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 and statement of comprehensive income, or a statement of comprehensive income, 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,		
	2011	2010	Change %	2011	2010	Change %
Revenue	**14,066**	**9,310**	**51.1**	**57,803**	**45,663**	**26.6**
Cost of sales	4,049	3,444	17.6	19,522	16,313	19.7
Gross profit	**10,017**	**5,866**	**70.8**	**38,281**	**29,350**	**30.4**
Research and development expenses	1,565	1,549	1.0	5,771	5,246	10.0
Sales and marketing expenses	1,722	1,794	(4.0)	7,401	6,369	16.2
General and administrative expenses	1,096	945	16.0	3,853	3,305	16.6
Profit from operations	**5,634**	**1,578**	**257.0**	**21,256**	**14,430**	**47.3**
Net finance income (expense)	110	150	(26.7)	178	(18)	NM
Share of loss of equity accounted investee	--	(287)	NM	--	(563)	NM
Profit before income tax	**5,744**	**1,441**	**298.6**	**21,434**	**13,849**	**54.8**
Income tax expense	942	145	549.7	4,068	2,738	48.6
Profit for the period	**4,802**	**1,296**	**270.5**	**17,366**	**11,111**	**56.3**
Other comprehensive (expense) income						
Foreign currency translation differences from foreign operations	(163)	9	NM	(334)	55	NM
Total comprehensive income for the period	**4,639**	**1,305**	**255.5**	**17,032**	**11,166**	**52.5**

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 ended December 31,		
	2011	2010	Change %	2011	2010	Change %
Allowance for doubtful trade receivables	19	(69)	NM	76	(18)	NM
Depreciation and amortization	789	777	1.5	3,246	3,459	(6.2)
Interest income (expense), net	102	(35)	NM	261	123	112.2
Exchange rate differences	8	115	(93.0)	(83)	105	NM
Warranty provision	50	12	316.7	134	141	(5.0)

NM- Not meaningful

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

Statement of Financial Position as at (US$'000):

	Group		Company	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Assets				
Property, plant and equipment	2,903	2,629	1,715	1,509
Intangible assets	9,521	9,687	--	22
Investment in equity accounted investee and subsidiaries	--	--	14,524	13,899
Deferred tax assets	443	845	73	638
Total non-current assets	12,867	13,161	16,312	16,068
Inventories	6,264	4,762	5,022	3,865
Trade receivables	6,683	3,140	2,338	2,087
Other receivables	1,338	961	1,009	616
Restricted cash	485	--	485	--
Short-term investments (bank deposits)	19,105	5,413	14,167	4,010
Cash and cash equivalents	14,356	22,857	9,163	20,143
Total current assets	48,231	37,133	32,184	30,721
Total assets	61,098	50,294	48,496	46,789
Equity				
Share capital*	--	--	--	--
Dormant shares, at cost	(891)	(53)	(891)	(53)
Share premium, reserves and retained earnings	49,094	38,938	40,822	38,550
Total equity	48,203	38,885	39,931	38,497
Liabilities				
Long-term liabilities	652	968	278	215
Employee benefits	155	186	137	169
Total non-current liabilities	807	1,154	415	384
Trade payables	2,657	2,576	1,507	1,369
Other payables	6,977	5,292	5,385	4,645
Current tax payable	2,081	2,145	1,031	1,703
Warranty provision	373	242	227	191
Total current liabilities	12,088	10,255	8,150	7,908
Total liabilities	12,895	11,409	8,565	8,292
Total equity and liabilities	61,098	50,294	48,496	46,789

*No par value

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

Zero borrowings from banks.

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

Statement of Cash Flows (US$'000):

	Group Year ended December 31, 2011	2010
Cash flows from operating activities		
Profit for the period	17,366	11,111
Adjustments for:		
Share-based payment expenses	541	229
Income tax expense	4,068	2,738
Depreciation of property, plant and equipment	1,172	981
Share of loss of equity accounted investee	--	563
Amortization of intangible assets	2,074	2,478
Loss on sale or disposal of property, plant and equipment	--	267
Net finance (income) expense	(178)	18
Changes in working capital		
Inventories	(1,413)	(1,838)
Trade receivables	(3,543)	(1,814)
Other receivables	(377)	79
Trade payables	81	745
Other short- and long-term liabilities	1,073	444
Employee benefits	(31)	141
Cash generated from operations	20,833	16,142
Income tax paid	(3,730)	(1,695)
Net cash from operating activities	17,103	14,447
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1,535)	(1,714)
Acquisition of intellectual property	(621)	(390)
Restricted cash	(485)	--
Short-term investments, net	(13,692)	3,299
Capitalization of R&D expenses	(840)	--
Interest received	615	211
Net cash (used in) from investing activities	(16,558)	1,406
Cash flows from financing activities		
Proceeds from exercise of share options	658	517
Purchase of Company's shares by the Company	(838)	(53)
Repayment of liability to the OCS	(354)	(199)
Receipt of long-term grants from OCS	--	59
Dividend paid	(8,075)	(5,445)
Interest paid	(354)	(131)
Net cash used in financing activities	(8,963)	(5,252)
Net (decrease) increase in cash and cash equivalents	(8,418)	10,601
Cash and cash equivalents at beginning of the period	22,857	12,151
Exchange rate differences	(83)	105
Cash and cash equivalents at end of the period	14,356	22,857
Non cash activities:		
Acquisition of intellectual property on credit	346	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, 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
Balance at January 1, 2011	--	14,541	27	24,370	(53)	38,885
Profit for the year ended December 31, 2011	--	--	--	17,366	--	17,366
Other comprehensive income for the period ended December 31, 2011	--	--	(334)	--	--	(334)
Share-based payment expenses	--	541	--	--	--	541
Exercise of options	--	658	--	--	--	658
Dividend paid	--	--	--	(8,075)	--	(8,075)
Dormant shares, at cost (1,563,000 shares)	--	--	--	--	(838)	(838)
Balance at December 31, 2011	--	15,740	(307)	33,661	(891)	48,203

* 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, 2010	--	13,795	(28)	18,437	--	32,204
Profit for the year ended December 31, 2010	--	--	--	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
Balance at January 1, 2011	--	14,541	27	23,982	(53)	38,497
Profit for the year ended December 31, 2011	--	--	--	9,482	--	9,482
Other comprehensive income for the period ended December 31, 2011	--	--	(334)	--	--	(334)
Share-based payment expenses	--	541	--	--	--	541
Exercise of options	--	658	--	--	--	658
Dividend paid	--	--	--	(8,075)	--	(8,075)
Dormant shares, at cost (1,563,000 shares)	--	--	--	--	(838)	(838)
Balance at December 31, 2011	--	15,740	(307)	25,389	(891)	39,931

* 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,	
	2011	**2010**
	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	270,944,360	267,274,837
Dormant shares (out of the issued and fully paid share capital)**:**		
Ordinary shares of no par value	1,689,000	126,000

For the years ended December 31, 2011 and 2010, the Company purchased 1,563,000 and 126,000 ordinary shares at a cost of US$ 0.8 million and US$ 0.1 million, respectively. 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, 2011	21.4	7,296,151
Granted	36.6	5,270,000
Cancelled	30.3	(180,000)
Exercised	17.9	3,669,523
At December 31, 2011	31.6	8,716,628

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, 2010 have been applied in the preparation for the financial statements for the year ended December 31, 2011, except for the adoption of the revised IAS 24 (2009) Related Party Disclosures, which did not have an effect on the 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,	
	2011	**2010**	**2011**	**2010**
Basic earnings per share (US cents)	1.78	0.48	6.47	4.19
Diluted earnings per share (US cents)	1.77	0.48	6.40	4.12

Basic earnings per share for the three month ended December 31, 2011 are calculated based on the weighted average number of 269,343,868 ordinary shares issued during the current period and 267,254,228 during the preceding period.

Diluted earnings per share for the three month ended December 31, 2011 are calculated based on weighted average number of 271,711,072 ordinary shares and outstanding options and 270,603,469 during the preceding period.

Basic earnings per share for the year ended December 31, 2011 are calculated based on the weighted average number of 268,540,808 ordinary shares issued during the current period and 265,475,499 during the preceding period.

Diluted earnings per share for the year ended December 31, 2011 are calculated based on weighted average number of 271,459,323 ordinary shares and outstanding options and 269,996,787 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 December 31,		Company December 31,	
	2011	**2010**	**2011**	**2010**
Net asset value per ordinary share (US cents)	18.02	14.55	14.92	14.40

Net asset value per share is calculated based on the number of ordinary shares in issue at December 31, 2011 and 2010 of 269,255,360 and 267,274,837, respectively, and less the number of dormant ordinary shares at December 31, 2011 and 2010 of 1,689,000 and 126,000, 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.).

The Group reported record fourth quarter revenues in Q4 2011 of US$ 14.1 million, profit from operations of US$ 5.6 million and net profit of US$ 4.8 million, as compared to the results reported in Q4 2010 of revenues of US$ 9.3 million, profit from operations of US$ 1.6 million and net profit of US$ 1.3 million. The improved operating performance stemmed from the overall positive business sentiment and due to robust Galaxy™ and traditional planning system deliveries. On a sequential basis, Group revenues declined due, primarily, to the Divali holiday in India, but the Group's profitability benefited in Q4 2011 from a higher gross margin, due to the composition of products sold, and from a lower tax rate as compared to Q3 2011.

For the year ended December 31, 2011, the Group reported record revenues of US$ 57.8 million, record profit from operations of US$ 21.3 million and record net profit of US$ 17.4 million, as compared to revenues of US$ 45.7 million, profit from operations of US$ 14.4 million and net profit of US$ 11.1 million for the year ended December 31, 2010. Revenues and profitability for the year ended December 31, 2011 benefitted from the positive business environment and improved market conditions in 2011, and due to robust Galaxy™, Quazer™ II and traditional planning system deliveries.

Galaxy™ deployment and usage continue to be robust, with total deliveries in Q4 2011 of eight Galaxy™ systems, six to customers and two to our service centres in India and Israel, bringing the total to thirty four systems delivered in 2011. Thus, as of December 31, 2011, the Group has an installed base of well over 50 Galaxy™ and Galaxy™-related systems and has more than exceeded its stated aim to more than double its installed base in 2011. Galaxy™-related revenues for the year ended December 31, 2011, were over 25% of sales, of which approximately half were of a recurring nature.

Balance Sheet Highlights

As at December 31, 2011, cash and cash equivalents, restricted cash and short-term investments decreased to US$ 33.9 from the US$ 36.7 million reported as of September 30, 2011, after the payment of a special dividend in December 2011 of US$2.7 million, a payment for the DSee technology (see below) and after the Group's US$ 0.15 million buy-back of its shares in the open market in Q4 2011. As compared to December 31, 2010, this is an increase from the US$ 28.3 million reported, even after the payment of a total of $8.1 million in dividends throughout the year and the Group's US$ 0.8 million buy-back of its shares in the open market in 2011. As at December 31, 2011, inventories increased to US$ 6.3 million as compared to US$ 6.0 million at September 30, 2011 and US$ 4.8 million as at December 31, 2010. The increase in inventories is related to procurement of long-lead time parts for the Group's production needs. The sequential increase in "trade receivables" to US$ 6.7 million at year end was due to the concentration of sales in the latter part of Q4 2011.

In November 2011 the Sarin Group acquired from DSee Imaging Ltd. a revolutionary imaging technology to capture a realistic, accurate and objective image of a polished diamond, including its internal features. Under the terms of the transaction, the Sarin Group is to pay US$0.74 million in cash, with additional contingent consideration due in the form of royalties from the actual future revenues, for a period of not less than 7 years and up to the life of the patents, as granted, in the relevant jurisdictions, capped at US$10 million. The US$0.74 million purchase price was recorded in intangible assets.

Revenues

Revenue by geographic segments --
Q4 2011, Q4 2010, Q3 2011, 2011 and 2010 (US$ '000)

Q4 2011 versus Q4 2010				
Region	**Q4 2011**	**Q4 2010**	**$ change**	**% change**
India	11,002	6,941	4,061	58.5
Africa	742	487	255	52.4
Europe	456	275	181	65.8
North America	256	128	128	100.0
Other	1,610	1,479	131	8.9
Total	14,066	9,310	4,756	51.1

Q4 2011 versus Q3 2011				
Region	**Q4 2011**	**Q3 2011**	**$ change**	**% change**
India	11,002	12,243	(1,241)	(10.1)
Africa	742	1,353	(611)	(45.2)
Europe	456	323	133	41.2
North America	256	343	(87)	(25.4)
Other	1,610	1,614	(4)	(0.2)
Total	14,066	15,876	(1,810)	(11.4)

2011 versus 2010				
Region	**2011**	**2010**	**$ change**	**% change**
India	44,976	36,037	8,939	24.8
Africa	4,400	2,394	2,006	83.8
Europe	1,804	1,588	216	13.6
North America	1,052	890	162	18.2
Other	5,571	4,754	817	17.2
Total	57,803	45,663	12,140	26.6

The Group reported revenues in Q4 2011 of US$14.1 million, an increase of 51% as compared to US$ 9.3 million in Q4 2010. The increase in revenues across all geographies stemmed from the overall positive business sentiment and due to strong Galaxy™ and traditional planning system deliveries, especially during the month of December. On a sequential basis, Group revenues declined in the fourth quarter primarily due to the Divali vacation in India, as noted above. For the year ended December 31, 2011, the Group reported record revenues of US$ 57.8 million, an increase of 27%, as compared to US$ 45.7 million for the year ended December 31, 2010. The increase in revenues across all geographies for the year ended December 31, 2011 benefitted from the general positive business environment and robust Galaxy™, Quazer™ II and traditional planning system deliveries.

Cost of sales and gross profit

Cost of sales for Q4 2011 increased by 18% to US$ 4.0 million as compared to US$ 3.4 million for Q4 2010, with gross profit margins of 71% in Q4 2011 versus 63% in Q4 2010. The increase in the cost of sales and the improvement in the gross profit margin were due to increased sales volumes and composition of product mix, respectively. The improved gross profit margin of 71% in Q4 2011 as compared to 63% in Q3 2011 was also due to the composition of products delivered. For the year ended December 31, 2011, cost of sales increased by 20% to US$ 19.5 million as compared to US$ 16.3 million for the year ended December 31, 2010, with gross profit margins of 66% in 2011 versus 64% in 2010, for the same reasons noted above.

Research and development expenses

Research and development expenses increased by 1% in Q4 2011 to US$ 1.6 million as compared to US$1.5 million for Q4 2010, and on a sequential basis by 12% as compared to US$ 1.4 million in Q3 2011. Research and development expenses increased by 10% for the year ended December 31, 2011 to US$ 5.8 million, as compared to US $5.2 million for the year ended December 31, 2010. 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 Groups' development of products and services for polished diamonds and due to the ongoing refinement and enhancement of the Galaxy™ family's functionality, along with other programs, as more fully detailed in section 10.

For the three months and year ended December 31, 2011, the Group capitalised, in compliance with IFRS, US$ 0.2 million and US$ 0.8 million, respectively, in development expenses associated with the development of the D-Light™ system based on the Light Performance Technology ("LPT") acquired in Q4 2010 and the D-Loupe™ system based on the imaging technology acquired from DSee Imaging in Q4 2011. We expect to continue to capitalise these development expenses until the start of revenue contribution from these programs, which is expected in 2012.

Sales and marketing expenses

Sales and marketing expenses decreased by 4% to US$ 1.7 million in Q4 2011 as compared to US$ 1.8 million in Q4 2010 due to decreased sales related compensation expenses, stemming from the composition of products sold in the relevant quarters. Sales and marketing expenses decreased on a sequential basis by 9% as compared to US$ $1.9 million in Q3 2011, primarily due to decreased sales related compensation expenses, stemming from decreased sales. For the year ended December 31, 2011, sales and marketing expenses increased by 16% US$ 7.4 million as compared to US$ 6.4 million for the year ended December 31, 2010. The increase in sales and marketing expenses in 2011 was primarily due to increased business development and marketing expenses associated with activities related to our polished diamond services and products, as detailed in section 10, and also due to the expansion of our sales infrastructure teams in line with the Group's strategic goals under improved economic conditions.

General and administrative expenses

General and administrative expenses increased by 16% to US$ 1.10 million for Q4 2011 as compared to US$ 0.95 million in Q4 2010, primarily due to increased incentive-based compensation expenses in Q4 2011 and also due to the absence of the write-back of doubtful trade receivables recorded in Q4 2010. On a sequential basis, general and administrative expenses increased by 16% in Q4 2011 as compared to US$ 0.95 million in Q3 2011, primarily due to patent prosecution related expenses. General and administrative expenses for the year ended December 31, 2011 increased by 17% to US$ 3.9 million as compared to US$ 3.3 million for the year ended December 31, 2010. The increase in general and administrative expenses was primarily due to increased fixed and incentive based compensation expenses.

Profit from operations

Profit from operations for Q4 2011 increased by 257% to US$ 5.6 million as compared to US$ 1.6 million in Q4 2010, due to significantly higher sales volume, gross and operating margins. Sequentially, profit from operations declined by 3% from US$ 5.8 million in Q3 2011, primarily due to lower sales volumes, offset somewhat by a higher gross margin as a result of product mix. For the year ended December 31, 2011, profit from operations increased by 47% to US$ 21.3 million as compared to US$ 14.4 million in 2010. The increase in profit from operations in 2011 as compared to 2010 was primarily due to the increased sales volume and improved gross and operating margins.

Net finance income (expense)

For Q4 2011 the Group recorded net finance income of US$ 0.11 million as compared to US$ 0.15 million in Q4 2010 and a net financial expense of US$ 0.14 million in Q3 2011. The lower net finance in income in Q4 2011 as compared to Q4 2010 was mainly attributed to exchange rate gains in Q4 2010, offset by increased interest income in Q4 2011 associated with a higher level of invested funds. The net financial expense of US$ 0.14 million in Q3 2011 was mainly attributed to exchange rates losses in Q3 2011 associated with the Group's New Israeli Shekel (NIS) deposits being re-valued downwards due to the strengthening of the US$ in Q3 2011 as compared to the NIS. For the year ended December 31, 2011, the Group recorded net finance income of US$ 0.18 million as compared to net finance expense of US$ 0.02 million for the year ended December 31, 2010. The higher net finance income in 2011 was mainly associated with increased interest income associated with a higher level of invested funds as compared to 2010.

Share of loss of equity accounted investee

For Q4 2011 and the year ended December 31, 2011, the Group's share of loss of equity accounted investee (IDEX) was nil as compared to US $0.3 million and US$ 0.6 million, respectively, for Q4 2010 and the year ended December 31, 2010, respectively. In Q4 2010, following the continued uncertainties related to the execution of IDEX's business plan, the Group wrote off its remaining investment in IDEX, and, as a result has ceased to record its share of losses in IDEX.

Income tax expense

The statutory corporate tax rate in Israel in 2011 was 24% (25% in 2010). This rate was scheduled to decrease to 23% in 2012 and to gradually decline thereafter, until reaching 18% in 2016. In December 2011, the Knesset (Israel's parliament) cancelled these planned reductions and has increased the statutory corporate tax rate back to 25% for 2012 and onwards. The Group's effective tax rate is a blend of the statutory tax rate in Israel and substantial tax benefits accorded to our export oriented revenue mix (marginally taxed at between 10%-15%) in accordance to tax directives enacted as of 2011, offset somewhat by the higher statutory tax rate (34%) in India.

For Q4 2011 and the year ended December 31, 2011, the Group recorded income tax expense of US$ 0.9 million and US$ 4.0 million, respectively, as compared to an expense of US$ 0.1 million and US$ 2.7 million for Q4 2010 and the year ended December 31, 2010, respectively. The increase in the income tax expense was due to the Group's improved business performance in 2011 as compared to 2010. On a sequential basis, the Group recorded income tax expense of US$ 0.9 million in Q4 2011, at an effective tax rate of 16%, as compared to US$ 1.4 million in Q3 2011, at an effective tax rate of 25%. The decline in the Group's effective tax rate in Q4 2011 as compared to Q3 2011 was primarily due a tax benefit that the Israeli government authorised the Company to claim within the framework of the Law for the Encouragement of Capital Investments.

Profit for the period

Net profit for Q4 2011 increased by 271% to US$ 4.8 million as compared to US$ 1.3 million in Q4 2010, due primarily to the significantly higher sales volume and gross and operating margins, all as discussed above. Sequentially, net profit increased by 13% as compared to US$ 4.3 million in Q3 2011, primarily due to higher gross profit margins and the aforementioned improved tax rate. For the year ended December 31, 2011, net profit increased by 56% to US$ 17.4 million as compared to US$ 11.1 million for the year ended December 31, 2010. The increase in net profit in 2011 as compared to 2010 was primarily due to the increased sales volumes and improved gross and operating margins, as discussed 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 negative macro-economic data, which we had discussed in previous disclosures, indeed impacted the start of Q4 2011. However, towards the end of the quarter, market uncertainty calmed somewhat. The economic data being reported of late from the United States (US) have been more positive. The latest data continue to show consumer spending increasing (including specific data for holiday season 2011 sales of diamond jewellery from retailers), housing starts on the rise and unemployment on the decline. Yet the economic recovery in the US, still the largest single market for diamond jewellery in the world, is far from complete. The growth in China remains robust and demand for luxury goods, in general, and diamond jewellery in particular, continues to expand, as covered in more detail in the next paragraph. The economies in Europe have remained the major issue causing concern for the global economic outlook, though some progress seems to have been made on steps to resolve the Euro zone crisis. Still, macro-economic uncertainties persist and may impair our business results.

b. The markets in China and India for diamond jewellery have continued to expand at rates estimated to have exceeded 20% in 2011, on the heels of 25% and 31% growth, respectively, in 2010, providing additional impetus to demand. Though the overall demand side for diamond jewellery remains strong, pricing has become an issue, due to the increases both in the price of gold and of polished diamonds. Indeed, data pertaining to market demand expansion are affected by the inflationary effect of these price increases and do not solely reflect expansion in carats sold. We expect demand from Asian markets, in general, and China and India, primarily, to continue to drive diamond jewellery expansion in 2012, though possibly at slower rates than previously forecast.

c. As previously published, rough and polished diamond prices, after exceptional increases in the first six months of 2011, had, indeed, reached a level of resistance by mid-year, and have since pulled back during the latest two quarters. Rough diamond prices have receded to a level which, for the most part, seems to have alleviated margin pressures on our manufacturing customers. However, polished diamond prices have become a hindrance to more rapid market expansion in true carat volume. This has been especially true in India, also impacted by the significant decrease in the Indian Rupee to US Dollar exchange rate (in which diamond prices are quoted).

d. We perceive the resolution of the impasse regarding Zimbabwe's diamond resource, which was finally agreed upon (as reported in Q3 2011), and the substantial quantities of rough stones now entering the market as a positive development for the Group from a number of aspects:

   1) It seems to be further driving rough diamond prices downwards. Although this downward trend was a somewhat dampening factor on our sales in early Q4 2011, due to the revaluing of rough stockpiles and the resultant restrictions on working capital credit lines, we believe that going into 2012 it is an overall positive development, as it contributes to relieving margin pressures on our manufacturing customers.

   2) As the quality of Zimbabwean diamonds is generally accepted as being at the lower ends of the scale, this may also result in less expensive diamonds being available for consumers, an overall positive development.

   3) Though the added value provided by our advanced optimisation technologies (e.g., inclusion scanning and mapping) could be perceived as being of lesser importance on lower quality Zimbabwean rough goods, they remain the sole method available for effectively planning the higher-end goods from Zimbabwe, due to these stones' natural attributes (e.g., mineral coatings).

4) We also believe that our technology can also significantly contribute to the early sorting of these goods, as there are wide variances in value, which can be substantially discerned using our scanning techniques.

5) Another positive outcome from these goods entering the market in substantial quantities, along with the expected production initialisation from Argyle's new underground mine in western Australia later this year, could be the necessity, as per certain industry experts, for manufacturing capacity expansion, which could drive overall demand for our products.

e. Demand for the Galaxy™ product line (the Galaxy™ 1000, 2000, HD and XL family and the Solaris) continues to grow in all major industry centres with shipments in Q4 having been realised to India and Botswana. With deliveries in Q4 of eight systems to customers and our service centres in Surat, India and Israel, we have more than doubled our installed base this year, with well over 50 systems now deployed worldwide. The openings of our service centres in Mumbai and Botswana will only be achieved in Q1 2012, having, unfortunately, again been delayed from Q4, due to logistical issues. Galaxy™ usage has continued to grow quarter over quarter. Galaxy™-related revenues for the year ended December 31, 2011, were over 25% of sales, of which approximately half were of a recurring nature. We expect deliveries of Galaxy™ systems primarily to customers for on-site operations, but also to our service centres, to continue throughout 2012. We believe overall worldwide deployment should near 100 systems by this year's end. Indirectly, this technology should also continue to contribute to other product sales, such as the sales of Strategist™ and Quazer™ II systems, as well as our extensive family of planning systems.

f. We are, as announced, continuing our strategic move into the polished diamond trade, as we believe this industry segment holds substantial growth potential for the Group. We expect our new products and services, launching in early and mid 2012, will significantly impact our Group's product mix, sales and recurring revenue stream going forward, beginning more significantly in the second half of 2012. The debuting of our Light Performance product, the Sarin D-Light™ in Q3 2011 was followed by our acquisition of unique visualisation technology from DSee Imaging in Q4 2011. The DSee technology will be realised in the D-Loupe™, a revolutionary imaging system that captures imagery of a polished diamond, including its internal features, and enables the electronic transmission of same from seller to buyer. The D-Loupe™ enables buyers to view a diamond offered for sale, as if with a traditional loupe, from a multitude of angles and at varying magnifications, without having it physically in hand. We expect this will significantly simplify the buying process and reduce the costs involved for both buyer and seller. Both these products will advance polished diamond trading, in that all diamonds offered for sale may now be accompanied by stunning visual means of inspection. In addition, as reported, we have launched our Diamond Assay Service (DAS), an online subscription service that enables anyone who buys, sells or appraises polished diamonds, to help ascertain whether the diamond is real (albeit not whether natural or synthetic, nor if treated), ascertain its geometric parameters and Cut grade, issue printed reports relating to same and propose possible re-cutting solutions, so as to derive the greatest possible potential value from the stone.

We continue to focus our research and development initiatives on the following projects and expect our research and development expenses to increase, primarily due to our new products and services for the polished diamond trade, with other research and development expenses forecast to grow more in line with the expected expansion of our sales.

The Galaxy™ family of products: Refinement and development efforts will continue throughout 2012, as we enhance the Galaxy™ systems' functionality from various aspects. Following the installation of our Galaxy™ HD (High Definition) system with enhanced resolution down to the VVS level, in our Israeli and Indian service centres in Q3 2011, we have now, as recently announced in early 2012, installed our Galaxy™ XL (Extra Large) systems in these two service centres, as well. The Galaxy™ XL system broadens the range of rough diamonds that can be scanned for internal inclusion mapping purposes from 15mm to more than double – 32mm. This will allow rough diamonds weighing up to 180 carats to be processed, thus allowing, all but exceptionally large stones to be scanned and mapped for internal inclusions. As the automation and complexity of clarity grading continues to be of interest, we continue to strive towards a system for polished stones, though, being a complex proposition, it still requires considerable research and development.

Rough planning products: This line of products continues to be our primary contributor to revenue. Our share in this market remains dominant, as we benefit from the integration of our planning products and the Strategist™ and Quaser™ II laser cutting suite with the Galaxy™ family of products, which significantly enhance the planning and sawing processes with inclusion mapping data. In fact, we have been demonstrating remarkably superior planning results as more and more stones achieve significantly higher Clarity grades, with increased value to our customers, as can be seen from the video on our website at www.sarin.com. We will continue throughout 2012 to introduce further refinements to these systems and the Advisor™ software for even better optimisation of the profit realised by our customers, as well as hardware refinements to further improve the systems. We believe that continuing to find added value for all sizes and qualities of rough stones, especially for smaller and/or lower valued goods, will provide additional impetus for growth in these relatively non-penetrated markets.

Quazer™ II: The Quazer™ II has continued to sell at record levels, and we expect demand to continue strongly in 2012. We continue to add features to and enhance the Strategist™ setup station so as to further improve our green-laser cutting/shaping suite's value proposition to our customers.

Facets polishing products: The Instructor™, DiaMension™ HD and DiaMark™ HD are the Group's primary products for this industry segment. These products enable quality control personnel to audit the facet polishing process and finely mark on the semi-polished diamond the required corrections/refinements, so as to allow optimal execution of the faceting by the polishing personnel. We expect accelerated orders of these products in 2012. Further developments, primarily for automated Symmetry measuring, as initiated with the American Gem Society (AGS) and as just lately qualified by the Gemological Institute of America (GIA), as well as with other industry leaders, will be a driver of additional business opportunities in 2012.

D-Light™: Following the debut of the D-Light™ Light Performance product in Q3 2011, development work has been focused on further enhancing this product with even better colour-sensitive imaging for improved light performance grading, as well as other software enhancements, so as to facilitate commercialisation in the first half of 2012. Our development plans for this product in 2012 are aimed at allowing retailers to use it proficiently in the modern retail environment as a selling tool.

D-Loupe™: Having just completed the acquisition of this new imaging technology in late 2011, we have been busy on many fronts, so as to allow its commercial launch in the first half of 2012, complementing the D-Light™ in the support of polished diamond trading. Our various efforts have included going from prototype system to commercially engineered product, integrating the imaging output into a secure web-accessible database, adopting the user interface for maximal ease-of-use, so as to allow fast and easy imaging and uploading of images by sellers and intuitive access to same by buyers.

DAS: Having undergone beta-testing at various retail shops in the north-eastern US during late Q3 and Q4 of 2011, the initial version of DAS was launched in early 2012. Additional software features will be developed and integrated into the DAS throughout 2012, including the introduction of Cloud-based services.

Sales and Marketing: Another issue which will also be at the forefront of our endeavours this year will be the establishment of the necessary sales infrastructure to expedite the launch and commercialisation of our polished diamond products and services, as detailed above (D-Light™, D-Loupe™ and DAS). On the business-to-business (B2B) level, we believe that the on sell-side, among the polished diamond manufacturers and wholesalers, we are well known and our strong brand will ease the promotion of these new offerings. However, on the buy-side, among the retailers and jewellers, we are less well known and we will need to establish the requisite presence, initially in the US and Far East (primarily Hong Kong and China). As we establish this necessary network, it will also serve to support our efforts vis-a-vis the brick and mortar retail outlets in the appropriate geographies.

Dividend Policy: The Board of Directors has recommended to increase the dividend policy going forward by 25%, whereby, instead of US cent 1.00 per ordinary share every six months, a fixed dividend of US cents 1.25 per ordinary share will be paid every six months, subject to semi-annual Board approval, the Annual General Meeting's approval 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 12, 2012, a final dividend of US cent 1.00 per share for the year ended December 31, 2011.

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

(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 %
2011	2,695	15%* / 10% **
2010	2,004	15%* / 10% **

*The tax rate for the final cash dividends for 2011 will be 15% for individual Israeli shareholders (same as in 2010) and 0% for Israeli corporate shareholders.
**The tax rate for dividends for 2011 for Singaporean shareholders is 10% (same as in 2010).

(d) Date Payable

		Amount US$'000
2011	26.05.12***	2,695
2010	26.05.11	2,004

(e) Books Closure Date

5:00 PM on:

		Amount US$'000
2011	06.05.12***	2,695
2010	06.05.11	2,004

***Pending Annual General Meeting Approval.

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

Not applicable.

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions under Rule 920(1)(a)(ii). If no IPT mandate has been obtained a statement to that effect.

Not applicable.

14. Negative confirmation pursuant to Rule 705(5) (not required for announcement of full year results).

Not applicable.

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

15. 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
	2011	2011	2011	2011	2011	2011
	US$ thousands					
External revenues	44,976	4,400	1,804	1,052	5,571	57,803
Unallocated expenses						36,547
Profit from operations						21,256
Net finance income						178
Share of loss of equity accounted investees						--
Income tax expense						(4,068)
Profit for the year						17,366

	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

16. 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.

17. Breakdown of sales.

	2011 US$'000	2010 US$'000	Change %
Revenue reported for:			
First half-year ended 30 June	27,861	27,932	(0.3)
Second half-year ended 31 December	29,942	17,731	68.9
	57,803	45,663	26.6
Profit for the period:			
First half-year ended 30 June	8,306	8,989	(7.6)
Second half-year ended 31 December	9,060	2,122	327.0
	17,366	11,111	56.3

* Amount less than one percent.

18. 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	8,760*	5,350

*Pending Annual General Meeting Approval.

19. 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 initial lease was for a period of 24 months. In September 2011, the lease was subsequently extended by the Company for an additional 24 month period. The monthly rent during the initial six month period was US$4,855 per month and during the subsequent 18 month period was US$ 7,832 per month. The monthly rent during additional 24 month period is US$ 8,615 per month. The lessor may terminate the lease at any time on notice of five months to the Company.

On behalf of the Directors

Daniel Benjamin Glinert
Executive Chairman of the Board

Uzi Levami
Executive Director and CEO