FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

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

For the Quarterly period ended July 31, 1998

OR

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

For the transition period from _______ to _______

Commission File Number 0-18183

G-III APPAREL GROUP, LTD.
(Exact name of registrant as specified in its charter)

Delaware	41-1590959
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

345 West 37th Street, New York, New York	10018
(Address of Principal Executive Office)	(Zip Code)

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

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

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

Yes XX No _____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of September 1, 1998.

Common Stock, $.01 par value per share: 6,526,386 shares.

Part I FINANCIAL INFORMATION Page No.

* The Balance Sheet at January 31, 1998 has been taken from the audited financial statements at that date. All other financial statements are unaudited.

Part II OTHER INFORMATION

1. Amendment No. 2 to the Fourth Amended and Restated Loan Agreement, dated as of June 24, 1998, by and among G-III Leather Fashions, Inc., the Banks signatory thereto and Fleet Bank, N.A., as Agent.

2. Amendment No. 3 to the Fourth Amended and Restated Loan Agreement, dated as of July 31, 1998, by and among G-III Leather Fashions, Inc., the Banks signatory thereto and Fleet Bank, N.A., as Agent.

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

ASSETS	JULY 31, 1998 (unaudited)	JANUARY 31, 1998
CURRENT ASSETS		
Cash and cash equivalents	$ 632	$ 5,842
Accounts receivable	35,989	12,664
Allowance for doubtful accounts and sales discounts	(2,275)	(1,247)
Inventories - net	41,981	20,232
Prepaid and refundable income taxes	1,905	-
Prepaid expenses and other current assets	1,555	1,758
Total current assets	79,787	39,249
PROPERTY, PLANT AND EQUIPMENT, NET	3,720	3,431
DEFERRED INCOME TAXES	3,125	3,125
OTHER ASSETS	1,207	941
	$87,839	$46,746

LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable	$ 41,520	$ 3,478
Current maturities of obligations under capital leases	280	256
Income taxes payable	-	973
Accounts payable	7,279	2,570
Accrued expenses	4,352	2,138
Accrued nonrecurring charges	596	538
Total current liabilities	54,027	9,953
OTHER LONG-TERM LIABILITIES	606	806
MINORITY INTEREST	-	301
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Preferred stock, 1,000,000 shares authorized; no shares issued and outstanding in all periods		
Common stock - $.01 par value; authorized, 20,000,000 shares; issued and outstanding, 6,526,386 and 6,506,276 shares on July 31, 1998 and January 31, 1998, respectively	65	65
Additional paid-in capital	23,740	23,700
Retained earnings	9,401	11,921
	33,206	35,686
	$87,839	$46,746

The accompanying notes are an integral part of these statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share amounts)

	THREE MONTHS ENDED JULY 31, (Unaudited)	
	1998	1997
Net sales	$35,742	$33,109
Cost of goods sold	26,343	22,143
Gross profit	9,399	10,966
Selling, general and administrative expenses	6,732	6,497
Operating income	2,667	4,469
Interest and financing charges, net	659	506
Income before minority interest and income taxes	2,008	3,963
Minority interest in loss of joint venture	(342)	(113)
Income before income taxes	2,350	4,076
Income taxes	940	1,632
Net income	$ 1,410	$ 2,444
INCOME PER COMMON SHARE:		
Basic:		
Net income per common share	$ .22	$ .38
Weighted average number of shares outstanding	6,525,700	6,482,464
Diluted:		
Net income per common share	$ .20	$ .35
Weighted average number of shares outstanding	7,074,267	7,077,113

The accompanying notes are an integral part of these statements.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share amounts)

	SIX MONTHS ENDED JULY 31, (Unaudited)	
	1998	1997
Net sales	$40,692	$39,640
Cost of goods sold	31,591	28,212
Gross profit	9,101	11,428
Selling, general and administrative expenses	13,072	12,311
Operating loss	(3,971)	(883)
Interest and financing charges, net	822	566
Loss before minority interest and income taxes	(4,793)	(1,449)
Minority interest in loss of joint venture	(593)	(113)
Loss before income taxes	(4,200)	(1,336)
Income tax benefit	(1,680)	(532)
Net loss	$ (2,520)	$ (804)
LOSS PER COMMON SHARE:		
Basic and Diluted:		
Net loss per common share	$ (.39)	$ (.12)
Weighted average number of shares outstanding	6,517,822	6,479,953

The accompanying notes are an integral part of these statements.

G-III Apparel Group, Ltd. and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	SIX MONTHS ENDED JULY 31, (Unaudited)	
	1998	1997
Cash flows from operating activities		
Net loss	$ (2,520)	$ (804)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	658	618
Minority Interest	(593)	(113)
Changes in operating assets and liabilities:		
Accounts receivable	(22,297)	(15,987)
Inventories	(21,749)	(15,634)
Income taxes	(2,878)	(951)
Prepaid expenses and other current assets	203	(297)
Other assets	(266)	(67)
Accounts payable and accrued expenses	6,965	2,955
Accrued nonrecurring charge	(35)	(33)
Other long term liabilities	50	50
Net cash used in operating activities	(42,462)	(30,263)
Cash flows from investing activities		
Capital expenditures	(947)	(311)
Capital dispositions	-	3
Investment in joint venture by minority partner	250	100
Net cash used in investing activities	(697)	(208)
Cash flows from financing activities		
Increase in notes payable, net	38,042	18,555
Payments for capital lease obligations	(133)	(248)
Proceeds from exercise of stock options	40	23
Net cash from financing activities	37,949	18,330
Net decrease in cash and cash equivalents	(5,210)	(12,141)
Cash and cash equivalents at beginning of period	5,842	13,067
Cash and cash equivalents at end of period	$ 632	$ 926
Supplemental disclosures of cash flow information:		
Cash paid during the period for		
Interest	$ 761	$ 415
Income taxes	1,252	442

The accompanying notes are an integral part of this statement.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - General Discussion

The results for the six month period ended July 31, 1998 are not necessarily indicative of the results expected for the entire fiscal year. The accompanying financial statements included herein are unaudited. In the opinion of management, all adjustments (consisting of only normal recurring adjustments) necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods presented have been reflected.

Certain reclassifications have been made to conform to the 1998 presentation.

During the quarter ended July 31, 1997, a newly formed subsidiary, BET Design Studio, LLC commenced operations. The Company owns 50.1% of the subsidiary, and accordingly consolidates its results from its startup date in May 1997.

The accompanying financial statements should be read in conjunction with the financial statements and notes included in the Company's Form 10K filed with the Securities and Exchange Commission for the year ended January 31, 1998.

Note 2 - Inventories

	July 31, 1998	January 31, 1998
	(in thousands)	
Inventories consist of:		
Finished products	$ 33,076	$ 14,137
Work-in-process	611	1
Raw materials	8,294	6,094
	$41,981	$20,232

Note 3 - Income (Loss) Per Common Share

As of January 31, 1998, the Company adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share." This statement establishes new standards for computing and presenting earnings per share ("EPS") and applies to entities with publicly held common stock or potential common stock. This statement replaces the presentation of primary EPS with a presentation of basic EPS. It requires dual presentation of basic and diluted EPS on the face of the statement of operations for all entities with complex capital structures and requires a reconciliation of the numerators and denominators of the basic and diluted EPS computations. This statement also requires a restatement of all prior period EPS data presented.

Basic earnings per share amounts have been computed using the weighted average number of common shares outstanding during each year. Diluted earnings per share amounts have been computed using the weighted average number of common shares and the dilutive potential common shares outstanding during the year. All prior year amounts have been restated to conform to the new presentation.

Note 4 - Notes Payable

The Company's loan agreement, which expires on May 31, 1999, was amended during the quarter ended July 31, 1998. The original agreement provided for a maximum line of credit that ranged from $40 million to $56 million at specific dates during the term. The amendments increased the maximum line of credit to amounts that range from $40 million to $63.5 million during the same loan term.

The amended line of credit increased maximum direct borrowings from a range of $30 million to $44 million to a range of $30 million to $50 million. The balance of the credit line may be used for letters of credit. All amounts available for borrowing are subject to borrowing base formulas and overadvances specified in the agreement.

Note 5 - Nonrecurring Charges

Included in non-recurring charges recorded in December 1994 was approximately $2.0 million to sell or liquidate a factory located in Indonesia. During the year ended January 31, 1998, the Company applied approximately $1.6 million of the reserve as a reduction of the Indonesian property, plant and equipment, since the Company cannot assure any recoveries in connection with its disposition. In December 1997, the factory contracted to manufacture luggage, and as a result, the Company has since discontinued its plan to sell or liquidate the factory. However, due to the political and economic instability being experienced in Indonesia, management determined that the remaining nonrecurring balance with respect to its Indonesian assets should be maintained. The remaining nonrecurring balance of $438,000 relates to the reserve associated with the closure of the Company's domestic factory that was completed by January 31, 1995. Based on current estimates, management believes that existing accruals are adequate. Other long-term liabilities include $304,000 and $397,000 of nonrecurring charges at July 31, 1998 and January 31, 1998, respectively.

The status of the provision at the end of the period was:

	Balance January 31,1998	1998 Activity	Balance July 31, 1998
		(in thousands)	
Closure of Domestic Facility	$ 473	$ (35)	$ 438
Uncertainty of Indonesian Assets	462	-	462
	$ 935	$ (35)	$ 900

Note 6 - Comprehensive Income

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

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

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

RESULTS OF OPERATIONS

Net sales for the three months ended July 31, 1998 were $35.7 million compared to $33.1 million for the same period last year. The increase in net sales during the quarter was primarily attributable to an increase in sales of licensed apparel ($7.5 million), partially offset by decreases in sales of non-licensed apparel ($5.2 million). For the six months ended July 31, 1998, net sales were $40.7 million compared to $39.6 million for the same period in the prior year. The increase in net sales in the six month period was also attributable to an increase in sales of licensed apparel ($8.2 million), partially offset by decreases in sales of non-licensed apparel ($7.2 million). It is the Company's strategy to increase the sales of licensed apparel as a percentage of net sales.

Gross profit was $9.4 million for the three months ended July 31, 1998, compared to $11.0 million in the same period last year. Gross profit as a percentage of net sales was 26.3% for the three months ended July 31, 1998 compared to 33.1% for the same period last year. For the six month period ended July 31, 1998, gross profit was $9.1 million, or 22.4% of net sales, compared to $11.4 million, or 28.8%, of net sales for the same period last year. The reduction in gross profit as a percentage of net sales in both the three and six month periods primarily resulted from lower fee commission income with respect to Women's non-licensed apparel coupled with the sale of prior season merchandise at deep discounts in the non-licensed woven lines.

Selling, general and administrative expenses for the three months ended July 31, 1998 were $6.7 million compared to $6.5 million in the three months ended July 31, 1997. BET Design Studio, which commenced operations in May 1997, incurred expenses of $700,000 in the three months ended July 31, 1998, representing a $500,000 increase over the same period in the prior year. Excluding BET Design Studio expenses, selling, general and administrative expenses were 17.0% of net sales in the three months ended July 31, 1998 compared to 18.9% in the same period last year.

For the six month period ended July 31, 1998, selling, general and administrative expenses were $13.1 million compared to $12.3 million for the same period last year. BET Design Studio incurred expenses of $1.1 million in the six months ended July 31, 1998, an increase of $900,000 over the same period in the prior year. Excluding BET Design Studio expenses, selling, general and administrative expenses were 29.3% of net sales in the six months ended July 31, 1998 compared to 30.5% in the same period in the prior year. BET Design Studio expenses increased primarily in the areas of personnel and advertising, as staffing levels increased and advertising programs began. Excluding BET Design Studio expenses, the decrease in selling, general and administrative expenses for the three and six month periods ended July 31, 1998 was primarily attributable to savings in personnel costs. The BET Design Studio expenses allocable to the other shareholder (approximately one-half of these expenses) are reflected in "Minority interest in loss of joint venture".

Interest expense and finance charges for the three months ended July 31, 1998 were $659,000 compared to $506,000 in the comparable period last year. For the six months ended July 31, 1998, interest expense was $822,000 compared to $566,000 in the same period in the prior year. The higher interest expense relates to increased borrowings as a result of purchasing increased amounts of raw materials at favorable prices, and higher finished goods inventory levels.

Income taxes of $1.0 million reflect an effective tax rate of 40.0% for the three months ended July 31, 1998 compared to income taxes of $1.6 million (same effective tax rate) in the comparable period in the prior year. For the six months ended July 31, 1998, the income tax benefit of $1.7 million also reflects an effective tax rate of 40.0%, compared to an income tax benefit of $532,000 (same effective tax rate) in the same period last year.

As a result of the foregoing, for the three months ended July 31, 1998 the Company had net income of $1.4 million, or $.20 per diluted share, compared to net income of $2.4 million, or $.35 per diluted share, for the comparable period in the prior year. For the six months ended July 31, 1998, the Company had a net loss of $2.5 million, or $.39 per share, compared to a net loss of $904,000, or $.12 per share, for the same period in the prior year.

LIQUIDITY AND CAPITAL RESOURCES

The Company's loan agreement, which expires on May 31, 1999, was amended during the quarter ended July 31, 1998. The original agreement provided for a maximum line of credit that ranged from $40 million to $56 million at specific dates during the term. The amendments increased the maximum line of credit to amounts that range from $40 million to $63.5 million during the same loan term.

The amended line of credit increased maximum direct borrowings from a range of $30 million to $44 million to a range of $30 million to $50 million. The balance of the credit line may be used for letters of credit. All amounts available for borrowing are subject to borrowing base formulas and overadvances specified in the agreement.

Direct borrowings bear interest at the agent's prime rate (8.5% as of September 1, 1998) or LIBOR plus 250 basis points, at the election of the Company. All borrowings are collateralized by the assets of the Company. The loan agreement includes covenants that require the Company to maintain certain earnings and tangible net worth levels, and prohibits the payment of cash dividends. As of July 31, 1998, there were $39.2 million in direct borrowings and approximately $13.6 million of contingent liability under open letters of credit. The amount borrowed under the line of credit varies based upon the Company's seasonal requirements.

In February 1997, the Company formed a joint venture with Black Entertainment Television (BET) to provide a BET-branded clothing and accessory line. The joint venture agreement provides for the Company and BET each to make an initial capital contribution in the amount of $1.0 million. In addition, the agreement provides for the Company and BET each to make an additional capital contribution of up to $1.0 million. As of July 31, 1998, BET and the Company have each contributed $1.0 million to this joint venture. The joint venture has negotiated an asset-based credit facility with The CIT Group. To support the requirement for overadvances which occur when the available collateral is not sufficient to support the level of direct bank debt and letters of credit opened to pay for product, both partners have opened stand-by letters of credit in the amount of $750,000 under which The CIT Group is the beneficiary. As of July 31, 1998, there was $804,000 in direct debt outstanding under this CIT Group credit facility.

The Company's wholly-owned Indonesian subsidiary has a line of credit with a bank which was partially supported by a $2.0 million stand-by letter of credit issued under the Company's loan agreement. On May 12, 1998, the Company paid down the $2.0 million stand-by letter of credit, reducing the factory's credit line to $1.5 million. As of July 31, 1998, the borrowing by the Indonesian subsidiary under its line of credit approximated $1.5 million.

YEAR 2000 COMPLIANCE

The Company believes that advanced information processing is essential to maintaining its competitive position. The Company participates in the electronic data interchange program maintained by many of its larger customers, including Federated Department Stores, Wal-Mart, and Daytons. This program allows the

Company to receive customer orders, provide advanced shipping notices, monitor store inventory and track orders on-line from the time such orders are placed through delivery. The Company is also able to notify certain of its customers' warehouses in advance as to shipments.

The Company has a formal year 2000 compliance schedule that addresses the Company's IT systems. During the quarter ended July 31, 1998, the Company completed its upgrade of its accounting systems, to ensure proper processing of transactions relating to the year 2000 and beyond. In addition, the Company is currently evaluating its other management information systems, such as manufacturing and distribution system, microcomputers, telephones and fax machines, and have set forth plans to upgrade, modify or replace such equipment. The Company continues to evaluate appropriate courses of corrective actions, including replacement of certain systems. The Company expects to complete this process and be year 2000 compliant by mid 1999.

The Company does not expect the costs associated with ensuring year 2000 compliance to have a material effect on its financial position or results of operations. All costs associated with year 2000 compliance are being funded with cash flow generated from operations and are being expensed as incurred. The Company currently estimates that it will need to expend approximately $200,000 to $300,000 to complete its year 2000 compliance. The Company expects these amounts to be funded with cash flow generated from operations.

The Company has taken steps to determine if its major customers and suppliers are year 2000 compliant and is in process of establishing a contingency plan in the event that these suppliers and vendors are not year 2000 compliant. The Company has requested written confirmation from its customers and suppliers as to their year 2000 compliance status.

Although the Company believes that the information systems of its major customers and vendors (insofar as they relate to the Company's business) comply with year 2000 requirements, there can be no assurance that the year 2000 issue will not affect the information systems of such customers and vendors as they relate to the Company's business, or that any such impact on such customers' and vendors/ information systems would not have a material adverse effect on the Company's business, financial condition or results of operations.

EFFECT OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Segment Information

In June 1997, the FASB issued SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information," which will be effective with the Company's financial statements for the fiscal year ending January 31, 1999. This statement establishes standards for reporting information about segments in annual and interim financial statements. This statement introduces a new model for segment reporting, called the "management approach." The management approach is based on the way the chief operating decision-maker organizes segments within a Company for making operating decisions and assessing performance. Reportable segments are based on products and services, geography, legal structure and management structure. The Company does not believe that this statement will have a significant impact on the consolidated financial statements.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF STOCKHOLDERS

(a) The Company's Annual Meeting of Stockholders was held on June 18, 1998 (the "Annual Meeting").

(b) The following matters were voted upon and approved by the Company's stockholders at the Annual Meeting:

(i) The election of nine directors to serve for the ensuing year. The following nominees were elected as directors of the Company (with the Company's stockholders having voted as set forth below):

NOMINEE	VOTES FOR	WITHHELD AUTHORITY TO VOTE
Morris Goldfarb	6,239,650	2,855
Aron Goldfarb	6,239,650	2,855
Lyle Berman	6,239,545	2,960
Thomas J. Brosig	6,239,650	2,855
Alan Feller	6,239,650	2,855
Carl Katz	6,239,650	2,855
Willem van Bokhorst	6,239,650	2,855
Sigmund Weiss	6,239,650	2,855
George J.Winchell	6,239,650	2,855

(ii) The ratification of the appointment of Grant Thornton LLP as the Company's independent certified public accountants for the fiscal year ending January 31, 1999. The Company's stockholders voted as follows:

FOR:	6,240,000
AGAINST:	1,005
ABSTENTIONS:	1,500
BROKER NON-VOTES:	0

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

1. Amendment No. 2 to the Fourth Amended and Restated Loan Agreement, dated as of June 24, 1998, by and among G-III Leather Fashions, Inc., the Bank's signatory thereto and Fleet Bank, N.A., as Agent.

2. Amendment No. 3 to the Fourth Amended and Restated Loan Agreement, dated as of July 31, 1998, by and among G-III Leather Fashions, Inc., the Bank's signatory thereto and Fleet Bank, N.A., as Agent.

SIGNATURES

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

G-III APPAREL GROUP, LTD.
(Registrant)

Date: September 14, 1998

By: /s/ Morris Goldfarb

Morris Goldfarb
Chief Executive Officer

Date: September 14, 1998

By: /s/ Wayne S. Miller

Wayne S. Miller
Chief Financial Officer

AMENDMENT NO. 2 TO THE FOURTH
AMENDED AND RESTATED LOAN AGREEMENT

THIS AMENDMENT NO. 2 TO THE FOURTH AMENDED AND RESTATED LOAN AGREEMENT, dated as of June 24, 1998 (this "Amendment"), by and among G-III LEATHER FASHIONS, INC., a New York corporation (the "Borrower"), the Lenders that have executed the signature pages hereto (individually, a "Lender" and collectively, the "Lenders"), and FLEET BANK, N.A., a national banking association as agent for the Lenders (in such capacity, together with its successors in such capacity, the "Agent"),

W I T N E S S E T H:

WHEREAS:

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

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

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

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

SECTION 1. AMENDMENT TO LOAN AGREEMENT.

1.1 This Amendment shall be deemed to be an amendment to the Loan Agreement and shall not be construed in any way as a replacement or substitution therefor. All of the terms and conditions of, and terms defined in, this Amendment are hereby incorporated by reference into the Loan Agreement as if such terms and provisions were set forth in full therein. This Amendment shall be effective as of March 1, 1998.

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

Period	Amount
March 1, 1998 - March 31, 1998	$ 9,000,000
April 1, 1998 - April 30, 1998	$ 15,000,000
May 1, 1998 - May 31, 1998	$ 26,000,000
June 1, 1998 - June 30, 1998	$ 30,000,000
July 1, 1998 - July 27, 1998	$ 30,000,000
July 28, 1998 - July 31, 1998	$ 25,000,000
August 1, 1998 - August 24, 1998	$ 25,000,000
August 25, 1998 - August 31, 1998	$ 22,000,000
September 1, 1998 - September 28, 1998	$ 22,000,000
September 29, 1998 - September 30, 1998	$ 15,000,000
October 1, 1998 - October 26, 1998	$ 15,000,000

October 27, 1998 - October 31, 1998	$ 4,000,000
November 1, 1998 - January 31, 1999	-0-

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

SECTION 2. REPRESENTATIONS AND WARRANTIES.

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

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

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

SECTION 3. CONDITIONS PRECEDENT TO AMENDMENTS.

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

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

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

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

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

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

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

4.2 The execution, delivery and effect of this Amendment shall be limited precisely as written and shall not be deemed to (i) be a consent to any waiver of any term or condition or to any amendment or modification of any term or condition of the Loan Agreement or any other Loan Document, except, upon the effectiveness, if any, of this Amendment, as specifically amended in Section 1 above, or (ii) prejudice any right, power or remedy which the Agent or any Lender now has or may have in the future under or in connection with the Loan Agreement or any other Loan Document. Upon the effectiveness of this Amendment, each reference in the Loan Agreement to "this Agreement", "hereunder", "hereof", "herein" or any other word or words of similar import shall mean and be a reference to the Loan Agreement as amended hereby, and each reference in any other Loan Document to the Loan Agreement or any word or words of similar import shall mean and be a reference to the Loan Agreement as amended hereby.

SECTION 5. MISCELLANEOUS

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

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

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

[SIGNATURE PAGE FOLLOWS]

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

G-III LEATHER FASHIONS, INC.

By: /s/ Wayne S. Miller

Name: Wayne S. Miller

Title: Chief Financial Officer

FLEET BANK, N.A., as Lender

By: /s/ Steven R. Navaro

Name: Steven R. Navaro

Title: Senior Vice President

THE CHASE MANHATTAN BANK, as Lender

By: /s/ Mala Popli

Name: Mala Popli

Title: Assistant Vice President

THE CIT GROUP/COMMERCIAL SERVICES, INC., as Lender

By: /s/ Kelly A. Colleran
Name: Kelly A. Colleran
Title: Assistant Vice President

FLEET BANK, N.A., as Agent

By: /s/ Steven R. Navaro
Name: Steven R. Navaro
Title: Senior Vice President

AMENDMENT NO. 3 TO THE FOURTH
AMENDED AND RESTATED LOAN AGREEMENT

THIS AMENDMENT NO. 3 TO THE FOURTH AMENDED AND RESTATED LOAN AGREEMENT, dated as of July 31, 1998 (this "Amendment"), by and among G-III LEATHER FASHIONS, INC., a New York corporation (the "Borrower"), the Lenders that have executed the signature pages hereto (individually, a "Lender" and collectively, the "Lenders"), and FLEET BANK, N.A., a national banking association as agent for the Lenders (in such capacity, together with its successors in such capacity, the "Agent"),

W I T N E S S E T H:

WHEREAS:

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

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

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

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

SECTION 1. AMENDMENT TO LOAN AGREEMENT.

1.1 This Amendment shall be deemed to be an amendment to the Loan Agreement and shall not be construed in any way as a replacement or substitution therefor. All of the terms and conditions of, and terms defined in, this Amendment are hereby incorporated by reference into the Loan Agreement as if such terms and provisions were set forth in full therein. This Amendment shall be effective as of July 28, 1998.

1.2 The following definitions set forth in Article 1 of the Loan Agreement are amended by deleting such existing definitions in their entirety and replacing them with the following:

"`COMMITMENT' - (i) Fifty-six Million ($56,000,000) Dollars during the period from June 15, 1998 through and including July 28, 1998, (ii) Sixty-three Million Five Hundred Thousand ($63,500,000) Dollars during the period from July 29, 1998 through and including September 30, 1998, (iii) Fifty-nine Million ($59,000,000) Dollars during the period from October 1, 1998 through and including October 15, 1998, (iv) Fifty-two Million ($52,000,000) Dollars during the period from October 16, 1998 through and including October 30, 1998, (v) Forty-five Million ($45,000,000) Dollars during the period from October 31, 1998 through and including November 20, 1998, and (vi) Forty Million ($40,000,000) Dollars during the period from November 21, 1998 through and including the Commitment Termination Date, in each case in the aggregate, allocated among each of the Lenders, respectively, in the amount set forth opposite such Lender's name on the signature pages hereof under the caption `Commitment,' as such amount is reduced in accordance with the terms hereof."

"`DIRECT DEBT SUBLIMIT' - (i) Fifty Million ($50,000,000) Dollars from July 29, 1998 through and including September 30, 1998, (ii) Forty-six Million

($46,000,000) Dollars during the period from October 1, 1998 through and including October 25, 1998, (iii) Forty Million ($40,000,000) Dollars during the period from October 26, 1998 through and including November 25, 1998, and (iv) Thirty Million ($30,000,000) Dollars during the period from November 26, 1998, through the Commitment Termination Date; provided that, at the Lenders' discretion, upon the request of the Borrower, the applicable Direct Debt Sublimit may be increased by an amount of Two Million ($2,000,000) Dollars."

"'G-III STANDBY L/C' - the standby letters of credit in the aggregate face amount of $1,750,000 issued by the Borrower for the benefit of The CIT Group/Commercial Services, Inc. to secure certain obligations of BET Studio LLC under its credit facility with The CIT Group/Commercial Services, Inc."

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

Period	Amount
July 1, 1998 - July 27, 1998	$ 30,000,000
July 28, 1998 - August 30, 1998	$ 30,000,000
August 31, 1998 - September 27, 1998	$ 25,000,000
September 28, 1998 - October 18, 1998	$ 22,000,000
October 19, 1998 - October 25, 1998	$ 15,000,000
October 26, 1998 - October 31, 1998	$ 4,000,000
November 1, 1998 - January 31, 1999	-0-

and the periods and amounts from February 1, 1999 through and including the Commitment Termination Date shall be as determined by the Lenders based on the Projections and the business plan for the period from February 1, 1999 through the Commitment Termination Date, which shall each be satisfactory in form and substance to the Lenders, but in no event shall the periods be of different durations or the amounts be less than the amounts for the

periods corresponding to the periods set forth above unless the Lenders determine (in their reasonable discretion) that such periods and amounts warrant adjustment based upon such Projections or business plan which determination shall be made within 30 days of receipt by the Lenders of such Projections; provided, however, that with respect to the Overadvance at all times (x) the then applicable Overadvance amount and all subsequent Overadvance amounts shall be reduced by (i) 50% of all tax refunds paid to the Borrower or the Parent (or paid to the Collection Account, in accordance with the terms hereof), (ii) the proceeds of the sale of any assets other than in the ordinary course of business, and (iii) 50% of the proceeds of any sale-leaseback, all of such reductions to be effective immediately upon the Borrower's receipt (or, if applicable, the Collateral Monitoring Agent's receipt for the account of the Borrower) of such refunds or proceeds; but there shall be no reduction to the then applicable Overadvance amount in the case of any sale-leaseback of newly acquired assets, provided that (A) the sale-leaseback transaction is closed within 90 days of the acquisition of the assets and (B) both the acquisition and the closing of the sale-leaseback are completed during the same fiscal year; and (y) at any time when Outstanding Obligations have exceeded the Borrowing Base as a result of (A) Accounts or Inventory believed to be Eligible Accounts or Eligible Inventory, as the case may be, in fact being or becoming ineligible or (B) the return of uncollected checks or other items applied to reduce Loans, the Collateral Monitoring Agent shall have the discretion to continue to advance Loans and to instruct the Issuing Bank to issue L/Cs, Acceptances, Steamship Guaranties and Airway Releases, as the case may be, up to an amount which would result in the relevant Overadvance amount specified above being exceeded by a factor of 10% (it being understood that the Collateral Monitoring Agent shall advise the Lenders of all such issuances and advances within 24 hours); and (z) the applicable Overadvance amount shall be increased by the amount of (a) any cash collateral held by the Collateral Monitoring Agent for the sole purpose of securing such increases to the applicable Overadvance amount, and (b) any amounts invested in U.S. government securities or money market mutual funds backed by U.S. government securities maintained in an account with Fleet Bank, N.A. by the Borrower or the Parent and pledged or assigned to the Agent for the benefit of the Lenders by the Borrower or the Parent, as the case may be, as collateral security for the Obligations pursuant to documentation satisfactory to the Lenders."

1.3 Section 7.1(f) of the Loan Agreement is amended by deleting such Section in its entirety and replacing it with the following:

"(f) Indebtedness of the Borrower under the G-III Standby L/C; provided, that the amount of Indebtedness pursuant to this subsection (f) shall not exceed in the aggregate $1,750,000 at any time;"

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

"(d) Investments in BET Studio LLC; provided that the amount of Investments pursuant to this subsection (d) shall not exceed in the aggregate $2,750,000 including the G-III Standby L/C (to the extent permitted by this Agreement), which standby letter of credit

is an Investment expressly permitted under this Section 7.9;"

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

SECTION 2. REPRESENTATIONS AND WARRANTIES.

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

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

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

SECTION 3. CONDITIONS PRECEDENT TO AMENDMENTS.

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

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

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

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

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

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

4.1 Except as specifically amended in Section 1 above, the Loan Agreement and

each of the other Loan Documents shall remain in full force and effect and each is hereby ratified and confirmed.

4.2 The execution, delivery and effect of this Amendment shall be limited precisely as written and shall not be deemed to (i) be a consent to any waiver of any term or condition or to any amendment or modification of any term or condition of the Loan Agreement or any other Loan Document, except, upon the effectiveness, if any, of this Amendment, as specifically amended in Section 1 above, or (ii) prejudice any right, power or remedy which the Agent or any Lender now has or may have in the future under or in connection with the Loan Agreement or any other Loan Document. Upon the effectiveness of this Amendment, each reference in the Loan Agreement to "this Agreement", "hereunder", "hereof", "herein" or any other word or words of similar import shall mean and be a reference to the Loan Agreement as amended hereby, and each reference in any other Loan Document to the Loan Agreement or any word or words of similar import shall mean and be a reference to the Loan Agreement as amended hereby.

SECTION 5. MISCELLANEOUS

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

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

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

[SIGNATURE PAGE FOLLOWS]

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

G-III LEATHER FASHIONS, INC.

By: /s/ Wayne S. Miller

Name: Wayne S. Miller

Title: Chief Financial Officer

FLEET BANK, N.A., as Lender

By: /s/ Joseph J. Zautra

Name: Joseph J. Zautra

Title: Vice President

THE CHASE MANHATTAN BANK,
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By: /s/ Mala Popli

Name: Mala Popli

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THE CIT GROUP/COMMERCIAL SERVICES,
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By: /s/ Joseph J. Zautra

Name: Joseph J. Zautra

Title: Vice President

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