

Sarin Technologies Ltd.

Corporate Presentation

November 2013



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2

Agenda

- ◆ Executive Summary
- ◆ Results Update
- ◆ New Products Update
- ◆ Trends & Prospects
- ◆ Appendices
 - ◆ Business Overview
 - ◆ Products



Executive Summary

- ◆ Sarin is the global leader in the development and provider of solutions for the evaluation, planning, manufacturing and finishing of rough diamonds and is now launching systems and services which could significantly change the wholesale and retail polished diamond trade
- ◆ Q3 2013 revenue and profit grew 48% and 124% to US\$17.3m and US\$5.7m respectively over Q3 2012 (on a comparable basis before a one-off US\$2.6m tax charge for exempt profits from previous periods)
- ◆ Total installed base of Galaxy™ family systems increased to 127 as of 30 September 2013 and recurring revenue accounted for over 30% of group revenue in 9M 2013
- ◆ Following the successful commercialisation of Sarine Light™ in Japan, the Group will launch Sarine Light™ in additional Far East markets (HK, Taiwan, Korea) and the US in early 2014



Results Update



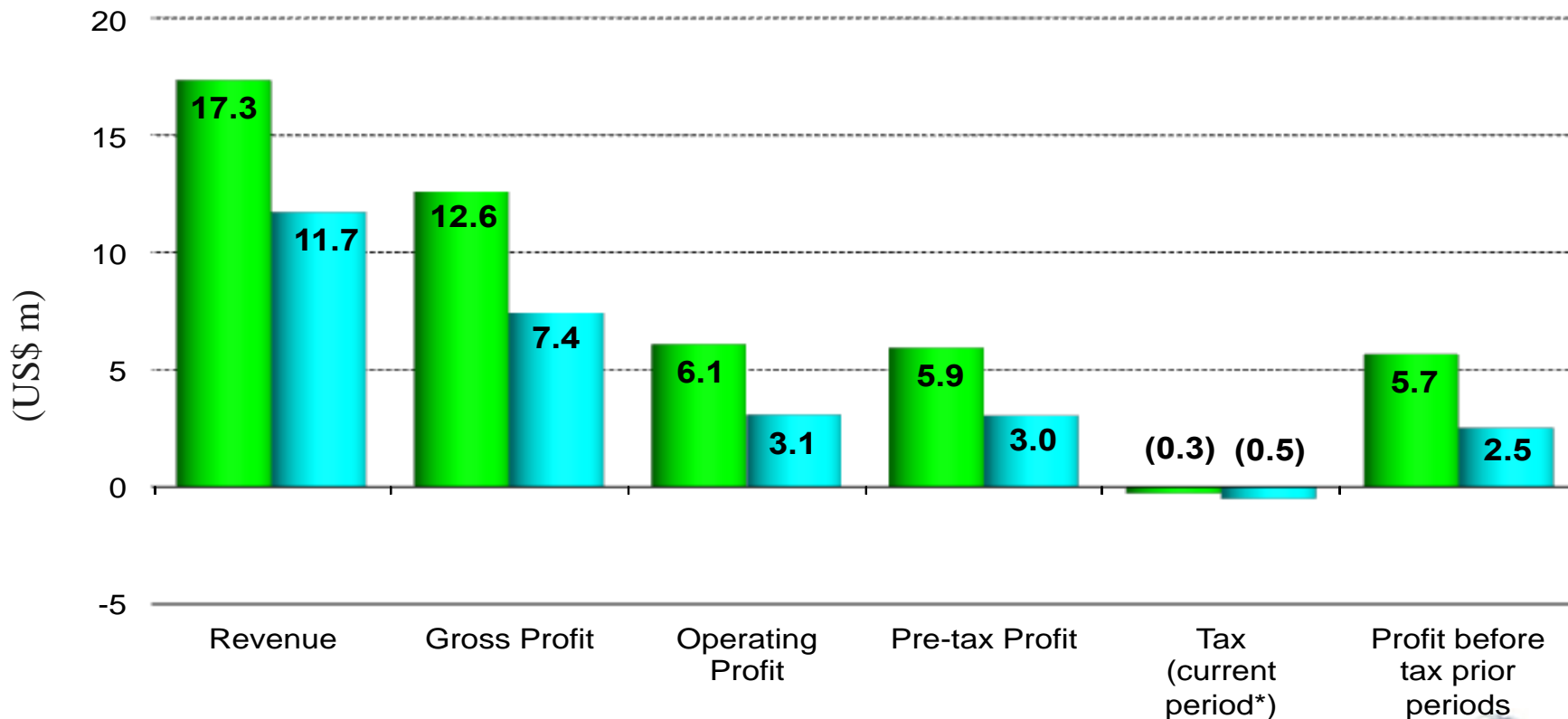
5-Year Results Summary

(US\$'000)	FY2008	FY2009	FY2010	FY2011	FY2012
Revenues	33,149	21,382	45,663	57,803	63,750
Gross Profit	21,130	12,479	29,350	38,281	43,388
Net Profit	1,594	1,528	11,111	17,366	20,755
Gross Profit Margin	63.7%	58.4%	64.3%	66.2%	68.1%
Net Profit Margin	4.8%	7.1%	24.3%	30.0%	32.6%
Cash and investments (no debt)	12,010	20,863	28,270	33,946	36,787
EPS (US cents, fully diluted)*	0.50	0.46	3.30	5.12	6.03
Annual Dividend (US cents)*	0.64	0.64	1.60	2.60	4.50

* Adjusted for bonus issue in May 2012

Q3 2013 Results Summary

■ Q3 FY2013 ■ Q3 FY2012

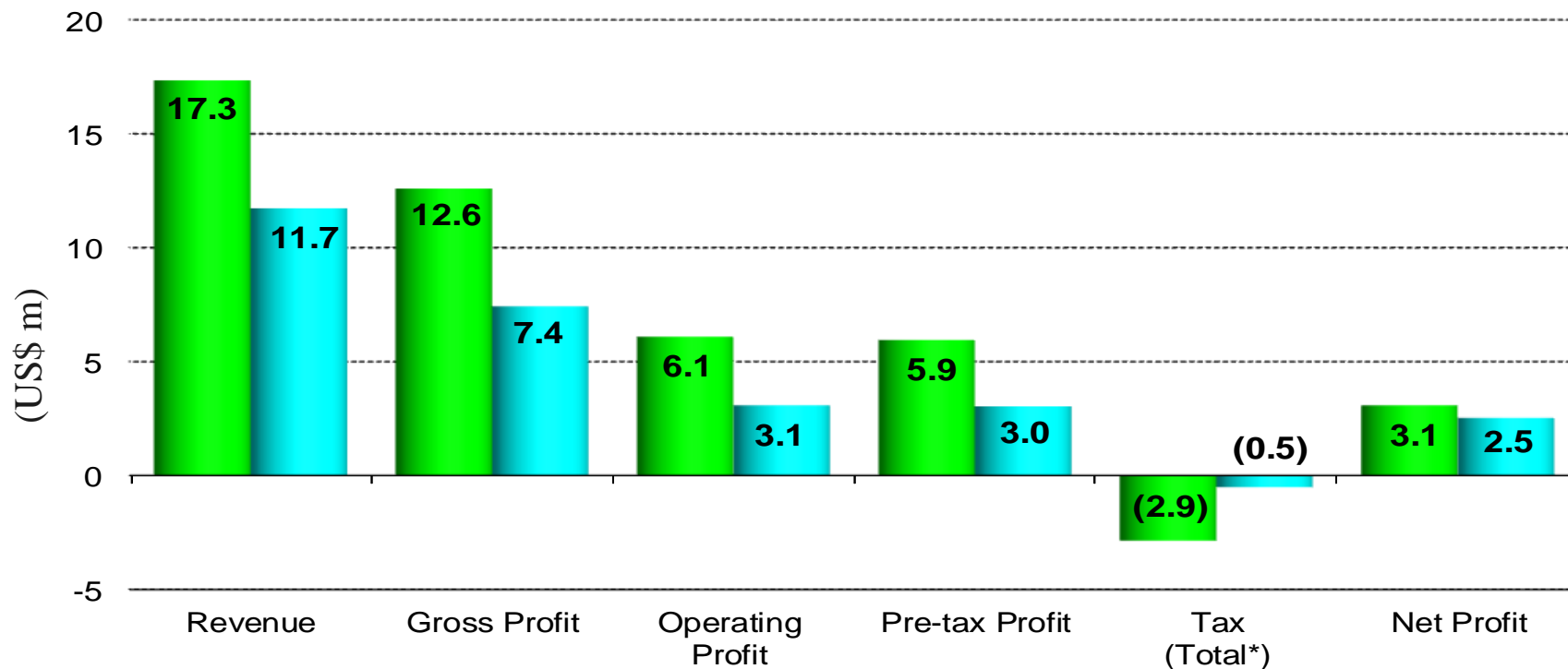


% change	+ 48%	+ 70%	+ 98%	+ 96%	(47%)	+ 124%
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(*Tax expenses for current period exclude a one-off US\$2.6m tax charge for the release of exempt profits for prior periods)

Q3 2013 Results Summary (contd.)

■ Q3 FY2013 ■ Q3 FY2012

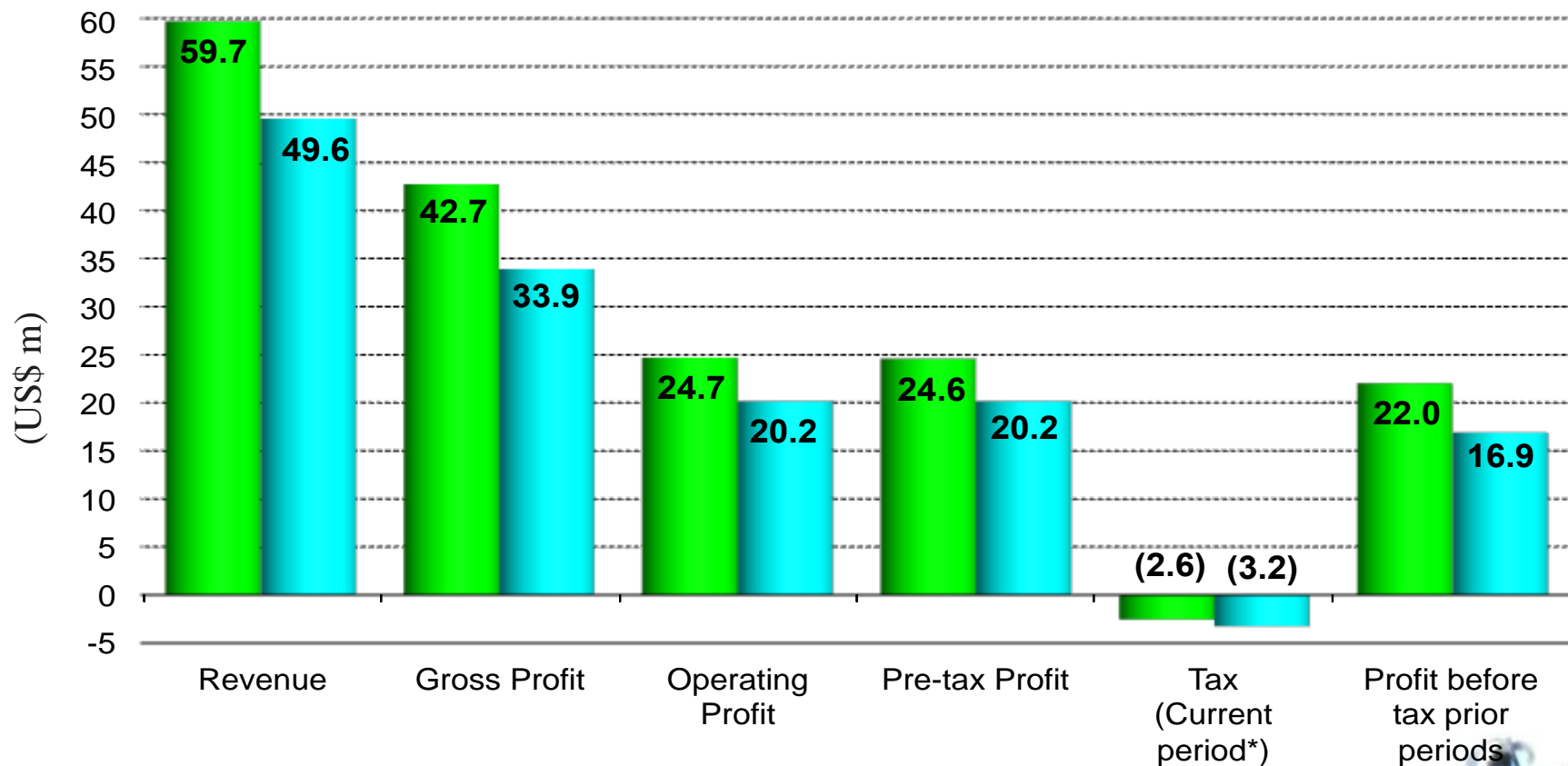


% change	+ 48%	+ 70%	+ 98%	+ 96%	NA	+ 22%
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(*Total tax expenses in Q3 2013 include a one-off US\$2.6m tax charge on exempt profits for prior periods)

9M 2013 Results Summary

■ 9M FY2013 ■ 9M FY2012

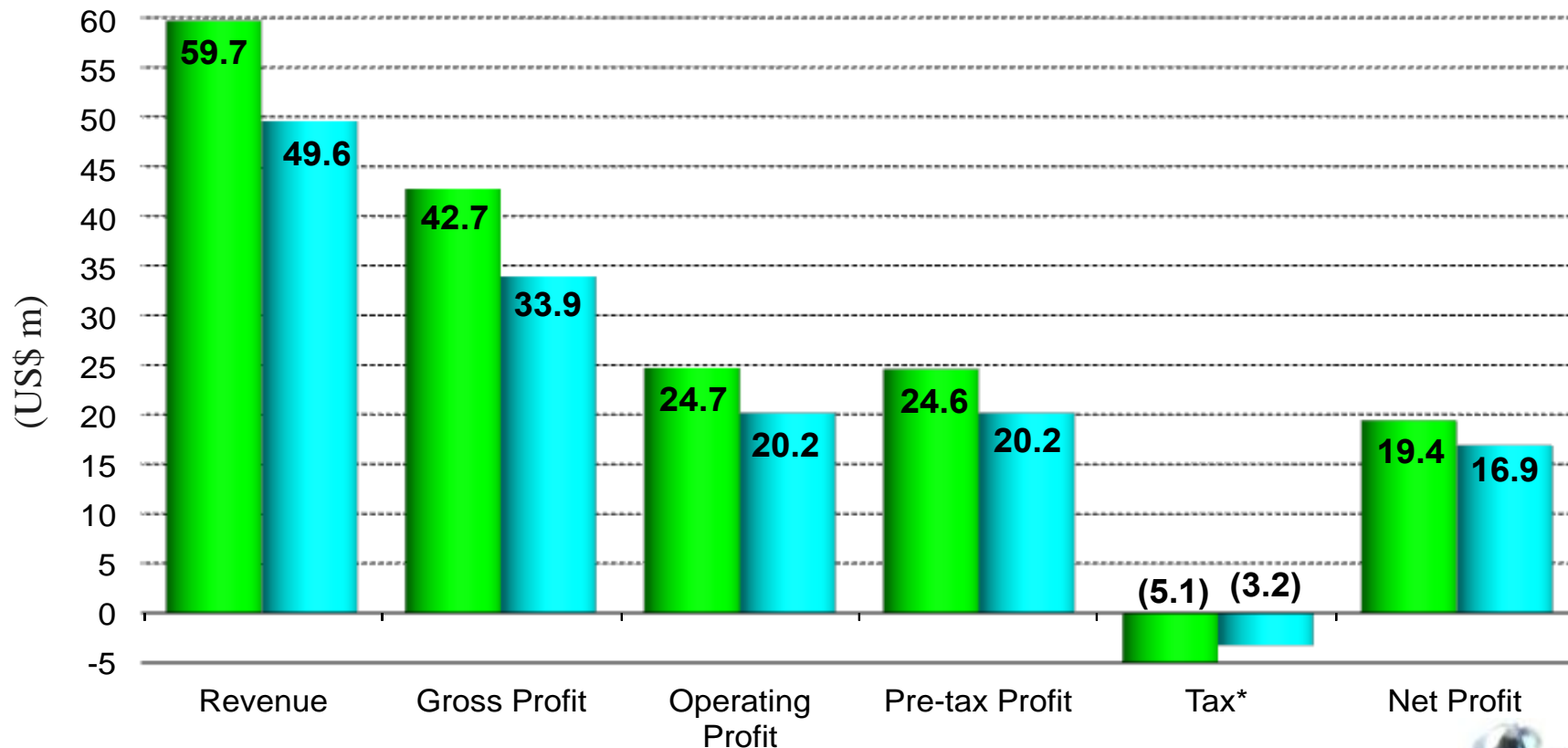


% change	+ 21%	+ 26%	+ 22%	+ 22%	+ 21%	+ 30%
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(*Tax expenses for current period exclude a one-off US\$2.6m tax charge for the release of exempt profits for prior periods)

9M 2013 Results Summary (contd.)

■ 9M FY2013 ■ 9M FY2012

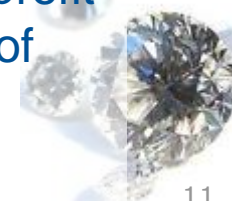


% change	+ 21%	+ 26%	+ 22%	+ 22%	+ 59%	+ 15%
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(*9M 2013 tax expenses include a one-off US\$2.6m tax charge on exempt profits for prior periods)

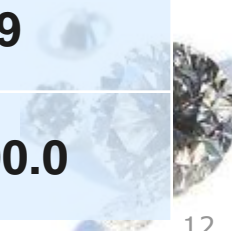
Q3 and 9M 2013 Results Highlights

- ◆ Q3 2013 revenue and profit rose 48% and 124% to US\$17.3m and US\$5.7m respectively (on a comparable basis)
- ◆ Q3 2013 sales were weaker on a sequential quarterly basis due to slower diamond manufacturing activities in India as a result of devaluation of Indian Rupee and Reserve Bank of India directives, limited availability of credit lines and profit margin squeeze as rough diamond prices remained high
- ◆ Despite a one-time US\$2.6m tax charge due to the release of exempt profits for prior periods, Q3 2013 net profit still increased 22% to US\$3.1m compared to Q3 2012 US\$2.5m
- ◆ Sarin achieved record performance in 9M 2013 with revenue of US\$59.7m, profit before one-off tax charge of US\$22.0m and net profit of US\$19.4m; overall recurring revenues accounted for over 30% of 9M 2013 revenue



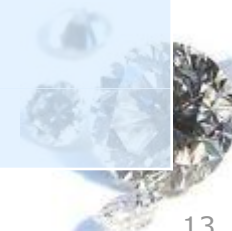
Revenue Breakdown by Geographical Segments

Region	Q3 2013 (US\$' 000)	Q3 2012 (US\$' 000)	% Change	% Share Q3 2013
India	13,122	7,484	+ 75%	76
Africa	1,103	1,644	(33%)	6
Europe	355	473	(25%)	2
N. America	309	182	+ 70%	2
Israel	908	758	+ 20%	5
Other	1,552	1,179	+ 32%	9
Total	17,349	11,720	+ 48%	100.0



Strong Balance Sheet

(US\$ millions)	30 Sep2013	31 Dec 2012
Non-current Assets	19.4	15.3
- Property, plant & equipment	9.6	5.5
- Intangible assets	8.4	9.2
Current Assets	55.7	52.5
- Inventories	7.4	6.8
- Trade receivables	18.5	7.4
- Cash & bank deposits	26.6	36.8
Current Liabilities	12.5	11.1
- Trade payables	2.7	2.0
Non-current Liabilities	0.3	0.6
- Long term liabilities	0.1	0.4
Shareholders' Equity	62.2	56.1



Dividend

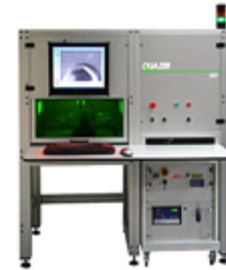
US cent/share	FY2013	FY2012	FY2011	FY2011 (adj*)
Interim	1.50	1.25	1.25	1.00
Special interim	2.50	2.00	1.00	0.80
Final	na	1.25	1.00	0.80
Total	na	4.50	3.25	2.60

* Adjusted for 1-for-4 bonus issue effected in May 2012

- Total dividend payout for FY2012 was approx. 75% of total profits for the year. Interim dividend of US 4.00 cents declared for 1H 2013
- Dividend policy: US 1.50 cents per share every six months subject to Board approval, AGM approval and other conditions. Special interim dividend of US 2.50 cents paid in September 2013



New Products Update



Galaxy™ Family Rollout

- ◆ Demand for Galaxy™ family of products remains strong in all major industry centres
- ◆ From just over 95 at year end 2012, the Group has increased total installed base to 127 systems as of 30 September 2013
- ◆ The Group will capitalise on the ongoing lack of meaningful competition for inclusion mapping systems in the market to deepen Galaxy™ penetration
- ◆ Commercialisation of Galaxy™ Ultra will commence after Divali holiday in India and sales to customers can be expected in 2014



16

Optimal Planning with Galaxy™ Inclusion Mapping

Advise IV SPS Professional Edition Lens 0 Kivun-Diam_AM00-54A-check1a 30.820 ct. (30.819 ct.)

Stone Planes Planning Polish Reports Tools Help

Map Plan

30.819ct. (30.819ct.)

Cut Part Weight: 0.000ct.

Angle: 82.4° Re-Align: 0.00%

5.671

5.452

2.765

1.65

3.984

(L:15.68mm W:12.94mm H:17.13mm)

Part Planning Most Accurate

Part	Weight	Quality
A	AGL	Very Good
	180 deg	Manual
B	GIA	Excellent
	180 deg	Manual

Planes Results Inclusions Calculator

Sort by: Best Value

Weight	Weight
3.475ct	8.966ct
Saw5-2	SARIN EX1
D	IF Basic
2.305ct	5.671ct
Saw5-2	SARIN EX1
D	IF Basic
0.929ct	5.452ct
Pie5-1	SARIN EX1
D	IF Basic
0.688ct	3.964ct
Pie5-3	SARIN EX1
D	IF Basic
0.564ct	2.165ct
Pie5-5	SARIN EX1
D	IF Basic

Note unique Strategist™ & Quazer™ II pie-cut sawing



DiaMension™ HD / Instructor™ / DiaMark™ HD

◆ DiaMension™ HD

- ☞ High-end product for proportion measurement and symmetry grading of polished diamonds qualified by GIA and AGSL
- ☞ Symmetry grading new business opportunity as previously only done manually

◆ The Instructor™ software product

- ☞ For the ongoing quality control of the actual polishing process as the polished diamond is faceted
- ☞ Unique capability of providing instructions on necessary corrective actions and/or possible asymmetric enhancements
- ☞ Relatively untapped market potential as it targets a need which, until its launch, had not been automated

- ◆ Further refinement of these products are expected to continue to drive the growth of Group's polished diamond grading product line



18

Sarine Light™

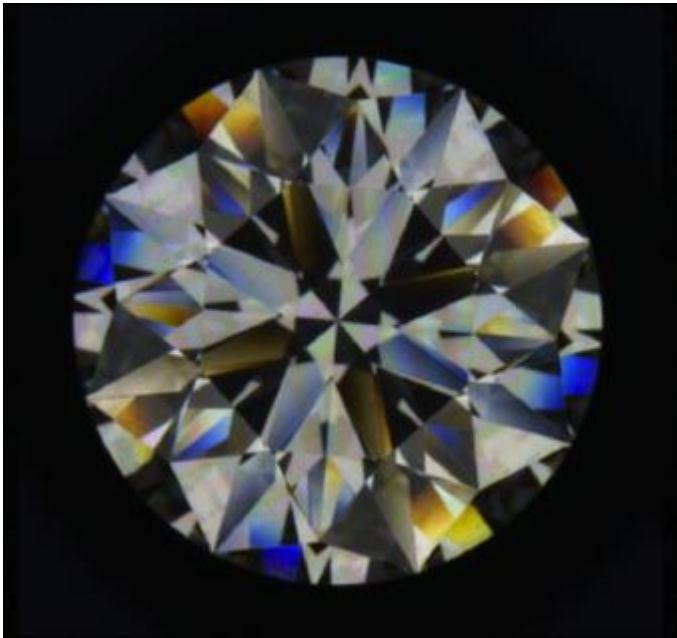
- ◆ With increasing demand for prettier diamonds, Light Performance parameters (brilliance, fire, scintillation/sparkle and symmetry) are becoming accepted as understandable consumer-oriented criteria
- ◆ In December 2010, Sarin acquired the Light Performance Technology (LPT), a system that enables the automatic, independent and accurate measurement of a polished diamond's appearance
- ◆ In April 2013, CIMA, a leading bridal diamond jewellery chain in Japan, launched Sarine Light™ Light Performance grading reports for polished diamonds in all its stores
- ◆ In July 2013, Exelco Belgium, an esteemed European diamond manufacturer also adopted the Sarine Light™ Light Performance grading system for its triple excellent stones
- ◆ Additional systems have been delivered to new Japanese customers; The Group will launch Sarine Light™ in the US and additional Far East markets (initially Hong Kong, Taiwan and Korea) in early 2014



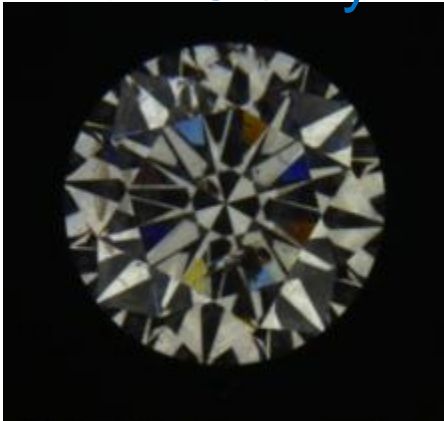
19

Sarine Light™ Imagery

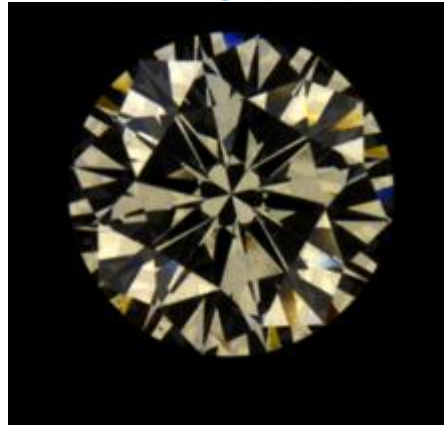
Perfect stone -
high Clarity,
Colour and
Cut grades



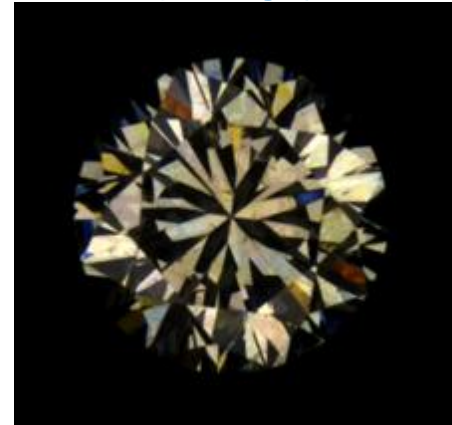
Low Clarity



Low Colour



Low Cut



Sarine Loupe™

- ◆ An imaging system that captures a polished diamond, including its internal features, in simulated three dimensions
- ◆ Enables buyers to view it, as if with a traditional loupe, from a multitude of angles and at varying magnifications, without having the polished diamond physically in hand
- ◆ Expected to significantly simplify the buying process of polished diamonds by reducing costs and time involved for both buyers and sellers
- ◆ The Group will introduce Sarine Loupe™ to a limited number of Indian manufacturers and Israeli wholesale traders after the Indian Divali holiday; If introduction successful, commercial launch can be expected in 2014



21

Sarine Loupe™ Imagery of Included Stone



Prospects



Prospects

- ◆ Given the immediate tangible benefits of Sarin's unique technology and the ongoing lack of meaningful competition, the Group is confident of deepening the market penetration of the Galaxy™ family systems
- ◆ Galaxy™ and Solaris™ inclusion mapping enhances demand for Sarin's other products and contributes to the consolidation of the Group's leading market share for manufacturing products
- ◆ New products such as Sarine Light™, Sarine Loupe™ and similar services (e.g., DAS) address the wholesale and retail trade of polished diamonds – a significant new market segment that is expected to add to the Group's recurring revenue base
- ◆ Sales and marketing efforts will accelerate in the US and Asian market:
 - New York office and a Galaxy™ service centre will open in Q1 2014
 - A marketing and sales hub will be established in either Hong Kong or Singapore in 2014, to expedite the commercialisation of Sarin's products and services for polished diamonds in the Far East



Growth Drivers for Recurring Revenue

Important Catalysts to Future Growth

- ◆ Deliveries of additional Galaxy™ family systems for rough diamond inclusion scanning and mapping to customers
- ◆ Increased adoption of Sarine Light™ and commercial launch of Sarine Loupe™

Benefits to Sarin

- ◆ Expand Sarin's potential markets to the retail segment of the diamond industry
- ◆ Broaden the Group's revenue base into polished diamond trade
- ◆ Increase the recurrent portion of the revenue stream for the Group



Business Overview



Business Overview

Established in Israel in 1988, Sarin is a **global leader** with **proprietary technology** specifically designed for and applied to the diamond industry

Market Focus

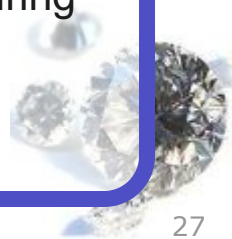
Major centres of diamond manufacturing and wholesale and retail trading worldwide: India, China and southern African countries (S. Africa, Botswana, Namibia), Belgium, Israel, Russia, USA and Hong Kong

Business Focus

Development, manufacture and sales of precision technology products and services that revolutionise diamond manufacturing, and the wholesale and retail trade

Adoption of Technology

The need for technology is driven by pressures on manufacturing margins, increasing consumer sophistication and demand for better and prettier diamonds and retail chain positioning and branding efforts



Diamond Industry Value Chain



Miners	De Beers concentrates ~ 45% of rough diamonds worldwide; Botswana; Russia; Zimbabwe; Australia; Canada; others
Manufacturers	India accounts for > 80% of all stones; Southern Africa (S. Africa, Botswana and Namibia) emerging as important centre
Gemmological Laboratories	Strategic customers setting industry standards
Wholesalers	Belgium, Israel, USA, Hong Kong
Retailers	<ul style="list-style-type: none">• USA > 40% of global retail diamond market• Hong Kong is second largest market (~25%)• Chains gaining in importance over shops



Diamond Industry Value Chain

Our products increase profits at all stages of the diamond trade from purchase of rough stones to sale of polished diamonds

Value of Market in US\$ in 2012



Sarin's Value Proposition

Challenges

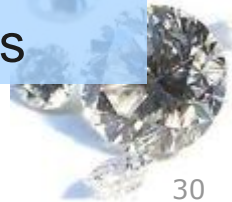
- Need to increase industry players' profits
- Address issues of quality and beauty

Sarin's Solutions

- Maximise profit from rough diamonds
- Grade quality and beauty polished diamonds according to 4Cs and light performance
- Solutions to affirm and enhance branding

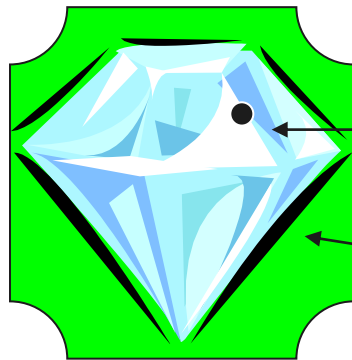
Sarin's Expertise

Proprietary precision mechanics, optics, electronics, laser and colour technology with sophisticated software in computerised systems

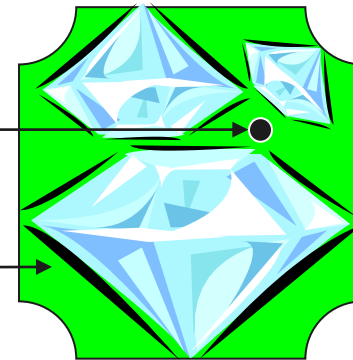


Inclusion Mapping

Diamond with Inclusion



Diamonds without Inclusion



Inclusion

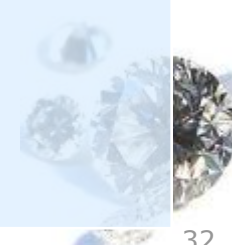
Planned diamonds

- ◆ Diamonds without inclusions can be worth up to 10x more
- ◆ No cost effective automated inclusion mapping system existed in the market until the introduction of Galaxy™ 1000
- ◆ Galaxy™/Solaris™ offer automated, comprehensive and accurate mapping of inclusions within rough and polished diamonds in a far shorter time compared to currently available techniques



Inclusion Technologies Before Galaxy™ 1000

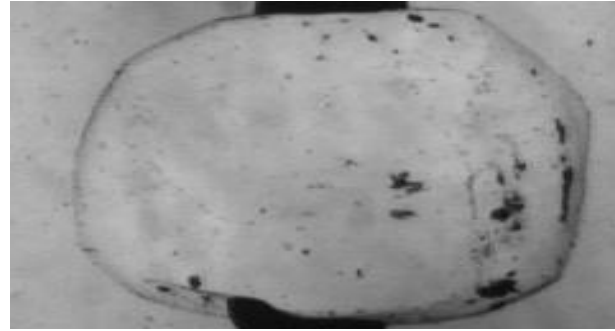
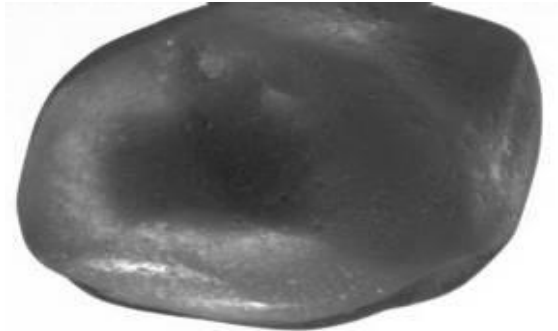
Technology	Suppliers	Disadvantages
Manual Inclusion Charting	Sarin and others	<ul style="list-style-type: none">● Needs windows opened in stone● Done by expert personnel● Limited success on complicated inclusions● Limited to larger inclusion sizes● Very long (hours/days per stone) process
X-Ray	Others	<ul style="list-style-type: none">● Expert personnel required - not all inclusions easily detected, often many “false positives”● Relatively long process (hour +)● High cost



Galaxy™ / Solaris™

Automated Inclusion Mapping Technology

How opaque becomes transparent

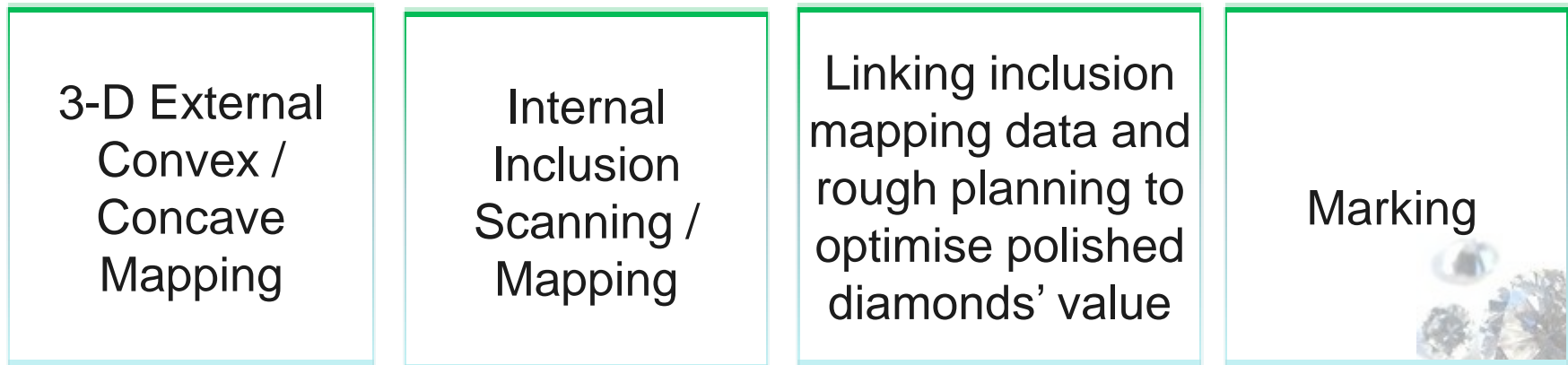
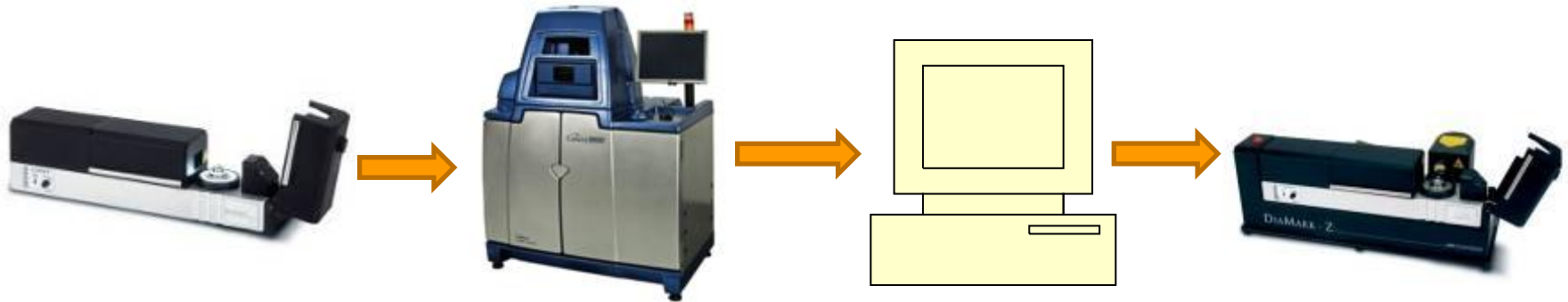
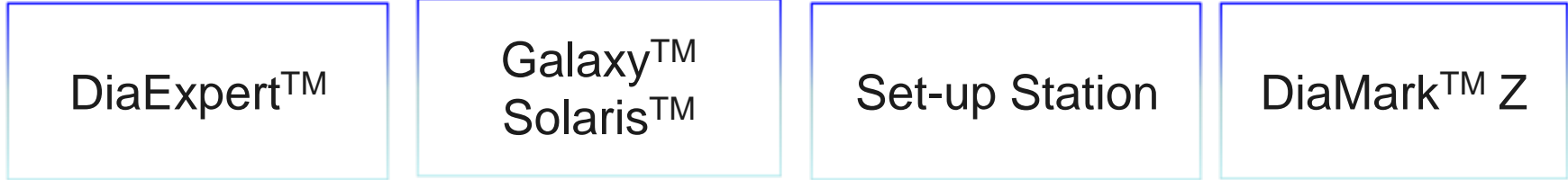


- ◆ No need to preprocess the rough diamond (no “windows”)
- ◆ Supports most types of stones (even thin mineral-coating)
- ◆ Automatic; little user-expertise required
- ◆ Identifies all types and most sizes of inclusions
- ◆ Relatively fast operation (minutes)
- ◆ Cost-effective



33

Galaxy™ / Solaris™ in Planning



Products



Rough to Polished Diamond Flow



Sarin Products and Services



Galaxy / Solaris



DiaExpert Eye/
DiaExpert Nano



DiaMark-Z



Advisor



Strategist
&
Quazer II Green
Laser System



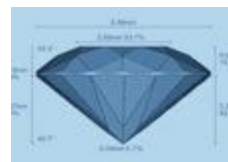
DiaMension
HD



Instructor



DiaScan S+



DiaVision



DiaScribe Sarine Light



Sarine Loupe

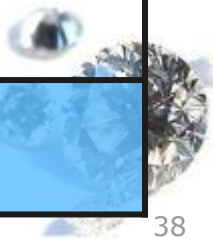


Products Introduced Over the Years

2008 & prior	2009	2010	2011	2012 & beyond
<ul style="list-style-type: none"> ➤ DiaMension™ ➤ DiaExpert™ & Eye / Nano ➤ DiaMark™ & Z ➤ DiaScan™ S+ ➤ DiaScribe™ ➤ Quazer™ ➤ Colibri™ 	<ul style="list-style-type: none"> ➤ Galaxy™ 1000 / 2000 ➤ DiaMension™ HD ➤ DiaMobile™ XL ➤ Instructor™ 	<ul style="list-style-type: none"> ➤ Solaris™ 100 ➤ DiaExpert™ Nano 6.5 ➤ Quazer™ II ➤ Strategist™ 	<ul style="list-style-type: none"> ➤ Galaxy™ HD ➤ DiaMark™ HD 	<ul style="list-style-type: none"> ➤ Galaxy™ XL ➤ DAS ➤ Sarine Light™ ➤ Galaxy™ Ultra ➤ Advisor™ 5.0 ➤ DiaExpert™ Atom

Competitors

Diamond Planning & Grading Products	Laser Sawing & Cutting Products
<p>OctoNus (Russia) High-end rough and polish equipment; teamed with Lexus in India</p> <p>Lexus (India) Low-end (primarily for quality control) & price-driven products</p> <p>Sahajanand Technologies (India) Former Sarin distributor in India – marketing own equipment</p> <p>Sahajanand Laser Technology (India) Low-end equipment</p> <p>OGI Systems (Israel) Price player with international presence</p>	<p>Bettonville (Belgium) Veteran high-end laser manufacturer</p> <p>Laxmi (India) Low-cost/low-end green laser without cutting/shaping capabilities</p> <p>S.O.S. (India) Mainstream infra-red (IR) laser supplier</p> <p>Sahajanand Technologies (India) Low-end/low-cost IR laser; wide presence</p> <p>Sahajanand Laser Technology (India) Low-end/low-cost IR laser; wide presence</p> <p>OGI Systems (Israel) Some market presence with a laser</p>
<p>Combined market share of competitors for diamond planning & grading products is still smaller than Sarin's (~75%)</p>	



Thank You

Q & A

