

I. General Conditions of Business of the Firm: JNDiamonds (JND.), Justina Naumowicz, Friedrichstrasse 23, D - 40217 Dusseldorf, Germany.

Art. 1 The regular conclusion of a contract

1. These present General Conditions of Business represent the basis for all supplies made by the Firm: JNDiamonds. These present General Conditions of Business of the Firm: JNDiamonds will also apply to all future orders, supplies, consignments, deliveries and any other business with the purchaser, and are hereby recognized as valid by the purchaser.
2. Any conditions of purchase of the purchaser are hereby contradicted. Any contradictory agreements are to require the written form for their validity.
3. Failure to express anything verbally or in writing is not to be considered as an acceptance.
4. A contract is concluded by the placing of an order by the purchaser as an offer to purchase and by the issuing of a written order confirmation by the Firm: JNDiamonds, or upon the execution by the Firm: JNDiamonds of instructions concerning goods ordered.
5. All offers of diamonds / goods are always subject to subsequent confirmation at the time of sale, unless otherwise agreed in writing.
6. All further agreements of whatsoever nature are to require a written confirmation by the Firm: JNDiamonds for their validity. This applies in particular to verbal arrangements.

Art. 2 Selection, consignments on sale-or-return, firm orders and delivery charges

1. Goods subject to the reservation of ownership rights, which the Firm: JNDiamonds consigns to a customer on a sale-or-return basis, will be deemed as accepted and purchased, unless the goods are returned to the Firm: JNDiamonds within 7 working days.
2. In cases of firm orders, consignments on a selection-or-return basis, and consignments on a sale-or-return basis, which are accepted and confirmed by 17:00 hours on any one working day, the Firm: JNDiamonds will consign such goods, when in stock, on the following working day by 18:00 hours.
3. All consignment dates indicated are however non-binding, unless these are expressly confirmed by the Firm: JNDiamonds in writing.
4. Consignments are made via customers' logistic services as is usual in the trade. Consignment charges are calculated according to the value of the consignment. The charges are for the account of the purchaser in full. Any other agreements are to require the written form for their validity.
5. Any indemnity claims for loss or damage asserted by the purchaser for late delivery are hereby excluded, unless the Firm: JNDiamonds is liable for premeditation or gross negligence under mandatory statutory requirements.
6. The purchaser may only dispose of the proceeds of his-/her-/its own sales after all financial claims of the Firm: JNDiamonds for the payment of goods subject to the reservation of ownership rights or for consignments of diamonds on a sale-or-return basis, have been satisfied and/or settled.
7. The purchaser is under a contractual duty to keep account of the proceeds of own sales separate from his-/her-/its other assets, until full payment is made to the Firm: JNDiamonds.
8. In the foregoing respect, the purchaser expressly acts in a fiduciary capacity for the outstanding assets of the Firm: JNDiamonds. Should the purchaser infringe his-/her-/its contractual duty in this regard, the Firm: JNDiamonds will make an immediate criminal charge and assert claims before the civil courts. In addition, the Firm: JNDiamonds is to be then entitled to declare all outstanding financial claims as

immediately due for payment.

Art. 3 Diamonds – goods - offerings

1. Diamonds are traded worldwide in United States Dollars. All offerings hereunder are made in Euros. Should the rate of exchange of the United States Dollar to the Euro alter by more than EUR 0.05 cents, then the purchaser as well as the Firm: JNDiamonds can require an adjustment to be made in the current daily price in United States Dollars.
2. Orders with price indications require the confirmation of the Firm: JNDiamonds in writing. Price indications are irrevocably valid for purchasers when ordering on the basis of an offering.

Art. 4 Insurance protection, Reporting loss or damage. Safekeeping responsibility

1. In cases of consignment with declared value as well as with consignments via a courier service retained by the Firm: JNDiamonds, JNDiamonds will contract a declared value insurance of the goods to be consigned.
2. Any other methods of consignment required by the purchaser (such as: UPS, DHL, Deutsche Post) are expressly to be insured by the purchaser, as the Firm: JNDiamonds has no possibility of insuring such consignments.
3. Should the dispatch of a consignment be delayed, either on the request of the purchaser or because of any other reasons for which the purchaser is responsible, then the perils will pass to the purchaser upon the announcement by the Firm: JNDiamonds of readiness to consign.
4. Customers receiving goods on a sale or return basis or on the basis of selection-and-return, hereby confirm, that they will be liable for all loss or damage to and for the incidental destruction of the goods made available under the reservation of ownership rights. Customers thus bind themselves contractually to insure the goods under reservation of ownership rights suitably for full value and to include the interests of the owners in the insurance. In addition, customers hereby bind themselves to observe the duty of due care imposed upon them by their own insurers.
5. Additional charges, which may be incurred by reason of subsequent insurance of the goods by the Firm: JNDiamonds, are to be for the account of the purchaser.
6. All loss or damage occurring during transportation are to be reported to the Firm: JNDiamonds with immediate effect.
7. Goods returned are to be expressly insured by customers and the goods are to be carefully packed.
8. Failure to observe the foregoing requirements and conditions of dispatch will render customers liable to the Firm: JNDiamonds in any event until full payment is made for its goods.
9. Goods not in the ownership of the Firm: JNDiamonds are not covered by insurance, either during consignment from JNDiamonds to customers, nor from customers to JNDiamonds

Art. 5 Complaints for defects

1. All complaints for defects are to be reported and asserted upon receipt of the goods at the place of destination. In the case of consignments inland, within 3 working days. In the case of consignments abroad, within 4 working days.
2. Complaints for undiscovered defects are to be reported and asserted with immediate effect upon discovery.
3. In cases of justified complaints for defects reported and asserted within the prescribed time periods, the Firm: JNDiamonds is under a contractual duty hereunder to improve or replace. In cases of failure to improve or replace, the purchaser can select to claim value diminution or conversion.

4. The liability of the Firm: JNDiamonds is restricted hereunder to its purchase value of the goods and not to its retail sales' value.

5. In regard to consignments from customers to the Firm: JNDiamonds for the issuing of certifications: either through GIA, HRD, IGI, or DPL and the like, a guarantee will be adopted for the criterions given in a certificate or expertise, as well as for consignment through the Deutsche Post or other similar services' enterprise.

6. The Firm: JNDiamonds hereby expressly declares, that all the expertises provided for customers together with any consignment refer to the diamonds concerned. Guarantee claims regarding such characteristics of the diamonds, described in an expertise or certificate, cannot be asserted against the Firm: JNDiamonds.

Art. 6 Reservation of ownership rights

1. The goods consigned remain the property of the Firm: JNDiamonds until the collection of the proceeds of cheques in settlement of the financial claims of JNDiamonds under all current and future business relationships, to include all side claims.

2. Should the reservation of ownership rights not be effective under the laws of the country into which the diamonds or the goods are consigned, then it is hereby declared and agreed, that surety rights under the local laws are to apply as reservation of ownership rights or cession. Should the collaboration of the customer be required in this respect, then the customer is under a contractual duty hereby to take all measures necessary for the substantiation and upholding of such rights.

3. In cases of business on current account, then any stipulated reservation of ownership rights is to be sufficient surety hereunder for the financial claims of balances on account, in accordance with the foregoing stipulations of the Firm: JNDiamonds.

4. Customers may only sell the goods supplied by the Firm: JNDiamonds subject to the reservation of ownership rights, under conditions of normal business.

5. Any mortgaging- or transfer of possession of the goods subject to the reservation of ownership rights for purposes of providing security, is not permitted hereunder. Infringements are a punishable offence under Art. 266 of the German Federal 'StGB – Strafgesetzbuch' (criminal law code) for breach of fiduciary trust and misappropriation, and for fraud under Art. 263 of the foregoing 'StGB' – criminal law code, and will be prosecuted without exception under the criminal law.

6. When onward sales of the goods of the Firm: JNDiamonds subject to the reservation of ownership rights are not made against cash, then the purchaser here and now cedes to JNDiamonds his-/her-/its selling-price financial claim on his-/her-/its own customer in the amount of the invoiced price of JNDiamonds as security. The Firm: JNDiamonds hereby accepts such cession. The purchaser is hereby irrevocably entitled to collect such financial claims already ceded to JNDiamonds on a fiduciary basis as long as the purchaser continues to meet his-/her-/its payment commitments towards JNDiamonds in an orderly and regular manner. In cases of arrears of payment on the part of the purchaser, then the Firm: JNDiamonds is entitled hereunder to reveal such cession and to demand payment from the third party. The purchaser is to provide on the demand of the Firm: JNDiamonds all necessary documentation and information in order to assert its financial claim.

7. Customers may process or work-up the goods under the reservation of the ownership rights of the Firm: JNDiamonds in the course of ordinary business. Processing or working-up of the goods of the Firm: JNDiamonds means, for JNDiamonds, that customers process or work-up such goods as manufacturers within the meaning of Art. 950 of the German 'BGB – Buergerliches Gesetzbuch (Civil Law Code), without obligating JNDiamonds in any manner whatsoever. The Firm: JNDiamonds nevertheless shall acquire ownership rights in the new product without further ado. When the goods of the Firm: JNDiamonds are processed or worked-up together with the inclusion of other goods of third parties not belonging to JNDiamonds, then the Firm: JNDiamonds acquires co-ownership in the new product in the ratio of the invoiced value of its own goods to the invoiced value of the third-party goods. Should the goods supplied by the Firm: JNDiamonds under the reservation of ownership rights, be combined as a main component of the

new product together with any third-party goods, then it is hereby declared and agreed, that the co-ownership of JNDiamonds in the new product will be the ratio which the invoiced value of the goods supplied bears to the selling invoice value of the new product, or when no selling invoice value is available, then to the current market value of the new product. In this regard, the main component of the new product is to be taken due care of by the customer on behalf of the Firm: JNDiamonds, as is usual for saleable goods in the trade, and free of charge in this respect.

8. Should the goods under the reservation of ownership rights be onward sold after processing or working-up, to a third party on credit, then the customer hereby and now cedes his-/her-/its financial claim on his-/her-/its own customer in the amount of the invoiced price of the Firm: JNDiamonds for the goods supplied, as security for payment.

9. When the Firm: JNDiamonds obtains co-ownership rights in a new product under the statute law or under any conditions of business, in respect of the combination or mixing of such goods supplied under reservation of ownership rights, then the customer is to cede to the Firm: JNDiamonds in advance its onward sale financial claim for the combined or mixed goods in the amount of the value of the goods or diamonds supplied by JNDiamonds, in accordance with the value invoiced by JNDiamonds.

10. In case of any arrears of payment on the part of the customer and other contractually infringing behaviour, then the Firm: JNDiamonds is to be entitled to take possession of the goods supplied under the reservation of ownership rights, or to demand cession of the claim of the customer to any relinquishment towards third parties. The assertion of the reservation of ownership rights as well as any mortgaging of the goods of the Firm: JNDiamonds by itself, is to be deemed a withdrawal from the contract, provided the 'Abzahlungsgesetz' (hire-purchase legislation) is not applicable.

11. The Firm: JNDiamonds binds itself hereby, to release any surety rights entitlement under the foregoing stipulations, as it deems fit when the value of the surety rights exceed the secured financial claim by 20%.

12. The Firm: JNDiamonds is to be entitled hereunder to terminate the business relationship with a customer without notice, and to demand return of the goods supplied under reservation of ownership rights, when JNDiamonds obtains information, which according to commercial estimation, give cause for doubt, that the customer is insolvent.

Art. 7 Conditions of payment and settlement

1. Unless any particular conditions of payment are noted on an invoice, then the amount invoiced is due for immediate payment without any deductions.

2. The Firm: JNDiamonds is to be entitled hereunder to charge interest on arrears at a rate of 5% over the bank rate of the 'Deutsche Bundesbank'.

Art. 8 Copyrights

The draft designs, samples, models, advertising messages and the like of the Firm: JNDiamonds are the intellectual property of JNDiamonds and may not be copied or in any manner imitated by purchasers, even in the absence of any particular copyrights. Any infringement of this stipulation will render a purchaser liable for indemnities for loss or damage.

Art. 9 Places of jurisdiction and fulfilment

The place of jurisdiction for both parties in respect of all legal disputes under the contract as well during its negotiation and conclusion, or for its effectivity, as well as for cheque claims, when the parties are registered commercial traders, is the District- and/or State Court of Dusseldorf, Germany, or the court competent for the corporate domicile of the purchaser, at the discretion of the Firm: JNDiamonds. The places of fulfilment and payment are Dusseldorf, Germany. The same applies when a customer removes his-/her-/its place of residence or place of normal abode abroad after the conclusion of a contract, or when the place of residence or normal abode is unknown at the point in time of the initiation of litigation.

Art. 10 Fail-safe clause

Should one or more of the foregoing stipulations be- or become ineffective in whole or in part, then the effectiveness of the remaining stipulations is not to be affected thereby. Rather more, any ineffective stipulation is to be replaced by a statutorily permissible and applicable regulation or stipulation, which comes closest to the original intent and purpose of the contractual parties.

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