

Terms & Conditions, and Disclaimer

Article 1 General Provisions

These Terms and Conditions and Disclaimer for gem identification reports and diamond grading reports (the "Terms and Conditions") stipulate the matters concerning Identification and preparation of an Identification Report and a gem Sorting Note, and Grading and preparation of a Grading Report and a grade Sorting Note for natural diamonds performed by Central Gem Laboratory (hereinafter referred to as "CGL"). These Terms and Conditions stipulate the rights and obligations between a client requesting Identification and Grading (a "Client") and CGL and bind both the Client and CGL.

Article 2 Purpose of Identification and Grading

Identification and Grading of gems, gem minerals and diamonds (hereinafter collectively referred to as the "Gem") performed by CGL are for the purpose of promoting the scientific study and fair distribution of the Gem. No Identification Report or Grading Report shall guarantee the value of the Client Item or describe the appraisal value thereof.

Article 3 Definition of Principal Terms

For the purpose of these Terms and Conditions, the following terms shall have the following meanings:

- (1) "Client Item" means the Gem delivered by a Client to CGL for the purpose of Identification and Grading.
- (2) "Grading" means the grading of a natural diamond constituting a Client Item in accordance with a predetermined classification, for and at the request of a Client.
- (3) "Grading Report" means a document that indicates the results of Grading as the opinion of CGL (including a Sorting Note in relation to such Grading).
- (4) "Identification" means inspecting a Client Item, for and at the request of a Client, to ascertain whether the Gem is natural, synthetic or an imitation, or has undergone any treatment in accordance with the rules predetermined by CGL based on its expertise at the time of the inspection, using academic theory, scientific technology, expertise, tools, and other information available at the time of the inspection.
- (5) "Identification Report" means a document that indicates the results of Identification of the Gem as the opinion of CGL (including a Sorting Note in relation to such Identification).
- (6) "Sorting" means inspecting the Gem as a preliminary process for Identification and Grading.
- (7) "Sorting Note" means a document that indicates the results of Sorting as the opinion of CGL.

Article 4 Performance and Termination of Identification and Grading

1. Identification is CGL's opinion as a result of the inspection described in an Identification Report, conducted based on the technology and information as adopted by CGL at the time of the inspection. As a general rule, inspection of a Client Item shall be made on a non-destructive basis. Even where a Client Item is subject to variation over time because of its type or the treatment it receives, CGL shall outline the characteristics for each inspection concerning the Client Item in an Identification Report at the time of the inspection. CGL shall not compensate for any loss or damage arising out of or in connection with any discrepancy between the results of Identification and the (absolute) objective facts at the time of the inspection.
2. The Client acknowledges and agrees that the opinions indicated in a Grading Report may differ from the matters as indicated in another Grading Report issued before or after such Grading Report, due to the technology and tools used for the Grading or subjective elements at the time of the relevant Grading.
3. If CGL deems it impossible to perform Identification or Grading requested by a Client for a particular Client Item, CGL may terminate the request for such Identification or Grading, by giving notice to that effect to the Client. In such case, unless otherwise agreed between CGL and the Client, CGL shall return the fees received from the Client with respect to such request, if any, together with the Client Item. The amount so returned shall not accrue any interest.

Article 5 Issuance of Identification Report and Grading Report

1. The results of Identification and Grading shall be published only in an Identification Report and a Grading Report. Sorting shall be conducted as a preliminary inspection for Identification and Grading, and accordingly, a Sorting Note shall not be or shall not be deemed to be, a substitute for an Identification Report or a Grading Report.
2. An Identification Report and a Grading Report shall be issued in one (1) copy for each one (1) Client Item, as a general rule. CGL shall issue an Identification Report for each Client Item separately.
3. An Identification Report and a Grading Report may be reissued only in the event that CGL deems it absolutely necessary and within two (2) full years from the date of the relevant inspection; provided, however, that Sorting Notes shall not, in principle, be reissued.

Article 6 Legality of Client Item

The Client shall represent, warrant and covenant to CGL that a Client Item that is submitted to CGL by the Client for inspection is legally possessed by the Client.

Article 7 Contents of and Standards of Issuance for Identification Reports and Grading Reports

The contents of CGL's Identification Report and Grading Report shall be as follows:

- (1) An Identification Report shall indicate the mineral type of the Gem, whether the Gem is natural, artificial or an imitation, and any other matter that CGL deems necessary.
- (2) A Grading Report shall indicate the grade and numerical data for a Client Item that is conclusively identified as natural diamonds.
- (3) CGL shall not conduct any measurement or inspection of the type, purity, weight or otherwise of processed metals, etc. CGL shall be entitled to describe the weight of the Gem that is inscribed on a Client Item in an Identification Report and a Grading Report, in which case CGL shall not be responsible for such description of the weight in the Identification Report and the Grading Report.
- (4) An Identification Report and a Grading Report, except for the relevant Sorting Notes, shall accompany the photographs of the Client Item taken at the time of the inspection.
- (5) For the indication of the results of Identification of supplementary stones, such as side stones, only the results of Identification shall be indicated and the details of the inspection shall be omitted. CGL may, at its own discretion, omit Identification of the supplementary stones, which shall mean that no inspection of such stones is performed.
- (6) An Identification Report and a Grading Report shall include the date of issuance. The date of issuance may be indicated in abbreviated form in the order of month, date and year; however, only the last two digits of the year shall be used (e.g., 040112 for April 1, 2012).

Article 8 Acknowledgment on Condition of Client Item

1. In principle, for the purposes of Identification and Grading, a Client Item shall be inspected and measured in the state of loose stone.
2. At the request of a Client, and only for the purpose of Identification, a Client Item may be inspected and measured in the state of processed jewelry goods, in which case, the Client acknowledges and agrees that the inspection may be omitted or measurement may be impossible for a certain part of the inspected items, or that the inspection may not be accurate.

Article 9 Acknowledgement on Use of Identification Report and Grading Report

An Identification Report and a Grading Report shall be delivered to a Client only for its own use. CGL does not give any warranty whatsoever, including without limitation, as to the availability, accuracy, completeness, correctness, or reliability of the Identification Report and the Grading Report, and expressly disclaims, to the maximum extent permitted by law, any and all responsibility or liability for any direct or indirect damage or loss resulting from the Client's use of, or reliance on, the Identification Report and the Grading Report or the contents thereof.

Article 10 Acknowledgement on Synthesis, Artificiality, Imitation and Treatment

The Client acknowledges and agrees that, in view of the progress of the technology for manufacturing synthetic, artificial or imitation stones and the treatment of Gems, it is not always possible to determine whether a Client Item is synthetic, artificial or an imitation or has undergone any treatment, and that CGL shall not guarantee that such determination is possible. Therefore, the Client acknowledges and agrees that CGL shall not be responsible for any error in the determination mentioned in the immediately preceding sentence.

Article 11 Request for Service

In the case where a Client requests preparation of an Identification Report and a Grading Report and CGL accepts such request, a written agreement setting forth the matters concerning the requested service (such agreement hereinafter referred to as the "Agreement") shall be executed between the Client and CGL. The Agreement shall be in such form as prepared by CGL with the Client's lawful registered address and name or company name being entered, and shall be submitted to CGL together with the relevant Client Item. The Agreement shall become effective upon receipt thereof by CGL. The Agreement shall terminate at the time when CGL issues the Identification Report and the Grading Report and returns the Client

Item to the Client.

Article 12 Request for Service by Delivery

In the case of the delivery of a Client Item by a Client, the Agreement shall become effective upon CGL's receipt of the Client Item and confirmation by CGL that the Client Item is not damaged. In the case where CGL arranges the delivery of the Client Item for return, the Agreement shall terminate at the time when a post office or delivery company receives the Client Item together with the Identification Report (which time shall be evidenced by the postmark on the acknowledgment of receipt), and CGL shall thereafter be relieved of any and all responsibilities with respect to the Client Item.

Article 13 Demand for Payment and Delivery and Storage of Client Item

1. The Client shall make payment for all services provided at the time of the request for services, the receipt of return of the Client Item, or such time as designated by CGL, in accordance with the invoice issued under the Agreement. If any special analysis is required for Identification and Grading requested by a Client, CGL shall be entitled to charge the Client additional fees as inspection fees with the prior consent of the Client.

2. If the Client fails to make payment for the issuance of an Identification Report or a Grading Report, CGL shall be entitled to refrain from delivering the Client Item until the payment is effectively made.

3. If the Client fails to collect the Client Item after the expiry of a period of one hundred (100) days commencing on the date on which CGL undertakes Identification and Grading, CGL shall thereafter be relieved of its responsibility for storing the Client Item.

Article 14 Disclaimer

Limitation of the liability and responsibility of CGL as set out below makes it possible to prepare an Identification Report and a Grading Report at a lower cost (in comparison to the present and potential value of a Client Item), and such limitation shall apply to a Client, and any other person to whom an Identification Report and a Grading Report are presented for any reason whatsoever.

(1) CGL and its agents and employees shall not be liable for any loss, damage, cost, or expense, etc. arising from or in connection with any omission or description in an Identification Report or a Grading Report resulting from human error, negligence, defective instruments, delay or other defects in connection with the testing procedures, issuance or use of the Identification Report or the Grading Report.

(2) CGL and its agents and employees shall not be liable for any special, incidental, exemplary or consequential loss, damage, cost or expense, etc., arising from human error, defective instruments or other event that may affect the value of a Client Item set out in an Identification Report or a Grading Report, irrespective of whether CGL has been informed of the possibility of such loss, damage, cost or expense, etc., unless there is fraud or willful misconduct by CGL and its agents or employees.

(3) If a Client fails to disclose all facts that are known by the Client concerning the Client Item for which the Client requested Identification and Grading (including, without limitation, treatment of the client item), CGL shall not be liable for any loss, damage, cost or expense, etc. incurred in connection with or as a result of Identification and Grading.

(4) CGL and its agents and employees shall not be liable for any losses, damages, costs, expenses or otherwise arising from or in connection with war, disturbances, riots, political or social commotion, or other similar incidents, problems or otherwise.

(5) CGL and its agents and employees shall not be liable for any losses, damages, costs, expenses or otherwise arising from or in connection with natural disasters, such as earthquakes, typhoons, tidal waves and tsunamis or other similar incidents, problems or otherwise.

(6) CGL and its agents and employees shall not be liable for any losses, damages, costs, expenses or otherwise arising from or in connection with the willful misconduct or negligence of a Client or its agents or employees.

(7) Notwithstanding anything to the contrary in these Terms and Conditions, to the extent permitted by law, the aggregate liability of CGL arising in connection with these Terms and Conditions for damages, regardless of the form of the action, shall not exceed the fees paid by a Client to CGL for the relevant Identification and Grading, and this shall be the Client's exclusive remedy.

Article 15 Identification Report, Grading Report, and Advertising and Promotion, etc.

An Identification Report, a Grading Report, or CGL's name or trademark shall not be used, either in whole or in part, for any promotion, advertisement or sales promotion by a Client or any other party, without the prior written consent of CGL, and the Identification Report or the Grading Report shall not be used or presented as a certificate for assessing value.

Article 16 Publication of Scientific Information, etc.

CGL shall be entitled to publish any scientific information that it acquires in the course of Identification or Grading of a Client Item together with photographs, etc. of the Client Item in any academic journal or bulletin. In such case, CGL shall not make public the name (company name), address or standing, etc. of the Client without the consent of the Client.

Article 17 Expiration of Identification Report and Grading Report

An Identification Report or a Grading Report shall become invalid if any of the following events occurs:

(1) CGL determines that any unauthorized alteration, modification or addition is made to the Identification Report or the Grading Report;

(2) CGL determines that the shape of the relevant Client Item has changed or been modified after its Identification or Grading; or

(3) CGL determines that the quality of the relevant Client Item has changed after its Identification or Grading.

Article 18 Insurance

1. The Client shall insure all Client Items delivered to CGL against all risks for the full value for the period of the Client's delivery of the Client Items to CGL and for the period of CGL's delivery of the Client Items to the Client. The Client shall also be responsible for such insurance for the period during which the Client Items are in the possession of CGL for the purposes of Identification and Grading.

2. If any damage insured by the insurance as set forth under the preceding paragraph of this Article 18 occurs, the Client shall cooperate with CGL and the relevant insurance company.

3. If any lawsuit is filed by any third party, including an insurance company, against CGL or its employees or any person who acts on behalf of the Client, the Client shall indemnify and hold harmless CGL from or against any and all losses, damages, costs, expenses (including attorneys' fees and expenses), and any other amount incurred by CGL arising from or in connection with such lawsuit.

Article 19 Trade Name and Exclusive Property

All of CGL's reports, copyrights, trade names and service marks shall belong only to CGL as its sole and exclusive property and shall not be reproduced without its consent.

Article 20 Indemnification

A Client shall indemnify, hold harmless and at the Client's expense, defend CGL against and from any loss, damage, claim, demand, or expense (including attorneys' fees and expenses) arising from or in connection with a breach of these Terms and Conditions by the Client or the use of the services of CGL provided under these Terms and Conditions.

Article 21 Governing Law and Jurisdiction

These Terms and Conditions shall be governed by, and construed in accordance with, the laws of Japan. Any dispute between CGL and the Client concerning these Terms and Conditions shall be exclusively brought before the Tokyo District Court in the first instance.

Article 22 Matters Not Provided in these Terms and Conditions

Any matter not stipulated in these Terms and Conditions shall be resolved through consultation between the Client and CGL.

Article 23 Effective Date

These Terms and Conditions shall become effective on April 1, 2012.