
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

March 7, 2005 (Date of earliest event reported)

Commission file number: 0-23329

Charles & Colvard, Ltd.

(Exact name of registrant as specified in its charter)

North Carolina
(State or other jurisdiction of
incorporation or organization)

56-1928817
(I.R.S. Employer
Identification No.)

300 Perimeter Park Drive, Suite A
Morrisville, North Carolina 27560
(Address of principal executive offices)
(Zip code)

(919) 468-0399
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement

On March 7, 2005, Charles & Colvard, Ltd. signed a seventh amendment to its agreement with John M. Bachman, Inc. A copy this new agreement is attached as Exhibit 10.74.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

Exhibit 10.74 Seventh Amendment to Agreement, dated March 7, 2005 between John M. Bachman, Inc. and Charles & Colvard, Ltd.*

* The registrant has requested that certain portions of this exhibit be given confidential treatment.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Charles & Colvard, Ltd.

By: /s/ James R. Braun

James R. Braun
Vice President of Finance
& Chief Financial Officer

Date: March 8, 2005

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Exhibit Description</u>
Exhibit 10.74	Seventh Amendment to Agreement, dated March 7, 2005 between John M. Bachman, Inc. and Charles & Colvard, Ltd.*

* The registrant has requested that certain portions of this exhibit be given confidential treatment.

REDACTED – OMITTED MATERIAL HAS BEEN SEPARATELY FILED WITH THE COMMISSION
AND IS DENOTED HEREIN BY *****

SEVENTH AMENDMENT TO AGREEMENT

THIS SEVENTH AMENDMENT TO AGREEMENT (this “Amendment”) is entered into as of March 7, 2005 by and among Charles & Colvard, Ltd. (Formally C3, Inc.) a North Carolina corporation and John M. Bachman, Inc. (“JMB”).

Statement of Purpose

Charles & Colvard, Ltd. and JMB entered into an Agreement dated September 24, 1997 (the “Agreement”) to formalize the terms upon which JMB will cut moissanite gemstones for Charles & Colvard, a First Amendment to the Agreement dated March 23, 1998 (the “First Amendment”), a Second Amendment to the Agreement dated September 28, 1998 (the “Second Amendment”), and a Third Amendment to the Agreement dated June 16, 1999 (the “Third Amendment”), a Fourth Amendment to the Agreement dated October 5, 1999 (the “Fourth Amendment”), a Fifth Amendment to the Agreement dated December 29, 2000 (the “Fifth Amendment”), a Sixth Amendment to the Agreement dated April 9, 2002.

In consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Faceting Machines. JMB currently stores 200 excess custom faceting machines (individually a “Machine” and collectively the “Machines”) which Charles & Colvard, Ltd. owns as described per sixth amendment to agreement dated April 9, 2002. JMB agrees to repurchase the Machines from Charles & Colvard, Ltd. beginning January 1, 2005 as long as Charles & Colvard, Ltd. monthly production stays above ***** pieces (excluding the melee program). The agreed upon purchase price is \$300 per Machine or \$60,000 in total.
2. Cutting Charges. Charles & Colvard, Ltd. will pay JMB for moissanite gemstone cutting services at rates as set forth on Exhibit A to the Seventh Amendment. For cutting services provided by JMB, the amount payable to JMB by Charles & Colvard, Ltd. reflected on each invoice will be reduced by ***** or ***** per month (whichever is greater) in the first month beginning January 1, 2005 and shall continue until the aggregate amount of such reductions equals ***** and Charles & Colvard, Ltd. has received full credit against production charges for the amount of the repurchased Machines. For every ***** that the ***** is reduced, title to one of the Machines will transfer from Charles & Colvard, Ltd. to JMB and upon full payment Charles & Colvard, Ltd. will retain no ownership interest in the Machines. Charles &

Colvard shall execute such further documents as JMB may request to confirm the transfer of title and ownership of the Machines. In all other respects the cutting charges per Exhibit A to the Seventh Amendment and payment procedures in the Agreement, as amended, are hereby confirmed.

3. Extension of Term. The initial term of the Agreement will be extended from the date first set forth in the Agreement through December 31, 2006, however, Charles & Colvard, Ltd. may terminate the Agreement at any time with 90 days prior written notice.
4. Production Procedures: Standards.
 - a. The monthly production volumes (in finished pieces) will be at or above ***** pieces per month (excluding the melee program), provided that the production volume may be adjusted by Charles & Colvard, Ltd. throughout the term.
 - b. The monthly melee production volumes (in finished pieces) will be at or above ***** pieces per month in addition to the monthly production volume of ***** as referenced in section 4a of this amendment.
 - c. In all other respects the production procedures and standards in the agreement, as amended, are hereby confirmed.
5. Confirmation of Agreement. In all other respects the parties hereto confirm the terms of the Agreement, the First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment, the Fifth Amendment and the Sixth Amendment. JMB will obtain in writing, and provide to Charles & Colvard, Ltd. the consent of its affiliate to be bound by the terms of this Amendment.

IN WITNESS WHEREOF, each of the parties has executed and delivered this Amendment by its duly authorized officer, as of the date first above written.

Charles & Colvard, Ltd.

By: /s/ James R. Braun

Name: James R. Braun
Title: VP Finance & CFO
Date: March 7, 2005

John M. Bachman, Inc.

By: /s/ John M. Bachman

Name: John M. Bachman
Title: President
Date: March 7, 2005