short-term investments	5,413	8,712	4,010	8,208
Cash and cash equivalents	22,857	12,151	20,143	10,325
Total current assets	37,133	26,153	30,721	22,563
Total assets	50,294	41,270	46,789	39,124
Equity				
Share capital*	--	--	--	--
Dormant shares, at cost	(53)	--	(53)	--
Share premium, reserves and retained earnings	38,938	32,471	38,550	32,204
Total equity	38,885	32,471	38,497	32,204
Liabilities				
Long-term liabilities	968	920	215	221
Employee benefits	186	45	169	45
Total non-current liabilities	1,154	965	384	266
Trade payables	2,576	1,606	1,369	1,228
Other payables	5,292	5,087	4,645	4,519
Current tax payable	2,145	1,026	1,703	814
Warranty provision	242	115	191	93
Total current liabilities	10,255	7,834	7,908	6,654
Total liabilities	11,409	8,799	8,292	6,920
Total equity and liabilities	50,294	41,270	46,789	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 for the year ended 31 December (US$'000):

	Group Year ended December 31, 2010	2009
Cash flows from operating activities		
Profit (loss) for the period	11,111	1,528
Adjustments for:		
Share-based payment expenses	229	326
Income tax expense	2,738	76
Depreciation of property, plant and equipment	981	877
Share of loss of equity accounted investee	563	728
Amortization of intangible assets	2,478	1,968
Loss on sale or disposal of property, plant and equipment	267	329
Net finance (income) expense	18	(181)
Changes in working capital		
Inventories	(1,838)	1,761
Trade receivables	(1,814)	(753)
Other receivables	79	37
Trade payables	745	492
Other short- and long-term liabilities	444	873
Employee benefits	141	(186)
Cash generated from operations	16,142	7,875
Income tax (paid) refunded	(1,695)	1,779
Net cash from operating activities	14,447	9,654
Cash flows from investing activities		
Acquisition of property, plant and equipment, net	(1,714)	(1,241)
Acquisition of intellectual property	(390)	--
Short-term investments, net	3,299	(6,612)
Capitalization of R&D expenses	--	(304)
Interest received	211	345
Net cash from (used in) investing activities	1,406	(7,812)
Cash flows from financing activities		
Proceeds from exercise of share options	517	82
Purchase of Company's shares by the Company	(53)	--
Receipt of long-term grants	59	481
Repayments of long-term grants	(199)	--
Interest paid	(131)	(114)
Dividend paid	(5,445)	--
Net cash (used in) from financing activities	(5,252)	449
Net increase in cash and cash equivalents	10,601	2,291
Cash and cash equivalents at beginning of the period	12,151	9,910
Exchange rate differences	105	(50)
Cash and cash equivalents at end of the period	22,857	12,151
Non cash activities:		
Acquisition of intellectual property on credit	225	--

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 Shareholders' Equity

Group (US$'000)

	Share capital*	Share premium and reserves	Translation reserve	Retained earnings	Dormant shares	Total
Balance at January 1, 2009	--	13,387	(112)	17,176	--	30,451
Profit for the year ended December 31, 2009	--	--	--	1,528	--	1,528
Other comprehensive income for the year ended December 31, 2009	--	--	84	--	--	84
Share-based payment expenses	--	326	--	--	--	326
Exercise of options	--	82	--	--	--	82
Balance at December 31, 2009	--	13,795	(28)	18,704	--	32,471
Balance at January 1, 2010	--	13,795	(28)	18,704	--	32,471
Profit for the year ended December 31, 2010	--	--	--	11,111	--	11,111
Other comprehensive income for the year ended December 31, 2010	--	--	55	--	--	55
Share-based payment expenses	--	229	--	--	--	229
Exercise of options	--	517	--	--	--	517
Dividend paid	--	--	--	(5,445)	--	(5,445)
Dormant shares, at cost (126,000 shares)	--	--	--	--	(53)	(53)
Balance at December 31, 2010	--	14,541	27	24,370	(53)	38,885

* No par value

Statement of Changes in Shareholders' Equity

Company (US$'000)

	Share capital*	Share premium and reserves	Translation reserve	Retained earnings	Dormant shares	Total
Balance at January 1, 2009	--	13,387	(112)	21,105	--	34,380
Loss for the year ended December 31, 2009	--	--	--	(2,668)	--	(2,668)
Other comprehensive income for the year ended December 31, 2009	--	--	84	--	--	84
Share-based payment expenses	--	326	--	--	--	326
Exercise of options	--	82	--	--	--	82
Balance at December 31, 2009	--	13,795	(28)	18,437	--	32,204
Balance at January 1, 2010	--	13,795	(28)	18,437	--	32,204
Profit for the year ended December 31, 2009	--	--	--	10,990	--	10,990
Other comprehensive income for the year ended December 31, 2010	--	--	55	--	--	55
Share-based payment expenses	--	229	--	--	--	229
Exercise of options	--	517	--	--	--	517
Dividend paid	--	--	--	(5,445)	--	(5,445)
Dormant shares, at cost (126,000 shares)	--	--	--	--	(53)	(53)
Balance at December 31, 2010	--	14,541	27	23,982	(53)	38,497

* 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,	
	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	267,274,837	264,288,225
Dormant shares (out of the issued and fully paid share capital)**:**		
Ordinary shares of no par value	126,000	--

Following the approval of a share buyback mandate in Q4 2010 by shareholders, the Company purchased 126,000 ordinary shares through December 31, 2010, at the cost of US$ 53 thousand. In accordance with Israeli Companies Law, Company shares that have been acquired and are held by the Company are dormant shares (treasury shares in Singaporean terms) as long as they are held by the Company, and as such they do not bear any rights until they are transferred to a third party. The issued and fully paid shares include the dormant shares.

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	38.2	260,000
Cancelled	36.2	(35,000)
Exercised	17.1	2,986,612
At December 31, 2010	21.4	7,296,151

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 year ended December 31, 2010. New accounting standards that were adopted during the year ended December 31, 2010 did not have a material impact on the Company's and Group's financial statements.

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 December 31,		For the year ended December 31,	
	2010	**2009**	**2010**	**2009**
Basic earnings per share (US cents)	0.48	1.72	4.19	0.58
Diluted earnings per share (US cents)	0.48	1.71	4.12	0.58

Basic earnings per share for the three months ended December 31, 2010 are calculated based on the weighted average number of 267,254,228 ordinary shares issued during the current period and 262,896,682 during the preceding period.

Diluted earnings per share for the three months ended December 31, 2010 are calculated based on weighted average number of 270,603,469 ordinary shares and outstanding options and 264,641,117 during the preceding period.

Basic earnings per share for the year ended December 31, 2010 are calculated based on the weighted average number of 265,475,499 ordinary shares issued during the current period and 261,796,293 during the preceding period.

Diluted earnings per share for the year ended December 31, 2010 are calculated based on weighted average number of 269,996,787 ordinary shares and outstanding options and 263,921,385 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	
	December 31, 2010	**December 31, 2009**	**December 31, 2010**	**December 31, 2009**
Net asset value per ordinary share (US cents)	14.55	12.29	14.40	12.19

Net asset value per share is calculated based on the number of ordinary shares in issue at December 31, 2010 and 2009 of 267,274,837and 264,288,225, respectively, and less the number of dormant ordinary shares at December 31, 2010 and 2009 of 126,000 and 0, respectively.

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.).

For the year ended December 31, 2010, the Group reported record revenues of US$ 45.7 million and record net profit of US$ 11.1 million. These represent, respectively, an increase of 114% and an increase of 627%, as compared to the depressed results reported for the year ended December 31, 2009, with revenues of US$ 21.4 million and net profit of US$ 1.5 million, due to the then global economic crisis.

These increases were mostly attributed to the significant rebound in demand for the Group's products, primarily in the initial six months of the year, as a result of the diamond industry recovering from the global financial and economic crises in 2008 and 2009. The accelerated spending on capital equipment in the first half of 2010 reflected, in part, pent up demand. Indeed, the first half of the year saw a dramatic surge in Group revenues, by 489%, as the diamond industry and trade continued its recovery, which had already become apparent in Q4 2009. However, various market uncertainties relating to global economic conditions, the increases in the cost of rough diamonds which were not matched by similar increases in prices of polished diamonds and issues pertaining to the timing, quantity and quality of Zimbabwean rough diamonds to be released into the market, surfaced in Q3 2010. These caused softer business sentiments in the diamond industry, consequently somewhat slowing capital expenditures in the second half of the year.

Notwithstanding the above, the improving overall market conditions in the second half of the fourth quarter, primarily after the Diwali holiday in India, resulted in a more optimistic business sentiment, as was manifested in improvement in the quarterly results on a sequential basis. Galaxy™-related sales, including service centres, customer usage fees and new deliveries to customers in India of six Galaxy™ 1000 and Solaris™ 100 systems (though the Solaris™ 100 was only launched in October 2010), contributed just over 20% of revenues in Q4 2010. In fact, the recurring revenue component of our Galaxy™ technology business model, is growing significantly and already constituted just under 10% of our full year revenues.

The Group reported revenues in Q4 2010 of US$9.3 million and net profit of US$ 1.3 million, as compared to revenues of US$ 10.4 million and net profit of US$ 4.5 million reported in Q4 2009. However, it is to be noted that the Q4 2009 profit benefitted by some US$ 2.8 million from several factors:

(a) the sale of the Group's first Galaxy ™ 1000 machine to a leading diamond manufacturer in India, on a one-off basis;
(b) sales of inventory that had been previously written-off in earlier quarters in 2009 (a benefit to cost of sales);
(c) an adjustment due to the revaluation of long-term liabilities (government grants) related to the Galatea transaction (a benefit to research and development expenses); and
(d) an income tax credit in Q4 2009 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.

On a sequential basis, Q4 2010 revenues increased to US$ 9.3 million as compared to US$ 8.4 million reported in Q3 2010. Similarly, net profits in Q4 2010 increased to US$ 1.3 million as compared to US$ 0.8 million in Q3 2010, primarily due to the more optimistic business sentiment mentioned above.

As at December 31, 2010, cash and cash equivalents and short-term investments increased to US$ 28.3 million from the US$ 28.1 million reported as of September 30, 2010. For the year ended December 31, 2010, cash and cash equivalents and short-term investments increased to US$ 28.3 million from the US$ 20.9 million reported as of December 31, 2009, following the Group's record profitability and in addition to the payment of a $2.1 million final dividend in May 2010 for the fiscal year 2009 and the payment of the US$ 3.3 million interim dividend in September 2010.

In Q4 2010, the Group acquired the Light Performance Technology ("LPT") and some inventory from Overseas Diamonds Technologies NV ("ODT"). Under the terms of the transaction, Sarin paid ODT US$ 0.65 million in cash (US$ 0.43 million in Q4 2010, with the remainder to be paid in Q1 2011), with additional contingent consideration due in the form of royalties for a period of up to 14 years.

As at December 31, 2010, inventories increased to US$ 4.8 million from US$ 4.3 million reported as of September 30, 2010 and US$2.9 million reported as of December 31, 2009. The increase in inventory levels was due to the order of long-lead time critical components for the Group's products and due to the planned sales and deployment of Galatea related systems in early 2011.

As at December 31, 2010, trade receivables increased to US$ 3.1 million from US$ 2.0 million reported as of September 30, 2010 and US$ 1.3 million reported as of December 31, 2009. The increase in trade receivables in Q4 2010 was due to the concentration of sales in the latter part of Q4 2010, following the improved business environment after the Diwali holiday in India.

Revenues

Revenue by geographic segment for Q4 2010 and for the year ended December 31, 2010 (US$ '000)

Q4 2010 versus Q4 2009				
Region	**Q4 2010**	**Q4 2009**	**$ change**	**% change**
India	6,941	8,377	(1,436)	(17.1)
Africa	487	372	115	30.9
Europe	275	347	(72)	(20.7)
North America	128	193	(65)	(33.7)
Other	1,479	1,074	405	37.7
Total	9,310	10,363	(1,053)	(10.2)

Q4 2010 versus Q3 2010				
Region	**Q4 2010**	**Q3 2010**	**$ change**	**% change**
India	6,941	6,488	453	7.0
Africa	487	291	196	67.4
Europe	275	474	(199)	(42.0)
North America	128	230	(102)	(44.3)
Other	1,479	938	541	57.7
Total	9,310	8,421	889	10.6

Jan.-Dec. 2010 versus Jan.-Dec. 2009				
Region	**1-12.2010**	**1-12.2009**	**$ change**	**% change**
India	36,037	16,934	19,103	112.8
Africa	2,394	705	1,689	239.6
Europe	1,588	664	924	139.2
North America	890	813	77	9.5
Other	4,754	2,266	2,488	109.8
Total	45,663	21,382	24,281	113.6

Revenues for Q4 2010 decreased by 10% to US$ 9.3 million, as compared to US$ 10.4 million for Q4 2009. The decline in revenue in Q4 2010 as compared to Q4 2009 was primarily due to the initial spill-over of the softness experienced in Q3 2010 in India, offset somewhat by stronger sales of the Group's products in Russia, Thailand and Africa. It was also significantly impacted by the sale of a Galaxy™ 1000 machine on a one-off basis in Q4 2009. As noted in the overview, Galatea related revenue contributed just over 20% of revenues in Q4 2010, as compared to just over 10% in Q4 2009.

Revenues for the year ended December 31, 2010 increased by 114% to US$ 45.7 million, as compared to US$ 21.4 million for the year ended December 31, 2009. This increase were primarily due to the renewed capital equipment expenditures across all geographic segments following the depressed results in the comparable periods in 2009, due to the then global economic recession. The growth was further supplemented by the continued positive momentum in the Group's Galaxy™ related activities, especially in Q4 2010.

On a sequential basis, Q4 2010 revenues increased by 11% to US$ 9.3 million as compared to US$ 8.4 million reported in Q3 2010, with increases in India, Africa, Israel and Thailand. Following relative softness in Q3 2010 in India, overall market conditions improved in the second half of Q4 2010, as noted.

Cost of sales and gross profit

Cost of sales for Q4 2010 increased by 30% to US$ 3.4 million, as compared to US$ 2.7 million for Q4 2009. The increase in the cost of sales was primarily due to the composition of products sold in Q4 2010 as compared to Q4 2009 and especially the sale of multiple Galaxy™ 1000 and Solaris™ 100 systems to customers in Q4 2010 in accordance with the long-term business model adopted by the Group (lower up-front cost with follow-on usage fees) versus the sale of one Galaxy™ 1000 system in Q4 2009 on a one-off basis. Cost of sales in Q4 2010 was also significantly impacted, as noted in the overview, by the absence of expense in Q4 2009 due to the sales of inventory that had been previously written-off in earlier quarters in 2009. During Q4 2010, the Group recorded a gross profit margin of 63%, in the historical range for gross profit margin, as compared to a more exceptional gross profit margin of 74% for Q4 2009, due to the factors mentioned above.

Cost of sales for the year ended December 31, 2010 increased by 83% to US$ 16.3 million, as compared to US$ 8.9 million for the year ended December 31, 2009. These increases were due to higher sales during the year ended December 31, 2010, compared to the depressed levels in 2009. For the years ended December 31, 2010 and 2009, the Group recorded gross profit margins of 64% and 58% respectively, due primarily to the significantly higher sales volume in 2010 as compared to 2009.

On a sequential basis, cost of sales for Q4 2010 decreased by 10% to US$ 3.4 million, as compared to US$ 3.8 million for Q3 2010 due to the composition of product mix (primarily due to more Galaxy™ and Solaris™ systems and fewer Quazer™ systems being sold in Q4 2010). During Q4 2010, the Group recorded a gross profit margin of 63%, as compared to a gross profit margin of 55% for Q3 2010 due to the factors mentioned above.

Research and development expenses

For Q4 2010 research and development expenses were US$ 1.5 million, an increase of $0.7 million, or 93%, as compared to $0.8 million in Q4 2009. Q4 2009 included a negative research and development expense due to an adjustment related to the revaluation of long-term liabilities (government grants) in connection to the Galatea transaction. For the year ended December 31, 2010, research and development expenses were US$ 5.2 million, an increase of US$ 1.8 million, or 53%, versus the comparable period in 2009. In addition to the above-noted adjustment in Q4 2009, for the year ended December 31, 2009, the Group also capitalised US$ 0.3 million of Galaxy-related development expenses. The increase in research and development expenses is in line with the Group's strategic research and development plans under improved economic conditions, and is primarily related to the ongoing refinement and enhancement of the Galatea related products (Galaxy™ and Solaris™) systems' functionality.

On a sequential basis, research and development expenses increased by US$ 0.2 million to US$ 1.5 million in Q4 2010 as compared to US$1.3 million in Q3 2010. The increase in expense was primarily due to preliminary research and development activities in Q4 2010 related to the acquisition of the LPT and also due to a modest increase in staffing levels in Q4 2010 in connection with our planned 2011 development activities.

Sales and marketing expenses

Sales and marketing expenses for Q4 2010 increased, by 41%, to US$ 1.8 million, as compared to US$ 1.3 million for Q4 2009. Sales and marketing expenses for the year ended December 31, 2010 increased similarly by 41% to US$ 6.4 million, as compared to US$ 4.5 million for the year ended December 31, 2009. The increase in sales and marketing expenses for the three months and year ended December 31, 2010 was primarily due to increased compensation paid to our sales teams and agents due to increased sales, and also due to increased marketing expenses associated with market research and business development activities related to the LPT acquisition.

On a sequential basis, sales and marketing expenses increased by 14% in Q4 2010 to US$ 1.8 million as compared to US$ 1.6 million in Q3 2010. The increase in expenditures was primarily due to the reasons already noted above.

General and administrative expenses

General and administrative expenses for Q4 2010 increased by 21% to US$ 0.9 million as compared to US$ 0.8 million for Q4 2009 due to increased legal and due diligence expenses associated with the acquisition of LPT completed in December 2010, as well as incentive based compensation, as detailed below. For the year ended December 31, 2010, general and administrative expenses increased by 37% to US$ 3.3 million, as compared to US$ 2.4 million in 2009. The overall increase in expenses for the year ended December 31, 2010 was primarily due to incentive based compensation for the record year in revenues and profits, significantly reduced write-back of allowance for doubtful accounts, as had been recognised in 2009, increased IP related expenses, as well as increased legal and due diligence expenses related to LPT as noted above.

On a sequential basis, Q4 2010, general and administrative expenses increased by 33% to US$ 0.9 million as compared to US$ 0.7 million in Q3 2010 due to increased legal and due diligence expenses associated with the acquisition of LPT as noted above, and also the increased incentive based compensation reflective of the record year in revenues and profits recorded at end of year.

Profit from operations

For Q4 2010, the Group reported profit from operations of US$ 1.6 million as compared to US$ 4.9 million in Q4 2009 due the quarter specific factors relating to Q4 2009 noted in the overview above. For the year ended December 31, 2010, the Group reported profit from operations of US$ 14.4 million as compared to US$ 2.2 million in 2009. This improved profitability in 2010 was a direct result of our improved business results as detailed above. On a sequential basis, profit from operations of US$ 1.6 million in Q4 2010 increased from US$ 1.0 million in Q3 2010, primarily due to higher revenues and gross profit margins offset somewhat by increased operating expenses, all as noted above.

Net finance income (expense)

For Q4 2010 the Group reported net finance income of US$ 0.15 million as compared to a net finance expense of US$0.07 million in Q4 2009. The increase in net finance income was mainly associated with exchange rate benefits associated with the Group’s foreign currency reserves and due to an adjustment in long-term liabilities. For the year ended December 31, 2010, the Group reported a net finance expense of US$ 0.02 million as compared to net finance income of US$ 0.18 million for the year ended December

31, 2009. Net finance income in 2009 was bolstered by the interest and linkage income associated with the Group's tax refund.

Income tax expense (credit)

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. The Group's effective tax rate is a blend of the statutory tax rate in Israel, with tax benefits accorded to our export oriented revenue mix, offset somewhat by the higher statutory tax rate in India. In 2011, the Group expects to further benefit from the revision in the Israeli tax law that further benefits export oriented companies , taking the expected effective tax rate down to slightly below 20%.

For Q4 2010, the Group recorded an income tax expense of US$ 0.1 million as compared to a credit of US$ 0.2 million for Q4 2009. For the year ended December 31, 2010, the Group recorded an income tax expense of US$ 2.7 million, as compared to US$ 0.1 million for the year ended December 31, 2009. The increase in the income tax expense was due to the Group's improved business performance in 2010 as compared to 2009, further impacted by the income tax credit in Q4 2009 from the write-back of Israeli deferred tax assets, as noted in the overview above. Following the return to profitability and positive industry visibility available in the second half of 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.

On a sequential basis, the Group recorded an income tax expense of US$ 0.14 million in Q4 2010 as compared to US$ 0.13 million in Q3 2010. The increase in the income tax expense was due to increased profitability in Q4 2010 as compared to Q3 2010.

Share of loss of equity accounted investee

In Q4 2010, following the continued uncertainties related to the execution of IDEX's business plan, the Group wrote-off its remaining investment of US$ 0.3 million in IDEX. For the three months and year ended December 31, 2010, the Group's share of loss of equity accounted investee (IDEX) including non-cash impairment charges was US$ 0.3 million and US $0.6 million, respectively, as compared to US$ 0.5 million and US$ 0.7 million, for the three months and year ended December 31, 2009.

Profit (loss) for the period

For Q4 2010, the Group reported net profit of US$ 1.3 million as compared to US$ 4.5 million in Q4 2009 due the quarter specific factors impacting Q4 2009, as mentioned. For the year ended December 31, 2010, the Group reported record net profit of US$ 11.1 million as compared to US$ 1.5 million in 2009. This improved profitability in 2010 was a direct result of our improved business results as detailed above. On a sequential basis, net profit of US$ 1.3 million in Q4 2010 increased from US$ 0.8 million in Q3 2010, primarily due to higher revenues and gross profit margins offset somewhat by increased operating expenses and the impairment of our IDEX investment, as noted above.

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 diamond jewellery business in the United States, still the largest single market, which had overall been demonstrating an ongoing moderate recovery for most of 2010, had a much better than expected holiday sales season, with an average increase of 7-8%, significantly besting the forecasted improvement of 2-3% year over year and making it the best U.S. holiday season in several years. Online sales increases doubled that. On the heels of the better than expected season, many economists are forecasting genuine recovery this year, with growth in the 3-4% range – the best performance in seven years.

b. The growth in the markets in Asia, China and India in particular, remain strongest, with some data indicating the Asia-Pacific area (ex-Japan) has overtaken the Americas as the leading region for jewellery and watch retailing. Tiffany, for example, reported a 23% jump in holiday season sales in this region compared with a 9% overall increase in the Americas. In India, domestic diamond jewellery sales have quadrupled over the past four years and are expected to continue growing at a rate in excess of 20% through 2015.

c. The improving current overall market conditions, as they became apparent in the second half of the fourth quarter, primarily after the Diwali holiday in India, have resulted in a more optimistic business sentiment, as was manifested in the improvement in sequential quarterly results.

d. Prices of rough diamonds continue to be a negative factor as the increase in polished diamond prices still lags behind rough diamond price increases. While as the polished diamond prices have shown overall single digit percentage increases from the beginning of 2010, the rough diamond prices have had double digit percentage gains. This factor may be mitigated by the introduction of the Zimbabwe rough diamonds into the market, still not resolved as expanded upon below, as has been noted in previous reports, but at this time remains a major concern.

e. Issues pertaining to the sales of the Zimbabwe rough diamonds have not been resolved within the framework of the Kimberly Process. We still maintain, in view of the significant potential of the Marange diamond fields, that Zimbabwe may emerge as one of the major sources of rough diamonds over the next few years. Indian diamond manufacturers are hoping to become the major beneficiary of this new rough diamond source, though an initial agreement on the supply of US$ 100 million of rough diamonds on a monthly basis from Zimbabwe to India has been frozen in light of the unresolved Kimberly Process issues. China is also vying for a significant share of this potential supply. Once a final agreement is reached regarding the disposition of diamonds originated in Zimbabwe (under the Kimberly Process), we expect this may help to expand the Indian and China manufacturing bases and drive our sales to these markets higher in the longer term.

f. As the demand for ever prettier and better diamonds continues to drive the industry, most significantly in the exploding markets in the Far East, the demand for the Galaxy™ and Solaris™ products is growing in all major industry centres, including India, Belgium, Russia and Africa. Deliveries in the fourth quarter of 2010 were as had been anticipated, and brought the overall number of installed systems to just over 20 in service centres and at customer sites. We expect deliveries to continue to accelerate throughout 2011, and aim to more than double our installed base this year, as compared to 2010. Revenues from this technology continue to grow quarter over quarter and are now just over 20% of the Group's sales (Q4 2010). The recurring revenue component of our Galaxy™ technology business model is growing significantly and already constituted just under 10% of our overall revenues for 2010.

g. In addition, also as the demand for ever prettier diamonds is a fundamental trend affecting the industry, light performance parameters, brilliance, fire, scintillation / sparkle and symmetry, are becoming more and more accepted as simple-to-understand consumer-oriented criteria. Indeed, these parameters truly address how a diamond looks, and less its rarity, as do the traditional four C's. Thus, we believe the acquisition of the Light Performance Technology in late 2010 is a major development, which we expect will significantly impact our Group's product mix going forward in the longer term, and will already manifest itself, more modestly, later in 2011. This technology will be of interest to many of the industry's various players, beginning with manufacturers, through gem labs and traders

and ending with retailers, who will all be increasingly driven to categorize their polished diamonds as per these definitions. It is expected that this product line will also add to the Group's recurring revenues, as various aspects of the technology will be offered as per-use services.

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

The Galatea products: Galaxy™ and Solaris™ systems deliveries should continue to accelerate throughout 2011. By allowing customers to gain hands-on experience with the Galaxy™ systems in the new service centres to be opened shortly in South Africa, Namibia and Russia and to enjoy the actual benefits of diamond scanning, we expect to generate growing demand for our systems from customers in these manufacturing centres. We expect additional service centres, most likely in Botswana, and possibly in China and the United States, to open later in the year.

The Solaris™, launched in early Q4 2010, specifically designed to offer manufacturers of small stones (rough diamonds of less than 2.5 carats), primarily in India and China, an exceptional value, has met with very robust interest. With extremely high resolution down to VVS inclusions and an attractive acquisition and follow-on pricing scheme, the product helps diamond manufacturers achieve significant returns even on smaller-sized rough diamonds that typically yield lower margins. Five systems were already delivered in Q4 2010. We expect a significant portion of our deliveries in 2011 to be of these systems. As more Galaxy™ and Solaris™ systems are delivered this year, we expect the recurring revenue component of our Galaxy™ technology business model is continue growing quarter-on-quarter in 2011.

Ongoing development efforts will continue into 2011, as we continue to refine and enhance the systems' functionality from various aspects, including even better resolution, accelerating overall processing speed and increasing the size of stones to be handled.

As the accuracy and automation of clarity grading continues to be of concern, we continue to strive towards a launch of a system for polished stones late in 2011 as well.

Rough planning products: This line of products continues to be our primary contributor to revenue. Our share in this market continues to expand as we benefit from the integration of the planning products with the Galaxy™ and Solaris™ products which enhance the planning process with inclusion mapping data.

Quazer™ II: The more sophisticated new green laser engine and the debut of the **Strategist**™ set-up station, optimally linking between Galaxy™, Advisor™ and the Quazer™ II, have underpinned increased orders. We expect sales to increase throughout 2011.

Polished processing products: Sales for the Instructor™ and DiaMension™ HD continue, for the moment, to be the main driving force of this product line, especially given the additional impetus from the Gemological Institute of America's (GIA) adoption of the DiaMension™ HD as its standard for proportion measuring (Cut). We expect other leading diamond grading labs, as well as industry-leading manufacturers to adopt these products, as well. The enhancement of this product pair with additional functionality, primarily for non-round shapes, is the key goal for 2011. We have also introduced the DiaScribe™ SL lower-cost inscription system for polished diamonds, a currently unmatched price-performance package to diamond manufacturers, traders and retailers, which has met with positive market acceptance.

Light Performance Technology: The acquisition of this technology in late 2010 will entail development work throughout 2011. Development work will be focused on repackaging the product to optimise it for the retail market – cost, size, appearance, user interface, operating system, etc. The development schedule is very aggressive, and it is anticipated that initial sales with modest revenues will be realised this year.

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 inter-related product lines and in all markets. This will manifest itself in our aggressive marketing of our rough planning systems, where we have been gaining market share throughout 2010 as well as the new Strategist™, which we hope, will allow similar leveraging vis-a-vis the Quazer™ II green laser sawing systems. In addition, we hope to launch our LPT-derived products and services to the retail market later in the year.

Dividend Policy: The Board of Directors has recommended to adopt a new dividend policy going forward, whereby a fixed dividend of US cent 1.0 per share will be paid every six months, subject to semi-annual Board approval, the General Meeting's approval at year's end and subject to business conditions, financial results, other pre-empting uses of funds, statutory and tax issues, etc.

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 23, 2011, a final dividend of US cent 0.75 per share for the year ended December 31, 2010.

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

(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 %
2010	2,004	15%* / 10% **
2009	2,099	20%/0%* / 10% **

** The tax rate for the final cash dividend for 2010 will be 15% (20% in 2009) for individual Israeli shareholders and 15% (0% in 2009) for Israeli corporate shareholders.*

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

(d) Date Payable

		Amount US$'000
2010	26.05.11	2,004
2009	27.05.10	2,099

(e) Books Closure Date

		Amount US$'000
2010	06.05.11	2,004
2009	08.05.10	2,099

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.

In accordance with IFRS 8 Operating Segments, 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. The Group operates in only one operating segment. Presented below are revenues broken out by geographic distribution.

	India	Africa	Europe	North America	Others	Consolidated
	2010	2010	2010	2010	2010	2010
			US$ thousands			
External revenues	36,037	2,394	1,588	890	4,754	45,663
Unallocated expenses						31,233
Profit from operations						14,430
Net finance expense						(18)
Share of loss of equity accounted investees						(563)
Income tax expense						(2,738)
Profit for the year						11,111

	India	Africa	Europe	North America	Others	Consolidated
	2009	2009	2009	2009	2009	2009
				US$ thousands		
External revenues	16,934	705	664	813	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

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.

	2010 US$'000	2009 US$'000	Change %
Revenue reported for:			
First half-year ended 30 June	27,932	4,741	489.2
Second half-year ended 31 December	17,731	16,641	6.6
	45,663	21,382	113.6
Profit (loss) for the period:			
First half-year ended 30 June	8,989	(3,423)	NM
Second half-year ended 31 December	2,122	4,951	(57.1)
	11,111	1,528	627.2

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	5,350	2,099

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 was US$4,855 per month and thereafter is US$ 7,832. The monthly rent during the option period is US$8,615 per month.

On behalf of the Directors

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