



PRESS RELEASE

FOR IMMEDIATE RELEASE

Q1 2015 Profitability Guidance and Diamond Industry Conditions Update

Kfar Saba, Israel, 12 April 2015 – Singapore Exchange Mainboard-listed Sarine Technologies Ltd ("Sarine") (U77:SI), a worldwide leader in the development, manufacture and sale of precision technology products for the planning, processing, evaluation and measurement of diamonds and gems, wishes to update its investing public as to current industry conditions and their impact on the Group's revenues and profitability.

As disclosed in our discussion for the full year financials for FY2014, published on 22 February 2015, issues of rough vs. polished prices, inventory overhang and working capital liquidity had resulted in an overall negative sentiment in the midstream of the diamond industry during the first quarter of 2015, and manufacturers had reduced output by some 20 – 30% accordingly (this reduction in manufacturing has, essentially, resolved the other issue of long lead times for certification, which are now completely back to normal).

As was anticipated and disclosed in the above referenced full year announcement, our business activity was significantly affected during the first quarter of 2015. Revenues for the quarter were impaired by around 50% as compared to the same quarter 2014. It is noteworthy that our recurring revenues were not similarly impaired year over year. Though the actual carats processed increased by some 6%, in comparison to Q1 2014, as a trend toward smaller diamonds production was evidenced, we did see an approximate 20% drop in recurring revenues. With anticipated expanded operating expenditures in 2015 primarily for Research and Development and Sales and Marketing, in accordance with our on-going strategic product development and launch plans, the confluence of these factors and conditions has negatively impacted our Group's profitability for the quarter, and we expect to more or less break even (EBITDA and cash flow should be positive).

We believe that the issue of rough vs. polished prices has currently become the prime impediment to the industry, creating reluctance by both mid- and downstream buyers to replenish stocks now as they expect further price adjustments, coupled with the ongoing difficulties in securing extended working capital credit lines for second and third tier players. As was noted in the above-referenced announcement, rough diamond prices had increased



overall for most of 2014 out of sync with polished diamond prices market trends. As we noted, this drove DeBeers sightolders to leave some 10% of the goods on the table at the last sight of 2014 and, though DeBeers reduced prices marginally in the January 2015 sight, an even more significant 25%+ of that sight were deferred. The February sight resulted in a deferment of only 10% of the offered goods, as hopes hinged on positive buying trends at the Hong Kong International Diamond, Gem & Pearl Show, the Hong Kong International Jewellery Show and the Baselworld World Watch & Jewellery Fair, all in March. As these shows were disappointing the end-of-month March sight saw an almost unprecedented refusal in excess of 30%, showing distinct sightholder realisation that at current rough (and polished) diamond price levels there is an inherent inability to create sustainable profitability. Purchases were limited to minimal quantities necessary.

It should be noted that these developments come on the backdrop of stable global economic indicators, with generally increasing (though not skyrocketing) consumer demand in the U.S. and robust sales increases in mainland China as well, during the Chinese New Year period (though offset somewhat by decreased sales in Hong Kong). These positive sales have served to reduce some, though not all, of the polished diamond inventory overhang.

With the underlying industry conditions and resulting sentiment, we anticipate the current effects may linger for a few more months. Short-term issues notwithstanding, we continue to be steadfast in our belief that the new products and services we are introducing this year and next, based on the Sarine Loupe™ and Sarine Light™, which are being adopted by more and more leading industry players (as reported in recent PR), as well as our other cutting edge technologies, will provide significant impetus to extended long-term growth for the Group.

About Sarine Technologies:

Established in 1988, Sarine Technologies Ltd. is a worldwide leader in the development and manufacturing of advanced planning, evaluation and measurement systems for diamond and gemstone production. Sarine products include diamond Cut, Color and light performance grading tools, the Galaxy™ family of inclusion mapping systems, rough diamond planning optimisation systems, laser cutting and shaping systems, laser-marking and inscription machines and polished diamond visualisation systems. Sarine systems have become an essential gemology tool in every properly equipped gem lab, diamond appraisal business and manufacturing plant, and are today considered essential items by both diamond dealers and retailers. For more information about Sarine and its products and services, visit <http://www.sarine.com>.



Contact

Cyrus Capital Consulting

Mr. Lee Teong Sang

Principal Consultant

Tel: +65-9633 9035

Fax: +65-62546811

E-mail: teongsang@cyrus.com.sg

Sarine Technologies Ltd

Ms. Tamar Brosh

Marketing & Communications

Tel: +972-9-7903500 Ext. 148

Fax: +972-9-7903501

E-mail: marketing@sarine.com