Sarin Technologies Ltd.
and its Subsidiaries

(Incorporated in Israel)

1(a) An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Profit and Loss Accounts (US$'000):

	GROUP Nine months ended September 30,			GROUP Quarter ended September 30,		
	2007	2006	Change %	2007	2006	Change %
Revenue	27,987	22,747	23.0	9,434	7,872	19.8
Cost of sales	9,419	7,837	20.2	3,328	2,771	20.1
Gross profit	18,568	14,910	24.5	6,106	5,101	19.7
Research and development costs	3,096	2,912	6.3	1,095	1,092	0.3
Selling and marketing expenses	4,860	4,026	20.7	1,744	1,202	45.1
General and administrative expenses	2,472	2,310	7.0	753	750	0.4
Profit from operations	8,140	5,662	43.8	2,514	2,057	22.2
Net finance income	731	575	27.1	247	188	31.4
Profit from ordinary activities before income tax	8,871	6,237	42.2	2,761	2,245	23.0
Income tax expense	2,363	1,142	106.9	721	428	68.5
Profit for the period	6,508	5,095	27.7	2,040	1,817	12.3

Note to income statement:
Profit before income tax is stated after (crediting)/charging the following:

	GROUP Nine months ended September 30,			GROUP Quarter ended September 30,		
	2007 US$'000	2006 US$'000	Change %	2007 US$'000	2006 US$'000	Change %
Allowance for doubtful trade receivables	32	(64)	NM	20	3	566.7
Depreciation and amortization expense	1,170	547	113.9	461	169	172.8
Interest (income)/expense, net	(829)	(615)	34.8	(252)	210	NM
Foreign currency translation loss	98	40	145.0	6	22	(72.7)
Warranty provision	78	381	(79.5)	26	123	(78.9)

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 (US$'000) as at

	Group		Company	
	30.09.07	31.12.06	30.09.07	31.12.06
	US$'000	US$'000	US$'000	US$'000
Non-current assets				
Investment in subsidiaries	-	-	1,908	1,573
Property, plant and equipment	1,578	1,570	1,323	1,291
Intangible assets	1,421	534	1,405	510
Other receivables	-	113	-	113
Deferred tax assets	1,231	1,194	1,202	1,174
Fund for employee severance benefits	9	8	-	-
	4,239	3,419	5,838	4,661
Current Assets				
Inventories	3,977	3,309	3,408	2,813
Trade receivables	1,621	1,138	1,351	993
Other receivables	935	1,589	848	1,518
Short-term investments	12,175	11,268	12,175	11,268
Cash and cash equivalents	14,444	12,118	13,865	11,621
	33,152	29,422	31,647	28,213
Current liabilities				
Trade payables	2,066	2,330	1,931	2,224
Other payables	3,794	3,148	3,312	2,923
Current tax payable	951	83	853	-
Warranty provision	247	299	231	284
	7,058	5,860	6,327	5,431
Net current assets	26,094	23,562	25,320	22,782
Non-current liabilities				
Liability for employee severance benefits	215	74	196	74
Net assets	30,118	26,907	30,962	27,369
Capital and reserves				
Share capital*	-	-	-	-
Reserves	30,118	26,907	30,962	27,369
Equity attributable to shareholders	30,118	26,907	30,962	27,369

*Less than one thousand US $

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

Zero borrowings from banks.

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

Consolidated cash flow statement (US$'000) for the:

	GROUP Nine months ended September 30,		GROUP Quarter ended September 30,	
	2007	2006	2007	2006
	US$'000		US$'000	
Profit for the period	6,508	5,095	2,040	1,817
Adjustments for:				
Share-based payment expenses	286	174	111	57
Income tax expense	2,363	1,142	721	428
Amortization and depreciation	1,170	547	461	169
Interest expense	92	54	49	17
Interest income	(921)	(629)	(302)	(205)
Operating profit before working capital changes	9,498	6,383	3,080	2,283
Changes in working capital:				
Inventories	(668)	(59)	394	212
Trade receivables	(483)	202	(142)	364
Other receivables	767	(214)	(123)	212
Trade payables	(264)	645	(24)	(74)
Other payables	646	79	158	150
Warranty Provision	(52)	200	(11)	(58)
Employee severance benefits, net	140	11	13	(2)
Cash generated from operations	9,584	7,247	3,345	3,087
Income taxes paid	(1,532)	(2,669)	(493)	(279)
Cash flows generated from operating activities	8,052	4,578	2,852	2,808
Investing activities:				
Purchase of property, plant and equipment	(941)	(805)	(159)	(64)
Acquisition of intangible asset	(1,124)	-	-	-
Interest received	921	629	302	205
Short terms investments, net	(907)	(*) (5,059)	1,726	(*)(3,049)
Cash flows generated from (used in) investing activities	(2,051)	(5,235)	1,869	(2,908)
Financing activities:				
Proceeds from exercise of share options ,net	71	50	-	-
Interest paid	(92)	(54)	(49)	(17)
Dividends paid	(3,654)	(5,954)	(1,646)	(1,262)
Cash flows used in financing activities	(3,675)	(5,958)	(1,695)	(1,279)
Net increase/(decrease) in cash and cash equivalents	2,326	(6,615)	3,026	(1,379)
Cash and cash equivalents at beginning of the period	12,118	20,601	11,418	15,365
Cash and cash equivalents at end of the period	14,444	13,986	14,444	13,986

(*) Reclassified

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.

Group

	Share Capital*	Share Premium	Capital Reserve	Retained Earnings	Total
	US$' 000	US$' 000	US$' 000	US$' 000	US$' 000
Statement of Changes in Equity - Group					
Balance at January 1, 2006	-	10,525	223	10,945	21,693
Share-based payment expenses	-	-	174	-	174
Exercise of options	-	50	-	-	50
Dividend paid	-	-	-	(3,444)	(3,444)
Profit for the period ended September 30, 2006	-	-	-	5,095	5,095
Balance at September 30, 2006	-	10,575	397	12,596	23,568
Balance at January 1, 2007	-	10,575	453	15,879	26,907
Share-based payment expenses	-	-	286	-	286
Exercise of options	-	71	-	-	71
Dividend paid	-	-	-	(3,654)	(3,654)
Profit for the period ended September 30, 2007	-	-	-	6,508	6,508
Balance at September 30, 2007	-	10,646	739	18,733	30,118

* Less than one thousand dollars

After balance sheet date of September 30, 2007, an interim dividend for 2007 of US cent 1 per share was declared by the Board of Directors on November 11, 2007 totaling US$ 2.536 million.

Company -

	Share Capital* US$' 000	Share Premium US$' 000	Capital Reserve US$' 000	Retained Earnings US$' 000	Total US$' 000
Statement of Changes in Equity - Company					
Balance at January 1, 2006	-	10,525	223	10,753	21,501
Share-based payment expenses	-	-	174	-	174
Exercise of options	-	50	-	-	50
Dividend paid	-	-	-	(3,444)	(3,444)
Profit for the period ended September 30, 2006	-	-	-	5,642	5,642
Balance at September 30, 2006	-	10,575	397	12,951	23,923
Balance at January 1,2007	-	10,575	453	16,341	27,369
Share-based payment expenses	-	-	286	-	286
Exercise of options	-	71	-	-	71
Dividend paid	-	-	-	(3,654)	(3,654)
Profit for the period ended September 30, 2007	-	-	-	6,890	6,890
Balance at September 30,2007	-	10,646	739	19,577	30,962

* Less than one thousand dollars

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 of September 30	
	2007	2006
	No. of shares	No. of shares
Authorized:		
Ordinary Shares with no par value	2,000,000,000	2,000,000,000
Issued and fully paid:		
Ordinary Shares with no par value	253,555,500	252,425,500

Details of changes in share options

	Average Exercise Price in US cents per share	Options
At January 1, 2007	13.5	8,993,000
Granted	38.5	1,260,000
Cancelled	26.2	90,000
Exercised	6.3	1,130,000
At September 30, 2007	18	9,033,000

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 31 December, 2006 have been applied in the preparation for the financial statements for the three and nine month period ending September 30, 2007.

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 nine months ended September 30		For the three months ended September 30	
	2007	**2006**	**2007**	**2006**
Basic profit per share (US cents)	2.57	2.02	0.80	0.72
Diluted profit per share (US cents)	2.53	1.97	0.79	0.71

Basic earnings per share for the nine months ended September 30, 2007 are calculated based on the weighted average number of 253,220,683 ordinary shares issued during the current period and 252,086,700 during the preceding period.

Diluted earnings per share for the nine months ended September 30, 2006 are calculated based on weighted average number of 257,475,701 ordinary shares issued and 258,364,729 during the preceding period.

Basic earnings per share for the three months ended September 30, 2007 are calculated based on the weighted average number of 253,555,500 ordinary shares issued during the current period and 252,425,500 during the preceding period.

Diluted earnings per share for the three months ended September 30, 2006 are calculated based on weighted average number of 257,772,584 ordinary shares issued and 257,630,970 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	
	September 30, 2007	**December 31, 2006**	**September 30, 2007**	**December 31, 2006**
Net asset value per ordinary share (US cents)	11.88	10.66	12.21	10.84

Net asset value per share is calculated based on the number of 253,555,500 ordinary shares in issue at September 30, 2007 and 252,425,500 at December 31, 2006.

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

Nine months and the quarter ended September 30, 2007 vs. nine months and the quarter ended September 30, 2006

Revenue

Sarin Technologies is a worldwide leader in the development and manufacturing of advanced planning, evaluation and measurement equipment for diamond grading and production.

Quarterly revenue by geographic segment (US$ '000)

Region	Q3 2007	Q3 2006	$ change	% change
India	6,150	5,995	155	2.6
Europe	458	433	25	5.8
North America	350	210	140	66.7
Other	2,476	1,234	1,242	100.6
Total	9,434	7,872	1,562	19.8

For the three months ended September 30, 2007 the Group experienced increased customer demand for existing and new products in all markets, resulting in Group revenue growing 19.8% from US$ 7.9 million in Q3 2006 to US$ 9.4 million in Q3 2007.

By region, India registered a 2.6% increase in revenue to US$ 6.2 million in Q3 2007. The revenue from the rest of the world (Europe, North America and Other) rose by 75% to US$ 3.3 million in Q3 2007 from US$ 1.9 million in Q3 2006.

The company recorded continued expansion of its revenues from the sale of Quazer systems in Q3 2007 as compared to those realized in Q3 2006 (predominantly from the Other region; mainly in the southern African countries).

Nine months revenue by geographic segment (US$ '000)

Region	Nine months ended September 2007	Nine months ended September 2006	$ change	% change
India	19,650	16,263	3,387	20.8
Europe	1,331	1,300	31	2.4
North America	1,249	1,146	103	9.0
Other	5,757	4,038	1,719	42.6
Total	27,987	22,747	5,240	23.0

The recovery of our key market in India and the continued development of new emerging markets in the rest of the world segment drove revenue growth by 23.0% from US$ 22.7 million in the nine months ended September 30, 2006 to US$ 28.0 million in the nine months ended September 30, 2007.

By region, in the nine months ended September 30, 2007 revenues from India grew 20.8% to reach US$ 19.7 million, from US$ 16.3 million in the nine months ended September 30, 2006.

At the same time Sarin continued to increase revenues from the rest of the world. The Group recorded revenue growth of 28.7% from US$ 6.5 million in the nine months ended September 30, 2006 to US$ 8.3 million in the nine months ended September 30, 2007. Revenue from the other region attained growth of 42.6% to US$ 5.8 million in comparison to US$ 4.0 million in the nine months ended September 30, 2006. Significant growth was realized in China and South Africa, with combined revenue of approximately US$ 2.5 million in the nine months ended September 30, 2007, up from approximately US$ 1.5 million in the previous corresponding period. For the first nine months of 2007, North America registered revenue increase of US$ 0.1 million or 9.0% to US$ 1.25 million. Sales to Europe were maintained at US$ 1.3 million.

Cost of sales and gross profit

Our gross profit margin in Q3 2007 was 64.7%, as compared to 64.8% in Q3 2006.

For the nine months ended September 30, 2007, cost of sales increased at a slower rate of 20.2% to US$ 9.4 million. Our gross profit margin in the nine months ended September 30, 2007 was 66.3% compared to 65.6% in the nine months ended September 2006. The increase in the gross profit margin for the first nine months of 2007 was due to the mix of products delivered and to economies of scale.

Research and development costs

The increase in research and development costs in the nine months ended September 30, 2007 in comparison to the nine months ended September 2006 was 6.3%, up from US$ 2.9 million to US$ 3.1 million. Our research and development in Q3 2007 remained flat at the level of US$ 1.1 million in comparison to Q3 2006.

During the nine months ended September 30, 2007 and Q3 2007 manpower expenses were higher, but we spent less on new applications for patents as well as on sub-contractor and materials costs (previously related to the Quazer product).

Selling and marketing expenses

As a result of increased business activity, selling and marketing expenses in the nine months ended September 2007 in comparison to the nine months ended September 2006 increased 20.7%, up from US$ 4.0 million to US$4.9 million. The increase in the selling and marketing costs was 45.1%, up from US$ 1.2 million to US$ 1.74 million. Higher sales in India increased the compensation paid to our sales team there. In addition we faced higher operating expenses for our activities mainly in India and in China as a result of our increased sales in those key markets.

General and administrative expenses

Our General and administrative expenses in Q3 2007 were maintained at the same level of US$ 0.75 million as in Q3 2006. General and administrative expenses increased by 7.0%, or US$ 0.16 million, during the nine months ended September 30, 2007 to US$ 2.5 million. Higher investments in the disposable discs activity, G & A salaries and adjustment of the provision for doubtful amounts were the main reasons for the increase (when compared on a nine-month basis), partially offset by lower payments to our directors.

Net finance income

Finance income increased in the nine months ended September 30, 2007 to US$ 0.7 million from US$ 0.6 million in the nine months ended September 30, 2006. The increase in financial income resulted from the higher cash levels maintained by the Company, along with higher interest rates on the Company's US$ denominated financial investments. This income stems from the Company having invested portions of its cash reserves in high grade interest bearing commercial papers (included in the short–term investments in the balance sheet).

Profit from ordinary activities before income tax

As a result of our higher business activity and effective cost management, the company achieved an increase of 42.2% or US$ 2.6 million in our profit before tax in the nine months ended September 30, 2007 in comparison to the nine months ended September 30, 2006, from US$ 6.2 million up to US$ 8.9 million. In Q3 2007, the company recorded profit before tax of US$ 2.8 million compared to US$ 2.2 million in Q3 2006, representing an increase of 22.9% or US$ 0.5 million.

As a result, our profit before tax margin increased from 27.4% of revenue in the nine months ended September 2006 up to 31.7% in the nine months ended September 2007. The profit before tax margin in Q3 2007 improved from 28.5% of revenue in Q3 2006 to 29.2%.

Income tax expense

During the previous two calendar years, the Company benefited from tax incentives from the last Approved Enterprise program granted by the Government of Israel in November 2005. In the nine months ended September 30, 2007 those incentives continued but were much less pronounced. The Company is claiming new tax incentives, as from January 2007, which will result in a tax holiday for two years and a further five years of reduced tax rates in respect of the proportionate increase in revenue over the base years of 2005 and 2006. The effects of these latest benefits are expected to be lower than the benefits from the 2005 program.

In addition, in the nine months ended September 30, 2007 the Group recorded taxes on a dividend paid by Sarin India to the parent company in Israel and also provided for other possible tax exposures, as disclosed in previous quarters.

As a result of improved business performance and the above-mentioned issues, the Group recorded an income tax expense of approximately US$2.4 million in the nine months ended September 30, 2007 compared to US$ 1.1 million in the nine months ended September 30, 2006, and US$ 0.7 million in Q3 2007 compared to US$ 0.4 million in Q3 2006. The effective income tax rate for the nine months ended September 30, 2007 increased to 26.6% in comparison to 18.3% in the nine months ended September 30, 2006.

Profit for the period

With higher business activity and despite the increased income tax expense, the company recorded a net profit growth of 12.2% to US$2.0 million in Q3 2007. For the nine months ended September 30, 2007 the company achieved a net profit of US$ 6.5 million, representing an increase of 27.7% over the previous corresponding period. Net profit margin for the nine months ended September 30, 2007 improved from 22.4% to 23.3%.

Balance Sheet

The stronger business activity, combined with the launch of several enhanced products during the nine months ended September 30, 2007 resulted in higher inventory levels for the period.

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.

Current industry trends:

a) The diamond industry's long term prospects remain bright. Initial long term projections currently being published indicate that the projected demand for diamonds, driven primarily by expected economic growth in the Far East and Middle East will significantly outpace the expected growth in supply. Expectations are that this will drive an overall increase in prices, both of rough and polished diamonds. Management believes this to be a potentially positive market driver for the Group's products.

b) The U.S. diamond jewellery market has continued to grow during 2007 at the historical average 4 – 6% annual rate, albeit slightly slower than previously expected. Several macro-economic concerns may influence short term volatility for polished diamond prices in the U.S.– these include sub-prime loan concerns, slowing housing activity and rising energy costs. Since the late summer, there has been a downward trend in polished diamond prices. This is putting pressure on commercial quality polished diamonds – the bread and butter of the Indian cutting industry. However, stronger growth has been noted in China, India and the Middle East countries, offsetting, to a degree, the softness in growth in the U.S.

c) The Group's sales have continued to increase going into 2H2007. It should, however, be noted, that the last quarter of the year is historically weaker than Q3, as the Indian industry celebrates an extended Divali holiday during the month of November.

d) As noted in previous announcements, as a result of governmental incentivizing policies, there has been a significant expansion of the diamond polishing activity in the southern African countries. This has created opportunities for the sale of the Group's products into these emerging manufacturing centres, as can be noted in the sales figures. Management believes this trend will continue.

Company's plans for next period:

a) A new rough planning product, the DiaExpert Nano, designed specifically to address the needs of manufacturers of smaller stones, (which make up the vast majority of stones processed in India and China) was launched to positive market response in Q3 2007. We expect this new product to attractively augment our planning systems product line and to further boost the sales of these products, as the value proposition to our customers is increased.

b) Sales and deliveries of our green-laser Quazer™ system have continued to increase. Management believes additional improvements in the green laser systems currently in testing, specifically designed for the Indian market, will further enhance our systems' appeal to this key market. Management expects sales and deliveries of the Quazer systems to continue to accelerate in FY2008, as the benefits of these systems continue to be demonstrated to the marketplace.

c) A significantly improved Cut Grading machine (DiaMension Lab Edition) was introduced to the market in Q3 2007. This product, with enhanced accuracy, addresses the increased demand in the market for higher quality and better cut stones. Management believes that this system will cement Sarin's position as the leader in sales of Cut Grading systems to the opinion leading labs worldwide.

d) Initial commercial sales of our innovative disposable polishing disc product have commenced. Orders have been received both from our beta-site customers as well as from additional customers in India and South Africa, to whom the product has been introduced. The initial order for the long-lead primary equipment required for the first production line to be implemented at our full-scale production facility has been issued, and a lease for the selected premises has been signed.

e) Sales of Sarin's new colour products, both the OrchiDia™ for rough stones and the Colibri™ for polished diamonds are now being realised. We expect the demand for these solutions, provided by our subsidiary, Sarin Color Technologies, to generate increased sales going forward into FY2008.

f) The research and development (R&D) of the automatic inclusion mapping system is ongoing. The specifications and design of an initial prototype have been defined. As previously disclosed, the overall schedule is expected to be longer than previously anticipated.

g) The Company plans to continue its efforts to maximize sales from emerging market opportunities in the southern African countries and elsewhere. The company is in the process of registering a subsidiary company in the People's Republic of China. When finally approved by the local authorities, this subsidiary will bolster the Group's abilities to provide the necessary sales and support infrastructures needed to further these goals.

h) The Company continues to assess potential targets for investment and acquisition. Sarin is examining companies with products and/or services, which would complement our product offerings to customers in our industry, allowing us to fully leverage our established brand name and market presence. Joint ventures with entities with innovative proprietary technologies of significant commercial potential are also being pursued. Other investments may be in industry players with potential for expansion in areas in which the Group presently has limited or no presence.

The recent introduction of new products has significantly expanded Sarin's product range. The good acceptance of these products by its customers will enable the Group to reap the benefits of its innovation in FY2008. The Group expects to continue to maintain our momentum in product development, both organically and through acquisitions.

11. Dividend

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

The Board of Directors declared, on August 12, 2007, an interim dividend of US cent 0.65 per share.
The Board of Directors declared, on November 11, 2007, an interim dividend of US cent 1 per share.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(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 %
Dividend paid 12.9.06	1,262	~15%* / 10% ***
Dividend paid 11.9.07	1,646	~12-16%** / 10% ***
Dividend payable 13.12.07	2,536	~12-16%** / 10% ***

* *The tax rate for the final cash dividend was 14.5% for Israeli corporate and 15.3% for Israeli individual shareholders.*

** *The tax rate for the interim cash dividend is around 12% for Israeli corporate and around 16% for Israeli individual shareholders.*

*** *The tax rate for the interim cash dividend is 10% for Singaporean shareholders.*

(d) Date Payable

		Amount US$' 000
2006	12.9.06	1,262
2007 (I)	11.9.07	1,646
2007 (II)	13.12.07	2,536

(e) Books Closure Date

		Amount US$' 000
2006	1.9.06	1,262
2007 (I)	31.8.07	1,646
2007 (II)	29.11.07	2,536

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

See 11 (a) above.

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Company for the nine months and quarter ended 30 September 2007, to be false or misleading.

On behalf of the Directors

Daniel Benjamin Glinert

Hanoh Stark