



October 31, 2005

**IDEX Online Research:
Jewelry Stock Portfolio Volatile in Third Quarter**
By Ken Gassman

Huge price swings of several jewelry stocks – both on the upside and the downside – characterized the IDEX Online Jewelry Stock Portfolio in the third calendar quarter of 2005. On the upside, LJ International (JADE) posted a 42% gain; Whitehall Jewellers (JWL) and Odimo (ODMO) posted a 75% and a 71% price decline respectively. The table at right summarizes performance of the twelve stocks in the IDEX Online Jewelry Stock Portfolio.

Based on an equal-weighted index of twelve stocks, the IDEX Online Jewelry Stock Portfolio posted a decline of nearly 10% in the third quarter versus a 3% gain for the broad market S&P 500, as the graph illustrates. Losers outnumbered gainers by two-to-one.

Until the third quarter of 2005, the IDEX Online Jewelry Stock Portfolio had been consistently outperforming the market. However, jewelry stocks significantly under-performed the broad market in the third quarter due to a variety of factors including valuation issues, worries about consumers' discretionary spending, and potential economic woes.

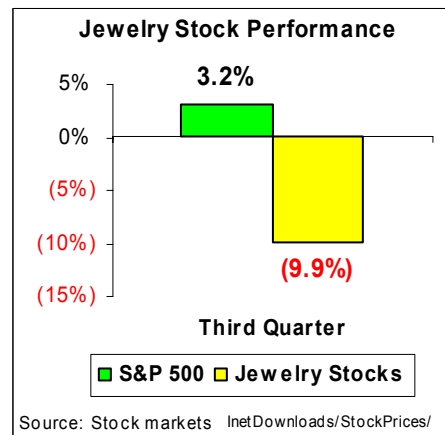
For most of the quarter, the stock market was strong. It began to slip in September as news about the impact of Hurricanes Katrina and Rita hit investors with full force. However, jewelry stocks began sliding early in the quarter, and their declines accelerated in September.

Nine Months Year-to-Date Stock Prices Show Big Swings

For the year-to-date, stock price swings were even more volatile. Charles & Colvard (CTHR) led the 12-stock portfolio by more than doubling in price since January. CTHR shares were approximately \$11 on January 1, 2005; they rose to about \$25 at the end of September. Among the biggest losers, Whitehall Jewellers shares were down nearly

Jewelry Stock Universe		
Third Quarter 2005 Performance		
Company	% Chg	End Price
LJ Int'l	42%	\$ 3.19
Tiffany	21%	\$ 39.77
Aber	19%	\$ 36.63
Chas & Colvard	2%	\$ 24.96
Movado	(1%)	\$ 18.72
Blue Nile	(3%)	\$ 31.64
Lazare Kaplan	(3%)	\$ 9.86
Signet	(7%)	\$ 18.28
Zale	(14%)	\$ 27.18
Finlay	(28%)	\$ 9.05
Odimo	(71%)	\$ 1.48
Whitehall	(75%)	\$ 1.69

Source: Wall Street





80%, from \$8 to below \$2, and Finlay (FNLY) shares dropped by half, from about \$19 to about \$9 for the nine months ended September 2005.

Despite very weak price performance in the third quarter, the IDEX Online Jewelry Stock Portfolio eked out better performance than the broad market S&P 500 indicator for the year-to-date period. The IDEX Online Jewelry Stock Portfolio was up nearly 3% for the nine months ended September 30 while the S&P was up just over 1%, as the graph illustrates.

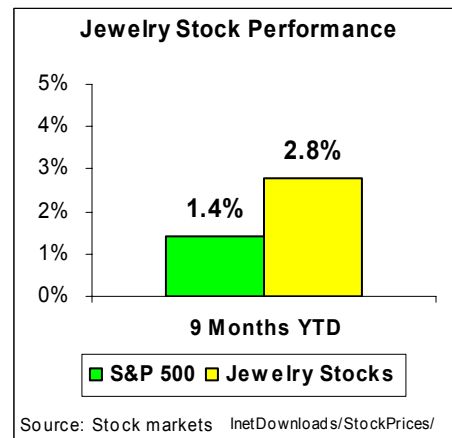
Stock Performance May Be Related To Questions about Discretionary Spending

Why did jewelry stocks under-perform in the third quarter? Stock market action is often very difficult to explain. Logic does not prevail. After spending over twenty years on Wall Street, we are still often surprised by stock price action.

Jewelry Stock Universe	
Year-to-Date Performance	
Company	% Chg
Chas & Colvard	135%
Tiffany	24%
Blue Nile	15%
LJ Int'l	7%
Lazare Kaplan	4%
Aber	4%
Movado	0%
Zale	(9%)
Signet	(16%)
Finlay	(54%)
Whitehall	(79%)
Odimo	n/a

The prevailing excuse for the sharp decline of jewelry stocks in the third quarter relates to analysts' perception that consumers won't be spending on discretionary goods, both as a result of soaring gasoline prices and as a result of plummeting consumer confidence related to many factors including two devastating hurricanes, high energy prices, and a host of other shocks to the system.

On the other hand, smart investors know that luxury demand is rarely affected by external shocks to the system, GDP fluctuations, and other economic indicators such as employment.



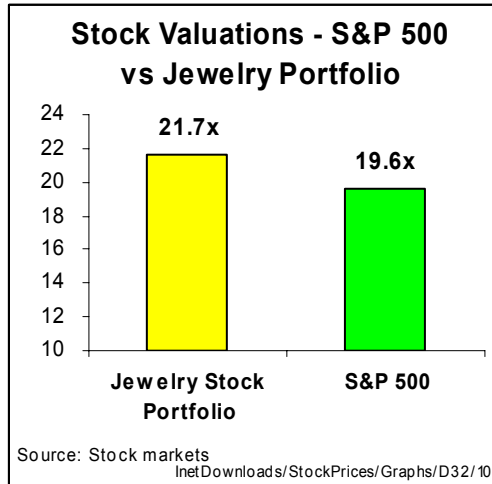
Based on this “on one hand . . . and on the other hand” reasoning, perhaps most of the third quarter stock performance can be explained. For example, on one hand, the stock prices of Tiffany & Co. and Aber rose solidly in the quarter. Both are involved at the luxury (high-end) of the market. Aber not only sells better quality rough diamonds, but it also owns Harry Winston, a luxury jeweler. Tiffany & Co. operates high-end jewelry stores. On the other hand, the stock prices of most of the mass market jewelers declined. This suggests that Wall Street investors think that high gasoline prices will have a negative impact on spending by mid- and lower-income consumers.



Stock Valuations

Where are the jewelry stocks headed? Higher? Lower? While many factors have an influence on the price of equities, it is clear that jewelry stocks are generally at the high end of their historic valuation ranges. Just a couple of years ago, most jewelry stocks sold for a single digit price/earnings multiple – 7.0-9.9x current year earnings.

Currently, the stocks in the IDEX Online Jewelry Stock Portfolio are selling for almost 22 times this year’s projected earnings. In contrast, the S&P 500 is selling for just under 20 times this year’s projected earnings. Investors may be selling jewelry stocks because of the current above-average valuation levels.



Market Capitalization

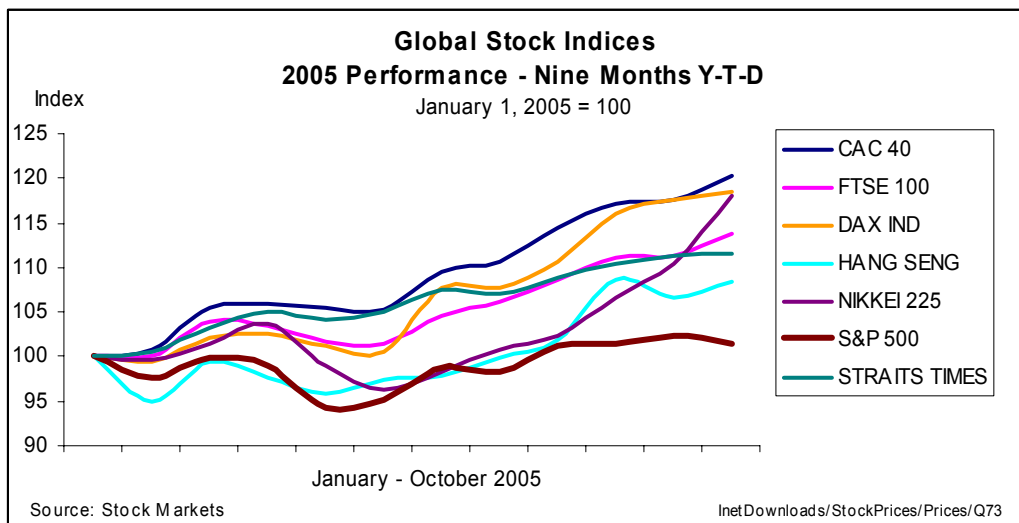
Most of the stocks in the IDEX Online Jewelry Stock Portfolio are mid-cap, small-cap, and micro-cap equities. Only three stocks have a market capitalization (number of shares outstanding times the stock price) above \$1 billion, a cut-off for small-cap. Mid-cap stocks range up to \$5 billion, followed by large-cap stocks which have a market capitalization above \$5 billion. These ranges are somewhat arbitrary; some investors believe large cap stocks have a market cap of \$10 billion or higher. For example, General Electric has a market capitalization of \$363 billion while Microsoft has a market capitalization of \$268 billion. Wal-Mart has a market capitalization of \$191 billion. Therefore, it is clear that jewelry stocks are not “market-movers”. Note that the market capitalization numbers shown on the table at right are in “millions” of dollars (not “billions” as we expressed the market cap for GE, Microsoft and Wal-Mart).

Jewelry Stock Universe	
Market Capitalization	
Company	\$ Mil
Tiffany	\$ 5,664
Signet	\$ 3,174
Aber	\$ 2,121
Zale	\$ 1,368
Blue Nile	\$ 555
Movado	\$ 473
Chas & Colvard	\$ 362
Lazare Kaplan	\$ 83
Finlay	\$ 82
LJ Int'l	\$ 42
Whitehall	\$ 24
Odimo	\$ 11



Global Stock Indices

The world's stock markets posted generally solid results for the first nine months of 2005. Every market ended the quarter ahead of its January 1, 2005 mark. However, the clear laggard was the U.S. market, as measured by the broad market index, the S&P 500. Stock markets generally foretell economic activity, and these market indices reflect consensus economic outlooks which are mostly positive. Investors would have been best served by owning a portfolio of international stocks during the first three quarters of 2005. The graph below compares the performance of the major global stock markets.



About the IDEX Online Jewelry Stock Portfolio

The IDEX Online Jewelry Stock Portfolio consists of publicly held companies which are tradable on U.S. exchanges. Stocks which sell below \$1 are not included. If a stock falls below \$1 and remains there, it will be dropped from the portfolio. Likewise, if a "penny stock" rises above \$1 and remains there, it will be added to the portfolio. Results for the portfolio are based on buying an equal dollar amount of each stock, much like a typical stockbroker constructs a "balanced, diversified" portfolio. At the end of the quarter, the results are calculated on an equal-weighted basis. We note, however, that neither of the broad market indices – the Dow Jones and the S&P 500 – are calculated using this method. The Dow Jones is price-weighted, and the S&P 500 is market capitalization-weighted. Both of these methods would require that we would buy and sell shares – sometimes fractional shares – daily to stay in balance. In short, these indices are not strictly comparable to our portfolio, but for our purposes, they are reasonable benchmarks.

Disclaimer: The author owns 100 or less shares of every publicly held retailer in the portfolio as well as some others which are not listed. This allows the author to have access to information which some companies restrict to "shareholders only."



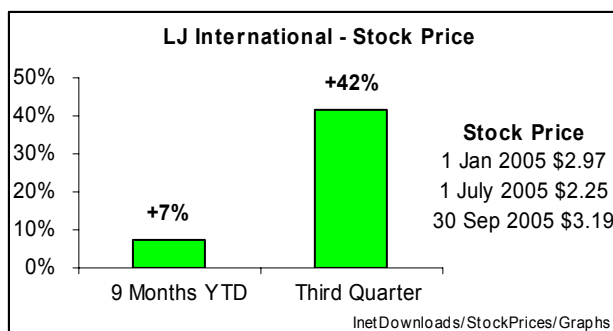
Stock Performance by Company

Stocks are listed from strongest to weakest performance, beginning with LJ International, and ending with Whitehall Jewellers.

LJ INTERNATIONAL (JADE)

LJ International, Inc., based in Hong Kong and the U.S., is engaged in designing, branding, marketing and distributing a full range of jewelry. It has built its global business on a vertical integration strategy. LJ distributes to fine jewelers, department stores, national jewelry chains

and electronic and specialty retailers throughout North America and Western Europe, with a growing retail presence in China through its ENZO stores and e-shopping sites. Its product lines incorporate all major categories, including earrings, necklaces, pendants, rings and bracelets.



With a stock price of just over \$3, it doesn't take much stock price movement for JADE to post large percentage swings. None-the-less, the news coming from JADE was mostly positive in the third quarter, including the following headlines:

September 16, 2005

- **Dutton Associates Announces Investment Opinion: LJ International Strong Speculative Buy Rating**

Tue, Sep 6, 2005

- **LJ International Hires Renowned Designer Omar Torres**

Tue, Aug 30, 2005

- **LJ International to Exhibit at Orogemma 2005**

Thu, Aug 25, 2005

- **TalkingStocks.com Announces an Exclusive Executive Interview with Betty Ho of LJ International**

- **LJ International Named Vendor of the Year by ShopNBC**

Wed, Aug 24, 2005

- **TalkingStocks.com Issues Profile Report on LJ International Discussing Recent News**

Mon, Aug 22, 2005

- **StockGuru.com Announces Profile Coverage for LJ International**

- **JADE Updates the Investment Community in All-New WallSt.net Interview**

- **LJ International Expects Accelerated Growth and Outlines Expansion Strategy in Special Letter to Shareholders**

Thu, Aug 11, 2005

- **LJ Int'l 2Q Profit Falls 36 Percent**



- **LJ International Announces Record Second Quarter and First Half Revenues**

Tue, Aug 9, 2005

- **LJ International to Open Jewelry Super-Store in Macau**

Since the end of the quarter, the headlines from JADE remain positive.

Tue, Oct 11, 2005

- **LJ International Reports Nearly \$1 Million in New Orders from Major U.S. Retailer**

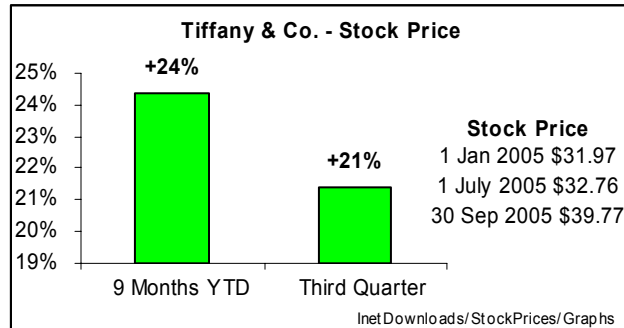
Mon, Oct 10, 2005

- **LJ International Wins Design Awards at Hong Kong Competition**

You may wonder why a company as small as LJ International has so many headlines. Management has hired a public relations and investor relations company to make sure that there is a steady stream of news flowing from the company.

TIFFANY & CO. (TIF)

Tiffany & Co. operates jewelry and specialty retail stores and manufactures products through its subsidiaries. The company operates retail stores and boutiques in the Americas, Asia-Pacific and Europe and engages in direct selling through internet, catalog and business gift operations. Other key operations include Little Switzerland, a chain of jewelry stores primarily operating in the Caribbean, and Iridesse, stores selling pearls.



Tiffany posted a solid price gain in the third quarter. Despite prospects that the U.S. economy may slow, luxury retailers like Tiffany generally continue to post solid gains. Tiffany generates about 48% of its revenues from its 56 U.S. stores, with the balance coming from 96 stores around the world. The following headlines are a sample of the relevant news at Tiffany during the third quarter.

Mon, Sep 26, 2005

- **Capital Lease Buys Tiffany Property**

Wed, Sep 21, 2005

- **Tiffany Taps New Designer: Frank Gehry to Create Jewelry Collection for Tiffany & Co.**

Fri, Sep 9, 2005

- **Tiffany to Open Store in Indianapolis**

Thu, Sep 1, 2005

- **New Star Analyst Rankings for Tiffany & Co.**

- **Tiffany & Co upgraded by Morgan Joseph**

Wed, Aug 31, 2005

- **Retail Stocks: Tiffany shines on results, upped outlook**

- **Tiffany's Second-Quarter Earnings Climb**

- **Tiffany's Shiny Quarter**

- **Tiffany tops Wall St. view, lifts 2005 outlook**

- **Tiffany Shines Brighter**

- **Q2 2005 Tiffany & Co. Earnings Release - Before Market Open**

Thu, Aug 18, 2005

- **Tiffany Declares Regular Quarterly Dividend**

Thu, Aug 4, 2005

- **Tiffany to Open New Stores in Osaka and Yokohama in September 2005**

July 20, 2005

- **Tiffany enters into a new revolving bank credit agreement with The Bank of New York**



Since the end of the quarter, Tiffany has remained in the headlines.

Fri, Oct 7, 2005

• **Stock Focus: Market Leaders at Laggard Prices**

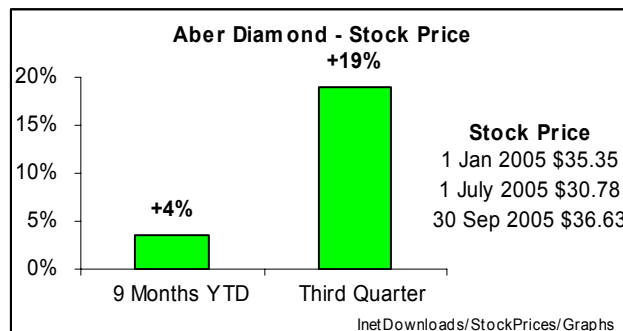
Thu, Oct 6, 2005

• **News Flash: Money Does Buy Happiness!**



ABER DIAMOND (ABER)

Aber Diamond Corporation is a specialist diamond company focusing on the mining and retail segments of the diamond industry. The company supplies rough diamonds to the global market from production received from its 40% ownership interest in the Diavik Diamond Mine, located off Lac de Gras in Canada's Northwest Territories. Aber also holds a 51% interest in Harry Winston Inc., the premier fine jewelry and watch retailer.



By design, Aber's chairman Bob Gannicott has "bookended" the diamond pipeline. After all, he says, that's where the profit is. Aber continues to post solid results, and the stock price reflects this positive news. Headlines about Aber during the third quarter include the following:

Thu, Sep 8, 2005

- **New Star Analyst Rankings for Aber Diamond Corp**

Wed, Sep 7, 2005

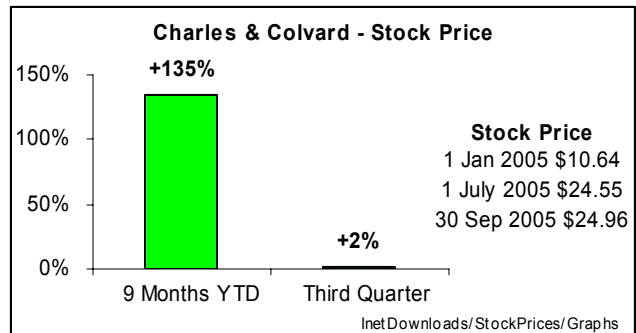
- **Aber Reports Improved Earnings of 40% over the Prior Quarter**

Wed, Jul 27, 2005

- **New Annual Report for Aber Diamond Corporation**

CHARLES & COLVARD (CTHR)

Charles & Colvard, based in the Research Triangle Park area of North Carolina, is the sole source of moissanite, a created jewel used in fine jewelry. Moissanite is near colorless, with more fire, brilliance and luster than a fine diamond, but retails for only a fraction of the cost.



Charles & Colvard has struggled over the years to properly position this created gemstone in the market. Initially, moissanite was described as a diamond substitute, but fine jewelers would not carry it in their stores. Chairman Bob Thomas and his team have repositioned this gemstone as a “created jewel”. JC Penney and Finlay are among the two largest retailers of moissanite; other jewelers are beginning to recognize the potential of this gemstone. In addition to the following headlines, moissanite was favorably mentioned on the recent Finlay Enterprises conference call:

Fri, Sep 16, 2005

• **Charles & Colvard upgraded by Adams Harkness**

• **Early Stocks in Motion**

Thu, Sep 15, 2005

• **Charles & Colvard Sees 3Q Sales Soaring**

• **Charles & Colvard foresees 3Q sales more than doubling**

• **Charles & Colvard Provides Third Quarter Sales Guidance and Update on Expanded Distribution**

Thu, Sep 8, 2005

• **Charles & Colvard Schedules Conference Call on Friday, September 16, 2005 for Corporate Update**

Tue, Jul 19, 2005

• **Charles & Colvard's 2Q earnings sparkle**

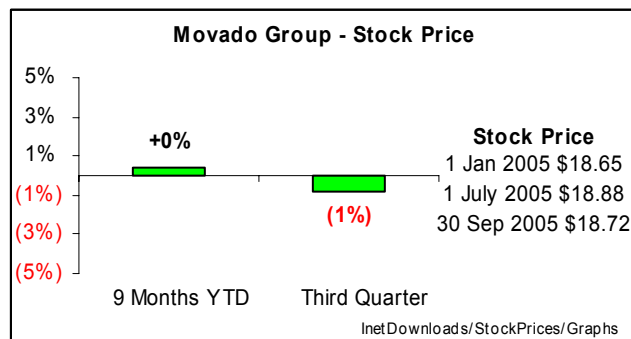
• **Charles & Colvard Reports Second Quarter Operating Results**



MOVADO (MOV)

Movado Group, Inc. designs, manufactures, and distributes Movado, Ebel, Concord, ESQ, Coach, Tommy Hilfiger and Hugo Boss watches worldwide, and operates Movado boutiques and company stores in the United States.

Movado shares have neither moved up nor down measurably since the beginning of the year, despite solid results. In part, this is because the Movado Boutiques remain unprofitable. Further, there is some question about the ability of management to assimilate its recent acquisitions. In our view,



Movado is a leading consolidator in the watch industry, and it has been successful, so far. Its headlines remain positive.

Sat, Sep 10, 2005

- **New Star Analyst Rankings for Movado Group**

Thu, Sep 8, 2005

- **Movado Still Blinging**

- **Movado 2Q Profit Rises 21 Percent**

- **Movado Group, Inc. Announces Second Quarter Results**

August 31, 2005

- **Movado signs joint venture agreement with Financiere TWC SA ("TWC"), a French company with established distribution, marketing and sales operations in France and Germany.**

Since the end of the quarter, the company has announced the payment of its regular cash dividend. Movado is one of the few jewelry stocks to pay a regular cash dividend.

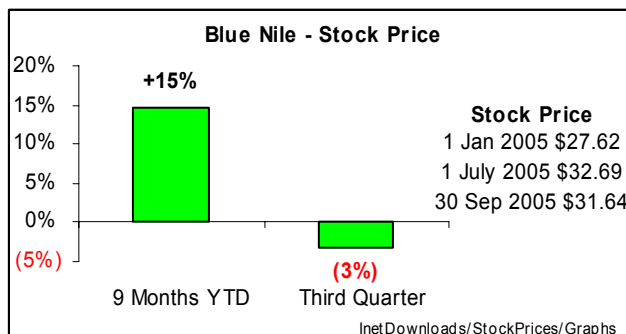
Fri, Oct 7, 2005

- **Movado Group, Inc. Declares Regular Quarterly Dividend**



BLUE NILE (NILE)

Blue Nile (www.bluenile.com) is a leading online retailer of high quality diamonds and fine jewelry. The Blue Nile web site showcases over 55,000 independently certified diamonds and more than 1,000 styles of fine jewelry, including rings, wedding bands, earrings, necklaces, pendants, bracelets and watches.



Store-based jewelers are still trying to understand how Blue Nile “does it.” The answer is two-fold: 1) very well, thank you; and, 2) with low prices and low margins. Wall Street is still trying to understand if Blue Nile will continue to grow. As the leading pioneer in the online jewelry business, its chances of success are far greater than any of the copy-cats, in our opinion. The following headlines related to Blue Nile in the third quarter.

Fri, Sep 30, 2005

- **Year-Old IPOs That Deserve a Second Look**

Mon, Sep 19, 2005

- **Blue Nile to Present at the Thomas Weisel Partners Consumer Conference**

Tue, Sep 6, 2005

- **3 Stocks That Blew Away the Market**

- **New Star Analyst Rankings for Blue Nile**

Wed, Aug 3, 2005

- **Blue Nile, In Style**

Tue, Aug 2, 2005

- **Blue Nile Announces Second Quarter Financial Results**

- **Stocks with Star Power**

Tue, Jul 19, 2005

- **Find the 20-Baggers of the Next 20 Years**

Since the end of the quarter, the headlines have been positive for Blue Nile.

Wed, Oct 12, 2005

- **Coverage initiated on Blue Nile by RBC Capital Mkts**

Tue, Oct 11, 2005

- **Inside Wall Street: Blue Nile: A Fit For Amazon**

Tue, Oct 4, 2005

- **Blue Nile Announces Launch of United Kingdom Web Site**

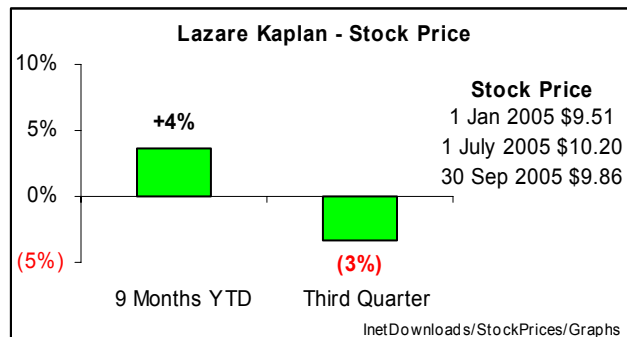
Mon, Oct 3, 2005

- **Blue Nile Rallies on Legg Mason Upgrade**



LAZARE KAPLAN (LKI)

Lazare Kaplan International Inc. sells its diamonds and jewelry products through a worldwide distribution network. The Company is noted for its ideal cut diamonds which it markets internationally under the brand name, Lazare Diamonds.



LKI's strategy is sound: it is highly diversified. The biggest problem, in our opinion, is that Wall Street really doesn't understand the company. Arguably, it is too diversified. But in the diamond industry, you've got to cover your bets. LKI does that admirably. There are few headlines on Lazare Kaplan. While Chairman Maurice Tempelsman has often complained that the diamond industry is shrouded in secrecy, his own company is not particularly forthcoming with investor updates.

Tue, Aug 16, 2005

- **Lazare Kaplan 4Q Profit Dips on Expenses**

Since the end of the quarter, the company has reported its first fiscal quarter which caused the stock to pull back modestly.

Wed, Oct 12, 2005

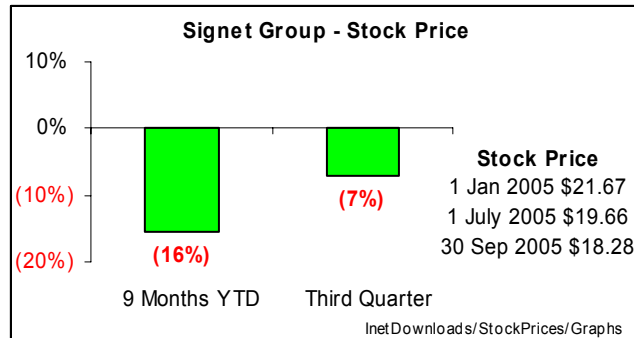
- **Lazare Kaplan Quarterly Profit Tumbles**



SIGNET GROUP (SIG)

Signet operates more than 1,785 specialty retail jewelry stores. These include more than 1,185 stores in the U.S., where it trades as “Kay Jewelers”, “Jared The Galleria Of Jewelry” and under a number of regional names. Signet also operates about 600 stores in the UK, where it trades as “H. Samuel”, “Ernest Jones” and “Leslie Davis”.

Signet Group has posted stellar results consistently for several quarters running, but its stock has drifted lower. Wall Street is apparently worried that its superior quarterly gains could be coming to an end. Further, Signet has been lumped together with all of the other mass market jewelers, a group which has



shown generally lackluster performance this year. Wall Street does not understand the power of the management team that Chairman Terry Burman has put together, in our opinion, nor does Wall Street understand how research drives this company’s above-average results. The following headlines summarize activities at Signet Group during the third quarter.

Wed, Aug 31, 2005

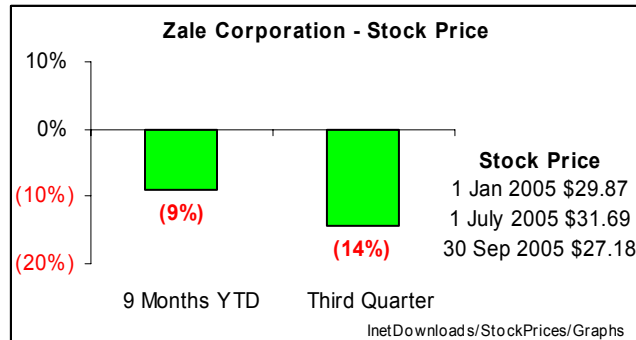
- **Signet Reports Further Advance**
- **2005/06 Interim Signet Group Earnings Release**

Thu, Aug 4, 2005

- **Jewelers mixed: Signet sparkles, Whitehall slows**
- **Signet Like For Like Sales Up 3.3% in Second Quarter**

ZALE CORPORATION (ZLC)

Zale Corporation is North America's largest specialty retailer of fine jewelry, operating approximately 2,345 retail locations throughout the United States, Canada, and Puerto Rico, as well as online. Zale Corporation's brands include Zales Jewelers, Zales Outlet, Gordon's Jewelers, Bailey Banks & Biddle Fine Jewelers, Peoples Jewellers, Mappins Jewellers, and Piercing Pagoda. Through its Zale Direct organization, Zale also operates online at www.zales.com and www.baileybanksandbiddle.com.



If there ever was a company that has Wall Street in the forefront of its mind, it is Zale Corporation. Management is more forthcoming than just about any other publicly held jeweler. Unfortunately, Zale's results have been lackluster, and Wall Street has punished the stock. The following headlines summarize activity at Zale during the third quarter.

Tue, Sep 27, 2005

- **Compensation Agreements for Forte (\$800K per year salary) and Gove (\$650K per year salary) plus bonus plus benefits**

Tue, Sep 6, 2005

- **Zale Corporation Engages in a Multiplatform Marketing Partnership with The Knot, Inc.**

Wed, Aug 31, 2005

- **Zale to close up to 35 Bailey Banks & Biddle stores; local impact unclear**
- **New Star Analyst Rankings for ZALE**

Tue, Aug 30, 2005

- **Zale 4Q Earnings Slump 41 Percent**
- **Can Rebranding Baubles Boost Zale?**
- **Zale earnings in line; board OKs \$100M buyback**
- **Zale Announces Fourth Quarter and Full Year Financial Results**

Thu, Aug 4, 2005

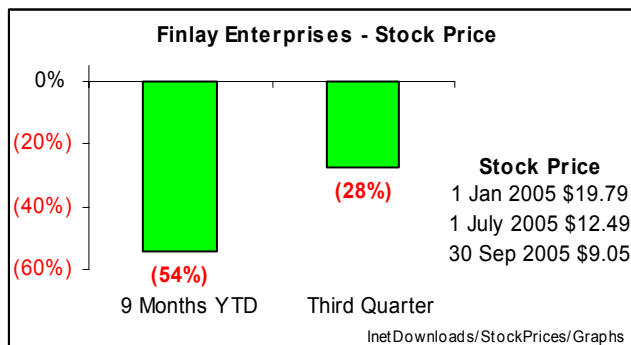
- **Zale Issues Warning on 4Q Earnings**



FINLAY ENTERPRISES (FNLY)

Finlay Enterprises, Inc., through its wholly-owned subsidiary, Finlay Fine Jewelry Corporation, is one of the leading retailers of fine jewelry and the largest operator of licensed fine jewelry departments in department stores throughout the United States. The number of locations at the end of the second quarter of fiscal 2005 totaled 993, including 34 Carlyle specialty jewelry stores.

As a result of the prospects of Finlay losing leased jewelry departments due to the Federated-May merger, FNLY shares began to fall in price earlier this year. Unfortunately, the inevitable occurred, and the company announced recently that it would lose 194 of its store locations, or roughly 20% of its



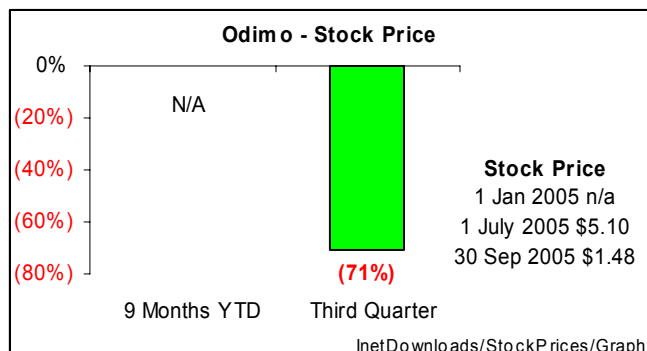
total doors. While sales are expected to fall at least 26% as a result of these closings, profits will likely fall even more dramatically. This will keep FNLY shares under pressure. News at Finlay in the third quarter included the following:
Wed, Sep 28, 2005

- **Federated merger may cost jewelry operator**
- **Finlay sees hit to sales from May/Federated deal**
- **Finlay to Lose 184 Federated Store Sites**
- **Finlay Enterprises Provides Update on Host Store Relationships**
Thu, Aug 18, 2005
- **Finlay Enterprises Reports Second Quarter and First Half Results**
Thu, Aug 4, 2005
- **Finlay Enterprises Reports Second Quarter Sales**



ODIMO (ODMO)

Odimo Incorporated is an online retailer of current season brand name watches and luxury goods, high quality diamonds and fine jewelry. The Company sells brand name goods at discounts to suggested retail prices, and diamonds and fine jewelry at competitive prices, and features many of the



branded items available in leading department and specialty stores, as well as diamonds certified by the Gemological Institute of America (GIA). The Company acquires most of the brand name watches and luxury goods products it sells through the parallel market (products are not obtained directly from the brand owners or their authorized distributors). The Company has received in the past, and anticipates that it will receive in the future, communications from brand owners alleging that certain items sold through the Company's websites infringe on such brand owners' trademarks, patents, copyrights and other intellectual property rights. The Company is also subject to lawsuits by brand owners and their authorized distributors based on infringement claims.

Open communications is not a hallmark of Odimo's management. Further, when compared to results posted by its competitor Blue Nile, Odimo's results do not measure up. Finally, a change in auditors has Wall Street investors worried. As a result, Wall Street has fled this stock. The following headlines summarize the quarter's activities.

Mon, Sep 12, 2005

- **Odimo Launches the New Diamond.com**

Fri, Sep 2, 2005

- **Odimo Incorporated Selects New Independent Auditors**

Tue, Aug 30, 2005

- **Odimo downgraded by CIBC World Markets**

Fri, Aug 26, 2005

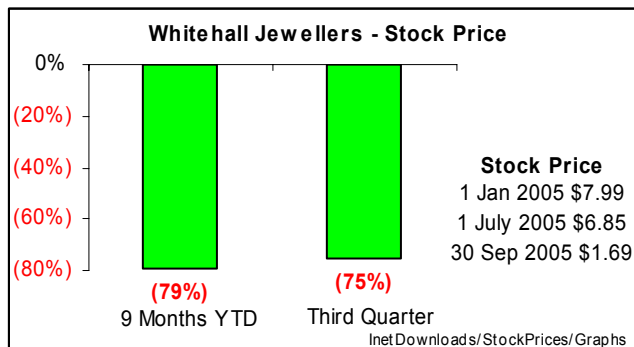
- **Odimo Incorporated Announces Purported Securities Class Action Lawsuit**

Thu, Aug 11, 2005

- **Odimo Incorporated Announces Second Quarter 2005 Results**

WHITEHALL JEWELLERS (JWL)

Whitehall Jewellers, Inc. is a national specialty retailer of fine jewelry, operating 388 stores in 38 states. The Company operates stores in regional and super regional shopping malls under the names Whitehall Co. Jewellers, Lundstrom Jewelers and Marks Bros. Jewelers.



Unfortunately, there was only one piece of good news from Whitehall in the third quarter: management announced that jewelry veteran Beryl Raff was coming to run the company. Days later, Raff said that she wasn't coming, and the downhill slide has resumed. Whitehall appears to be spiraling into a financial abyss from which there may be no escape. While it received an injection of capital (at a near usurious interest rate), common shareholders were pushed aside and lost nearly 90% of their value in the company. Whitehall management might argue that losing 90% is better than losing 100%, but the end of this saga is not yet in sight. The company's problems are complex and long-standing, in our opinion. The following headlines summarize events at Whitehall during the third quarter.

Thu, Sep 29, 2005

- **Whitehall Declines to Comment on Rumors**
- **Whitehall won't comment on takeover talk; stock up**

Tue, Sep 20, 2005

- **Whitehall Jewellers says receives default notice**

Fri, Sep 9, 2005

- **Black Days for Whitehall Jewellers**

Thu, Sep 8, 2005

- **Raff Thinks Better of Whitehall Job**
- **Whitehall Reviews Finances; CEO Resigns**
- **Whitehall Jewellers Announces Receipt of Resignation Letter from Beryl Raff and Discusses Financing Issues and Delay in Reporting Second Quarter Results**

Tue, Sep 6, 2005

- **Whitehall Does Not Comment on Trading Activity**

Fri, Aug 26, 2005

- **Whitehall Jewellers Delays 2Q Results**

Fri, Aug 12, 2005

- **Beryl Raff Receives Employment Inducement Award as CEO of Whitehall Jewellers**
- **Whitehall Goes for Experience**



- **Whitehall Jewellers Names Raff New CEO; Salary \$500K plus minimum bonus \$175K plus benefits plus \$1,950K transition bonus plus stock options**
 - **Beryl Raff Joins Whitehall Jewellers as Chief Executive Officer**
- Thu, Aug 4, 2005
- **Whitehall Jewellers 2Q Sales Decline**
 - **Jewelers mixed: Signet sparkles, Whitehall slows**

Since the end of the quarter, a steady stream of news – some negative and some positive – has continued to come from Whitehall.

Wed, Oct 12, 2005

- **Whitehall Says President, COO Resigns**
- **Whitehall names interim CEO; COO leaves company**
- **Market Pulse: Whitehall Jewellers names Daniel Levy interim CEO**
- **Whitehall Announces Appointment of Interim Chief Executive Officer**

Tue, Oct 4, 2005

- **Whitehall to get new financing, but stock drops**
- **Whitehall Announces Significant Investment by Prentice Capital**



The following stocks are not included in the IDEX Online Jewelry Stock Portfolio because the share price is below \$1.

MAYOR'S (MYR)

Mayor's Jewelers, Inc. is a leading retailer of fine jewelry, timepieces and gifts. Mayor's was founded in 1910 and for the past 95 years has maintained the intimacy of a family-owned boutique while growing to become renowned for its fine jewelry, timepieces and giftware. Mayor's currently operates 28 stores: 23 in Florida and 5 in Georgia. The following headlines capture third quarter and subsequent events for Mayor's.

Fri, Oct 14, 2005

- **Mayor's Jewelers, Inc. Special and Annual Meeting Regarding Proposed Merger with Henry Birks & Sons Inc. Scheduled for November 14, 2005**

Mon, Aug 8, 2005

- **Mayor's Jewelers, Inc. Reports First Fiscal Quarter Results for 2005**

ABAZIAS (ABZS.OB)

Abazias.com showcases over 70,000 diamonds, valued at over \$350 million on its website at www.abazias.com. Most of Abazias.com's diamonds are GIA, AGS or EGL certified. Abazias.com offers the "Couples Diamond®" which is required to meet even higher standards for cut, clarity and dimensions. Abazias.com is also a full-service jeweler offering a large selection of settings for stones purchased. The following headlines summarize recent happenings at ABZS.

Mon, Oct 3, 2005

- **Abazias Completes First Tranche of Funding**

Tue, Sep 27, 2005

- **StreetIQ.com Announces Podcast Interviews with Abazias**

Wed, Sep 21, 2005

- **Abazias.com Updates Results of Value Rich Conference with 5MM Dollar Term Sheet**

Thu, Sep 8, 2005

- **Abazias Diamonds to Present September 14, 2005 to Investors at New York ValueRich Small-Cap Financial Expo**

Tue, Aug 16, 2005

- **Abazias.com Ends Quarter with 89% Increase in Sales and Cash Flow Positive**

Thu, Aug 4, 2005

- **Interview Featuring Oscar Rodriguez, CEO of Abazias.com, is Featured at SmallCapVoice.com**

Thu, Jul 21, 2005

- **Abazias Announces South Florida Luncheon and Meetings**



FRIEDMANS JEWELERS (FRDMQ.PK)

Founded in 1920, Friedman's Inc. is a leading specialty retailer based in Savannah, Georgia, with fine jewelry stores located in power strip centers and regional malls.

Unfortunately, current Friedman's common shareholders will find that their stock will be cancelled as part of the company's emerging from bankruptcy. In other words, it is worthless. This is the case with most bankruptcies, either Chapter 7 (liquidation) or Chapter 11 (reorganization). Like many other bankrupt companies, Friedman's stock continues to trade, apparently by investors who are unaware of the outcome of the bankruptcy (or, unfortunately, encouraged by unscrupulous traders hoping to make a profit from uninformed investors).

Mon, Oct 3, 2005

- **Friedman's Inc. Obtains Approval of Disclosure Statement for First Amended Plan of Reorganization and Interim Approval of \$145 Million Exit Financing Facilities**

Sun, Aug 7, 2005

- **Friedman's, Inc. Files Plan of Reorganization**

MICHAEL ANTHONY JEWELERS

Michael Anthony shares no longer trade; it has been acquired by Bel-Oro.

Wed, Aug 17, 2005

- **Bel-Oro International Acquires Jewelry Business of Michael Anthony Jewelers, Inc.**

New Names

There is at least one new name which IDEX Online may add to its Jewelry Stock Portfolio – Man Sang Holdings. MHJ shares have been listed on the American Stock Exchange since early August.

MAN SANG HOLDINGS (MHJ)

Man Sang Holdings, Inc. engages in the purchasing, processing, assembling, merchandising, and wholesale distribution of pearls, pearl jewelry product, and jewelry products. Its product lines include freshwater pearls, Chinese cultured pearls, Japanese cultured pearls, South Sea pearls and Tahitian pearls, pearl jewelry, and other jewelry products. The company also provides assembled pearl jewelry, including necklaces, earrings, rings, pendants, broaches, bracelets, watches, cufflinks, and miscellaneous pearl products.

In addition, Man Sang owns and operates a commercial real estate complex in Shenzhen, People's Republic of China. Its customers principally consist of wholesale distributors and mass merchandisers in Europe, the United States, Hong Kong, and other Asian countries.



The company, formerly known as SBH Ventures, Inc., was founded in 1986 and changed its name to UNIX Source America, Inc. in 1991. Later, UNIX Source America changed its name to Man Sang Holdings, Inc. Man Sang Holdings is headquartered in Tsimshatsui, Hong Kong. MHJ shares sell have been trading in a range of \$5-6 per share recently. The stock has ranged from about \$1 to nearly \$8 over the past twelve months.

Tue, Sep 27, 2005

• **Webcast Alert: Man Sang Holdings, Inc. - Presentation at Informed Investors Small Cap / Growth On-line Investor Forum to Be Webcast**

Thu, Aug 11, 2005

• **Man Sang Holdings, Inc. Announces Financial Results for the First Quarter Ended June 30, 2005**

Mon, Aug 8, 2005

• **American Stock Exchange Lists the Common Stock of Man Sang Holdings Inc.**

• **Man Sang Holdings, Inc. Announces First Day of Trading on the American Stock Exchange**

About IDEX Online Research



IDEX Online Research is a division of IDEX Online (www.idexonline.com) which produces real-time transparent, unbiased pricing information for the global diamond and jewelry industry. IDEX Online Research provides exclusive, in-depth analysis of the global diamond and jewelry trade, industry research, retail and consumer analysis, as well as trend forecasts and financial breakdowns.



IDEX Online Research is headed by leading industry analyst Ken Gassman. For over 20 years, Ken has been a leading retail and consumer analyst on Wall Street, covering the global diamond and jewelry trade, working with major national U.S. retailers including Wal-Mart and Home Depot as well as jewelers such as Zale Corporation, Signet Group, Movado, and others.