FORM 10-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

For the fiscal year ended January 31, 1999

OR

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

For the transition period from________________to__________________

Commission file number 0-18183

G-III APPAREL GROUP, LTD.

(Exact name of registrant as specified in its charter)

Delaware	41-1590959
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
512 Seventh Avenue, New York, New York	10018
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (212) 403-0500

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, $.01 par value.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of the Form 10-K or any amendment to this Form 10-K. [ ]

As of March 31, 1999, the aggregate market value of the registrant's voting stock held by non-affiliates of the registrant (based on the last sale price for such shares as quoted by the Nasdaq National Market) was $7,776,083.

The number of outstanding shares of the registrant's Common Stock as of March 31, 1999 was 6,717,921.

Documents incorporated by reference: Certain portions of the registrant's definitive Proxy Statement relating to the registrant's Annual Meeting of Stockholders to be held on or about June 17, 1999, to be filed pursuant to Regulation 14A of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, are incorporated by reference into Part III of this Report.

ITEM 1. BUSINESS

OVERVIEW

G-III Apparel Group, Ltd. (the "Company") designs, manufactures, imports and markets an extensive range of leather and non-leather apparel including coats, jackets, pants, skirts and other sportswear items under its "G-III"'TM', "Siena"'TM', "Siena Studio"'TM', "Colebrook and Co."'TM' labels, and under licensed and private retail labels. The Company commenced operations in 1974, initially selling moderately priced women's leather coats and jackets under its G-III label. The Company has continuously expanded its product lines and began selling higher priced, more fashion oriented women's leather apparel under its Siena and "Cayenne"'TM' (now called Siena Studio) labels in 1981 and 1988, respectively. In 1988, the Company introduced a line of men's leather apparel, presently consisting primarily of jackets and coats sold under the G-III and Colebrook labels. In 1990, the Company formed a textile division, which designs, imports and markets a moderately priced line of women's textile outerwear and sportswear under the J.L. Colebrook (now called Colebrook and Co.) label. The Company replaced the Cayenne label with the Siena Studio label for its mid-priced line of women's leather apparel during 1991 and introduced a men's textile apparel line in the fall of 1992.

In 1997, the Company formed a joint venture with Black Entertainment Television, Inc. to produce a branded clothing and accessory line and began shipping the EXSTO XXIV/VII line of apparel in July 1998.

The sale of licensed products is a key element of the Company's strategy and the Company has significantly expanded its offerings of licensed products over the past several years. In 1993, the Company entered into a licensing agreement with NFL Properties to market a line of outerwear apparel with NFL team logos. In 1995, the Company entered into a licensing agreement with Kenneth Cole Productions to design and market a line of women's leather and woven outerwear under the Kenneth Cole label. In 1996, the Company entered into an agreement with the National Hockey League to market a line of outerwear apparel with NHL team logos.

The Company also has license agreements to market products under the Nine West, Tommy Hilfiger and National Basketball Association ("NBA") trademarks. The Company is authorized to design and market women's outerwear under the Nine West label and men's and boys' leather and combination outerwear under the Tommy Hilfiger label. The Company is also authorized to market adult and children's leather and leather/textile combination outerwear apparel utilizing the marks of the NBA and its member teams. The Company began shipping Nine West, Tommy Hilfiger and NBA apparel in 1998.

The Company operates its business in two segments, non-licensed apparel and licensed apparel. The non-licensed apparel segment includes sales of apparel under Company- owned brands and private label brands, as well as commission fee income received on sales when the Company's customer provides the letter of credit. The licensed apparel segment includes sales of apparel brands licensed by the Company from third parties. See Note L to the Company's

Consolidated Financial Statements for financial information with respect to the Company's segments.

The Company sells to approximately 2,000 customers, including nationwide chains of department and specialty retail stores, price clubs and individual specialty boutiques. In the fiscal year ended January 31, 1999, substantially all the Company's products were manufactured for the Company by foreign independent contractors, located principally in China and Indonesia and, to a lesser extent, in South Korea, India, the Philippines and Hong Kong. The Company manufactures certain products at its wholly-owned factory in Indonesia and its partially owned factory in Northern China. A select number of garments were also manufactured for the Company by independent contractors located in the New York City area.

References to the Company include the operations of all the Company's subsidiaries.

PRODUCTS - DEVELOPMENT AND DESIGN

The Company manufactures and markets a full line of women's leather apparel in "junior," "missy," and "half sizes" and an outerwear line of men's leather apparel at a wide range of retail sales prices. The Company's product offerings also include textile outerwear, woolen coats, raincoats and sportswear. The Company's products are sold under Company-owned brand names, licensed brand names and private retail labels.

The G-III lines of non-licensed apparel consist of both men's and women's products. The G-III line of women's apparel consists of moderately priced women's leather apparel, which typically sells at retail prices from $30 for sportswear items to $400 for coats. The Siena Collection, which caters to the higher priced, designer market, typically has retail prices from $300 for sportswear items to $1,000 for coats. Siena Studio, the Company's bridge-priced line of women's leather apparel, primarily consists of jackets and skirts with retail prices from $100 for skirts to $600 for outerwear. Products in the men's line of leather outerwear, sold under the G-III and Colebrook labels, typically have retail prices between $40 and $400. The moderately priced line of women's textile outerwear and sportswear, sold under the Colebrook & Co. label, has retail prices in the range of $50 to $130. The men's textile apparel line, consisting of moderately priced outerwear, has retail prices ranging from $25 to $175.

The G-III lines of licensed apparel consist of both men's and women's products. Women's licensed apparel includes leather and textile garments which typically sell at retail prices from $50 for sportswear items to $340 for coats. Men's licensed apparel consists of leather, leather and textile combination, and textile apparel which typically sell at retail prices from $50 for sportswear items to $560 for coats.

The Company works closely with its licensors in creating designs and styles for each licensed brand sold by the Company. Licensors generally must approve products to be sold under their brand names prior to production by the Company.

The Company works with retail chains in developing product lines sold under private retail labels. With regard to private label sales, the Company meets frequently with buyers who custom order products by color, fabric and style. These buyers may provide samples to the

Company or may select styles already available in the Company's showrooms. The Company has established a reputation among such buyers for the ability to arrange for manufacture of apparel on a reliable, expeditious and cost-effective basis.

The Company's in-house designers are responsible for the design and look of the Company's products. The Company responds to style changes in the apparel industry by maintaining a continuous program of style, color and type of leather and fabric selection. In designing new products and styles, the Company attempts to incorporate current trends and consumer preferences in the Company's traditional product offerings. The Company seeks to design products in response to trends in consumer preferences, rather than to attempt to establish market trends and styles.

Design personnel meet regularly with the Company's sales and merchandising departments, as well as with the design and merchandising staffs of the Company's licensors, to review market trends, sales results and the popularity of the Company's latest products. In addition, representatives of the Company regularly attend trade and fashion shows and shop at fashion forward stores in the United States, Europe and the Far East, and present sample items to the Company along with their evaluation of the styles expected to be in demand in the United States. The Company also seeks input from selected customers with respect to product design. The Company believes that its sensitivity to the needs of its retail customers, coupled with the flexibility of its production capabilities and its continual monitoring of the retail market, enables the Company to modify designs and order specifications in a timely fashion.

The Company's arrangements with selected overseas factories for textile apparel enables it to conduct test-marketing in cooperation with specialty retailers and department stores prior to full manufacturing and marketplace introduction of certain styles and products. Test- marketing typically involves introducing a new style into approximately 20 to 30 store locations in certain major markets. If the Company finds acceptance of the product on a consumer level, the Company proceeds with full-scale manufacturing and market introduction.

LEATHER APPAREL

MANUFACTURING

Substantially all of the Company's products are imported from independent manufacturers located primarily in Indonesia and China and, to a lesser extent, in South Korea, India, the Philippines and Hong Kong. The Company manufactures certain products at its wholly-owned factory in Indonesia and its partially-owned factory in Northern China. A selected number of garments are also manufactured for the Company by independent contractors located in the New York City area.

The Company has a branch office in Seoul, South Korea, which acts as a liaison between the Company and various manufacturers located throughout Indonesia, China and South Korea used to produce the Company's leather and woven garments. Upon receipt from the Company's headquarters of production orders stating the quantity, quality and types of garments to be produced, this liaison office negotiates and places orders with one or more Indonesian, Chinese or South Korean manufacturers. In allocating production among independent suppliers, the

Company considers a number of criteria, including quality, availability of production capacity, pricing and ability to meet changing production requirements. At January 31, 1999, the South Korean office employed 12 persons.

In connection with the foreign manufacture of the Company's leather apparel, manufacturers purchase skins and necessary "submaterials" (such as linings, zippers, buttons and trimmings) according to parameters specified by the Company. Prior to commencing the manufacture of garments, samples of the skins and submaterials are sent to the South Korean liaison office and the Company's New York offices for approval. Employees of the liaison office regularly inspect and supervise the manufacture of the products for the Company in order to ensure timely delivery, maintain quality control, monitor compliance with Company manufacturing specifications and inspect finished apparel.

Because of the nature of leather skins, the manufacture of leather apparel is performed manually. A pattern is used in cutting hides to panels which are assembled in the factory. All submaterials are also added at this time. Products are inspected throughout this process to insure that design and quality specifications of the order, as provided by the Company, are being maintained as the garment is assembled. After pressing, cleaning and final inspection, the garment is labeled and hung awaiting shipment. A final random inspection occurs when the garments are packed for shipment.

The Company arranges for the production of apparel on a purchase order basis, with each order to a foreign manufacturer generally backed by an irrevocable international letter of credit. Substantially all letters of credit arranged by the Company require as a condition of release of funds to the manufacturer, among others, that an inspection certificate be signed by a representative of the Company. Accordingly, if an order is not filled, the letter of credit is not paid and the Company does not bear the risk of liability for the goods being manufactured. The Company assumes the risk of loss on an F.O.B. basis when goods are delivered to a shipper and is insured against casualty losses arising during shipping.

As is customary in the leather industry, the Company has not entered into any long-term contractual arrangement with any contractor or manufacturer. The Company believes that the production capacity of foreign manufacturers with which it has developed or is developing a relationship is adequate to meet the Company's leather apparel production requirements for the foreseeable future. The Company believes that alternative foreign leather apparel manufacturers are readily available.

The Company's arrangements with foreign manufacturers of its apparel are subject to the usual risks of doing business abroad, including currency fluctuations, political instability and potential import restrictions. During the past two years, both Indonesia and South Korea have experienced significant currency fluctuation and devaluation. In addition, Indonesia has experienced significant inflation. Although the Company has not been materially adversely affected by any of such factors to date, due to the significant portion of the Company's garments which are produced abroad, political instability in Indonesia or South Korea or elsewhere, or any substantial disruption in the business of foreign manufacturers or the Company's relationships with such manufacturers could materially adversely affect the Company's operations. In addition, since the Company negotiates its purchase orders with its foreign manufacturers in United States dollars, if the value of the United States dollar against local currencies were to go down, these manufacturers might increase the United States dollar prices charged to the Company for products. Virtually all the Company's imported leather products and raw materials are subject to United States Customs duties of approximately 6%.

A majority of all finished goods manufactured abroad are shipped to the Company's New Jersey warehouse and distribution facility for final inspection and allocation and reshipment to customers. The goods are delivered to the Company and its customers by independent shippers, choosing the form of shipment (principally ship, truck or air) based upon a customer's needs, cost, and time considerations.

MARKETING AND DISTRIBUTION

The Company's products are sold primarily to department, specialty and mass merchant retail stores in the United States. The Company sells to approximately 2,000 customers, ranging from national and regional chains of specialty retail and department stores, whose annual purchases from the Company exceed $1,000,000, to small specialty stores whose annual purchases from the Company are less than $1,000. In the fiscal years ended January 31, 1997, 1998 and 1999, the Sam's Club and Wal-Mart divisions of Wal-Mart Stores, Inc. accounted for an aggregate of 12.8%, 17.1% and 21.6%, respectively, of the Company's net sales. The loss of this customer, which primarily purchases non-licensed apparel, could have a material adverse affect on the Company's non-licensed business segment.

Almost all of the Company's sales are made in the United States. The Company also markets its products in Canada and Europe.

Along with the Company's foreign offices, the Company's trading company subsidiary, Global International Trading Company, located in Seoul, Korea, assists in providing services to the Company's customers. As of January 31, 1999, Global International Trading Company employed 18 persons.

The Company's products are sold primarily through a direct employee sales force which consisted of 19 employees as of January 31, 1999. The Company's principal executives are also actively involved in sales of its products. A limited amount of the Company's products are also sold by various retail buying offices located throughout the United States. Final authorization of all sales of products is solely through the Company's New York showroom, enabling the Company's management to deal directly with, and be readily accessible to, major customers, as well as to more effectively control the Company's selling operations.

The Company primarily relies on its reputation and relationships to generate business. The Company believes it has developed a significant customer following and positive reputation in the industry, as a result of, among other things, standards of quality control, on-time delivery, competitive pricing and willingness and ability to assist customers in their merchandising of the Company's products. In addition, the Company has, to a limited extent, advertised its products and engaged in cooperative ad programs with retailers. The Company believes it has developed brand awareness of Company-owned labels, despite the absence of general advertising, primarily through its reputation, consumer acceptance and the fashion press.

Brand name products sold by the Company pursuant to a license agreement are promoted by institutional and product advertisements placed by the licensor. The Company's license agreements generally provide that the Company is required to pay the licensor a fee, based on a percentage of net sales of licensed product, to pay for a portion of these advertising costs.

The Company operates two retail outlet stores, including one store located at its Secaucus, New Jersey warehouse. Two stores in Pennsylvania were closed in January 1999 and no additional stores are planned to be opened during fiscal 2000.

RAW MATERIALS

Most products manufactured for the Company are purchased by the Company on a finished goods basis. Raw materials used in the production of the Company's leather apparel are available from numerous sources and are in adequate supply. The Company is not aware of any manufacturer of the Company's apparel not being able to satisfy its requirements for any such raw materials due to an inadequacy of supply.

The leather apparel industry competes with manufacturers of other leather products for the supply of leather. Leather skins are a byproduct. Accordingly, raw material costs are impacted by changes in meat consumption worldwide as well as by the popularity of leather products.

TEXTILE APPAREL

The Company also produces outerwear from a variety of textiles such as wools, cottons and synthetic blends, suitable for leisure and active wear. The Company designs, imports and markets a moderately priced line of women's textile outerwear and sportswear under its Colebrook & Co. label and under private labels. Women's licensed textile outerwear is produced under Kenneth Cole and Nine West labels. The men's textile apparel line consists of moderately priced outerwear.

The Company's development and design process as well as its marketing and distribution strategies for textile apparel are similar to those employed for its leather apparel. See "Products-Development and Design" and "Leather Apparel -- Marketing and Distribution" of this Item 1 above. Textile outerwear is manufactured for the Company by several independent contractors located primarily in the Far East and, to a lesser extent, domestically. Manufacturers produce finished garments in accordance with production samples approved by the Company and obtain necessary quota allocations and other requisite customs clearances.

To facilitate better service for the Company's textile and leather apparel customers and accommodate and control the volume of manufacturing in the Far East, the Company has an office in Hong Kong. Similar to the Seoul office, the Hong Kong office acts as a liaison between the Company and the various manufacturers of textile and leather apparel located in Hong Kong and

China. The Company utilizes its domestic and Hong Kong office employees to monitor production at each manufacturer's facility to ensure quality control, compliance with the Company's specifications and timely delivery of finished garments to the Company's distribution facilities or customers. The Hong Kong office employed 8 persons as of January 31, 1999.

The Company's arrangements with its textile manufacturers and suppliers are subject to the risks attendant to doing business abroad, including the availability of quota and other requisite customs clearances for textile apparel, the imposition of export duties, political and social instability and currency fluctuations. United States customs duties on the Company's textile apparel presently range from 5% to 30%, depending upon the type of fabric used and how the garment is constructed. The Company monitors duty, tariff and quota-related developments and seeks to minimize its potential exposure to quota-related risks through, among other measures, geographical diversification of its manufacturing sources and shifts of production among countries and manufacturers.

LICENSING

The sale of licensed products is a key element of the Company's strategy and the Company has significantly expanded its offerings of licensed products over the last several years. The Company has license agreements to produce products under the Kenneth Cole, Nine West and Tommy Hilfiger fashion labels. The Company is also licensed to produce products containing trademarks of the National Football League, National Hockey League, National Basketball Association, and several universities located in the United States. The Company continues to seek other opportunities to enter into trademark license agreements in order to expand its product offerings under nationally recognized labels. Revenues from the sale of licensed products accounted for 37.7% of net sales during fiscal 1999 compared to 24.1% of net sales in fiscal 1998.

BET DESIGN STUDIO

In 1997, the Company formed a joint venture, BET Design Studio, with Black Entertainment Television, Inc. ("BET"), to produce a branded clothing and accessory line to be initially targeted to the African-American and young men's contemporary market. BET has granted a ten-year exclusive license to the joint venture for the manufacture and distribution of women's, men's and children's apparel and accessories utilizing "BET," "Black Entertainment Television" and other BET-related marks. The initial product line, which is marketed under the EXSTO XXIV/VII label created by the joint venture, was introduced in February 1998. Shipment of this product line commenced in July 1998.

SEASONALITY

Retail sales of outerwear apparel have traditionally been seasonal in nature. Although the Company sells its apparel products throughout the year, net sales in the months of July through November accounted for approximately 75% and 82% of the Company's net sales during the fiscal

years ended January 31, 1998 and 1999, respectively. The July through November time frame is expected to continue to provide a disproportionate amount of the Company's net sales.

BACKLOG

A significant portion of the Company's orders are short-term purchase orders from customers who place orders on an as-needed basis. The amount of unfilled orders at any time has not been indicative of future sales. Information relative to open purchase orders at any date may also be materially affected by, among other things, the timing of the initial showing of apparel to the trade, as well as by the timing of recording of orders and shipments. As a result, the Company does not believe that the amount of its unfilled customer orders at any time is meaningful.

TRADEMARKS

Several trademarks owned by the Company have been granted federal trademark protection through registration with the U.S. Patent and Trademark Office, including for G-III, Avalanche, J.L. Colebrook, Laura Renee, Laura Jeffries, Colebrook Kids, Urban Cowboy, Cayenne, G-III Outerwear Company Store, JLC (& design), JLC Outerwear (& design), J.L.C. (& design), and Trouble

Wanted (& design). The Company has applications for several additional registrations pending before the U.S. Patent and Trademark Office.

The Company has been granted trademark protection for G-III in France, Canada and Mexico, for J.L. Colebrook in Germany, Canada, Mexico, France, Great Britain and Benelux and for J.L.C. (& design) and JLC (& design) in Canada. The Company also has several additional applications pending in the European Community and Canada.

Although the Company regards its trademarks as valuable assets and intends to vigorously enforce its trademark rights, the Company does not believe that any failure to obtain federal trademark registrations for which it has applied would have a material adverse effect on the Company.

COMPETITION

The apparel business is highly competitive. The Company has numerous competitors with respect to the sale of leather and textile apparel, including distributors that import leather apparel from abroad and domestic retailers with established foreign manufacturing capabilities. Sales of the Company's products are affected by style, price, quality and general fashion trends. The Company may also be deemed to compete with vertically-integrated apparel manufacturers that also own retail stores. In addition, the Company competes for supplies of raw materials and manufacturing and tanning capacity.

EMPLOYEES

As of January 31, 1999, the Company had 266 full-time employees, of whom 69 worked in executive, administrative or clerical capacities, 116 worked in design and manufacturing, 57 worked in warehouse facilities, 19 worked in sales and 5 worked in the retail outlet stores. The Company employs both union and non-union personnel and believes that the Company's relations with its employees are good. The Company has not experienced any interruption of any of its operations due to a labor disagreement with its employees.

The Company is a party to an agreement with the Amalgamated Clothing and Textile Workers Union (the "Union"), covering approximately 53 full-time employees as of January 31, 1999. This agreement, which is currently in effect through October 30, 1999, automatically renews on an annual basis thereafter unless terminated by the Company or the Union prior to August 30 of that year.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth certain information with respect to the executive officers and significant employees of the Company.

Name	Age	Position	Executive Officer or Significant Employee Since
Morris Goldfarb	48	Co-Chairman of the Board, Chief Executive Officer, Director	1974
Aron Goldfarb	76	Co-Chairman of the Board, Director	1974
Jeanette Nostra-Katz	47	President	1981
Wayne S. Miller	41	Senior Vice President, Chief Financial Officer, Treasurer and Secretary	1998
Carl Katz	58	Executive Vice President of Siena, Director	1981
Frances Boller-Krakauer	33	Vice President - Men's Division of G-III	1993
Deborah Gaertner	44	Vice President - Women's Sales of G-III	1989
Keith Sutton Jones	50	Vice President - Foreign Manufacturing of G-III	1989
Michael Laskau	43	Vice President - Women's Non-Branded Division of G-III	1994

Morris Goldfarb is the Co-Chairman of Board and Chief Executive Officer of the Company, as well as one of its directors. Until April, 1997, Mr. Goldfarb also served as President of the Company. He has served as either President or Vice President of G-III Leather Fashions, Inc. ("G-III") since its formation in 1974. Mr. Goldfarb is responsible for the foreign manufacture, marketing, merchandising and financing of the G-III line of apparel. He also has overall responsibility for developing selling programs, customer relations and administration of the Company. Mr. Goldfarb is also a director of Lakes Gaming, Inc. and Wilsons The Leather Experts.

Aron Goldfarb is Co-Chairman of the Board of the Company and its founder. Mr. Goldfarb served as either President or Vice President of G-III and as a Vice President of Siena from their respective formations until 1994 and, since January 1995, has served as a consultant to the Company.

Jeanette Nostra-Katz became President of the Company in April 1997. She had been the Executive Vice President of the Company since March 1992. Ms. Nostra-Katz's responsibilities for the Company include sales for the women's product lines, marketing, public relations, and operations as they relate to sales. Since August 1989, she has served as an Executive Vice President of Siena. Ms. Nostra-Katz has been employed by the Company since 1981 in various capacities.

Wayne S. Miller has been employed by the Company as its Chief Financial Officer and Senior Vice President since April 1998. In November 1998, Mr. Miller was also elected Secretary and Treasurer. Mr. Miller served as a consultant to Marketing Management Group from September 1997 to April 1998. From June 1994 to September 1997, Mr. Miller was Executive Vice President, Chief Financial Officer and Secretary of Bernard Chaus, Inc. From April 1994 to May 1994, Mr. Miller was Crisis Manager for USA Classics, Inc. and from February 1994 to March 1994, he served as a Consultant to Marketing Management Group.

Carl Katz has been employed as an Executive Vice President of Siena since August 1989 and, prior thereto, as a Vice President of Siena since 1981. Mr. Katz supervises the merchan dising and designing, as well as production and pattern and sample making, for the Siena and Sports Licensing divisions. Mr. Katz is also a director of the Company.

Frances Boller-Krakauer is Vice President -- Men's Division of G-III and has held the position since February 1993. Ms. Boller-Krakauer's responsibilities include sales and merchandising for all men's products lines. Prior to February 1993, she held various sales positions in the Men's Division. Ms. Boller-Krakauer joined the Company in March 1989.

Deborah Gaertner is the Vice President -- Women's Non-Branded Sales of G-III. Ms. Gaertner is responsible for sales and marketing of the women's apparel line (excluding Kenneth Cole licensed apparel). She served previously as Vice President, Imports since June 1989, coordinating production and merchandising.

Keith Sutton Jones is the Vice President -- Foreign Manufacturing of G-III and has been employed in such capacity since January 1989. His responsibilities include coordinating and controlling all aspects of the Company's Far Eastern sourcing and production.

Michael Laskau is a Vice President -- Women's Non-Branded Division of G-III and has been employed in such capacity since July 1994. His responsibilities include coordinating the production and merchandising of the Company's textile apparel. For the 18 years prior to joining the Company, Mr. Laskau was in charge of production and sourcing at Junior Gallery, an importer of apparel.

Aron Goldfarb and Morris Goldfarb are father and son, respectively. Carl Katz and Jeanette Nostra-Katz are married to each other.

ITEM 2. PROPERTIES

The Company's executive offices, sales showrooms and support staff are located at 512 Seventh Avenue, which is one of the leading outerwear apparel buildings in New York City. The Company leases an aggregate of approximately 31,800 square feet in this building through January 31, 2003 at a current aggregate annual rent of approximately $512,000. The sales showrooms and support staff of BET Design Studio, LLC, are also located at 512 Seventh Avenue. It leases approximately 8,100 square feet with a current aggregate annual rent of approximately $110,000.

The Company's warehouse and distribution facility, located in Secaucus, New Jersey, contains approximately 107,000 square feet, plus a 3,000 square foot retail outlet store. This facility is leased through March, 2000 at an annual rent of approximately $482,000. The lease provides for two option renewal terms of five years each with rental for the renewal term based on market rates. A majority of the Company's finished goods are shipped to the New Jersey distribution facilities for final reshipment to customers.

In March 1996, the Company subleased its other warehouse and distribution facility in Secaucus, New Jersey to an unaffiliated third party and consolidated all of its warehouse and distribution operations at one location. The sublease is co-extensive with the lease term, which extends through March 2000, although the sublessee has the right to terminate the sublease at any time on six months notice. The sublease, provides for the sublessee to pay rent of approximately $700,000 per year to the Company and for the Company to pay all operating costs of the facility except for utilities and internal maintenance. The Company's annual rent obligation to the lessor of this facility increases from approximately $750,000 to $937,000 during the term of the sublease.

The Company maintains cutting rooms for its Siena division and off-site storage at 345 West 37th Street in New York City. This property is leased pursuant to a sublease from a corporation owned by Morris Goldfarb and Aron Goldfarb for which the Company pays rent monthly, plus real estate taxes. For the fiscal years ended January 31, 1998 and 1999, the total payments for this building were approximately $359,000 and $325,000, respectively. In fiscal 1999, the Company sublet a portion of the 345 West 37th Street building to three different tenants. Two of the subleases have five-year terms and the other sublease is for a three-year term. The aggregate annual rental paid to the Company under these three subleases is approximately $154,000.

In January 1999 the Company closed two of its four retail outlet stores. Of the two remaining stores, one is located at its distribution facility and one is located in Secaucus, New Jersey.

ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET FOR COMMON STOCK

The Common Stock is publicly traded in the over-the-counter market and is quoted on the Nasdaq Stock Market under the trading symbol "G-III". The following table sets forth, for the fiscal periods shown, the high and low last sales prices for the Common Stock, as reported by the Nasdaq Stock Market.

Fiscal 1998	High Prices	Low Prices
Fiscal Quarter ended April 30, 1997	$ 5 1/4	$ 3 7/16
Fiscal Quarter ended July 31, 1997	6 1/2	4 7/8
Fiscal Quarter ended October 31, 1997	6 3/8	4 9/16

Fiscal Quarter ended January 31, 1998	5 3/4	4 3/8
Fiscal 1999		
Fiscal Quarter ended April 30, 1998	$ 6 7/8	$ 5 1/4
Fiscal Quarter ended July 31, 1998	6 3/8	3 7/8
Fiscal Quarter ended October 31, 1998	4 3/8	1 5/8
Fiscal Quarter ended January 31, 1999	12 1/4	1 5/8
Fiscal 2000		
Fiscal Quarter ended April 30, 1999 (through March 31, 1999)	$ 3 1/2	$ 1 15/16

The last sales price of the Common Stock as reported by the Nasdaq Stock Market on March 31, 1999 was $2.375 per share.

On March 31, 1999, there were 77 holders of record and, the Company believes, approximately 1,500 beneficial owners of the Common Stock.

DIVIDEND POLICY

The Board of Directors currently intends to follow a policy of retaining any earnings to finance the continued growth and development of the Company's business and does not anticipate paying cash dividends in the foreseeable future. Any future determination as to the payment of cash dividends will be dependent upon the Company's financial condition, results of operations and other factors deemed relevant by the Board of Directors. Certain agreements related to the financing of the building at 345 West 37th Street offices prohibit the payment of cash dividends without consent.

In addition, the Company's loan agreement prohibits the payment of cash dividends without the consent of the banks. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources" in Item 7 below.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial data set forth below as of and for the years ended January 31, 1995 1996, 1997, 1998 and 1999 have been derived from the audited consolidated financial statements of the Company. The audited financial statements as of January 31, 1995, 1996 and 1997 and for the years ended January 31, 1995 and 1996 are not included in this filing. The selected consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" (Item 7 of this Report) and the audited consolidated financial statements and related notes thereto included elsewhere herein.

(In thousands, except share and per share data)

	Year Ended January 31, (1)				
	1995	1996	1997	1998	1999
INCOME STATEMENT DATA:					
Net Sales	$171,441	$121,663	$117,645	$120,136	$121,644
Cost of goods sold	144,830	97,060	88,057	91,559	95,393
Gross profit	26,611	24,603	29,588	28,577	26,251
Selling, general & administrative expenses	27,477	22,478	23,542	23,787	27,235
Unusual or non-recurring charges	11,320	--	--	--	--
Operating profit (loss)	(12,186)	2,125	6,046	4,790	(984)
Interest expense	3,959	2,433	2,075	1,534	2,115
Income before minority interest and income taxes (loss)	(16,145)	(308)	3,971	3,256	(3,099)
Minority interest	324	--	--	449	1,378
Income (loss) before income taxes	(15,821)	(308)	3,971	3,705	(1,721)
Income taxes (benefit)	(4,087)	89	885	906	(541)
Net income (loss)	$(11,734)	$ (397)	$ 3,086	$ 2,799	$ (1,180)
Basic earnings (loss) per share	$(1.82)	$ (0.06)	$ 0.48	$ 0.43	$ (0.18)
Weighted average shares outstanding - basic	6,459,381	6,459,975	6,468,830	6,486,899	6,539,128
Diluted earnings (loss) per share	$ (1.82)	$ (0.06)	$ 0.46	$ 0.40	$ (0.18)
Weighted average shares outstanding - diluted	6,459,381	6,459,975	6,739,029	7,051,099	6,539,128

	As of January 31, (1)				
	1995	1996	1997	1998	1999
BALANCE SHEET DATA:					
Working capital	$ 22,602	$22,224	$24,497	$29,296	$27,237
Total assets	54,572	41,257	44,555	46,746	44,870
Short-term debt	13,480	3,551	3,835	3,734	2,893
Long-term debt, excluding current portion	1,479	919	554	352	180
Total stockholders' equity	30,101	29,716	32,825	35,686	35,575

- --------------------

(1) Certain amounts have been reclassified to conform to the 1999 presentation.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Statements in this Annual Report on Form 10-K concerning the Company's business outlook or future economic performance; anticipated revenues, expenses or other financial items; product introductions and plans and objectives related thereto; and statements concerning assumptions made or expectations as to any future events, conditions, performance or other matters, are "forward-looking statements" as that term is defined under the Federal securities laws. Forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from those stated in such statements. Such risks, uncertainties and factors include, but are not limited to, reliance on foreign manufacturers, risks of doing business abroad, the nature of the apparel industry, including changing consumer demand and tastes, seasonality, customer acceptance of new products, the impact of competitive products and pricing, dependence on existing management, general economic conditions, and information relating to Year 2000 issues, as well as other risks detailed in the Company's filings with the Securities and Exchange Commission, including this Annual Report on form 10-K.

The following presentation of management's discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Company's Financial Statements, accompanying notes thereto and other financial information appearing elsewhere in this Report.

References to fiscal years refer to the year ended January 31 of that year.

RESULTS OF OPERATIONS

The following table sets forth selected operating data of the Company as a percentage of net sales for the fiscal years indicated below:

	1997	1998	1999
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	74.8	76.2	78.4
Gross profit	25.2	23.8	21.6
Selling, general and administrative expenses	20.1	19.8	22.4
Operating profit (loss)	5.1	4.0	(0.8)
Interest expense	1.8	1.3	1.7
Income (loss) before minority interest and income taxes	3.3	2.7	(2.5)
Minority interest		(0.4)	(1.1)
Income (loss) before income taxes	3.3	3.1	(1.4)
Income taxes	0.7	0.8	(0.4)
Net income (loss)	2.6	2.3	(1.0)

General

The Company operates its business in two segments, non-licensed apparel and licensed apparel. The non-licensed apparel segment includes sales of apparel under Company- owned brands and private label brands, as well as commission fee income received on sales when the Company's customer provides the letter of credit. The licensed apparel segment includes sales of apparel brands licensed by the Company from third parties. See Note L to the Company's Consolidated Financial Statements for financial information with respect to the Company's segments.

One of the key elements of the Company's strategy is to expand its offering of licensed apparel. During fiscal 1999, the Company commenced the shipment of product under the Nine West, Tommy Hilfiger and NBA labels. The Company's net loss during fiscal 1999 was primarily attributable to lower margins in the Company's non-licensed business, as well as losses from its joint venture with BET. These operating factors were offset to some extent by continued expansion of the Company's licensed business.

During fiscal 1998, the Company entered into a joint venture with BET to design, manufacture, and distribute sportswear and outerwear apparel targeted to the African American and urban consumer. The initial product offerings by the joint venture were introduced in February 1998

and the Company began shipping product in July 1998. The Company owns 50.1% of this joint venture and, accordingly, its entire results of operation are consolidated with those of the Company. The interest of BET in the joint venture is reflected in the "Minority interest" line item in the Company's financial statements. The Company incurred approximately $450,000 of losses, net of BET's interest, in fiscal 1998 and approximately $1.4 million of losses, net of BET's interest, in fiscal 1999. During February 1999, BET and the Company each contributed an additional $500,000 to the joint venture. The Company expects to continue to incur losses from this joint venture in fiscal 2000.

Certain areas of Southeast Asia have experienced significant economic problems during the past two years. The Company utilizes manufacturers located in Indonesia and South Korea, owns a manufacturing factory in Indonesia, and has a branch office in South Korea. Both of these countries have experienced significant inflation and currency devaluation during the past year. While the devaluation of the currency in these countries may reduce the Company's operating costs in these locations, political instability and/or severe inflation in Indonesia or South Korea, or in other countries in which product is manufactured for the Company, could materially adversely affect the Company's results of operations.

Year Ended January 31, 1999 ("fiscal 1999") Compared
to year Ended January 31, 1998 ("fiscal 1998")

Net sales were $121.6 million in fiscal 1999 compared to $120.1 million in fiscal 1998. Net sales were adversely affected in fiscal 1999 by the unseasonably warm weather conditions in the fall of 1998 in many sections of the United States. An increase of $16.9 million in sales of licensed apparel was partially offset by a decrease of $15.4 million in sales of non-licensed apparel, which includes certain product lines which were discontinued at the end of the prior fiscal year. These product lines accounted for $2.5 million of sales in fiscal 1998. Sales of licensed apparel accounted for 37.7% and 24.1% of the Company's net sales in fiscal 1999 and 1998, respectively.

Gross profit was $26.3 million in fiscal 1999 compared to $28.6 million in fiscal 1998. As a percentage of net sales, gross profit was 21.6% in fiscal 1999 compared to 23.8% in fiscal 1998. Commission fee income, for which there is no related cost of goods sold, was $3.5 million in fiscal 1999 compared to $6.7 million in fiscal 1998.

Gross profit for licensed apparel was $10.6 million in fiscal 1999 compared to $5.7 million in fiscal 1998, or 23.1% of net sales of licensed apparel in fiscal 1999 compared to 19.6% of net sales of licensed apparel in fiscal 1998. The higher gross profit margin percentage for licensed apparel in fiscal 1999 was due to increased sales of higher gross profit margin products within the licensed apparel segment. Gross profit for non-licensed apparel was $15.7 million in fiscal 1999 compared to $22.9 million in fiscal 1998, or 20.7% of net sales of licensed apparel in fiscal 1999 compared to 25.1% of net sales of licensed apparel in fiscal 1998. The reduction in gross profit as a percentage of sales for non-licensed apparel resulted primarily from lower commission fee income and increased inventory markdowns due to the unseasonably warm weather conditions.

Selling, general and administrative expenses were $27.2 million in fiscal 1999 compared to $23.8 million in fiscal 1998. These expenses included approximately $2.7 million of expenses in fiscal 1999 and $898,000 of expenses in fiscal 1998 attributable to the joint venture with BET. Excluding the BET joint venture expenses, selling, general and administrative expenses were $24.5 million in fiscal 1999 compared to $22.9 million in fiscal 1998. As a percentage of net sales, selling, general and administrative expenses, excluding the BET joint venture expenses, were 20.1% in fiscal 1999 compared to 19.1% in fiscal 1998. The increase in selling, general and administrative expenses, excluding BET joint venture expenses, is primarily attributable to the incremental expenses in the areas of personnel, samples and advertising fees paid to its licensees due to the addition of the Nine West, Tommy Hilfiger and NBA licenses. BET joint venture expenses increased primarily in the area of personnel and advertising as staffing levels increased and advertising programs began.

Interest expense was $2.1 million in fiscal 1999 compared to $1.5 million in fiscal 1998. The higher interest expense related to increased borrowings as a result of higher average finished goods inventory levels, offset in part by lower interest rates.

As a result of the foregoing, the Company incurred a loss before income taxes of $1.7 million in fiscal 1999 compared to income before taxes of $3.7 million in fiscal 1998.

The income tax benefit was $541,000 in fiscal 1999 compared to income tax expense of $906,000 in fiscal 1998. The Company's effective tax benefit rate for fiscal 1999 was 31.4%, which was lower than the statutory rate due to the limitation of the availability of certain state and local tax benefits. In fiscal 1998, the effective tax rate was 24.5% as a result of tax benefits derived from state net operating loss carry forwards and deferred tax benefits.

The Company had a net loss of $1.2 million, or $.18 per share on a diluted basis, in fiscal 1999 compared to net income of $2.8 million, or $.40 per share on a diluted basis, in fiscal 1998.

Year Ended January 31, 1998 Compared
to year Ended January 31, 1997 ("fiscal 1997")

Net sales were $120.1 million in fiscal 1998 compared to $117.6 million in fiscal 1997. An increase of approximately $7.3 million in net sales of the Company's licensed apparel was offset, in part, by a decrease of approximately $2.1 million in net sales of non-licensed apparel and the discontinuance of two product lines that accounted for approximately $2.5 million of net sales in fiscal 1997. Sales of licensed apparel accounted for 24.1% and 18.4% of the Company's net sales in fiscal 1998 and 1997, respectively.

Gross profit was $28.6 million in fiscal 1998 compared to $29.6 million in fiscal 1997. Commission fee income, for which there is no related cost of goods sold, was $6.7 million in fiscal 1998 as compared to $10.0 million in fiscal 1997. As a percentage of net sales, gross profit was 23.8% in fiscal 1998 compared to 25.2% in fiscal 1997.

Gross profit for licensed apparel was $5.7 million in fiscal 1998 compared to $4.5 million in fiscal 1997, or 19.6% of net sales of licensed apparel in fiscal 1998 compared to 20.7% of net sales of licensed apparel in fiscal 1997. The lower gross profit margin percentage for licensed apparel in fiscal 1998 was due to decreased sales of higher gross profit margin products. Gross profit for non-licensed apparel was $22.9 million in fiscal 1998 compared to $25.1 million in fiscal 1997, or 25.1% of net sales of non-licensed apparel in fiscal 1998 compared to 26.2% of net sales of non-licensed apparel in fiscal 1997. The reduction in gross profit as a percentage of sales of non-licensed apparel was primarily attributable to lower commission fee income.

Selling, general and administrative expenses were $23.8 million in fiscal 1998, including $898,000 of expenses with respect to BET joint venture expenses. Excluding the BET joint venture expenses, selling, general and administrative expenses were $22.9 million in fiscal 1998 compared to $23.5 million in fiscal 1997. As a percentage of net sales, selling, general and administrative expenses, excluding the BET joint venture expenses were 19.1% in fiscal 1998 compared to 20.0% in fiscal 1997. The slight decrease in selling, general and administrative expenses is primarily attributable to closing two stores in the Company's retail outlet division during fiscal 1998, lower warehousing and distribution costs, and savings from discontinued product divisions, partially offset by higher payroll costs.

Interest expense was $1.5 million in fiscal 1998 compared to $2.1 million in fiscal 1997. This decrease in interest expense is primarily attributable to lower interest rates under the Company's amended credit facility entered into in May 1997 and interest income earned on excess cash at the beginning of the year.

As a result of the foregoing, the Company realized income before income taxes of $3.7 million in fiscal 1998 compared to income before income taxes of $4.0 million in fiscal 1997.

Income taxes were $906,000 in fiscal 1998 compared to $885,000 in fiscal 1997. The Company's effective tax rate for fiscal 1998 was 24.5% which included benefits from net operating loss carry forwards for state income tax purposes and the reversal of the deferred tax asset valuation allowance. In fiscal 1997, the effective tax rate was 22.3% as a result of tax benefits derived from state net operating loss carry forwards and deferred tax benefits.

The Company had net income of $2.8 million, or $.40 per share on a diluted basis, in fiscal 1998 compared to a net income of $3.1 million, or $.46 per share on a diluted basis, in fiscal 1997.

LIQUIDITY AND CAPITAL RESOURCES

The Company's loan agreement, which expires May 31, 1999, is a collateralized working capital line of credit with three banks that provides for a maximum line of credit in amounts that range from $40 million to $63.5 million at specific times during the year. The line of credit provides for maximum direct borrowings ranging from $30 million to $50 million during the year.

The unused balance may be used for letters of credit. Amounts available for borrowing are subject to borrowing base formulas and overadvances specified in the agreement.

Direct borrowings under the line of credit bear interest at the agent bank's prime rate (7.75% as of April 1, 1999) or LIBOR plus 250 basis points, at the election of the Company. The loan agreement requires the Company, among other covenants, to maintain certain earnings and tangible net worth levels, and prohibits the payment of cash dividends. The amount borrowed under the line of credit varies based on the Company's seasonal requirements. The maximum amount outstanding (i.e., open letters of credit, bankers acceptances and direct borrowings) under the Company's loan agreement was approximately $44.9 million, $44.9 million and $43.0 million during fiscal 1997, 1998 and 1999, respectively. As of January 31, 1999, there were no direct borrowings, no bankers' acceptances and $3.8 million of contingent liability under open letters of credit. As of January 31, 1998, there were no outstanding direct borrowings, no bankers' acceptances and $6.8 million of contingent liability under open letters of credit.

The Company is in discussions with its banks to extend the loan agreement to May 31, 2002 under terms similar to the existing loan agreement.

The Company's wholly owned Indonesian subsidiary had a line of credit with a bank for approximately $3.5 million which had been supported by a $2.0 million stand-by letter of credit issued under the Company's loan agreement. In May 1998, the bank drew down the stand by letter of credit, reducing the factory's credit line to $1.5 million. As of January 31, 1999, the borrowing by the Indonesian subsidiary under its line of credit approximated $1.5 million.

In fiscal 1998, the Company formed a joint venture with Black Entertainment Television, Inc. ("BET"). The joint venture agreement provides for the Company and BET each to make an initial capital contribution in the amount of $1.0 million. In addition, the agreement provides for the Company and BET each to make additional capital contributions up to $1.0 million. As of January 31, 1999, BET and the Company had each contributed $1.5 million to this joint venture. During February 1999, BET and the Company each contributed an additional $500,000 to the joint venture. The joint venture has an asset based credit facility with The CIT Group. To support the requirement for overadvances which occur when the available collateral is not sufficient to support the level of direct bank debt and letters of credit opened to pay for product, both partners have opened stand-by letters of credit in the amount of $750,000 under which The CIT Group is the beneficiary. As of January 31, 1999, there were $1.2 million of direct borrowings and $360,000 of contingent liability under open letters of credit.

There was $2.3 million of cash provided by operating activities in fiscal 1999 primarily as a result of a reduction in the inventories added in the prior year. The Company used $6.5 million of cash in operating activities in fiscal 1998 primarily due to increased inventories and accounts receivable. The Company's inventories increased because of an increase in finished goods inventory due to an unusually mild winter season causing reorders to be lower than expected and an acceleration in the purchase of raw material inventory to take advantage of lower prices due to the economic crisis in Asia. Year end accounts receivable balances were higher than the previous year

primarily due to a higher shipping volume in January 1998. There was $5.9 million of cash provided by operating activities in fiscal 1997 primarily as a result of the net income generated in fiscal 1997.

The Company used $419,000, $498,000 and $968,000 in cash for investing activities in fiscal 1997, fiscal 1998 and fiscal 1999, respectively, primarily for capital expenditures. Historically, the Company's business has not required significant capital expenditures. The Company's capital expenditures were approximately $507,000, $1.3 million and $1.7 million for fiscal 1997, 1998 and 1999, respectively. Capital expenditures were used primarily for new computer software, additional computer upgrades, leasehold improvements and furniture, fixtures and equipment. In addition, capital expenditures in fiscal 1998 and fiscal 1999 include $451,000 and $108,000, respectively, of capital costs for the BET Design Studio joint venture showroom and support office.

In fiscal 1999, the Company had $56,000 of cash provided by financing activities. In fiscal 1999, the Company used $1.0 million to reduce the amount of notes payable and for the payment of capital lease obligations. This was more than offset by cash and tax benefits related to the exercise of stock options and the disgorgement of stock sales profits by certain officers of the Company. The Company used $58,000 and $241,000 in financing activities in fiscal 1997 and fiscal 1998, respectively, primarily for the payment of capital lease obligations.

YEAR 2000 COMPLIANCE

The Company believes that advanced information processing is essential to maintaining its competitive position. The Company participates in the electronic data interchange program maintained by many of its larger customers, including Federated Department Stores, Wal-Mart and J. C. Penney Co. This program allows the Company to receive customer orders, provide advanced shipping notices, monitor store inventory and track orders on-line from the time such orders are placed through delivery. The Company is also able to notify certain of its customers' warehouses in advance as to shipments.

The Company has a formal Year 2000 compliance schedule for the Company's IT systems. The Company completed an upgrade of its accounting systems in July 1998 to ensure proper processing of transactions relating to the Year 2000 and beyond. In addition, the Company is currently evaluating its other management information systems, such as its manufacturing and distribution systems, microcomputers, telephones and fax machines, and has established plans to upgrade, modify or replace such equipment. The Company continues to evaluate appropriate courses of corrective actions, including replacement of certain systems. The Company expects to complete this process and be Year 2000 compliant by mid-1999.

The Company does not expect the cost associated with ensuring year 2000 compliance to have a material effect on its financial position or results of operations. All costs associated with Year 2000 compliance are being funded with working capital and are being expensed as incurred. The Company currently estimates that it will expend approximately $200,000 to

$300,000 to complete its Year 2000 compliance. Of this amount, $60,000 was expended during fiscal 1999 and the remainder will be incurred in fiscal 2000.

Based on current information, the Company believes that the Y2K problem will not have a material adverse effect on the Company, its business or its financial condition There can, however, be no assurances that Y2K remediation by the Company or third parties will be properly and timely completed, and failure to do so could have a material adverse effect on the Company, is business and its financial condition. The Company believes that the greatest risk presented by the Y2K problem is from third parties, such as suppliers, financial institutions utility providers, etc. who may not have adequately addressed the problem. A failure of any such third party's computer or other applicable systems in sufficient magnitude could materially and adversely affect the Company. The Company is not presently able to quantify this risk.

The Company is unable to assess a reasonable worst case Y2K scenario given a number of factors outside of the Company's direct or indirect control, including among others, the Company's current evaluation and assessment status and the uncertainty of the readiness of vendors and customers. The Company recognizes the risks in its ability to conduct business if other key suppliers in utilities, communications, transportation, banking and government, both domestic (local, state and federal) and foreign, are not Y2K ready. The Company is in the process of surveying vendors and customers about their readiness. Upon completion of this survey, the Company will complete its own internal review of this information to verify the accuracy of the responses. The Company is monitoring news and progress reports pertaining to those critical services to determine the effect on the Company's ability to conduct business as a result of Y2K issues on the economy if those and other key suppliers in utilities, communications, transportation, banking and government, both domestic (local, state and federal) and foreign, cease to function. Once the Company has completed its assessment and remediation phases of the Y2K issue, the Company will develop appropriate worst-case scenarios and plans to deal with such contingencies while it develops its contingency plans which are expected to be completed in mid 1999. At this time the Company has not developed any such contingency plans.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK.

IMPACT OF INFLATION AND FOREIGN EXCHANGE

The results of operations of the Company for the periods discussed have not been significantly affected by inflation or foreign currency fluctuation. The Company negotiates its purchase orders with its foreign manufacturers in United States dollars. Thus, notwithstanding any fluctuation in foreign currencies, the Company's cost for any purchase order is not subject to change after the time the order is placed. However, if the value of the United States dollar against local currencies was to go down, certain manufacturers might increase their United States dollar prices for products.

INTEREST RATE EXPOSURE

The Company is subject to market risk from exposure to changes in interest rates relating primarily to the Company's short-term debt obligations. The Company primarily enters into such short-term debt obligations to support general corporate purposes, including capital expenditures and working capital needs. All of the Company's debt is short-term with variable rates. To manage its exposure to changes in interest rates, the Company's policy is to manage such interest rate exposure through the use of short-term borrowings, which are negotiated with their lenders on a periodic basis. The Company does not expect changes in interest rates to have a material adverse effect on income or cash flows in fiscal 2000, although there can be no assurance that interest rates will not significantly change.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Financial statements and supplementary data required pursuant to this Item begin on page F-1 of this Report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information contained under the heading "Proposal No. 1-Election of Directors" in the Company's definitive Proxy Statement (the "Proxy Statement") relating to the Company's Annual Meeting of Stockholders to be held on or about June 17, 1999, to be filed pursuant to Regulation 14A of the Securities Exchange Act of 1934 with the Securities and Exchange Commission is incorporated herein by reference. For information concerning the executive officers and other significant employees of the Company, see "Business-Executive Officers of the Registrant" in Item 1 above of this Report.

ITEM 11. EXECUTIVE COMPENSATION

The information contained under the heading "Executive Compensation" in the Company's Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information contained under the heading "Security Ownership of Common Stock by Certain Stockholders and Management" in the Company's Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information contained under the heading "Certain Relationships and Related Transactions" in the Company's Proxy Statement is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) 1. Financial Statements.

2. Financial Statement Schedules.

The Financial Statements and Financial Statement Schedules are listed in the accompanying index to financial statements beginning on page F-1 of this report.

3.	Exhibits:
3.1	Certificate of Incorporation.(1)
3.2	By-Laws, as amended, of G-III Apparel Group, Ltd. (the "Company").(8)
10.1	Employment Agreement, dated February 1, 1994, between the Company and Morris Goldfarb.(5)
10.3	Fourth Amended and Restated Loan Agreement, dated May 31, 1997, by and among G-III Leather Fashions, Inc. ("G-III"), the banks signatories thereto (the "Banks"), and Fleet Bank, N.A. ("Fleet Bank"), as Agent, Collateral Monitoring Agent and Issuing Bank for such Banks.(8)
10.3(a)	Amendment No. 1 to the Fourth Amended and Restated Loan Agreement, dated June 1, 1998, by and among G-III, the Banks and Fleet Bank.(10)
10.3(b)	Amendment No. 2 to the Fourth Amended and Restated Loan Agreement, dated June 24, 1998, by and among G-III, the Banks and Fleet Bank.(11)
10.3(c)	Amendment No. 3 to the Fourth Amended and Restated Loan Agreement, dated July 31, 1998, by and among G-III, the Banks and Fleet Bank.(11)
10.3(d)	Amendment No. 4 to the Fourth Amended and Restated Loan Agreement, dated March 30, 1999, by and among G-III, the Banks and Fleet Bank.

10.4	Lease Agreement, dated as of October 20, 1987, between 3738 West Company and G-III.(2)
10.5	Lease Agreement, dated as of September 14, 1989, between 3738 West Company and G-III.(2)
10.6	Sublease Agreement, dated March 9, 1990, between GWC Investments and the Company.(3)
10.7	Agreement of Sub-Sublease, dated December 27, 1995, and First Amendment thereto, dated February 16, 1996, between the Company and Europe Craft Imports, Inc.(7)
10.8	Lease, dated September 21, 1993, between Hartz Mountain Associates and the Company.(4)
10.9	Lease, dated June 1, 1993, between 512 Seventh Avenue Associates ("512") and the Company.(5)
10.10	Lease, dated January 31, 1994, between 512 and the Company.(6)
10.11	G-III Apparel Group, Ltd. 1989 Stock Option Plan, as amended.(5)
10.12	G-III Apparel Group, Ltd. Stock Option Plan for Non-Employee Directors.(3)
10.13	Limited Liability Company Agreement of BET STUDIO LLC, dated April 11, 1997, between G-III Leather Fashions, Inc. and Black

	Entertainment Television, Inc.(7)
10.14	G-III Apparel Group, Ltd. 1997 Stock Option Plan.(9)
10.15	Letter Agreement, dated October 31, 1998, between the Company and Alan Feller.(12)
10.16	Letter Agreement, dated December 2, 1998, between the Company and Aron Goldfarb.
21	Subsidiaries of the Company.
23	Consent of Grant Thornton LLP, dated April 13, 1999.
27	Financial Data Schedule Article 5.
27.1	Restated Financial Data Schedule Article 5, Year ended January 31, 1998.

27.2	Restated Financial Data Schedule Article 5, Year ended January 31, 1997.

(b) Reports on Form 8-K:

None.

- ------------------

1 Previously filed as an exhibit to the Company's Registration Statement on Form S-1 (no. 33-31906), which exhibit is incorporated herein by reference.

2 Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 1989, which exhibit is incorporated herein by reference.

3 Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 1991, which exhibit is incorporated herein by reference.

4 Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 1992, which exhibit is incorporated herein by reference.

5 Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1994, which exhibit is incorporated herein by reference.

6 Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1995, which exhibit is incorporated herein by reference.

7 Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1997, which exhibit is incorporated herein by reference.

8 Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 1997, which exhibit is incorporated herein by reference.

9 Previously filed as an exhibit to the Company's Quarterly Report on

Form 10-Q for the fiscal quarter ended July 31,1997, which exhibit is incorporated herein by reference.

10 Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 1998, which exhibit is incorporated herein by reference.

11 Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 1998, which exhibit is incorporated herein by reference.

12 Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended October 31,1998, which exhibit is incorporated herein by reference.

Exhibits have been included in copies of this Report filed with the Securities and Exchange Commission. The Company will provide, without charge, a copy of these exhibits to each stockholder upon the written request of any such stockholder therefor. All such requests should be directed to G-III Apparel Group, Ltd., 512 Seventh Avenue, 35th floor, New York, New York 10018, Attention: Mr. Wayne S. Miller, Secretary.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

G-III APPAREL GROUP, LTD.

By /s/ MORRIS GOLDFARB
Morris Goldfarb,
Chief Executive Officer

April 28, 1999

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ MORRIS GOLDFARB Morris Goldfarb	Director, Co-Chairman of the Board and Chief Executive Officer (principal executive officer)	April 28, 1999
/s/ WAYNE S. MILLER	Senior Vice President and Chief Financial	April 28, 1999

- -------------------------------- Wayne S. Miller	Officer (principal financial and accounting officer)	
/s/ ARON GOLDFARB - -------------------------------- Aron Goldfarb	Director and Co-Chairman of the Board	April 28, 1999
- -------------------------------- Lyle Berman	Director	April , 1999
/s/ THOMAS J. BROSIG - -------------------------------- Thomas J. Brosig	Director	April 28, 1999
/s/ ALAN FELLER - -------------------------------- Alan Feller	Director	April 28, 1999
/s/ CARL KATZ - -------------------------------- Carl Katz	Director	April 28, 1999
/s/ WILLEM VAN BOKHORST - -------------------------------- Willem van Bokhorst	Director	April 28, 1999
/s/ SIGMUND WEISS - -------------------------------- Sigmund Weiss	Director	April 28, 1999
- -------------------------------- George J. Winchell	Director	April , 1999

G-III Apparel Group, Ltd.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND FINANCIAL STATEMENT SCHEDULES
(ITEM 14(a))

All other schedules for which provision is made in the applicable regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and, accordingly, are omitted.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Stockholders
G-III APPAREL GROUP, LTD.

We have audited the accompanying consolidated balance sheets of G-III Apparel Group, Ltd. and subsidiaries as of January 31, 1999 and 1998, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended January 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of G-III Apparel Group, Ltd. and subsidiaries as of January 31, 1999 and 1998, and the consolidated results of their operations and their consolidated cash flows for each of the three years in the period ended January 31, 1999, in conformity with generally accepted accounting principles.

We have also audited Schedule II of G-III Apparel Group, Ltd. and subsidiaries for each of the three years in the period ended January 31, 1999. In our opinion, this schedule presents fairly, in all material respects, the information required to be set forth therein.

GRANT THORNTON LLP

New York, New York
April 13, 1999

G-III Apparel Group, Ltd. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

January 31,
(in thousands, except share and per share amounts)

ASSETS	1999	1998
CURRENT ASSETS		
Cash and cash equivalents	$ 7,241	$ 5,842
Accounts receivable	12,280	12,664
Allowance for doubtful accounts and sales discounts	(1,667)	(1,247)
Inventories	16,355	20,232
Prepaid income taxes	767	-
Prepaid expenses and other current assets	935	1,758
Total current assets	35,911	39,249
PROPERTY, PLANT AND EQUIPMENT, NET	3,777	3,431
DEFERRED INCOME TAXES	3,615	3,125
OTHER ASSETS	1,567	941
	$44,870	$46,746

LIABILITIES AND STOCKHOLDERS' EQUITY	1999	1998
CURRENT LIABILITIES		
Notes payable	$ 2,712	$ 3,478
Current maturities of obligations under capital leases	181	256
Income taxes payable	-	973
Accounts payable	2,605	2,570
Accrued expenses	2,631	2,138
Accrued nonrecurring charges	545	538
Total current liabilities	8,674	9,953
OTHER LONG-TERM LIABILITIES	621	806
MINORITY INTEREST	-	301
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Preferred stock; 1,000,000 shares authorized; no shares issued and outstanding in all periods		
Common stock - $.01 par value; authorized, 20,000,000 shares; issued and outstanding, 6,717,921 and 6,506,276 shares on January 31, 1999 and 1998, respectively	67	65
Additional paid-in capital	24,767	23,700
Retained earnings	10,741	11,921
	35,575	35,686
	$44,870	$46,746

The accompanying notes are an integral part of these statements.

G-III Apparel Group, Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Year ended January 31,		
	1999	1998	1997
Net sales	$121,644	$120,136	$117,645
Cost of goods sold	95,393	91,559	88,057
Gross profit	26,251	28,577	29,588
Selling, general and administrative expenses	27,235	23,787	23,542
Operating profit	(984)	4,790	6,046
Interest and financing charges, net	2,115	1,534	2,075
Income (loss) before minority interest and income taxes	(3,099)	3,256	3,971
Minority interest in loss of joint venture	1,378	449	
Income (loss) before income taxes	(1,721)	3,705	3,971
Income taxes	(541)	906	885
NET INCOME (LOSS)	$ (1,180)	$ 2,799	$ 3,086
INCOME (LOSS) PER COMMON SHARE:			
Basic:			
Net income (loss) per common share	$ (.18)	$ .43	$ .48
Weighted average number of shares outstanding	6,539	6,487	6,469
Diluted:			
Net income (loss) per common share	$ (.18)	$ .40	$ .46
Weighted average number of shares outstanding	6,539	7,051	6,739

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

Years ended January 31, 1997, 1998 and 1999
(in thousands)

	Common stock	Additional paid-in capital	Retained earnings	Total
Balance as of January 31, 1996	$65	$23,615	$ 6,036	$29,716
Employee stock options exercised		23		23
Net income for the year			3,086	3,086
Balance as of January 31, 1997	65	23,638	9,122	32,825
Employee stock options exercised		62		62
Net income for the year			2,799	2,799
Balance as of January 31, 1998	65	23,700	11,921	35,686
Employee stock options exercised	2	439		441
Tax benefit from exercise of options		420		420
Disgorgement of stock sales profit by certain officers		208		208
Net loss for the year			(1,180)	(1,180)
BALANCE AS OF JANUARY 31, 1999	$67	$24,767	$10,741	$35,575

The accompanying notes are an integral part of this statement.

G-III Apparel Group, Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year ended January 31, 1999	1998	1997
Cash flows from operating activities			
Net income (loss)	$(1,180)	$ 2,799	$ 3,086
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities			
Depreciation and amortization	1,372	1,227	1,534
Minority interest	(1,378)	449	
Deferred income tax benefit	(548)	(294)	(1,634)
Loss on disposition of fixed assets			179
Changes in operating assets and liabilities			
Accounts receivable	804	(4,241)	1,819
Inventories	3,877	(6,246)	221
Income taxes	(1,740)	526	949
Prepaid expenses and other current assets	823	(789)	(1)

Deferred income taxes	58	520	
Other assets	(626)	35	(49)
Accounts payable and accrued expenses	855	(460)	(177)
Accrued nonrecurring charge	(73)	(69)	
Other long-term liabilities	67	57	
	3,491	(9,285)	2,841
Net cash provided by (used in) operating activities	2,311	(6,486)	5,927
Cash flows from investing activities			
Capital expenditures	(1,723)	(1,304)	(507)
Capital dispositions	5	56	88
Investment in joint venture by Minority Partner	750	750	
Net cash used in investing activities	(968)	(498)	(419)

G-III Apparel Group, Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(in thousands)

	Year ended January 31,		
	1999	1998	1997
Cash flows from financing activities			
Increase (decrease) in notes payable, net	$ (766)	$ 19	$ 479
Payments for capital lease obligations	(247)	(322)	(560)
Proceeds from exercise of stock options	441	62	23
Tax benefit from exercise of options	420		
Disgorgement of stock sales profit by certain officers	208		
Net cash provided by (used in) financing activities	56	(241)	(58)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,399	(7,225)	5,450
Cash and cash equivalents at beginning of year	5,842	13,067	7,617
Cash and cash equivalents at end of year	$ 7,241	$ 5,842	$13,067
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	$ 2,343	$ 1,520	$ 2,047
Income taxes	$ 1,355	517	1,836

The accompanying notes are an integral part of these statements.

G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 1999, 1998 and 1997

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows:

1. Business Activity and Principles of Consolidation

As used in these financial statements, the term "Company" refers to G-III Apparel Group, Ltd. and its majority-owned subsidiaries. The Company designs, manufactures, imports, and markets an extensive range of leather and textile apparel which is sold to retailers throughout the United States. The Company also operates two retail outlet stores.

The Company consolidates the accounts of all its majority-owned subsidiaries. All material intercompany balances and transactions have been eliminated.

Certain reclassifications have been made to conform to the fiscal 1999 presentation.

2. Revenue Recognition

Sales are recognized when merchandise is shipped.

3. Inventories

Inventories are stated at the lower of cost (determined by the weighted average method, which approximates the first-in, first-out method) or market.

4. Depreciation and Amortization

Depreciation and amortization are provided by straight-line methods in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives.

NOTE A (CONTINUED)

The following are the estimated lives of the Company's fixed assets:

Machinery and equipment	5 to 7 years
Transportation equipment	5 years
Furniture and fixtures	5 years
Computer equipment	2 to 5 years
Building	20 years

Leasehold improvements are amortized over the lives of the respective leases or the service lives of the improvements, whichever is shorter.

The Company annually evaluates the carrying value of its long-lived assets to determine whether changes have occurred that would suggest that the carrying amount of such assets may not be recoverable based on the estimated future undiscounted cash flows of the businesses to which the assets relate. Any impairment loss would be equal to the amount by which the carrying value of the assets exceeded its fair value.

5. Income Taxes

Deferred income tax assets reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

6. Cash Equivalents

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

7. Joint Ventures

In fiscal 1995, the Company entered into a joint venture agreement with a Chinese entity principally to operate a factory located in the People's Republic of China. The Company invested $542,000 to obtain a 39% interest in the joint venture company. The joint venture company has an initial term of twenty years. The Company accounts for the joint venture operations, which are not material, using the equity method of accounting.

NOTE A (CONTINUED)

In 1997, the Company formed a joint venture with Black Entertainment

Television, Inc. ("BET") to produce a BET-branded clothing and accessory line. The joint venture agreement provides for the Company and BET each to make an initial capital contribution in the amount of $1,000,000. In addition, the agreement provides for the Company and BET each to make an additional capital contribution up to $1,000,000. As of January 31, 1999, BET and the Company have each contributed $1,500,000 to this joint venture. The Company has a 50.1% ownership interest in the joint venture and includes the results of the joint venture less the share of the minority interest in its consolidated financial statements.

8. Net Income (Loss) Per Common Share

Basic earnings per share amounts have been computed using the weighted average number of common shares outstanding during each year. Diluted earnings per share amounts have been computed using the weighted average number of common shares and the dilutive potential common shares outstanding during the year.

A reconciliation between basic and diluted earnings per share is as follows:

	Years ended January 31,		
	1999	1998	1997
	(in thousands, except per share amounts)		
Net income (loss)	$(1,180)	$2,799	$3,086
Basic EPS:			
Basic common shares	6,539	6,486	6,469
Basic EPS	$(.18)	$.43	$.48
Diluted EPS:			
Basic common shares	6,539	6,486	6,469
Plus impact of stock options	-	565	270
Diluted common shares	6,539	7,051	6,739
Diluted EPS	$(.18)	$.40	$.46

NOTE A (CONTINUED)

Excluded from the above calculations are 1,042,000 and 50,000, of stock options which were deemed to be antidilutive for the years ended January 31, 1999 and 1998, respectively. For the year ended January 31, 1997, no stock options were deemed to be antidilutive.

9. Stock-Based Compensation

The Company grants stock options for a fixed number of shares to employees and directors with an exercise price equal to or greater than the fair value of the shares at the date of grant. The Company has adopted the disclosure-only provision of SFAS No. 123, "Accounting for Stock-Based Compensation," which permits the Company to account for stock option grants in accordance with APB Opinion No. 25, "Accounting for Stock Issued to Employees." Accordingly, the Company recognizes no compensation expense for the stock option grants.

10. Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

11. Fair Value of Financial Instruments

Based on borrowing rates currently available to the Company for bank loans with similar terms and maturities, the fair value of the Company's short-term debt approximates the carrying value. Furthermore, the carrying value of all other financial instruments potentially subject to valuation risk (principally consisting of cash, accounts receivable and accounts payable) also approximates fair value.

NOTE A (CONTINUED)

12. Foreign Currency Translation

The financial statements of subsidiaries outside the United States other than Indonesia are measured using the local currency as the functional currency. Assets and liabilities are translated at the rates of exchange at the balance sheet date. The effect of this translation for the periods presented is not significant. Income and expense items are translated at average monthly rates of exchange. Gains and losses from foreign currency transactions of these subsidiaries are included in net earnings.

The financial statements of the Indonesian subsidiary use the U.S. dollar as the functional currency and have certain transactions denominated in a local currency which are remeasured as if the functional currency were the U.S. dollar. The remeasurement of local currencies into U.S. dollars creates translation adjustments which are included in net income. Exchange gains and losses in 1999, 1998, and 1997 resulting from foreign currency transactions, including those resulting from foreign currency translation losses, have not been significant and are included in the respective statements of income.

NOTE B - INVENTORIES

Inventories consist of:

	January 31, 1999	January 31, 1998
	(000's)	
Finished goods	$12,939	$14,137
Work-in-process	115	1
Raw materials	3,301	6,094
	$16,355	$20,232

NOTE C - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at cost consist of:

	January 31, 1999	January 31, 1998
	(000's)	
Machinery and equipment	$ 1,253	$ 1,348

Leasehold improvements	4,354	4,253
Transportation equipment	128	97
Furniture and fixtures	1,621	1,295
Computer equipment	4,423	3,535
Land and building (net of write-down of Indonesian factory; Note E)	186	25
Property under capital leases (Note E)		
Land	55	55
Building	185	185
Computer equipment	74	52
Leasehold improvement	650	650
	12,929	11,495
Less accumulated depreciation and amortization (including $823,000 and $654,000 on property under capital leases at January 31, 1999 and 1998, respectively)	9,152	8,064
	$ 3,777	$ 3,431

NOTE D - NOTES PAYABLE

Notes payable include foreign notes payable by PT Balihides, the Company's Indonesian subsidiary. The foreign notes payable represent maximum borrowings under a line of credit of approximately $1.5 million and $3.5 million with an Indonesian bank, as of January 31, 1999 and 1998, respectively.

In connection with the joint venture agreement with Black Entertainment Television, Inc. ("BET"), the joint venture has an asset based credit facility with The CIT Group. To support the requirement for overadvances which occur when the available collateral is not sufficient to support the level of direct bank debt and letters of credit opened to pay for product, both partners have opened standby letters of credit in the amount of $750,000 under which The CIT Group is the beneficiary. Direct borrowings bear interest at the prevailing prime rate plus 50 basis points (8.25% at April 13, 1999). As of January 31, 1999, there were $1.2 million of direct borrowings and $360,000 of contingent liability under open letters of credit.

The Company's loan agreement, which expires May 31, 1999, is a collateralized working capital line of credit with three banks that provides for a maximum line of credit in amounts that range from $40 million to $63.5 million at specific times during the year. The line of credit provides for maximum direct borrowings ranging from $30 million to $50 million during the year. The unused balance may be used for letters of credit. Amounts available for borrowing are subject to borrowing base formulas and overadvances specified in the agreement.

All borrowings under the agreement are payable on demand and bear interest at the option of the Company at either the prevailing prime rate (7.75% at April 13, 1999) or LIBOR plus 250 basis points (7.43% at April 13, 1999) and are collateralized by the assets of the Company. The loan agreement requires the Company, among other covenants, to maintain certain earnings and tangible net worth levels, and prohibits the payment of cash dividends.

The weighted average interest rates were 8.4% and 8.5% as of January 31, 1999 and 1998, respectively.

At January 31, 1999 and 1998, the Company was contingently liable under letters of credit in the amount of approximately $3,800,000 and $6,800,000, respectively.

NOTE E - OTHER LIABILITIES

Other long-term liabilities consist of:

	January 31, 1999	January 31, 1998
	(000's)	(000's)
Nonrecurring charges	$317	$397
Capital lease obligations	180	352
Other	124	57
	$621	$806

Nonrecurring Charges

During 1995, the Company formulated plans to close its domestic manufacturing facility, to sell or liquidate a factory located in Indonesia, to reduce costs and to streamline and consolidate operations. The domestic factory was closed during 1995 with no loss of revenue. During fiscal 1998, the Company applied approximately $1.6 million of the reserve as a reduction of the Indonesian property, plant and equipment, since the Company cannot assure any recoveries in connection with a disposition of the factory. In December 1997, the Company was approached by an outside third party to manufacture luggage at the Indonesian factory. The Company began producing luggage in February 1998. As a result the Company discontinued its plan to close the factory.

At January 31, 1999, a portion of the nonrecurring charge balance ($462,000) relates to the uncertainty of the realization of the assets in Indonesia caused by the instability of the Indonesian economy (Note P).

Based on current estimates, management believes that existing accruals are adequate to cover the items presented below.

NOTE E (CONTINUED)

The status of the components of the nonrecurring charges was:

	Balance at January 31, 1998	Current period activity	BALANCE AT JANUARY 31, 1999
	(000's)		
Closure of domestic facility	$ 473	$ (73)	$ 400
Uncertainty of Indonesian assets	462	-	462
	$ 935	$ (73)	$ 862

Capital Lease Obligations

In September 1986, the New York City Industrial Development Agency ("Agency") issued $1,442,000 of floating rate Industrial Development Revenue Bonds to a commercial bank for the purpose of acquiring and renovating real property located at 345 West 37th Street in New York. The bonds bear interest at 92% of the bank's prime rate, which was 7.75% at January 31, 1999 plus 1.48% per annum. Simultaneously, the Agency leased the property to 345 West 37th Corp. ("345 West"), a company under the management and control of two principal stockholders, for 15 years. 345 West, in turn, subleased the property to G-III Leather Fashions, Inc. ("G-III"), a subsidiary of the Company, on the same terms. Concurrent with the execution of the lease and sublease agreements, 345 West and G-III entered into lease guarantee agreements whereby they jointly and severally guaranteed the payments and obligations under the lease and the payment of principal and interest on the bonds. In addition, the two principal stockholders of the Company have personally guaranteed the debt. The accompanying financial statements reflect the above lease between G-III and 345 West as a capitalized lease (Note J).

In fiscal 1995, the Company entered into several agreements for the sale and leaseback of the renovations of its showroom and warehouse and the computer system installed for the retail stores. The assets were sold for $1,548,000 (the book value of the assets). The sale and leaseback transactions have been accounted for as a capital lease, wherein the property remains on the books and will continue to be depreciated. A financing obligation representing the proceeds has been recorded. The Company has the option to purchase these assets at the end of the leases.

NOTE E (CONTINUED)

In addition, certain equipment leases have been treated as capital leases. The present values of minimum future obligations are calculated based on interest rates at the inception of the leases. The following schedule sets forth the future minimum lease payments under capital leases at January 31, 1999:

	(000's)
Year ending January 31,	
2000	$198
2001	124
2002	75
Net minimum lease payments	397
Less amount representing interest	36
Present values of minimum lease payments	$361
Current portion	$181
Noncurrent portion	180
	$361

NOTE F - INCOME TAXES

The income tax provision (benefit) is comprised of the following:

	Year ended January 31,		
	1999	1998	1997
	(000's)		
Current			
Federal	$ (52)	$ 1,044	$ 2,370
State and city	45	68	73

Foreign	14	88	76
	7	1,200	2,519
Deferred	(548)	(294)	(1,634)
	$ (541)	$ 906	$ 885
Earnings (loss) before income taxes			
United States	$(3,335)	$ 3,358	$ 4,912
Non-United States	1,614	347	(941)

NOTE F (CONTINUED)

The significant components of the Company's deferred tax asset at January 31, 1999 and 1998 are summarized as follows:

	1999	1998
	(000's)	
Provision for bad debts and sales allowances	$ 639	$ 237
Depreciation	1,293	1,320
Inventory write-downs	647	345
Nonrecurring charges	978	1,058
Straight-line lease	102	168
Other	(44)	(3)
	$ 3,615	$ 3,125

Due to changes in economic circumstances in fiscal 1998, the Company assessed its past earnings history and trends and evaluated its anticipated profitability over the period of years in which the temporary differences are expected to become tax deductions. During the year ended January 31, 1998, management reduced the allowance by $388,000 to an amount at which it believes sufficient taxable income will be generated to realize the net deferred tax assets.

At January 31, 1999, the Company has state and local net operating loss carryforwards of approximately $2,000,000, which will be available to offset its earnings during the carryforward period. If not used, these carryforwards begin to expire in 2010.

NOTE F (CONTINUED)

The following is a reconciliation of the statutory Federal income tax rate to the effective rate reported in the financial statements:

	YEAR ENDED JANUARY 31, 1999		Year ended January 31, 1998		Year ended January 31, 1997	
	AMOUNT (000'S)	PERCENT OF INCOME	Amount (000's)	Percent of income	Amount (000's)	Percent of income
Provision (benefit) for Federal income taxes at the statutory rate	$(585)	(34.0)%	$1,263	34.0%	$1,350	34.0%
State and city income taxes, net of Federal income tax benefit	30	1.7	45	1.2	48	1.2
Effect of foreign taxable operations	(535)	(31.1)	(34)	(.9)	397	10.0
Valuation allowance for deferred taxes	-	-	(388)	(10.4)	(912)	(22.9)
Effect of temporary differences resulting in Federal taxable income	624	36.3				
Tax refund of prior years	(58)	(3.4)				
Other, net	(17)	(.9)	20	.6	2	
Actual provision (benefit) for income taxes	$(541)	(31.4)%	$ 906	24.5%	$ 885	22.3%

NOTE G - COMMITMENTS AND CONTINGENCIES

The Company leases warehousing, executive and sales facilities, and transportation equipment. Leases with provisions for increasing rents have been expensed and accrued for on a straight-line basis over the life of the lease. Future minimum rental payments for operating leases having noncancellable lease periods in excess of one year as of January 31, 1999 are:

	Gross	Sublease income	Net
		(000's)	
Year ending January 31,			
2000	$ 2,192	$ (961)	$ 1,231

2001	768	(254)	514
2002	600	(115)	485
2003	600	(119)	481
2004	-	(10)	(10)
	$ 4,160	$(1,459)	$ 2,701

Rent expense on the above operating leases (including amounts leased from 345 West - Note J) for the years ended January 31, 1999, 1998 and 1997 was approximately $1,631,000, $1,624,000 and $1,570,000, respectively, net of sublease income of $775,000, $744,000 and $702,000, respectively.

In April 1988, 345 West received a loan from the New York Job Development Authority ("Authority") to assist 345 West in its renovation of the 345 West property. The loan is for a period of 15 years and is presently repayable in monthly installments of $11,000, which includes interest at a variable rate (8.25% at January 31, 1999). The loan is financed by long-term bonds issued by the Authority. G-III and the two principal stockholders of the Company have signed corporate and personal guarantees for this loan. The outstanding principal of this debt was approximately $481,000 and $572,000 as of January 31, 1999 and 1998, respectively. In conjunction with closing this domestic facility (described in Note E), the Company has reflected $400,000 and $473,000 of the balance of the loan as an accrued nonrecurring charge at January 31, 1999 and 1998, respectively.

NOTE G (CONTINUED)

The Company has entered into royalty agreements that provide for royalty payments from 5% to 12% of net sales of licensed products. The Company incurred royalty expense (included in cost of goods sold) of approximately $4,689,000, $3,188,000 and $2,585,000 for the years ended January 31, 1999, 1998 and 1997, respectively. Based on minimum sales requirements, future minimum royalty payments required under these agreements are:

Year ending January 31,	Amount
2000	$1,276,000
2001	1,413,000
	$2,689,000

The Company has an employment agreement with its chief executive officer which expires on January 31, 2000. The agreement is automatically renewed for successive one-year terms, unless either party shall give the other not less than 90 days' prior written notice of intent not to renew. The agreement provides for a base salary and bonus payments that vary between

3% and 6% of pretax income in excess of $2 million. If, after a change in control of the Company, as defined in the agreement, the chief executive officer's employment is terminated: (i) by the Company without cause, or (ii) by him because of a material breach of the agreement by the Company, then the chief executive officer has the right to receive an amount equal to 2.99 times his base salary and bonus. The agreement also provides for supplemental pension payments of $50,000 per year provided that the Company achieves net income, as defined, in excess of $1,500,000.

Year 2000

The Year 2000 issue relates to limitations in computer systems and applications that may prevent proper recognition of the Year 2000. The potential effect of the Year 2000 issue on the Company and its business partners will not be fully determinable until the Year 2000 and thereafter. If Year 2000 modifications are not properly completed either by the Company or entities with which the Company conducts business, the Company's revenues and financial condition could be adversely impacted.

NOTE H - STOCKHOLDERS' EQUITY

Certain agreements entered into by the Company in connection with loans by the Agency and Authority relating to the building located at 345 West 37th Street in New York City and the bank agreements prohibit the payment of cash dividends without consent.

Stock Options

The Company's stock plans authorize the granting of 1,630,000 options to executive and key employees and 31,500 to directors of the Company. It is the Company's policy to grant stock options at prices not less than the fair market value on the date of the grant. Option terms, vesting and exercise periods vary, except that the term of an option may not exceed ten years.

The Company has adopted the disclosure-only provisions of SFAS No. 123, "Accounting for Stock Based Compensation." Accordingly, no compensation cost has been recognized for the stock options granted to employees and directors. Had compensation cost been determined based on the fair value at the grant date for stock option awards in 1999, 1998 and 1997 consistent with the provisions of SFAS No. 123, the Company's net income (loss) and earnings (loss) per share for the years ended January 31, 1999, 1998 and 1997 would have been as follows:

	1999	1998	1997
Net income (loss) - as reported	$(1,180)	$2,799	$3,086
Net income (loss) - adjusted	(1,494)	2,569	2,824
Diluted earnings (loss) per share - as reported	$(.18)	$.40	$.46
Diluted earnings (loss) per share - adjusted	$(.23)	$.37	$.42

G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

January 31, 1999, 1998 and 1997

NOTE H (CONTINUED)

The weighted average fair value at date of grant for options granted during 1999, 1998 and 1997 was $2.58, $3.19 and $1.93 per option, respectively. The fair value of each option at date of grant was estimated using the Black-Scholes option pricing model with the following weighted average assumptions for grants in 1999, 1998 and 1997, respectively:

	1999	1998	1997
Expected stock price volatility	61.8%	68.9%	70.9%
Expected lives of options			
Directors and officers	7 YEARS	7 years	7 years
Employees	6 YEARS	6 years	6 years
Risk-free interest rate	5.4%	6.6%	5.6%
Expected dividend yield	0%	0%	0%

Information regarding these option plans for 1999, 1998 and 1997 is as follows:

	1999		1998		1997	
	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	Shares	Weighted average exercise price	Shares	Weighted average exercise price
Options outstanding at beginning of year	1,133,020	$2.56	989,465	$2.15	888,320	$2.05
Exercised	(211,645)	2.08	(38,565)	2.00	(7,020)	2.00
Granted	124,150	4.18	199,000	4.54	137,000	2.64
Cancelled or forfeited	(3,425)	2.00	(16,880)	2.54	(28,835)	2.00
Options outstanding at end of year	1,042,100	$2.86	1,133,020	2.56	989,465	2.15
Exercisable	789,140	$2.47	889,120	2.24	735,252	2.14

NOTE H (CONTINUED)

The following table summarizes information about stock options outstanding:

Range of exercise prices	Number outstanding as of January 31, 1999	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable as of January 31, 1999	Weighted average exercise price
$1.625 to $3.00	768,950	5.4 years	$2.16	670,340	$2.17
$3.01 to $5.875	273,150	7.1 years	4.81	118,800	4.18
	1,042,100	6.0 years	2.86	789,140	2.47

NOTE I - MAJOR VENDORS AND CUSTOMERS

For the years ended January 31, 1999, 1998 and 1997, the Company purchased 13%, 12%, and 11%, respectively, of total purchases through one buying agent. The Company believes that alternative foreign leather apparel manufacturers are readily available and that the loss of any manufacturer or the buying agent would not materially adversely affect the Company's operations.

For the years ended January 31, 1999, 1998 and 1997, one customer accounted for 21.6%, 17.1%, and 12.8%, respectively, of the Company's net sales. The Company estimates an allowance for doubtful accounts based on the creditworthiness of its customers as well as general economic conditions. Consequently, an adverse change in those factors could affect the Company's estimate.

NOTE J - RELATED PARTY TRANSACTIONS

During the years ended January 31, 1999, 1998 and 1997, G-III leased space from 345 West (Notes E and G). Operating expenses paid by G-III to 345 West during the years ended January 31, 1999, 1998 and 1997, amounted to approximately $200,000, $229,000 and $182,000, respectively.

NOTE J (CONTINUED)

An executive of the Company owns approximately 20% of equity interest on a fully diluted basis in Wilsons the Leather Experts Inc. ("Wilsons"), a customer of the Company. In addition, an outside director of the Company owns approximately 3% directly and 17% indirectly of equity interests on a fully diluted basis of Wilsons. During the years ended January 31, 1999, 1998 and 1997, Wilsons accounted for approximately $8,183,000, $7,121,000 and $6,741,000, respectively, of the Company's net sales. Accounts receivable from Wilsons at January 31, 1999 and 1998 were approximately $64,000 and $286,000, respectively.

NOTE K - PENSION PLANS

The Company maintains a 401(k) profit-sharing plan and trust for nonunion employees. The Company matches 50% of employee contributions up to 3% of the participant's compensation. The Company's matching contributions amounted to approximately $150,000, $140,000 and $120,000, for the years ended January 31, 1999, 1998 and 1997, respectively.

G-III contributed approximately $57,000, $45,000 and $37,000 for the years ended January 31, 1999, 1998 and 1997, respectively, to a multi-employer pension plan for employees covered by a collective bargaining agreement. This plan is not administered by G-III and contributions are determined in accordance with the provisions of a negotiated labor contract. Information with respect to G-III's proportionate share of the excess, if any, of the actuarial computed value by vested benefits over the total of the pension plan's new assets is not available from the plan's administrator.

NOTE L - SEGMENTS

The Company's reportable segments are business units that offer different products and are managed separately. The company operates in two segments, licensed and nonlicensed apparel. The following information is presented for the fiscal years indicated below:

	1999		1998		1997	
	LICENSED	NON-LICENSED	Licensed	Non-Licensed	Licensed	Non-Licensed
Net sales	$ 45,854	$ 75,790	$ 28,986	$91,150	$ 21,609	$96,036
Cost of goods sold	35,257	60,136	23,295	68,264	17,137	70,920
Gross profit	10,597	15,654	5,691	22,886	4,472	25,116
Selling, general and administrative	7,996	19,239	7,039	16,748	4,285	19,257
Operating profit (loss)	2,601	(3,585)	(1,348)	6,138	187	5,859
Interest expense	480	1,635	467	1,067	380	1,695
Income (loss) before minority Interest and income taxes	2,121	(5,220)	(1,815)	5,071	(193)	4,164
Minority interest		(1,378)		(449)		
Income (loss) before income taxes	$ 2,121	$ (3,842)	$ (1,815)	$ 5,520	$ (193)	$ 4,164

Commission fee income was $3.5 million, $6.7 million, and $10.0 million for fiscal 1999, 1998 and 1997, respectively. This fee income is included in nonlicensed net sales and gross profit.

	1999		1998		1997	
	REVENUES	LONG-LIVED ASSETS	Revenues	Long-Lived Assets	Revenues	Long-Lived Assets
Geographic region						
United States	$118,976	$7,482	$114,584	$6,582	$113,284	$6,893
Non-United States	2,668	1,476	5,552	915	4,361	2,460
	$121,644	$8,958	$120,136	$7,497	$117,645	$9,353

Included in finished goods inventory at January 31, 1999, 1998 and 1997 is $5.2 million and $7.8 million, $2.2 million and $11.9 million, and $1.8 million and $8.6 million, respectively of licensed and non-licensed inventory, respectively. All other assets are commingled.

NOTE M - QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly financial data in thousands except per share numbers for the fiscal years ended January 31, 1999 and 1998 are as follows:

	Quarter Ended			
	April 30, 1998	July 31, 1998	October 31, 1998	January 31, 1999
January 31, 1999				
Net Sales	$ 4,950	$35,742	$61,210	$ 19,742
Gross Profit	(298)	9,399	15,258	1,892
Net Income (loss)	(3,930)	1,410	4,426	(3,086)
Net income (loss) per common share				
Basic	$ (0.60)	$ 0.22	$ 0.68	$ (0.47)
Diluted	(0.60)	0.20	0.66	(0.47)

	Quarter Ended			
	April 30, 1997	July 31, 1997	October 31, 1997	January 31, 1998
January 31, 1998				
Net sales	$ 6,531	$33,109	$61,125	$ 19,371
Gross profit	462	10,966	15,936	1,213
Net income (loss)	(3,248)	2,444	5,656	(2,053)
Net income (loss) per common share				
Basic	$ (0.50)	$ 0.38	$ 0.87	$ (0.32)
Diluted	(0.50)	0.35	0.80	(0.32)

NOTE N - FUTURE EFFECTS OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Derivatives

In June 1998, the FASB issued Statement of Financial Accounting Standards No. 133 ("SFAS No. 133"), "Accounting for Derivative Instruments and Hedging Activities," which is effective for the Company's fiscal year ending December 31, 2000. SFAS No. 133 will require the Company to recognize all derivatives on the balance sheet at fair value. Adoption of SFAS No. 133 is not expected to have a material effect on the Company's financial statements.

NOTE O - COMPREHENSIVE INCOME

As of February 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (SFAS 130). The adoption of this Statement had no impact on the Company's net income or stockholders' equity. This pronouncement sets forth requirements for disclosure of the Company's comprehensive income and accumulated other comprehensive items. Comprehensive income is defined as the change in equity during a period from transactions in other events and circumstances unrelated to net income (e.g., foreign currency translation gains and losses). For the years ended January 31, 1999, 1998 and 1997, other comprehensive income was not material.

NOTE P - EFFECT OF INDONESIAN ECONOMY

Many Asia/Pacific countries, including Indonesia, are experiencing an economic crisis mainly resulting from currency devaluation in the region, the principal consequences of which have been an extreme lack of liquidity and highly volatile exchange and interest rates. The crisis has also involved declining prices in shares listed on the Indonesian stock exchanges, tightening of available credit, stoppage or postponement of certain construction projects, and a growing oversupply of real property.

Resolution of the economic crisis is dependent on the fiscal and monetary measures that will be taken by the government, actions which are beyond the Company's control, to achieve economic recovery. It is not possible to determine the future effect a continuation of the economic crisis may have on the Company's liquidity and earnings, including the effect flowing through from the Company's suppliers. The Company believes it has adequate sources of alternative financing and suppliers. The Company has written off a substantial portion of the value of the assets located in Indonesia in connection with the 1995 restructuring (Note E). The Company believes that it has adequately provided for any potential future losses in connection with the instability of the Indonesian economy, in all material respects.

G-III Apparel Group, Ltd. and Subsidiaries

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at beginning of period	(1) Charged to costs and expenses	(2) Charged to other accounts	Deductions (a)	Balance at end of period
Year ended January 31, 1999					
Deducted from asset accounts					
Allowance for doubtful accounts	$ 685	$ 23		$ 209	$ 499
Allowance for sales discounts	562	2,146		1,540	1,168
	$1,247	$2,169		$1,749	$1,667
Year ended January 31, 1998					
Deducted from asset accounts					
Allowance for doubtful accounts	$1,894	$ 177		$1,386	$ 685
Allowance for sales discounts	800	2,169		2,407	562
	$2,694	$2,346		$3,793	$1,247
Year ended January 31, 1997					
Deducted from asset accounts					
Allowance for doubtful accounts	$1,712	$ 216		$ 34	$1,894
Allowance for sales discounts	1,057	2,222		2,479	800
	$2,769	$2,438		$2,513	$2,694

(a) Accounts written off as uncollectible, net of recoveries.

STATEMENT OF DIFFERENCES

The trademark symbol shall be expressed as..............................'TM'

The dagger symbol shall be expressed as................................ 'D'

EXECUTION COPY

AMENDMENT NO. 4 TO THE FOURTH
AMENDED AND RESTATED LOAN AGREEMENT

THIS AMENDMENT NO. 4 TO THE FOURTH AMENDED AND RESTATED LOAN AGREEMENT, dated as of March 30, 1999 (this "Amendment"), by and among G-III LEATHER FASHIONS, INC., a New York corporation (the "Borrower"), the Lenders that have executed the signature pages hereto (individually, a "Lender" and collectively, the "Lenders"), and FLEET BANK, N.A., a national banking association as agent for the Lenders (in such capacity, together with its successors in such capacity, the "Agent"),

W I T N E S S E T H:

WHEREAS:

A. The Borrower, the Lenders and the Agent are parties to the Fourth Amended and Restated Loan Agreement, dated as of May 31, 1997, as amended by Amendment No. 1 to the Fourth Amended and Restated Loan Agreement, dated as of June 1, 1998, as further amended by Amendment No. 2 to the Fourth Amended and Restated Loan Agreement, dated as of June 24, 1998, as further amended by Amendment No. 3 to the Fourth Amended and Restated Loan Agreement, dated as of July 31, 1998, and as further amended hereby (as it may be further amended, modified and supplemented from time to time, the "Loan Agreement"); and

B. The parties hereto wish to amend the Loan Agreement as hereinafter provided;

and

C. Each capitalized term used but not otherwise defined herein shall have the meaning ascribed thereto in the Loan Agreement;

NOW, THEREFORE, the parties hereto hereby agree as follows:

SECTION 1. AMENDMENT TO LOAN AGREEMENT.

1.1 This Amendment shall be deemed to be an amendment to the Loan Agreement and shall not be construed in any way as a replacement or substitution therefor. All of the terms and conditions of, and terms defined in, this Amendment are hereby incorporated by reference into the Loan Agreement as if such terms and provisions were set forth in full therein.

1.2 The definition of "Overadvance" set forth in Article 1 of the Loan Agreement shall be amended by deleting the existing definition in its entirety and replacing it with the following:

"'OVERADVANCE' - the amount set forth below for the period indicated:

Period	Amount
July 1, 1998 - July 27, 1998	$ 30,000,000
July 28, 1998 - August 30, 1998	$ 30,000,000

August 31, 1998 - September 27, 1998	$ 25,000,000
September 28, 1998 - October 18, 1998	$ 22,000,000
October 19, 1998 - October 25, 1998	$ 15,000,000
October 26, 1998 - October 31, 1998	$ 4,000,000
November 1, 1998 - March 21, 1999	-0-
March 22, 1999 - March 31, 1999	$ 8,000,000
April 1, 1999 - April 30, 1999	$ 17,500,000
May 1, 1999 - May 31, 1999	$ 26,000,000

; provided, however, that with respect to the Overadvance at all times (x) the then applicable Overadvance amount and all subsequent Overadvance amounts shall be reduced by (i) 50% of all tax refunds paid to the Borrower or the Parent (or paid to the Collection Account, in accordance with the terms hereof), (ii) the proceeds of the sale of any assets other than in the ordinary course of business, and (iii) 50% of the proceeds of any sale-leaseback, all of such reductions to be effective immediately upon the Borrower's receipt (or, if applicable, the Collateral Monitoring Agent's receipt for the account of the Borrower) of such refunds or proceeds; but there shall be no reduction to the then applicable Overadvance amount in the case of any sale-leaseback of newly acquired assets, provided that (A) the sale-leaseback transaction is closed within 90 days of the acquisition of the assets and (B) both the acquisition and the closing of the sale-leaseback are completed during the same fiscal year; and (y) at any time when Outstanding Obligations have exceeded the Borrowing Base as a result of (A) Accounts or Inventory believed to be Eligible Accounts or Eligible Inventory, as the case may be, in fact being or becoming ineligible or (B) the return of uncollected checks or other items applied to reduce Loans, the Collateral Monitoring Agent shall have the discretion to continue to advance Loans and to instruct the Issuing Bank to issue L/Cs, Acceptances, Steamship Guaranties and Airway Releases, as the case may be, up to an amount which would result in the relevant Overadvance amount specified above being exceeded by a factor of 10% (it being understood that the Collateral Monitoring Agent shall advise the Lenders of all such issuances and advances within 24 hours); and (z) the applicable Overadvance amount shall be increased by the amount of (a) any cash collateral held by the Collateral Monitoring Agent for the sole purpose of securing such increases to the applicable Overadvance amount, and (b) any amounts invested in U.S. government securities or money market mutual funds backed by U.S. government securities maintained in an account with Fleet Bank, N.A. by the Borrower or the Parent and pledged or assigned to the Agent for the benefit of the Lenders by the Borrower or the Parent, as the case may be, as collateral security for the Obligations pursuant to documentation satisfactory to the Lenders."

1.3 Section 6.9(a) of the Loan Agreement is amended by deleting such Section in its entirety and replacing it with the following:

"(a) Have or maintain, with respect to the Parent on a consolidated basis (excluding BET Studio LLC), EBITDA on a cumulative basis from the first day of each fiscal year through the date set forth below at not less than, or, in the case of a loss, not more than, the respective amounts set forth below opposite each such last day of the fiscal quarter:

Date	EBITDA

April 30, 1998	($7,000,000)
July 31, 1998	($5,000,000)
October 31, 1998	$7,000,000
January 31, 1999	$2,500,000
April 30, 1999	($7,000,000)"

1.4 Section 6.9(b) of the Loan Agreement is amended by deleting such Section in its entirety and replacing it with the following:

"(b) Have or maintain, with respect to the Parent on a consolidated basis (excluding BET Studio LLC), Tangible Net Worth as of the dates set forth below at not less than the respective amounts set forth opposite each such date:

Date	Minimum Tangible Net Worth
April 30, 1998	$31,000,000
July 31, 1998	$32,000,000
October 31, 1998	$38,400,000
January 31, 1999	$36,300,000
April 30, 1999	$32,700,000"

1.5 Section 7.1 of the Loan Agreement is amended by adding the following clause (h) to the end of such Section:

"(h) Indebtedness of the Parent, the Borrower or any Subsidiary to the extent permitted under Section 7.9(c) hereof."

1.6 Section 7.9(c) of the Loan Agreement is amended by deleting such Section in its entirety and replacing it with the following:

"(c) Without duplication, Investments by (i) the Parent or any Subsidiary in the Borrower; (ii) by the Borrower or the Parent in any Subsidiary as in effect as of January 31,

1999 and set forth on Schedule 7.9; (iii) an advance or advances in the ordinary course of business during the period from January 31, 1999 through and including May 31, 1999 to any Subsidiary by the Borrower which shall not exceed $2,300,000 in the aggregate outstanding at any time and (iv) an advance or advances to Balihides by the Borrower which shall not exceed $1,500,000 in the aggregate outstanding at any time; provided, that in the case of the advance or advances referred to in clause (iv), (A) the proceeds of such advance or advances shall be used by Balihides to repay the entire outstanding balance under a certain line of credit provided by PT Hanil Tamara Bank of Korea to Balihides, (B) such line of credit shall be terminated contemporaneously with such repayment and (C) such advance or advances shall be evidenced by a promissory note and such promissory note shall be pledged to the Agent on terms and conditions satisfactory to the Agent and there shall be no restrictions whatsoever on the ability of Balihides to repay such advance or advances;"

1.7 Section 7.9(d) of the Loan Agreement is amended by deleting such Section in its entirety and replacing it with the following:

"(d) Investments in BET Studio LLC; provided that the amount of Investments pursuant to this subsection (d) shall not exceed in the aggregate $3,000,000 including the G- III Standby L/C (to the extent permitted by this Agreement), which standby letter of credit is an Investment expressly permitted under this Section 7.9;"

1.8 Section 7.13 of the Loan Agreement is amended by deleting such Section in its entirety and replacing it with the following:

"SECTION 7.13 CAPITAL EXPENDITURES.

Make or be or become obligated to make Capital Expenditures for the Parent, Borrower and the Subsidiaries, in an amount in excess of (a) $1,300,000 in the aggregate during the period commencing on February 1, 1998 and ending on January 31, 1999; and (b) $400,000 in the aggregate during the period commencing on February 1, 1999 and ending on the Commitment Termination Date. Capital Expenditures shall not include expenditures to the extent that such expenditures constitute a reinvestment of proceeds from any asset sale permitted under this Agreement."

1.9 The Loan Agreement, the Loan Documents and all agreements, instruments and documents executed and delivered in connection with any of the foregoing, shall each be deemed to be amended hereby to the extent necessary, if any, to give effect to the provisions of this Amendment. Except as so amended hereby, the Loan Agreement and the Loan Documents shall remain in full force and effect in accordance with their respective terms.

SECTION 2. REPRESENTATIONS AND WARRANTIES.

The Borrower hereby represents and warrants to the Agent and the Lenders that:

2.1 After giving effect to the amendment of the Loan Agreement pursuant to this Amendment: (i) each of the representations and warranties set forth in Article 3 of the Loan Agreement is true and correct in all respects as if made on the date hereof and (ii) there exists no Default or Event of Default under the Loan Agreement after giving effect to this Amendment.

2.2 The Borrower has full corporate power and authority to execute and deliver this Amendment and to perform the obligations on its part to be performed thereunder and under the Loan Agreement as amended hereby.

SECTION 3. CONDITIONS PRECEDENT TO AMENDMENTS.

The effectiveness of the amendments contained in Section 1 of this Amendment, are each and all subject to the satisfaction, in form and substance satisfactory to the Agent, of each of the following conditions precedent:

3.1 The Borrower shall have duly executed and delivered this Amendment.

3.2 Each of the conditions precedent set forth in Section 4.1 and Section 4.2 of the Loan Agreement shall have been satisfied or waived in accordance with the terms of the Loan Agreement.

3.3 The representations and warranties set forth in Section 2 hereof shall be true, correct and complete on and as of the closing date of this Amendment as though made on such date.

3.4 The Agent shall have received such approvals, opinions or documents as any Lender through the Agent may reasonably request, the Borrower and the Guarantors shall have taken all such other actions as any Lender through the Agent may reasonably request, and all legal matters incident to the foregoing shall be satisfactory to the Agent.

SECTION 4. REFERENCE TO AND EFFECT UPON THE LOAN AGREEMENT AND OTHER LOAN DOCUMENTS.

4.1 Except as specifically amended in Section 1 above, the Loan Agreement and each of the other Loan Documents shall remain in full force and effect and each is hereby ratified and confirmed.

4.2 The execution, delivery and effect of this Amendment shall be limited precisely as written and shall not be deemed to (i) be a consent to any waiver of any term or

condition or to any amendment or modification of any term or condition of the Loan Agreement or any other Loan Document, except, upon the effectiveness, if any, of this Amendment, as specifically amended in Section 1 above, or (ii) prejudice any right, power or remedy which the Agent or any Lender now has or may have in the future under or in connection with the Loan Agreement or any other Loan Document. Upon the effectiveness of this Amendment, each reference in the Loan Agreement to "this Agreement", "hereunder", "hereof", "herein" or any other word or words of similar import shall mean and be a reference to the Loan Agreement as amended hereby, and each reference in any other Loan Document to the Loan Agreement or any word or words of similar import shall mean and be a reference to the Loan Agreement as amended hereby.

SECTION 5. MISCELLANEOUS

5.1 This Amendment may be executed in any number of counterparts, each of which when so executed shall be deemed an original, but all such counterparts shall constitute one and the same instrument.

5.2 The Borrower shall pay on demand all reasonable fees, costs and expenses incurred by Agent in connection with the preparation, execution and delivery of this Amendment (including, without limitation, all reasonable attorneys' fees).

5.3 GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AS OPPOSED TO CONFLICTS OF LAW PROVISIONS) OF THE STATE OF NEW YORK.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed on the date first above written.

G-III LEATHER FASHIONS, INC.

By: /s/ Wayne S. Miller

Name: Wayne S. Miller

Title: Chief Financial Officer

FLEET BANK, N.A., AS LENDER

By: /s/ Steven Navarro

Name: Steven Navarro

Title: Senior Vice President

THE CHASE MANHATTAN BANK,
AS LENDER

By: /s/ Mala Popli

Name: Mala Popli

Title: Assistant Vice President

THE CIT GROUP/COMMERCIAL SERVICES,
INC., AS LENDER

By: /s/ Kelly Colleran

Name: Kelly Colleran

Title: Assistant Vice President

FLEET BANK, N. A., AS AGENT

By: /s/ Steven Navarro

Name: Steven Navarro

Title: Senior Vice President

December 2, 1998

Mr. Aron Goldfarb
200 East 65th Street
New York, New York 10021

Dear Mr. Goldfarb:

This letter will confirm the following agreement between G-III Apparel Group, Ltd. (the "Company") and you.

1) You will continue to be a Consultant to the Company.

2) In consideration of your consulting to the Company, you will continue to be paid $1,000 per month.

3) The Company shall continue to provide medical insurance to you and your wife Esther Goldfarb.

4) The Company shall continue to provide you with an automobile or shall reimburse you for the cost thereof.

5) The Company shall continue to furnish you with office space, secretarial support and other office services for so long as you shall desire.

6) If you shall pre-decease your wife, this agreement and all benefits hereunder shall terminate, provided, however, that the Company shall continue to provide the medical insurance referred to in Section 3 to your wife.

If the foregoing accurately sets forth our understanding, please execute both copies of this letter and return one executed copy to the undersigned.

Very truly yours,

G-III Apparel Group, Ltd.

By: /s/ Wayne S. Miller

Chief Financial Officer

Accepted and Agreed to:

/s/ Aron Goldfarb

EXHIBIT 21

SUBSIDIARIES OF THE COMPANY

(as of January 31, 1999)

G-III Leather Fashions, Inc. a New York corporation

Siena Leather, Ltd., a New York corporation

Global International Trading Company, a Korean corporation

G-III Hong Kong Ltd., a Hong Kong corporation

Wee Beez International Trading Co., a Hong Kong corporation

Indawa Holding Corp., a Delaware corporation

P.T. Balihides, an Indonesian corporation

Global Apparel Sourcing, Ltd., a Delaware corporation

G-III Retail Outlets, Inc., a Delaware corporation

G-III Apparel Manufacturing, Inc., a Tennessee corporation

BET Design Studio, LLC (50.1%), a Delaware limited liability company

Exhibit 23

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We have issued our report dated April 13, 1999, accompanying the consolidated financial statements included in the Annual Report of G-III Apparel Group, Ltd. on Form 10-K for the year ended January 31, 1999. We hereby consent to the incorporation by reference of said report in the Registration Statement of G-III Apparel Group, Ltd. on Form S-8 (Registration Nos. 33-45460; 33-45461; 33-81066; 333-51765) and to the use of our name as it appears under the caption "Experts."

GRANT THORNTON LLP

New York, New York
April 13, 1999

<ARTICLE>	5	
<MULTIPLIER>	1,000	
<FISCAL-YEAR-END>		JAN-31-1999
<PERIOD-START>		FEB-01-1998
<PERIOD-END>		JAN-31-1999
<PERIOD-TYPE>		12-MOS
<CASH>		7,241
<SECURITIES>		0
<RECEIVABLES>		12,280
<ALLOWANCES>		(1,667)
<INVENTORY>		16,355
<CURRENT-ASSETS>		35,911
<PP&E>		12,929
<DEPRECIATION>		(9,152)
<TOTAL-ASSETS>		44,870
<CURRENT-LIABILITIES>		8,674
<BONDS>		0
<COMMON>		67
<PREFERRED-MANDATORY>		0
<PREFERRED>		0
<OTHER-SE>		35,508
<TOTAL-LIABILITY-AND-EQUITY>		44,870
<SALES>		121,644
<TOTAL-REVENUES>		121,644
<CGS>		95,393
<TOTAL-COSTS>		95,393
<OTHER-EXPENSES>		0
<LOSS-PROVISION>		0
<INTEREST-EXPENSE>		2,115
<INCOME-PRETAX>		(3,099)
<INCOME-TAX>		(541)
<INCOME-CONTINUING>		(1,180)
<DISCONTINUED>		0
<EXTRAORDINARY>		0
<CHANGES>		0
<NET-INCOME>		(1,180)
<EPS-PRIMARY>		(0.18)
<EPS-DILUTED>		(0.18)

<TABLE>

<ARTICLE>	5
<RESTATED>	
<MULTIPLIER>	1,000

<FISCAL-YEAR-END>	JAN-31-1998
<PERIOD-START>	FEB-01-1997
<PERIOD-END>	JAN-31-1998
<PERIOD-TYPE>	12-MOS
<CASH>	5,842
<SECURITIES>	0
<RECEIVABLES>	12,664
<ALLOWANCES>	(1,247)
<INVENTORY>	20,232
<CURRENT-ASSETS>	39,249
<PP&E>	11,495
<DEPRECIATION>	(8,064)
<TOTAL-ASSETS>	46,746
<CURRENT-LIABILITIES>	9,953
<BONDS>	0
<COMMON>	65
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<OTHER-SE>	35,621
<TOTAL-LIABILITY-AND-EQUITY>	46,746
<SALES>	120,136
<TOTAL-REVENUES>	120,136
<CGS>	91,559
<TOTAL-COSTS>	91,559
<OTHER-EXPENSES>	0
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	1,534
<INCOME-PRETAX>	3,256
<INCOME-TAX>	906
<INCOME-CONTINUING>	2,799
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	2,799
<EPS-PRIMARY>	0.43
<EPS-DILUTED>	0.40

<TABLE>

<ARTICLE>	5
<RESTATED>	
<MULTIPLIER>	1,000

<FISCAL-YEAR-END>	JAN-31-1997
<PERIOD-START>	FEB-01-1996
<PERIOD-END>	JAN-31-1997
<PERIOD-TYPE>	12-MOS
<CASH>	13,067
<SECURITIES>	0
<RECEIVABLES>	9,870
<ALLOWANCES>	(2,694)
<INVENTORY>	13,986
<CURRENT-ASSETS>	35,198
<PP&E>	12,641
<DEPRECIATION>	(7,611)
<TOTAL-ASSETS>	44,555
<CURRENT-LIABILITIES>	10,701
<BONDS>	0
<COMMON>	65
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<OTHER-SE>	32,760
<TOTAL-LIABILITY-AND-EQUITY>	44,555
<SALES>	117,645
<TOTAL-REVENUES>	117,645
<CGS>	88,057
<TOTAL-COSTS>	88,057
<OTHER-EXPENSES>	0
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	2,075
<INCOME-PRETAX>	3,971
<INCOME-TAX>	885
<INCOME-CONTINUING>	3,086
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	3,086
<EPS-PRIMARY>	0.48
<EPS-DILUTED>	0.46