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 [FEE REQUIRED]

For the fiscal year ended January 31, 1996

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

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.)
345 West 37th Street, New York, New York	10018
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (212) 629-8830

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
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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, 1996, 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 $7,819,461.

The number of outstanding shares of the registrant's Common Stock as of March 31, 1996 was 6,465,836.

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 20, 1996, 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.

PART I

ITEM 1. BUSINESS

General

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' and "J.L. Colebrook"`TM' labels, and under private retail and licensed 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 label. 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 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 1993, the Company formed a Woolen Coat Division which designs, manufactures, imports and markets a moderately priced line of women's coats and rainwear. In 1993, the Company entered into a licensing agreement with NFL Properties to market a line of outerwear apparel with NFL team logos. The Company believes that the sale of licensed products will help it to expand its business and, 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.

Sales of moderately priced women's leather apparel accounted for approximately 44% of the Company's net sales in the fiscal year ended January 31, 1996, compared to 46% in the fiscal year ended January 31, 1995. The Company sells to approximately 2,500 customers, including nationwide chains of department and specialty retail stores, price clubs and individual specialty boutiques.

During 1995, the Company continued the implementation of its restructuring program started in 1994 which was intended to strengthen the Company's core product lines, improve long-term profitability and enhance shareholder value. In 1995, the Company consolidated merchandise divisions, closed certain manufacturing and other facilities, reduced inventory, decreased borrowing levels and lowered its personnel and administrative expenses. In March 1996, the Company sub-leased one of its warehouses to a third party, thereby consolidating its warehouse operations into one location and reducing its warehouse and distribution expenses.

In the fiscal year ended January 31, 1996, substantially all the Company's products were manufactured for the Company by foreign independent contractors, located principally in South Korea, China and Indonesia and, to a lesser extent, in India, Philippines, Hong Kong and Eastern Europe. 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 and sportswear.

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 line of apparel, which caters to the higher priced, more fashion-conscious female consumer, typically has retail prices from $200 for sportswear items to $1,000 for coats. Siena Studio, the Company's bridge-priced line of fashion oriented women's leather apparel, primarily consists of jackets and skirts with retail prices from $100 for skirts to $500 for outerwear. Products in the men's line of leather outerwear, sold under the G-III label, typically have retail prices between $75 and $400. The moderately priced line of women's textile outerwear and sportswear, sold under the J.L. Colebrook label, has retail prices in the range of $70 to $120. The men's textile apparel line, consisting of moderately priced outerwear, has retail prices ranging from $50 to $175. The moderately priced line of women's coats, sold under the Vision label, has retail prices in the range of $100 to $200.

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 anticipated 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 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. Testmarketing 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 the Company's products are imported from independent manufacturers located primarily in South Korea, Indonesia and China and, to a lesser extent, in India, the Philippines and Hong Kong. A selected number of garments are also manufactured for the Company by independent contractors located in the New York City area. In addition, the Company owns 100% and 39% of two factories in Asia where leather garments are being manufactured for the Company.

The Company has a branch office in Seoul, South Korea, which acts as a liaison between the Company and the various manufacturers located throughout South Korea, Indonesia and China used to produce the Company's leather and woven garments. Upon receipt from the Company's headquarters of production orders stating the number, quality and types of garments needed to be produced, this liaison office negotiates and places orders with one or more South Korean, Indonesian and Chinese 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, 1996, the South Korean office employed 15 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 by a foreign manufacturer, 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. In order to provide for more efficient communications and operations with certain of the larger leather apparel manufacturers, in addition to utilizing its South Korean branch office, the Company has historically placed orders for leather apparel with two of its largest manufacturers through an established buying agent located in New York City. The buying agent, under the supervision of Company personnel located in the United States and South Korea, is responsible for procuring sufficient contract production capacity from these manufacturers to meet the forecasted demand for the Company's products. For the fiscal years ended January 31, 1994, 1995 and 1996, approximately 26%, 16% and 13%, respectively, of the Company's products were produced by manufacturers working through the Company's buying agent. 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 and that the loss of any manufacturer or the buying agent would not materially adversely affect the Company's operations.

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. Although the Company's operations have not been materially affected by any of such factors to date, due to the significant portion of the Company's garments which are produced abroad, any substantial disruption of its relationships with foreign manufacturers could 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 was 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 and 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 2,500 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. No customer accounted for more than 10% of the Company's net sales in the fiscal years ended January 31, 1995 or 1996.

Almost all of the Company's sales to date have been made in the United States. The Company has also marketed its products in Canada and Mexico.

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 June through November accounted for approximately 74% and 82% of Company net sales during the fiscal years ended January 31, 1995 and 1996, respectively. The June through November time frame is expected to continue to provide a disproportionate amount of the Company's net sales.

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, 1996, Global International Trading Company employed 26 persons.

The Company's products are sold primarily through a direct employee sales force which consisted of 22 employees as of January 31, 1996. 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 country. 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 control more effectively the Company's selling operations.

The Company primarily relies on its reputation and relationships in the industry 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, despite the absence of general advertising, primarily through its reputation, consumer acceptance and the fashion press.

In late December 1990, the Company opened its first retail outlet store in Secaucus, New Jersey. The outlet store was intended to assist the Company in determining sales trends of various styles, colors and skin and fabric types and enable the Company to sell damaged merchandise which cannot be resold at regular prices. During fiscal 1994, the Company opened four new retail outlet stores and added two additional stores during fiscal 1995. The performance of these outlet stores has resulted in the decision by the Company to discontinue operations at several locations. The

Company expects to close at least three of these locations during fiscal 1997, one of which was closed in March 1996. The Company believes that there will be no material affect on the financial statements or operations of the Company as a result of implementing these actions. No additional stores are planned to be opened during fiscal 1997. Company product represents approximately 85% of the products offered in its outlet stores. The balance of the products offered are accessories.

Licensing

The Company presently has license agreements with Kenneth Cole Productions, National Football League Properties, NASCAR and several universities located in the United States. The Company plans to seek other opportunities to enter into trademark license agreements in order to expand its product offerings under nationally recognized labels.

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 the J.L. Colebrook label, with retail prices ranging from $70 for a spring jacket to $120 for a fall jacket. The Coat Division markets moderately priced women's woolen coats and raincoats, sold under the Vision label, with retail prices ranging from $100 to $200. 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 Eastern Europe 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 12 persons as of January 31, 1996.

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.

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 have been granted federal trademark protection through registration with the U.S. Patent and Trademark Office, including G-III, Registration No. 1,620,028, Avalanche, Registration No. 1,717,128, J.L. Colebrook, Registration No. 1,662,115, Laura Renee, Registration No. 1,639,803, Laura Jeffries, Registration No. 1,760,704, Colebrook Kids, Registration No. 1,769,358, Urban Cowboy, Registration No. 1,814,466, Cayenne, Registration No. 1,573,488, G-III Outerwear Company Store, Registration No. 1,854,354, JLC (& design), Registration No. 1,916,591, JLC Outerwear (& design), Registration No. 1,936,763, J.L.C. (& design), Registration No. 1,915,105 and Last Resort, Registration No. 1,656,870.

G-III has applications for registrations pending before the U.S. Patent and Trademark Office for G-IV.

The following foreign trademarks have been granted trademark protection in other countries including G-III in France, Registration No. 93/465340, G-III in Canada, Registration No. 426,770, J.L. Colebrook in Germany, Registration No. 2,057,353, J.L. Colebrook in Canada, Registration No. 433,107, J.L. Colebrook, in France, Registration No. 93/465,341, J.L. Colebrook in Great Britain, Registration No. B1533687, and J.L. Colebrook in Benelux, Registration No. 530,517.

The following foreign trademark applications are pending including J.L.C. (& design) in Canada and JLC (& design) in 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, 1996, the Company had 275 full-time employees, of whom 63 worked in executive, administrative or clerical capacities, 101 worked in design and manufacturing, 68 worked in warehouse facilities, 22 worked in sales and 21 worked in the Retail Outlet Division. The Company employs both union and non-union personnel and believes that the Company's relations with its employees are good. The Company has never 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 59 full-time employees as of January 31, 1996. This agreement, which is currently in effect through October 30, 1996, 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	45	President and Chief Executive Officer, Director	1974
Aron Goldfarb	73	Chairman of the Board, Director	1974
Alan Feller	54	Executive Vice President, Chief Operating Officer, Treasurer and Secretary, Director	1990
Carl Katz	55	Executive Vice President of Siena, Director	1981
Jeanette Nostra-Katz	44	Executive Vice President	1981
Frances Boller-Krakauer	30	Vice President - Men's Sales of G-III	1993
Edward Goldstein	47	Vice President - JL Colebrook Division of G-III	1994
Deborah Huffman	41	Vice President - Women's Sales of G-III	1989
Keith Sutton Jones	47	Vice President - Foreign Manufacturing of G-III	1989
Michael Laskau	40	Vice President - JL Colebrook Division of G-III	1994
Karen Wells	31	Vice President - Fashion Design and Imports of G-III	1990

Morris Goldfarb is the President and Chief Executive Officer of the Company, as well as one of its directors. He has served as either President or Vice President of G-III Leather Fashions, Inc. ("G-III") since its formation in 1974 and as President of the Siena division since its formation in 1981. 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 Grand Casinos, Inc.

Aron Goldfarb is 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 since their respective formations and, since January 1995, has served as a consultant to the Company.

Alan Feller has been employed by the Company as its Chief Financial Officer since January 1990 and was elected the Vice President of Administration and Finance, Treasurer and Secretary of the Company in March 1990 and Executive Vice President and Chief Operating Officer in June 1995. Mr. Feller was elected a Director of the Company in April 1995.

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 merchandising and designs, as well as production and pattern and sample making, for the Siena and Licensing divisions. Mr. Katz is also a director of the Company.

Jeanette Nostra-Katz has 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 Leather Division, 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.

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

Deborah Huffman is the Vice President -- Women's Sales of G-III. Ms. Huffman is responsible for sales and marketing of the women's leather apparel line. She served previously as Vice President, Imports since June 1989, coordinating production and merchandising.

Edward Goldstein is a Vice President -- JL Colebrook Division of G-III and has been employed in such capacity since June 1994. His responsibilities include the coordination of the sales organization as well as product development and administration of the division. For seven years prior to joining G-III, Mr. Goldstein was Vice President of the outerwear product line for Lerner New York, a division of The Limited Inc.

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 -- JL Colebrook 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.

Karen Wells is the Vice President -- Fashion Design and Imports of G-III and has been employed in such capacity since March 1992. Her responsibilities include the sourcing of factories, coordination of production and merchandising and design supervision for the Women's Division. Ms. Wells also manages the Company's private label and special order programs. For the four years prior to March 1992, Ms. Wells was the Fashion Designer of women's apparel for G-III.

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 and office support departments are located in a five story 32,000 square foot building 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, the Company's President and Chairman of the Board, respectively, for which the Company pays rent monthly, plus real estate taxes. For the fiscal years ended January 31, 1995 and 1996, the total payments for the premises were approximately $334,000 and $327,000, respectively.

During January 1994, the Company moved its G-III Women's, Siena, Siena Studio and JL Colebrook showrooms and support staff to two floors at 512 Seventh Avenue, which is one of the leading outerwear apparel buildings in New York City. The Men's Leather Division, Colebrook Men's Division and Licensing Division were also moved to 512 Seventh Avenue in March 1995. The Company leases an aggregate of approximately 31,800 square feet in this building through January 31, 2003 at a current aggregate annual rental of approximately $486,000.

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 sub-lease is co-extensive with the lease term, which extends through March 2000, although the sub-lessee has the right to terminate the sub-lease at any time on six months notice. The sub-lease provides for the sub-lessee 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 sub-lease.

The Company has a 700 square foot showroom located in the California Apparel Mart in Los Angeles. The facility is leased through February 28, 1997, at a rent of approximately $36,000 per year.

The Company leases five retail outlet stores in addition to the store at its distribution facility. These leases terminate between June 1996 and March 2000 and generally require payment of fixed rent plus a percentage of sales above a pre-determined level. The Company expects to close three stores during 1996, one of which was closed in March 1996. Aggregate rental expense for the five retail outlet stores (plus the store closed in March 1996) during the fiscal year ended January 31, 1996 was approximately $281,000.

Leases with provisions for increasing rents have been expensed and accrued on a straight-line basis over the life of the lease.

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 National Market System 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 National Market.

	High Prices	Low Prices
Fiscal 1995		
Fiscal Quarter ended April 30, 1994	$6 1/2	$4 3/8
Fiscal Quarter ended July 31, 1994	5	3 3/8
Fiscal Quarter ended October 31, 1994	4 3/8	3
Fiscal Quarter ended January 31, 1995	3 1/2	1 1/4
Fiscal 1996		
Fiscal Quarter ended April 30, 1995	$2 5/16	$1 11/32
Fiscal Quarter ended July 31, 1995	2 9/16	1 1/4
Fiscal Quarter ended October 31, 1995	4 5/8	1 5/8
Fiscal Quarter ended January 31, 1996	3 7/8	2 1/4
Fiscal 1997		
First Quarter ended April 30, 1996 (through March 31, 1996)	$ 3 3/16	$ 2 1/4

The last sales price of the Common Stock as reported by the Nasdaq National Market on March 31, 1996 was $2.5625 per share.

On March 31, 1996, there were 98 holders of record and, the Company believes, approximately 1,600 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 containing the Company's executive 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 AND COMBINED FINANCIAL DATA

In January 1993, the Company and each of its subsidiaries changed their fiscal year-end from July 31 to January 31. The selected consolidated and combined financial data set forth below for each of the two years ended July 31, 1992, for the six-month transition period ended January 31, 1993 and the years ended January 31, 1994, 1995 and 1996 have been derived from the audited consolidated and combined financial statements of the Company. The audited financial statements for the years ended July 31, 1991 and 1992 and six months ended January 31, 1993 are not included in this filing. The information for the twelve month period ended January 31, 1993 is unaudited and is included for comparative purposes only. The selected consolidated and combined financial data set forth below for the twelve months ended January 31, 1993 are unaudited and, in the opinion of the Company, reflect all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation thereof. The selected consolidated and combined 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 July 31,(1)		Six Months Ended January 31,	Twelve Months Ended January 31,	Year Ended January 31,		
	1991	1992	1993	1993	1994	1995	1996
Income Statement Data:							
Net Sales...............	$141,973	$175,478	$116,208	$195,731	$208,877	$171,441	$121,663
Cost of goods sold......	124,628	153,014	98,283	167,660	181,270	146,484	97,769
Gross profit............	17,345	22,464	17,925	28,071	27,607	24,957	23,894
Selling, general & administrative expenses	13,717	15,555	10,794	18,853	22,869	25,823	21,769
Unusual or non-recurring charges.....	0	0	0	0	0	11,320	0
Operating profit (loss).	3,628	6,909	7,131	9,218	4,738	(12,186)	2,125
Interest expense........	1,303	1,305	1,019	1,879	2,339	3,959	2,433
Income before income taxes (loss)...	2,325	5,604	6,112	7,339	2,399	(16,145)	(308)
Income taxes (benefit)..	982	2,283	2,619	3,081	1,064	(4,087)	89
Net income (loss) before minority interest	1,343	3,321	3,493	4,258	1,335	(12,058)	(397)
Minority interest.......	0	0	0	0	0	324	0

Net income (loss)	$ 1,343	$ 3,321	$ 3,493	$ 4,258	$ 1,335	$(11,734)	(397)
Primary:							
Net income (loss) per common share(2)	$0.21	$0.51	$0.53	$0.65	$0.20	$(1.82)	$(0.06)
Weighted average shares outstanding(2)	6,451,631	6,511,565	5,574,450	6,514,750	6,600,692	6,459,381	6,459,975
Fully Diluted:							
Net income (loss) per common share(2)	$0.21	$0.51	$0.53	$0.65	$0.20	$(1.82)	$(0.06)
Weighted average shares outstanding(2)	6,451,631	6,511,565	6,662,067	6,529,750	6,600,692	6,459,381	6,459,975

	As of July 31,(1)			As of January 31,		
	1991	1992	1993	1994	1995	1996
Balance Sheet Data:						
Working capital	$ 29,449	$ 31,882	$ 35,055	$ 31,494	$ 22,602	$22,224
Total assets	60,085	88,837	57,522	67,571	54,572	41,257
Short-term debt	19,666	43,874	10,078	13,179	13,480	3,551
Long-term debt, excluding current portion	897	1,073	988	794	1,479	919
Total stockholders' equity	33,651	36,972	40,465	41,835	30,101	29,716

(1) Effective January 31, 1993, the Company and its subsidiaries adopted a January 31 fiscal year-end.

(2) Net income per common share for the six and twelve months ended January 31, 1993, and for the years ended July 31, 1991 and 1992, has been calculated based on a weighted average number of outstanding common shares and common stock equivalents, and gives effect to a 5% stock dividend paid in February 1993.

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

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 periods indicated below:

	Year Ended January 31,		
	1994	1995	1996

Net sales	100.0%	100.0%	100.0%
Cost of goods sold	86.8	85.4	80.4
Gross profit	13.2	14.6	19.6
Selling, general and administrative expenses	10.9	15.1	17.9
Unusual or nonrecurring charges	0.0	6.6	0.0
Operating profit (loss)	2.3	(7.1)	1.7
Interest expense	1.1	2.3	2.0
Income (loss) before income taxes	1.2	(9.4)	(0.3)
Income taxes (benefit) before minority interest	0.5	(2.4)	0.0
Minority interest	0.0	.2	0.0
Net income (loss)	0.7	(6.8)	(0.3)

General

As part of the Company's efforts to reduce operating costs, and as a result of its increasing use of customer letter of credit transactions where finished goods are shipped directly to the customer, the Company carried lower levels of inventory during fiscal 1996. Carrying lower levels of inventory reduced the Company's inventory exposure as retailers remained cautious in their ordering patterns and resulted in reduced bank borrowings and lower interest expense during fiscal 1996. The ability to operate with lower inventory levels enabled the Company to sublet one of its distribution facilities in March 1996, which will reduce warehouse and distribution expenses.

The weak retail environment adversely impacted the Company's sales volume in fiscal 1995 and 1996. In addition, a significant portion of the decrease in net sales was attributable to the recognition by the Company of only commission income on certain types of sales ("customer letter of credit transactions") where the Company's

customer provided a letter of credit which was transferred by the Company directly to the overseas manufacturer or where the Company's customer provided a letter of credit directly to the overseas manufacturer. Prior to the middle of fiscal 1995, the customer usually provided a letter of credit to the Company and the Company opened a letter of credit to the manufacturer. Accounting rules require the Company to recognize only commission income with respect to transactions where the Company does not open a letter of credit. Although customer letter of credit transactions result in reporting lower net revenues, the gross margin on such transactions is generally the same as when the Company's credit is utilized for these types of transactions and the full amount of the sale is reported. The Company expects that it will increase its utilization of these types of customer letter of credit transactions in fiscal 1997.

The Company recognized $11.3 million of unusual or non-recurring charges in fiscal 1995. As a result of the unusually warm fall of 1994, which adversely affected the sales of outerwear apparel at the retail level, the

Company's receipt of reorders from its customers was below expectations in fiscal 1995. The Company reviewed its inventory levels and salability as of October 31, 1994 and determined that its markdown reserve should be increased by $5.7 million as of that date. In addition, as the result of lower than expected shipments during the fourth quarter of fiscal 1995, an additional reserve of $476,000 was provided as of January 31, 1995. In addition, a restructuring reserve of an aggregate of $5.1 million was established as of January 31, 1995 to provide for the potential loss of the Company's investment in a leather garment factory ($2.5 million), the write-off of unamortized leasehold fixtures due to the closing of the Company's domestic factory and relocation of its showrooms ($1.7 million), certain other fixed asset write-offs ($581,000) and the severance agreement with the Chairman of the Board who retired January 1, 1995 ($334,000).

Year Ended January 31, 1996 ("fiscal 1996") Compared
to Year Ended January 31, 1995 ("fiscal 1995")

Net sales were $121.7 million in fiscal 1996 compared to $171.4 million in fiscal 1995. Approximately $31.3 million of the decrease in net sales in fiscal 1996 was due to the continued weakness in the retail business environment, primarily lower sales of leather outerwear (a decrease of $16.2 million) and non-leather outerwear (a decrease of $10.1 million). The balance of the decrease (approximately $18.4 million) was the result of the Company recognizing only commission income with respect to customer letter of credit transactions. If the Company had recognized the full amount of sales from customer letter of credit transactions in fiscal 1995 and 1996, net sales would have been $163.6 million in fiscal 1996 compared to $195.0 million in fiscal 1995.

Gross profit was $23.9 million in fiscal 1996 compared to $25.0 million in fiscal 1995. As a percentage of net sales, gross profit was 19.6% in fiscal 1996 compared to 14.6% in fiscal 1995. While the use of customer letter of credit transactions does not impact gross profit dollars, it does affect gross profit as a percentage of net sales since net revenues recognized from such transactions are lower. Had the Company recognized the full amount of sales from customer letter of credit transactions, gross profit as a percentage of net sales in fiscal 1996 would have been 14.6% compared to 12.8% in fiscal 1995. This increase in the gross profit percentage

was a result of improved margins in a majority of product lines, as well as cost reductions resulting from closure of the Company's domestic manufacturing facilities.

Selling, general and administrative expenses of $21.8 million in fiscal 1996 were approximately $4.0 million lower than the $25.8 million in fiscal 1995. As a percentage of net sales, selling, general and administrative expenses were 17.9% in fiscal 1996 compared to 15.1% in fiscal 1995. This increase as a percentage of net sales was attributable to the lower reported net sales in fiscal 1996. The decrease in selling, general and administrative expenses was the result of the implementation of a cost reduction program which began in the second half of fiscal 1995. This program resulted in reduced expenses from the implementation of a salary reduction for mid-level and senior executives and a reduction in the number of employees ($1.6 million), consolidating the operations of certain divisions ($783,000), lower advertising and other marketing expenditures ($675,000) and lower shipping costs related to lower warehouse volume ($535,000). The Company will continue to monitor its levels of selling, general and administrative expenses and expects certain increases in these expenses in fiscal 1997 primarily related to the increased offering of licensed product.

Interest expense was $2.4 million in fiscal 1996 compared to $4.0 million in fiscal 1995. This decrease is attributable to lower direct bank debt balances as the result of lower inventory levels maintained during fiscal 1996.

As a result of the foregoing, the Company incurred a loss before income taxes of $308,000 in fiscal 1996 compared to $16.1 million in fiscal 1995. As discussed above, fiscal 1995 results included nonrecurring or unusual charges of $11.3 million.

Despite incurring a loss in fiscal 1996, the Company had tax expense of $89,000 due to foreign income taxes and resolution of a Federal tax examination, compared to a tax benefit of $4.1 million in fiscal 1995.

The Company incurred a net loss of $397,000, or $.06 per share, in fiscal 1996 compared to a net loss of $11.7 million, or $1.82 per share, in fiscal 1995.

Year Ended January 31, 1995 Compared
to Year Ended January 31, 1994 ("fiscal 1994")

Net sales were $171.4 million in fiscal 1995 compared to $208.9 million in fiscal 1994. Approximately $23.6 million of the decrease in net sales during fiscal 1995 resulted from the recognition by the Company of only commission income with respect to customer letter of credit transactions which were first utilized in the middle of fiscal 1995. If the Company recognized the full amount of sales from customer letter of credit transactions, net sales in fiscal 1995 would have been approximately $195.0 million compared to $208.9 million in fiscal 1994. This decrease in net sales was primarily attributable to a decrease of sales relating to the Company's women's apparel business.

Gross profit was $25.0 million in fiscal 1995 compared to $27.6 million in fiscal 1994. As a percentage of net sales, gross profit was 14.6% in fiscal 1995

compared to 13.2% in fiscal 1994. The use of customer letter of credit transactions caused the increase in gross profit as a percentage of sales since net sales recognized from such transactions were lower. Had the Company recognized the full amount of such sales, gross profit as a percentage of net revenues in fiscal 1995 would have been 12.8% compared to 13.2% in fiscal 1994. The reduction in the gross margin percentage was the result of lower margins in the fourth quarter of fiscal 1995 as the Company reduced its selling prices, both in response to the lack of product demand caused by the unusually mild fall and early winter seasons and as part of its strategy to reduce inventory levels.

Selling, general and administrative expenses of $25.8 million in fiscal 1995 were approximately $2.9 million higher than the $22.9 million in fiscal 1994. As a percentage of net sales, selling, general and administrative expenses were 15.1% in fiscal 1995 compared to 10.9% in fiscal 1994. In part, this increase as a percentage of net sales was the result of lower reported net sales. The increase in these expenses resulted in part from expenses associated with the Company's new divisions, retail ($934,000), licensing ($501,000) and woolen coats ($130,000), which were in the start up phase in fiscal 1994, and three new product lines in fiscal 1995 ($660,000). In addition, increased overseas operating costs ($350,000) and general and administrative expenses ($900,000) accounted for the balance of the increase. In the second half of fiscal 1995, the Company began to implement policies to reduce its overall levels of selling, general and administrative expenses. The Company reduced personnel levels, implemented a salary reduction for mid-level and senior executives and discontinued or consolidated several merchandise divisions.

Interest expense of $4.0 million in fiscal 1995 was $1.7 million higher than the $2.3 million in interest expense in fiscal 1994. The increase is attributable to higher interest rates charged the Company, as well as higher loan balances.

The effective income tax benefit rate in fiscal 1995 was 25.3%, compared to an effective income tax rate of 44.4% in fiscal 1994. The lower tax benefit rate in 1995 was due to the availability of certain state and local tax benefits related to the taxable loss in fiscal 1995 and the non-recurring charge which, in accordance with the criteria set forth in Financial Accounting Standards Board Statement No. 109, were not recognized.

As a result of the foregoing, including unusual or nonrecurring charges described in "General" above which resulted in an after-tax charge to earnings of $8.5 million, the Company incurred a net loss of $11.7 million, or $1.82 per share, in fiscal 1995 compared to reporting net income of $1.3

million, or $.20 per share, in fiscal 1994.

Liquidity and Capital Resources

The Company has a loan agreement, which expires May 31, 1996, providing the Company with a collateralized working capital line of credit with three banks for a maximum amount of $48 million (reduced to $40 million after January 31, 1996, of which a maximum of $40 million (reduced to $32 million after January 31, 1996) is available for direct borrowing and bankers' acceptances and the unused balance

for letters of credit. Amounts available for borrowing are subject to borrowing base formulas and over advances specified in the agreement. Direct borrowings under the line of credit bear interest at the agent bank's prime rate (8.25% as of April 15, 1996) plus 2.0%. The amount borrowed under the line of credit varies based on the Company's seasonal requirements. The Company is in discussions with its banks to extend the loan agreement to May 31, 1997 under terms similar to the existing loan agreement. The maximum amount outstanding (i.e., open letters of credit, bankers' acceptances and direct borrowings) under the Company's loan agreement was approximately $64.0 million, $63.0 million and $46.7 million during fiscal 1994, 1995 and 1996, respectively. As of January 31, 1996, there were no outstanding direct borrowings, no bankers' acceptances and $4.1 million of contingent liability under open letters of credit, as compared to $10.2 million outstanding in direct borrowings, no bankers' acceptances and $6.0 million of contingent liability under open letters of credit as of January 31, 1995. The Company carried lower levels of inventory in fiscal 1996 compared to fiscal 1995 and, as a result, its borrowing requirements were lower in fiscal 1996.

In recognition of the highly seasonal nature of the Company's business, the Company's loan agreement provides for certain loan overadvances in excess of the borrowing base formulas. As a result of the Company's outstanding borrowings exceeding the permitted overadvance levels, during fiscal 1995, the Company's two principal stockholders jointly and severally guaranteed up to $2.5 million of the Company's line of credit obligations. In addition, one of the principal stockholders has pledged 250,000 shares of Common Stock as additional security for the loan agreement.

The Company's wholly owned Indonesian subsidiary has a line of credit with a bank for approximately $3.5 million which is supported by a $2.0 million stand-by letter of credit issued under the Company's domestic credit facility. As of January 31, 1996, the borrowing by the Indonesian subsidiary under its line of credit approximated $3.0 million.

Historically, the Company's business has not required significant capital expenditures. The Company's capital expenditures were approximately $1,158,000 and $902,000 for fiscal 1995 and 1996, respectively. Capital expenditures were used primarily for additional computer upgrades, leasehold improvements and furniture, fixtures and equipment in fiscal 1995 and 1996.

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.

PROSPECTIVE FINANCIAL STANDARDS

In March 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of ("SFAS No. 121"). SFAS No. 121 requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of the expected future cash flows (undiscounted and without interest) is less than the carrying amount of the asset, an impairment loss is recognized. Measurement of that loss would be based on the fair value of the asset. SFAS No. 121 also generally requires long-lived assets and certain identifiable intangibles to be disposed of to be reported at the lower of the carrying amount or the fair value less cost to sell. SFAS No. 121 is effective for the Company's 1997 fiscal year-end. The Company has made no assessment of the potential impact of adopting SFAS No. 121 at this time.

In October 1995, the Financial Accounting Standards Board issued SFAS No. 123, Accounting for Stock-Based Compensation. SFAS No. 123 defines a fair value based method of accounting for an employee stock option. Fair value of the stock option is determined considering factors such as the exercise price, the expected life of the option, the current price of the underlying stock and its volatility, expected dividends on the stock, and the risk-free interest rate for the expected term of the option. Under the fair value based method, compensation cost is measured at the grant date based on the fair value of the award and is recognized over the service period. A company may elect to adopt SFAS No. 123 or elect to continue accounting for its stock option or similar equity awards using the intrinsic method, where compensation cost is measured at the date of grant based on the excess of the market value of the underlying stock over the exercise price. If a company elects not to adopt SFAS No. 123, then it must provide pro forma disclosure of net income and earnings per share, as if the fair value based method has been applied.

SFAS No. 123 is effective for transactions entered into for fiscal years that begin after December 15, 1995. Pro forma disclosures for entities that elect to continue to measure compensation cost under the old method must include the effects of all awards granted in fiscal years that begin after December 15, 1994. It is currently anticipated that the Company will continue to account for stock-based compensation plans under the intrinsic method and pro forma disclosures will be made. Therefore, SFAS No. 123 is not expected to have any effect on the Company's consolidated financial statements.

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 definite Proxy Statement (the "Proxy Statement") relating to the Company's Annual Meeting of Stockholders to be held on or about June 20, 1996, 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 of G-III Apparel Group, Ltd. (the "Company").(1)

10.1 Employment Agreement, dated February 1, 1994, between the Company and Morris Goldfarb.(5)

10.2 Agreement, dated December 19, 1994, between the Company and Aron Goldfarb.(6)

10.3 Second Amended and Restated Loan Agreement, dated June 12, 1995, by and among G-III Leather Fashions, Inc. ("G- III"), the banks signatories thereto (the "Banks"), and National Westminster Bank USA ("NatWest"), as Agent, Collateral Monitoring Agent and issuing Bank for such Banks.(7)

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.

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)

22 Subsidiaries of the Company.(5)

23 Consent of Grant Thornton LLP, dated April 19, 1996.

27 Financial Data Schedule Article 5.

(b) Reports on Form 8-K:

None.

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(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 Quarterly Report on Form 10-Q for the Quarter ended July 31, 1995, 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., 345 West 37th Street, New York, New York 10018, Attention: Mr. Alan Feller, 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), (President and Chief Executive Officer)

April 26, 1996

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, President and Chief Executive Officer (principal executive officer)	April 26, 1996
/s/ Alan Feller (Alan Feller)	Director, Executive Vice President and Chief Operating Officer (principal financial and accounting officer)	April 26, 1996
/s/ Aron Goldfarb (Aron Goldfarb)	Director and Chairman of the Board	April 26, 1996
/s/ Lyle Berman (Lyle Berman)	Director	April 26, 1996
/s/ Thomas J. Brosig (Thomas J. Brosig)	Director	April 26, 1996
/s/ Willem van Bokhorst (Willem van Bokhorst)	Director	April 26, 1996
/s/ Sigmund Weiss (Sigmund Weiss)	Director	April 26, 1996
/s/ George J. Winchell (George J. Winchell)	Director	April 26, 1996
/s/ Carl Katz (Carl Katz)	Director	April 26, 1996

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, 1995 and 1996, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended January 31, 1996. 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, 1995 and 1996, and the consolidated results of their operations and their consolidated cash flows for each of the three years in the period ended January 31, 1996, in conformity with generally accepted accounting principles.

We have also audited Schedule II of G-III Apparel Group, Ltd. and subsidiaries as of January 31, 1995 and 1996, and for the periods then ended. 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 19, 1996

G-III Apparel Group, Ltd. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

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

ASSETS	1995	1996
CURRENT ASSETS		
Cash	$ 1,421	$ 7,617
Accounts receivable	15,269	11,764
Allowance for doubtful accounts and sales discounts	(1,855)	(2,769)
Inventories	25,532	14,207
Prepaid income taxes	4,204	502
Prepaid expenses and other current assets	466	968
Total current assets	45,037	32,289
PROPERTY, PLANT AND EQUIPMENT, NET	7,015	6,324
DEFERRED INCOME TAXES	1,717	1,717
OTHER ASSETS	803	927
	$54,572	$41,257

The accompanying notes are an integral part of these statements.

G-III Apparel Group, Ltd. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

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

LIABILITIES AND STOCKHOLDERS' EQUITY	1995	1996
CURRENT LIABILITIES		
Notes payable	$12,907	$ 2,980
Current maturities of obligations under capital leases	573	571
Accounts payable	3,947	2,469
Accrued expenses	2,152	1,751
Accrued nonrecurring charges	2,856	2,294
Total current liabilities	22,435	10,065
OBLIGATIONS UNDER CAPITAL LEASE	1,479	919
NONRECURRING CHARGES - LONG-TERM	557	557
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, 6,459,381 and 6,465,836 shares on January 31, 1995 and 1996, respectively	65	65
Additional paid-in capital	23,603	23,615
Retained earnings	6,433	6,036
	30,101	29,716
	$54,572	$41,257

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 data)

	Year ended January 31,		
	1994	1995	1996
Net sales	$208,877	$171,441	$121,663
Cost of goods sold	181,270	146,484	97,769
Gross profit	27,607	24,957	23,894
Selling, general and administrative expenses	22,869	25,823	21,769
Nonrecurring or unusual charges		11,320	
Operating profit (loss)	4,738	(12,186)	2,125
Interest and financing charges, net	2,339	3,959	2,433
Income (loss) before income taxes and minority interest	2,399	(16,145)	(308)
Income taxes (benefit)	1,064	(4,087)	89
Net income (loss) before minority interest	1,335	(12,058)	(397)
Minority interest		324	
NET INCOME (LOSS)	$ 1,335	$ (11,734)	$ (397)
Income (loss) per common share			
Primary			
Net income (loss) per common share	$.20	$(1.82)	$(.06)
Weighted average number of shares outstanding	6,601	6,459	6,460
Fully diluted			
Net income (loss) per common share	$.20	$(1.82)	$(.06)
Weighted average number of shares outstanding	6,601	6,459	6,460

The accompanying notes are an integral part of these statements.

G-III Apparel Group, Ltd. and Subsidiaries

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

Years ended January 31, 1994, 1995 and 1996
(in thousands)

Additional

	Common stock	paid-in capital	Retained earnings	Total
Balance as of January 31, 1993	$65	$23,569	$ 16,832	$40,466
Net income for the year			1,335	1,335
Employee stock options exercised		34		34
Balance as of January 31, 1994	65	23,603	18,167	41,835
Net loss for the year			(11,734)	(11,734)
Balance as of January 31, 1995	65	23,603	6,433	30,101
Employee stock options exercised		12		12
Net loss for the year			(397)	(397)
BALANCE AS OF JANUARY 31, 1996	$65	$23,615	$ 6,036	$ 29,716

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,		
	1994	1995	1996
Cash flows from operating activities			
Net income (loss)	$ 1,335	$(11,734)	$ (397)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities			
Nonrecurring or unusual charges		8,720	
Depreciation and amortization	1,013	1,231	1,576
Deferred income tax benefit	(61)	(214)	
Changes in operating assets and liabilities, net of effect from purchase of PT Hwakang Indawa			
Accounts receivable	(1,676)	1,831	4,419
Inventories	(1,275)	9,264	11,325
Prepaid income taxes	(224)	(3,980)	3,702
Prepaid expenses and other current assets	(790)	954	(502)
Other assets	187	178	(48)
Accounts payable and accrued expenses	5,738	(5,323)	(2,441)
Income taxes payable	(308)		
	2,604	12,661	18,031

Net cash provided by operating activities	3,939	927	17,634
Cash flows from investing activities			
Capital expenditures	(3,553)	(1,158)	(902)
Capital dispositions	16	81	17
Investment in foreign subsidiaries	(756)	(249)	(76)
Net cash used in investing activities	(4,293)	(1,326)	(961)

G-III Apparel Group, Ltd. and Subsidiaries

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

	Year ended January 31,		
	1994	1995	1996
Cash flows from financing activities			
Decrease in bankers' acceptances and notes, net	$ (416)	$ (93)	$ (9,927)
Payments for capital lease obligations	(194)	(468)	(562)
Proceeds from capital lease obligation		1,548	
Proceeds from exercise of stock options	34		12
Net cash (used in) provided by financing activities	(576)	987	(10,477)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(930)	588	6,196
Cash and cash equivalents at beginning of year	1,763	833	1,421
Cash and cash equivalents at end of year	$ 833	$ 1,421	$ 7,617
Supplemental disclosures of cash flow information:			
Cash paid during the year for			
Interest	$ 1,999	$ 3,037	$ 2,293
Income taxes	1,722	57	227

The accompanying notes are an integral part of these statements.

G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 1994, 1995 and 1996

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

2. 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.

3. Acquisition

Effective April 1, 1993, a wholly-owned subsidiary of the Company acquired, in exchange for $500,000, a 51% stock ownership interest of PT Hwakang Indawa, a leather apparel manufacturer located in Indonesia. In May 1995, the Company acquired the remaining 49% stock ownership for $61,000. The Company has accounted for the transactions using the purchase method of accounting and has consolidated the results of operations commencing April 1, 1993. The cost in excess of fair value of net assets acquired of approximately $94,000 was recorded as other assets and during fiscal 1995 was written off as part of the Company's intention to close the facility as described in Note B. The Company initially recorded a minority interest of approximately $342,000.

NOTE A (CONTINUED)

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 and proposes to distribute profits, if any, annually. The Company accounts for the joint venture company using the equity method of accounting commencing in fiscal 1995.

4. Revenue Recognition

Sales are recognized when merchandise is shipped.

5. Inventories

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

6. 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.

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	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.

7. Income Taxes

Deferred income tax asset reflects 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.

NOTE A (CONTINUED)

8. Cash Equivalents

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

9. Net Income (Loss) Per Common Share

Net income (loss) per share of common stock is based on the weighted average number of common shares and the dilutive common equivalent shares outstanding during each of the periods. Primary and fully diluted earnings per share include the dilutive effect of unexercised stock options.

10. 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.

11. Reclassifications

Certain reclassifications have been made to conform to the 1996 presentation.

NOTE B - NONRECURRING OR UNUSUAL CHARGES

During the fourth quarter of fiscal year 1995, the Company formulated plans to close its domestic manufacturing facility, to sell or liquidate an Asian factory, to reduce costs and to streamline and consolidate operations. Lost revenues from these closings are not considered significant. In addition, due to the unseasonably warm fall and winter in the United States, the Company recorded significant write-downs of its inventory. These activities resulted in nonrecurring or unusual charges

NOTE B (CONTINUED)

of $11.3 million, of which $5.6 million was recorded in the fourth quarter of 1995. The Company has not anticipated any recoveries through the sale of its Asian factory. Such recoveries could reduce the accrued charges in the future; however, the Company cannot be assured that any such recoveries will occur. Based on current estimates, management believes that existing accruals are adequate to cover the items presented below.

The status of the components of the nonrecurring charge was:

	Balance at January 31, 1995	Current period activity	Balance at January 31, 1996
	(000's)		
Severance and related costs	$ 334	$(173)	$ 161
Closure of domestic and foreign facilities	3,079	(389)	2,690
	$3,413	$(562)	$2,851

NOTE C - FUTURE EFFECT OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In March 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of ("SFAS No. 121"). SFAS No. 121 requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of the expected future cash flows (undiscounted and without interest) is less than the carrying amount of the asset, an impairment loss is recognized. Measurement of that loss would be based on the fair value of the asset. SFAS No. 121 also generally requires long-lived assets and certain identifiable intangibles to be disposed of to be reported at the lower of the carrying amount or the fair value less cost to sell. SFAS No.

121 is effective for the Company's 1997 fiscal year-end. The Company has made no assessment of the potential impact of adopting SFAS No. 121 at this time.

NOTE C (CONTINUED)

In October 1995, the Financial Accounting Standards Board issued SFAS No. 123, Accounting for Stock-Based Compensation. SFAS No. 123 defines a fair value based method of accounting for an employee stock option. Fair value of the stock option is determined considering factors such as the exercise price, the expected life of the option, the current price of the underlying stock and its volatility, expected dividends on the stock, and the risk-free interest rate for the expected term of the option. Under the fair value based method, compensation cost is measured at the grant date based on the fair value of the award and is recognized over the service period. A company may elect to adopt SFAS No. 123 or elect to continue accounting for its stock option or similar equity awards using the intrinsic method, where compensation cost is measured at the date of grant based on the excess of the market value of the underlying stock over the exercise price. If a company elects not to adopt SFAS No. 123, then it must provide pro forma disclosure of net income and earnings per share, as if the fair value based method has been applied.

SFAS No. 123 is effective for transactions entered into for fiscal years that begin after December 15, 1995. Pro forma disclosures for entities that elect to continue to measure compensation cost under the old method must include the effects of all awards granted in fiscal years that begin after December 15, 1994. It is currently anticipated that the Company will continue to account for stock-based compensation plans under the intrinsic method and pro forma disclosures will be made. Therefore, SFAS No. 123 is not expected to have any effect on the Company's consolidated financial statements.

NOTE D - INVENTORIES

Inventories consist of:

	January 31,	
	1995	1996
	(000's)	
Finished goods	$23,107	$12,112
Work-in-process	52	49
Raw materials	2,373	2,046
	$25,532	$14,207

NOTE E - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at cost consist of:

	January 31, 1995	January 31, 1996
	(000's)	(000's)
Machinery and equipment	$ 1,367	$ 1,259
Leasehold improvements	3,045	3,110
Transportation equipment	199	252
Furniture and fixtures	1,187	1,293
Computer equipment	1,962	2,135
Land and building	1,673	1,821
Property under capital leases (Note G)		
Land	55	55
Building	185	185
Computer equipment	465	465
Machinery and equipment	404	404
Leasehold improvement	1,791	1,791
	12,333	12,770
Less accumulated depreciation and amortization (including $771,000 and $809,000 on property under capital leases at January 31, 1995 and 1996, respectively)	5,318	6,446
	$ 7,015	$ 6,324

Property, plant and equipment include assets with a net book value of $1,737,000 attributable to the Asian operation which are being held for sale.

NOTE F - NOTES PAYABLE

Notes payable consist of the following:

	January 31, 1995	January 31, 1996

	----	-----
	---------(000's)--------	
Short-term notes payable	$10,200	$ --
Foreign notes payable	2,707	2,980
	$12,907	$ 2,980

The Company has a loan agreement with three banks which expires on May 31, 1996. The agreement provides for $48,000,000 in borrowings through January 30, 1996, and $40,000,000 through May 31, 1996, of which $32,000,000 is available for direct borrowings and the unused balance for letters of credit. All amounts available for borrowing are subject to borrowing base formulas.

The Company is currently in discussions with its banks to extend its existing loan agreement through May 31, 1997 under terms similar to the existing agreement.

Bankers' acceptances were issued during the year under the existing loan agreement and bore interest at the prevailing acceptance rate plus 1-3/4%. Short-term notes payable are payable on demand and bear interest at the prevailing prime rate (8-1/2% at January 31, 1996), plus 2%. The extended loan agreement will provide for direct borrowings at the prime rate plus 1-3/4%. All borrowings are collateralized by the assets of the Company. The principal stockholders of the Company have issued a personal guarantee for a portion of the borrowings. In addition, the President of the Company has pledged 250,000 of his shares of the Company's common stock as collateral. 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 8.7% and 10.36% as of January 31, 1995 and 1996, respectively.

NOTE F (CONTINUED)

At January 31, 1995 and 1996, the Company was contingently liable under letters of credit in the amount of approximately $6,000,000 and $4,100,000, respectively.

Foreign notes payable represent borrowings by P.T. Hwakang Indawa under a line of credit of approximately $3.5 million with an Indonesian bank. This is supported by a $2 million stand-by letter of credit issued under the Company's domestic line of credit. In conjunction with the Company's intention to close the facility, the Company has provided for the stand-by letter of credit as part of its accrued nonrecurring charges (Note B).

NOTE G - 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 8.5% at January 31, 1996, 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, G-III and Siena Leather Ltd. ("Siena"), another subsidiary of the Company, 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 L).

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).

NOTE G (CONTINUED)

The transaction has 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 the property at the end of the lease.

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, 1996:

Year ending January 31,	(000's)
1997	$ 679
1998	430
1999	272
2000	168
2001	104
2002 and thereafter	75
Net minimum lease payments	1,728
Less amount representing interest	(238)
Present values of minimum lease payments	$1,490
Current portion	$ 571
Noncurrent portion	919
	$ 1,490

NOTE H - INCOME TAXES

Income taxes are provided for under Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes.

The Internal Revenue Service has recently concluded its examination of the Company's 1990 through 1993 tax returns. The Company has made the additional tax payments resulting from the exam.

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

	Year ended January 31,		
	1994	1995	1996
	(000's)		
Current			
Federal	$ 745	$ (3,940)	$(271)
State and city	268	18	164
Foreign	111	49	196
	1,124	(3,873)	89
Deferred	(60)	(214)	-
	$1,064	$ (4,087)	$ 89
Earnings (loss) before income taxes			
United States	$2,071	$(15,701)	$(775)
Non-United States	328	(444)	467

NOTE H (CONTINUED)

The significant components of the Company's deferred tax asset at January 31, 1995 and 1996 are summarized as follows:

	1995	1996
	(000's)	
Provision for bad debts and sales allowances	$ 559	$ 626
Depreciation	580	837

Inventory write-downs	482	319
Nonrecurring charges	1,191	1,005
Straight-line lease	248	247
Other	47	(17)
	-------	-------
	3,107	3,017
Deferred tax asset valuation allowance	(1,390)	(1,300)
	-------	-------
	$ 1,717	$ 1,717
	=======	=======

A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax asset will not be realized. The Company has established valuation allowances for state and local net operating loss carryforwards. The valuation allowance at January 31, 1996, reduced the net deferred tax asset to an amount realizable based upon taxes paid for prior years and future operating results. The Company has state and local net operating loss carryforwards of $12,349,000, which will be available to offset its earnings during the carryforward period. If not used, these carryforwards begin to expire in 2010.

NOTE H (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, 1994		Year ended January 31, 1995		YEAR ENDED JANUARY 31, 1996	
	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	$ 816	34.0%	$(5,489)	(34.0)%	$ (105)	(34.0)%
State and city income taxes, net of Federal income tax benefit	177	7.4	11	0.1	98	31.8
Effect of foreign taxable income (loss)	18	0.7	200	1.2	37	12.0
Valuation allowance for deferred taxes			1,390	8.6	(90)	(29.2)
Effect of tax examination					154	50.0
Other, net	53	2.2	(199)	(1.2)	(5)	(1.7)
	-------	----	-------	----	-------	----
Actual provision (benefit) for income taxes	$ 1,064	44.3%	$(4,087)	(25.3)%	$ 89	28.9%
	=======	====	=======	====	=======	====

NOTE I - COMMITMENTS AND CONTINGENCIES

The Company currently 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, 1996 are:

Year ending January 31,	(000's)
1997	$2,020
1998	1,895
1999	1,927
2000	1,449
2001	571
2002 and thereafter	956
	$8,818

Rent expense on the above operating leases (including amounts leased from 345 West - Note L) for the years ended January 31, 1994, 1995 and 1996 was approximately $1,954,000, $2,604,000 and $2,060,000, 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, 1996). The loan is financed by long-term bonds issued by the Authority. Both G-III and Siena 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 $803,000 and $732,000 as of the years ended January 31, 1995 and 1996, respectively. In conjunction with the Company's intention to close this domestic facility (described in Note B), the Company has reflected $669,000 and $605,000 of the balance of the loan as an accrued nonrecurring charge at January 31, 1995 and 1996, respectively.

NOTE I (CONTINUED)

The Company has an employment agreement with its chief executive officer which expires on January 31, 1997. Thereafter, the agreement shall automatically be 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.

NOTE J - COMMON STOCK AND ADDITIONAL PAID-IN CAPITAL

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 1989 Stock Option Plan provides for 1,130,000 shares of the Company's common stock to be reserved for issuance in connection with stock options. The Board, or a committee thereof, has discretionary authority to determine the types of stock options to be granted, the persons among those eligible to whom options will be granted, the number of shares to be subject to such options and the terms of the options.

NOTE J (CONTINUED)

In addition, in connection with the chief executive officer's employment agreement, the Company granted options to purchase 100,000 shares of common stock at $4.00 per share exercisable over a ten-year period. The options vest over a five-year period beginning February 1, 1995. In December 1994, the Company repriced the above options to $2.00 per share, the current market value at the date of repricing.

During the 1995 fiscal year, the Company granted 50,000 options to its principal stockholders in consideration for certain agreements made by the principal stockholders with the Company's banks. At the time of issuance, the options were exercisable at a higher price than the current market price. Half of the options are exercisable at $5.50 per share, the balance of the options are exercisable at $6.50 per share.

A Non-Employee Directors Stock Option Plan was adopted in 1991 under which options for a maximum of 31,500 shares of common stock may be issued.

As of January 31, 1996, the following options are granted and outstanding:

	Stock Option Plan (1)		Non-Employee Directors Plan (1)	
	Number of shares	Option prices (2)	Number of shares	Option prices
Outstanding, January 31, 1993	581,175		8,400	
Granted	75,000	$ 4.250 - $ 8.000		
Exercised	(7,750)	4.405		
Cancelled	(27,950)	4.405 - 7.619	(2,100)	$7.738
Outstanding, January 31, 1994 (carried forward)	620,475		6,300	

NOTE J (CONTINUED)

	Stock Option Plan (1)		Non-Employee Directors Plan (1)	
	Number of shares	Option prices (2)	Number of shares	Option prices
Outstanding, January 31, 1994 (carried forward)	620,475		6,300	
Granted	257,675	$3.625 - $6.50	5,000	$3.625
Exercised				
Cancelled	(79,325)			
Outstanding, January 31, 1995	798,825	2.00	11,300	
Granted	95,000	1.625 - 2.75	5,000	2.25
Exercised	(6,455)	2.00		
Cancelled	(15,350)	2.00		
OUTSTANDING, JANUARY 31, 1996	872,020		16,300	
As of January 31, 1996				
Exercisable	446,748	$2.00 - $6.50	6,040	$3.625 - $7.738
Available for future grants	257,980		15,200	

(1) Except for the options issued in connection with the stockholders' personal guarantees, as described above, the options vest over a one-to-five year period and will expire from December 1999 to December 2005.

(2) In December 1994, the Company repriced certain outstanding options to $2.00 per share, the current market value at the date of repricing.

NOTE K - MAJOR VENDORS AND CUSTOMERS

For the years ended January 31, 1994, 1995 and 1996, the Company purchased 26%, 16% and 13%, 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, 1994, 1995 and 1996, no customer accounted for more than 10% 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 L - RELATED PARTY TRANSACTIONS

During the years ended January 31, 1994, 1995 and 1996, G-III leased space from 345 West (Notes G and I). Operating expenses paid by G-III to 345 West during the years ended January 31, 1994, 1995 and 1996, amounted to approximately $173,000, $181,000 and $173,000, respectively.

NOTE M - 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 $82,000, $113,000 and $108,000 for the years ended January 31, 1994, 1995 and 1996, respectively.

G-III contributed approximately $65,000, $67,000 and $39,000 for the years ended January 31, 1994, 1995 and 1996, 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 net assets is not available from the plan's administrator.

NOTE N - QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly financial data in thousands except per share numbers for the fiscal years ended January 31, 1995 and 1996 are as follows:

	April 1994 1st Quarter	July 1994 2nd Quarter	October 1994 3rd Quarter	January 1995 4th Quarter
January 31, 1995				
Net sales	$20,157	$48,160	$73,626	$29,498
Gross margin	1,557	8,518	12,928	1,954
Net income (loss)	(2,930)	634	(452)	(8,986)
Net income (loss) per common share				
Primary				
Net income (loss) per share	$(0.45)	$0.10	$(0.07)	$(1.40)
Fully diluted				
Net income (loss) per share	$(0.45)	$0.10	$(0.07)	$(1.40)

			OCTOBER	JANUARY

	APRIL 1995 1ST QUARTER	JULY 1995 2ND QUARTER	1995 3RD QUARTER	1996 4TH QUARTER
JANUARY 31, 1996				
NET SALES	$ 9,275	$36,032	$57,695	$18,661
GROSS MARGIN	663	9,594	12,237	1,400
NET INCOME (LOSS)	(3,035)	1,719	3,353	(2,434)
NET INCOME (LOSS) PER COMMON SHARE				
PRIMARY				
NET INCOME (LOSS) PER SHARE	$(0.47)	$0.27	$0.50	$(.38)
FULLY DILUTED				
NET INCOME (LOSS) PER SHARE	$(0.47)	$0.27	$0.50	$(.38)

NOTE N (CONTINUED)

In the fourth quarter of 1995, the Company recorded a nonrecurring charge of $5,620,000 (see Note B) and additional bad debt expense of approximately $779,000. Other fluctuations are primarily the result of the seasonality of the Company's business.

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, 1995					
Deducted from asset accounts					
Allowance for doubtful accounts	$1,364	$ 676		$1,255	$ 785
Allowance for sales discounts	820	3,105		2,855	1,070
	$2,184	$3,781		$4,110	$1,855
YEAR ENDED JANUARY 31, 1996					
DEDUCTED FROM ASSET ACCOUNTS					
ALLOWANCE FOR DOUBTFUL ACCOUNTS	$ 785	$1,644		$ 717	$1,712
ALLOWANCE FOR SALES DISCOUNTS	1,070	2,556		2,569	1,057
	$1,855	$4,200		$3,286	$2,769

(a) Accounts written off as uncollectible.

STATEMENT OF DIFFERENCES

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

AGREEMENT OF SUB-SUBLEASE

This AGREEMENT OF SUB-SUBLEASE (this "Sublease") dated as of December 27, 1995, between G-III APPAREL GROUP, LTD., a Delaware corporation having an office at 345 West 37th Street, New York, New York 10018-4202 ("Sublandlord") and EUROPE CRAFT IMPORTS, INC., a New Jersey corporation, having an office at 15 Enterprise Avenue, Secaucus, New Jersey ("Subtenant")

W I T N E S S E T H :

WHEREAS, Sublandlord has subleased certain premises consisting of warehouse space and an outlet store located at 15 Enterprise Avenue, Secaucus, New Jersey (the "G-III Premises") from GWC Investments ("GWC") pursuant to a certain Sublease Agreement dated March 9, 1990 as amended by a certain First Amendment to Sublease Agreement dated December 21, 1993 (as amended, the "GWC Lease");

WHEREAS, the G-III Premises is a portion of the premises that were leased to GWC by 15 Enterprise Avenue Associates, L.P. (the "Overlandlord") pursuant to a certain Lease (the "Main Lease") defined as the "Lease" under the GWC Lease; and

WHEREAS, Sublandlord desires to sub-sublease to Subtenant the warehouse portion of the G-III Premises as such portion is shown in hatching on Exhibit A attached hereto (the "Subleased Premises") which Subleased Premises are intended to include, without limitation, (i) all portions of the existing building occupied by Sublandlord or leased by Sublandlord under the GWC Lease except for the existing outlet store and (ii) the Existing Trucking Area (as defined in the GWC Lease) leased to Sublandlord and Subtenant desires to sub-sublease from Sublandlord the Subleased Premises, on the terms and conditions hereinafter set forth;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Demise and Term. Sublandlord hereby sub-subleases to Subtenant, and Subtenant hereby sub-subleases from Sublandlord the Subleased Premises. Notwithstanding the foregoing, Sublandlord and Sublandlord's officers, representatives, employees, agents, contractors, customers and invitees shall have the right of ingress and egress on and over the Existing Trucking Area at all times to these remaining portions of G-III premises not sub-subleased to Subtenant hereunder. The term of this Sublease shall commence on the date (the "Commencement Date") which is ten (10) days following the later to occur of (i) the date which is two (2) business days from the date Sublandlord shall notify Subtenant that GWC and the Overlandlord shall have consented to this Sublease and Sublandlord shall have delivered a copy of such consents to Subtenant, or (ii) the delivery to Subtenant of the Non-Disturbance Agreements as

described in Paragraph 30, below and ending on March 8, 2000 (the "Expiration Date"), unless sooner terminated or canceled as provided in this Sublease. Sublandlord shall deliver possession of the Subleased Premises to Subtenant vacant and broom-clean on the Commencement Date.

2. Subordinate to Main Lease and Sublease. This Sublease is and shall be subject and subordinate to the GWC Lease and the Main Lease, and to the matters to which the GWC Lease or the Main Lease are or shall be subject and subordinate. A copy of the GWC Lease and the Main Lease have been delivered to and examined by Subtenant.

3. Incorporation by Reference. A. The terms, covenants and conditions of the GWC Lease, whether or not the same are expressly referred to herein, are

incorporated herein by reference (except to the extent that they are inapplicable to, or modified by the provisions of, this Sublease). To the extent that the terms, covenants and conditions of the Main Lease are incorporated into the GWC Lease (as such terms, covenants and conditions may have been modified by the GWC Lease), such terms, covenants and conditions are incorporated herein by reference. For the purpose of incorporation by reference, each and every term, covenant and condition of the GWC Lease binding upon or inuring to the benefit of the sublessor thereunder shall, in respect of this Sublease, bind or inure to the benefit of Sublandlord, and each and every term, covenant and condition of the GWC Lease binding upon or inuring to the benefit of the sublessee thereunder shall, in respect of this Sublease, bind or inure to the benefit of Subtenant, with the same force and effect as if such terms, covenants and conditions were completely set forth in this Sublease, and as if the words "sublessor" and "sublessee", or words of similar import, wherever the same appear in the GWC Lease, were construed to mean, respectively, "Sublandlord" and "Subtenant" in this Sublease, and as if the words "Demised Premises," or words of similar import, wherever the same appear in the GWC Lease, were construed to mean "Subleased Premises" in this Sublease, and as if the word "Sublease," or words of similar import, wherever the same appear in the GWC Lease, were construed to mean this "Sublease."

B. The grace periods and time limits contained in the GWC Lease for the giving of notices, making of demands or performing of any act, condition or covenant on the part of the tenant thereunder, or for the exercise by the tenant thereunder of any right, remedy or option, are changed for the purposes of incorporation herein by reference by shortening the same in each instance by one-half, so that in each instance Subtenant shall have one-half less time to observe or perform hereunder than Sublandlord has as the tenant under the GWC Lease. All notices of default under the Main Lease or the GWC Lease shall be delivered to Subtenant in accordance with Section 26 hereof and by hand to the addresses set forth in such section.

C. The following provisions of the GWC Lease shall be deemed deleted for the purposes of incorporation by reference in this Sublease: Articles 1, 2,

3(a), 3(b), 4(b), 6(e), 8, 9(a), 10(b) through 10(h), 13, 14, 18, 21, 28(b), 30(n), 31, 34, 36, 40, 43(j), 45, 46C.(1), 46C.(3), 46C.(4), 46G. and 46I. and Exhibits A and E.

D. Article 11 of the GWC Lease is hereby modified to provide that Subtenant shall be allocated a total of 94 parking spaces of the 109 spaces allocated to Sublandlord thereunder on an unreserved basis; provided, however, that at the request of either party hereto, Sublandlord and Subtenant shall agree that each party's allocated spaces shall be reserved at reasonable locations for the conduct of each party's business.

E. If any of the express provisions of this Sublease shall conflict with any of the provisions of the GWC Lease or the Main Lease incorporated by reference, such conflict shall be resolved in every instance in favor of the express provisions of this Sublease.

4. Performance by Sublandlord. A. Subtenant shall not in any event have any rights in respect of the Subleased Premises greater than Sublandlord's rights under the GWC Lease. Notwithstanding any provision of this Sublease to the contrary, as to obligations contained in this Sublease by the incorporation by reference of the provisions of the GWC Lease or the Main Lease, Sublandlord shall not be required to make any payment or perform any obligation, and Sublandlord shall have no liability to Subtenant for any matter whatsoever, except for Sublandlord's obligation to pay the rent and additional rent due under the GWC Lease and for Sublandlord's obligation to use reasonable and diligent efforts, upon request of Subtenant, to cause GWC to observe and perform its obligations under the GWC Lease. Without limiting Sublandlord's obligations under Section 10 hereof, Sublandlord shall not be responsible for any failure, delay or interruption, for any reason whatsoever, of the obligations, services or facilities to be furnished or performed by the GWC or the Overlandlord, or otherwise, including, without limitation, heat, air conditioning, electricity, water, elevator service and cleaning service, if any, or GWC's breach of the

covenant of quiet enjoyment set forth in Article 20 of the GWC Lease; and no failure to furnish or observe, or delay or interruption of, any such obligations, services or facilities shall give rise to any (a) abatement, diminution or reduction of Subtenant's obligations under this Sublease provided, however, that Subtenant may withhold the Fixed Rent (as hereinafter defined) to the extent Sublandlord is withholding Basic Rent (as such term is defined under the GWC Lease) otherwise payable under the GWC Lease, or (b) liability on the part of Sublandlord. If Sublandlord shall have the right to withhold rent under the express terms and provisions of the GWC Lease based upon the failure of GWC to perform its obligations thereunder, Subtenant shall have the right to withhold rent hereunder to the extent such right applies to the Subleased Premises.

B. If GWC shall default in any of its obligations to Sublandlord with respect to the Subleased Premises, Subtenant shall be entitled to participate with Sublandlord in the enforcement of Sublandlord's rights against GWC (and to receive 100% of any recovery or relief obtained), but Sublandlord shall have no obligation to bring any action or proceeding or to take any steps to enforce Sublandlord's rights

against GWC. If Subtenant shall request that Sublandlord commence an action or proceeding against GWC and Sublandlord brings such an action or proceeding, such action or proceeding so instituted by Sublandlord shall be at the expense of Subtenant. In lieu of requesting that Sublandlord commence an action or proceeding against GWC, however, Subtenant shall have the right to take such action in its own name (including, without limitation, the commencement and pursuit of an action or proceeding against GWC) and, for that purpose and only to such extent, all of the rights of Sublandlord to enforce the obligations of GWC under the Lease are hereby conferred upon and are conditionally assigned to Subtenant and Subtenant hereby is subrogated to such rights (including, without limitation, the benefit of any recovery or relief); provided, however, that Subtenant shall only have such rights if Subtenant shall not be in either monetary default or material non-monetary default under this Sublease beyond any applicable grace or cure period. Subtenant shall indemnify and hold Sublandlord harmless from and against any loss, cost, liability, claim, damage, expense (including, without limitation, reasonable attorneys' fees), penalties and fines incurred in connection with or arising out of the taking of any such action by Subtenant.

5. No Breach of Main Lease. Neither Sublandlord nor Subtenant shall do or permit to be done any act or thing which may constitute a breach or violation of any term, covenant or condition of the GWC or the Main Lease, whether or not such act or thing is permitted under the provisions of this Sublease. As of the date hereof, Sublandlord has no knowledge, after due inquiry, that any uncured defaults exist under the GWC Lease or the Main Lease.

6. No Privity of Estate. Nothing contained in this Sublease shall be construed to create privity of estate or of contract between Subtenant and the GWC or the Overlandlord.

7. Rent. A. Subtenant shall pay to Sublandlord rent (the "Fixed Rent") hereunder at the rate per annum, and in such equal monthly installments as is set forth in Exhibit B attached hereto and made a part hereof, five (5) business days before the first day of each month during the term of this Sublease, subject to the grace and cure periods set forth in Articles 26 and 27 of the GWC Lease as modified by Section 3.B. hereof. If the Commencement Date shall be a date other than the first day of the calendar month, then the rent for any such partial calendar month in which the Commencement Date occurs shall be prorated on a per-diem basis and shall be payable on the Commencement Date. Upon the execution of this Sublease, Subtenant shall pay to Sublandlord an amount equal to one monthly installment of Fixed Rent and Sublandlord shall give Subtenant a credit for such amount against the monthly installment that otherwise would have been due for the first full month of the term hereof.

B. Fixed Rent and all other amounts payable by Subtenant to Sublandlord under this Sublease (the "Additional Charges") shall be paid promptly when due, after any notice and the expiration of any applicable cure period set forth in Articles 26 and 27 of the GWC Lease as modified by Section 3.B. hereof, and without deduction, abatement, counterclaim or setoff of any amount or for any reason whatsoever. Fixed Rent and Additional Charges shall be paid to Sublandlord in lawful money of the United States at the address of Sublandlord set forth at the head of the Sublease or to such other person or at such other address as Sublandlord may from time to time designate by notice to Subtenant. No payment by Subtenant or receipt by Sublandlord of any lesser amount than the amount stipulated to be paid hereunder shall be deemed other than on account of the earliest stipulated Fixed Rent or Additional Charges; nor shall any endorsement or statement on any check or letter be deemed an accord and satisfaction, and Sublandlord may accept any check or payment without prejudice to Sublandlord's right to recover the balance due or to pursue any other remedy available to Sublandlord.

C. In the event that any Additional Charges accrue with respect to any period that does not occur during the term of this Sublease, then Subtenant shall have no liability for any Additional Charges accruing during such period. If any Additional Charges are payable under this Sublease with respect to any period which is partially included in the term of this Sublease, then such Additional Charges shall be pro-rated, based on the actual number of days of such period occurring during the term to the total number of days in such period.

8. Security Deposit. Subtenant is depositing with Sublandlord simultaneously herewith, the sum of $120,000 with Sublandlord, which deposit shall constitute security (the "Security") for the full and timely performance by Subtenant of all of the terms, covenants and conditions of this sublease on Subtenant's part to be performed. Sublandlord shall have the right, without notice to Subtenant, and regardless of the exercise of any other remedy Sublandlord may have by reason of Subtenant's default, to apply any part of the Security to cure any default of Subtenant, and, if Sublandlord does so, Subtenant shall upon demand deposit with Sublandlord the amount so applied so that Sublandlord shall have on deposit the full amount of the Security at all times during the term of this Sublease as provided above. In the event of an assignment or transfer of the leasehold estate under the GWC Lease pursuant to a bona fide arms-length transaction, Sublandlord shall have the right to transfer the Security to the assignee and, to the extent the Security is actually transferred, a Sublandlord shall thereupon be automatically released by Subtenant from all liability for the return of the Security and Subtenant shall look solely to the assignee for the return of the Security, and the foregoing provisions of this sentence shall apply to every transfer made of the Security to a new assignee of Sublandlord's interest in the GWC Lease. The Security shall not be assigned or encumbered by Subtenant without the prior written consent of Sublandlord, and any such assignment or encumbrance without such consent shall be void.

In lieu of cash, Subtenant shall have the right to deliver to Sublandlord for the Security an irrevocable, unconditional letter of credit (the "Letter of Credit") subject to the terms and conditions set forth hereinbelow. The Letter of Credit shall be a "clean" letter of credit issued by a bank reasonably satisfactory to Sublandlord, and shall be substantially in the form of Exhibit D to the GWC Lease. The Letter of Credit

may have an initial term of no greater than one (1) year and shall be extended automatically by the issuing bank or replaced by Subtenant with another letter of credit which complies with the foregoing requirements at least thirty (30) days prior to its expiration. It is agreed that in the event (i) Subtenant defaults in the performance of any of the terms, provisions, covenants and conditions of this Sublease beyond the expiration of any applicable grace or cure period, or (ii) the Letter of Credit is not extended or replaced by Subtenant in a manner which complies with the foregoing provisions, Sublandlord shall have the right but shall not be required to, from time to time without prejudice to any other remedy Sublandlord may have on account thereof, to present the Letter of Credit for payment and to retain the proceeds as the Security in the event of an occurrence under clause (ii) above, or in the event of an occurrence under clause (i) above, to use, apply or retain the whole or any part of the proceeds to the extent required for the payment of sum as to which Subtenant is in default or for any sum which Sublandlord may reasonably expend or may be reasonably required to expend by reason of Subtenant's default, and Subtenant shall within thirty (30) days replenish any funds so used, applied or retained by Sublandlord.

9. Taxes and Utilities, Property Expenses and Insurance Premiums. A. In addition to the Fixed Rent payable hereunder, Subtenant shall pay to Sublandlord, 96% of the cost of electricity (but not water or sewer charges) (pursuant to Article 3(c)(ii) of the GWC Lease), to the extent payable by Sublandlord under the GWC Lease. Sublandlord shall pay all amounts due for real estate taxes and insurance premiums under Article 3 and Article 43, respectively, of the GWC Lease.

B. Subtenant shall pay all amounts due under Section 9A for utilities within ten (10) days of the delivery to Subtenant by Sublandlord of a demand therefor, which demand shall include a copy of the statement to Sublandlord from GWC for such item together with a copy of Sublandlord's check in payment of such statement.

C. Subtenant's sole obligation to pay rent, additional rent and Additional Charges under this Sublease is expressly set forth in this Sublease and Subtenant shall have no obligation to pay additional rent or charges required under the GWC Lease except for obligations, if any, of Sublandlord that are deemed additional rent under the GWC Lease provided that such obligations arise solely from the negligence or wrongful acts of Subtenant and not otherwise payable in the ordinary course of business.

10. Maintenance and Repairs. A. Sublandlord shall keep the Subleased Premises in good condition and shall perform all maintenance and make all repairs and replacements to the structural and non-structural portions of the Subleased Premises and of the Building of which the Subleased Premises are a part (including, without limitation, the roof) and the equipment and systems servicing the Subleased Premises on the date hereof (including, without limitation, the plumbing, electrical, air-conditioning, heating and sprinkler systems). In addition, Sublandlord shall perform and pay 100% of the amount payable by Sublandlord, or to be performed by

Sublandlord, under Article 10 of the GWC Lease, including, without limitation, the following items: (i) sprinkler maintenance; (ii) snow removal; (iii) parking area maintenance, including the fence and exterior lighting; (iv) landscaping and (v) HVAC maintenance.

B. Subtenant shall perform all maintenance and make all repairs to all equipment and systems installed by Subtenant in the Subleased Premises, subject to the provisions set forth in this Section 10.

C. Except as provided herein, Subtenant shall pay the costs and expenses arising from for all services ordered by Subtenant relating to Subtenant's use of the Subleased Premises, including, without limitation, rubbish removal and extermination.

11. Use. Subtenant shall use and occupy the Subleased Premises for the warehousing and distribution of wearing apparel and accessories for Subtenant's business and such other purposes as are permitted by the GWC Lease and for no other purpose. Subtenant shall comply with the certificate of occupancy relating to the Subleased Premises and with all laws, statutes, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments and the appropriate agencies, officers, departments, boards and commissions thereof, and the board of fire underwriters or the fire insurance rating organization or similar organization performing the same or similar functions, whether now or hereafter in force, applicable to the Subleased

Premises.

12. Failure to Deliver Possession. A. Subject to Article 29, Sublandlord shall deliver possession of the Subleased Premises to Subtenant on the Commencement Date, as the same may be extended due to force majeure, as hereinafter defined (the "Delivery Date"). If Sublandlord is unable to vacate and deliver possession of any portion of the Subleased Premises on the Commencement Date, by reason of strike or labor troubles, government preemption in connection with a National Emergency, any rule, order or regulation of any department or subdivision thereof of any government agency, the conditions of supply and demand which have been or are affected by war or other emergency, or any other cause whatsoever beyond Sublandlord's reasonable control (any of the foregoing being a "force majeure"), then the Commencement Date shall be deemed to be extended by the length of time such force majeure shall continue. Sublandlord shall use reasonable efforts to minimize the effects of any force majeure.

B. Subject to the provisions of subsection (a) above, if Sublandlord is unable to give possession of the Subleased Premises on or before the Delivery Date for any reason, Sublandlord shall not be subject to any liability for failure to give possession on or before said date and the validity of this Sublease shall not be impaired under such circumstances, but the Commencement Date shall be postponed until the date on which the Subleased Premises are delivered to Subtenant. Notwithstanding anything to the contrary contained herein, if Sublandlord has not

delivered possession of the Subleased Premises to Subtenant within 60 days of the date hereof, Subtenant shall have the right to cancel this Sublease by notice to Sublandlord whereupon Sublandlord shall return to Subtenant the Security Deposit together with any interest thereon and any other amounts theretofore paid by Subtenant to Sublandlord.

13. Condition of Subleased Premises. A. Without limiting the provisions of Section 10 hereof, Subtenant is leasing the Subleased Premises "AS IS" and Sublandlord shall have no obligation to furnish, render or supply any work, labor, services, material, fixtures, equipment or decorations to make the Subleased Premises ready for Subtenant's occupancy except as herein provided. In making this Sublease, Subtenant has relied solely on such investigations, examinations and inspections as Subtenant has chosen to make. Subtenant acknowledges that Sublandlord has afforded Subtenant the opportunity for full and complete investigations, examinations, and inspections. Sublandlord shall remove all of its personal property from the Subleased Premises other than the items described on Exhibit C attached hereto and made a part hereof. Such items shall be in "as-is" condition, shall be maintained by Subtenant at its sole cost such property shall remain the property of Sublandlord, except for the apparel racking and conveyor system which is the property of GWC and which Subtenant is using pursuant to Article 37 of the GWC Lease.

B. Sublandlord represents to Subtenant that no filing with the New Jersey Department of Environmental Protection or any other agency having jurisdiction under ISRA, is required as a result of this Sublease.

14. Indemnity. A. Subtenant shall indemnify, defend and hold harmless Sublandlord from and against all losses, costs, damages, expenses and liabilities, including, without limitation, reasonable attorneys' fees, which Sublandlord may incur or pay out by reason of (a) any accidents, damages or injuries to persons or property occurring in, on or about the Subleased Premises (unless the same shall have been caused by Sublandlord's negligence), (b) any breach or default hereunder on Subtenant's part, (c) any work done in or to the Subleased Premises (except for any work done in the Subleased Premises by Sublandlord) or (d) any act, omission or negligence on the part of Subtenant, its officers, employees, agents, customers or invitees, or any person claiming through or under Subtenant. The provisions hereof shall survive the expiration or sooner termination of this Sublease.

B. Sublandlord shall indemnify, defend and hold harmless Subtenant from and against all losses, costs, damages, expenses and liabilities, including, without limitation, reasonable attorneys' fees, which Subtenant may incur or pay out by reason of (a) any accidents, damages or injuries to persons or property occurring in, on or about the portions of the G-III Premises occupied by Sublandlord (unless the same shall have been caused by Subtenant's negligence) or (b) any work done in or to the Subleased Premises (except for any work done in the Subleased Premises by Subtenant). The provisions hereof shall survive the expiration or sooner termination of this Sublease.

15. Releases. Subtenant hereby releases GWC and the Overlandlord or anyone claiming through or under the Overlandlord by way of subrogation or otherwise to the extent that Sublandlord released GWC and the Overlandlord from liability or responsibility pursuant to the provisions of the GWC Lease, and Subtenant will cause its insurance carriers to include any clauses or endorsements in favor of GWC which Sublandlord is required to provide pursuant to the provisions of the GWC Lease.

16. Consents and Approvals. In any instance when Sublandlord's consent or approval is required under this Sublease, Sublandlord's refusal to consent to or approve any matter shall be deemed reasonable if such consent or approval has not been obtained from GWC under the GWC Lease or the Overlandlord, provided, however, that if the consent of GWC and the Overlandlord for any request shall be obtained, the consent of Sublandlord shall be deemed to be given for such request. Sublandlord shall use diligent efforts to obtain the consent of GWC and the Overlandlord to such matters as Subtenant may request. If Subtenant shall seek the approval by or consent of Sublandlord and Sublandlord shall fail or refuse to give such consent or approval, then, provided such failure or refusal is not in bad faith, Subtenant shall not be entitled to any damages for any withholding or delay of such approval or consent by Sublandlord, it being intended that Subtenant's sole remedy shall be an action for injunction or specific performance and that said remedy of an action for injunction or specific performance shall be available only in those cases where Sublandlord shall have expressly agreed in writing not to unreasonably withhold or delay its consent.

17. Termination of GWC Lease or Main Lease. Subject to Sections 5 and 30 of this Sublease, if for any reason (i) the term of the Main Lease shall terminate prior to the expiration date of this Sublease or (ii) the term of the GWC Lease shall terminate by reason of the termination of the Main Lease or for any reason other than the negligence or wrongful acts or default of Sublandlord under the GWC Lease or this Sublease, then this Sublease shall thereupon be terminated and Sublandlord shall not be liable to Subtenant by reason thereof.

18. Environmental. Sublandlord represents that Sublandlord has not received any notices of any violations of any Laws (as such term is defined in the GWC Lease) nor is Sublandlord aware of the existence of any environmental contamination in the Subleased Premises which constitutes a violation of the Laws as of the date hereof.

19. Signage. Subtenant shall have the use of the existing sign at the Subleased Premises and Subtenant may change such sign to display Subtenant's name thereon provided that Subtenant complies with all of the obligations of Sublandlord for such sign under the GWC Lease.

20. Alterations. Subtenant shall not make or cause, suffer or permit the making of any alteration, addition, change, replacement, installation or addition in

or to the Subleased Premises without obtaining the prior consent of Sublandlord in each instance, except in accordance with Section 9(b) of the GWC Lease and

Section 6 of the Main Lease; provided that if the consent of GWC and the Overlandlord to the foregoing shall not be required under the terms of the GWC Lease or the Main Lease, respectively, then no such consent of Sublandlord shall be required. Subtenant shall be obligated to maintain any such alteration, addition, change, replacement, installation or addition at Subtenant's sole cost and expense and Subtenant shall remove any of the same at the expiration of the term hereof to the extent required by GWC or the Overlandlord pursuant to the terms of the GWC Lease or the Main Lease, respectively.

21. Right to Cure Defaults. A. If Subtenant shall at any time fail to make any payment or perform any other obligation of Subtenant hereunder, then Sublandlord shall have the right, but not the obligation, without waiving or releasing Subtenant from any obligations of Subtenant hereunder, to make such payment or perform such other obligation of Subtenant in such manner and to such extent as Sublandlord shall deem necessary, and in exercising any such right, to pay any incidental costs and expenses, employ attorneys, and incur and pay reasonable attorneys' fees. Subtenant shall pay to Sublandlord upon demand all sums so paid by Sublandlord and all incidental costs and expenses of Sublandlord in connection therewith, together with interest thereon at the rate of one percent (1%) per calendar month or any part thereof or the then maximum lawful interest rate, whichever shall be less, from the date of the making of such expenditures.

B. If Sublandlord shall default in the payment of any Basic Rent under the GWC Lease after any required notice and the expiration of any applicable grace period, Subtenant shall have the right to pay such amount directly to GWC and deduct such amount from the rent payable hereunder.

22. Brokerage. Sublandlord and Subtenant represents to the other that no broker or other person had any part, or was instrumental in any way, in bringing about this Sublease. Sublandlord or Subtenant shall pay, and shall indemnify, defend and hold harmless the other from and against, any claims made by any broker or other person for a brokerage commission, finder's fee, or similar compensation, by reason of or in connection with this Sublease, and any loss, liability, damage, cost and expense (including, without limitation, reasonable attorneys' fees) in connection with such claims if such broker or other person claims to have had dealings with such party or its representatives.

23. No Waiver. The failure of Sublandlord to insist in any one or more cases upon the strict performance or observance of any obligation of Subtenant hereunder or to exercise any right or option contained herein shall not be construed as a waiver or relinquishment for the future of any such obligation of Subtenant or any right or option of Sublandlord. Sublandlord's receipt and acceptance of Fixed Rent or Additional Charges, or Sublandlord's acceptance of performance of any other obligation by Subtenant, with knowledge of Subtenant's breach of any provision of this Sublease, shall not be deemed a waiver of such breach. No waiver by Sublandlord of any term,

covenant or condition of this Sublease shall be deemed to have been made unless expressed in writing and signed by Sublandlord.

24. Complete Agreement. There are no representations, agreements, arrangements or understandings, oral or written, between the parties relating to the subject matter of this Sublease which are not fully expressed in this Sublease. This Sublease cannot be changed or terminated orally or in any manner other than by a written agreement executed by both parties.

25. Successors and Assigns. The provisions of this Sublease, except as herein otherwise specifically provided, shall extend to, bind and inure to the benefit of the parties hereto and their respective personal representatives, heirs, successors and permitted assigns. In the event of any assignment or transfer of the leasehold estate under the GWC Lease, pursuant to an arms-length transaction, the transferor or assignor, as the case may be, shall be and hereby is entirely relieved and freed of all obligations under this Sublease.

26. Notices. All communications and notices hereunder shall be in writing and shall be deemed given when delivered by hand or by certified mail, return receipt requested, addressed as follows or to such other address as either party

may notify the other in accordance with the provisions hereof.

To Sublandlord:

G-III Apparel Group, Ltd.
345 West 37th Street
New York, New York 10018-4202
Attn: Mr. Alan Feller

- with a copy to -

Fulbright & Jaworski L.L.P.
666 Fifth Avenue
New York, New York 10103
Attn: Neil Gold, Esq.

To Subtenant:

Europe Craft Imports, Inc.
15 Enterprise Avenue
Secaucus, New Jersey

- with copies to -

Herrick, Feinstein L.L.P.
2 Park Avenue
New York, New York 10016
Attn: Carl F. Schwartz, Esq.

and

Europe Craft Imports, Inc.
475 Fifth Avenue
3rd Floor
New York, New York 10016
Attn: Mr. Charles Ramat

All notices except notice of change of address shall be deemed given when sent, and notice of change of address shall be deemed given when received.

27. Insurance Policies. Whenever any insurance coverage is required to be obtained or maintained by Sublandlord under Section 15 of the GWC Lease, Subtenant shall obtain and maintain such insurance coverage with respect to the Subleased Premises only, naming as insureds thereunder GWC, Sublandlord and Subtenant, as their respective interests may appear, and any other party required to be named under the provisions of the GWC Lease.

28. Interpretation. Irrespective of the place of execution or performance, this Sublease shall be governed by and construed in accordance with the laws of the State of New Jersey. If any provision of this Sublease or the application thereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, the remainder of this Sublease and the application of that provision to other persons or circumstances shall not be affected but rather shall be enforced to the extent permitted by law. The table of contents, captions, headings and titles, if any, in this Sublease are solely for convenience of reference and shall not affect its interpretation. This Sublease shall be construed without regard to any presumption or other rule requiring construction against the party causing this Sublease to be drafted. If any words or phrases in this Sublease shall have been stricken out or otherwise eliminated, whether or not any other words or phrases have been added, this Sublease shall be construed as if the words or phrases so stricken out or otherwise eliminated were never included in this Sublease and no implication or inference shall be drawn from the fact that said words or phrases were so stricken out or otherwise eliminated. Each covenant, agreement, obligation or other provision of this Sublease shall be deemed and construed as a separate and independent covenant of the party bound by, undertaking or making same, not dependent on any other provision of this Sublease unless otherwise expressly

provided in this Sublease. All terms and words used in this Sublease, regardless of the number or gender in which they are used, shall be deemed to include any other number and any other gender as the context may

require. The word "person" as used in this Sublease shall mean a natural person or persons, a partnership, a corporation or any other form of business or legal association or entity.

29. Consents. This Sublease shall have no effect until GWC and the Overlandlord shall have given their respective written consents (the "Consents") hereto in a form reasonably satisfactory to Subtenant. Sublandlord shall use its best efforts to obtain the Consents and shall pay all costs, including legal fees, charged by GWC or the Overlandlord for the review hereof and the granting of the Consents. If despite such best efforts, the Consents are not given within sixty (60) days after the date hereof (a) Sublandlord shall not be obligated to take any further action to obtain such consent, and (b) this Sublease shall be deemed null and void and of no effect.

30. Non-disturbance Agreements. Simultaneously with the request for the Consents, Sublandlord shall use its best efforts to obtain from GWC and the Overlandlord Non-Disturbance Agreements in a form substantially similar to the form of Exhibit H to the GWC Lease, for Subtenant under this Sublease with such modifications thereto as Subtenant may reasonably request (including, without limitation, the right to assert against the new landlord Subtenant's defenses against Sublandlord). Sublandlord's use of best efforts shall in no event include the requirement that Sublandlord commence any litigation or similar proceeding or incur any expenses in excess of those expenses incurred in obtaining the Consents. If despite such best efforts, the Non-Disturbance Agreements are not delivered to Subtenant within 60 days from the date hereof (a) Sublandlord shall not be obligated to take any further actions to obtain such Non-Disturbance Agreements and (b) unless this condition shall be waived by Subtenant, this Sublease shall be deemed null and void and of no effect. It is the intention of the parties that the provisions of this paragraph are intended for the benefit of Subtenant only and Subtenant shall have the right to waive the provisions of this paragraph.

31. Termination. Subtenant shall have the right to terminate this Sublease at any time upon not less than six (6) months notice to Sublandlord, provided that Subtenant shall not be in default in any of its monetary obligations hereunder either at the time of the delivery of such notice or on the date of the termination hereof.

In Witness Whereof, Sublandlord and Subtenant have executed this Sublease as of the day and year first above written.

S U B L A N D L O R D:

G-III APPAREL GROUP, LTD.

By: ________________________________

Name:

Title:

S U B T E N A N T:

EUROPE CRAFT IMPORTS, INC.

By: ________________________________
Name:
Title:

EXHIBIT A

Description of the Subleased Premises

Copy of blueprint layout of subleased premises indicating layout, dimensions and boundaries.

EXHIBIT B

Fixed Rent Payments

Annual Fixed Rent	Monthly Installments
$720,000	$60,000

EXHIBIT C

Personal Property to Remain in Subleased Premises

racking and conveyor systems

rails

trolleys

packaging tables

wooden pallets

alarm system

FIRST AMENDMENT TO AGREEMENT OF SUB-SUBLEASE

This FIRST AMENDMENT TO AGREEMENT OF SUB-SUBLEASE (this "Agreement") dated as of February 16, 1996, between G-III APPAREL GROUP, LTD., a Delaware corporation having an office at 345 West 37th Street, New York, New York 10018-4202 ("Sublandlord") and EUROPE CRAFT IMPORTS, INC., a New Jersey corporation, having an office 15 Enterprise Avenue, Secaucus, New Jersey ("Subtenant")

W I T N E S S E T H :

WHEREAS, Sublandlord and Subtenant have entered into a certain Agreement of Sub-sublease dated as of December 27, 1995 (the "Sublease") for certain premises (the "Subleased Premises") located at 15 Enterprise Avenue, Secaucus, New Jersey as more particularly described in the Sublease;

WHEREAS, the Subleased Premises is a portion of the premises (the "G-III Premises") subleased to Sublandlord by GWC Investments ("GWC") pursuant to a certain Sublease Agreement dated March 9, 1990 as amended by a certain First Amendment to Sublease Agreement dated December 21, 1993;

WHEREAS, the G-III Premises is a portion of the premises that were leased to GWC by 15 Enterprise Avenue Associates, L.P. (the "Overlandlord") pursuant to a certain Lease defined as the "Lease" under the GWC Lease; and

WHEREAS, Sublandlord and Subtenant desire to amend the Sublease to provide, inter alia, for a reduction in the size of the Subleased Premises, on the terms and conditions hereinafter set forth;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. All capitalized terms used in this Agreement shall have the respective meanings ascribed thereto in the Sublease unless otherwise defined herein.

2. The Subleased Space is hereby reduced by an area consisting of an aggregate of approximately 3,800 square feet (the "G-III Storage Space") in two locations in the warehouse space consisting of approximately 1,230 square feet and 2,570 square feet, respectively, as more particularly shown in cross-hatching on Exhibit A attached hereto. All references in the Sublease to the Subleased Premises are deemed to be to the Subleased Premises reduced as set forth in this Agreement.

3. The annual Fixed Rent payable under the Sublease is hereby reduced by the amount of $22,800 from $720,000 to $697,200. Exhibit B to the Sublease is hereby deleted in its entirety and Exhibit B hereto is hereby inserted in its stead.

4. The following language shall be inserted in Section 1 of the Sublease following the words "Paragraph 30, below": "or (iii) the delivery to Subtenant of proof reasonably satisfactory to Subtenant that Sublandlord has obtained the approval of HMDC to the occupancy by Subtenant of the Subleased Premises (including, without limitation a certificate of continued occupancy)."

5. Section 9 of the Sublease is hereby amended by deleting the percentage "96%" therefrom and inserting the percentage "93%" in its stead.

6. Prior to the Commencement Date, Sublandlord, at Sublandlord's sole cost and expense, shall install all necessary barriers to separate the Subleased Premises from the G-III Storage Space in accordance with (a) applicable laws and regulations, including, without limitation, the regulations of the Hackensack Meadowlands Development Commission ("HMDC") and (b) specifications reasonably requested by Subtenant in order to provide adequate security for Subtenant's property. Subtenant shall permit Sublandlord reasonable access to the 2,570 square foot portion of the G-III Storage Space located along the northerly wall of the warehouse provided that Sublandlord shall indemnify and hold Subtenant harmless for any damage to Subtenant's property arising from Sublandlord's access to such space.

7. Immediately upon the execution and delivery hereof, Sublandlord shall request that GWC and the Overlandlord give their respective written consents hereto at the same time each of GWC and the Overlandlord give their respective consents to the Sublease. Sublandlord shall obtain such consents in such a form and in such time period as are specified in Section 29 of the Sublease. If the consents required hereunder are not obtained by February 27, 1996, (a) Sublandlord shall not be obligated to take any further action to obtain such consent, and (b) this Agreement shall be deemed null and void and of no effect. Subtenant hereby acknowledges that Subtenant has waived any right Subtenant may have to terminate the Sublease arising from the failure of Sublandlord to obtain a non-disturbance agreement from Overlandlord as required under Section 30 thereof.

8. Promptly upon the occurrence of the Commencement Date, Sublandlord intends to apply to the HMDC for the necessary approval to operate the existing outlet store at the G-III Premises as currently operated (including, without limitation, maintaining the current size of the outlet store) without the requirement that Sublandlord occupy any portion of the G-III Storage Space. If Sublandlord shall obtain such approval, Sublandlord shall have the right to terminate this Agreement (other than the provisions of Paragraph 4 above) at any time upon not less than six (6) months' notice to Subtenant, whereupon (a) at Subtenant's request, Sublandlord shall remove any barriers installed by Sublandlord to separate the G-III Storage Space from

the Subleased Premises and restore the Subleased Premises to its condition prior to the installation of such barriers, (b) this Amendment shall be null and void, (c) the Subleased Premises shall be deemed to include the G-III Storage Space and (d) all of the terms and provisions of the Sublease shall govern thereafter.

9. Except as expressly supplemented by this Agreement, the terms and provisions of the Sublease are hereby ratified and confirmed.

10. This Agreement shall be binding on all parties and their successors and assigns and may not be modified or amended orally, but only in writing signed by Sublandlord and Subtenant.

IN WITNESS WHEREOF, Sublandlord and Subtenant have executed this Agreement as of the day and year first above written.

S U B L A N D L O R D:

G-III APPAREL GROUP, LTD.

By: ________________________________
Name:
Title:

S U B T E N A N T:

EUROPE CRAFT IMPORTS, INC.

By: ______________________________
Name:
Title:

EXHIBIT A

Description of the G-III Storage Space

EXHIBIT A

Description of the G-III Storage Space

Copy of blueprint floorplan of the G-III storage space, indicating layout dimensions and property line.

EXHIBIT B

Fixed Rent Payments

Annual Fixed Rent	Monthly Installments
$697,200	$58,100

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We have issued our report dated April 19, 1996, accompanying the consolidated financial statements of G-III Apparel Group, Ltd. and subsidiaries, appearing in the Annual Report on Form 10-K for the year ended January 31, 1996, which is incorporated by reference in this registration statement. We consent to the incorporation by reference in the registration statement of the aforementioned report and to the use of our name as it appears under the caption, 'Interests of Named Experts and Counsel.'

GRANT THORNTON LLP

New York, New York
April 19, 1996

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