



ImaGemSM Newsletter

Volume 3, Issue 2

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Meet you at....

- IIJS 2006: 4-8th May 2006
Mumbai, India
 - The JCK Show, 3-7th June 2006. Las Vegas, NV, US
- For details, check page 3.

IMAGEM ANNOUNCES PERFORMING INDEPENDENT GRADING AT CUSTOMER'S SITE

Grading and certification of diamonds, an integral part of a diamond's life cycle, consumes a considerable amount of time and money due to lengthy and expensive shipping cycles. ImaGem's response is to perform grading on-site at the manufacturing plant. The first installation is in Mumbai and is operated by Diamond and Gem Laboratories of America (DGLA) and provides light behavior measures.

Currently the industry gets its grading done by shipping the stones to a grading lab located either in the country of manufacture or overseas. The decision to send a stone to a particular lab is related to the owner's perception of market acceptability of the certificate as well as differences in grading. The shipping process entails a cost for shipping the stone, insurance to protect the shipment, and carrying and opportunity costs associated with the period in which the stone is in transit. There may be export or import related taxes when a stone is shipped out of the country. Who pays for these costs? Regardless of who pays for these costs, everyone in the channel loses money because of the many "bottlenecks" in

the system. [Click here to see what these costs may amount to.*](#)

Over the last 15 to 20 years many aspects of grading done manually have now been replaced by machines as new technology impacts the gem and jewelry industry. For example: gauging, which was once done manually, is almost universally done by machines today. There are certain other aspects of the grading process such as color and clarity, which use both machines and gemological judgment. Still, it has been difficult for labs to achieve interoperability of grading, even with extensive training of their gemologists. Interoperability is achieved when a stone receives accurate and consistent grading results at different times and locations operated by an independent grading lab.

Advances in technology by ImaGem make it possible to eliminate or reduce the significance of subjectivity in the grading process. These are essential to bring in efficiency as well as accessibility to the grading process at the point where stones are cut and polished. Now a grading facility can be operated at a manufacturing site and still maintain the standards of impartiality and interoperability.

By introducing "independent" grading and certification done at a customer's site ImaGem eliminates the "bottlenecks" in the grading process. The term independent here means the evaluation of a stone and issuance of a grading certificate is done by an unbiased party, not related to the owner of a stone. A key concept in independent grading is that the party issuing the certificate does not have a financial interest in the operations of the party who owns the stone.

For **On-site Independent Grading** to operate effectively, a manufacturer or wholesaler provides a secure space with restricted access to ensure the security of ImaGem's equipment. Unlike most laboratories, the equipment has a built-in ability to detect fraudulent activity by lab staff. Since most of the work is done by machines, a typical installation may require about 200-250 sq feet of space and staff of four people for a monthly capacity of 2400 stones for full grading reports. The owner of the manufacturing facility is responsible for the space, utilities, Internet connection and the costs of installation of the equipment. As the lab operator, ImaGem or its affiliates are responsible for the equipment and the staff. The owner of the facility or user of the services pays a per stone charge for each stone graded; subject to a minimum monthly charge, other terms may apply.

* If you are unable to view the link, copy and paste the link
www.imageminc.com/demos/comparativecalculator.html in your browser.

Depending on the system installed by ImaGem on-site, full grading or color grading, or light performance grading certificates can be issued. Other services are also available depending on customer requirements.

Using an **On-site Independent Lab** has these advantages for all the parties involved:

- **Reducing and removing the cost** of shipment, packaging and handling, insurance, opportunity and carrying costs, and other costs (tariffs, import export, loss of stones etc.)
- On-site independent grading **assures users and consumers that grading and certification is done objectively and consistently**. The grading and certification information can be used for **quality control** and to select stones that meet customer requirements.
- When the certification process is completed the **information can be automatically uploaded to web** listings and made available to prospective buyers and the goods can be delivered as soon as an agreement is reached.
- The buyers benefit through on-site independent grading by gaining **quick access to goods available**, by **receiving electronic copies of the report** for review and by **verifying the goods** purchased.
- Incorporating grading or sorting processes at the early stages - just after cutting and polishing - **empowers the user to make decisions** regarding “next steps” for the stones. Stones can be sorted or sent for full grading reports or used in jewelry manufacturing or re-cut, depending on the results.


Grading labs that utilize ImaGem’s services can expand their operations and provide services that are efficient and of highest quality. The stones run through this system can be identified without any inscription. The next newsletter will elaborate on this topic.

IMAGEMSM LIGHT BEHAVIOR SERVICES ADOPTED BY MANY JEWELRY CUSTOMERS OF ACCREDITED GEM APPRAISERS

Jewelers find added value in ImaGem’s light behavior grade information, according to David Atlas, president of Accredited Gem Appraisers. In recent months 25 jewelry accounts have ordered AGA’s light behavior reports. Atlas observed that the direct measurement of light gives jewelers a new, straightforward and consistent way to evaluate and to sell diamonds to consumers. Many customers



report using light

AGA LightStar™ Report			AGA
Reference #: 011385D1g	Shape	Round Brilliant	Final Grade EX+ /0
	Weight	1.15 carat	
	IMAGEM SM		
	Brilliance	EX 165	
	Sparkle	EX 88	
	Intensity	EX 331	
AGA-LBI (Light Behavior Index)			
EX+EX	VG+VG	GD	GF FR CM
AGA-DFS (Durability Finish-Size) Grade			
0	1	2	3 4 5
0 1 1 3 8 5 D 1 g			

behavior results to complement traditional grading reports. For example, some stones that do not conform to certain proportion measures still qualify as beautiful stones, and the report can demonstrate this. The report shown here, the AGA Light Star™ report, is in a handy plastic card format for which AGA charges jewelers about \$20.

The VeriGem™ device processes all the data and images needed to produce the light behavior report in less than 20 seconds per stone. The device, which is compact and weighs about 25 pounds, is now available. Besides the upfront installation fees and licensing fees, there is also a charge for per stone processed. The device is always linked via the Internet to a secure ImaGem server for monitoring and quality control purposes. Additional information is being posted on the www.verigem.com website. Inquiries about price and terms are welcome.

Another feature of the VeriGem device, the generation

If you have a question or a suggestion? Contact us at newsletter@imageminc.com.

of a unique stone identifier without inscription, and its many applications, will be presented in the next newsletter.

IMAGEM STRENGTHENS ITS PATENT PORTFOLIO

Dr. Aggarwal, Chairman of ImaGem was issued a third patent, USPTO # 6980383, in December 2005. The patent covers the field of automated gemstone grading and data management system for use in appraising the value of a gemstone and to uniquely identify it. It is a continuation of the first patent # 6020954, issued in February 2000. The second patent # 6239867, was issued in May 2001.

*ImaGem Inc. and Diamond and Gem Laboratories of America
invite you
to a
demonstration of
the VeriGem™ device
at
India International Jewellery Show 2006 in Mumbai, India.*

Venue: Hall: 6, Stall Mark: AL51
NSE Complex, Bombay Exhibition Center(BEC),
Western Express Highway, Goregaon (East),
Mumbai - 400 063.

Date: May 4 - 8 2006

Time: May 4 - 7, 2006 - 9.30 am - 5.30 pm

May 8, 2006 - 9.30 am to 5.00 pm

Web: www.ijs.org

David Atlas and Chuck Cassar, partners in DGLA will be present at the Show to meet with the attendees and discuss how DGLA and ImaGem can help grow your business with these services. To request a demonstration, contact ImaGem at info@imageminc.com with information about the type of business and specific needs if any.

JCK, Las Vegas – 3-7th June, 2006 at Las Vegas, Nevada, United States. Contact ImaGem at info@imageminc.com to request a demonstration.

Interested in more information; contact us at info@imageminc.com or call our Philadelphia office at 1-215-477-9920. We will be happy to work with you and meet your business needs.

ImaGem and VeriGem products and services are protected by United States and international patents and trademarks and by proprietary trade secrets.

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