

Skate's Art Stocks: Jan 2009

While Collectors Universe Management Prepares to Fight Hostile Takeover, Shareholders in Many Art Industry Companies Likely Dream of More Attention

Inside this report:

- Skate's Art Stocks Index underperformed the S&P 500 by 1.5%, starting the year with a 10% loss in Jan. The Index closed on Jan 30, 2009 at 62.6 points, just seven points above its all time historical low, recorded on Oct 27, 2008.
- Collectors Universe is Skate's Art Stock of the month. The company's share price soared by 32.6% in Jan, spiking at US \$4.25 on Jan 21, in its run up to the Jan 23 deadline for shareholders to qualify for the stockholders' rights plan, approved on Jan 9, 2009.
- Stanley Gibbons was the worst performing art stock of the month, losing over one-third of its value after releasing a profit warning on Jan 20. Skate's has revised the target price for Stanley Gibbons by 20% in response to this new profit guidance, reducing it to US \$228.14; the stock closed at US \$122.63 on Jan 30, 2009.

McGraw-Hill to Publish Skate's Art Investment Handbook: *The Comprehensive Guide to Investing in the Global Art and Art Services Market* in Fall 2009

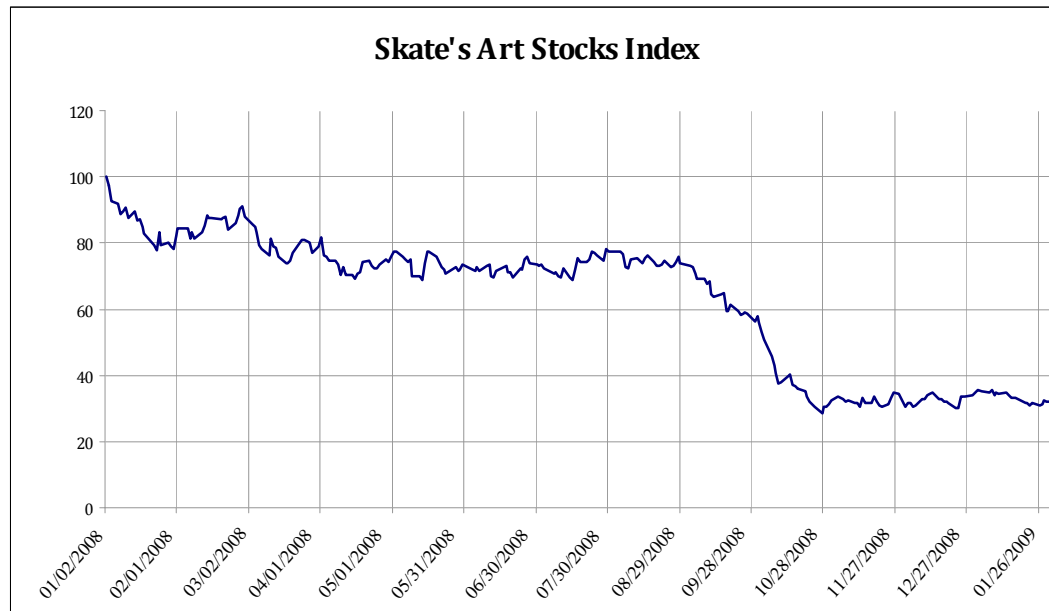
Skate Art Industry Research & Ratings is pleased to announce that a second English edition of *Skate's Art Investment Handbook* will be published by McGraw-Hill in fall 2009.

Written by Skate Art Industry Research & Ratings Founder and Chairman Sergey Skaterschikov, the original *Skate's Art Investment Handbook* was first published in Russia in 2006 and was written as a guide for Russia's newly wealthy. Due to popular demand (the Russian edition sold out in six months), the book was printed in English. It has since become a standard resource for international art investors.

Skate's Art Investment Handbook: the Comprehensive Guide to Investing in the Global Art and Art Services Market will expand upon its predecessors with additional sections, new data and input from special contributors. Using a combination of proprietary editorial and aggregated statistical data, Skaterschikov will explain a rational approach to investing in art, including valuation drivers, market statistics and an analysis of how the art market compares to other investment markets. A special supplement will feature a complete listing of Skate's Top 1000.

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Global Art Investment Market: Skate's Art Stocks Underperformance for 75% of the Index's Constituents



Source: www.skatepress.com

Skate's Art Stocks Index underperformed the S&P 500 by 1.5%, starting the year with a 10% loss in Jan. The Index closed on Jan 30, 2009 at 62.6 points, just seven points above its all time historical low, recorded on Oct 27, 2008. Of the 12 companies that comprise Skate's Art Stock Index, nine have seen their share prices decline, one returned to the almost same share price level as at the start of the 2008 and two stocks thwarted bearish market conditions and achieved capital gains in Jan: Collectors Universe soared by 32.4% and Seoul Auction went up 1.7%.

Skate's Art Stocks

Name	Listing/Currency	January 2009 Performance	Price as of Jan 30, 2009	Market Cap as of Jan 30, 2009 in USD mln	Skate's Target Price (in local currency)
Sotheby's	NYSE/USD	-2.20%	USD 8.7	585 mln	USD 18.0
Artprice	Paris/EUR	-24.20%	EUR 4.7	29 mln	EUR 6.0
Artnet	Frankfurt/EUR	-18.60%	EUR 5.9	33 mln	EUR 9.0
Collectors' Universe	NASDAQ/USD	32.40%	USD 3.9	33 mln	USD 8.0
Mallett	London/ GBP	0.30%	GBP 72.6	10 mln	none
Finarte Casa d'Aste	Milan/ EUR	-12.30%	EUR 0.2	11 mln	EUR 0.5
Gruppo FMR	Milan/ EUR	-15.50%	EUR 4.8	17 mln	EUR 6.0
Camera Work	Frankfurt/ EUR	-20.40%	EUR 7,851.0	308 mln	EUR 1000.0
Art Vivant	Tokyo/JPY	-4.70%	JPY 270.0	42 mln	JPY 270.0
Seoul Auctions	Seoul/WON	1.70%	WON 1,800.0	30 mln	WON 2,500.0
Shinwa Art Auction	Tokyo/JPY	-15.30%	JPY 21,360.0	13 mln	JPY 50,000.0
Stanley Gibbons	London/GBP	-35.70%	GBP 123.8	32 mln	GBP 160.0
Skate's Art Stocks Index	USD	-10.10%	USD 62.6	1143 mln	USD 90.0

Source: www.skatepress.com

For more information on Skate's Art Industry Research & Ratings ,
please visit SkatePress.com or contact Irina Shkurkina at ishkurkina@skatepress.com or 212-514-6010.

Skate's Art Stock of the Month: Collectors' Universe Gets Ready for Hostile Takeover

On Jan 9, 2009, the Collectors' Universe Board of Directors unanimously adopted a limited duration stockholder rights plan (the "Plan"). This move was driven an attempt by Collectors' Universe management and board to defend the company from a possible hostile takeover – at that time the firm's equity value was just US\$ 25 million, almost four times below its early 2008 peak. The stock market, likely attuned to the possibility of a takeover, responded by aggressive buying Collectors' Universe shares, propelling its share price upward by 32.4% in Jan.

Commenting on the newly adopted plan, Michael Haynes, Chief Executive Officer of Collectors Universe, stated, "We continue to be optimistic regarding the Company's long-term prospects which we believe are not adequately reflected in the current trading price of our stock. With the general market for securities depressed, our Board has taken this action to protect our stockholders from any attempt that might be made to acquire or control the company at an unreasonably low price. The Board also believes that the rights plan will help ensure that the Company has the opportunity to pursue its strategic plan and the Board will have adequate time to evaluate alternatives if such a takeover attempt were to be made. The rights plan as adopted is a temporary measure and compliant with ISS guidelines. The plan is not intended to and will not prevent an acquisition of the Company which is determined to be advantageous to the stockholders (PR Newswire (U.S.), Jan 13, 2009)."

In connection with the adoption of the stockholder rights plan, the Board of Directors declared a non-taxable distribution of rights to purchase shares of a new series of preferred stock to all stockholders of record as of Jan 23, 2009. Under this Plan, if an investor becomes the beneficial owner of 20 percent or more of the Company's outstanding shares, then, subject to limited exceptions, each right (other than those held by that 20 percent or more beneficial owner) will become exercisable and entitle its holder to purchase, at the exercise price of the right, a number of the Company's shares having a market value of twice the right's exercise price. If an investor announces or commences a tender offer or exchange offer for the Company's shares, then, subject to limited exceptions, each right will entitle its holder (other than the offerer) to purchase, at the exercise price of the right, a number of the acquiring party's shares having a market value at that time of twice the right's exercise price. Unless and until either of those events occurs, the rights will not be exercisable, they will trade with the Company's common stock and no rights certificates will be issued.

While this move may have accomplished its objective (deferring potential hostile suitors), it also attracted some shareholders' criticisms (Shamrock Activist Value Fund, an 8.85% shareholder of Collectors' Universe, sent a complaint to the board and requested a reversal of the decision) and might have deprived the Company's shareholders of an opportunity for ownership and perhaps management change, leaving them with the company's existing leadership at a time when no further business mistakes can be allowed.

Art Industry Trading Segment: First Results for 2008: From Japan, No Good News

Shinwa Art Auction Company reported dramatic changes in its financial condition for the first six months of its 2008 fiscal year (ending Nov 30, 2008) and offered sanguine guidance for entire year (ending May 2009). The company essentially expects its 2008 revenues to halve compared to its 2007 results. It also projects losses for 2009 and offers no visibility for how and when Shinwa can be expected to return to profitability.

Auction houses across the globe seem to agree that pursuing further expansion into China should help them to alleviate some of the pressure they are experiencing from declining sales and earnings in their core markets. Sotheby's made an announcement that it will step up its wine auction activities in Hong Kong in 2009, and Shinwa declared its partnership with Beijing Council International Auction Company to auction Chinese antiques from Japan in China.

Shinwa Art Auction Co. Results for the 1H Ended Nov 30, 2008 (compared to 1H 07), in JPY

Category	2008	2007
Revenue	517 mln	932 mln
Operating Profit	(96) mln	168 mln
Pretax Profit	(94) mln	171 mln
Net Profit	(95) mln	93 mln
Per share		
Earnings	(1.67) bln	1.61 bln
Diluted earnings	N/A	1.61 bln
Dividend		
First quarter	N/A	N/A
Year-end	N/A	2.50 bln
Annual	N/A	2.50 bln
(Figures in parentheses are losses)		

Source: Shinwa-art.com

Shinwa Art Auction Co. also released the following forecasts, in JPY:

Category	May-09
Revenue	1.05 bln
Operating Profit	(148) mln
Pretax Profit	(146) mln
Net Profit	(149) mln
Per share	
Earnings	(2.64) bln

Source: Shinwa-art.com

Art trading has also declined severely outside of the auction houses. Mallett, a London and New York based antiques dealer, reported in Jan that turnover for the second half of the year ended Dec 31, 2008 is expected to be approximately 40% lower than that achieved during the same period for 2007. As a result, Mallett will report an operating loss for 2008. Stanley Gibbons, which serves a niche stamp-collecting market, also disclosed lower than expected profits for 2008; however, the group insisted that the stamp trade remains largely unaffected by the global economic downturn.

Art Industry Media & Services Segment: Trying Times Ahead

Art market information providers and media companies are yet to report their 2008 financial results. Regardless, their abilities to keep the top-line at 2007 levels will be tested and their chances of avoiding declines in sales and profits in 2009 looks unlikely as the art market goes through a severe decline in trading volume and market participants looks for ways to cut costs.

Investors will watch for Artnet financial results to see if the company's efforts to develop an auction business yielded any fruit. Financial results published for the third quarter and first nine months of 2008 produced little evidence that the economics of Artnet are being materially positively affected by the investment made in auction activities to date.

Artprice made a move at the end of Jan to launch "the first free and confidential art portfolio management service (PR Newswire, Jan 26, 2009)" aimed at entering the art valuation business and increasing the website's traction and utility. Offering valuation service to customers has been previously attempted by other art information providers, thus far these efforts have failed to translate into any significant new cash-flows for these companies. Artprice's initiative is also unlikely to boost the firm's bottom line, as its CEO, Thierry Ehrmann, becomes more focused on fighting the company's eviction from its headquarters, aptly named La Demure du Chaos. The fight to dislodge Ehrmann from La Demure du Chaos, located in a small community not far away from Lyon, France, is being led by the local mayor, who dislikes the unkempt appearance of the estate (Artprice *Art Market Insight*, Jan 30, 2009). Regardless of the outcome of that fight, Ehrmann need not worry about creating an "Environment of Chaos" anymore, as a state of unrest and uncertainty has definitely arrived in the Art Industry.