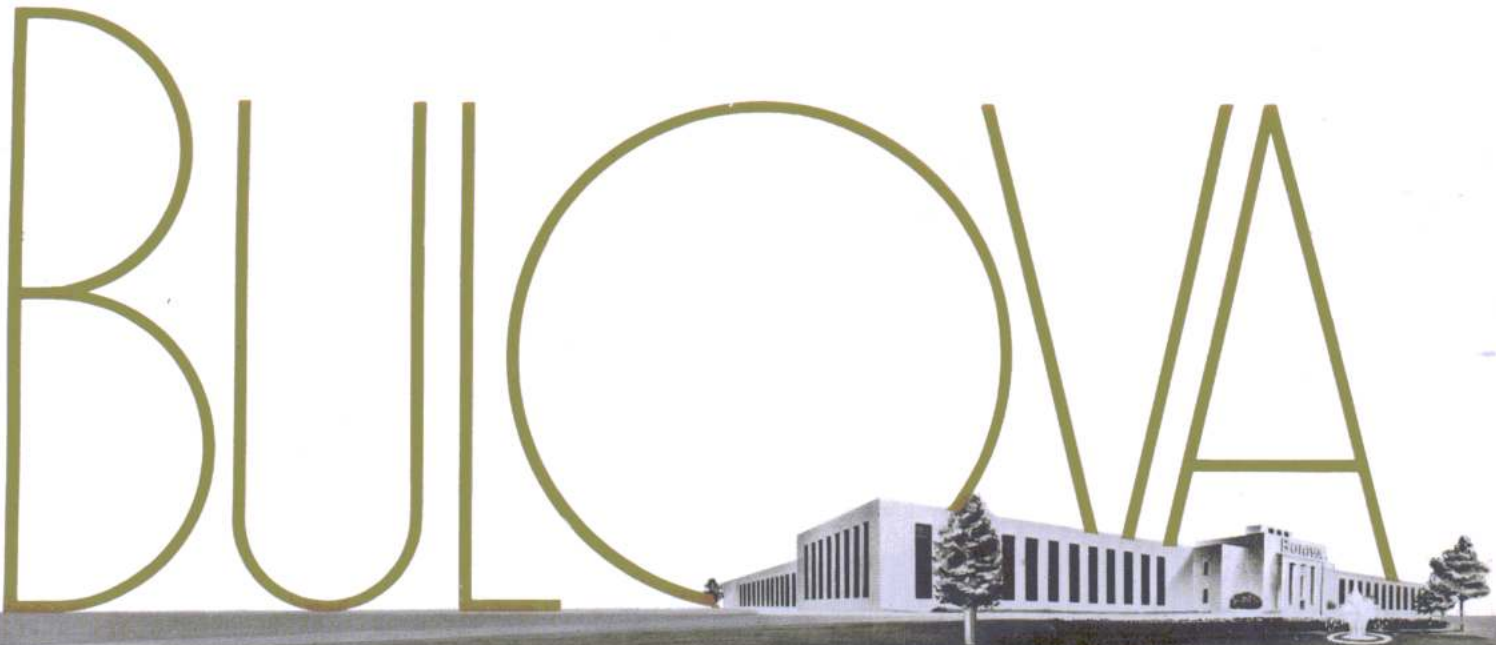


ANNUAL REPORT / MARCH 31, 1957

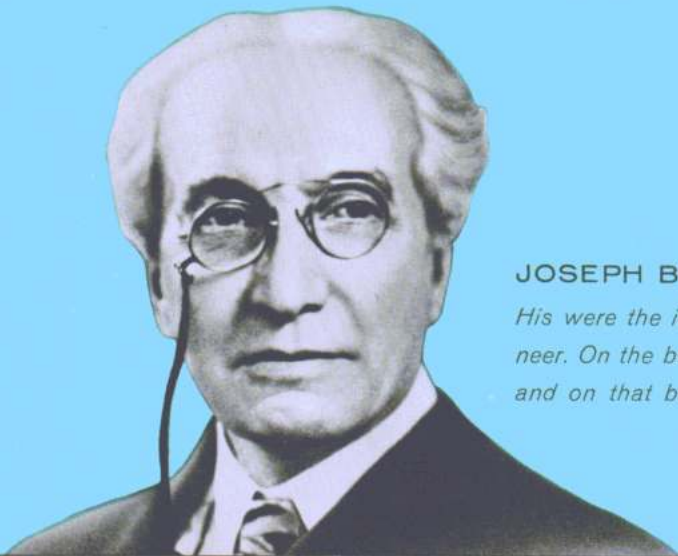


WATCH COMPANY, INCORPORATED

# BULOVA



WORLD CAPITOL OF FINE WATCHMAKING  
*HOME OF AMERICAN HIGH PRECISION*



**JOSEPH BULOVA 1851-1935**

*His were the ideals, the ambition, the ability and the courage of the pioneer. On the bedrock of intelligent, honest service, he built this enterprise, and on that basis has flourished the organization his genius conceived.*



**ARDE BULOVA**  
*Chairman of the Board*



**JOHN H. BALLARD**  
*President*

## BULOVA WATCH COMPANY, INCORPORATED

EXECUTIVE OFFICES • BULOVA PARK, FLUSHING 70, N. Y.

*Board of Directors*

**ARDE BULOVA**  
**JOHN H. BALLARD**  
**EMIL E. FACHON**  
**HARRY D. HENSHEL**  
**EMILY B. HENSHEL**  
**THOMAS A. MORGAN**  
**BEARDSLEY RUML**  
**STANLEY SIMON**

*Officers*

**ARDE BULOVA**  
Chairman of the Board  
**STANLEY SIMON**  
Vice President  
**EMANUEL HOCHMAN**  
Vice President  
**SIMON C. GERSHEY**  
Vice President  
**JOSEPH KANE**  
Vice President  
**ABRAHAM CARNOW**  
Treasurer  
**FRANK B. SHEINBERG**  
Assistant Treasurer

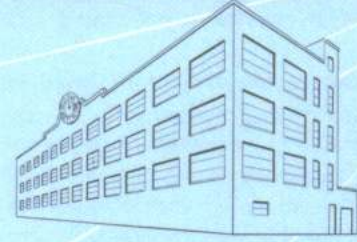
**JOHN H. BALLARD**  
President  
**EMIL E. FACHON**  
Vice President  
**DAVID C. STAMBAUGH**  
Vice President  
**DAVID ANDERSON**  
Vice President  
**HARRY B. HENSHEL**  
Secretary  
**ROLAND P. TALBOT**  
Assistant Secretary



BULOVA HEADQUARTERS, BULOVA PARK, L. I., N. Y.



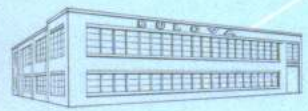
Providence, R. I.



Woodside, L. I., N. Y.



Bienne, Switzerland



Toronto, Canada



Woodside, L. I., N. Y.



Sag Harbor, L. I., N. Y.



Valley Stream, L. I., N. Y.

# BULOVA WATCH COMPANY, CANADA, LIMITED

EXECUTIVE OFFICE • STERLING TOWER, TORONTO, ONTARIO, CANADA

*Board of Directors*

ARDE BULOVA  
 JOHN H. BALLARD  
 ROBERT E. DAY  
 HARRY D. HENSHEL  
 R. DOUGLAS JENNINGS

*Officers*

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 Chairman of the Board  
 ROBERT E. DAY  
 President  
 HARRY B. HENSHEL  
 Vice President

ABRAHAM CARNOW  
 Treasurer  
 FRED T. BAILEY  
 Vice President  
 MURIEL McCULLUM  
 Secretary

# BULOVA RESEARCH AND DEVELOPMENT LABORATORIES, INC.

EXECUTIVE OFFICES • WOODSIDE, LONG ISLAND, N. Y.

*Chairman:* GENERAL OMAR N. BRADLEY

*Board of Directors*

ARDE BULOVA  
 EMIL E. FACHON  
 HARRY D. HENSHEL  
 BEARDSLEY RUML

JOHN H. BALLARD  
 HARRY B. HENSHEL  
 THOMAS A. MORGAN  
 ALEXANDER SHAYNE

STANLEY SIMON

# The President's Report to Stockholders

## *Financial Highlights*

I am happy to report to you once more on the operations and performance of your company for the fiscal year ended March 31, 1957.

*Our net profit (before income taxes) was \$7,081,068, compared with \$7,658,190 for the previous year.*

*Our net profit, after the payment of all taxes, was \$3,401,068, compared with \$3,483,190 for the previous year.*

*Each share of Bulova Stock earned \$1.74, as compared with \$1.79 for the previous year.*

*Dividends on Bulova Stock were maintained on the same basis as the previous year after the 3 for 1 stock split: 30¢ regular quarterly and in addition a 20¢ extra.*

*The total dividends paid to our stockholders were \$2,685,600, as compared with \$2,596,591 for the previous year.*

*The balance of our net earnings (\$715,468) has been retained — in the pattern of our established policy — for necessary capital and for use in programs of expansion and improvement.*

## *Sales and Advertising*

During the past year, the Bulova organization has worked energetically to expand the demand for and sale of Bulova products through 18,000 retail jewelers in the United States and Canada. In spite of the difficult conditions which continue to prevail in the retail watch market, we were able to show substantial and satisfactory increases in our sales. The influx of low-priced watches into the American market from abroad has presented new challenges to high-quality timepieces which guarantee top performance at popular prices. Our merchandising and advertising programs necessarily revolved around this central problem.

Our consistent advertising policies have won ever-increasing acceptance by the public of the name Bulova for products sold in the jewelry store. This has not only strengthened Bulova's sales of watches and radios, but paved the way for a new addition to our lines — the new Bulova precision electric razor.

## *New Products*

During the 1956 Christmas season, extensive field tests of the Bulova electric razor were undertaken. On March 25, 1957, the Bulova electric razor was released to jewelry stores. We expect a substantial increase in sales for our company through the addition of this new product. On the basis of our experience with the sale of radios, which we launched in 1952, your management is confident that the new step toward diversification via our electric razor will give our company an even wider and sounder base for leadership in the jewelry industry.

The current balance sheet and earnings statement reflect the condition of the company after writing off the total research and development cost of the new Bulova electric razor.

In the Spring of 1956, a new line of watches, called the Bulova "President" series, was introduced. These watches met with gratifying success. For the first time, an ultra-thin men's watch, styled in a manner formerly confined to the highest priced lines, was offered to the public at popular prices. In the Fall of 1956, we presented a line of ladies watches, cased in 18-karat gold, called the Bulova "First Lady". These watches offered superior design and unsurpassed value to the public. The response was excellent.

Our sales of radios — table models, portables, and clock radios — again increased substantially over last year. Many new radio models are being planned for presentation during the coming year. Particular emphasis will be placed on transistor radios, for which the demand continues at a very high and promising level.

## *Defense Items*

In fiscal 1957, the Bulova Watch Company, through its branches and subsidiaries, delivered over \$20,000,000 of defense items to the United States Army, Navy, and Air Force. The decline in our deliveries of military items, as compared to the preceding year, is the result of the changing complex of weapons in the national arsenal, and—therefore—

the changing weapons components ordered by the Armed Services. The emphasis in the requirements of the Services has shifted. Devices of the most extreme complexity are needed for use in missiles.

But fast-changing developments in missiles preclude large orders for component parts. The recent contracts awarded by the defense agencies have changed to reduced quantities which require shorter production runs and decreased aggregate profits. However, the Bulova Watch Company has been able to increase its over-all net after tax profit margin, through its policy of continued diversification.

The Research and Development Laboratories, under the distinguished guidance of General Omar Bradley, continue to make vital contributions to our country's defense effort. In the last few years, our Laboratories scored many successes in invention and production of safety and arming devices for missiles, improvements of fuzes, development of special timers, mechanical computers, thermister bolometers, and other vital precision items, many of which cannot be made public for security reasons. These accomplishments would hardly have been possible were it not for the rare precision skills which are embodied in the Bulova complex of scientists, engineers, and production experts.

Your company continued to operate the Turtle Mountain Ordnance Plant for the United States military establishment throughout the past year. This plant is the only domestic source of high precision synthetic sapphire jewel bearings for precision military instruments. It is the policy of the government to maintain such a nucleus of jewel bearing manufacture as insurance for the defense of our country. We are happy to continue to operate this plant for the government on a \$1 a year fee basis.

During the past year, our Photographic Division, hitherto an integral part of our Research and Development Laboratories, was set up as an independent division. This Division has made substantial progress. It has received a number of important new government contracts and has increased its production backlog considerably.

Our Electronic Manufacturing Division, which produces quartz crystals and other micro-miniature elements for highly specialized defense applications, has shown continued satisfactory growth.

I am pleased to report that, since the end of the fiscal year, we have renegotiated our revolving credit arrangement with three principal New York banks. The new arrangement, effective June 1, 1957 for a period of three years, increases the commitment of funds from these banks to the company from \$8,000,000 to \$10,000,000.

On November 15, 1956, the Board of Directors amended the provisions of the employees pension plan to provide a new benefit in the form of life insurance protection after retirement. Until this amendment life insurance under the plan had been available only to active employees. The Employees' Retirement Plan of the Bulova Watch Company, Inc. has now achieved a level of assets in excess of \$18,000,000 and continues to be a source of great security and morale building for the entire organization.

Your Board of Directors decided to create an eighth Board Membership on February 28, 1957, and elected Mr. Emil E. Fachon, Vice President of the Company in charge of our manufacturing divisions in Providence, Sag Harbor and Valley Stream. Mr. Fachon has been with our Company over 30 years.

Mr. David Anderson, Production Manager of the Jackson Heights plant was elected a Vice President on February 28, 1957.

Looking ahead, our diversification policies should result in further increases in sales and income. Our production methods continue to improve. Our sales and promotion efforts continue to be reflected in marketing results. Our products continue to coin new consumer approval. Our design and styling improvements—across the entire line of our products—meet with increasing customer response. Our interest in new products, new models, new ideas remains undiminished.

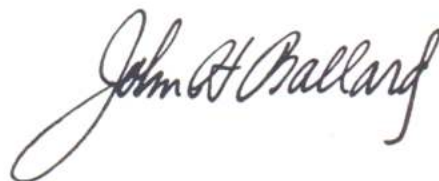
It is this teamwork—of people with skills, and experience with enthusiasm—on which our optimism for the future is based.

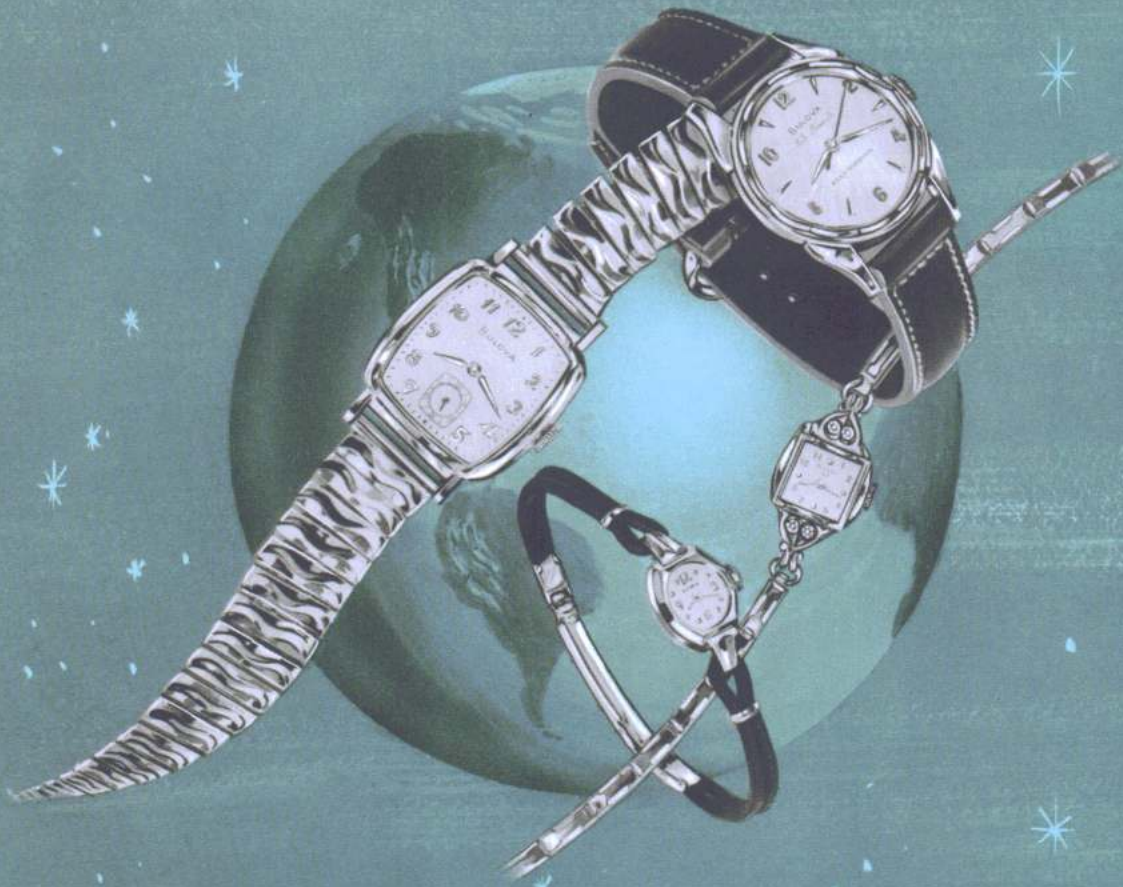
*Research and  
Development*

*Specialized  
Defense Activities*

*Board of Directors*

*The Outlook*

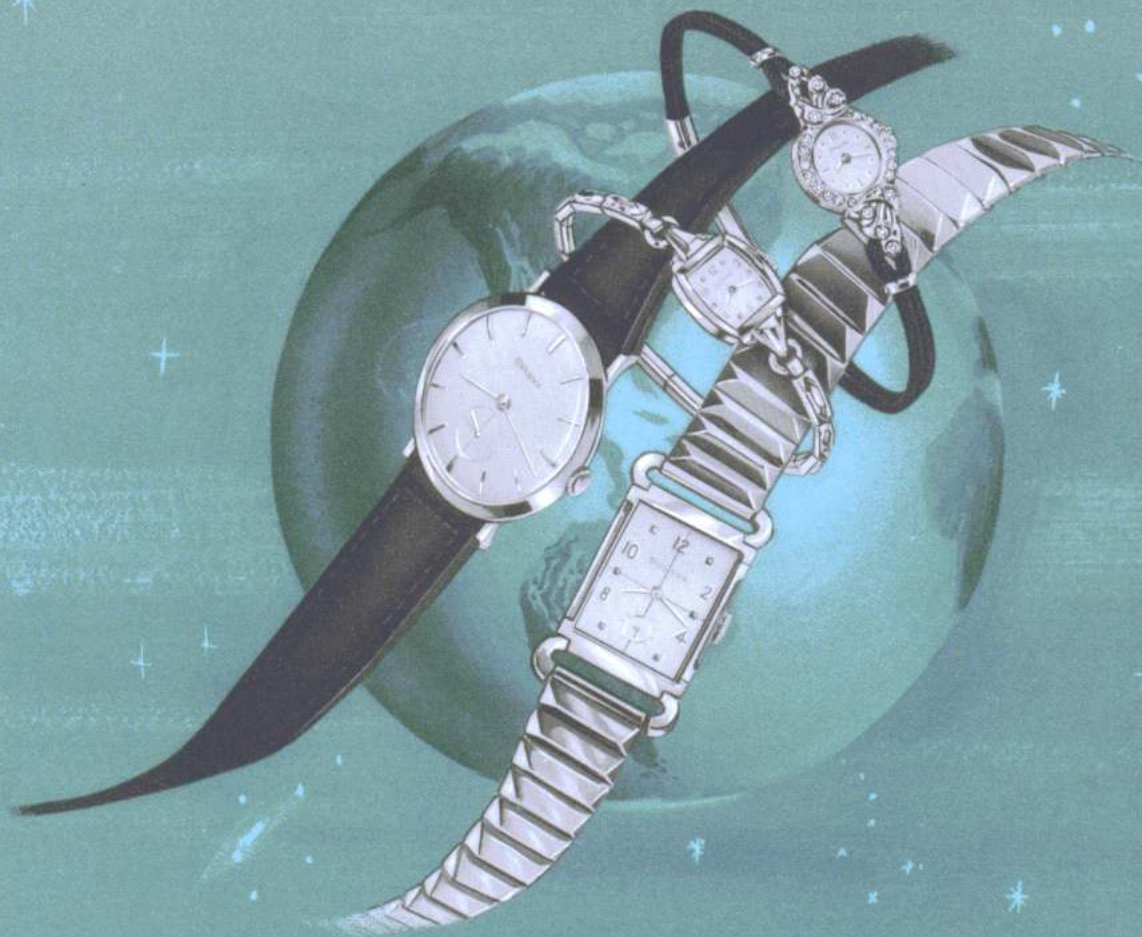




Year after year...

*Bulova leads*

*every other fine watch in sales...*



Shown above are some Bulova TV Headliners — the best known, biggest selling watches in America.

An imaginative and unflagging advertising program pre-sells Bulova watches for Bulova jewelers. Men and women often enter a jewelry store to ask simply for “the Bulova watch I saw on TV”.

Bulova advertising reaches more people more often than all other watch advertising combined. Bulova, a brand name synonymous with quality, precision and superb performance, becomes rooted ever more firmly in the public’s mind.

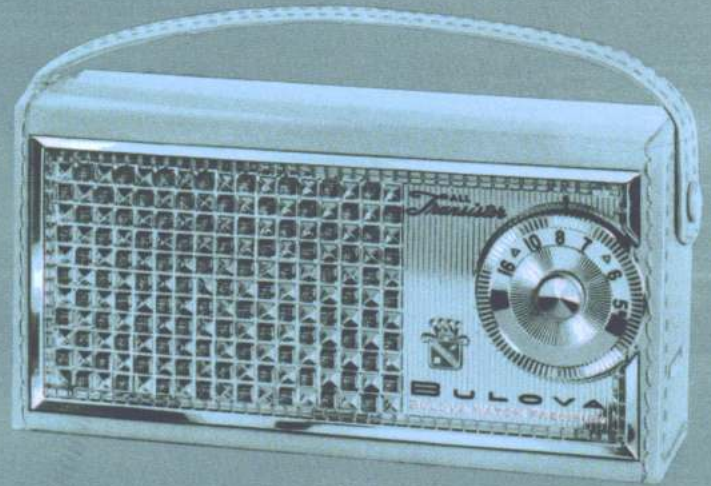




## Bulova... *mark of prestige for a*

The Bulova organization embraces many invaluable assets through its leadership in the manufacture and distribution of fine watches. Bulova is second to none in the science of mass producing items to tolerances of extraordinary precision. Experience and ingenuity in styling have conferred the "jewelry look" on all Bulova products. Not least, a loyal following of thousands of retail jewelers who have shared in the success of Bulova products now blanket the United States.

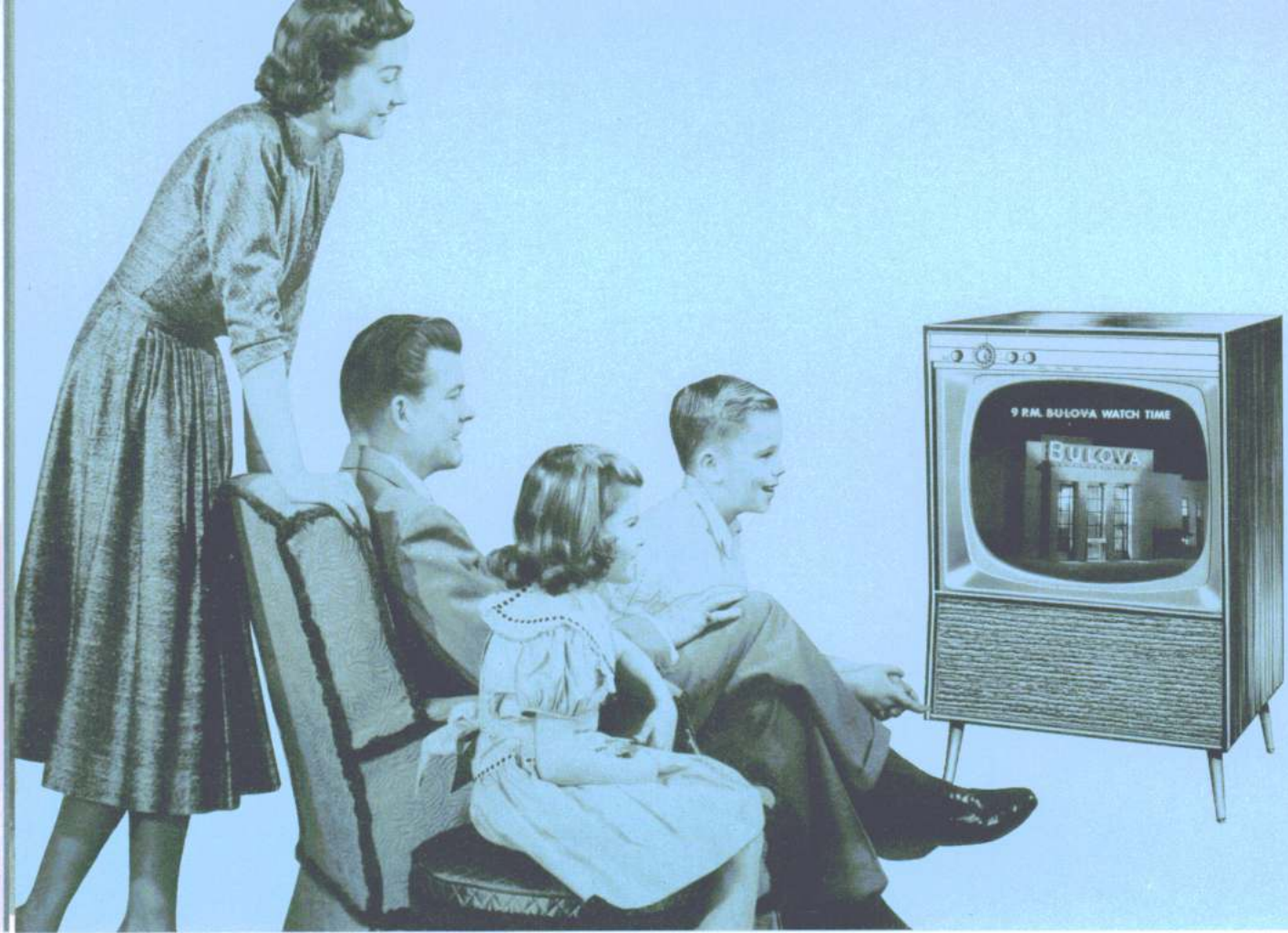
The unique assets of Bulova have led to the production of fine articles



*ever-growing family of precision products*

other than watches. First came a complete and varied line of precision-made radios. The success which followed the application of the watch-makers' precision skills, and the jewelers' sensitivity to styling, to the field of radios is indicated by the phenomenal increase in sales every year.

A fine new precision-made instrument, the Bulova Electric Razor, is making its debut in jewelry stores. Released on March 25th, it promises to become an important and popular member of the ever-expanding family of Bulova products.



*Bulova... the world's most effectively-advertised fine timepiece... Bulova influences more consumers than all other watch advertising combined*

The vast and continuous Bulova TV Spot advertising campaign has entered the homes of millions of Americans week after week.

Our television commercials feature the best-selling watches in the Bulova line, and stress performance, beauty, and value. Each of the models shown is nationally advertised as a "TV Special".

Bulova unexcelled advertising reaches and influences more consumers than all other watch advertising combined. Bulova watches are bought, today, by more people than the next two brands combined.

# Bulova

## *Network Television Advertising*

Bulova national advertising has entered the homes of millions of Americans through several of the top-rated network television programs. America's most popular entertainers have delivered Bulova sales messages at choice viewing times.



Cornerstone *of Bulova sales... the most powerful jeweler merchandising support in the industry*

The Bulova sales message is multiplied many times, and its effect is greatly magnified, by many merchandising aids furnished to retail jewelers. These merchandising aids incorporate the basic themes which run through our advertising.

Throughout the year, a stream of promotional materials is furnished to the jewelers — newspaper mat services, direct mail pieces, point-of-sale displays, films, radio and TV scripts, and sales training materials. Jewelers everywhere agree that their strongest merchandising support comes from Bulova. The strategy of powerful advertising to consumers — plus powerful merchandising through jewelers — pre-sells Bulova products and makes Bulova the easiest brand for jewelers to sell.



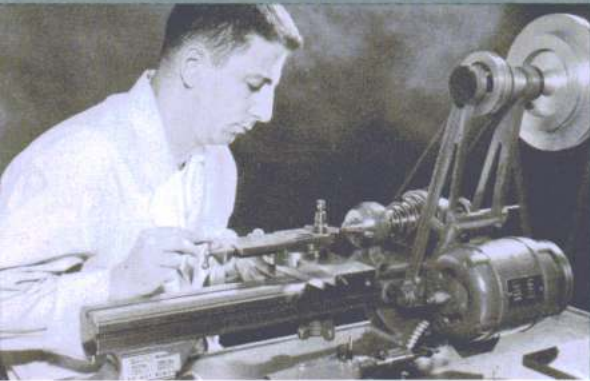
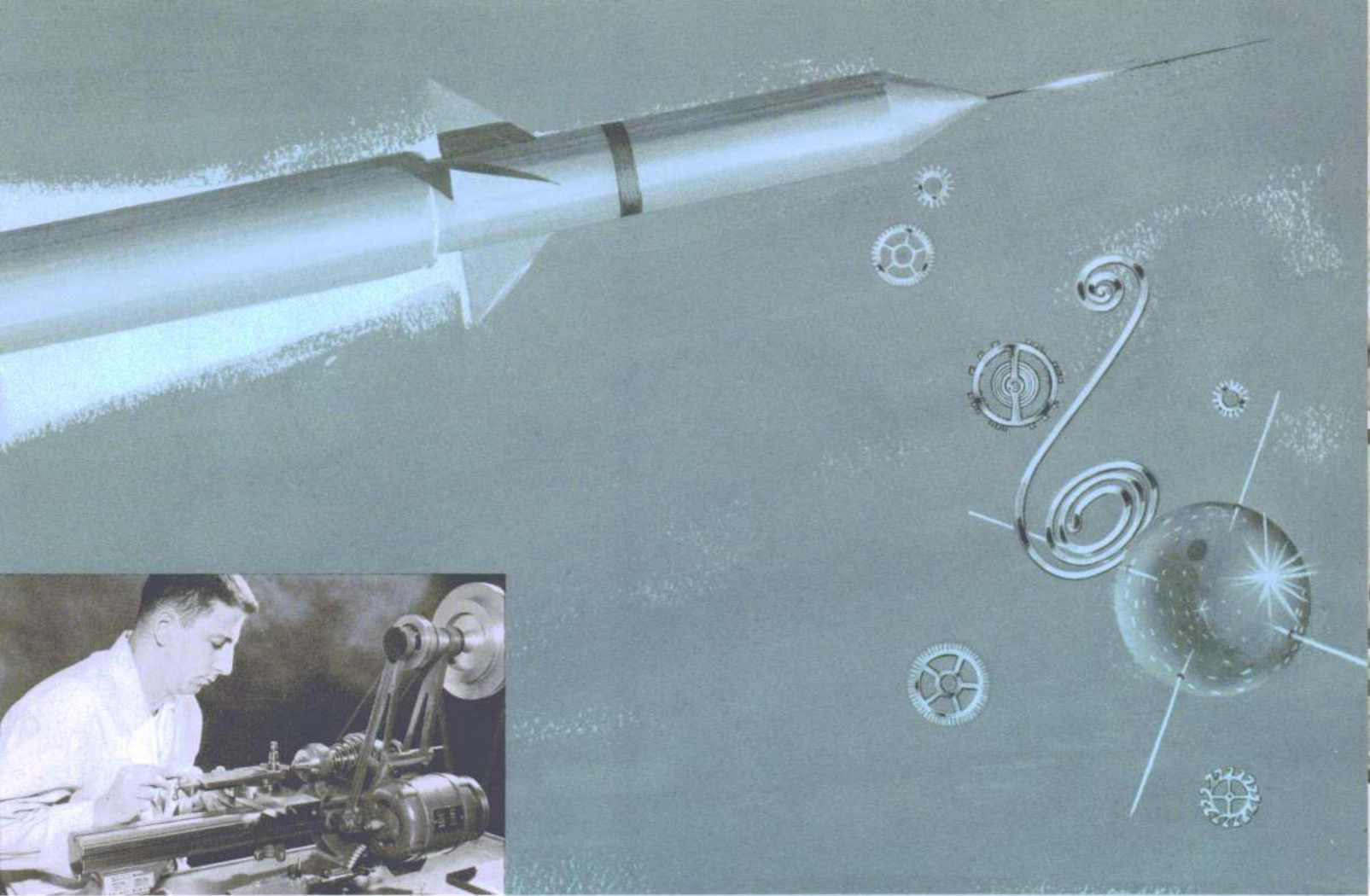


## Bulova research and development

*Creative*

In every modern business, Research and Development activities play a vital role. We are proud of the contribution our Laboratories have made in many areas, and especially proud of the way in which Bulova skills have been applied to the development of complex mechanisms for our defense arsenal.

The Bulova Laboratories apply ingenious method and creative imagination to totally new problems. As the complexity of modern weapons increases, more and more space is preempted by elaborate instrument systems. Many of the problems today confronting the armed forces concern the micro-miniaturization of components — the design and con-



## Equipment laboratories

### *Thinking . . . from Concept to Fulfillment*

construction of tiny devices which can fit a given space without a loss of performance requirements. Here Bulova has been called upon in the very area in which its skills are unique and its experience irreplaceable — the mass production of mechanisms to incredibly close tolerances.

Bulova has made gratifying contributions to the field of guided missiles, instrumentation, electronics, fuzing, camera systems, and camera aperture controls. In its work on infra-red sensing devices or gyroscopes, and in certain advanced systems studied, Bulova creative thinking — from concept to fulfillment — contributes immensely to the defense of the free world.

*Omar N Brakley*



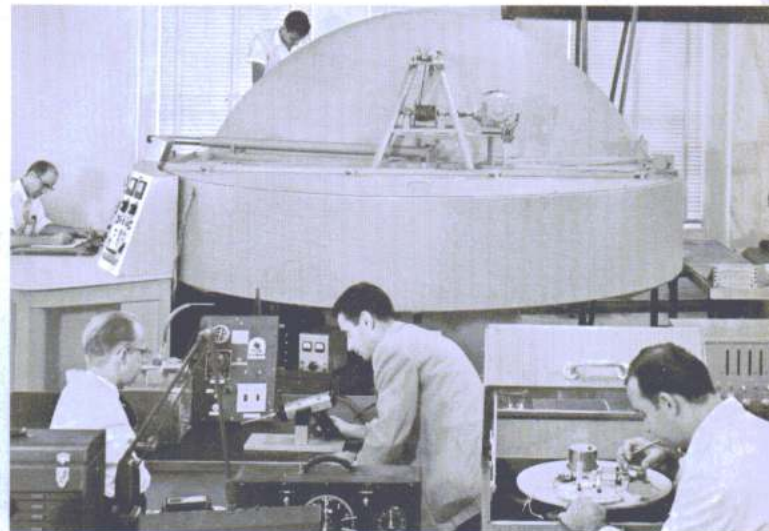
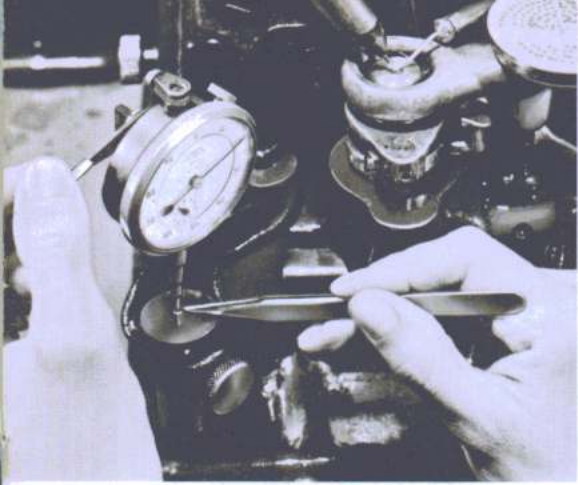
## National defense...

*strengthened*

During the past year, the Bulova Watch Company continued to devote its highly specialized skills to the production of defense items for the U. S. military establishment. Of course, the list of these products is headed by the guided missiles control mechanisms, safety and arming devices, and other developments which originally were the concepts of the Bulova Research and Development Laboratories.

Our Aerial Reconnaissance Camera Division has expanded during the year and developed and produced new items of military importance in this field.

Our Electronics Manufacturing Division, from a venture originally undertaken only to furnish the emergency requirements of the armed forces, has expanded and now Bulova quartz crystals find their way into many top priority missile and computer programs. Diversification has become a product of expansion — additional products have been developed and



## *by the special skills of Bulova*

now, a full line of miniature component ovens, precision package oscillators and crystal filters are in production.

The division is currently in production and making prototypes for such major Guided Missile projects as: Titan—Bullpup—Navajo—Atlas—Falcon—Hawk 3—Snark—as well as Airborne Computer Bombsights, Fire Control Systems and Airborne Navigational Systems.

In the past year, the Turtle Mountain Ordnance Plant in Rolla, North Dakota, which Bulova operates on a \$1-a-year fee for the United States Government, was expanded by one third. It now has a production capacity of many million jewel bearings annually. This plant is the only source in the United States for the tiny sapphire bearings which are used in a large variety of precision military instruments. Bulova skills, unique and highly developed, stemming back to the manufacture of bearings during World War II, have played a crucial role in this vital defense program.





## Morale at Bulova . . . . a

The Bulova record reflects the joint efforts of thousands of loyal men and women who help make our Company what it is. Their morale is itself an invaluable asset. Watchmaking demands infinite patience, concentration, skill, and dexterity.

To attract the finest craftsmen, Bulova pays the highest wages in the watchmaking industry and conducts one of the most liberal employee-benefit plans in all industry. Our employee benefits program includes a comprehensive pension plan, group insurance, and a liberal program of sickness and accident benefits. A college scholarship award program, entirely financed by the Bulova Watch Company Founda-



*invaluable asset*

tion, provides funds for the higher education of employees' children. Working conditions at Bulova are exceedingly pleasant. In the most modern factories in the world, the air is conditioned and especially filtered to eliminate all dust particles. Modern cafeterias provide low-cost meals. Our employees, themselves, operate a Credit Union for their convenience; the Company provides the physical banking quarters. Behind Bulova Park, a large recreational area is set aside for use after hours. Company interest in the well-being of its employees nourishes the loyalty and dedication which build unexcelled quality into Bulova products.

BULOVA WATCH COMPANY  
Consolidated

*March 31, 1957 with comparative*

ASSETS	March 31	
	1957	1956
<b>CURRENT ASSETS:</b>		
Cash .....	\$ 3,143,022	\$ 6,059,312
U. S. Government securities, at cost and accrued interest (market value: 1957—\$291,100; 1956—\$387,750) .....	298,557	393,257
Customers' accounts and notes receivable (less allowance for doubtful accounts and notes: 1957—\$931,250; 1956—\$895,458) .....	17,694,098	16,662,098
Other accounts receivable .....	108,993	195,001
Inventories, at cost or less .....	13,310,103	7,975,945
U. S. Government contracts:		
Accounts receivable .....	2,748,718	2,313,903
Inventories .....	1,811,585	2,940,415
Reimbursable expenditures .....	6,728,676	7,158,721
	11,288,979	12,413,039
Less progress payments received .....	—	2,101,530
	11,288,979	10,311,509
Prepaid expenses .....	177,719	214,625
Total current assets .....	46,021,471	41,811,747
<b>OTHER ASSETS:</b>		
Investment in capital stock of Tiffany & Company (in 1956 secured notes receivable) (book equity January 31, 1957—\$2,424,000) .....	2,240,400	2,240,400
Cash surrender value of \$500,000 insurance on life of officer .....	290,612	281,277
Sundry notes and accounts receivable .....	485,949	449,872
Due from officers and employees under stock purchase plan (secured by shares of the company's capital stock: 1957—4,635 shares, market value \$93,279; 1956—12,154 shares, market value \$258,272) .....	55,541	140,359
Capital stock, at less than cost, held for resale to officers and employees (note H) .....	719,385	299,893
	3,791,887	3,411,801
<b>PLANT PROPERTY, AT COST (note B):</b>		
Land, buildings and improvements .....	7,640,624	7,637,423
Machinery and equipment .....	4,366,805	4,324,962
Furniture, fixtures and leasehold improvements .....	438,165	555,000
	12,445,594	12,517,385
Less accumulated depreciation .....	3,867,739	3,467,378
	8,527,855	9,050,007
REAL ESTATE — LAND .....	1,143,559	1,143,559
DEFERRED CHARGES .....	157,275	—
	\$59,692,047	\$55,417,114

# Balance Sheet

figures at March 31, 1956

	LIABILITIES	
	March 31	
	1957	1956
<b>CURRENT LIABILITIES:</b>		
Unsecured notes payable—banks (note C) .....	\$ 4,000,000	\$ 198,000
Accounts payable .....	4,409,696	3,891,341
Accrued salaries, wages, commissions and expenses.....	3,501,735	3,775,620
Accrued domestic and foreign taxes .....	3,545,039	4,332,629
Instalment on 3½% sinking fund notes due within one year (note D).....	450,000	—
Total current liabilities .....	15,906,470	12,197,590
3½% SINKING FUND NOTES DUE MAY 1, 1969—less instalment due within one year (note D) .....	7,550,000	8,000,000
DEFERRED FEDERAL TAXES ON INCOME—principally tax on accelerated amortization of emergency facilities (note B) .....	1,236,882	936,297
<b>STOCKHOLDERS' EQUITY:</b>		
Common stock, \$5 par value:		
Authorized .....	3,000,000 shares	
Outstanding .....	1,949,286 shares	
Earned surplus (retained for use in the business)—(notes C and D).....	25,252,265	24,536,797
Total stockholders' equity .....	34,998,695	34,283,227
	<b>\$59,692,047</b>	<b>\$55,417,114</b>

BULOVA WATCH COMPANY, INC. AND SUBSIDIARIES

Consolidated Statement of Income and Earned Surplus

*Year ended March 31, 1957 with comparative figures for 1956*

	<i>Year ended</i>	
	<u>March 31</u>	
	<u>1957</u>	<u>1956</u>
NET SALES .....	\$76,235,129	\$80,059,644
COST OF GOODS SOLD (note I) .....	48,006,212	53,670,410
GROSS PROFIT FROM SALES .....	28,228,917	26,389,234
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES .....	18,298,684	15,077,001
PROFIT FROM OPERATIONS (after deducting depreciation: 1957—\$953,027; 1956—\$947,909—note B) .....	9,930,233	11,312,233
INCOME CHARGES (net):		
Taxes, other than income taxes (in 1957 net of tax credit \$183,573) .....	1,341,666	1,617,177
Interest paid (less interest earned: 1957—\$52,721; 1956—\$51,510) .....	385,405	457,462
Contributions to employees' retirement plans .....	1,105,754	1,270,489
Contributions to charities .....	59,035	308,915
Dividend and other income .....	(42,695)	—
	2,849,165	3,654,043
INCOME BEFORE INCOME TAXES .....	7,081,068	7,658,190
U. S. AND FOREIGN INCOME TAXES (including deferred taxes relating to accelerated amortization of emergency facilities: 1957—\$304,436; 1956—\$304,981) .....	3,680,000	4,175,000
NET INCOME FOR THE YEAR .....	3,401,068	3,483,190
DEDUCT DIVIDENDS PAID—\$1.40 per share in 1957; \$1.35 per share in 1956 .....	2,685,600	2,596,591
	715,468	886,599
EARNED SURPLUS AT BEGINNING OF THE YEAR .....	24,536,797	28,007,118
	25,252,265	28,893,717
LESS AMOUNT TRANSFERRED TO CAPITAL STOCK IN CONNECTION WITH 3 FOR 1 STOCK SPLIT .....	—	4,356,920
EARNED SURPLUS AT END OF THE YEAR (retained for use in the Business)—(notes C and D) .....	<u>\$25,252,265</u>	<u>\$24,536,797</u>

## NOTES TO FINANCIAL STATEMENTS

**NOTE A:**

The consolidated balance sheet includes assets and liabilities located in foreign countries as follows:

	1957	1956
<b>SWITZERLAND:</b>		
Current assets .....	\$1,888,495	\$1,539,607
Other assets .....	41,935	43,169
Total assets .....	\$1,930,430	\$1,582,776
Liabilities .....	\$ 945,223	\$ 736,909
 <b>CANADA:</b>		
Current assets .....	\$2,552,271	\$2,418,306
Other assets .....	135,940	146,165
Total assets .....	\$2,688,211	\$2,564,471
Liabilities .....	\$ 378,672	\$ 507,395

All foreign currency items have been converted at prevailing rate of exchange.

**NOTE B:**

Depreciation on property covered by certificates of necessity, having a gross asset value of \$4,416,843 at March 31, 1957 and \$4,432,164 at March 31, 1956 has been booked at normal rates used by the company, although for income tax purposes the accelerated amortization of 20% per annum has been deducted. The excess of tax amortization over normal depreciation has resulted in a temporary tax benefit of \$1,169,233 (\$304,436 arising in 1957 and \$304,981 in 1956) which has been charged against earnings and credited to deferred Federal taxes on income. The amount so deferred will be taken into earnings in the years following the amortization period, when depreciation on property covered by certificates of necessity then being booked in the accounts will not be deductible for income tax purposes.

**NOTE C:**

In connection with notes payable to banks, the company has agreed to maintain a consolidated working capital position of at least \$15,000,000, and has also agreed to restrictions on the creation of additional indebtedness.

**NOTE D:**

The parent company is obligated to pay \$450,000 against the 3½% sinking fund notes on May 1, 1957 and on May 1 of each year thereafter. Additional payments may be made in any year but if such additional payments exceed \$450,000 in any one year a premium must be paid on the excess.

Under the terms of the notes, the company has agreed not to permit its working capital to fall below certain prescribed limits, and has also agreed to restrictions on the creation of additional funded debt and on various other matters.

The terms of the notes place certain restrictions on the payment of dividends, other than stock dividends, and on the purchase or retirement of shares of the company's capital stock. The net effect of these restrictions is to limit the maximum amount which could be expended for dividends and stock purchases after March 31, 1957 to \$1,677,263, plus subsequent earnings, less annual sinking fund payments of \$450,000.

**NOTE E:**

Federal income tax returns for the years ended March 31, 1953 and prior have been examined by the Treasury Department and all taxes for such years have been settled.

**NOTE F:**

Profits under contracts with the United States Government subject to renegotiation have been cleared through the year ended March 31, 1955. Management is of the opinion that no excessive profits were realized for the years ended March 31, 1956 and 1957.

**NOTE G:**

The unpaid cost as at March 31, 1957 of past services in connection with the company's employees' retirement plan as determined by independent actuaries is \$650,285, subject, however, to termination or amendment as provided in the plan. It is expected that this amount will be charged to income over a period of 12 and ¾ years.

**NOTE H:**

At March 31, 1956 options to purchase 16,200 shares of the parent company's stock at prices ranging from \$11.00 to \$11.67 per share were held by certain officers and employees. During the year ended March 31, 1957 options to purchase 69,900 shares of stock were granted at \$17.50 per share and options to purchase 13,100 shares were exercised at prices ranging from \$11.00 to \$17.50 per share. At March 31, 1957 there remained 73,000 shares under option at prices ranging from \$11.00 to \$17.50 per share. All options have been granted at 85% of the quoted market value on the dates of grant. In 1956 and prior years the difference between the option price and market value was charged against income and credited to capital stock held for resale to officers and employees. The difference between the option price of the 69,900 shares optioned in 1957 and market value has been capitalized and is being written off over a two year period from the date of grant. Two years is the minimum period during which an optionee must remain in the company's employ to obtain clear title to any shares on which he has exercised his option.

**NOTE I:**

All pre-production expenses for the year ended March 31, 1957 relating to the development of the Bulova razor have been charged to operations.

### REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Stockholders and Board of Directors  
of Bulova Watch Company, Inc.:

We have examined the consolidated balance sheet of Bulova Watch Company, Inc. and subsidiaries as of March 31, 1957 and the related statement of income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. It was not practicable to confirm by correspondence amounts due from the United States Government, but we satisfied ourselves as to such amounts by means of other auditing procedures.

In our opinion the accompanying consolidated financial statements present fairly the financial position of Bulova Watch Company, Inc. and subsidiaries at March 31, 1957 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied, in all material respects, on a basis consistent with that of the preceding year.

New York, N. Y.  
June 13, 1957

PEAT, MARWICK, MITCHELL & CO.

# THE BULOVA SALES DOLLAR



LABOR 37.6¢



MATERIALS AND PURCHASES 34.3¢



GENERAL BUSINESS EXPENSES 18.1¢



TAXES 5.6¢



DIVIDENDS PAID 3.5¢



# FINANCIAL POSITION

## END OF FISCAL YEAR

*March 31, 1957 with comparative figures at March 31, 1956*

### ASSETS

	<u>March 31</u>	
	<u>1957</u>	<u>1956</u>
Cash and Government Securities .....	\$ 3,441,579	\$ 6,452,569
Owed to us by our Customers .....	17,803,091	16,857,099
Civilian Inventories .....	13,310,103	7,975,945
Owed to us by U. S. Military Procurement Services .....	11,288,979	10,311,509
Company's Stock Held for Resale and Amounts Due us for Stock Sold.....	774,926	440,252
Plant Properties and Equipment .....	8,577,855	9,050,007
All Other Assets .....	4,495,514	4,329,733
<b>TOTAL</b> .....	<u>\$59,692,047</u>	<u>\$55,417,114</u>

### LIABILITIES

Current Payables for Raw Material, Payrolls, Taxes, etc. ....	\$12,693,352	\$12,935,887
Borrowed Capital .....	12,000,000	8,198,000
<b>Total Liabilities</b> .....	<u>\$24,693,352</u>	<u>\$21,133,887</u>
Stockholders' Equity .....	34,998,695	34,283,227
<b>TOTAL</b> .....	<u>\$59,692,047</u>	<u>\$55,417,114</u>

### SUMMARY

	<u>March 31</u>	
	<u>1957</u>	<u>1956</u>
<b>Income Before Federal Income Taxes</b> .....	<b>\$ 7,081,068</b>	<b>\$ 7,658,190</b>
<b>U. S. and Foreign Taxes on Income</b> .....	<b>3,680,000</b>	<b>4,175,000</b>
<b>Net Income</b> .....	<b>3,401,068</b>	<b>3,483,190</b>
<b>Net Income Per Share</b> .....	<b>1.74</b>	<b>1.79</b>
<b>Dividends Per Share</b> .....	<b>1.40</b>	<b>1.35</b>
<b>Earnings Retained in the Business</b> .....	<b>715,468</b>	<b>886,599</b>





## Education...a major Bulova responsibility

The Joseph Bulova School of Watchmaking trains disabled veterans (and others with physical handicaps) in the art of watchmaking. Founded in 1944, the School is financed entirely by the Bulova Watch Company Foundation. The School has turned out over 500 graduates. It has become the outstanding example in the United States of how private industry can train handicapped men and women, and how handicaps, themselves, can be converted into useful and productive assets—to the individual and the community.

The Bulova Watch Company Foundation also provides funds for the scholarships which are awarded children of Bulova employees. Scholarships may provide for four full years of college tuition, plus the expenses required to attend a college of the recipient's own choice. For each scholarship, in addition, \$500 in unrestricted funds is granted every year to each privately endowed college attended by an award winner.

The Joseph Bulova School of Watchmaking and New York University jointly conduct two courses in jewelry store management every year, in cooperation with the National Jewelers Association and the American National Retail Jewelers Association. Students from all parts of the United States attend the only study course of this kind available in the jewelry industry. They return to their businesses with fresh insights, a broader perspective, and an up-to-date fund of knowledge in the techniques of retailing and jewelry store operation.

Another facet of the Bulova education program is found in a Tuition Reimbursement Plan, for those employees who want to continue their studies.

The Bulova Watch Company's interest in education reaches into many areas. The philosophy that guides that program in the words of Mr. Arde Bulova is inscribed on the cornerstone of the Joseph Bulova School, "To serve those who served us".

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