PRESS RELEASE

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HALF-YEAR REPORT 2013: SWATCH GROUP – FURTHER GROWTH IN BOTH SALES AND PROFIT

- The Group's gross sales were up 8.7% to CHF 4 181 million, versus the very strong figures recorded in the first half of 2012.
- Benchmarked to the 1.5% export growth for wrist watches of the Swiss watch industry in the first half of 2013, the segment Watches & Jewelry (now including Production) growth was more than 9%.
- Compared to the end of 2012, headcount increased by more than 1 150, of which 560 in Switzerland, to 31 000 worldwide.
- An operating profit of CHF 910 million was recorded, with an operating margin of 22.7%, despite a high marketing spend, important investments in innovative and revolutionary products and production methods, and the integration of Harry Winston.
- Net income increased by 6.1% compared to the first half of 2012 to CHF 768 million, with a 19.2% return on net sales.
- Sustained growth experienced in all regions.
- Positive outlook for a strong second half of 2013.

GROUP OVERVIEW

Group Key Figures

(CHF million)	1st half 2013	1st half 2012 [1]	Change in % at constant rates	Change in % currency effect	Change in % Total
Gross sales	**4 181**	3 847	+ 7.7%	+ 1.0%	+ 8.7%
Net sales	**4 006**	3 680			+ 8.9%
Operating profit	**910**	903			+ 0.8%
– in % of net sales	**22.7%**	24.5%			
Net income	**768**	724			+ 6.1%
– in % of net sales	**19.2%**	19.7%			
Investments in non-current assets	**295**	213			
Equity, 30 June	**8 557**	7 851			
Market capitalization, 30 June	**26 984**	19 675			
Annualized return on equity (ROE)	**17.9%**	18.6%			
Basic earnings per share (EPS) – expressed in CHF per share:					
– Registered shares	**2.83**	2.67			
– Bearer shares	**14.17**	13.35			

[1] Restated prior year figures due to change from IFRS to Swiss GAAP FER (refer to Note 2).

Unaudited figures.

The global leader in the watch industry, with its brand portfolio now containing 20 brands, grew by a further 8.7%, generating gross sales of CHF 4 181 million in the first half of 2013. Positive growth in Swiss francs was once again recorded on every continent as compared with the very strong first half year 2012. The integration of Harry Winston will only really become noticeable in the second half of 2013. The first half of the year saw fluctuating currency development, which had only a slightly positive effect of +1% on Group sales. From the start of the year, the Swiss franc strengthened further against the yen and the British pound, while the correction in the US dollar and euro was only slightly positive against our overly strong national currency.

The Watches and Jewelry segment, which now also includes production activities, continued to remain the growth driver and recorded a year-on-year increase of 9.1% in the first half of 2013. This growth was driven primarily by our watch and jewelry brands. A great deal of investment has been plowed into the marketing activities of all of the brands, ranging from investment in new groundbreaking innovations to investment relating to the redesign of booths for the Watches and Jewelry Fair Basel.

The Swatch brand attended Baselworld for the first time and showcased the entire collection developed over its 30-year history. The anniversary was celebrated with the launch of the new mechanical Swatch "Sistem 51", featuring a completely new mechanical watch movement, which is made up of just 51 components including a unique central screw and boasts a power reserve of 90 hours. The challenge of 1983, i. e. the manufacture of a quartz watch using just 51 components, has been topped in the mechanical sector, thus ensuring the unique positioning of the Swatch brand. With this extraordinary advance in watch technology, the Group sets new, unprecedented standards in the simplification of mechanical watches. 17 new patents have been registered for this groundbreaking innovation alone.

The acquisition of the Harry Winston brand did more than simply round off the Group's already broad brand portfolio; it also expanded the High Jewelry segment, along with the segment's value chain from production up to and including the retail network. This infrastructure was also provided with the investment required to better utilize the huge potential offered by the brand and its organization. Furthermore, in the first few months following the acquisition, all debts were settled, the equity capital base expanded and, during this process, the inventory was also immediately increased. The latter was initiated in order to ensure that our clientele has access to the best selection of jewelry as well as to increase its availability. As the name Harry Winston is synonymous with the finest high jewelry featuring the most beautiful diamonds, in May we invested in the singular, largest and purest diamond in the world to date. This 101.73-carat diamond now bearing the name "Winston Legacy" was acquired for USD 26.7 million and reconfirms the number one position of this high jewelry brand. The Harry Winston brand also has an extremely large and almost untapped potential in the watch sector, which the Group now aims to expand further using its experience around the world. The necessary funds will also be invested into this activity.

As the brands work very closely with or are even completely integrated with specific manufacturers and production units with Swatch Group, e.g. Breguet or Blancpain, and now also with Harry Winston, it is becoming increasingly difficult to view Production as a separate segment. Therefore, the Group decided to fully integrate the Production segment into the Watches & Jewelry segment. This integration will also provide a more uniform view of activities, facilitating comparability with our competitors.

The conversion of production processes and from MRP II (Manufacturing Resource Planning) systems to SAP, which was carried out in the first half of the year, put a strain – albeit only for a short period of time – on production productivity. However, this provided us with the prerequisites for the further growth strategy within production. Thanks to the motivated teams that worked on these projects, these conversions were completed within a few months. With full order books in production and new operations being brought up to speed with the updated MRP II systems, a stronger second half-year is expected.

The Electronic Systems segment continues to remain directly exposed to the USD to CHF exchange rate, and now also to the JPY, which has dropped 9.8% against the CHF in this reporting period alone. Despite the continuing negative impact of the appreciation of our national currency, this segment was able to achieve gross sales of CHF 149 million, which represents a drop of 6.9% at current exchange rates.

Under the external conditions mentioned above and bearing in mind the traditionally reserved price adjustment policy, the Group generated an operating profit of CHF 910 million and a net income of CHF 768 million. In addition to the acquisition of the Harry Winston brand, the Group also invested a further CHF 295 million in the distribution network and production, particularly in machinery and equipment for the newly launched production units in Switzerland which have been brought into operation. The increase in size of the inventory can mainly be attributed to the integration of Harry Winston. Despite all of the investments mentioned and the conversions carried out in production, an operating cash flow totaling CHF 675 million was realized, compared to CHF 256 million in the prior-year period.

Outlook

The outlook for the Group remains very promising, and a strong second half-year is expected. The highlights of the second half of the year are, among others, the launch of the Omega Seamaster Aqua Terra > 15 000 Gauss, the world's first real antimagnetic watch, as well as the Swatch "Sistem 51" which will be available on the market from November. The continued integration of the Harry Winston brand will also make a significant contribution, as this brand has huge, almost untapped market potential in the high jewelry and watches activities.

Interim Consolidated Financial Statements

INCOME STATEMENT

	1st half 2013 CHF million	%	1st half 2012 [1] CHF million	%
Gross sales	**4 181**	**104.4**	3 847	104.5
Sales reductions	**– 175**	**– 4.4**	– 167	– 4.5
Net sales	**4 006**	**100.0**	3 680	100.0
Other operating income	**48**	**1.2**	51	1.4
Changes in inventories	**399**	**10.0**	512	13.9
Material purchases	**– 1 221**	**– 30.5**	– 1 280	– 34.8
Personnel expense	**– 1 069**	**– 26.7**	– 995	– 27.0
Other operating expenses	**– 1 106**	**– 27.6**	– 940	– 25.6
Depreciation on tangible assets	**– 133**	**– 3.3**	– 115	– 3.1
Amortization on intangible assets	**– 14**	**– 0.4**	– 10	– 0.3
Operating profit	**910**	**22.7**	903	24.5
Other financial income and expense	**27**	**0.7**	17	0.5
Interest expense	**– 1**	**0.0**	– 2	– 0.1
Share of result from associates and joint ventures	**13**	**0.3**	5	0.1
Ordinary result	**949**	**23.7**	923	25.0
Non-operating result	**4**	**0.1**	2	0.1
Extraordinary result	**0**	**0.0**	0	0.0
Profit before taxes	**953**	**23.8**	925	25.1
Income taxes	**– 185**	**– 4.6**	– 201	– 5.4
Net income	**768**	**19.2**	724	19.7
Attributable to equity holders of The Swatch Group Ltd	**767**		720	
Attributable to non-controlling interests	**1**		4	
Earnings per share (EPS) – expressed in CHF per share:				
Registered shares				
Basic earnings per share	**2.83**		2.67	
Diluted earnings per share	**2.83**		2.67	
Bearer shares				
Basic earnings per share	**14.17**		13.35	
Diluted earnings per share	**14.16**		13.34	

[1] Restated prior year figures due to change from IFRS to Swiss GAAP FER (refer to Note 2).

Unaudited figures.

Interim Consolidated Financial Statements

BALANCE SHEET

Assets	30.06.2013 CHF million	31.12.2012 [1] CHF million	30.06.2012 [1] CHF million
Current assets			
Cash and cash equivalents	**723**	1 520	1 131
Marketable securities and derivative financial instruments	**366**	447	460
Trade receivables	**1 074**	1 060	926
Other current assets	**160**	161	156
Inventories	**5 196**	4 407	4 218
Prepayments and accrued income	**252**	232	286
Total current assets	**7 771**	7 827	7 177
Non-current assets			
Property, plant and equipment	**2 072**	1 889	1 783
Investment property	**33**	33	30
Intangible assets	**121**	116	111
Investments in associates and joint ventures	**126**	110	83
Other non-current assets	**233**	177	188
Deferred tax assets	**326**	278	260
Total non-current assets	**2 911**	2 603	2 455
Total assets	**10 682**	10 430	9 632

[1] Restated prior year figures due to change from IFRS to Swiss GAAP FER (refer to Note 2).

Unaudited figures.

Interim Consolidated Financial Statements

BALANCE SHEET

Equity and liabilities	**30.06.2013** **CHF million**	31.12.2012 [1] CHF million	30.06.2012 [1] CHF million
Current liabilities			
Financial debts and derivative financial instruments	**39**	75	33
Trade payables	**352**	320	334
Other liabilities	**299**	179	134
Provisions	**66**	65	68
Accrued expenses	**656**	565	585
Total current liabilities	**1 412**	1 204	1 154
Non-current liabilities			
Financial debts	**52**	60	71
Deferred tax liabilities	**553**	501	474
Retirement benefit obligations	**29**	23	22
Provisions	**38**	40	38
Accrued expenses	**41**	29	22
Total non-current liabilities	**713**	653	627
Total liabilities	**2 125**	1 857	1 781
Equity			
Share capital	**125**	125	125
Capital reserves	**– 1 074**	– 1 128	– 1 138
Treasury shares	**– 269**	– 343	– 343
Translation differences	**– 18**	– 41	17
Retained earnings	**9 773**	9 941	9 174
Equity of The Swatch Group Ltd shareholders	**8 537**	8 554	7 835
Non-controlling interests	**20**	19	16
Total equity	**8 557**	8 573	7 851
Total equity and liabilities	**10 682**	10 430	9 632

[1] Restated prior year figures due to change from IFRS to Swiss GAAP FER (refer to Note 2).

Unaudited figures.

Interim Consolidated Financial Statements

STATEMENT OF CASH FLOWS

		1st half 2013 CHF million		1st half 2012 [1] CHF million
Operating activities				
Net income	**768**		724	
Reversal of non-cash items	**325**		321	
Changes in working capital and other items included in operating cash flow	**– 249**		– 630	
Dividends received from associated companies	**11**		4	
Interest received	**5**		8	
Interest paid	**– 3**		– 2	
Income tax paid	**– 182**		– 169	
Cash flow from operating activities		**675**		256
Investing activities				
Investments in tangible assets	**– 254**		– 179	
Proceeds from sale of tangible assets	**6**		4	
Investments in intangible assets	**– 18**		– 22	
Proceeds from sale of intangible assets	**0**		0	
Investments in other non-current assets	**– 23**		– 12	
Proceeds from sale of other non-current assets	**6**		4	
Acquisition of subsidiaries – net of cash	**– 684**		– 336	
Investments in associated companies and joint ventures	**– 14**		0	
Divestments of associated companies and joint ventures	**0**		-	
Purchase of marketable securities	**– 88**		– 60	
Sale of marketable securities	**187**		159	
Cash flow from investing activities		**– 882**		– 442
Financing activities				
Dividends paid to shareholders	**– 366**		– 310	
Dividends paid to non-controlling interests	**0**		– 6	
Purchase of treasury shares	**– 2**		– 2	
Sale of treasury shares	**122**		7	
Change in non-current financial debts	**– 261**		– 3	
Change in current financial debts	**– 89**		14	
Cash flow from financing activities		**– 596**		– 300
Net impact of foreign exchange rate differences on cash		**6**		1
Change in cash and cash equivalents		**– 797**		– 485
Change in cash and cash equivalents				
– at beginning of year	**1 520**		1 616	
– at 30 June	**723**	**– 797**	1 131	– 485

[1] Restated prior year figures due to change from IFRS to Swiss GAAP FER (refer to Note 2).

Unaudited figures.

Interim Consolidated Financial Statements

STATEMENT OF CHANGES IN EQUITY

(CHF million)	Attributable to The Swatch Group Ltd shareholders							
	Share capital	Capital reserves	Treasury shares	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 31.12.2011 (as reported, according to IFRS)	**125**	**0**	**– 347**	**– 280**	**8 556**	**8 054**	**17**	**8 071**
Adjustments due to change from IFRS to Swiss GAAP FER (Note 2)		– 1 146		280	478	**– 388**	0	**– 388**
Balance at 31.12.2011 (restated, according to Swiss GAAP FER)	**125**	**– 1 146**	**– 347**	**0**	**9 034**	**7 666**	**17**	**7 683**
Net income 1st half 2012					720	**720**	4	**724**
Currency translation of foreign operations				17		**17**		**17**
Compensation of goodwill Group companies					– 270	**– 270**		**– 270**
Dividends paid					– 310	**– 310**	– 6	**– 316**
Share-based compensation:								
– Value of employee services (net of tax)		7				**7**		**7**
– Proceeds from shares						**0**		**0**
Changes in non-controlling interests						**0**	1	**1**
Sale of treasury shares		1	6			**7**		**7**
Share buyback			– 2			**– 2**		**– 2**
Balance at 30.06.2012 (according to Swiss GAAP FER)	**125**	**– 1 138**	**– 343**	**17**	**9 174**	**7 835**	**16**	**7 851**
Net income 2nd half 2012					876	**876**	4	**880**
Currency translation of foreign operations				– 58		**– 58**		**– 58**
Compensation of goodwill Group companies					2	**2**		**2**
Compensation of goodwill associated companies and joint ventures					– 111	**– 111**		**– 111**
Share-based compensation:								
– Value of employee services (net of tax)		9				**9**		**9**
– Proceeds from shares		1				**1**		**1**
Changes in non-controlling interests						**0**	– 1	**– 1**
Balance at 31.12.2012 (according to Swiss GAAP FER)	**125**	**– 1 128**	**– 343**	**– 41**	**9 941**	**8 554**	**19**	**8 573**
Net income 1st half 2013					767	**767**	1	**768**
Currency translation of foreign operations				23		**23**		**23**
Compensation of goodwill Group companies					– 569	**– 569**		**– 569**
Dividends paid					– 366	**– 366**		**– 366**
Share-based compensation:								
– Value of employee services (net of tax)		8				**8**		**8**
– Proceeds from shares						**0**		**0**
Changes in non-controlling interests						**0**		**0**
Sale of treasury shares		46	76			**122**		**122**
Purchase of treasury shares			– 2			**– 2**		**– 2**
Balance at 30.06.2013 (according to Swiss GAAP FER)	**125**	**– 1 074**	**– 269**	**– 18**	**9 773**	**8 537**	**20**	**8 557**

Unaudited figures.

Notes to the Interim Consolidated Financial Statements

1. Basis of preparation and significant accounting policies

These consolidated financial statements cover the unaudited interim results for the six months ending 30 June 2013. Since the beginning of 2013, financial statements have been drawn up in accordance with Swiss GAAP FER (accounting and reporting recommendations). The consolidated interim financial statements for 2013 have been compiled in accordance with FER 31 "Supplementary recommendation for listed companies". This means that the Group is an early adopter of FER 31, which was published in January 2013 and applies from 1 January 2015, and that the earlier FER 12 "Interim Financial Reporting" is no longer applicable.

These interim financial statements do not contain all the information and disclosures required in the annual consolidated financial statements. They should therefore be read in conjunction with the consolidated financial statements at 31 December 2012, which were compiled in accordance with the International Financial Reporting Standards (IFRS).

In this interim report, Management has not made any significant changes to the estimates and assumptions compared to the previous period.

2. Swiss GAAP FER restatement

As already announced in the consolidated financial statements for 2012, the Board of Directors of the Swatch Group made the decision to change from IFRS to Swiss GAAP FER with effect from 1 January 2013. Swiss GAAP FER are recognized, comprehensible and comprehensive accounting standards ensuring the continued publication of high-quality and transparent financial reports.
The main differences in the approach to valuation and a reconciliation at the level of equity and net income are set out below.

The accounting principles under Swiss GAAP FER, which have been applied to the compilation and presentation of the interim financial statements for 2013, differ in the following respects from those applied in the compilation of the consolidated financial statements for 2012 under IFRS:

- Goodwill from acquisitions is, in accordance with the option available under FER 30 on "Consolidated Financial Statements", recognized directly in equity at the time of purchase. Under IFRS, goodwill was capitalized and not amortized but tested annually for impairment. Separable intangible assets were capitalized under IFRS and amortized over their estimated economic useful lives. Under Swiss GAAP FER, any intangible assets acquired at acquisition are not separated but instead remain part of goodwill.

- Goodwill included in the acquisition costs of associated companies and joint ventures is determined separately and now also recognized directly in equity. Under IFRS, such goodwill formed part of the equity value of the associated companies and joint ventures.

- Swiss GAAP FER 16 "Pension benefit obligations" specifies that the actual economic effects (liability or benefit) for the Group are based on the figures of the Swiss Pension Fund, established in accordance with FER 26 "Financial reporting of pension funds". It is on this basis that it is to be assessed whether an economic liability or an economic benefit is the result. In the same way, it is to be assessed on an annual basis whether an economic liability or an economic benefit exists in respect of the larger foreign pension plans. IFRS specifies that pension plans with defined benefits are to be valued using the projected unit credit method and recognized in accordance with IAS 19.

- The "key money" paid for strategic sales locations is now subject to linear amortization over a maximum of 20 years if its value is demonstrated by the presence of a market and if it is recognized as an intangible asset. This approach reflects the prudential principle stipulated by the Swiss GAAP FER framework. Such premiums were formerly written down to their expected residual value.

- The changes to valuation and reporting already mentioned have effects on the deferred taxes in the balance sheet and in the income statement.

- The historical foreign currency translation adjustments resulting from foreign operations was offset against the retained earnings as part of the restatement on 1 January 2012. The capital reserves, which are negative due to the various reductions in capital in recent years, were reclassified from retained earnings on 1 January 2012.

The changes to accounting principles made by Swiss GAAP FER became effective retrospectively on 1 January 2012. In the interests of comparability with the reporting of the current business period, earlier periods were adapted (restated). The tables below show the effect of the changeover from IFRS to Swiss GAAP FER on equity and the net income in numerical terms:

(CHF million)	**01.01.2013**	30.06.2012	01.01.2012
Equity according to IFRS	**9 344**	8 509	8 071
Swiss GAAP FER adjustments:			
Compensation of goodwill from acquisitions	**– 480**	– 482	– 212
Compensation of goodwill from associates	**– 221**	– 110	– 110
Pension liabilities Switzerland	**– 69**	– 69	– 69
Pension liabilities foreign countries	**– 2**	– 2	– 2
Key Money	**– 14**	– 14	– 14
Deferred taxes	**19**	19	19
Net income	**– 4**	0	-
Total adjustments to equity	**– 771**	– 658	– 388
Equity according to Swiss GAAP FER	**8 573**	7 851	7 683

(CHF million)	**31.12.2012**	30.06.2012
Net income according to IFRS	**1 608**	724
Swiss GAAP FER adjustments:		
Amortization intangibles from acquisitions	**2**	1
Adjustment personnel expense (pension plans)	**– 6**	0
Amortization key money	**– 2**	– 1
Deferred tax expense	**2**	0
Total adjustments to net income	**– 4**	0
Net income according to Swiss GAAP FER	**1 604**	724

3. Changes to Group structure

The consolidation structure comprised 168 legal entities at 30 June 2013, compared with 159 at 31 December 2012. The increase is attributable largely to the acquisition of companies (see Note 6).

4. Key exchange rates

		Average rates	Prevailing rates	Average rates	Prevailing rates	Prevailing rates
		01.01.-30.06.2013	**30.06.2013**	01.01.-30.06.2012	31.12.2012	30.06.2012
		CHF	**CHF**	CHF	CHF	CHF
1	CNY	**0.1524**	**0.1543**	0.1471	0.1471	0.1518
1	EUR	**1.2319**	**1.2355**	1.2041	1.2075	1.2038
1	HKD	**0.1214**	**0.1221**	0.1199	0.1183	0.1245
100	JPY	**0.9843**	**0.9610**	1.1713	1.0650	1.2175
1	USD	**0.9418**	**0.9475**	0.9303	0.9165	0.9650

5. Segment information

In 2013, the Swatch Group redefined and modified its segment reports, combining the "Watches & Jewelry" and "Production" segments into a new "Watches & Jewelry" segment, since the increasing integration of a variety of production processes in the brand headquarters renders the clear demarcation of production impossible. This trend was accelerated in early 2013 by the acquisition of the Harry Winston brand. In addition, sales to own brands by the Production segment have significantly increased over recent years. Furthermore, this modification will make easier comparison with our competitors, which treat watches and jewelry as a whole single segment. Segment reports have been adjusted retrospectively in these consolidated financial statements.

1st half 2013 (CHF million)	**Watches & Jewelry**	**Electronic Systems**	**Corporate**	**Elimination**	**Total**
– Third parties	4 038	139	4		4 181
– Group	0	10	2	– 12	0
Gross sales	**4 038**	**149**	**6**	**– 12**	**4 181**
– Third parties	3 865	138	3		4 006
– Group	0	10	2	– 12	0
Net sales	**3 865**	**148**	**5**	**– 12**	**4 006**
Operating profit	**967**	**– 7**	**– 50**		**910**
– As a % of net sales	25.0%	– 4.7%			22.7%
– As a % of total	106.3%	– 0.8%	– 5.5%		100.0%

1st half 2012 [2] (CHF million)	Watches & Jewelry [1]	Electronic Systems	Corporate	Elimination [1]	Total
– Third parties	3 698	145	4		3 847
– Group	2	15	2	– 19	0
Gross sales	3 700	160	6	– 19	3 847
– Third parties	3 533	143	4		3 680
– Group	2	15	2	– 19	0
Net sales	3 535	158	6	– 19	3 680
Operating profit	946	1	– 44		903
– As a % of net sales	26.8%	0.6%			24.5%
– As a % of total	104.8%	0.1%	– 4.9%		100.0%

Total assets at 30.06.2013	**9 613**	**465**	**3 547**	**– 2 943**	**10 682**
Total assets at 31.12.2012 [2]	8 546	501	3 417	– 2 034	10 430

[1] Restated prior year figures due to modified segment reporting.

[2] Restated prior year figures due to change from IFRS to Swiss GAAP FER (refer to Note 2).

Unaudited figures.

6. Business combinations

On 26 March 2013, the Swatch Group acquired 100% of the shares in the US company HW Holdings Inc., which owns Harry Winston Inc., New York. The Group took over the brand and all the company's activities in connection with jewelry and watches, including its production company in Geneva (Switzerland). This does not affect the operations of the Harry Winston Diamond Corporation - now Dominion Diamond Corporation - in Toronto (Canada). The transaction was approved by the various competent regulatory bodies.
As a consequence of this acquisition, a total of eleven companies have now been incorporated into the Swatch Group's consolidation structure. These companies will initially appear in the financial statements with provisional values. Their balance sheet values mainly reflect inventories, trade receivables, as well as property, plant and equipment. The net outflow of funds for this acquisition amounts to CHF 929 million, which includes the takeover of CHF 27 million in cash and cash equivalents and CHF 245 million in net debt. As of the end of June 2013, goodwill, which will be recognized directly in equity, stands provisionally at CHF 569 million.

In the prior year, on 11 April 2012, the Group purchased 100% of the shares in the firms of Simon Et Membrez SA in Delémont and PhM Holding SA in Courtételle from the former shareholders. The Swatch Group also bought the associated 60% participation in the firm of Termiboîtes SA in Courtemaîche. The firms taken over manufacture high-quality watch cases for the uppermost price segment from precious materials such as gold, titanium, platinum, palladium and high-grade steels.

There were no divestments of companies in the first half of either 2013 or 2012.

7. Investments in associated companies and joint ventures

During the period under review, the participation in the associated company Belenos Clean Power Holding SA was increased by an increase in capital from 42% to 49%. The Group contributed CHF 14 million to this capital increase. No investments had been made in associated companies and joint ventures in the first half of 2012.

8. Goodwill

Goodwill is recognized directly in equity at the time of purchase of a subsidiary or an investment in an associated company. The theoretical capitalization of goodwill, based on a useful life of 5 to 10 years, would have the following impact on equity and net income:

Theoretical impact on equity

(CHF million)	**30.06.2013**	31.12.2012	30.06.2012
Equity, per balance sheet	**8 557**	8 573	7 851
Theoretical capitalization of net book value of goodwill	**953**	425	343
Theoretical equity including net book value of goodwill	**9 510**	8 998	8 194

Theoretical impact on net income

(CHF million)	**30.06.2013**	31.12.2012	30.06.2012
Net income, per income statement	**768**	1 604	724
Theoretical amortization of goodwill	**– 41**	– 42	– 15
Theoretical net income after amortization of goodwill	**727**	1 562	709

9. Treasury shares

In the period under review, the Group sold own shares in the amount of CHF 122 million. The gain of CHF 46 million from the sale of the shares was recorded in capital reserves.
In addition, in the period under review, the Group repurchased own shares in the amount of CHF 2 million.

10. Dividend

The Company pays one dividend per fiscal year. For fiscal year 2012, the dividend agreed at the Annual General Meeting on 29 May 2013, with a value date of 5 June 2013, was distributed as follows:

Dividend per registered share	CHF	1.35
Dividend per bearer share	CHF	6.75
Total dividend paid	CHF million	366

Based on the decision of the Annual General Meeting, the dividend due on own shares held by the Group was not paid out.

11. Seasonality of operations

Due to the somewhat seasonal nature of the Watches & Jewelry segment, slightly higher revenues and operating profits are usually expected in the second half of the year in local currency. This is mainly due to stronger-than-average monthly sales from September to December related to the holiday and Christmas season.

12. Significant events and business transactions

During the period under review, no material events or business transactions occurred that might have an impact on the critical estimates, appraisals and assumptions to be found in the consolidated financial statements at 31 December 2012. Also, there were no further material events or business transactions that might impact upon other positions in the consolidated financial statements (such as, for example, changes to contingent liabilities and receivables or business transactions involving associated enterprises and persons).

13. Events after the closing date

At the publish date of this press release, the company is not aware of any significant new event that would affect the half-year figures as of 30 June 2013.

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