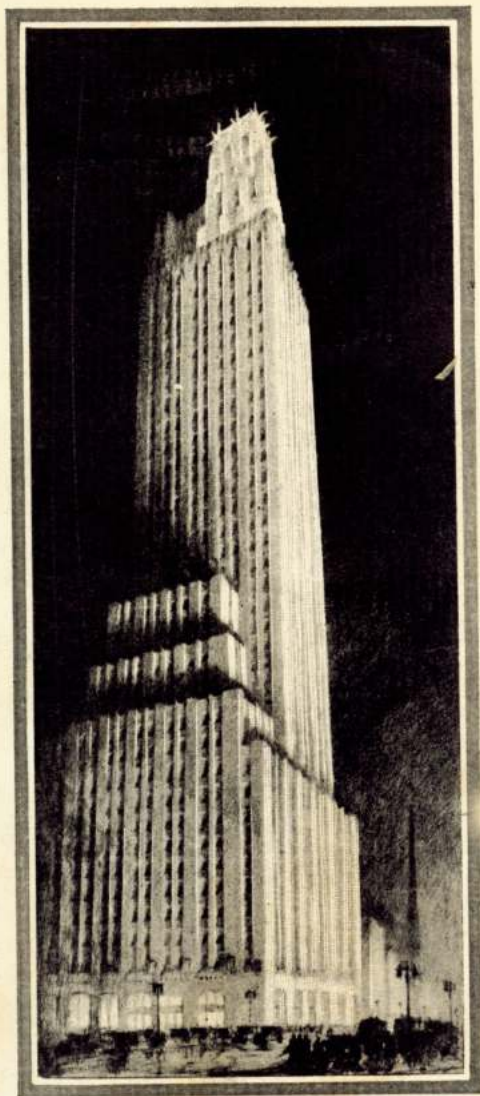


BULOVA WATCH COMPANY, INC.



REPORT TO STOCKHOLDERS

MARCH 31ST, 1930

BULOVA WATCH COMPANY, Inc.



Board of Directors

JOHN H. BALLARD	JOSEPH BULOVA
FREDERICK R. BAUER	A. FOX
ARDE BULOVA	IRA GULDEN

Officers

JOSEPH BULOVA
President

ARDE BULOVA
Vice-President and Treasurer

JOHN H. BALLARD
Vice-President

IRA GULDEN
Vice-President

A. FOX
Secretary

To the Stockholders of

BULOVA WATCH COMPANY, INC.

ON behalf of your Board of Directors, I am pleased to submit the attached Consolidated Balance Sheet of your Company and subsidiaries at March 31, 1930, and the accompanying Consolidated Income Account and Consolidated Surplus Account for the fifteen months ended at that date.

In order to bring your Company's quarterly reports in line with the usual calendar periods and because of the seasonal character of the industry, the date of closing the fiscal year was recently changed from the last day of February to March 31. Therefore the fifteen months now under review include two quarters ending with March which have never been profitable for your Company, in common with others in the industry. This is due to the fact that shipments are proportionately low in the March quarters while manufacturing, overhead and advertising expenses are carried continuously through each month of the year. Ordinarily the last four months of the calendar year account for about half the annual sales.

Net earnings for the fifteen months ended March 31, 1930, were \$1,558,231, as set forth in the income account herewith, and after deducting Preferred dividends from date of issue, the balance available for dividends on Common Stock was \$1,385,428. This balance, which is equivalent to \$5.04 per share of Common Stock, is not fully representative of your Company's annual earning power for the reason that the expenses of two unprofitable March quarters have been charged against the earnings of but one profitable nine months period. However, these net earnings compare favorably with those of \$1,083,673 for the calendar year 1928 and of \$651,299 for 1927, which were equivalent on the present Common Stock, without deduction for dividends on the subsequent issue of Preferred Stock, to \$3.94 and \$2.36 per share in the respective years.

The financial condition of your Company is excellent. The balance sheet herewith shows current assets of better than 3.9 times current liabilities. Reserves for doubtful accounts and notes receivable are adequate to cover any possible losses. The net receivables on March 31, 1930, represent only goods shipped since January 1, 1929. Except for less than \$50,000 arising from exchanges, the \$4,493,313 net receivables outstanding at December 31, 1928 have been collected in full. Inventories are moderate in relation to the requirements of the industry since a manufacturer of fine watches must always carry a substantial number of movements through the relatively long period required for testing a precision product. Also, your Company sells only complete watches and only direct to the retail jeweler, so that no part of the inventory is carried by intermediate wholesalers.

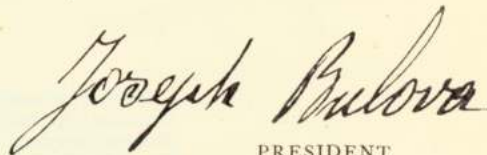
As summarized in the accompanying surplus account, regular quarterly dividends have been paid on the \$3.50 Convertible Preferred Stock since the date it was issued, while commencing December 1, 1929, the Common Stock was placed on a regular quarterly dividend basis of \$3 per share per annum.

Sales for the period under review were the largest in the history of your Company. The management believe that the extensive use of the radio for Bulova Time Signals and the established national magazine advertising were of material assistance in bringing about the increase in sales, and therefore are continuing both methods of advertising on a larger scale in the current fiscal year. Your Company is strengthening and widening the selected list of retail jewelers through whom Bulova watches reach the public. The number of retail jewelers handling the products of your Company has now risen to over 6,000, scattered through every state in the Union with a growing number in Canada. A gratifying number of our retail distributors have themselves contracted for advertising of Bulova watches in local newspapers and over local radio stations. Some 1,300 of these dealers and their employees have purchased stock in your Company.

The capacity of your Company's case manufacturing plant at Providence, R. I., has been increased as well as that of the parts manufacturing plants at Biemme, Switzerland. Because of the rumors which have been circulated with regard to duties on parts imported from your Company's plants, I believe you should be advised that the Treasury Department has now ruled definitely in the classification of watch parts. Your Company recently paid \$51,407.20 covering the import duties in dispute, without fine or penalty of any kind.

The new line of Bulova pocket watches, introduced this year, has been well received and is now carried by a large number of our regular distributors. Since the first of the year your Company's shipments have increased more than 17% over those of the first five months of last year. While results for the current fiscal year will naturally depend to some extent upon general conditions throughout the country, from all present indications we believe that your Company will enjoy a more prosperous year than that just closed.

Respectfully submitted,

A handwritten signature in cursive script that reads "Joseph Bulova". The signature is written in dark ink and is positioned above the printed name.

PRESIDENT

JUNE 2, 1930.

BULOVA W

CONS

ASSETS

Current Assets:		
Cash		\$669,054.88
Notes and accounts receivable:		
Customers' notes receivable	\$3,002,122.54	
Customers' accounts receivable	1,725,159.52	
Total	4,727,282.06	
Less reserves for doubtful notes and accounts	144,562.80	4,582,719.26
Other		72,084.24
Inventories (based on physical inventories at cost or less; not audited as to quantities)		2,519,692.12
Total Current Assets		\$7,843
Cash Surrender Value of Officer's Life Insurance		40
Plant Property—at Book Value:		
Land and buildings	70,969.51	
Machinery and equipment	493,198.49	
Furniture and fixtures	37,193.55	601,361.55
Less reserves for depreciation		249,902.52
		351
Unamortized Improvements to Leasehold Property		25
Prepaid Advertising, Interest, etc.		20
Total Assets		\$8,282

We have examined the accounts of Bulova Watch Company, Inc., inc branch at Bienne, Switzerland, and those of its subsidiary companies: Watch Company, Inc., including its branch at Bienne, Switzerland; Standard Watch Case Company; Bulova Watch Company, Limited; and baude Weissensteinstrasse No. 9, A. G.; for the purpose of verifying t financial condition of the companies at March 31, 1930, and of review operations for the year and three months ended that date.

The balances due from customers on notes and open accounts were re detail for the purpose of determining the probable collectibility of su and the reserve provided at March 31, 1930, appears to be adequate to possible loss from this source.

Of the accounts and notes receivable outstanding at March 31, 1930, a to \$4,582,719.26, approximately \$50,000.00 represents charges arising

COMPANY, Inc.

CONSOLIDATED BALANCE SHEET

As of

LIABILITIES

Current Liabilities:

Loans payable—Banks		\$983,374.19	
Drafts and acceptances payable		25,779.51	
Accounts payable:			
Trade creditors: Foreign	\$115,958.03		
Domestic	234,008.29		349,966.32
Officers		365,981.77	
Other		666.67	
Due to salesmen		48,429.83	
Accrued liabilities		59,238.65	
Federal income tax, 1929		176,128.56	

Total Current Liabilities \$2,009,565.50

Real Estate Mortgages Payable 45,084.26

CAPITAL

\$3.50 Convertible Preferred Stock, without par value:
 50,000 shares authorized and outstanding;
 At liquidation value, \$55 per share \$2,750,000.00

Common Stock, without par value:
 325,000 shares authorized,
 50,000 shares reserved for conversion of Preferred Stock,
 275,000 shares outstanding; at declared value 900,000.00

Earned Surplus—at December 31, 1928 . . \$1,604,579.19
 For the fifteen months ended March 31, 1930 972,927.68 2,577,506.87 \$3,477,506.87

Total Liabilities and Capital \$8,282,156.63

Contingent Liabilities—None

January 1, 1929, including exchanged merchandise rebilled since that date.
 The charges to property accounts appear to have been controlled by a conservative policy. In our opinion adequate reserves have been provided for depreciation of property and for possible losses, and full provision has been made for all known liabilities.

WE HEREBY CERTIFY that in our opinion the above Consolidated Balance Sheet and the accompanying Consolidated Income Account and Consolidated Surplus Account set forth the financial condition of the companies at March 31, 1930, and the results of their operations for the year and three months ended that date.

New York, N. Y.
 May 29, 1930

HASKINS & SELLS.

BULOVA WATCH COMPANY, Inc.

and Subsidiaries

CONSOLIDATED INCOME ACCOUNT

Fifteen Months Ended March 31, 1930

Gross Profit (before deducting depreciation)		\$4,433,002.0
Deduct:		
Selling expenses	\$1,595,250.52	
General and administrative expenses	695,360.86	2,290,611.3
Profit from Operations		2,142,390.6
Add—Income credits:		
Discounts on purchases	35,600.37	
Interest	29,576.41	
Increase in cash surrender value of officer's life insurance	18,374.00	
Sales of scrap and sweeps	15,525.85	99,076.6
Gross Income		2,241,467.2
Deduct—Income charges:		
Discounts allowed customers	107,788.75	
Provision for doubtful notes and accounts	200,009.29	
Interest	69,005.87	
Insurance on officer's life	14,483.25	
New York State Franchise Tax	48,812.85	440,100.0
Net Income before deducting depreciation and Federal income tax		1,801,367.2
Deduct—Depreciation		52,007.5
Net Income before deducting Federal income tax		1,749,359.7
Deduct—Provision for Federal income tax		191,128.5
Net Earnings		<u>\$1,558,231.1</u>

CONSOLIDATED SURPLUS ACCOUNT

Fifteen Months Ended March 31, 1930

Earned Surplus at December 31, 1928		\$1,604,579.1
Net Earnings for the fifteen months ended March 31, 1930	\$1,558,231.17	
Deduct—Dividends paid on Preferred Stock from date of issue	172,803.49	
Balance of Net Earnings available for Common Stock	1,385,427.68	
Deduct—Dividends paid on Common Stock	412,500.00	
Add—Surplus for the fifteen months ended March 31, 1930		972,927.68
Earned Surplus at March 31, 1930		<u>\$2,577,506.8</u>

Foreword

UNLIKE many industries in which leaders come and go, all of the outstanding names in the watch industry of this country, with one exception, have been established for a long period of years. Bulova is the only make of watch that has acquired national importance during the last quarter of a century. The growth of the Bulova Watch Company has brought about requests for information not only as to its securities but also as to its history, products and organization. The financial statements are therefore followed by a brief outline of the history and policies of the Company.

HISTORY OF THE BULOVA BUSINESS

IN 1875, Joseph Bulova, who is today President of the Company, established a jewelry manufacturing business specializing in products of fine quality. The business was incorporated under the laws of the State of New York in June, 1911, as the J. Bulova Company, with a capital of \$50,000. After incorporation, the business of the Company became almost exclusively the manufacture and sale of fine watches. Rigid adherence to the founder's principles of "Quality before Quantity—Perfection before Production" brought steady growth. In 1923, when the present name of the Company was adopted, the capital had increased to \$1,000,000.

In February, 1929, the present capital structure was authorized and the existing Common Stock was issued in exchange for the stock previously outstanding, while the Preferred Stock was issued for cash to meet the requirements of the growing business. Regardless of business depressions, the sales and earnings of the Bulova Watch Company have increased every year because of the demand of the American public for a quality product attractively presented.

PLANT FACILITIES

TODAY the Bulova Watch Company and its subsidiaries constitute one of the largest manufacturers of strap and wrist watches with jeweled movements, employing approximately 2,600 persons on both sides of the Atlantic.

Two complete units are in operation in the United States, in addition to the plant at Bienne, Switzerland, which was reconstructed in 1928 by the Company and subsequently enlarged. Practically all the watch cases used by the Company are manufactured from the raw materials by a wholly-owned subsidiary in Providence, R. I. In the New York City plant, in close proximity to the executive and sales offices, the manufacturing process is completed and the timing, testing and regulating of Bulova watches are carried on in direct contact with the senior executives.

As a part of the organization and complementing the research, engineering and inspection facilities required for the manufacture of fine timepieces, the Bulova Observatory on the roof of 580 Fifth Avenue, New York City, shown in the picture on the cover of this report, is maintained for the correct taking of sidereal time.

PRODUCT

EVERY Bulova watch is made of standardized Bulova parts, built from a blue-print accurately established in the Engineering Department. So standardized are these parts that they are completely interchangeable. A jeweler, in case of need, may easily replace any part of a Bulova watch; the new part will fit as accurately and as perfectly as the original.

Among the many improvements in the construction of Bulova watches, that perhaps most obvious to the average wearer is the Bulova Dust-Tight Protector, which prevents dirt and dust from coming in contact with the movement—and prevents, too, the tinkering with the movement by unskilled fingers.

Particular care is given to the element of design. In all sizes and price fields, the complete ensemble—the dial, the case and the bracelet, band or strap—is carefully studied. Bulova style leadership has had a major effect on the watch industry.

ADVERTISING POLICY

THE national advertising of the Bulova Watch Company in leading magazines has been established for many years. Every four weeks color pages—full or double size—appear in the Saturday Evening Post. Other publications are also used. Radio broadcasting has been added more recently. 300 times a day Bulova Time Signals are sent into the air: It is believed that Bulova announcements are sent out more times per day and over more major stations than those of any other company in America.

The Company's advertising budget has grown year by year until today it is believed to be the largest in the industry—without including the substantial amount of advertising in local newspapers, by radio and by other methods which is carried on by the Company's 6,000 retail dealers throughout the United States and Canada.

MERCHANDISING POLICY

THE Bulova Watch Company distributes only direct to retail jewelers. Bulova watches are sold to the public only under the Company's own trade names—and only by retail jewelry stores, the logical outlet for fine timepieces.

Prices have been standardized by national advertising and are plainly marked on every watch. The indicated retail price has been selected to assure the jeweler of the profit to which he is entitled on his invested capital in order to provide the grade of service which the public has learned to expect from Bulova watches. Every authorized Bulova distributor has been selected with regard to his ability to render satisfactory service and is provided with a cabinet containing an assortment of Bulova replacement parts.

The Company's sales organization has been trained to give its retailers practical assistance in solving their merchandising problems. Co-ordinating the advertising and the selling, the Sales Promotion Department devotes its entire time to assisting the retail jewelers to sell the merchandise they buy. This cooperation is very much appreciated by the Company's customers, as is evidenced by the fact that a large number of them have purchased stock of the Company.

A few scenes at the BULOVA OBSERVATOR

FIFTH AVENUE, NEW YORK



few scenes at the BULOVA WORKSHOPS

PROVIDENCE, R. I.

