SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED JULY 31, 2001

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER 0-22378

MOVADO GROUP, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

NEW YORK	13-2595932
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(IRS EMPLOYER IDENTIFICATION NO.)
125 CHUBB AVENUE, LYNDHURST, NEW JERSEY	07071
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

(201) 460-4800
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for that past 90 days. Yes [X] No [ ]

Indicate the number of shares outstanding of each of the Issuer's classes of Common Stock, as of the latest practicable date.

As of September 6, 2001 the Registrant had 3,509,773 shares of Class A Common Stock, par value $0.01 per share, outstanding and 9,746,648 shares of Common Stock, par value $0.01 per share, outstanding.

MOVADO GROUP, INC.

INDEX TO QUARTERLY REPORT ON FORM 10-Q
JULY 31, 2001

PART 1 - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

MOVADO GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)
(Unaudited)

	JULY 31, 2001	JANUARY 31, 2001	JULY 31, 2000
ASSETS			
Current assets:			
Cash and cash equivalents	$13,636	$23,059	$8,191
Trade receivables, net	105,362	98,797	104,595
Inventories	106,732	95,863	100,749
Other current assets	25,880	23,501	20,053
Total current assets	251,610	241,220	233,588
Plant, property and equipment, net	34,000	32,906	29,006
Other assets	17,129	16,279	15,357
	$302,739	$290,405	$277,951
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Loans payable to banks	$44,350	$8,800	$29,990
Current portion of long-term debt	5,000	5,000	5,000
Accounts payable	16,558	28,819	22,040
Accrued liabilities	22,690	28,157	15,342
Deferred and current taxes payable	11,190	15,807	6,343
Total current liabilities	99,788	86,583	78,715
Long-term debt	40,000	40,000	45,000
Deferred and non-current foreign income taxes	3,343	3,517	4,594
Other liabilities	1,099	835	1,227
Total liabilities	144,230	130,935	129,536
Shareholders' equity:			
Preferred stock, $0.01 par value, 5,000,000 shares authorized; no shares issued	--	--	--
Common stock, $0.01 par value, 20,000,000 shares authorized; 9,735,448, 9,600,435 and 9,505,298 shares issued, respectively	98	96	95
Class A common stock, $0.01 par value, 10,000,000 shares authorized; 3,509,733, 3,509,733 and 3,509,733 shares issued and outstanding, respectively	35	35	35
Capital in excess of par value	68,336	67,242	66,199
Retained earnings	142,366	138,176	122,588
Accumulated other comprehensive income	(24,416)	(18,169)	(14,106)
Treasury stock, 1,556,670, 1,556,670 and 1,437,270 shares, at cost, respectively	(27,910)	(27,910)	(26,396)
	158,509	159,470	148,415
	$302,739	$290,405	$277,951

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MOVADO GROUP, INC.
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except share and per share amounts)
(Unaudited)

	SIX MONTHS ENDED JULY 31,		THREE MONTHS ENDED JULY 31,	
	2001	2000	2001	2000
Net sales	$134,864	$129,512	$78,352	$76,173
Costs and expenses:				
Cost of sales	51,932	51,685	30,364	30,387
Selling, general and administrative	73,105	68,672	39,215	37,627
Operating income	9,827	9,155	8,773	8,159
Net interest expense	2,887	3,079	1,655	1,853
Income before income taxes and cumulative effect of a change in accounting principle	6,940	6,076	7,118	6,306
Provision for income taxes	1,943	1,519	1,993	1,576
Income before cumulative effect of a change in accounting principle	4,997	4,557	5,125	4,730
Cumulative effect of a change in accounting principle, net of a tax benefit of $42	(109)	--	--	--
Net income	$4,888	$4,557	$5,125	$4,730
Basic loss per share				
Income before cumulative effect of a change in accounting principle	$0.43	$0.39	$0.44	$0.41
Cumulative effect of a accounting change	(0.01)	--	--	--
Net income	$0.42	$0.39	$0.44	$0.41
Weighted basic average shares outstanding	11,650	11,806	11,670	11,632
Diluted loss per share				
Income before cumulative effect of a change in accounting principle	$0.41	$0.38	$0.42	$0.40
Cumulative effect of a accounting change	(0.01)	--	--	--
Net income	$0.40	$0.38	$0.42	$0.40
Weighted diluted average shares outstanding	12,075	11,979	12,195	11,749
Dividends declared per share	$0.06	$0.05	$0.03	$0.025

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MOVADO GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	SIX MONTHS ENDED JULY 31,	
	2001	2000
Cash flows from operating activities:		
Net income	$4,888	$4,557
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	3,412	2,634
Deferred and non-current foreign income taxes	--	(477)
Provision for losses on accounts receivable	839	513
Provision for losses on inventory	422	129
Changes in current assets and liabilities:		
Trade receivables	(8,638)	(7,165)
Inventories	(13,198)	(24,137)
Other current assets	(6,349)	(2,000)
Accounts payable	(11,677)	4,659
Accrued liabilities	(5,113)	(5,536)
Deferred & current taxes payable	(4,010)	517
Other non-current assets	314	2,350
Other non-current liabilities	265	55
Net cash used in operating activities	(38,845)	(23,901)
Cash flows from investing activities:		
Capital expenditures	(4,930)	(3,883)
Goodwill, trademarks and other intangibles	(426)	(538)
Net cash used in investing activities	(5,356)	(4,421)
Cash flows from financing activities:		
Net proceeds from bank borrowings	35,550	16,490
Stock options exercised	1,095	7
Dividends paid	(698)	(577)
Purchase of treasury stock	--	(5,814)
Net cash provided by financing activities	35,947	10,106
Effect of exchange rate changes on cash and cash equivalents	(1,169)	(208)
Net decrease in cash and cash equivalents	(9,423)	(18,424)
Cash and cash equivalents at beginning of period	23,059	26,615
Cash and cash equivalents at end of period	$13,636	$8,191

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MOVADO GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared by Movado Group, Inc. (the "Company") in accordance with generally accepted accounting principles for interim financial information and with the instructions for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the accompanying financial statements reflect all adjustments, consisting of only normal and recurring adjustments, necessary for a fair presentation of the financial position and results of operations for the periods presented. These consolidated financial statements should be read in conjunction with the consolidated financial statements and footnotes included in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2001. Since the Company's business is seasonal, with a higher proportion of sales and earnings generated in the last six months of the fiscal year, operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the fiscal year.

NOTE 1 - RECLASSIFICATION

Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE 2 - INVENTORIES

Inventories consist of the following (in thousands):

	JULY 31, 2001	JANUARY 31, 2001	JULY 31, 2000
Finished goods	$66,806	$60,909	$60,141
Component parts	35,910	30,942	38,523
Work-in-process	4,016	4,012	2,085
	$106,732	$95,863	$100,749

NOTE 3 - SUPPLEMENTAL CASH FLOW INFORMATION

The following is provided as supplemental information to the consolidated statements of cash flows (in thousands):

	SIX MONTHS ENDED JULY 31,	
	2001	2000
Cash paid during the period for:		
Interest	$2,718	$3,115
Income taxes	$6,062	$3,236

NOTE 4 - COMPREHENSIVE INCOME

The components of comprehensive income for the six months and three months ended July 31, 2001 and 2000 are as follows (in thousands):

	SIX MONTHS ENDED		THREE MONTHS ENDED	
	JULY 31, 2001	JULY 31, 2000	JULY 31, 2001	JULY 31, 2000
Net income	$4,888	$4,557	$5,125	$4,730
Other comprehensive income (expense):				
Foreign currency translation adjustment	(6,699)	2,356	547	4,879
Net unrealized gain on foreign currency forward exchange contracts and other	452	--	533	--
Total comprehensive income (loss)	(6,247)	2,356	1,080	4,879
Total comprehensive income (loss)	($1,359)	$6,913	$6,205	$9,609

NOTE 5 - SEGMENT INFORMATION

The Company conducts its business primarily in two operating segments: "Wholesale" and "Other". The Company's wholesale segment includes the designing, manufacturing and distribution of quality watches. Other includes the Company's retail and service center operations. Operating segment data for the six months and three months ended July 31, 2001 and 2000 are as follows (in thousands):

	FOR THE SIX MONTHS ENDED JULY 31,			
	NET SALES		OPERATING INCOME	
	2001	2000	2001	2000
Wholesale	$112,291	$110,477	$10,654	$11,209
Other	22,573	19,035	(827)	(2,054)
Consolidated total	$134,864	$129,512	$9,827	$9,155

	FOR THE THREE MONTHS ENDED JULY 31,			
	NET SALES		OPERATING INCOME	
	2001	2000	2001	2000
Wholesale	$65,231	$65,495	$8,483	$9,002
Other	13,121	10,678	290	(843)
Consolidated total	$78,352	$76,173	$8,773	$8,159

NOTE 6 - RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In July 2001, the Financial Accounting Standards Board issued SFAS No. 141, "Business Combinations" effective for all business combinations completed after June 30, 2001 and SFAS No. 142, "Goodwill and Other Intangible Assets" effective for fiscal years beginning after December 15, 2001. Upon adoption of these standards, the Company does not expect a significant impact on its financial position, earnings or cash flows.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

FORWARD LOOKING STATEMENTS

Statements included under Management's Discussion and Analysis of Financial Condition and Results of Operations, in this report, as well as statements in future filings by the Company with the Securities and Exchange Commission ("SEC"), in the Company's press releases and oral statements made by or with the approval of an authorized executive officer of the Company, which are not historical in nature, are intended to be, and are hereby identified as, "forward looking statements" for purposes of the safe harbor provided by the Private Securities Litigation Reform Act of 1995. The Company cautions readers that forward looking statements include, without limitation, those relating to the Company's future business prospects, revenues, working capital, liquidity, capital needs, plans for future operations, effective tax rates, margins, interest costs, and income, as well as assumptions relating to the foregoing. Forward looking statements are subject to certain risks and uncertainties, some of which cannot be predicted or quantified. Actual results and future events could differ materially from those indicated in the forward looking statements due to several important factors herein identified, among others, and other risks and factors identified from time to time in the Company's reports filed with the SEC including, without limitation, the following: general economic and business conditions which may impact disposable income of consumers, changes in consumer preferences and popularity of particular designs, new product development and introduction, competitive products and pricing, seasonality, availability of alternative sources of supply in the case of loss of any significant supplier, the loss of significant customers, the Company's dependence on key officers, the continuation of licensing arrangements with third parties, ability to secure and protect trademarks, patents and other intellectual property rights, ability to lease new stores on suitable terms in desired markets and to complete construction on a timely basis, continued availability to the Company of financing and credit on favorable terms, business disruptions, general risks associated with doing business outside the United States including, without limitations, import duties, tariffs, quotas, political and economic stability and success of hedging strategies in respect of currency exchange rate fluctuations.

RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JULY 31, 2001 AS COMPARED TO THE SIX MONTHS ENDED JULY 31, 2000.

Net sales: Comparative net sales by product class were as follows (in thousands):

	Six Months Ended July 31, 2001	2000
Wholesale Watch Business		
Domestic	$88,685	$90,056
International	23,606	20,421
Other	22,573	19,035
Net sales	$134,864	$129,512

Net sales increased by $5.4 million or 4.1% for the six months ended July 31, 2001 as compared to the six months ended July 31, 2000. Domestic sales of our wholesale watch business decreased by $1.4 million or 1.5% as compared to the prior year. The decline in sales reflects the U.S. consumer reluctance to make discretionary expenditures, which led to sales decreases in our Concord, ESQ and Coach brand sales. These declines were offset by near double digit Movado brand sales gains and sales of our new Tommy Hilfiger watch brand which was launched during the first quarter of fiscal 2002. International wholesale watch sales increased by $3.2 million or 15.6% despite a stronger U.S. dollar versus the prior year. Without the impact of the strong U.S. dollar, International sales increased by 19.5% for the six months. International sales were led by double digit sales growth in our Movado brand and single digit sales growth in our Concord brand.

Other net sales, which include sales from the Company's outlet stores, the Movado Boutiques and after sales service business, increased by $3.5 million or 18.6%. Growth in the other sales category was primarily attributable to new store openings, comparable store sales increases in the Movado Boutiques and an increase in service revenue. The increases in retail sales were offset by a decrease in comparable store sales in the outlet stores.

Gross Margin. Gross profit for the six months ended July 31, 2001 was $82.9 million (61.5% of net sales) as compared to $77.8 million (60.1% of net sales) for the six months ended July 31, 2000, a $5.1 million increase. The gross margin increase of $5.1 million primarily relates to cost reductions in the supply chain process and increased margins at the Company's outlet stores as a result of improved product offerings.

Selling, General and Administrative. Selling, General and Administrative expenses for the six months ended July 31, 2001 were $73.1 million or 54.2% of net sales, a 6.5% increase over the $68.7 million or 53.0% of net sales for the six months ended July 31, 2001. The 6.5% increase was primarily attributable to expenses associated with growth initiatives. These include additional marketing, selling and supply chain costs for the launch of the Tommy Hilfiger watch line, two new Movado Boutiques and one outlet store opened in the Fall of 2000 and one new Movado Boutique and two outlet stores opened in the second quarter of fiscal 2002.

Interest Expense. Net interest expense for the six months ended July 31, 2001 decreased by $0.2 million or 6.2% as compared to interest expense for the six months ended July 31, 2000. The decrease in interest expense is principally due to a decline in interest rates. Average debt outstanding during the six months ended July 31, 2001 was flat as compared to the six months ended July 31, 2000.

Income Taxes. The Company recorded a tax expense of $1.9 million for the six months ended July 31, 2001 as compared to an expense of $1.5 million for the six months ended July 31, 2000. Taxes were recorded at a 28% rate for fiscal 2002 as compared to a 25% rate for fiscal 2001. The Company's effective tax rate of 28%, reflects the Company's current expectation that U.S. sourced earnings will gradually increase as a percentage of the overall earnings mix. However, there can be no assurance of this result as it is dependent on a number of factors, including the mix of foreign to domestic earnings, local statutory tax rates and the Company's ability to utilize net operating loss carryforwards in certain jurisdictions.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JULY 31, 2001 AS COMPARED TO THE THREE MONTHS ENDED JULY 31, 2000.

Net sales: Comparative net sales by product class were as follows (in thousands):

	Three Months Ended July 31, 2001	2000
Wholesale Watch Business		
Domestic	$52,264	$53,392
International	12,967	12,103
Other	13,121	10,678
Net Sales	$78,352	$76,173

Net sales increased by $2.2 million or 2.9% for the three months ended July 31, 2001 as compared to the three months ended July 31, 2000. Domestic sales of our wholesale watch business decreased by $1.1 million or 2.0% as compared to the prior year. This is a reflection of the slowdown in the retail environment and domestic economy which led to sales decreases in our Concord, ESQ and Coach brand sales. These decreases were offset by continued growth in our Movado brand and the continued roll out of our Tommy Hilfiger watch brand. International wholesale watch sales increased by $0.9 million or 7.2% despite a stronger U.S. dollar versus the prior year. Without the impact of the strong U.S. dollar, International sales increased by 11.8% for the quarter. International sales were led by double digit increases in our Movado brand. International sales of our Concord and Coach were relatively flat as compared to the prior year quarter.

Other net sales, which include sales from the Company's outlet stores, the Movado Boutiques and after sales service business, increased by $2.4 million or 22.2%. Growth in the other sales category was primarily attributable to new store openings, comparable store sales increases in the Movado Boutiques and an increase in service revenue. Comparable store sales in our outlet stores were flat as compared to the prior year quarter.

Gross Margin. Gross profit for the three months ended July 31, 2001 was $48.0 million (61.2% of net sales) as compared to $45.8 million (60.1% of net sales) for the three months ended July 31, 2000, a $2.2 million increase. The gross margin increase of $2.2 million primarily relates to cost reductions in the supply chain process and increased margins at the Company's outlet stores as a result of improved product offerings.

Selling, General and Administrative. Selling, General and Administrative expenses for the quarter were $39.2 million or 50.0% of net sales, a 4.2% increase over the $37.6 million or 49.4% of net sales in the second quarter of last year. The 4.2% increase was primarily attributable to expenses associated with growth initiatives. These include additional marketing, selling and supply chain costs for the launch of the Tommy Hilfiger watch line, two new Movado Boutiques and one outlet store opened in the Fall of 2000 and one new Movado Boutique and two outlet stores opened in the second quarter of fiscal 2002.

Interest Expense. Net interest expense for the three months ended July 31, 2001 decreased by $0.2 million or 10.7% as compared to interest expense for the three months ended July 31, 2000. The decrease in interest expense reflects a decline in interest rates.

Income Taxes. The Company recorded a tax expense of $2.0 million for the three months ended July 31, 2001 as compared to a expense of $1.6 million for the three months ended July 31, 2000. Taxes were recorded at a 28% rate for fiscal 2002 as compared to a 25% rate for fiscal 2001. The Company's effective tax rate of 28%, which reflects the Company's current expectation that U.S. sourced earnings will gradually increase as a percentage of the overall earnings mix. However, there can be no assurance of this result as it is dependent on a number of factors, including the mix of foreign to domestic earnings, local statutory tax rates and the Company's ability to utilize net operating loss carryforwards in certain jurisdictions.

LIQUIDITY AND FINANCIAL POSITION

Cash flows used in operating activities for the six months ended July 31, 2001 were $38.8 million as compared to $23.9 million for the six months ended July 31, 2000. The increase in cash used in operating activities is the result of higher seasonal inventory build in preparation for the Holiday season and the new Tommy Hilfiger watch brand, cash outlays for a new Movado Boutique and the payment of management bonuses, salesmen commissions and income taxes.

The Company used $5.4 million of cash for investing activities for the six months ended July 31, 2001 as compared to $4.4 million for the six months ended July 31, 2000. The increase in cash used in investing activities was due to an increase of capital expenditures made during the six months ended July 31, 2001 of $4.9 million as compared to $3.9 million made in the same period of the prior year. Capital expenditures for fiscal 2002 were primarily for construction of the new Paramus, NJ leased office, information systems enhancements and three new Movado Boutiques. Capital expenditures for fiscal 2001 were primarily for the implementation of the new enterprise wide information system in Switzerland.

Cash provided by financing activities amounted to $35.9 million for the six months ended July 31, 2001 as compared to $10.1 million for the six months ended July 31, 2000. The increase in cash provided by financing activities represents an increase in bank borrowings offset by the Company not repurchasing stock as compared to repurchases made in the prior year.

At July 31, 2001, the Company had two series of Senior Notes outstanding. Senior Notes due January 31, 2005 were originally issued in a private placement completed in fiscal 1994. These notes have required annual principal payments of $5.0 million since January 1998. Accordingly, such amounts have been classified as a current liability in fiscal 2002 and 2001. The Company repaid $5.0 million of principal related to these notes in the fourth quarter of fiscal 2001 and is scheduled to repay an additional $5.0 million in the fourth quarter of fiscal 2002. At July 31, 2001, $20.0 million in principal related to these notes remained outstanding.

During fiscal 1999, the Company issued $25.0 million of Series A Senior Notes under a Note Purchase and Private Shelf Agreement dated November 30, 1998. These notes bear interest at 6.90%, mature on October 30, 2010 and are subject to annual repayments of $5.0 million commencing October 31, 2006.

On March 21, 2001, the Company entered into a new Note Purchase and Private Shelf Agreement which allows for the issuance for up to three years after the date thereof, of senior promissory notes in the aggregate principal amount of up to $40.0 million with maturities up to 12 years from their original date of issuance.

During the second quarter of fiscal 2001, the Company completed the renewal of its revolving credit and working capital lines with its bank group. The new agreement provides for a three year $100.0 million unsecured revolving line of credit and $15.0 million of uncommitted working capital lines. At July 31, 2001, the Company had $44.4 million of outstanding borrowings under its bank lines as compared to $30.0 million at July 31, 2000. The increase in borrowings at the end of the second quarter as compared to the prior year period was primarily the result of a reduction in cash balances available to fund seasonal working capital requirements and the Company's growth initiatives.

Under a series of share repurchase authorizations approved by the Board of Directors, the Company has maintained a discretionary share buy-back program. There were no current year purchases under the repurchase program as compared to $5.8 million for the comparable prior year period.

The Company paid dividends of $698,000 as compared to $577,000 for the six months ended July 31, 2001 and 2000, respectively. The increase is attributable to the raising of the quarterly dividend to $0.03 per share in fiscal 2002 from $0.025 per share in fiscal 2001.

Cash and cash equivalents at July 31, 2001 amounted to $13.6 million compared to $8.2 million at July 31, 2000. Debt to total capitalization at July 31, 2001 was 36.0% as compared to 35.0% at July 31, 2000.

The Company expects that capital expenditures in the future will approximate the average of fiscal 2001 and 2000 levels.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

None

(b) Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MOVADO GROUP, INC.
(Registrant)

Dated: September 14, 2001 By: /s/ Kennith C. Johnson

Kennith C. Johnson
Senior Vice President and
Chief Financial Officer
(Chief Financial Officer and
Principal Accounting Officer)