FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

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

For the Quarterly period ended April 30, 2002

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 Office) (Zip Code)

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

(Former name, former address and former fiscal year, if changed since last report)

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 [ ]

The number of outstanding shares of the registrant's Common Stock as of June 3, 2002 was 6,710,679.

* The Balance Sheet at January 31, 2002 has been taken from the audited financial statements at that date. All other financial statements are unaudited.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	APRIL 30, 2002 (unaudited)	JANUARY 31, 2002
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 339	$ 2,481
Accounts receivable, net of allowance for doubtful accounts and sales discounts of $4,511 and $6,169, respectively	4,845	9,922
Inventories	40,497	37,172
Prepaid and refundable income taxes	3,619	
Deferred income taxes	5,286	5,286
Prepaid expenses and other current assets	5,757	3,749
Total current assets	60,343	58,610
PROPERTY, PLANT AND EQUIPMENT, NET	2,891	3,021
DEFERRED INCOME TAXES	1,954	1,954
OTHER ASSETS	4,047	4,116
	$ 69,235	$ 67,701
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable	$ 3,304	$ 800
Current maturities of obligations under capital leases	109	106
Income taxes payable		1,118
Accounts payable	9,686	5,079
Accrued expenses	4,961	5,262
Accrued nonrecurring charges	107	105
Total current liabilities	18,167	12,470
OTHER LONG-TERM LIABILITIES	412	418
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, shares; 6,955,496 and 6,944,071 shares issued at April 30, 2002 and January 31, 2002, respectively	70	69

Additional paid-in capital	25,615	25,581
Foreign currency translation adjustments	71	94
Retained earnings	25,870	30,039
	51,626	55,783
Less common stock held in treasury - 244,817 shares, at cost, at April 30, 2002 and January 31, 2002	(970)	(970)
	50,656	54,813
	$ 69,235	$ 67,701

The accompanying notes are an integral part of these statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

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

	THREE MONTHS ENDED APRIL 30, (Unaudited)	
	2002	2001
Net sales	$ 12,691	$ 17,167
Cost of goods sold	11,788	14,217
Gross profit	903	2,950
Selling, general and administrative expenses	7,514	7,465
Operating loss	(6,611)	(4,515)
Interest and financing charges, net	125	305
Loss before income taxes	(6,736)	(4,820)
Income tax benefit	(2,567)	(1,928)
Net loss	$ (4,169)	$ (2,892)
LOSS PER COMMON SHARE:		
Basic and Diluted:		
Net loss per common share	$ (0.62)	$ (0.44)
Weighted average number of shares outstanding	6,702,370	6,645,047

The accompanying notes are an integral part of these statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	THREE MONTHS ENDED APRIL 30, (Unaudited) 2002	2001
Cash flows from operating activities		
Net loss	$ (4,169)	$ (2,892)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	363	280
Changes in operating assets and liabilities:		
Accounts receivable	5,077	(211)
Inventories	(3,325)	(29,613)
Income taxes, net	(4,737)	(2,166)
Prepaid expenses and other current assets	(2,008)	(1,784)
Other assets	(33)	49
Accounts payable and accrued expenses	4,306	4,533
Accrued nonrecurring charge	(25)	(24)
Other long term liabilities	49	
Net cash used in operating activities	(4,502)	(31,828)
Cash flows from investing activities		
Capital expenditures	(149)	(155)
Purchase of certain assets of Gloria Gay Coats, LLC	18	(205)
Net cash used in investing activities	(131)	(360)
Cash flows from financing activities		
Increase in notes payable, net	2,504	23,237
Payments for capital lease obligations	(25)	(24)
Proceeds from exercise of stock options	35	78
Net cash provided by financing activities	2,514	23,291
Effect of exchange rate changes on cash and cash equivalents	(23)	(15)
Net decrease in cash and cash equivalents	(2,142)	(8,912)
Cash and cash equivalents at beginning of period	2,481	9,231
Cash and cash equivalents at end of period	$ 339	$ 319
Supplemental disclosures of cash flow information:		
Cash paid during the period for		
Interest	$ 190	$ 356
Income taxes	$ 2,161	$ 558

The accompanying notes are an integral part of these statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - General Discussion

The results for the three month period ended April 30, 2002 are not necessarily indicative of the results expected for the entire fiscal year, given the seasonal nature of the Company's business. The accompanying financial statements included herein are unaudited. In the opinion of management, all adjustments (consisting of only normal recurring adjustments) necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods presented have been reflected.

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

The accompanying financial statements should be read in conjunction with the financial statements and notes included in the Company's Annual Report on Form 10K filed with the Securities and Exchange Commission for the year ended January 31, 2002.

Certain reclassifications have been made to conform to the fiscal 2002 presentation.

Note 2 - Inventories

Inventories consist of:

	APRIL 30, 2002	January 31, 2002
	(in thousands)	
Finished products	$ 18,798	$ 18,240
Work-in-process	2,955	576
Raw materials	18,744	18,356
	$ 40,497	$ 37,172

Note 3 - Net Loss per Common Share

Basic net loss per share amounts have been computed using the weighted average number of common shares outstanding during each period. When applicable, diluted income per share amounts are computed using the weighted average number of common shares and the dilutive potential common shares outstanding during the period.

Note 4 - Notes Payable

The Company's domestic loan agreement, which expires on May 31, 2005, is a collateralized working capital line of credit with six banks that provides for a maximum line of credit in amounts that range from $45 million to $85 million at specific times during the year. The line of credit provides for maximum direct borrowings ranging from $30 million to $72 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. The line of credit includes a requirement that the Company have no loans and acceptances outstanding for 45 consecutive days each year of the lending agreement. The Company met this requirement. There was $2.5 million outstanding at April 30, 2002 and no loan balance outstanding at January 31, 2002 under this agreement.

Notes payable include foreign notes payable by PT Balihides, the Company's Indonesian subsidiary. The foreign notes payable of approximately $800,000 at April 30, 2002 and January 31, 2002 represent maximum borrowings under a line of credit with an Indonesian bank. The loan is secured by the property, plant, and equipment of the subsidiary.

Note 5 - Nonrecurring Charge

The nonrecurring charge refers to the reserve associated with the closure of the Company's domestic factory that was completed by January 31, 1995. The balances of $107,000 at April 30, 2002 and $132,000 at January 31, 2002 relate to the remaining obligation under an operating lease. Based on current estimates, management believes that existing accruals are adequate. At April 30, 2002, the entire nonrecurring charge is a current liability. Other long-term liabilities include $27,000 of nonrecurring charges at January 31, 2002.

Note 6 - 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 non-licensed apparel. The following information is presented for the three month periods indicated below:

	THREE MONTHS ENDED APRIL 30,			
	2002		2001	
	LICENSED	NON-LICENSED	Licensed	Non-Licensed
Net sales	$ 8,360	$ 4,331	$ 8,310	$ 8,857
Cost of goods sold	6,928	4,860	6,868	7,349
Gross profit (loss)	1,432	(529)	1,442	1,508
Selling, general and administrative	4,178	3,336	3,924	3,541
Operating loss	(2,746)	(3,865)	(2,482)	(2,033)
Interest expense, net	50	75	102	203
Loss before income taxes	$ (2,796)	$ (3,940)	$ (2,584)	$ (2,236)

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

Unless the context otherwise requires, "G-III", "us", "we" and "our" refer to G-III Apparel Group, Ltd. and its subsidiaries. References to fiscal years refer to the year ended or ending on January 31 of that year.

Statements in this Quarterly Report on Form 10-Q concerning our 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 matter, 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, as well as other risks detailed in the Company's filings with the Securities and Exchange Commission, including this Quarterly Report on Form 10-Q.

RESULTS OF OPERATIONS

Traditionally, the three month period ending April 30 has been the quarter with the lowest sales volume during our fiscal year. Net sales for the three months ended April 30, 2002 were $12.7 million compared to $17.2 million for the same period last year. The decrease in net sales during the quarter was primarily attributable to a decrease in sales of non-licensed apparel resulting from lower regular spring shipments and a shift in the timing of some shipments to the second quarter.

Gross profit was $903,000, or 7.1% of net sales, for the three month period ended April 30, 2002 compared to \$3.0 million, or 17.2% of net sales, for the same period last year. Gross profit as a percentage of net sales decreased due to lower regular price spring shipments and sales at deeper discounts for inventory management purposes in the non-licensed apparel segment compared to the same period last year.

Selling, general and administrative expenses remained unchanged at \$7.5 million in both the three month period ended April 30, 2002 and the same period last year. Expenses incurred in connection with our expanded Sports Licensing business and our new Timberland and Sean John lines offset lower expenses resulting from our reduction in headcount in October 2001.

Interest expense and finance charges for the three month period ended April 30, 2002 were \$125,000 compared to \$305,000 for the comparable period last year. The decrease in interest expense was due to lower debt levels as a result of reducing inventory from \$72.1 million at April 30, 2001 to \$41.0 million at April 30, 2002, as well as lower interest rates.

Income tax benefit of \$2.6 million reflects an effective tax rate of 38.1% for the three months ended April 30, 2002 compared to an income tax benefit of \$1.9 million which reflected a 40% effective tax rate in the comparable period last year. The tax rate in the three month period ended April 30, 2002 reflects the implementation of a strategic tax plan which reduced our effective state income tax rate.

As a result of the foregoing, for the three months ended April 30, 2002, we had a net loss of \$4.2 million, or \$0.62 per share, compared to a net loss of \$2.9 million, or \$0.44 share, for the comparable period last year.

LIQUIDITY AND CAPITAL RESOURCES

Our loan agreement, which expires on May 31, 2005, is a collateralized working capital line of credit with six banks that provides for a maximum line of credit in amounts that range from \$45 million to \$85 million at specific times during the year. The line of credit provides for maximum direct borrowings ranging from \$30 million to \$72 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 our option at either the prevailing prime rate (4.75% as of June 3, 2002) or LIBOR plus 225 basis points (4.15% at June 3, 2002). Our assets collateralize all borrowings. The loan agreement requires us, among other covenants, to maintain specified earnings and tangible net worth levels, and prohibits the payment of cash dividends.

The amount borrowed under the line of credit varies based on our seasonal requirements. As of April 30, 2002, direct borrowings were \$2.5 million and contingent liability under open letters of credit was approximately \$7.6 million compared to direct borrowings of \$23.8 million and contingent liability under open letters of credit of approximately \$15.7 million as of April 30, 2001. The decrease in borrowings under our credit facility compared to last year resulted primarily from the decrease in our inventories.

PT Balihides, our Indonesian subsidiary, has a separate credit facility with an Indonesian bank. There were notes payable outstanding under this facility of approximately \$800,000 as of April 30, 2002 and \$950,000 as of April 30, 2001. The loan is secured by the property, plant, and equipment of the subsidiary.

EFFECT OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Business Combination and Goodwill and Other Intangible Assets

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statements of Financial Accounting Standards ("SFAS") No. 141, Business Combinations, and No. 142, Goodwill and Other Intangible Assets, effective for fiscal years beginning after December 15, 2001. Under the new guidelines, goodwill and intangible assets deemed to have indefinite lives will no longer be amortized, but will be subject to annual impairment tests in accordance with these statements. Other intangible assets will continue to be amortized over their useful lives. We adopted these pronouncements effective as of February 1, 2002. The adoption of this Statement does not have a material impact on our consolidated results of operations and financial position.

Impairment or Disposal of Long-Lived Assets

In August 2001, the FASB issued Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This statement supercedes Statement No. 121. Although this Statement retains many of the fundamental provisions of Statement No. 121, it expands the scope of discontinued operations and significantly changes the criteria for classifying an asset as held-for-sale. The provisions of this statement are effective for fiscal years beginning after December 15, 2001. We adopted this pronouncement effective as of February 1, 2002. The adoption of this Statement does not have a material impact on our consolidated results of operations and financial position.

SIGNATURES

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

G-III APPAREL GROUP, LTD.
(Registrant)

Date: June 7, 2002

By: /s/ Morris Goldfarb

Morris Goldfarb
Chief Executive Officer

Date: June 7, 2002

By: /s/ Wayne Miller

Wayne S. Miller
Chief Financial Officer