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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

/X/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For Quarterly Period Ended July 31, 1996

/ / 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)	(I.R.S. Employer Identification No.)
125 Chubb Avenue, Lyndhurst, New Jersey	07071
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (201) 460-4800

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 the 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 August 14, 1996, the registrant had 2,588,368 shares of Class A Common Stock, par value $0.01 per share, outstanding and 3,428,332 shares of Common Stock, par value $0.01 per share, outstanding.

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MOVADO GROUP, INC.

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July 31, 1996

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PART 1 - FINANCIAL INFORMATION
Item 1. Financial Statements

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

	July 31, 1996	January 31, 1996	July 31, 1995
ASSETS			
Current assets:			
Cash	$1,603	$3,829	$2,035
Trade receivables, net	79,299	75,335	70,077
Inventories	108,563	89,101	100,689
Other	16,364	12,521	18,802
Total current assets	205,829	180,786	191,603
Plant, property and equipment, net	13,230	11,794	12,065
Other assets	8,531	7,800	7,753
	$227,590	$200,380	$211,421
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Loans payable to banks	$34,754	$8,782	$29,032
Accounts payable	19,243	22,042	18,489
Accrued liabilities	11,737	9,289	8,503
Deferred and current taxes payable	7,517	7,994	6,588
Total current liabilities	73,251	48,107	62,612
Senior notes payable	40,000	40,000	40,000
Deferred and non-current foreign income taxes	3,424	3,860	4,040
Other liabilities	3,145	3,572	3,796
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; 3,428,332, 3,426,610 and 3,409,318 shares issued, respectively	34	34	34
Class A Common Stock, $0.01 par value, 10,000,000 shares authorized; 2,588,368, 2,588,891 and 2,590,983 shares issued and outstanding, respectively	26	26	26
Capital in excess of par value	34,268	34,252	34,009
Retained earnings	61,164	60,319	51,281
Cumulative translation adjustment	12,406	10,338	15,751
Treasury Stock, 9,201 shares, at cost	(128)	(128)	(128)
	107,770	104,841	100,973
	$227,590	$200,380	$211,421

See Notes to Consolidated Financial Statements

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

	Six Months Ended July 31,		Three Months Ended July 31,	
	1996	1995	1996	1995
Net sales	$81,764	$72,190	$50,751	$43,986
Costs and expenses:				
Cost of sales	36,784	33,962	23,121	20,675
Selling, general and administrative	41,128	35,395	23,944	19,937
Operating income	3,852	2,833	3,686	3,374
Net interest expense	2,123	2,281	1,281	1,303
Income before income taxes	1,729	552	2,405	2,071
Provision for income taxes	519	166	722	627
Net income	$1,210	$386	$1,683	$1,444
Income per share:	$0.20	$0.06	$0.28	$0.24
Shares used in per share computations:	6,007	5,997	6,007	5,993

See Notes to Consolidated Financial Statements

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

	Six Months Ended July 31,	
	1996	1995
Cash flows from operating activities:		
Net income	$1,210	$386
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	1,885	1,602
Deferred and non-current foreign income taxes	(485)	(908)
Provision for losses on accounts receivable	358	352
Changes in current assets and liabilities:		
Trade receivables	(4,189)	(2,253)
Inventories	(18,951)	(13,336)
Other current assets	(4,292)	(2,695)
Accounts payable	(1,706)	(4,077)
Accrued liabilities	2,409	(661)
Deferred and current taxes payable	(555)	813
(Increase) decrease in other non-current assets	(584)	935
(Decrease) increase in other non-current liabilities	(48)	669
Net cash used in operating activities	(24,948)	(19,173)
Cash flows used for investing activities:		
Capital expenditures	(2,332)	(1,401)
Goodwill, trademarks and other intangibles	(76)	(103)
Net cash used in investing activities	(2,408)	(1,504)
Cash flows from financing activities:		
Net proceeds from current borrowings under lines of credit	25,750	18,726
Principal payments under capital leases	(269)	(619)
Exercise of stock options	16	6
Purchase of treasury stock	0	(128)
Dividends paid	(360)	(298)
Net cash provided by financing activities	25,137	17,687
Effect of exchange rate changes on cash	(7)	129
Net decrease in cash	(2,226)	(2,861)
Cash at beginning of period	3,829	4,896
Cash at end of period	$1,603	$2,035

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 a manner consistent with that used in the preparation of the financial statements included in the Company's fiscal 1996 Annual Report filed on form 10-K. 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 aforementioned annual report.

NOTE 1 - RECLASSIFICATION

Certain amounts from prior years have been reclassified to conform to the fiscal 1997 presentation.

NOTE 2 - INVENTORIES

Inventories consist of the following (in thousands):

	July 31, 1996	January 31, 1996
Finished goods	$63,187	$51,034
Work-in-process and component parts	45,376	38,067
	$108,563	$89,101

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,	
	1996	1995
Cash paid during the period for:		
Interest	$2,234	$2,439
Income taxes	1,755	397
Non-cash investing and financing activities:		
Equipment acquired under capital leases	$21	$66

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

RESULTS OF OPERATIONS

Six months ended July 31, 1996 compared to six months ended July 31, 1995.

Net Sales. Net sales increased 13.3% to $81.8 million from $72.2 million for the six months ended July 31, 1996 and July 31, 1995, respectively. The increase was attributable to a 22.0% increase in domestic sales reflecting both unit sales increases in Concord, Movado and Esquire brands and higher average selling prices due to price increases in the second half of last year. The increase in domestic sales was offset by a 12.6% decrease in international sales due to a shift in sales to the third quarter because of timing of new product introductions.

Gross Margins. Gross profit for the six months ended July 31, 1996 was $45.0 million (55.0% of net sales) as compared to $38.2 million (53.0% of net sales) for the comparable prior year period. The increase in margin is mainly attributable to the Company continuing to experience a shift in overall sales mix toward its higher margin Movado, Concord and Esquire brands and price increases instituted in the second half of last year.

Operating Expenses. Operating expenses increased 16.2% for the six months ended July 31, 1996 to 50.3% of net sales from 49.0% of net sales for the comparable prior year period. Excluding the effect of a one-time, pre-tax charge of $600,000 included in last year's quarter, operating expenses increased approximately $6.3 million. The increase in operating expenses is mainly attributable to increases in advertising, marketing and other variable costs related to higher sales volumes.

Interest Expense. Net interest expense, which consists primarily of interest on the Company's $40,000,000 of 6.56% Senior Notes and borrowings against its working capital lines of credit, was $2.1 million for the six months ended July 31, 1996 as compared to $2.3 million for the comparable prior year period. The lower interest expense is mainly due to a reduction in average interest rates partially offset by increased average amounts outstanding, as compared to the period ended July 31, 1995.

Income Taxes. The Company recorded a provision for income taxes of $519,000 for six months ended July 31, 1996 as compared to a provision of $166,000 for the comparable prior year period. Taxes were provided at a 30% effective rate which the Company believes will approximate the effective annual rate for fiscal 1997; however, there can be no assurance of this as it is dependent on a number of factors including: mix of foreign to domestic earnings, local statutory tax rates and utilization of net operating losses. The 30% effective rate differs from the United States statutory rate due to the mix of earnings between the Company's U.S. and international operations, the most significant of which are located in Switzerland. The Company's international operations are generally subject to tax rates that are significantly lower than U.S. statutory rates.

Three months ended July 31, 1996 compared to three months ended July 31, 1995.

Net Sales. Net sales increased 15.4% to $50.8 million from $44.0 million for the three months ended July 31, 1996 and July 31, 1995, respectively. The increase was attributable to a 25.3% increase in domestic sales reflecting both unit sales increases in the Company's Concord, Movado and Esquire brands and higher average selling prices due to price increases in the second half of last year. Although certain international markets have shown slight improvement over the comparable period last year, international sales as a whole declined 15.5% for the three months ended July 31, 1996 due to a shift in sales to the third quarter because of timing of new product introductions.

Gross Margins. Gross profit for the three months ended July 31, 1996 was $27.6 million (54.4% of net sales) as compared to $23.3 million (53.0% of net sales) for the comparable prior year period. The increase in margin is mainly attributable to the Company continuing to experience a shift in overall sales mix toward its higher margin Movado, Concord and Esquire brands and price increases instituted in the second half of last year.

Operating Expenses. Operating expenses increased 20.1% for the three months ended July 31, 1996 to 47.2% of net sales from 45.3% of net sales for the comparable prior year period. Operating expenses increased approximately $4.0 million. The increase in operating expenses is mainly attributable to increases in advertising, marketing and other variable costs related to higher sales volumes.

Interest Expense. Net interest expense, which consists primarily of interest on the Company's $40,000,000 of 6.56% Senior Notes and borrowings against its working capital lines of credit, was $1.3 million for the three months ended July 31, 1996 and 1995, respectively. Interest expense remained flat as compared with the prior year period as a result of a slight decrease in interest rates on the working capital lines.

Income Taxes. The Company recorded a provision for income taxes of $722,000 for three months ended July 31, 1996 as compared to a provision of $627,000 for the comparable prior year period. Taxes were provided at a 30% effective rate which the Company believes will approximate the effective annual rate for fiscal 1997; however, there can be no assurance of this as it is dependent on a number of factors including: mix of foreign to domestic earnings, local statutory tax rates and utilization of net operating losses. The 30% effective rate differs from the United States statutory rate due to the mix of earnings between the Company's U.S. and international operations, the most significant of which are located in Switzerland. The Company's international operations are generally subject to tax rates that are significantly lower than U.S. statutory rates.

LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity needs have been, and are expected to remain, primarily a function of its seasonal working capital requirements which have increased due to significant growth in domestic sales over the two previous years. The Company's business is not capital intensive and liquidity needs for capital investments have not been significant in relation to the Company's overall financing requirements.

The Company has met its liquidity needs primarily through funds from operations and bank borrowings under working capital lines of credit with domestic and Swiss banks. The Company has also entered into a revolving credit agreement with its domestic banks. Funds available under this agreement are in addition to the Company's working capital lines. The Company's debt to total capitalization ratio was 41.2% at July 31, 1996, 40.6% at July 31, 1995 and 31.8% at January 31, 1996. The increase from January 31, 1996 was primarily the result of the Company financing seasonal working capital requirements under its working capital lines of credit.

The Company's net working capital consisting primarily of trade receivables and inventories amounted to $132.6 million at July 31, 1996, $129.0 million at July 31, 1995 and $132.7 million at January 31, 1996.

Accounts receivable at July 31, 1996 were $79.3 million as compared to $70.1 million at July 31, 1995 and $75.3 million at January 31, 1996. The increase in the receivables was primarily the result of the Company's increased domestic sales volume and the timing of shipments during the second quarter of fiscal 1997.

Inventories at July 31, 1996 were $108.6 million as compared to $100.7 million at July 31, 1995 and $89.1 million at January 31, 1996. The increase in inventories reflects both the seasonal build in inventories as well as the expansion of the company's sales base and product line.

The Company's fiscal 1997 year-to-date capital expenditures approximate $2.3 million compared to $1.4 million through July 31, 1995. Expenditures were primarily related to improvements in the Company's management and sales management information systems and costs incurred in connection with the expansion of domestic distribution operations. Additionally, costs related to the company's new Piaget flagship store in New York City are included in fiscal 1997. The Company expects its annual capital expenditures in fiscal year 1997 will exceed the average levels experienced over the last three fiscal years due to planned improvements in management information systems, expansion of its retail store network, including the Piaget store, and the expansion of distribution operations to support continued sales growth.

PART II - OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

On June 14, 1996 the Company held its annual meeting of shareholders at the offices of Simpson, Thacher & Bartlett located at 425 Lexington Avenue, New York, New York.

The following matters were voted upon at the meeting:

(i) The election of the following directors, constituting the entire board of directors:

Margaret Hayes Adame
Michael Bush
Efraim Grinberg
Gedalio Grinberg
Donald Oresman
Leonard L. Silverstein

(ii) A proposal to ratify the selection of Price Waterhouse LLP as the Company's independent public accountants for the fiscal year ending January 31, 1997;

(iii) Approval of the Company's 1996 Stock Incentive Plan to amend the Company's 1993 Employee Stock Option Plan; and

(iv) Approval of the Company's Amended and Restated Deferred Compensation Plan for Executives.

With respect to the above referenced proposals that were voted on at the annual shareholders meeting, the following votes were tabulated. There were no broker nonvotes.

Proposal (i) on election of directors:

Nominee	For	Against	Withheld
Margaret Hayes Adame	25,947,720	128,683	0
Michael Bush	25,941,820	134,583	0
Efraim Grinberg	25,941,820	134,583	0
Gedalio Grinberg	25,941,820	134,583	0
Donald Oresman	25,941,820	134,583	0
Leonard L. Silverstein	25,941,820	134,583	0
Proposal (ii) on ratification of appointment of auditors:	26,031,143	2,005	43,255
Proposal (iii) on approval of Stock Incentive Plan:	25,552,414	88,919	48,460
Proposal (iv) on approval of Deferred Compensation Plan:	25,258,961	765,968	48,520

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

11. Computation of net income per share.

(b) Reports on Form 8-K
None

SIGNATURES

Pursuant to the requirements of the Securities and 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 13, 1996	By:	/s/ Kenneth J. Adams ---------------------------- Kenneth J. Adams Senior Vice President and Chief Financial Officer (Chief Financial Officer)
Dated: September 13, 1996	By:	/s/ John J. Rooney ---------------------------- John J. Rooney Corporate Controller (Principal Accounting Officer)

EXHIBIT INDEX

Exhibit Number	Description
11	Computation of Net Income Per Share

Exhibit 11

MOVADO GROUP, INC.

COMPUTATION OF NET INCOME PER SHARE
(In thousands, except per share amounts)

	Six Months Ended July 31, 1996	Three Months Ended July 31, 1996
Primary		
Net income	$1,210	$1,683
Weighted average number of common shares outstanding	6,007	6,007
Add common equivalent shares (determined using the "Treasury Stock" Method) representing shares issuable upon exercise of employee stock options	20	22
Weighted average number of shares used in primary net income per share	6,027	6,029
Primary net income per share	$0.20	$0.28
Fully Diluted		
Net income	$1,210	$1,683
Weighted average number of common shares outstanding	6,007	6,007
Add common equivalent shares (determined using the "Treasury Stock" Method) representing shares issuable upon exercise of employee stock options	22	22
Weighted average number of shares used in fully diluted net income per share	6,029	6,029
Fully diluted net income	$0.20	$0.28