

Jewellery

December 2005

THE PREMIER RESOURCE FOR THE CANADIAN JEWELLERY INDUSTRY

BUSINESS

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against jewellers?

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for holiday sales**

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Tiffany teams with architect Gehry

Architect Frank Gehry will create six exclusive jewellery collections for Tiffany, to be introduced next April. Gehry will also create a selection of tabletop items. The jewellery will blend precious metals, stones and wood, interpreted in provocative shapes highlighted with brilliant color, patina and rich grain, according to a Tiffany statement. Among Gehry's commissions are the Guggenheim Museum in Bilbao (1997) and the Walt Disney Concert Hall (2003) in Los Angeles. He joins Paloma Picasso and Elsa Peretti as designers producing lines for Tiffany. Gehry also designs a watch line, which is produced and distributed by Fossil.

Insurance break for hurricane victims

Jewelers Mutual Insurance Company, which specializes in jewellers block policies in the U.S. and Canada, said it would extend the time period for renewing policies and paying premiums for policyholders who were victims of Hurricane Katrina. It also agreed to provide coverage for commercial policyholders' merchandise while transporting it from their businesses to more secure locations and while the merchandise is at temporary locations, at no additional premium.

Aber's earnings on the rise

Aber Diamond, the 40% owner of Canada's Diavik diamond mine and 51% owner of U.S.-based Harry Winston Jewelers, reports an increase in 2005 second-quarter profits to US\$19-million, from US\$12.3-million a year ago. Sales for the three months ended July 31 rose to US\$115.7-million, from US\$84.5-million in last year's second quarter.

An improvement in the performance of the Diavik mine, strengthened by rising diamond prices, helped boost the results. In addition, sales continued to improve at Harry Winston. Aber maintained previous estimates that full-year production at Diavik would be in excess of 8.5-million carats. Aber's share of diamonds recovered from the Diavik Mine was one-million carats for the three months ended June 30, 2005, compared to 0.7-million carats for

the three months ended March 31, 2005.

Harry Winston continues to move forward with expansion plans. New stores are planned for Miami and Honolulu by the end of the fiscal year. According to Aber, the company will source polished diamonds for Harry Winston's expanding retail network and new product designs. In an environment experiencing scarcity of Harry Winston-quality goods, an increasing proportion of Harry Winston's inventory requirements is now being sourced through Aber's customer base.

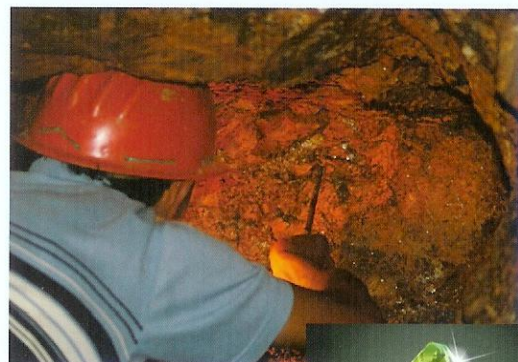
Zale reports fourth-quarter decline; opens Toronto office

Zale Corporation's fourth-quarter earnings declined nearly 41%, and the company has announced plans to close 30 to 35 Bailey Banks & Biddle stores after the holiday season. Net income dropped to US\$4.1-million in the three months ended July 31 from US\$6.9-million the previous year. Total revenue increased 3.7% to US\$472.3-million from US\$455.6-million last year. For the full year, the Dallas-based retailer, which owns the Peoples Jewellers chain in Canada, earned US\$106.8-million, up slightly from last year's US\$106.5-million. Total revenue increased 3.4% to US\$2.38-billion from US\$2.30-billion in the prior fiscal year.

Sales in Canada, at the firm's 170 Peoples stores, however, remain strong, according to investment relations manager David Sternblitz. The company has opened a new distribution and manufacturing office in Canada, near Toronto. "It will improve our replenishment function in Canada," says Sternblitz. "We'll be able to ship to stores daily. Zales Canada will manufacture diamond solitaire products and Canadian diamond products, including the 100-facet Canadian diamond."

GIA brings diamond grading expertise to NWT

A Gemological Institute of America instructor recently taught a diamond grading class at Aurora College in Yellowknife. Students learned to grade diamonds using the new International Diamond Grading System created by GIA. Those who attended the



Zultanite debuts in Canada

A new gem called zultanite, from the mineral species diaspore, will soon be available in Canada. The gem, found only in Turkey, has a color-change property, showing pink in incandescent light and green in daylight. Rudy Wobito of Custom Gem Cutting, Stouffville, Ont., says the gem looks yellowish green under fluorescent light. His company is the exclusive cutter of the gem in Canada and will be selling it here. "It's a nice gem, bright and sparkly," says Wobito. "The pink color gathers at the points so we'll be cutting lots of marquise and pear shapes."

It was named zultanite to honor the 36 sultans who founded the Ottoman Empire in Anatolia (now Turkey) in the late 13th century, according to the gem's miner and exporter Murat Akgun of Zultanite Gems. "At their best," he says, "stones turn from kiwi-like green to rhodolite-like purplish-pink, depending on the light source." It measures 6.5-7 on the Mohs hardness scale and has a refractive index of 1.702-1.750, with a specific gravity of 3.39. "These characteristics make it an excellent candidate for mounting in jewellery," says Akgun. "It's as hard as amethyst, as brilliant as sapphire and as entertaining as alexandrite." Akgun plans to market the gems with light boxes designed to show the color change and will create a zultanite and platinum jewellery collection. Wobito says that, although prices have yet to be established,

