

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended July 31, 2005

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 1-16497

MOVADO GROUP, INC.
(Exact Name of Registrant as Specified in its Charter)

New York
(State or Other Jurisdiction
of Incorporation or Organization)

13-2595932
(IRS Employer
Identification No.)

650 From Road, Paramus, New Jersey
(Address of Principal Executive Offices)

07652
(Zip Code)

(201) 267-8000
(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 No

Indicate by check mark whether the registrant is an accelerated filer (as
defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes No

Indicate by check mark whether the registrant is a shell company (as
defined in Exchange Act Rule 12b-2). Yes No

The number of shares outstanding of the registrant's common stock and class
A common stock as of August 31, 2005 were 18,503,868 and 6,771,909,
respectively.

MOVADO GROUP, INC.

Index To Quarterly Report on Form 10-Q
July 31, 2005

	Page

Part I	
Financial Information (Unaudited)	
Item 1. Consolidated Balance Sheets at July 31, 2005, January 31, 2005 and July 31, 2004	3
Consolidated Statements of Income for the three months and six months ended July 31, 2005 and 2004	4
Consolidated Statements of Cash Flows for the six months ended July 31, 2005 and 2004	5
Notes to Consolidated Financial Statements	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	13
Item 3. Quantitative and Qualitative Disclosure about Market Risks	21
Item 4. Controls and Procedures	22
Part II	
Other Information	
Item 1. Legal Proceedings	23
Item 4. Submission of Matters to a Vote of Security Holders	23
Item 6. Exhibits	23
Signature	25

PART I - FINANCIAL INFORMATION
ITEM 1. Financial Statements

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

	July 31, 2005 ----	January 31, 2005 ----	July 31, 2004 ----
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 50,323	\$ 63,782	\$ 27,438
Trade receivables, net	105,533	102,622	95,841
Inventories, net	206,483	187,890	181,784
Other	37,127	34,409	31,899
	-----	-----	-----
Total current assets	399,466	388,703	336,962
Property, plant and equipment, net	50,282	50,283	48,193
Other	36,348	37,964	37,672
	-----	-----	-----
Total assets	\$ 486,096 =====	\$ 476,950 =====	\$ 422,827 =====
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Loans payable to banks	\$ 37,500	\$ --	\$ 25,000
Current portion of long-term debt	--	--	5,000
Accounts payable	35,283	38,488	30,965
Accrued liabilities	40,482	39,618	30,223
Deferred taxes	4,756	5,250	5,853
	-----	-----	-----
Total current liabilities	118,021	83,356	97,041
Long-term debt	45,000	45,000	25,000
Deferred and non-current income taxes	9,031	14,827	11,936
Other liabilities	17,363	17,209	12,214
	-----	-----	-----
Total liabilities	189,415	160,392	146,191
	-----	-----	-----
Commitments and contingencies (Note 9)			
Shareholders' equity:			
Preferred Stock, \$0.01 par value, 5,000,000 shares authorized; no shares issued	--	--	--
Common Stock, \$0.01 par value, 100,000,000 shares authorized; 23,116,663, 22,580,459 and 21,987,361 shares issued, respectively	231	226	220
Class A Common Stock, \$0.01 par value, 30,000,000 shares authorized; 6,773,258, 6,801,812 and 6,801,812 shares issued and outstanding, respectively	68	68	68
Capital in excess of par value	103,470	100,289	90,638
Retained earnings	221,981	214,953	198,426
Accumulated other comprehensive income	21,997	48,707	29,648
Treasury Stock, 4,613,645, 4,433,553 and 4,089,898 shares, respectively, at cost	(51,066)	(47,685)	(42,364)
	-----	-----	-----
Total shareholders' equity	296,681	316,558	276,636
	-----	-----	-----
Total liabilities and shareholders' equity	\$ 486,096 =====	\$ 476,950 =====	\$ 422,827 =====

See Notes to Consolidated Financial Statements

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

	Three Months Ended July 31,		Six Months Ended July 31,	
	2005	2004	2005	2004
Net sales	\$115,326	\$ 97,788	\$203,082	\$171,975
Cost of sales	45,340	39,810	80,258	70,612
Gross profit	69,986	57,978	122,824	101,363
Operating expenses:				
Selling, general and administrative	57,701	49,230	108,400	90,908
Operating income	12,285	8,748	14,424	10,455
Income from litigation settlement, net	--	1,444	--	1,444
Net interest expense	884	783	1,693	1,508
Income before income taxes	11,401	9,409	12,731	10,391
Provision for income taxes	2,850	2,352	3,183	2,598
Net income	\$ 8,551	\$ 7,057	\$ 9,548	\$ 7,793
Earnings per share:				
Basic	\$ 0.34	\$ 0.29	\$ 0.38	\$ 0.32
Diluted	\$ 0.33	\$ 0.28	\$ 0.37	\$ 0.31
Weighted average shares outstanding:				
Basic	25,241	24,643	25,148	24,590
Diluted	26,126	25,484	26,074	25,416

See Notes to Consolidated Financial Statements

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

	Six Months Ended July 31, 2005	2004
	-----	-----
Cash flows from operating activities:		
Net income	\$ 9,548	\$ 7,793
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	7,816	5,710
Deferred income taxes	(731)	--
Provision for losses on accounts receivable	600	75
Provision for losses on inventory	300	181
Changes in assets and liabilities:		
Trade receivables	(3,813)	3,329
Inventories	(27,078)	(26,101)
Other current assets	(4,312)	(5,861)
Accounts payable	(1,526)	4,863
Accrued liabilities	(6,363)	(7,858)
Current taxes payable	159	(991)
Other non-current assets	(912)	(584)
Other non-current liabilities	174	502
	-----	-----
Net cash used in operating activities	(26,138)	(18,942)
	-----	-----
Cash flows from investing activities:		
Capital expenditures	(7,879)	(6,878)
Acquisition of Ebel, net of cash acquired	--	(43,525)
Trademarks	(343)	(178)
	-----	-----
Net cash used in investing activities	(8,222)	(50,581)
	-----	-----
Cash flows from financing activities:		
Net proceeds from bank borrowings	37,500	14,813
Stock options exercised and other changes	(195)	923
Dividends paid	(2,520)	(1,968)
	-----	-----
Net cash provided by financing activities	34,785	13,768
	-----	-----
Effect of exchange rate changes on cash and cash equivalents	(13,884)	1,110
	-----	-----
Net decrease in cash and cash equivalents	(13,459)	(54,645)
Cash and cash equivalents at beginning of period	63,782	82,083
	-----	-----
Cash and cash equivalents at end of period	\$ 50,323	\$ 27,438
	=====	=====

See Notes to Consolidated Financial Statements

MOVADO GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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 consolidated financial statements included in the Company's fiscal 2005 Annual Report filed on Form 10-K. In the opinion of management, the accompanying consolidated 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. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the full year.

NOTE 1 - RECLASSIFICATION

Certain reclassifications were made to prior years' financial statement amounts and related note disclosures to conform to the fiscal 2006 presentation.

NOTE 2 - ACQUISITION

On December 22, 2003, the Company entered into an agreement to acquire Ebel S.A. and the worldwide business related to the Ebel brand (collectively "Ebel") from LVMH Moet Hennessy Louis Vuitton ("LVMH"). On March 1, 2004, the Company completed the acquisition of Ebel with the exception of the payment for the acquired Ebel business in Germany, which was completed July 30, 2004.

In accordance with Emerging Issues Task Force No. 95-3 ("EITF 95-3"), "Recognition of Liabilities in Connection with a Purchase Business Combination", the Company recognized costs associated with exiting an activity of an acquired company and involuntary termination of employees of an acquired company as liabilities assumed in a purchase business combination and included the liabilities in the allocation of the acquisition cost. The liability recognized in connection with the acquisition of Ebel was comprised of approximately \$2.4 million for employee severance, \$0.2 million for lease terminations, \$1.7 million for exit costs related to certain promotional and purchase contracts and \$0.4 million of other liabilities. As of July 31, 2005, payments against employee severance, lease terminations, exit costs and other liabilities amounted to \$1.7 million, \$0.2 million, \$1.1 million and \$0.4 million, respectively. There were no further adjustments related to the abovementioned accruals as of July 31, 2005.

Pro Forma Financial Information

The unaudited financial information in the table below summarizes the combined results of operations of the Company and Ebel, on a pro forma basis, as though the acquisition had been completed as of the beginning of the six month period ended July 31, 2004. This pro forma financial information is presented for informational purposes only and is not necessarily indicative of the results of operations that would have been achieved had the acquisition taken place at the beginning of the six month period ended July 31, 2004. The unaudited pro forma condensed combined statement of income for the six month period ended July 31, 2004 combines the historical results for the Company for the six month period ended July 31, 2004 and the historical results for

Ebel for the period preceding the acquisition of February 1 through February 29, 2004. The following amounts are in thousands, except per share amounts:

	Six Months Ended July 31, 2004 ----
Revenues	\$173,344
Net income	\$5,902
Basic income per share	\$0.24
Diluted income per share	\$0.23

NOTE 3 - STOCK OPTION PLAN

The Company applies Accounting Principles Board Opinion No. 25 and related Interpretations in accounting for its stock option plan. No compensation cost has been recognized for any stock options granted under the Company's stock option plan because the quoted market price of the Common Stock at the grant date was not in excess of the amount an employee must pay to acquire the Common Stock. Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," ("SFAS 123") issued by the Financial Accounting Standards Board ("FASB"), prescribes a method to record compensation cost for stock-based employee compensation plans at fair value. The Company utilizes the Black-Scholes valuation model for determining the fair value of the stock-based compensation. Pro forma disclosures as if the Company had adopted the recognition requirements under SFAS 123 for the three months and six months ended July 31, 2005 and 2004, respectively, are presented below.

(In thousands, except per share data)	For the Three Months Ended July 31,		For the Six Months Ended July 31,	
	2005 -----	2004 -----	2005 -----	2004 -----
Net income as reported	\$ 8,551	\$ 7,057	\$ 9,548	\$ 7,793
Fair value based compensation expense, net of taxes	(673)	(1,408)	(1,511)	(2,805)
Pro forma net income	\$ 7,878 =====	\$ 5,649 =====	\$ 8,037 =====	\$ 4,988 =====
Basic earnings per share:				
As reported	\$ 0.34	\$ 0.29	\$ 0.38	\$ 0.32
Pro forma under SFAS No. 123	\$ 0.31	\$ 0.23	\$ 0.32	\$ 0.20
Diluted earnings per share:				
As reported	\$ 0.33	\$ 0.28	\$ 0.37	\$ 0.31
Pro forma under SFAS No. 123	\$ 0.30	\$ 0.22	\$ 0.31	\$ 0.20

NOTE 4 - COMPREHENSIVE (LOSS) INCOME

The components of comprehensive loss for the three months and six months ended July 31, 2005 and 2004 are as follows (in thousands):

	Three Months Ended July 31,		Six Months Ended July 31,	
	2005	2004	2005	2004
Net income	\$ 8,551	\$ 7,057	\$ 9,548	\$ 7,793
Net unrealized gain (loss) on investments, net of tax	143	(8)	153	20
Effective portion of unrealized loss on hedging contracts, net of tax	(4,790)	(292)	(5,127)	(2,274)
Foreign currency translation adjustment	(19,545)	4,251	(21,736)	(2,571)
Total comprehensive (loss) income	<u>(\$15,641)</u>	<u>\$ 11,008</u>	<u>(\$17,162)</u>	<u>\$ 2,968</u>

NOTE 5 - SEGMENT INFORMATION

The Company conducts its business primarily in two operating segments: Wholesale and Retail. The Company's Wholesale segment includes the designing, manufacturing and distribution of quality watches. The Retail segment includes the Movado Boutiques and outlet stores.

The Company divides its business into two major geographic segments: Domestic, which includes the results of the Company's North American, Caribbean and Tommy Hilfiger South American operations, and International, which includes the results of the Company's operations in all other parts of the world. The Company's International operations are principally conducted in Europe, the Middle East and Asia. The Company's International assets are substantially located in Switzerland.

Operating Segment Data for the Three Months Ended July 31, 2005 and 2004:

	Net Sales		Operating Income	
	2005	2004	2005	2004
Wholesale	\$ 95,658	\$ 80,592	\$ 12,177	\$ 8,266
Retail	19,668	17,196	108	482
Consolidated total	<u>\$115,326</u>	<u>\$ 97,788</u>	<u>\$ 12,285</u>	<u>\$ 8,748</u>

Operating Segment Data for the Six Months Ended July 31, 2005 and 2004:

	Net Sales		Operating Income (Loss)	
	2005	2004	2005	2004
Wholesale	\$168,263	\$141,600	\$ 15,911	\$ 11,165
Retail	34,819	30,375	(1,487)	(710)
Consolidated total	<u>\$203,082</u>	<u>\$171,975</u>	<u>\$ 14,424</u>	<u>\$ 10,455</u>

Geographic Segment Data for the Three Months Ended July 31, 2005 and 2004:

	Net Sales		Operating Income	
	2005	2004	2005	2004
Domestic	\$ 89,231	\$ 77,143	\$ 4,986	\$ 5,675
International	26,095	20,645	7,299	3,073
Consolidated total	\$115,326	\$ 97,788	\$ 12,285	\$ 8,748

Geographic Segment Data for the Six Months Ended July 31, 2005 and 2004:

	Net Sales		Operating Income	
	2005	2004	2005	2004
Domestic	\$157,306	\$136,226	\$ 3,669	\$ 5,971
International	45,776	35,749	10,755	4,484
Consolidated total	\$203,082	\$171,975	\$ 14,424	\$ 10,455

Domestic and International net sales are net of intercompany sales of \$59.3 million and \$56.3 million for the three months ended July 31, 2005 and 2004, respectively.

Domestic and International net sales are net of intercompany sales of \$105.3 million and \$115.9 million for the six months ended July 31, 2005 and 2004, respectively.

	Total Assets		
	July 31, 2005	January 31, 2005	July 31, 2004
Domestic	\$275,696	\$282,018	\$251,840
International	210,400	194,932	170,987
Consolidated total	\$486,096	\$476,950	\$422,827

NOTE 6 - EXECUTIVE RETIREMENT PLAN

The Company has a number of employee benefit plans covering substantially all employees. Certain eligible executives of the Company have elected to defer a portion of their compensation on a pre-tax basis under a defined contribution, supplemental executive retirement plan (SERP) sponsored by the Company. The SERP was adopted effective June 1, 1995, and provides eligible executives with supplemental pension benefits in addition to amounts received under the Company's other retirement plans. The Company makes a matching contribution which vests over five years. For the three months ended July 31, 2005 and 2004, the Company recorded an expense related to the SERP of \$0.1 million and \$0.2 million, respectively. For the six months ended July 31, 2005 and 2004, the Company recorded an expense related to the SERP of \$0.3 million for each period.

NOTE 7 - INVENTORIES

consist of the following (in thousands):

	July 31, 2005 -----	January 31, 2005 -----	July 31, 2004 -----
Finished goods	\$ 125,702	\$ 111,468	\$ 110,701
Component parts	74,731	71,761	65,734
Work-in-process	6,050	4,661	5,349
	-----	-----	-----
	\$ 206,483	\$ 187,890	\$ 181,784
	=====	=====	=====

NOTE 8 - EARNINGS PER SHARE

The Company presents net income per share on a basic and diluted basis. Basic earnings per share is computed using weighted-average shares outstanding during the period. Diluted earnings per share is computed using the weighted-average number of shares outstanding adjusted for dilutive common stock equivalents.

The weighted-average number of shares outstanding for basic earnings per share were 25,241,000 and 24,643,000 for the three months ended July 31, 2005 and 2004, respectively. For diluted earnings per share, these amounts were increased by 885,000 and 841,000 for the three months ended July 31, 2005 and 2004, respectively, due to potentially dilutive common stock equivalents issuable under the Company's stock option plans and restricted stock grants.

The weighted-average number of shares outstanding for basic earnings per share were 25,148,000 and 24,590,000 for the six months ended July 31, 2005 and 2004, respectively. For diluted earnings per share, these amounts were increased by 926,000 and 826,000 for the six months ended July 31, 2005 and 2004, respectively, due to potentially dilutive common stock equivalents issuable under the Company's stock option plans and restricted stock grants.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

At July 31, 2005, the Company had outstanding letters of credit totaling \$0.9 million with expiration dates through August 31, 2006 compared to \$0.6 million with expiration dates through June 30, 2005 as of July 31, 2004. One bank in the domestic bank group has issued irrevocable standby letters of credit for retail and operating facility leases to various landlords and for Canadian payroll to the Royal Bank of Canada.

As of July 31, 2005, a Swiss bank guaranteed one of the Company's Swiss subsidiary's obligations to certain Swiss third parties in the amount of approximately \$3.3 million in various foreign currencies compared to \$0.7 million as of July 31, 2004.

The Company is involved from time to time in legal claims involving trademarks and intellectual property, licensing, employee relations and other matters incidental to the Company's business. Although the outcome of such items cannot be determined with certainty, the Company's general counsel and management believe that

the final outcome would not have a material effect on the Company's consolidated financial position, results of operations or cash flows.

NOTE 10 - AMERICAN JOBS CREATION ACT OF 2004

The American Jobs Creation Act of 2004 ("the Act"), as enacted on October 22, 2004, provides for a temporary 85% dividends received deduction on certain foreign earnings repatriated during a one-year period. The deduction would result in an approximate 5.25% U.S. federal tax rate on any repatriated earnings. To qualify for the deduction, the earnings must be reinvested in the United States pursuant to a domestic reinvestment plan established by the Company's Chief Executive Officer and approved by the Company's Board of Directors. Certain other criteria in the Act, applicable Treasury Regulations and guidance published (or that may subsequently be published) by the Internal Revenue Service or Treasury Department, must be satisfied as well.

The Company is in the process of evaluating whether it will repatriate any foreign earnings under the repatriation provisions of the Act and, if so, the amount that it will repatriate. The range of reasonably possible amounts that the Company is currently considering for repatriation, which would be eligible for the temporary deduction, is zero to approximately \$150 million. Repatriation would result in additional income tax expense, which the Company currently estimates to be between 4.50% and 8.50% of the repatriated amount. The Company expects to determine the amounts and sources of foreign earnings to be repatriated, if any, during the third or fourth quarter of fiscal 2006.

NOTE 11 - RECENTLY ISSUED ACCOUNTING STANDARDS

In November 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 151, "Inventory Costs", an amendment of ARB No. 43, Chapter 4 ("SFAS No. 151"). The amendments made by SFAS No. 151 clarify that abnormal amounts of idle facility expense, freight, handling costs, and wasted materials (spoilage) should be recognized as current-period charges by requiring the allocation of fixed production overheads to inventory based on the normal capacity of the production facilities. The guidance is effective for inventory costs incurred during fiscal years beginning after June 15, 2005, and is not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 123(R), "Share-Based Payment", which is a revision of FASB Statement No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123(R)"). SFAS No. 123(R) supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees", and amends FASB Statement No. 95, "Statement of Cash Flows". Generally, the approach in SFAS No. 123(R) is similar to the approach described in SFAS No. 123. SFAS No. 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative. Public entities are required to apply SFAS No. 123(R) as of the first annual reporting period that begins after June 15, 2005.

The Company continues to use the intrinsic value based method of accounting for share-based payments. The Company uses the Black-Scholes valuation model to estimate the value of stock options granted to employees. SFAS No. 123(R) requires the benefits of tax deductions in excess of recognized compensation cost to be reported as a financing cash flow, rather than as an operating cash flow as required under current literature. This requirement may reduce net operating cash flows and increase net financing cash flows in periods after adoption. The adoption of SFAS No. 123(R) is expected to have a material impact on the Company's consolidated financial position, results of operations and cash flows.

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 153, "Exchanges of Nonmonetary Assets -- An Amendment of APB Opinion No. 29, Accounting for Nonmonetary Transactions" ("SFAS No. 153"). SFAS No. 153 eliminates the exception from fair value measurement for nonmonetary exchanges of similar productive assets in paragraph 21(b) of APB Opinion No. 29, "Accounting for Nonmonetary Transactions", and replaces it with an exception for exchanges that do not have commercial substance. SFAS No. 153 specifies that a nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS No. 153 is effective for the fiscal periods beginning after June 15, 2005. The adoption of SFAS No. 153 is not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In March 2005, the FASB issued Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations" ("FIN 47"). FIN 47 clarifies that the term "conditional asset retirement obligation" as used in SFAS No. 143, "Accounting for Asset Retirement Obligations," refers to a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. FIN 47 is effective no later than the end of fiscal years ending after December 15, 2005. The Company is currently assessing the impact of FIN 47 on its consolidated financial position, results of operations and cash flows.

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

FORWARD-LOOKING STATEMENTS

Statements in this quarterly report on Form 10-Q, including, without limitation, statements under this Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere 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. These statements are based on current expectations, estimates, forecasts and projections about the Company, its future performance, the industry in which the Company operates and management's assumptions. Words such as "expects", "anticipates", "targets", "goals", "projects", "intends", "plans", "believes", "seeks", "estimates", "may", "will", "should" and variations of such words and similar expressions are also intended to identify such forward-looking statements. The Company cautions readers that forward-looking statements include, without limitation, those relating to the Company's future business prospects, projected operating or financial results, revenues, working capital, liquidity, capital needs, plans for future operations, expectations regarding capital expenditures and operating expenses, 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 in the United States and the other significant markets where the Company's products are sold, general uncertainty related to possible terrorist attacks and the impact on consumer spending, 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 the loss of any significant supplier, the loss of significant customers, the Company's dependence on key employees and officers, the ability to successfully integrate the operations of acquired businesses without disruption to other business activities, 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, disease, general risks associated with doing business outside the United States including, without limitation, import duties, tariffs, quotas, political and economic stability, and success of hedging strategies with respect to currency exchange rate fluctuations.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. These estimates and assumptions also affect the reported amounts of revenues and expenses. Estimates by their nature are based on judgments and available information. Therefore, actual results could materially differ from those estimates under different assumptions and conditions.

Critical accounting policies are those that are most important to the portrayal of the Company's financial condition and the results of operations and require management's most difficult, subjective and complex judgments as a result of the need to make estimates about the effect of matters that are inherently uncertain. The

Company's most critical accounting policies have been discussed in the Company's Annual Report on Form 10-K for the year ended January 31, 2005. In applying such policies, management must use significant estimates that are based on its informed judgment. Because of the uncertainty inherent in these estimates, actual results could differ from estimates used in applying the critical accounting policies. Changes in such estimates, based on more accurate future information, may affect amounts reported in future periods.

As of July 31, 2005, there have been no material changes to any of the critical accounting policies as disclosed in its annual report on Form 10-K for the fiscal year ended January 31, 2005.

Results of operations for the three months ended July 31, 2005 as compared to the three months ended July 31, 2004

Net Sales: Comparative net sales by business segment were as follows (in thousands):

	Three Months Ended July 31,	
	2005	2004
Wholesale:		
Domestic	\$ 69,563	\$ 59,947
International	26,095	20,645
Retail	19,668	17,196
Net Sales	\$115,326	\$ 97,788

Net sales increased by \$17.5 million or 17.9% for the three months ended July 31, 2005 as compared to the three months ended July 31, 2004. Sales in the wholesale segment increased 18.7% to \$95.7 million versus \$80.6 million in the prior year.

The domestic wholesale business was \$69.6 million or 16.0% above prior year sales of \$59.9 million. Movado and ESQ brand sales increased by \$2.0 million and \$1.6 million, respectively, primarily the result of increased demand in the chain and department store business. Ebel sales increased by \$5.2 million or 259.0% above the prior year due to the sales of new models.

Sales in the international wholesale business were \$26.1 million or 26.4% above prior year due to Ebel and Tommy Hilfiger increases of \$3.3 million and \$1.4 million, respectively. These increases were primarily driven by sales in Europe.

Sales in the retail segment rose 14.4% to \$19.7 million. The increase was driven by an overall 21.4% increase in Movado Boutique sales. Comparable store sales increases for the Movado Boutiques were 2.3% for the three months ended July 31, 2005. Comparable store sales increases for the outlet stores were 9.3% for the three months ended July 31, 2005. The Company operated 27 Boutiques and 28 outlet stores at July 31, 2005 compared to 20 Boutiques and 27 outlet stores at July 31, 2004.

Gross Profit. The gross profit for the three months ended July 31, 2005 was \$70.0 million or 60.7% of net sales as compared to \$58.0 million or 59.3% of net sales for the three months ended July 31, 2004. Gross profit increased by \$12.0 million primarily as the result of the higher sales volume. The 140 basis point increase in gross profit percentage is mainly attributed to supply chain productivity improvements.

Selling, General and Administrative ("SG&A") Expenses. Selling, general and administrative expenses for the three months ended July 31, 2005 were \$57.7 million or 50.0% of net sales as compared to \$49.2 million or 50.3% of net sales for the three months ended July 31, 2004. The increase reflects spending primarily to invest in the Company's strategic growth initiatives, including higher marketing expenditures of \$3.2 million, added spending of \$1.5 million in support of the retail expansion, increased payroll and benefit costs of \$1.5 million and increased spending of \$0.5 million for outside services.

Wholesale Operating Income. Operating income in the wholesale segment increased by \$3.9 million to \$12.2 million. The increase was the net result of higher gross profit of \$10.7 million, partially offset by the increase in SG&A expenses of \$6.8 million.

The higher gross profit of \$10.7 million was the result of the increase in net sales of \$15.1 million. The increase in the SG&A expenses of \$6.8 million was primarily due to spending to invest in the Company's strategic growth initiatives. This includes higher marketing spending of \$3.1 million, increased payroll and benefit costs of \$1.5 million and higher outside service fees of \$0.5 million.

Retail Operating Income. Operating income of \$0.1 million and \$0.5 million were recorded in the retail segment for the periods ended July 31, 2005 and July 31, 2004, respectively. The decrease in operating income was the net result of higher gross profit of \$1.3 million offset by higher SG&A expenses of \$1.7 million. The increased gross profit was the result of the sales increase. The higher SG&A expenses were primarily the result of added staff and occupancy costs as a result of the retail expansion.

Interest Expense. Net interest expense for the three months ended July 31, 2005 increased by 13.0% to \$0.9 million as compared to \$0.8 million for the three months ended July 31, 2004. The increase was due to both higher borrowings as well as an increase in the average borrowing rate. The higher borrowings were primarily the result of the issuance of \$20.0 million of new senior promissory notes in the third quarter of fiscal 2005. The higher average borrowing rate was the result of the mix of the borrowings with a greater portion related to the higher rate long-term debt.

Litigation Settlement. The Company recognized income for the three months ended July 31, 2004 from a litigation settlement with Swiss Army Brands, Inc. in the amount of \$1.4 million. This consisted of a gross settlement of \$1.9 million partially offset by direct costs related to the litigation of \$0.5 million. After accounting for fees and taxes associated with the settlement, second quarter net income increased by \$0.8 million, or \$0.03 per diluted share.

Income Taxes. The Company recorded a tax expense of \$2.9 million for the three months ended July 31, 2005 as compared to a tax expense of \$2.4 million for the three months ended July 31, 2004. Taxes were recorded at an effective tax rate of 25.0% for both periods.

Net Income. For the quarter ended July 31, 2005, the Company recorded net income of \$8.6 million as compared to \$7.1 million for the quarter ended July 31, 2004.

Results of operations for the six months ended July 31, 2005 as compared to the six months ended July 31, 2004

Net Sales: Comparative net sales by business segment were as follows (in thousands):

	Six Months Ended July 31,	
	2005	2004
Wholesale:		
Domestic	\$122,487	\$105,851
International	45,776	35,749
Retail	34,819	30,375
Net Sales	\$203,082	\$171,975

Net sales increased by \$31.1 million or 18.1% for the six months ended July 31, 2005 as compared to the six months ended July 31, 2004. Sales in the wholesale segment increased 18.8% to \$168.3 million versus \$141.6 million in the prior year.

The domestic wholesale business was \$122.5 million or 15.7% above prior year sales of \$105.9 million. Ebel sales grew \$6.7 million which reflects the increased demand for new products. Movado and ESQ brand sales increased by \$4.3 million and \$2.7 million, respectively, primarily the result of increased demand in the chain and department store business.

Sales in the international wholesale business were \$45.8 million or 28.0% above prior year sales of \$35.7 million due to Ebel and Tommy Hilfiger increases of \$6.1 million and \$2.5 million, respectively. These increases were primarily driven by sales in Europe.

Sales in the retail segment rose 14.6% to \$34.8 million. The increase was driven by an overall 27.2% increase in Movado Boutique sales. Comparable store sales increases for the Movado Boutiques were 2.7% for the six months ended July 31, 2005. Comparable store sales increases for the outlet stores were 4.3% for the six months ended July 31, 2005. The Company operated 27 Boutiques and 28 outlet stores at July 31, 2005 compared to 20 Boutiques and 27 outlet stores at July 31, 2004.

Gross Profit. The gross profit for the six months ended July 31, 2005 was \$122.8 million or 60.5% of net sales as compared to \$101.4 million or 58.9% of net sales for the six months ended July 31, 2004. Gross profit increased by \$21.4 million primarily as the result of the higher sales volume. The gross profit as a percent of sales increase of 154 basis points was mainly attributed to supply chain productivity improvements.

Selling, General and Administrative ("SG&A") Expenses. Selling, general and administrative expenses for the six months ended July 31, 2005 were \$108.4 million or 53.4% of net sales as compared to \$90.9 million or 52.9% of net sales for the six months ended July 31, 2004. The increase reflects spending primarily to invest in the Company's strategic growth initiatives, including higher marketing spending of \$6.0 million, added spending of \$3.4 million in support of the retail expansion, increased payroll and related spending of \$2.4 million and increased spending of \$1.7 million for outside services.

Wholesale Operating Income. Operating income in the wholesale segment increased by \$4.7 million to \$15.9 million. The increase was the net result of higher gross profit of \$18.5 million, partially offset by the increase in SG&A expenses of \$13.8 million.

The higher gross profit of \$18.5 million was primarily the result of the increase in net sales of \$26.7 million. The increase in the SG&A expenses of \$13.8 million was primarily due to spending in support of the Company's strategic growth initiatives. This includes higher marketing spending of \$5.7 million, increased payroll and related spending of \$2.4 million, higher outside service fees of \$1.7 million and \$0.5 million increase in depreciation and amortization expense.

Retail Operating Loss. Operating losses of \$1.5 million and \$0.7 million were recorded in the retail segment for the periods ended July 31, 2005 and July 31, 2004, respectively. The increase in the operating loss was the net result of higher gross profit of \$2.9 million more than offset by higher SG&A expenses of \$3.7 million. The increased gross profit was primarily attributed to higher sales. The higher SG&A expenses were primarily due to increased staff and occupancy costs associated with the retail expansion.

Interest Expense. Net interest expense for the six months ended July 31, 2005 increased by 12.3% to \$1.7 million as compared to \$1.5 million for the six months ended July 31, 2004. The increase was due to both higher borrowings as well as an increase in the average borrowing rate. The higher borrowings were primarily the result of the issuance of \$20.0 million of new senior promissory notes in the third quarter of fiscal 2005. The higher average borrowing rate was the result of the mix of the borrowings with a greater portion related to the higher rate long-term debt.

Litigation Settlement. The Company recognized income for the six months ended July 31, 2004 from a litigation settlement with Swiss Army Brands, Inc. in the amount of \$1.4 million. This consisted of a gross settlement of \$1.9 million partially offset by direct costs related to the litigation of \$0.5 million. After accounting for fees and taxes associated with the settlement, second quarter net income increased by \$0.8 million, or \$0.03 per diluted share.

Income Taxes. The Company recorded a tax expense of \$3.2 million for the six months ended July 31, 2005 as compared to a tax expense of \$2.6 million for the six months ended July 31, 2004. Taxes were recorded at an effective tax rate of 25.0% for both periods.

Net Income. For the six months ended July 31, 2005, the Company recorded net income of \$9.5 million as compared to \$7.8 million for the six months ended July 31, 2004.

LIQUIDITY AND CAPITAL RESOURCES

Cash used in operating activities amounted to \$26.1 million for the six months ended July 31, 2005 and \$18.9 million for the six months ended July 31, 2004. The cash used in operating activities for the six months ended July 31, 2005 and the six months ended July 31, 2004 was primarily due to an increase in inventory. Both periods reflect the seasonal build-up of inventory to support the sales for the upcoming holiday season. Included in the inventory was an increase in Ebel inventory which reflects the new product designs introduced subsequent to the acquisition of Ebel in March 2004.

Cash used in investing activities amounted to \$8.2 million and \$50.6 million for the six months ended July 31, 2005 and 2004, respectively. The cash used during the six months ended July 31, 2005 was primarily for capital expenditures related to the build out of the new Movado Boutiques, renovations of existing retail

operations and the acquisition of machinery and equipment to further automate distribution activities. The cash used during the six months ended July 31, 2004 was primarily for the acquisition of Ebel and capital expenditures related to the build out of the new Movado Boutiques opened during the period.

Cash provided by financing activities amounted to \$34.8 million and \$13.8 million for the six months ended July 31, 2005 and 2004, respectively, which was the result of seasonal short-term borrowings.

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 a rate of 6.90% per annum, mature on October 30, 2010 and are subject to annual repayments of \$5.0 million commencing October 31, 2006. At July 31, 2005, \$25.0 million was issued and outstanding.

As of March 21, 2004, the Company amended its Note Purchase and Private Shelf Agreement, originally dated March 21, 2001, to expire on March 21, 2007. This agreement 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. On October 8, 2004, pursuant to the Note Purchase Agreement, the Company issued 4.79% Senior Series A-2004 Notes due 2011 (the "Senior Notes") in an aggregate principal amount of \$20.0 million, which will mature on October 8, 2011 and are subject to annual repayments of \$5.0 million commencing on October 8, 2008. Proceeds of the Senior Notes will be used by the Company for capital expenditures, repayment of certain of its debt obligations and general corporate purposes. As of July 31, 2005, \$20.0 million was issued and outstanding.

The Company maintains a revolving credit line with its bank group which provides for a three year \$75.0 million unsecured revolving line of credit and \$17.0 million of uncommitted working capital lines, of which a maximum of \$15.0 million may be drawn under the terms of the Company's revolving credit line with its bank group. The unsecured revolving line of credit expires on June 17, 2006. At July 31, 2005, the Company had \$37.5 million of outstanding borrowings under its bank lines as compared to \$25.0 million at July 31, 2004. In addition, one bank in the domestic bank group issued irrevocable standby letters of credit for retail and operating facility leases to various landlords and for Canadian payroll to the Royal Bank of Canada. As of July 31, 2005, these ten standby letters of credit totaled \$0.9 million with expiration dates through August 31, 2006. As of July 31, 2004, there were five standby letters of credit that totaled \$0.6 million with expiration dates through June 30, 2005.

A Swiss subsidiary of the Company maintains unsecured lines of credit with an unspecified term with a Swiss bank. Available credit under these lines totaled 8.0 million Swiss francs, with dollar equivalents of approximately \$6.2 million at July 31, 2005 and 2004, of which a maximum of \$5.0 million may be drawn under the terms of the Company's revolving credit line with its bank group. As of July 31, 2005, there were no borrowings against these lines. As of July 31, 2005, the Swiss bank guaranteed the Swiss subsidiary's obligations to certain Swiss third parties in the amount of approximately \$3.3 million in various foreign currencies.

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 shares repurchased under the repurchase program for the three months and six months ended July 31, 2005 and 2004. As of July 31, 2005, the Company had authorization to repurchase shares up to \$4.5 million against an aggregate authorization of \$30.0 million.

During the six months ended July 31, 2005, treasury shares increased by 180,092 as the result of cashless exercises of stock options for 470,714 shares of stock.

The Company paid dividends of \$0.05 per share for each of the first and second quarter, or \$2.5 million, for the six months ended July 31, 2005 and \$0.04 per share for each of the first and second quarter, or \$2.0 million for the six months ended July 31, 2004.

Cash and cash equivalents at July 31, 2005 amounted to \$50.3 million compared to \$27.4 million at July 31, 2004. The increase in cash and cash equivalents relates to the Company's positive cash flow and the issuance of Senior Series A-2004 Notes in the amount of \$20.0 million in October 2004.

RECENTLY ISSUED ACCOUNTING STANDARDS

In November 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 151, "Inventory Costs", an amendment of ARB No. 43, Chapter 4 ("SFAS No. 151"). The amendments made by SFAS No. 151 clarify that abnormal amounts of idle facility expense, freight, handling costs, and wasted materials (spoilage) should be recognized as current-period charges by requiring the allocation of fixed production overheads to inventory based on the normal capacity of the production facilities. The guidance is effective for inventory costs incurred during fiscal years beginning after June 15, 2005, and is not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 123(R), "Share-Based Payment", which is a revision of FASB Statement No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123(R)"). SFAS No. 123(R) supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees", and amends FASB Statement No. 95, "Statement of Cash Flows". Generally, the approach in SFAS No. 123(R) is similar to the approach described in SFAS No. 123. SFAS No. 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative. Public entities are required to apply SFAS No. 123(R) as of the first annual reporting period that begins after June 15, 2005.

The Company continues to use the intrinsic value based method of accounting for share-based payments. The Company uses the Black-Scholes valuation model to estimate the value of stock options granted to employees. SFAS No. 123(R) requires the benefits of tax deductions in excess of recognized compensation cost to be reported as a financing cash flow, rather than as an operating cash flow as required under current literature. This requirement may reduce net operating cash flows and increase net financing cash flows in periods after adoption. The adoption of SFAS No. 123(R) is expected to have a material impact on the Company's consolidated financial position, results of operations and cash flows.

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 153, "Exchanges of Nonmonetary Assets -- An Amendment of APB Opinion No. 29, Accounting for Nonmonetary Transactions" ("SFAS No. 153"). SFAS No. 153 eliminates the exception from fair value measurement for nonmonetary exchanges of similar productive assets in paragraph 21(b) of APB Opinion No. 29, "Accounting for Nonmonetary Transactions", and replaces it with an exception for exchanges that do not have commercial substance. SFAS No. 153 specifies that a nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS No. 153 is effective for the fiscal periods beginning after June 15, 2005. The adoption of SFAS No. 153 is not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In March 2005, the FASB issued Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations" ("FIN 47"). FIN 47 clarifies that the term "conditional asset retirement obligation" as used in SFAS No. 143, "Accounting for Asset Retirement Obligations," refers to a legal obligation to perform an asset

retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. FIN 47 is effective no later than the end of fiscal years ending after December 15, 2005. The Company is currently assessing the impact of FIN 47 on its consolidated financial position, results of operations and cash flows.

Item 3. Quantitative and Qualitative Disclosure about Market Risks

Foreign Currency and Commodity Price Risks

The majority of the Company's purchases are denominated in Swiss francs. The Company reduces its exposure to the Swiss franc exchange rate risk through a hedging program. Under the hedging program, the Company purchases various derivatives, predominantly forward and option contracts. Changes in derivative fair values will either be recognized in earnings as offsets to the changes in fair value of related hedged assets, liabilities and firm commitments or, for forecasted transactions, deferred and recorded as accumulated other comprehensive income until the hedged transactions occur and are recognized in earnings. The ineffective portion of a hedging derivative's change in fair value will be immediately recognized in earnings. If the Company did not engage in a hedging program, any change in the Swiss franc currency rate would have an equal effect on the entities' cost of sales. The Company purchases gold for the production of certain watches. The Company purchases gold derivatives under its hedging program and treats the changes in fair value on these derivatives in the same manner as the changes in fair value in its Swiss franc derivatives.

The Company also hedges its Swiss franc denominated investment in its wholly-owned Swiss subsidiaries using purchase options under certain limitations. These hedges are treated as net investment hedges under SFAS No. 133. Under SFAS No. 133, the change in fair value of these instruments is recognized in accumulated other comprehensive income to offset the change in the value of the net investment being hedged.

The following presents fair value and maturities of the Company's foreign currency derivatives outstanding as of July 31, 2005 (in millions):

	July 31, 2005 Fair Value	Maturities
	-----	-----
Forward exchange contracts	(\$9.5)	2005-2006
Purchased foreign currency options	1.4	2005-2006

	(\$8.1)	
	=====	

The Company's international business accounts for 22.6% and 22.5% of the Company's sales for the three months and six months ended July 31, 2005 and 2004. The international operations are denominated in local currency and fluctuations in these currency rates may have an impact on the Company's sales, cost of sales, operating expenses and net income. During the three months and six months ended July 31, 2005 and 2004, there was no material effect to the results of operations due to foreign currency rate fluctuations. There can be no assurance that this trend will continue.

Interest Rate Risk

As of July 31, 2005, the Company had \$37.5 million in short-term bank debt obligations with variable interest rates based on LIBOR plus an applicable loan spread. The Company does not hedge these interest rate risks. The Company also has \$45.0 million Senior Note debt bearing fixed interest rates per annum. The difference between the market based interest rates at July 31, 2005 and the fixed rates was unfavorable.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company, under the supervision and with the participation of its management, including the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures, as such terms are defined in Rule 13a-15(e) under the Securities Exchange Act, as amended (the "Exchange Act"). Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting during the quarter ended July 31, 2005, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

It should be noted that while the Company's Chief Executive Officer and Chief Financial Officer believe that the Company's disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that the Company's disclosure controls and procedures or internal control over financial reporting will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None

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

On June 16, 2005, the Company held its annual meeting of shareholders at its corporate office in Paramus, New Jersey.

The following matters were voted upon at the meeting:

- (i) Margaret Hayes Adame, Richard Cote, Efraim Grinberg, Gedalio Grinberg, Alan H. Howard, Nathan Leventhal, Donald Oresman and Leonard L. Silverstein were elected directors of the Company. The results of the vote were as follows:

Nominee	For	Withheld/ Against
-----	-----	-----
Margaret Hayes Adame.....	78,797,501	538,914
Richard Cote.....	75,102,221	4,234,194
Efraim Grinberg.....	75,167,287	4,169,128
Gedalio Grinberg.....	75,166,073	4,170,342
Alan H. Howard.....	78,918,675	417,740
Nathan Leventhal.....	78,918,475	417,940
Donald Oresman.....	78,797,701	538,714
Leonard L. Silverstein.....	72,639,152	6,697,263

- (ii) A proposal to ratify the selection of PricewaterhouseCoopers LLP as the Company's independent public accountants for the fiscal year ending January 31, 2006 was approved. The results of the vote were as follows:

For	Withheld/ Against	Exception/ Abstain
---	-----	-----
79,105,508	228,978	1,929

Item 6. Exhibits

- 10.1 Line of Credit Letter Agreement dated as of June 19, 2005 between the Registrant and Bank of America and Amended and Restated Promissory Note as of June 19, 2005.
- 31.1 Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

- 32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURE

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 9, 2005

By: /s/ Eugene J. Karpovich

Eugene J. Karpovich
Senior Vice President and
Chief Financial Officer
(Chief Financial Officer)
(Duly Authorized Officer)

/s/ Ernest R. LaPorte

Ernest R. LaPorte
Vice President of Finance
(Principal Accounting Officer)

as of June 19, 2005

Movado Group, Inc.
650 From Road,
Paramus, NJ 07652

Dear Sir or Madam:

We are pleased to advise you that Bank of America, successor by merger to Fleet National Bank, (the "Bank") hereby agrees to consider requests from Movado Group, Inc. (the "Company") from time to time, for short-term loans ("Loans") and documentary letters of credit for the importation of merchandise inventory ("Letters of Credit"). Any extension of credit hereunder (whether a Loan or a Letter of Credit) shall be made available at the sole discretion of the Bank but in any event subject to the following: (a) the Bank shall have determined that money market conditions are favorable for it to acquire loan assets, (b) the Bank shall continue to be satisfied with the Borrower's business, financial condition and prospects and the condition and prospects of the industry in which the Borrower is engaged, (c) the Bank shall have received Company's most current quarterly and annual financial statements and any other financial information regarding the Company which the Bank shall reasonable request from time to time, and (d) the Company shall have maintained and be maintaining a satisfactory relationship with the Bank.

Loan and Letters of Credit Requests: Each request for a Loan and/or Letter of Credit will be, at the Bank's option, reviewed by the Bank and an independent credit analysis and assessment will be made each time a request is received. In the event that the Bank agrees to lend pursuant to any such request by the company, any such Loan shall be evidenced by the promissory note enclosed with this letter (the "Note") and be subject to the conditions therein contained and in any other documentation in form and substance satisfactory to the Bank. The Bank may respond to any request for a Loan or Letter of Credit for a stated amount with a Loan or Letter of Credit for a different amount, date or maturity, or may decline to respond entirely.

Maximum Amount of Loans and Letters of Credit: The aggregate amount of Loans and Letters of Credit at any time outstanding shall not exceed \$12,000,000 and the maximum amount of Letters of Credit at any time outstanding shall not exceed \$2,000,000.

Expiration and Maturity Date: Requests for extensions of credit must be made on or before June 16, 2006. All Loans will be payable on June 16, 2006. All Letters of Credit shall expire no later than 180 days from issuance.

Interest Rate: Loans shall bear interest, at the Company's election, at a rate per annum equal to either (i) a fluctuating rate equal to the Prime Rate, or (ii) such other fixed rate as may be agreed upon between the Company and the Bank for an interest period which is also then agreed upon (a Loan bearing interest at this rate is sometimes called an "Agreed Rate Loan"). The term "Prime Rate" shall be as defined in the Note, Interest shall be payable monthly in arrears based on a 360-day year and, for Agreed Rate Loans, on the last day of the applicable Interest Period.

Letter of Credit Fees: Letters of Credit shall be issued at the Bank's standard fees and charges in effect from time to time therefor.

Additional provisions:

The Company shall not grant a security interest in, pledge, assign or otherwise encumber any of its accounts receivable.

All obligations of the Company owing to the Bank shall continue to be unconditionally guaranteed by all active domestic subsidiaries of the Company (collectively, the "Guarantors") pursuant to the Bank's standard form of guarantee (collectively, the "Guarantees").

The Company shall continue to provide the following to the Bank:

- - The consolidated and consolidating balance sheet for the Company and its subsidiaries, consolidated and consolidating statement of income and consolidated statement of cash flow: (i) audited and certified without qualification by accountants satisfactory to the Bank, within 120 days of fiscal year end and (ii) certified by the Company's chief financial officer, within 75 days of the last day of each fiscal quarter.
- - Notices of defaults.
- - Accounts receivable aging reports and such additional information relating thereto as is currently reported.

- - Such other statements and reports as shall be reasonably requested by the Bank.

This letter agreement replaces, supersedes, amends and restates in its entirety the letter agreement from the Bank to the Company dated June 20, 2004, as amended.

If the terms of this letter are acceptable to you, please indicate your acceptance by signing and returning the enclosed copy of this letter and documentation to the Bank on or before June 19, 2005. This letter shall be unenforceable against the Bank unless so signed and returned on or before such date.

Please contact us if you have any questions. We look forward to continuing our relationship.

Very truly yours,

BANK OF AMERICA,
Successor by merger to Fleet National Bank

By: /s/ Rich Williams

Name: Rich Williams
Title: Credit Products Officer

ACCEPTED AND AGREED
ON JUNE 19, 2005

MOVADO GROUP, INC.

By:/s/ Frank V. Kimick
Name: Frank V. Kimick
Title: VP & Treasurer

Each of the guarantors indicated below hereby consents to this letter agreement and reaffirms its continuing liability under its respective guarantees in respect of the above letter agreement and all the documents, instruments and agreements executed pursuant thereto or in connection therewith, without offset, defense or counterclaim (any such offset, defense or counterclaim as may exist being hereby irrevocably waived by each such guarantor).

MOVADO RETAIL GROUP, INC.,
a New Jersey Corporation

By: /s/ Frank V. Kimick
Name: Frank V. Kimick
Title: VP & Treasurer

MOVADO LLC,
a Delaware Limited Liability Company

By: /s/ Timothy F. Michno
Name: Timothy F. Michno
Title: Secretary & General Counsel

BANK OF AMERICA,
SUCCESSOR BY MERGER TO
FLEET NATIONAL BANK

AMENDED AND RESTATED
PROMISSORY NOTE

\$12,000,000.00

As of June 19, 2005

No later than June 16, 2006 (the "Maturity Date"), for value received, MOVADO GROUP, INC., having its principal office at 650 From Road, Paramus, New Jersey 07652 (the "Borrower"), promises to pay to the order of BANK OF AMERICA, SUCCESSOR BY MERGER TO FLEET NATIONAL BANK, having an office at 1185 Avenue of the Americas, New York, New York, 10036 (the "Bank"), at such office of the Bank or at such other place as the holder hereof may from time to time appoint in writing, in lawful money of the United States of America in immediately available funds, the principal sum of TWELVE MILLION and 00/100 (\$12,000,000.00) Dollars or such lesser amount as may then be the aggregate unpaid principal balance of all loans made by the Bank to the Borrower hereunder (each a "Loan" and collectively the "Loans"). The Borrower also promises to pay interest (computed on the basis of a 360 day year for actual days elapsed) at said office in like money on the unpaid principal amount of each Loan from time to time outstanding at a rate per annum, to be elected by the Borrower at the time each Loan is made, equal to either (i) a fluctuating rate equal to the Prime Rate, which rate will change when and as the Prime Rate changes and which such changes in the rate of interest resulting from changes in the Prime Rate shall take effect immediately without notice or demand of any kind (a Loan bearing interest at this rate is sometimes hereinafter called a "Prime Loan"), or (ii) a fixed rate as may be agreed upon between the Borrower and the Bank (an "Agreed Rate") for an Interest Period which is also then agreed upon (a Loan bearing interest at this rate is sometimes hereinafter called an "Agreed Rate Loan"); provided, however, that (a) no Interest Period with respect to an Agreed Rate Loan shall extend beyond the Maturity Date, (b) if any Interest Period would otherwise end on a day which is not a Business Day, that Interest Period shall be extended to the next succeeding Business Day and (c) if prior to the end of any such Interest Period of an Agreed Rate Loan the Borrower and the Bank fail to agree upon a new Interest Period therefor so as to maintain such Loan as an Agreed Rate Loan within the pertinent time set forth in Section 1 hereof, such Agreed Rate Loan shall automatically be converted into a Prime Loan at the end of such Interest Period and shall be maintained as such until a new Interest Period therefor is agreed upon. Interest on each Loan shall be payable monthly on the first day of each month commencing the first such day to occur after a Loan is made hereunder and, together with principal, on the Maturity Date. Interest on Agreed Rate Loans shall also be payable on the last day of each Interest Period applicable thereto. The Borrower further agrees that upon and following an Event of Default and/or after any stated or any accelerated maturity of Loans hereunder, all Loans shall bear interest (computed daily) at,

(i) with respect to Agreed Rate Loans, a rate equal to the greater of 4% per annum in excess of the rate then applicable to Agreed Rate Loans and 4% per annum in excess of the rate then applicable to Prime Loans, payable no later than the Maturity Date, and (ii) with respect to Prime Loans, a rate equal to 4% per annum in excess of the rate then applicable to Prime Loans, payable no later than the Maturity Date. Furthermore, if the entire amount of any principal and/or interest required to be paid pursuant to this Note is not paid in full within ten (10) days after the same is due, the Borrower shall further pay to the Bank a late fee equal to five percent (5%) of the required payment. In no event shall interest payable hereunder be in excess of the maximum rate of interest permitted under applicable law. If any payment to be so made hereunder becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day and, to the extent permitted by applicable law, interest thereon shall be payable at the then applicable rate during such extension.

All payments made in connection with this Note shall be in lawful money of the United States in immediately available funds without counterclaim or setoff and free and clear of and without any deduction or withholding for, any taxes or other payments. All such payments shall be applied first to the payment of all fees, expenses and other amounts due to the Bank (excluding principal and interest), then to accrued interest, and the balance on account of outstanding principal; provided, however, that after the occurrence of an Event of Default, payments will be applied to the obligations of the Borrower to the Bank as the Bank determines in its sole discretion. The Borrower hereby expressly authorizes the Bank to record on the attached schedule the amount and date of each Loan, the rate of interest thereon, Interest Period thereof and the date and amount of each payment of principal. All such notations shall be presumptive as to the correctness thereof; provided, however, the failure of the Bank to make any such notation shall not limit or otherwise affect the obligations of the Borrower under this Note.

In consideration of the granting of the Loans evidenced by this Note, the Borrower hereby agrees as follows:

1. Loan Requests. Requests for Prime Loans and Agreed Rate Loans may be made up until 1 p.m. on the date the Loan is to be made. Any request for a Loan must be written. The Bank shall have no obligation to make any Loan hereunder.

2. Prepayment. The Borrower may prepay any Prime Loan at any time in whole or in part without premium or penalty. Each such prepayment shall be made together with interest accrued thereon to and including the date of prepayment. The Borrower may prepay an Agreed Rate Loan only upon at least three (3) Business Days prior written notice to the Bank (which notice shall be irrevocable) and any such prepayment shall occur only on the last day of the Interest Period for such Agreed Rate Loan.

3. Indemnity; Yield Protection. The Borrower shall pay to the Bank, upon request of the Bank, such amount or amounts as shall be sufficient (in the reasonable opinion of the Bank) to compensate it for any loss, cost, or expense incurred as a result of:

(i) any payment of an Agreed Rate Loan on a date other than the last day of the Interest Period for such Loan; (ii) any failure by Borrower to borrow an Agreed Rate Loan on the date specified by Borrower's written notice; (iii) any failure of Borrower to pay an Agreed Rate Loan on the date for payment specified in Borrower's written notice. Without limiting the foregoing, Borrower shall pay to Bank a "yield maintenance fee" in an amount computed as follows: The current rate for United States Treasury securities (bills on a discounted basis shall be converted to a bond equivalent) with a maturity date closest to the term chosen pursuant to the Fixed Rate Election as to which the prepayment is made, shall be subtracted from Cost of Funds in effect at the time of prepayment. If the result is zero or a negative number, there shall be no yield maintenance fee. If the result is a positive number, then the resulting percentage shall be multiplied by the amount of the principal balance being prepaid. The resulting amount shall be divided by 360 and multiplied by the number of days remaining in the term chosen pursuant to the Fixed Rate Election as to which the prepayment is made. Said amount shall be reduced to present value calculated by using the above referenced United States Treasury securities rate and the number of days remaining in the term chosen pursuant to the Fixed Rate Election as to which prepayment is made. The resulting amount shall be the yield maintenance fee due to Bank upon the payment of an Agreed Rate Loan. Each reference in this paragraph to "Fixed Rate Election" shall mean the election by Borrower of Loan to bear interest based on an Agreed Rate. If by reason of an Event of Default, the Bank elects to declare the Loans and/or the Note to be immediately due and payable, then any yield maintenance fee with respect to an Agreed Rate Loan shall become due and payable in the same manner as though the Borrower has exercised such right of prepayment.

For the purpose of this Section 3 the determination by the Bank of such losses and reasonable expenses shall be conclusive if made reasonably and in good faith.

4. Increased Costs. If the Bank determines that the effect of any applicable law or government regulation, guideline or order or the interpretation thereof by any governmental authority charged with the administration thereof (such as, for example, a change in official reserve requirements which the Bank is required to maintain in respect of loans or deposits or other funds procured for funding such loans) is to increase the cost to the Bank of making or continuing Agreed Rate Loans hereunder or to reduce the amount of any payment of principal or interest receivable by the Bank thereon, then the Borrower will pay to the Bank such additional amounts as the Bank may determine to be required to compensate the Bank for such additional costs or reduction. Any additional payment under this section will be computed from the effective date at which such additional costs have to be borne by the Bank. A certificate as to any additional amounts payable pursuant to this Section 4 setting forth the basis and method of determining such amounts shall be conclusive, absent manifest error, as to the determination by the Bank set forth therein if made reasonably and in good faith. The Borrower shall pay any amounts so certified to it by the Bank within 10 days of receipt of any such certificate.

5. Warranties and Representations. The Borrower represents and warrants that: a) it is a corporation duly organized, validly existing and in good standing under the laws of

the state of its incorporation and is qualified to do business and is in good standing under the laws of every state where its failure to so qualify would have a material and adverse effect on the business, operations, property or other condition of the Borrower; b) the execution, issuance and delivery of this Note by the Borrower are within its corporate powers and have been duly authorized, and the Note is valid, binding and enforceable in accordance with its terms, and is not in violation of law or of the terms of the Borrower's Certificate of Incorporation or By-Laws and does not result in the breach of or constitute a default under any indenture, agreement or undertaking to which the Borrower is a party or by which it or its property may be bound or affected; c) no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower of this Note, except those as have been obtained; d) the financial statements of the Borrower heretofore furnished to the Bank are complete and correct and fairly represent the financial condition of the Borrower and its subsidiaries as at the dates thereof and for the periods covered thereby, which financial condition has not materially, adversely, changed since the date of the most recently dated balance sheet heretofore furnished to the Bank; e) no Event of Default (as hereinafter defined) has occurred and no event has occurred which with the giving of notice or the lapse of time or both would constitute an Event of Default; f) the Borrower shall not use any part of the proceeds of any Loan to purchase or carry any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or to extend credit to others for the purpose of purchasing or carrying any margin stock; g) there is no pending or, to the knowledge of the Borrower, threatened action or proceeding affecting the Borrower before any court, governmental agency or arbitrator which, if determined adversely to the Borrower would have a materially adverse effect on the financial condition or operations of the Borrower except as described in the financial statements of the Borrower heretofore furnished to the Bank; and h) on the occasion of the granting of each Loan all representations and warranties contained herein shall be true and correct and with the same force and effect as though such representations and warranties had been made on and as of the date of the making of each such Loan.

6. Events of Default. Upon the occurrence of any of the following specified events of default (each an "Event of Default"): a) default in making any payment of principal, interest, or any other sum payable under this Note when due; or b) default by the Borrower or any Guarantor (i) of any other obligation hereunder or (ii) in the due payment of any other obligation owing to the Bank or (iii) under any other document, instrument and/or agreement with or in favor of the Bank; or c) default by Borrower or any Guarantor in the due payment of any other indebtedness for borrowed money or default in the observance or performance of any covenant or condition contained in any agreement or instrument evidencing, securing, or relating to any such indebtedness, which causes or permits the acceleration of the maturity thereof; or d) any representation or warranty made by the Borrower herein or in any certificate furnished by the Borrower in connection with the Loans evidenced hereby or pursuant to the provisions hereof, proves untrue in any material respect; or e) the Borrower or any Guarantor becomes insolvent or bankrupt, is generally not paying its debts as they become due, or makes an assignment for the benefit of creditors, or a trustee or receiver is appointed for the Borrower or any Guarantor or for

the greater part of the properties of the Borrower or any Guarantor with the consent of the Borrower or any such Guarantor, or if appointed without the consent of the Borrower or any such Guarantor, such trustee or receiver is not discharged within 30 days, or bankruptcy, reorganization, liquidation or similar proceedings are instituted by or against the Borrower or any Guarantor under the laws of any jurisdiction, and if instituted against the Borrower or any such Guarantor are consented to by it or remain undismissed for 30 days, or a writ or warrant of attachment or similar process shall be issued against a substantial part of the property of the Borrower or any Guarantor not in the possession of the Bank and same shall not be released or bonded within 30 days after levy; or f) any garnishment, levy, writ or warrant of attachment or similar process shall be issued and served against the Bank, which garnishment, levy, writ or warrant of attachment or similar process relates to property of the Borrower or any Guarantor in the possession of the Bank; or g) mortgage or pledge of, creation of a security interest in, any assets of the Borrower, other than security interests in favor of the Bank; or h) the incurrence by the Borrower of any indebtedness for borrowed money, other than obligations owing to the Bank; i) the Bank shall have determined, in its sole discretion, that one or more conditions exist or events have occurred which have resulted or may result in a material adverse change in the business, properties or financial condition of the Borrower or any Guarantor as determined in the sole discretion of the Bank or one or more other conditions exist or events have occurred with respect to the Borrower or any Guarantor which the Bank deems materially adverse; then, in any such event, and at any time thereafter, if any Event of Default shall then be continuing, the Bank may declare the principal and the accrued interest in respect of all Loans under this Note to be, whereupon the Note shall become, immediately due and payable without presentment, protest or other notice of any kind, all of which are expressly waived by the Borrower.

7. Set off. At any time, without demand or notice (any such notice being expressly waived by the Borrower), the Bank may setoff any and all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of the Bank or any entity under the control of Bank of America Corporation and its successors or assigns, or in transit to any of them, or any part thereof and apply same to any of the Liabilities or obligations of the Borrower or any Guarantor even though unmatured and regardless of the adequacy of any other collateral securing the Liabilities. ANY AND ALL RIGHTS TO REQUIRE THE BANK TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE LIABILITIES, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF THE BORROWER OR ANY GUARANTOR ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED. The term "Liabilities" shall include this Note and all other indebtedness and obligations and liabilities of any kind of the Borrower to the Bank, now or hereafter existing, arising directly between the Borrower and the Bank or acquired by assignment, conditionally or as collateral security by the Bank, absolute or contingent, joint and/or several, secure or unsecured, due or not due, contractual or tortious, liquidated or unliquidated, arising by operation of law or otherwise, direct or indirect, including, but without limiting the generality of the foregoing, indebtedness, obligations or liabilities to the Bank of the Borrower as a

member of any partnership, syndicate, association or other group, and whether incurred by the Borrower as principal, surety, endorser, guarantor, accommodation party or otherwise.

8. Definitions. As used herein:

(a) "Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks in the State of New York are authorized or required to close under the laws of the State of New York and to the extent "Business Day" is used in the context of any other specific city it shall mean any date on which commercial banks are open for business in that city.

(b) "Cost of Funds" means the per annum rate of interest which the Bank is required to pay, or is offering to pay, for wholesale liabilities, adjusted for reserve requirements and such other requirements as may be imposed by federal, state or local government and regulatory agencies, as determined by the Bank.

(c) "Guarantors" shall mean all active domestic subsidiaries of the Borrower.

(d) "Interest Period" means that period selected by the Borrower, within the limitations of the first paragraph of this Note, during which an Agreed Rate Loan may bear interest at an Agreed Rate.

(e) "Loan Documents" means this Note, and each document, instrument or agreement executed pursuant hereto or thereto or in connection herewith or therewith, together with each other document, instrument or agreement made with or in favor of the Bank.

(f) "Prime Rate" means the variable per annum rate of interest so designated from time to time by the Bank as its prime rate. The Prime Rate is a reference rate and does not necessarily represent the lowest or best rate being charged to any customer.

9. Miscellaneous.

(a) The Borrower shall pay on demand all expenses of the Bank in connection with the preparation, administration, default, collection, waiver or amendment of this Note or any of the other Loan Documents, and/or in connection with Bank's exercise, preservation or enforcement of any of its rights, remedies or options hereunder and/or thereunder, including, without limitation, fees of outside legal counsel or the allocated costs of in-house legal counsel, accounting, consulting, brokerage or other similar professional fees or expenses, and any fees or expenses associated with travel or other costs relating to any appraisals or examinations conducted in connection with the Liabilities or any collateral therefor, and the amount of all such expenses shall, until paid, bear interest at the rate applicable to principal hereunder (including any default rate) and be an obligation secured by any collateral.

(b) No modification or waiver of any provision of this Note shall be effective unless such modification or waiver shall be in writing and signed by a duly authorized officer of the Bank, and the same shall then be effective only for the period and on the conditions and for the specific instances specified in such writing. No failure or delay by the Bank in exercising any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any rights, power or privilege.

(c) Borrower hereby waives presentment, notice of protest, notice of dishonor, and any and all other notices or demands except as otherwise expressly provided for herein.

(d) This Note and the other Loan Documents shall be construed in accordance with and governed by the laws of the State of New York (excluding the laws applicable to conflicts or choice of law). The Borrower agrees that any suit for the enforcement of this Note or any of the other Loan Documents may be brought in the courts of the State of New York or any Federal court sitting therein and consents to the nonexclusive jurisdiction of such court and service of process in any such suit being made upon the Borrower by mail at the address set forth in the first paragraph of this Note. The Borrower hereby waives any objection that it may now or hereafter have to the venue of any such suit or any such court or that such suit is brought in an inconvenient forum.

(e) The Bank may at any time pledge all or any portion of its rights under this Note and the other Loan Documents to any of the twelve (12) Federal Reserve Banks organized under Section 4 of the Federal Reserve Act, 12 U.S.C. Section 341. No such pledge or enforcement thereof shall release the Bank from its obligations under any of such loan documents.

(f) All agreements between the Borrower (and each Guarantor and each other party obligated for payment on this Note) and the Bank are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of maturity of the indebtedness evidenced hereby or otherwise, shall the amount paid or agreed to be paid to the Bank for the use or the forbearance of the indebtedness evidenced hereby exceed the maximum permissible under applicable law. As used herein, the term "applicable law" shall mean the law in effect as of the date hereof provided, however, that in the event there is a change in the law which results in a higher permissible rate of interest, then this Note shall be governed by such new law as of its effective date. In this regard, it is expressly agreed that it is the intent of the Borrower and the Bank in the execution, delivery and acceptance of this Note to contract in strict compliance with the laws of the State of New York from time to time in effect. If, under or from any circumstances whatsoever, fulfillment of any provision hereof or of any of the Loan Documents at the time of performance of such provision shall be due, shall involve transcending the limit of such validity prescribed by applicable law, then the obligation to be fulfilled shall automatically be reduced to the limits of such validity, and if under or from circumstances whatsoever the Bank should ever receive as interest an amount which would exceed the highest lawful rate, such amount which would be excessive

interest shall be applied to the reduction of the principal balance evidenced hereby and not to the payment of interest. This provision shall control every other provision of all agreements between the Borrower, each Guarantor, each other party obligated on this Note and the Bank.

(g) ARBITRATION AND WAIVER OF JURY TRIAL

(i) THIS PARAGRAPH CONCERNS THE RESOLUTION OF ANY CONTROVERSIES OR CLAIMS BETWEEN THE PARTIES, WHETHER ARISING IN CONTRACT, TORT OR BY STATUTE, INCLUDING BUT NOT LIMITED TO CONTROVERSIES OR CLAIMS THAT ARISE OUT OF OR RELATE TO: (i) THIS NOTE LOAN DOCUMENTS (INCLUDING ANY RENEWALS, EXTENSIONS OR MODIFICATIONS); OR (ii) ANY DOCUMENT RELATED TO THE NOTE ("COLLECTIVELY A "CLAIM"). FOR THE PURPOSES OF THIS ARBITRATION PROVISION ONLY, THE TERM "PARTIES" SHALL INCLUDE ANY PARENT CORPORATION, SUBSIDIARY OR AFFILIATE OF THE BANK INVOLVED IN THE SERVICING, MANAGEMENT OR ADMINISTRATION OF ANY OBLIGATION DESCRIBED OR EVIDENCED BY THE LOAN DOCUMENT.

(ii) At THE REQUEST OF ANY PARTY TO THE NOTE LOAN DOCUMENTS, ANY CLAIM SHALL BE RESOLVED BY BINDING ARBITRATION IN ACCORDANCE WITH THE FEDERAL ARBITRATION ACT (TITLE 9, U.S. CODE) (THE "ACT"). THE ACT WILL APPLY EVEN THOUGH THE LOAN DOCUMENTS PROVIDES THAT IT IS GOVERNED BY THE LAW OF A SPECIFIED STATE. THE ARBITRATION WILL TAKE PLACE ON AN INDIVIDUAL BASIS WITHOUT RESORT TO ANY FORM OF CLASS ACTION.

(iii) ARBITRATION PROCEEDINGS WILL BE DETERMINED IN ACCORDANCE WITH THE ACT, THE THEN-CURRENT RULES AND PROCEDURES FOR THE ARBITRATION OF FINANCIAL SERVICES DISPUTES OF THE AMERICAN ARBITRATION ASSOCIATION OR ANY SUCCESSOR THEREOF ("AAA"), AND THE TERMS OF THIS PARAGRAPH. IN THE EVENT OF ANY INCONSISTENCY, THE TERMS OF THIS PARAGRAPH SHALL CONTROL. IF AAA IS UNWILLING OR UNABLE TO (i) SERVE AS THE PROVIDER OF ARBITRATION OR (ii) ENFORCE ANY PROVISION OF THIS ARBITRATION CLAUSE, ANY PARTY TO THE LOAN DOCUMENTS MAY SUBSTITUTE ANOTHER ARBITRATION ORGANIZATION WITH SIMILAR PROCEDURES TO SERVE AS THE PROVIDER OF ARBITRATION.

(iv) THE ARBITRATION SHALL BE ADMINISTERED BY AAA AND CONDUCTED, UNLESS OTHERWISE REQUIRED BY LAW, IN ANY U.S. STATE WHERE REAL OR TANGIBLE PERSONAL PROPERTY COLLATERAL FOR THIS CREDIT IS LOCATED OR IF THERE IS NO SUCH COLLATERAL, IN THE STATE SPECIFIED IN THE GOVERNING LAW SECTION OF THE LOAN DOCUMENTS. ALL CLAIMS SHALL BE DETERMINED BY ONE ARBITRATOR; HOWEVER, IF CLAIMS EXCEED FIVE MILLION DOLLARS (\$5,000,000), UPON THE REQUEST

OF ANY PARTY, THE CLAIMS SHALL BE DECIDED BY THREE ARBITRATORS. ALL ARBITRATION HEARINGS SHALL COMMENCE WITHIN NINETY (90) DAYS OF THE DEMAND FOR ARBITRATION AND CLOSE WITHIN NINETY (90) DAYS OF COMMENCEMENT AND THE AWARD OF THE ARBITRATOR(S) SHALL BE ISSUED WITHIN THIRTY (30) DAYS OF THE CLOSE OF THE HEARING. HOWEVER, THE ARBITRATOR(S), UPON A SHOWING OF GOOD CAUSE, MAY EXTEND THE COMMENCEMENT OF THE HEARING FOR UP TO AN ADDITIONAL SIXTY (60) DAYS. THE ARBITRATOR(S) SHALL PROVIDE A CONCISE WRITTEN STATEMENT OF REASONS FOR THE AWARD. THE ARBITRATION AWARD MAY BE SUBMITTED TO ANY COURT HAVING JURISDICTION TO BE CONFIRMED, JUDGMENT ENTERED AND ENFORCED.

(v) THE ARBITRATOR(S) WILL GIVE EFFECT TO STATUTES OF LIMITATION IN DETERMINING ANY CLAIM AND MAY DISMISS THE ARBITRATION ON THE BASIS THAT THE CLAIM IS BARRED. FOR PURPOSES OF THE APPLICATION OF THE STATUTE OF LIMITATIONS, THE SERVICE ON AAA UNDER APPLICABLE AAA RULES OF A NOTICE OF CLAIM IS THE EQUIVALENT OF THE FILING OF A LAWSUIT. ANY DISPUTE CONCERNING THIS ARBITRATION PROVISION OR WHETHER A CLAIM IS ARBITRABLE SHALL BE DETERMINED BY THE ARBITRATOR(S). THE ARBITRATOR(S) SHALL HAVE THE POWER TO AWARD LEGAL FEES PURSUANT TO THE TERMS OF THE LOAN DOCUMENTS.

(vi) THIS PARAGRAPH DOES NOT LIMIT THE RIGHT OF ANY PARTY TO: (I) EXERCISE SELF-HELP REMEDIES, SUCH AS BUT NOT LIMITED TO, SETOFF; (II) INITIATE JUDICIAL OR NON-JUDICIAL FORECLOSURE AGAINST ANY REAL OR PERSONAL PROPERTY COLLATERAL; (III) EXERCISE ANY JUDICIAL OR POWER OF SALE RIGHTS, OR (IV) ACT IN A COURT OF LAW TO OBTAIN AN INTERIM REMEDY, SUCH AS BUT NOT LIMITED TO, INJUNCTIVE RELIEF, WRIT OF POSSESSION OR APPOINTMENT OF A RECEIVER, OR ADDITIONAL OR SUPPLEMENTARY REMEDIES.

(vii) THE FILING OF A COURT ACTION IS NOT INTENDED TO CONSTITUTE A WAIVER OF THE RIGHT OF ANY PARTY, INCLUDING THE SUING PARTY, THEREAFTER TO REQUIRE SUBMITTAL OF THE CLAIM TO ARBITRATION.

(viii) BY AGREEING TO BINDING ARBITRATION, THE PARTIES IRREVOCABLY AND VOLUNTARILY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY CLAIM. FURTHERMORE, WITHOUT INTENDING IN ANY WAY TO LIMIT THE LOAN DOCUMENTS TO ARBITRATE, TO THE EXTENT ANY CLAIM IS NOT ARBITRATED, THE PARTIES IRREVOCABLY AND VOLUNTARILY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF SUCH CLAIM. THIS PROVISION IS A

MATERIAL INDUCEMENT FOR THE PARTIES ENTERING INTO THE LOAN DOCUMENTS.

(ix) EXCEPT AS PROHIBITED BY LAW, THE BORROWER HEREBY WAIVES ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY LITIGATION ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES. THE BORROWER CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE BANK HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE BANK WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER. THIS WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR THE BANK TO ACCEPT THIS NOTE AND MAKE THE LOANS.

(h) Upon receipt of an affidavit of an officer of the Bank as to the loss, theft, destruction or mutilation of this Note or any other Loan Document which is not of public record, and, in the case of any such loss, theft, destruction or mutilation, upon surrender and cancellation of such Note or other security document, the Borrower will issue, in lieu thereof, a replacement Note or other security document in the same principal amount thereof and otherwise of like tenor.

(i) The Bank shall have the unrestricted right at any time and from time to time, and without the consent of or notice to the Borrower or any other party obligated on this Note, to grant to one or more banks or other financial institutions (each, a "Participant") participating interests in any obligation of the Bank to extend credit to the Borrower and/or any or all of the Liabilities held by the Bank. In the event of any such grant by the Bank of a participating interest to a Participant, whether or not upon notice to the Borrower, the Bank shall remain responsible for the performance of its obligations hereunder and the Borrower shall continue to deal solely and directly with the Bank in connection with the Bank's rights and obligations hereunder. The Bank may furnish any information concerning the Borrower in its possession from time to time to prospective assignees and Participants, provided that the Bank shall require any such prospective assignee or Participant to agree in writing to maintain the confidentiality of such information.

(j) This Note shall be binding upon and inure to the benefit of the Borrower, the Bank, all future holders of this Note and their respective successors and assigns, except that the Borrower may not assign or transfer any of its rights under this Note without the prior written consent of the Bank. The term "Bank" as used herein shall be deemed to include the Bank and its successors, endorsees and assigns. The Bank shall have the unrestricted right at any time or from time to time, and without the Borrower's consent, to assign all or any portion of its rights and obligations hereunder and/or under any of the other Loan Documents to one or more banks or other financial institutions (each, an "Assignee"), and the Borrower agrees that it shall execute, or cause to be executed, such documents, including without limitation, amendments to this Note and to any other documents, instruments and agreements executed in connection herewith as the Bank shall deem necessary to effect the

foregoing. In addition, at the request of the Bank and any such Assignee, the Borrower shall issue one or more new promissory notes, as applicable, to any such Assignee and, if the Bank has retained any of its rights and obligations hereunder following such assignment, to the Bank, which new promissory notes shall be issued in replacement of, but not in discharge of, the liability evidenced by the promissory note held by the Bank prior to such assignment and shall reflect the amount of Loans held by such Assignee and the Bank after giving effect to such assignment. Upon the execution and delivery of appropriate assignment documentation, amendments and any other documentation required by the Bank in connection with such assignment, and the payment by Assignee of the purchase price agreed to by the Bank, and such Assignee, such Assignee shall be a party to this Agreement and shall have all of the rights and obligations of the Bank hereunder and under each other assigned Loan Document (and under any and all other guaranties, documents, instruments and agreements executed in connection herewith) to the extent that such rights and obligations have been assigned by the Bank pursuant to the assignment documentation between the Bank and such Assignee, and the Bank shall be released from its obligations hereunder and thereunder to a corresponding extent.

(k) This Note and the other Loan Documents are intended by the parties as the final, complete and exclusive statement of the transactions evidenced thereby. All prior or contemporaneous promises, agreements and understandings, whether oral or written, are deemed to be superceded by this Note and such other Loan Documents, and no party is relying on any promise, agreement or understanding not set forth in this Note or such other Loan Documents. Neither this Note nor any of such other Loan Documents may be amended or modified except by a written instrument describing such amendment or modification executed by the Borrower and the Bank.

(l) This Note shall replace and supersede the Amended and Restated Promissory Note made by the Borrower to the order of the Bank dated as of June 20, 2004 (the "Prior Note"); provided, however, that the execution and delivery of this Note shall not in any circumstance be deemed to have terminated, extinguished or discharged the Borrower's indebtedness under such Prior Note, all of which indebtedness shall continue under and be governed by this Note and the documents, instruments and agreements executed pursuant hereto or in connection herewith. This Note is a replacement, consolidation, amendment and restatement of the Prior Note and IS NOT A NOVATION. The Borrower shall also pay and this Note shall also evidence any and all unpaid interest on all Loans made by the Bank to the Borrower pursuant to Prior Note, and at the interest rate specified therein, for which this Note has been issued as replacement therefor.

MOVADO GROUP, INC.

By: /s/ Frank V. Kimick
Name: Frank V. Kimick
Title: VP & Treasurer

CERTIFICATIONS

I, Efraim Grinberg, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Movado Group, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 9, 2005

/s/ Efraim Grinberg

Efraim Grinberg
President and Chief Executive Officer

CERTIFICATIONS

I, Eugene J. Karpovich, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Movado Group, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 9, 2005

/s/ Eugene J. Karpovich

 Eugene J. Karpovich
 Senior Vice President and
 Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of Movado Group, Inc. (the "Company") for the quarter ended July 31, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report") the undersigned hereby certifies, in the capacity indicated below and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(i) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 9, 2005

/s/ Efraim Grinberg

Efraim Grinberg
President and
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of Movado Group, Inc. (the "Company") for the quarter ended July 31, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report") the undersigned hereby certifies, in the capacity indicated below and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(i) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 9, 2005

/s/ Eugene J. Karpovich

Eugene J. Karpovich
Senior Vice President and
Chief Financial Officer