FORM 10-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

For the fiscal year ended January 31, 2000

OR

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

For the transition period from________________to__________________

Commission file number 0-18183

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

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

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No

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

As of March 31, 2000, 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 $14,534,761.

The number of outstanding shares of the registrant's Common Stock as of March 31, 2000 was 6,634,946.

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 13, 2000, to be filed pursuant to Regulation 14A of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, are incorporated by reference into Part III of this Report.

ITEM 1. BUSINESS

OVERVIEW

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

The sale of licensed products is a key element of the Company's strategy and the Company has significantly expanded its offerings of licensed products over the past several years. In 1993, the Company entered into a licensing agreement with NFL Properties to market a line of outerwear apparel with NFL team logos. In 1995, the Company entered into a licensing agreement with Kenneth Cole Productions to design and market a line of women's leather and woven outerwear under the Kenneth Cole label. In 1996, the Company entered into an agreement with the National Hockey League ("NHL") to market a line of outerwear apparel with NHL team logos. The Company also has license agreements to market products under the Nine West and National Basketball Association ("NBA") trademarks. The Company is authorized to design and market women's outerwear under the Nine West label and to market adult and children's leather and leather/textile combination outerwear apparel utilizing the marks of the NBA and its member teams.

The Company has continued the expansion of its portfolio of licensed product. In July, 1999, the Company entered into a distribution agreement for Caterpillar men's and women's apparel and in September,1999, the Company entered into an agreement with Major League Baseball ("MLB") to market a line of outerwear apparel with the MLB team logos. In February, 2000, the Company entered into a license agreement with Cole Haan to design and market men's and women's outerwear and in March, 2000, the Company entered into a license agreement with Jones Apparel group to design and market men's outerwear under the Jones New York label. The Company expects to begin shipping Jones New York product in August, 2000 and Cole Haan product in September, 2000. In April 2000, a license agreement to design and market men's and boy's outerwear with Tommy Hilfiger ended. The Company expects to continue to produce and sell goods directly to Tommy Hilfiger under a sales and manufacturing relationship. In November, 1999, the Company announced that BET Design Studio, a joint venture with Black Entertainment Television, Inc. that had been formed in 1997, would be dissolved. For information with respect to the effects of this action, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-Results of Operations-General.

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

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

PRODUCTS - DEVELOPMENT AND DESIGN

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

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

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

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

The Company works with retail chains in developing product lines sold under private retail labels. With regard to private label sales, the Company meets frequently with buyers who custom order products by color, fabric and style. These buyers may provide samples to the Company or may select styles already available in the Company's showrooms. The Company has established a reputation among such buyers for the ability to arrange for manufacture of apparel on a reliable, expeditious and cost-effective basis.

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

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

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

LEATHER APPAREL

MANUFACTURING

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

The Company has a branch office in Seoul, South Korea, which acts as a liaison between the Company and various manufacturers located throughout Indonesia, China and South Korea, used to produce the Company's leather and woven garments. Upon receipt from the Company's headquarters of production orders stating the quantity, quality and types of garments to be produced, this liaison office negotiates and places orders with one or more Indonesian, Chinese, or South Korean manufacturers. In allocating production among independent suppliers, the Company considers a number of criteria, including quality, availability of production capacity, pricing and ability to meet changing production requirements. At January 31, 2000, the South Korean office employed 13 persons.

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

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

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

As is customary in the leather industry, the Company has not entered into any long-term contractual arrangement with any contractor or manufacturer. The Company believes

that the production capacity of foreign manufacturers with which it has developed or is developing a relationship is adequate to meet the Company's leather apparel production requirements for the foreseeable future. The Company believes that alternative foreign leather apparel manufacturers are readily available.

The Company's arrangements with foreign manufacturers of its apparel are subject to the usual risks of doing business abroad, including currency fluctuations, political instability and potential import restrictions, duties and tariffs. In 1997 and 1998, both Indonesia and South Korea experienced significant currency fluctuation and devaluation. In addition, Indonesia experienced significant inflation. In 1999, the economic situation in these countries appeared to have stabilized, although political instability still exists in Indonesia. Although the Company has not been materially adversely affected by any of these factors to date, due to the significant portion of the Company's garments that are produced abroad, political instability in Indonesia or elsewhere, or any substantial disruption in the business of foreign manufacturers or the Company's relationships with these manufacturers could materially adversely affect the Company's operations. In addition, since the Company negotiates its purchase orders with its foreign manufacturers in United States dollars, if the value of the United States dollar against local currencies were to go down, these manufacturers might increase the United States dollar prices charged to the Company for products. Virtually all the Company's imported leather products and raw materials are subject to United States Customs duties of approximately 6%.

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

MARKETING AND DISTRIBUTION

The Company's products are sold primarily to department, specialty and mass merchant retail stores in the United States. The Company sells to approximately 2,000 customers, ranging from national and regional chains of specialty retail and department stores, whose annual purchases from the Company exceed $1,000,000, to small specialty stores whose annual purchases from the Company are less than $1,000. Sales to the Sam's Club and Wal-Mart divisions of Wal-Mart Stores, Inc. accounted for an aggregate of 17.1% of the Company's net sales in the fiscal year ended January 31, 1998, 21.6% in the fiscal year ended January 31, 1999, and 24.6% in the fiscal year ended January 31, 2000. The loss of this customer, which primarily purchases non-licensed apparel, could have a material adverse affect on the Company's non-licensed business segment, as well as on the Company's results of operations as a whole.

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

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

January 31, 2000, Global International Trading Company employed 19 persons.

The Company's products are sold primarily through a direct employee sales force which consisted of 25 employees as of January 31, 2000. The Company's principal executives

are also actively involved in sales of its products. A limited amount of the Company's products are also sold by various retail buying offices located throughout the United States. Final authorization of all sales of products is solely through the Company's New York showroom, enabling the Company's management to deal directly with, and be readily accessible to, major customers, as well as to more effectively control the Company's selling operations.

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

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

The Company operates one retail outlet store at its Secaucus, New Jersey warehouse. The Company's other retail outlet store in New Jersey was closed in March 2000.

RAW MATERIALS

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

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

TEXTILE APPAREL

The Company also produces outerwear from a variety of textiles such as wools, cottons and synthetic blends, suitable for leisure and active wear. The Company designs, imports and markets a moderately priced line of women's textile outerwear and sportswear under its Colebrook & Co. label and under private labels. Women's licensed textile outerwear is also produced under the Kenneth Cole and Nine West labels and will be produced under the Cole Haan label for Fall 2000. The men's textile apparel line consists of moderately priced outerwear and better priced sportswear under the Caterpillar label. The Company will also produce men's textile outerwear under the Jones New York and Cole Haan labels.

The Company's development and design process as well as its marketing and distribution strategies for textile apparel are similar to those employed for its leather apparel.

See "Products-Development and Design" and "Leather Apparel -- Marketing and Distribution" of this Item 1 above. Textile outerwear is manufactured for the Company by several independent contractors located primarily in the Far East and, to a lesser extent, domestically. Manufacturers produce finished garments in accordance with production samples approved by the Company and obtain necessary quota allocations and other requisite customs clearances.

To facilitate better service for the Company's textile and leather apparel customers and accommodate and control the volume of manufacturing in the Far East, the Company has an office in Hong Kong. Similar to the Seoul office, the Hong Kong office acts as a liaison between the Company and the various manufacturers of textile and leather apparel located in Hong Kong and China. The Company utilizes its domestic and Hong Kong office employees to monitor production at each manufacturer's facility to ensure quality control, compliance with the Company's specifications and timely delivery of finished garments to the Company's distribution facilities or customers. The Hong Kong office employed 10 persons as of January 31, 2000.

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

LICENSING

The sale of licensed products is a key element of the Company's strategy and the Company has significantly expanded its offerings of licensed products over the last several years. The Company has license agreements to produce products under the Kenneth Cole, Nine West, Cole Haan and Jones New York fashion labels and a distribution agreement for Caterpillar Apparel. The Company is also licensed to produce products containing trademarks of the Major League Baseball, National Football League, National Hockey League, National Basketball Association, and several universities located in the United States. The Company continues to seek other opportunities to enter into license agreements in order to expand its product offerings under nationally recognized labels. Revenues from the sale of licensed products accounted for 41.4% of net sales during fiscal 2000 compared to 37.7% of net sales in fiscal 1999.

SEASONALITY

Retail sales of outerwear apparel have traditionally been seasonal in nature. Although the Company sells its apparel products throughout the year, net sales in the months of July through November accounted for approximately 82% of the Company's net sales during the fiscal year ended January 31, 1999 and 72% of the Company's net sales during the fiscal year ended January 31, 2000. The July through November time frame is expected to continue to provide a disproportionate amount of the Company's net sales.

BACKLOG

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

TRADEMARKS

Several trademarks owned by the Company have been granted federal trademark protection through registration with the U.S. Patent and Trademark Office, including for G-III, Avalanche, J.L. Colebrook, Laura Renee, Cayenne, G-III Outerwear Company Store, JLC (& design), JLC Outerwear (& design), J.L.C. (& design), Trouble Wanted (& design), 58 Sports & Football Player Design, and Ladies First by G-III/Carl Banks. The Company has applications for several additional registrations pending before the U.S. Patent and Trademark Office.

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

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

COMPETITION AND OTHER RISKS

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.

The Company's ability to successfully compete depends on a number of factors, including the Company's ability to effectively anticipate, gauge and respond to changing consumer demands and tastes, to translate market trends into attractive product offerings and operate within substantial production and delivery constraints. There can be no assurance that the Company will be successful in this regard. If the Company misjudges the market for its products, it may be faced with significant excess inventories for some products and missed opportunities with others. In addition, weak sales and resulting markdown requests from customers could have a material adverse effect on the Company's business, results of operations and financial condition.

The apparel industry is cyclical. Purchases of outerwear and other apparel tend to decline during recessionary periods and sales of the Company's products may decline at other times as well for a variety of reasons, including changes in fashion trends and the introduction of new products or pricing changes by the Company's competitors. Uncertainties regarding future economic prospects could affect consumer spending habits and have an adverse effect on the Company's results of operations.

The Company is dependent on Morris Goldfarb and other key personnel. The loss of the services of Mr. Goldfarb and any negative market or industry perception arising from the loss of his services could have a material adverse effect on the Company. The Company's other executive officers have substantial experience and expertise in the Company's business and have made significant contributions to its success. The unexpected loss of services of one or more of these individuals could adversely affect the Company.

A majority of the Company's products are imported from independent foreign manufacturers. The failure of these manufacturers to ship products to us in a timely manner or to meet required quality standards could cause us to miss the delivery date requirements of our customers. The failure to make timely deliveries could cause customers to cancel orders, refuse to accept delivery of product or demand reduced prices, any of which could have a material adverse effect on the Company's business. The Company is also dependent on these manufacturers for compliance with the policies of the Company and its customers regarding labor practices.

Fluctuations in the price, availability and quality of leather or other raw materials used by the Company could have a material adverse effect on its cost of goods sold and ability to meet customer demands. In addition, legislation that would restrict the importation of textiles and other apparel produced abroad has been periodically introduced in the U.S. Congress. New legislation or executive initiatives could also result in a reevaluation of the trading status of certain countries, including China. Any change in the trading status of China or other countries in which the Company's products are manufactured, or any retaliatory duties, quotas or trade sanctions, could increase the cost of products purchased from suppliers in these countries and materially adversely affect the Company's business and results of operations.

In addition to the factors described above, the Company's business, including its revenues and profitability, is influenced by and subject to a number of factors that are inherently uncertain and difficult to predict including, among others: risks associated with the Company's dependence on its licensing agreements for a substantial portion of its revenues, including the risk that a license agreement will not be renewed when it expires; risks associated with consolidations, restructurings and other ownership changes in the retail industry; changes in regional, national and global economic conditions; and the Company's ability to correctly balance the level of its finished goods, leather and other raw material commitments with actual orders.

EMPLOYEES

As of January 31, 2000, the Company had 279 full-time employees, of whom 68 worked in executive, administrative or clerical capacities, 121 worked in design and manufacturing, 62 worked in warehouse facilities, 25 worked in sales and 3 worked in the retail outlet stores. The Company employs both union and non-union personnel and believes that the Company's relations with its employees are good. The Company has not experienced any interruption of any of its operations due to a labor disagreement with its employees.

The Company is a party to an agreement with the Amalgamated Clothing and Textile Workers Union (the "Union"), covering approximately 49 full-time employees as of January 31, 2000. This agreement, which is currently in effect through October 31, 2002, automatically renews on an annual basis thereafter unless terminated by the Company or the Union prior to September 1 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	49	Co-Chairman of the Board, Chief Executive Officer, Director	1974
Aron Goldfarb	77	Co-Chairman of the Board, Director	1974
Jeanette Nostra-Katz	48	President	1981
Wayne S. Miller	42	Senior Vice President, Chief Financial Officer, Treasurer and Secretary	1998
Carl Katz	59	Executive Vice President of Siena, Director	1981
Frances Boller-Krakauer	34	Vice President - Men's Division of G-III	1993
Deborah Gaertner	45	Vice President - Women's Sales of G-III	1989
Keith Sutton Jones	51	Vice President - Foreign Manufacturing of G-III	1989
Michael Laskau	44	Vice President - Women's Non-Branded Division of G-III	1994

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

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

Jeanette Nostra-Katz became President of the Company in April 1997. She had been the Executive Vice President of the Company since March 1992. Ms. Nostra-Katz's responsibilities for the Company include sales for the women's product lines, marketing, public

relations, and operations as they relate to sales. Since August 1989, she has served as an Executive Vice President of Siena. Ms. Nostra-Katz has been employed by the Company since 1981 in various capacities.

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

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

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

Ms. Boller-Krakauer joined the Company in March 1989.

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

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

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

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

ITEM 2. PROPERTIES

The Company's executive offices, sales showrooms and support staff are located at 512 Seventh Avenue, which is one of the leading outerwear apparel buildings in New York City. The Company leases an aggregate of approximately 39,300 square feet in this building through January 31, 2003 at a current aggregate annual rent of approximately $600,000.

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 February 2005 at an annual rent increasing to $643,000. The lease provides for one option renewal term of five years with a rental for the renewal term based on

market rates. A majority of the Company's finished goods are shipped to the New Jersey distribution facilities for final reshipment to customers.

In March 1996, the Company subleased its other warehouse and distribution facility in Secaucus, New Jersey to an unaffiliated third party and consolidated all of its warehouse and distribution operations at one location. The sublease, provided for the sublessee to pay rent of approximately $700,000 per year to the Company and for the Company to pay all operating costs of the facility except for utilities and internal maintenance. The Company's annual rent obligation to the lessor of this facility was $937,000 for the last 12 months of the lease. The Company's lease and sublease expired in March 2000.

The Company maintains cutting rooms for its Siena division and off-site storage at 345 West 37th Street in New York City. This property is leased pursuant to a sublease from a corporation owned by Morris Goldfarb and Aron Goldfarb for which the Company pays monthly rent, plus real estate taxes. For the fiscal years ended January 31, 1999 and 2000, the total payments for this building were approximately $325,000 and $296,000, respectively. The Company has sublet a portion of the 345 West 37th Street building to four different tenants. Three of the subleases' terms end in February, 2003 and the other sublease ends in January, 2003. The aggregate annual rental paid to the Company under these four subleases is approximately $185,000.

In March 2000, the Company closed a retail outlet store in Secaucus, New Jersey. The Company's remaining retail outlet store is located at its Secaucus, New Jersey warehouse.

ITEM 3. LEGAL PROCEEDINGS

None.

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

None.

PART II

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

MARKET FOR COMMON STOCK

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

Fiscal 1999	High Prices	Low Prices
Fiscal Quarter ended April 30, 1998	$ 6 7/8	$5 1/4
Fiscal Quarter ended July 31, 1998	6 3/8	3 7/8
Fiscal Quarter ended October 31, 1998	4 3/8	1 5/8
Fiscal Quarter ended January 31, 1999	12 1/4	1 5/8
Fiscal 2000		
Fiscal Quarter ended April 30, 1999	$ 3 1/2	$1 7/16
Fiscal Quarter ended July 31, 1999	3 3/4	1 7/8
Fiscal Quarter ended October 31, 1999	3 5/8	2 1/4
Fiscal Quarter ended January 31, 2000	4 1/4	2 3/4
Fiscal 2001		
Fiscal Quarter ended April 30, 2000 (through March 31, 2000)	$ 4 15/16	$2 15/16

The last sales price of the Common Stock as reported by the Nasdaq Stock Market on March 31, 2000 was $4.625 per share.

On March 31, 2000, there were 69 holders of record and, the Company believes, approximately 2,000 beneficial owners of the Common Stock.

DIVIDEND POLICY

The Board of Directors currently intends to follow a policy of retaining any earnings to finance the continued growth and development of the Company's business and does not anticipate paying cash dividends in the foreseeable future. Any future determination as to the payment of cash dividends will be dependent upon the Company's financial condition, results of operations and other factors deemed relevant by the Board of Directors. Certain agreements related to the financing of the building at 345 West 37th Street offices prohibit the payment of cash dividends without consent. In addition, the Company's loan agreement prohibits the payment of cash dividends without the consent of the banks. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources" in Item 7 below.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial data set forth below as of and for the years ended January 31, 1996, 1997, 1998, 1999 and 2000 have been derived from the audited consolidated financial statements of the Company. The audited financial statements as of January 31, 1996, 1997 and 1998, and for the years ended January 31, 1996 and 1997 are not included in this filing. The selected consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" (Item 7 of this Report) and the audited consolidated financial statements and related notes thereto included elsewhere herein.

(In thousands, except share and per share data)

	Year Ended January 31, (1)				
	1996	1997	1998	1999	2000
INCOME STATEMENT DATA:					
Net Sales	$ 121,663	$ 117,645	$ 120,136	$ 121,644	$ 149,632
Cost of goods sold	97,060	88,057	91,559	95,393	110,710
Gross profit	24,603	29,588	28,577	26,251	38,922
Selling, general & administrative expenses	22,478	23,542	23,787	27,698	28,145
Unusual or non-recurring charge	--	--	--	(463)	1,200
Operating profit (loss)	2,125	6,046	4,790	(984)	9,577
Interest expense	2,433	2,075	1,534	2,115	1,857
Income before minority interest an income taxes (loss)	(308)	3,971	3,256	(3,099)	7,720
Minority interest	--	--	449	1,378	1,994
Income (loss) before income taxes	(308)	3,971	3,705	(1,721)	9,714
Income taxes (benefit)	89	885	906	(541)	3,934
Net income (loss)	$ (397)	$ 3,086	$ 2,799	$ (1,180)	$ 5,780
Basic earnings (loss) per share	$ (0.06)	$ 0.48	$ 0.43	$ (0.18)	$ 0.86
Weighted average shares outstanding - basic	6,459,975	6,468,830	6,486,899	6,539,128	6,712,051
Diluted earnings (loss) per share	$ (0.06)	$ 0.46	$ 0.40	$ (0.18)	$ 0.84
Weighted average shares outstanding - diluted	6,459,975	6,739,029	7,051,099	6,539,128	6,848,433

	As of January 31, (1)				
	1996	1997	1998	1999	2000
BALANCE SHEET DATA:					
Working capital	$22,224	$24,497	$29,296	$27,237	$31,155
Total assets	41,257	44,555	46,746	44,870	59,601
Short-term debt	3,551	3,835	3,734	2,893	3,427
Long-term debt, excluding current portion	919	554	352	180	64
Total stockholders' equity	29,716	32,825	35,686	35,575	41,033

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(1) Certain amounts have been reclassified to conform to the 2000 presentation.

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

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

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

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

RESULTS OF OPERATIONS

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

	1998	1999	2000
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	76.2	78.4	74.0
Gross profit	23.8	21.6	26.0
Selling, general and administrative expenses	19.8	22.8	18.8
Unusual or non-recurring charge	--	(0.4)	0.8
Operating profit (loss)	4.0	(0.8)	6.4
Interest expense	1.3	1.7	1.2
Income (loss) before minority interest and income taxes	2.7	(2.5)	5.2
Minority interest	(0.4)	(1.1)	1.3
Income (loss) before income taxes	3.1	(1.4)	6.5
Income taxes	0.8	(0.4)	2.6
Net income (loss)	2.3	(1.0)	3.9

General

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

The Company's return to profitability during fiscal 2000 was primarily attributable to higher margins in both the Company's licensed and non-licensed business, offset to some extent by losses from the BET Design Studio joint venture. One of the key elements of the Company's strategy is to expand its offering of licensed apparel. During fiscal 2000, the Company commenced the shipment of product under the Caterpillar and Major League Baseball labels. In the first quarter of fiscal 2001, the Company entered into license agreements to produce apparel under the Cole Haan and Jones New York labels. In April 2000, the Company's license with Tommy Hilfiger ended. The Company expects to continue to produce and sell goods directly to Tommy Hilfiger.

During the third quarter of fiscal 2000, the Company, together with Black Entertainment Television ("BET"), its joint venture partner, decided to discontinue their BET Design Studio joint venture. The Company had originally entered into the joint venture with BET in April 1997 to design, manufacture, and distribute sportswear and outerwear apparel

targeted to the African-American and urban consumer. The initial product offerings by the joint venture were introduced in February 1998 and the Company began shipping product in July 1998. The Company owns 50.1% of this joint venture and, accordingly, its entire results of operations are consolidated with those of the Company. The interest of BET in the joint venture is reflected in the "Minority interest" line item in the Company's financial statements. Net of BET's interest, the Company incurred losses from this joint venture of approximately $450,000 in fiscal 1998, $1.4 million in fiscal 1999 and $2.0 million (inclusive of a $802,000 charge) in fiscal 2000.

Year Ended January 31, 2000 ("fiscal 2000") Compared
to year Ended January 31, 1999 ("fiscal 1999")

Net sales were $149.6 million in fiscal 2000 compared to $121.6 million in fiscal 1999. Net sales increased as a result of increased sales of both licensed and non-licensed apparel. Net sales of licensed apparel increased by 35.0% to $ 61.9 million in fiscal 2000 from $45.9 million in fiscal 1999. Net sales of non-licensed apparel increased by 15.7% to $87.7 million in fiscal 2000 from $75.8 million in fiscal 1999. Sales of licensed apparel continued to increase as a percentage of net sales, and accounted for 41.4% of net sales in fiscal 2000 compared to 37.7% of net sales in fiscal 1999.

Gross profit was $38.9 million in fiscal 2000 compared to $26.3 million in fiscal 1999. Commission fee income, for which there is no related cost of goods sold, was $3.6 million in fiscal 2000 compared to $3.5 million in fiscal 1999. As a percentage of net sales, gross profit was 26.0% in fiscal 2000 compared to 21.6% in fiscal 1999.

Gross profit for licensed apparel was $17.8 million in fiscal 2000 compared to $10.6 million in fiscal 1999, or 28.8% of net sales of licensed apparel in fiscal 2000 compared to 23.1% of net sales of licensed apparel in fiscal 1999. The higher gross profit margin percentage for licensed apparel in fiscal 2000 was due to increased sales of higher gross profit margin products. Gross profit for non-licensed apparel was $21.1 million in fiscal 2000 as compared to $15.7 million in fiscal 1999, or 24.1% of net sales of non-licensed apparel in fiscal 2000 compared to 20.7% of net sales of non-licensed apparel in fiscal 1999. The increase in the gross profit margin percentage for non-licensed apparel was primarily attributable to increased sales of higher gross profit products, and to improved gross margins on sales of prior season merchandise in fiscal 2000 compared to fiscal 1999.

Selling, general and administrative expenses were $28.1 million in fiscal 2000, including $2.7 million of expenses with respect to the BET Design Studio joint venture. Selling, general and administrative expenses in fiscal 1999 include a provision for $463,000 relating to the uncertainty of Indonesian assets. In the fourth quarter of fiscal 2000, the Company determined that the local economy in Indonesia had stabilized and the imminent threat of asset impairment relating to its facility was no longer present. As a result, selling, general and administrative expenses were reduced because the Company reversed this provision for the uncertainty of the Indonesian assets. Excluding the BET Design Studio expenses and the effect of uncertainty of the Indonesian provision and its reversal, selling, general and administrative expenses were $25.9 million in fiscal 2000 compared to $24.5 million in fiscal 1999. The increase in selling, general and administrative expenses is primarily attributable to increased advertising expenses ($1.4 million) and higher bonuses ($1.0 million), offset somewhat by lower rent expense ($500,000), salaries ($300,000), and professional fees ($200,000). As a percentage of net sales, selling, general and administrative expenses, excluding the BET Design Studio expenses and the effect of Indonesian provision and its reversal, were 17.3% in fiscal 2000 compared to 20.2% in fiscal 1999.

On November 18, 1999, the Company announced that BET Design Studio, LLC, a joint venture with BET, would be dissolved. The joint venture was dissolved because it was not profitable and the urban market was saturated with similar products. In connection with this decision, a $1.6 million provision (including $798,000 allocable to Black Entertainment Television's ownership interest) was recorded to cover the costs of dissolving the joint venture. Of this provision, $1.2 million was recorded as a non-recurring charge, and the balance was charged to cost of goods sold. The $1.6 million provision consists of approximately $1.1 million of writedowns relating to accounts receivables ($520,000), the impairment of fixed assets ($300,000), inventory ($182,000), and prepaid assets ($118,000). The balance of $480,000 relates to provisions for miscellaneous closing costs ($225,000), accrual for accounts payable and accrued expenses ($200,000), and severance ($55,000).

Interest expense was $1.9 million in fiscal 2000 compared to $2.1 million in fiscal 1999. This decrease in interest expense is primarily attributable to lower average borrowings and interest income earned on excess cash at the beginning of the year.

As a result of the foregoing, the Company had income before income taxes of $9.7 million in fiscal 2000 compared to a loss before income taxes of $1.7 million in fiscal 1999.

Income taxes were $3.9 million in fiscal 2000 compared to an income tax benefit of $541,000 in fiscal 1999. The Company's effective tax rate for fiscal 2000 was 40.5% which included benefits from remaining net operating loss carry forwards for state income tax purposes. In fiscal 1999, the effective tax rate was 31.4% as a result of tax benefits derived from state net operating loss carry forwards and deferred tax benefits.

The Company had net income of $5.8 million, or $.86 per share on a diluted basis, in fiscal 2000 compared to a net loss of $1.2 million, or $.18 per share on a diluted basis, in fiscal 1999.

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

Net sales were $121.6 million in fiscal 1999 compared to $120.1 million in fiscal 1998. Net sales were adversely affected in fiscal 1999 by the unseasonably warm weather conditions in the fall of 1998 in many sections of the United States. An increase of $16.9 million in sales of licensed apparel was partially offset by a decrease of $12.9 million in sales of non-licensed apparel. In addition, certain product lines were discontinued at the end of the prior fiscal year. These product lines accounted for $2.5 million of sales in fiscal 1998. Sales of licensed apparel accounted for 37.7% and 24.1% of the Company's net sales in fiscal 1999 and 1998, respectively.

Gross profit was $26.3 million in fiscal 1999 compared to $28.6 million in fiscal 1998. As a percentage of net sales, gross profit was 21.6% in fiscal 1999 compared to 23.8% in fiscal 1998. Commission fee income, for which there is no related cost of goods sold, was $3.5 million in fiscal 1999 compared to $6.7 million in fiscal 1998. Commission fee income decreased because sales in which the Company acted as a broker were lower. This decrease was due, in part, to certain customers buying directly from suppliers and not using the Company as their broker.

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

Selling, general and administrative expenses were $27.7 million in fiscal 1999 compared to $23.8 million in fiscal 1998. These expenses included approximately $2.7 million of expenses in fiscal 1999 and $898,000 of expenses in fiscal 1998 attributable to the BET Design Studio joint venture. Excluding the BET Design Studio expenses and the provision for the uncertainty of the Indonesian assets, selling, general and administrative expenses were $24.5 million in fiscal 1999 compared to $22.9 million in fiscal 1998. As a percentage of net sales, selling, general and administrative expenses, excluding the BET Design Studio expenses and the provision of the uncertainty of Indonesian assets, were 20.2% in fiscal 1999 compared to 19.1% in fiscal 1998. The increase in selling, general and administrative expenses, excluding BET Design Studio expenses, is primarily attributable to the incremental expenses in the areas of personnel, samples and advertising fees paid to its licensees due to the addition of the Nine West, Tommy Hilfiger and NBA licenses. BET Design Studio expenses increased primarily in the area of personnel and advertising as staffing levels increased and advertising programs began. In addition, the increase also pertains to a reclassification of $463,000 from non-recurring charges to selling, general, and administrative relating to the uncertainty of Indonesian assets. As the Company determined that it would not close the facility, the amount previously recorded as a non-recurring charge was reversed. At the same time, due to the dire economic conditions in the country, the Company also determined that a provision for asset impairment was required. A provision of $463,000 was recorded for the uncertainty of the Indonesian assets.

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

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

The income tax benefit was $541,000 in fiscal 1999 compared to income tax expense of $906,000 in fiscal 1998. The Company's effective tax benefit rate for fiscal 1999 was 31.4%, which was lower than the statutory rate due to the limitation of the availability of certain state and local tax benefits. In fiscal 1998, the effective tax rate was 24.5% as a result of tax benefits derived from state net operating loss carry forwards and deferred tax benefits. The Company realized $331,000 in state and local net operating loss carryforward tax benefits as well as a $57,000 benefit for the reduction of the deferred tax valuation allowance. The deferred tax valuation allowance was reduced, since the Company demonstrated that it was more likely than not that they would realize the deferred tax asset.

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

LIQUIDITY AND CAPITAL RESOURCES

The Company's loan agreement, which expires on May 31, 2002, provides for a maximum line of credit in amounts that range from $45 million to $72 million during each year of the loan term. The amounts available include direct borrowings that range from $30 million to $52 million during each year of the loan term. 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 under the line of credit bear interest at the agent bank's prime rate (9.0% as of April 1, 2000) or LIBOR plus 250 basis points (8.63% as of April 1, 2000), at the election of the Company. The loan agreement requires the Company, among other covenants, to maintain certain earnings and tangible net worth levels, and prohibits the payment of cash dividends. The amount borrowed under the line of credit varies based on the Company's seasonal requirements. The maximum amount outstanding (i.e., open letters of credit, bankers acceptances and direct borrowings) under the Company's loan agreement was approximately $36.4 million during fiscal 1998 and $44.9 million during fiscal 1999 and fiscal 2000. As of January 31, 2000, there were no direct borrowings, no bankers' acceptances and $11.8 million of contingent liability under open letters of credit. As of January 31, 1999, there were no outstanding direct borrowings, no bankers' acceptances and $3.8 million of contingent liability under open letters of credit.

In November 1999, the Company and BET decided to dissolve BET Design Studio. As of January 31, 2000, BET and the Company had each contributed $2.8 million to this joint venture. Subsequent to January 31, 2000, the Company and BET have each contributed approximately $1.0 million to the joint venture.

BET Design Studio utilized an asset-based credit facility with The CIT Group. Direct borrowings bear interest at the prevailing prime rate plus 50 basis points (9.5% at April 1, 2000). As of January 31, 2000 there were $2.2 million of direct borrowings and no contingent liability under open letters of credit. The loan to CIT was paid in full on February 16, 2000 by drawing downboth partners' standby letters of credit.

BET advanced $600,000 to BET Design Studio under a lending agreement. Borrowings under this agreement bear interest at 12.0% during the first twelve months of the agreement and 14% thereafter. On March 15, 2000, BET Design Studio repaid $300,000 of the loan and the balance of the loan was contributed to Design Studio's capital by BET.

PT Balihides, the Company's Indonesian subsidiary, has a separate credit facility with an Indonesian bank. The notes payable under this facility represent maximum borrowings as of January 31, 2000 of approximately $1.5 million.

On December 20, 1999, the Board of Directors authorized the Company to repurchase up to $1,000,000 worth of shares of the Company's common stock, from time to time, until September 30, 2000, in open market purchases at market prices or in privately negotiated transactions, at the discretion of the Chief Executive Officer of the Company. As of January 31, 2000, the Company had purchased 118,575 of its shares at a total cost of $430,000.

There was $6.9 million of cash provided by operating activities in fiscal 2000 resulting primarily from the net income of $5.8 million. There was $2.3 million of cash provided by operating activities in fiscal 1999 primarily as a result of a reduction in the inventories added in the prior year. The Company's inventories increased in fiscal 1999 because of an increase in finished goods inventory due to an unusually mild winter season. The Company used $6.5 million of cash in operating activities in fiscal 1998 primarily due to increased inventories and accounts receivable. Year end accounts receivable balances were higher than the previous year primarily due to a higher shipping volume in January 1998.

Investing activities provided $323,000 of cash in fiscal 2000. The Company used $968,000 of cash in fiscal 1999 and $498,000 of cash in fiscal 1998 for investing activities, primarily for capital expenditures. Historically, the Company's business has not required significant capital expenditures. The Company's capital expenditures were approximately $1.3 million in fiscal 1998, $1.7 million in fiscal 1999 and $1.0 million in fiscal 2000. Capital expenditures were used primarily for new computer software, additional computer upgrades, leasehold improvements, and furniture, fixtures and equipment. In addition, capital expenditures in fiscal 2000 includes $580,000 of capital costs for the expansion of the Indonesian factory. Capital expenditures in fiscal 1998 included $451,000 and in fiscal 1999 included $108,000 of capital costs for the BET Design Studio joint venture showroom and support office.

The Company had $96,000 of cash in fiscal 2000 and $56,000 of cash in fiscal 1999 provided by financing activities. In fiscal 2000, the Company used $430,000 to purchase its stock on the open market. This was offset by an increase in the amount of BET Design Studio's notes payable. In fiscal 1999, the Company used $1.0 million to reduce the amount of notes payable and for the payment of capital lease obligations. This was more than offset by cash and tax benefits related to the exercise of stock options and the disgorgement of profits in stock sales profits by certain officers of the Company. The Company used $241,000 in financing activities in fiscal 1998 primarily for the payment of capital lease obligations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Impact of Inflation and Foreign Exchange

The results of operations of the Company for the periods discussed have not been

significantly affected by inflation or foreign currency fluctuation. The Company negotiates its purchase orders with its foreign manufactures 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 of the order is placed. However, if the value of the United States dollar against local currencies were to decrease, manufacturers might increase their United States dollar prices for products.

Interest Rate Exposure

The Company is subject to market risk from exposure to changes in interest rates relating primarily to the Company's short-term debt obligations. The Company primarily enters into such short-term debt obligations to support general corporate purposes, including capital expenditures and working capital needs. All of the Company's debt is short-term with variable rates. To manage its exposure to changes in interest rates, the Company's policy is to manage such interest rate exposure through the use of short-term borrowings, which are negotiated with their lenders on a periodic basis. The Company does not expect changes in interest rates to have a material adverse effect on income or cash flows in fiscal 2001, although there can be no assurance that interest rates will not significantly change.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information contained under the heading "Proposal No. 1- Election of Directors" in the Company's definitive Proxy Statement (the "Proxy Statement") relating to the Company's Annual Meeting of Stockholders to be held on or about June 13, 2000, to be filed pursuant to Regulation 14A of the Securities Exchange Act of 1934 with the Securities and Exchange Commission is incorporated herein by reference. For information concerning the executive officers and other significant employees of the Company, see "Business-Executive Officers of the Registrant" in Item 1 above of this Report.

ITEM 11. EXECUTIVE COMPENSATION

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

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

PART IV

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

(a) 1. Financial Statements.

2. Financial Statement Schedules.

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

3. Exhibits:

3.1 Certificate of Incorporation.(1)

3.2 By-Laws, as amended, of G-III Apparel Group, Ltd. (the "Company").(8)

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

10.1(a) Amendment, dated October 1, 1999, to the Employment Agreement, dated February 1, 1994, between the Company and Morris Goldfarb.(13)

10.3 Fifth Amended and Restated Loan Agreement, dated May 31, 1999, by and among G-III Leather Fashions, Inc. ("G-III"), the banks signatories thereto (the "Banks"), and Fleet Bank, N.A. ("Fleet Bank"), as Agent.(12)

10.3(a) Amendment No. 1 to the Fifth Amended and Restated Loan Agreement, dated December 20, 1999, by and among G-III, the Banks and Fleet Bank.

10.3(b) Amendment No. 2 to the Fifth Amended and Restated Loan Agreement, dated March 1, 2000, by and among G-III, the Banks and Fleet Bank.

10.3(c) Amendment No. 3 to the Fifth Amended and Restated Loan Agreement, dated April 7, 2000, by and among G-III, the Banks and Fleet Bank.

10.4 Lease Agreement, dated as of October 20, 1987, between 3738 West Company and G-III.(2)

10.5 Lease Agreement, dated as of September 14, 1989, between 3738 West Company and G-III.(2)

10.6 Sublease Agreement, dated March 9, 1990, between GWC Investments and the Company.(3)

10.7 Agreement of Sub-Sublease, dated December 27, 1995, and First Amendment thereto, dated February 16, 1996, between the Company and Europe Craft Imports, Inc.(7)

10.8 Lease, dated September 21, 1993, between Hartz Mountain Associates and the Company.(4)

10.9 Lease, dated June 1, 1993, between 512 Seventh Avenue Associates ("512") and the Company.(5)

10.10 Lease, dated January 31, 1994, between 512 and the Company.(6)

10.11 G-III Apparel Group, Ltd. 1989 Stock Option Plan, as amended.(5)

10.12 G-III Apparel Group, Ltd. Stock Option Plan for Non-Employee Directors.(3)

10.13 Limited Liability Company Agreement of BET STUDIO LLC, dated April 11, 1997, between G-III Leather Fashions, Inc. and Black Entertainment Television, Inc.(7)

10.14 G-III Apparel Group, Ltd. 1997 Stock Option Plan.(9)

10.15 Letter Agreement, dated October 31, 1998, between the Company and Alan Feller.(10)

10.16 Letter Agreement, dated December 2, 1998, between the Company and Aron Goldfarb.(11)

10.17 G-III Apparel Group, Ltd. 1999 Stock Option Plan for Non-Employee Directors.

21 Subsidiaries of the Company.

23 Consent of Grant Thornton LLP, dated April 28, 2000.

27 Financial Data Schedule Article 5.

27.1 Restated Financial Data Schedule Article 5, Year ended January 31, 1998.

(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 Annual Report on Form 10-K for the fiscal year ended January 31, 1997, which exhibit is incorporated herein by reference.

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

(9) Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 31,1997, which exhibit is incorporated herein by reference.

(10) Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended October 31,1998, which exhibit is

incorporated herein by reference.

(11) Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1999, which exhibit is incorporated herein by reference.

(12) Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 1999, which exhibit is incorporated herein by reference.

(13) Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 1999, which exhibit is incorporated herein by reference.

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

SIGNATURES

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

G-III APPAREL GROUP, LTD.

By /s/ Morris Goldfarb

Morris Goldfarb,
Chief Executive Officer

April 28, 2000

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

Signature	Title	Date
/s/ Morris Goldfarb Morris Goldfarb	Director, Co-Chairman of the Board and Chief Executive Officer (principal executive officer)	April 28, 2000
/s/ Wayne S. Miller Wayne S. Miller	Senior Vice President and Chief Financial Officer (principal financial and accounting officer)	April 28, 2000

/s/ Aron Goldfarb ------------------------ Aron Goldfarb	Director and Co-Chairman of the Board	April 28, 2000
------------------------ Lyle Berman	Director	April ___, 2000
/s/ Thomas J. Brosig ------------------------ Thomas J. Brosig	Director	April 28, 2000
/s/ Alan Feller ------------------------ Alan Feller	Director	April 28, 2000
/s/ Carl Katz ------------------------ Carl Katz	Director	April 28, 2000
/s/ Willem van Bokhorst ------------------------ Willem van Bokhorst	Director	April 28, 2000
/s/ Sigmund Weiss ------------------------ Sigmund Weiss	Director	April 28, 2000
------------------------ George J. Winchell	Director	April ___, 2000

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, 2000 and 1999, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended January 31, 2000. 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 in the United States. 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, 2000 and 1999, and the consolidated results of their operations and their consolidated cash flows for each of the three years in the period ended January 31, 2000, in conformity with accounting principles generally accepted in the United States.

We have also audited Schedule II of G-III Apparel Group, Ltd. and subsidiaries for each of the three years in the period ended January 31, 2000. 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
March 31, 2000

G-III Apparel Group, Ltd. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
January 31,

(in thousands, except share and per share amounts)

ASSETS	2000	1999
CURRENT ASSETS		
Cash and cash equivalents	$ 14,530	$ 7,241
Accounts receivable	16,597	12,280
Allowance for doubtful accounts and sales discounts	(3,892)	(1,667)
Inventories	21,175	16,355
Prepaid income taxes		767
Prepaid expenses and other current assets	894	935
Total current assets	49,304	35,911
PROPERTY, PLANT AND EQUIPMENT, NET	3,316	3,777
DEFERRED INCOME TAXES	4,676	3,615
OTHER ASSETS	2,305	1,567
	$ 59,601	$44,870
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable	$ 3,311	$ 2,712
Current maturities of obligations under capital leases	116	181
Income taxes payable	2,874	-
Accounts payable	5,875	2,605
Accrued expenses	4,714	2,631
Accrued nonrecurring charges	1,259	545
Total current liabilities	18,149	8,674
OTHER LONG-TERM LIABILITIES	419	621
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; 6,767,921 and 6,717,921 shares issued at January 31, 2000 and 1999, respectively	68	67
Additional paid-in capital	24,874	24,767
Retained earnings	16,521	10,741
	41,463	35,575
Less common stock held in treasury - 118,575 shares, at cost	(430)	
	41,033	35,575
	$ 59,601	$44,870

The accompanying notes are an integral part of these statements.

G-III Apparel Group, Ltd. and Subsidiaries

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

	Year ended January 31,		
	2000	1999	1998
Net sales	$149,632	$121,644	$120,136
Cost of goods sold	110,710	95,393	91,559
Gross profit	38,922	26,251	28,577
Selling, general and administrative expenses	28,145	27,698	23,787
Unusual or non-recurring charge	1,200	(463)	---
Operating profit	9,577	(984)	4,790

Interest and financing charges, net	1,857	2,115	1,534
Income (loss) before minority interest and income taxes	7,720	(3,099)	3,256
Minority interest in loss of joint venture	1,994	1,378	449
Income (loss) before income taxes	9,714	(1,721)	3,705
Income taxes	3,934	(541)	906
NET INCOME (LOSS)	$ 5,780	$ (1,180)	$ 2,799
INCOME (LOSS) PER COMMON SHARE:			
Basic:			
Net income (loss) per common share	$ .86	$ (.18)	$ .43
Weighted average number of shares outstanding	6,712	6,539	6,487
Diluted:			
Net income (loss) per common share	$ .84	$ (.18)	$ .40
Weighted average number of shares outstanding	6,848	6,539	7,051

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, 1998, 1999 and 2000
(in thousands)

	Common stock	Additional paid-in capital	Retained earnings	Common stock held in Treasury	Total
Balance as of January 31, 1997	$65	$23,638	$ 9,122		$32,825
Employee stock options exercised		62			62
Net income for the year			2,799		2,799
Balance as of January 31, 1998	65	23,700	11,921		35,686
Employee stock options exercised	2	439			441
Tax benefit from exercise of options		420			420
Disgorgement of stock sales profit by certain officers		208			208
Net loss for the year			(1,180)		(1,180)
Balance as of January 31, 1999	67	24,767	10,741		35,575
Employee stock options exercised	1	107			108
Purchase of 118,575 shares, at cost				(430)	(430)
Net income for the year			5,780		5,780
BALANCE AS OF JANUARY 31, 2000	$68	$24,874	$16,521	$(430)	$41,033

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, 2000	1999	1998
Cash flows from operating activities			
Net income (loss)	$5,780	$(1,180)	$2,799
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities			
Depreciation and amortization	1,438	1,372	1,227
Minority interest	(1,994)	(1,378)	449
Deferred income tax benefit	(1,061)	(548)	(294)
Changes in operating assets and liabilities			
Accounts receivable	(2,092)	804	(4,241)
Inventories	(4,820)	3,877	(6,246)
Income taxes	3,641	(1,740)	526
Prepaid expenses and other current assets	41	823	(789)
Deferred income taxes		58	520
Other assets	(44)	(626)	35
Accounts payable and accrued expenses	5,353	855	(460)
Accrued non-recurring charge	624	(73)	(69)
Other long-term liabilities	4	67	57
	1,090	3,491	(9,285)
Net cash provided by (used in) operating activities	6,870	2,311	(6,486)
Cash flows from investing activities			
Capital expenditures	(977)	(1,723)	(1,304)
Capital dispositions		5	56
Investment in joint venture by Minority Partner	1,300	750	750
Net cash provided by (used in) investing activities	323	(968)	(498)

G-III Apparel Group, Ltd. and Subsidiaries

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

	Year ended January 31, 2000	1999	1998
Cash flows from financing activities			
Increase (decrease) in notes payable, net	$ 599	$ (766)	$ 19
Payments for capital lease obligations	(181)	(247)	(322)
Proceeds from exercise of stock options	102	441	62
Tax benefit from exercise of options	6	420	
Disgorgement of stock sales profit by certain officers		208	
Purchase of common stock for Treasury	(430)		
Net cash provided by (used in) financing activities	96	56	(241)

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,289	1,399	(7,225)
Cash and cash equivalents at beginning of year	7,241	5,842	13,067
Cash and cash equivalents at end of year	$14,530	$ 7,241	$ 5,842
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	$ 1,779	$ 2,343	$ 1,520
Income taxes	$ 1,407	$ 1,355	517

The accompanying notes are an integral part of these statements.

G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2000, 1999 and 1998

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

1. Business Activity and Principles of Consolidation

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

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

   Certain reclassifications have been made to conform to the fiscal 2000 presentation.

2. Revenue Recognition

   The Company recognizes sales when merchandise is shipped. In addition, the Company acts as an agent in brokering sales between its customers and overseas factories. On these transactions, the Company recognizes commission fee income on the sales that are financed by and shipped directly to its customers. This income is recorded at the time the merchandise is shipped.

3. Returns and Allowances

   The Company establishes reserves for returns and allowances based on current and historical information and trends. Sales and accounts receivable have been reduced by such amounts.

4. Inventories

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

5. Depreciation and Amortization

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

NOTE A (CONTINUED)

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

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

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

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

6. Income Taxes

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

7. Cash Equivalents

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

8. Joint Ventures

China

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

NOTE A (CONTINUED)

BET Design Studio

In 1997, the Company formed BET Design Studio, LLC, a joint venture with Black Entertainment Television, Inc. ("BET") to produce a BET-branded clothing and accessory line. The Company has a 50.1% ownership interest in the joint venture and includes the results of the joint venture less the share of the minority interest in its consolidated financial statements. Through January 31, 2000, the Company and BET have each contributed $2,800,000 to the joint venture. In November, 1999, the Company and BET agreed to cease the operations of the joint venture (see Note E). Subsequent to January 31, 2000, the Company and BET have each contributed approximately $1,000,000 to the joint venture.

9. Net Income (Loss) Per Common Share

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

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

	Years ended January 31,		
	2000	1999	1998
	(in thousands, except per share amounts)		
Net income (loss)	$ 5,780	$(1,180)	$2,799
Basic EPS:			
Basic common shares	6,712	6,539	6,486
Basic EPS	$ .86	$(.18)	$.43
Diluted EPS:			
Basic common shares	6,712	6,539	6,486
Plus impact of stock options	136	-	565
Diluted common shares	6,848	6,539	7,051
Diluted EPS	$ .84	$ (.18)	$ .40

NOTE A (CONTINUED)

Excluded from the above calculations are 426,000, 1,042,000 and 50,000 of stock options which were deemed to be antidilutive for the years ended January 31, 2000, 1999 and 1998, respectively.

10. Stock-Based Compensation

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

11. 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.

12. Fair Value of Financial Instruments

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

NOTE A (CONTINUED)

13. Foreign Currency Translation

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

The financial statements of the Indonesian subsidiary use the U.S. dollar as the functional currency and have certain transactions denominated in a local currency which are remeasured as if the functional currency were the U.S. dollar. The remeasurement of local currencies into U.S. dollars creates translation adjustments which are included in net income. Exchange gains and losses in 2000, 1999, and 1998 resulting from foreign currency transactions, including those resulting from foreign currency translation losses, have not been significant and are included in the respective statements of income.

NOTE B - INVENTORIES

Inventories consist of:

	January 31, 2000	1999
	(000's)	
Finished goods	$10,990	$12,939
Work-in-process	326	115
Raw materials	9,859	3,301
	$21,175	$16,355

NOTE C - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at cost consist of:

	January 31, 2000	1999
	(000's)	
Machinery and equipment	$ 1,398	$ 1,253
Leasehold improvements	5,069	4,354
Transportation equipment	129	128
Furniture and fixtures	1,695	1,621
Computer equipment	4,692	4,423
Land and building (net of write-down of Indonesian factory; Note E)	609	186
Property under capital leases (Note E)		
Land	55	55
Building	185	185
Computer equipment	74	74
Leasehold improvement		650
	13,906	12,929
Less accumulated depreciation and amortization (including $237,000 and $823,000 on property under capital leases at January 31, 2000 and 1999, respectively)	10,590	9,152
	$ 3,316	$ 3,777

NOTE D - NOTES PAYABLE

Notes payable include foreign notes payable by PT Balihides, the Company's Indonesian subsidiary. The foreign notes payable represent maximum borrowings under a line of credit of approximately $1.5 million with an Indonesian bank, as of January 31, 2000 and 1999.

In connection with the joint venture agreement with Black Entertainment Television, Inc. ("BET"), the joint venture has an asset based credit facility with The CIT Group. To support the requirement for overadvances which occur when the available collateral is not sufficient to support the level of direct bank debt and letters of credit opened to pay for product, both partners have opened standby letters of credit in the amount of $750,000 under which The CIT Group is the beneficiary. Direct borrowings bear interest at the prevailing prime rate plus 50 basis points (9.5% at April 1, 2000). As of January 31, 2000, there were $2.2 million of direct borrowings and no contingent liability under open letters of credit. The loan to CIT was paid in full on February 16, 2000 by drawing down both partners' standby letters of credit.

The Company's loan agreement, which expires May 31, 2002, is a collateralized working capital line of credit with three banks that provides for a maximum line of credit in amounts that range from $45 million to $72 million at specific times during the year. The line of credit provides for maximum direct borrowings ranging from $30 million to $52 million during the year. The unused balance may be used for letters of credit. Amounts available for borrowing are subject to borrowing base formulas and overadvances specified in the agreement.

All borrowings under the agreement are payable on demand and bear interest at the option of the Company at either the prevailing prime rate (9.0% at April 1, 2000) or LIBOR plus 250 basis points (8.6325% at April 1, 2000) and are collateralized by the assets of the Company. The loan agreement requires the Company, among other covenants, to maintain certain earnings and tangible net worth levels, and prohibits the payment of cash dividends.

The weighted average interest rates were 8.2% and 8.7% as of January 31, 2000 and 1999, respectively.

At January 31, 2000 and 1999, the Company was contingently liable under letters of credit in the amount of approximately $11,800,000 and $3,800,000, respectively.

NOTE E - OTHER LIABILITIES

Other long-term liabilities consist of:

	January 31, 2000	January 31, 1999
	(000's)	

Non-recurring charges	$227	$317
Capital lease obligations	64	180
Other	128	124
	----	----
	$419	$621
	====	====

Non-recurring Charges

Fiscal Year 1995

During 1995, the Company formulated plans to close its domestic manufacturing facility, to sell or liquidate a factory located in Indonesia, to reduce costs and to streamline and consolidate operations. The domestic factory was closed during 1995 with no loss of revenue. During fiscal 1998, the Company applied approximately $1.6 million of the reserve as a reduction of the Indonesian property, plant and equipment, since the Company could not assure any recoveries in connection with a disposition of the factory. In December 1997, the Company was approached by an outside third party to manufacture luggage at the Indonesian factory. The Company began producing luggage in February 1998. As a result the Company discontinued its plan to close the factory. In the fourth quarter of fiscal 2000, the Company determined that the local economy in Indonesia had stabilized and the imminent threat of asset impairment relating to its facility was no longer present. As a result, the Company reversed the provision for the uncertainty of the Indonesian assets totaling $463,000 (see Note P).

Fiscal Year 2000

In November 1999, the Company formulated a plan to cease operations of the BET joint venture. The joint venture generated approximately $2.4 million and $884,000 in revenues for the years ended January 31, 2000 and 1999 respectively. The joint venture did not generate any revenues in 1998. The Company incurred losses from the joint venture of approximately $2 million, $1.4 million, and $450,000 for the years ended January 31, 2000, 1999, 1998, respectively. In connection with the plan the Company originally charged $1.9 million to unusual and non-recurring charges, consisting of $1.3 million in asset writedowns and $600,000 relating to the provision for closing

costs and various accrued expenses. In the fourth quarter, the provision for losses on accounts receivables was reduced by $180,000 and the accrued interest on outstanding debt was reduced by $120,000.

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 charges was:

	Balance at January 31, 1999	Current period activity	BALANCE AT JANUARY 31, 2000
	(000's)		
Domestic operating lease obligation	$399	$ (83)	$ 316

Uncertainty of Indonesian assets	463	(463)	
Dissolution of BET Design Studio		1,170	1,170
	$862	$ 624	$1,486

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, 2000 plus 1.48% per annum. Simultaneously, the Agency leased the property to 345 West 37th Corp. ("345 West"), a company under the management and control of two principal stockholders, for 15 years. 345 West, in turn, subleased the property to G-III Leather Fashions, Inc. ("G-III"), a subsidiary of the Company, on the same terms. Concurrent with the execution of the lease and sublease agreements, 345 West and G-III entered into lease guarantee agreements whereby they jointly and severally guaranteed the payments and obligations under the lease and the payment of principal and interest on the bonds. In addition, the two principal stockholders of the Company have personally guaranteed the debt. The accompanying financial statements reflect the above lease between G-III and 345 West as a capitalized lease (Note J).

NOTE E (CONTINUED)

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

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, 2000:

	(000's)
Year ending January 31,	
2001	$124
2002	66
Net minimum lease payments	190
Less amount representing interest	10
Present values of minimum lease payments	$180

	====
Current portion	$116
Noncurrent portion	64

	$180
	====

NOTE F - INCOME TAXES

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

	Year ended January 31,		
	2000	1999	1998
	(000's)		
Current			
Federal	$ 4,256	$ (52)	$1,044
State and city	718	45	68
Foreign	20	14	88
	4,994	7	1,200
Deferred expense (Benefit)	(1,060)	(548)	(294)
	$ 3,934	$ (541)	$ 906
Earnings (loss) before income taxes			
United States	$ 9,557	$(1,956)	$3,358
Non-United States	157	235	347

NOTE F (CONTINUED)

The significant components of the Company's deferred tax asset at January 31, 2000 and 1999 are summarized as follows:

	2000	1999
	(000's)	
Supplemental employee retirement plan	$ 60	
Officer bonus	194	
Provision for bad debts and sales allowances	1,374	$ 639
Depreciation	902	1,293
Inventory write-downs	655	647
Straight-line lease	8	102
Reserve for lease obligations	126	186
Reserve for Indonesian assets		176
Property plant and equipment written off	616	616
BET Reserve on closure	468	
Inventory capitalization for tax purposes	257	48
Other	16	(92)
	$4,676	$3,615

NOTE F (CONTINUED)

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

	YEAR ENDED January 31, 2000		Year ended January 31, 1999		Year ended January 31, 1998	
	AMOUNT	PERCENT OF INCOME	Amount	Percent of income	Amount	Percent of income
	(000's)		(000's)		(000's)	
Provision (benefit) for Federal income taxes at the statutory rate	$ 3,400	35.0%	$(585)	(34.0)%	$1,263	34.0%
State and city income taxes before utilization of State NOL carry forwards, net of Federal income tax benefit	624	6.5	30	1.8	45	1.2
Effect of foreign taxable operations	(35)	(.4)	66	3.8	(34)	(.9)
Valuation allowance for deferred taxes					(57)	(1.5)
Effect of permanent differences resulting in Federal taxable income	22	.2	35	2.0		
Utilization of NOL	(155)	(1.6)			(331)	(8.9)
Other, net	78	.8	(87)	(5.0)	20	.6
Actual provision (benefit) for income taxes	$ 3,934	40.5%	$(541)	(31.4)%	$ 906	24.5%

NOTE G - COMMITMENTS AND CONTINGENCIES

The Company leases warehousing, executive and sales facilities, and transportation equipment. Leases with provisions for increasing rents have been expensed and accrued for on a straight-line basis over the life of the lease. Future minimum rental payments for operating leases having noncancellable lease periods in excess of one year as of January 31, 2000 are:

	Gross	Sublease income	Net
	(000's)		
Year ending January 31,			
2001	$1,640	$ 328	$1,312
2002	1,385	192	1,193
2003	1,284	199	1,085
2004	641	17	624
2005	643		643
Thereafter	54		54
	$5,647	$ 736	$4,911

Rent expense on the above operating leases (including amounts leased from 345 West - Note J) for the years ended January 31, 2000, 1999 and 1998 was approximately $1,187,000, $1,631,000 and $1,624,000, respectively, net of sublease income of $984,000, $775,000 and $744,000, 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, 2000). The loan is financed by long-term bonds issued by the Authority. G-III and the two principal stockholders of the Company have signed corporate and personal guarantees for this loan. The outstanding principal of this debt was approximately $382,000 and $481,000 as of January 31, 2000 and 1999, respectively. In conjunction with closing this domestic facility (described in Note E), the Company has reflected $316,000 and $400,000 of the balance of the loan as an accrued nonrecurring charge at January 31, 2000 and 1999, respectively.

January 31, 2000, 1999 and 1998

NOTE G (CONTINUED)

The Company has entered into royalty agreements that provide for royalty payments from 5% to 12% of net sales of licensed products. The Company incurred royalty expense (included in cost of goods sold) of approximately $5,228,000, $4,689,000 and $3,188,000 for the years ended January 31, 2000, 1999 and 1998, respectively. Based on minimum sales requirements, future minimum royalty payments required under these agreements are:

Year ending January 31,	Amount
2001	$4,180,000
2002	3,908,000
2003	4,076,000
2004	2,537,000
	$14,701,000

The Company has an employment agreement with its chief executive officer which expires on January 31, 2003. Two years prior to the end of the agreement, it will automatically be extended for an additional year unless prior to that time, either the Company of the Chief Executive Officer provides a notice that the term should not be extended any further. 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 H - STOCKHOLDERS' EQUITY

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

Treasury Stock

On December 20, 1999, the Board of Directors authorized the Company, to repurchase, or to cause the repurchase of, up to $1,000,000 worth of shares of the Company's common stock, from time to time, until September 30, 2000, in open market purchases at market prices or in privately negotiated transactions, at the discretion of the Chief Executive Officer of the Company. As of January 31, 2000, the Company purchased 118,575 shares at a total cost of $430,000.

Stock Options

The Company's stock plans authorize the granting of 1,630,000 options to executive and key employees and 81,500 to directors of the Company. It is the Company's policy to grant stock options at prices not less than the fair market value on the date of the grant. Option terms, vesting and exercise periods vary, except that the term of an option may not exceed ten years.

The Company has adopted the disclosure-only provisions of SFAS No. 123, "Accounting for Stock Based Compensation." Accordingly, no compensation cost has been recognized for the stock options granted to employees and directors. Had compensation cost been determined based on the fair value at the grant date for stock option awards in 2000, 1999 and 1998 consistent with the provisions of SFAS No. 123, the Company's net income (loss) and earnings (loss) per share for the years ended January 31, 2000, 1999 and 1998 would have been as follows:

	2000	1999	1998
Net income (loss) - as reported	$5,780	$(1,180)	$2,799
Net income (loss) - adjusted	5,390	(1,494)	2,569
Diluted earnings (loss) per share - as reported	$ .84	$ (.18)	$ .40
Diluted earnings (loss) per share - adjusted	$ .79	$ (.23)	$ .37

NOTE H (CONTINUED)

The weighted average fair value at date of grant for options granted during 2000, 1999 and 1998 was $1.77, $2.58 and $3.19 per option, respectively. The fair value of each option at date of grant was estimated using the Black-Scholes option pricing model. Such compensation calculation may not be representative of the future effects of applying SFAS 123. The following weighted average assumptions were used in the Black-Scholes option pricing model for grants in 2000, 1999 and 1998, respectively:

	2000	1999	1998
Expected stock price volatility	71.1%	61.8%	68.9%
Expected lives of options			
Directors and officers	7 years	7 years	7 years
Employees	6 years	6 years	6 years
Risk-free interest rate	6.1%	5.4%	6.6%
Expected dividend yield	0%	0%	0%

Information regarding these option plans for 2000, 1999 and 1998 is as follows:

	2000		1999		1998	
	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	Shares	Weighted average exercise price	Shares	Weighted average exercise price
Options outstanding at beginning of year	1,042,100	$2.86	1,133,020	$2.56	989,465	$2.15
Exercised	(50,000)	2.15	(211,645)	2.08	(38,565)	2.00
Granted	289,750	2.54	124,150	4.18	199,000	4.54
Cancelled or forfeited	(2,050)	2.98	(3,425)	2.00	(16,880)	2.54
Options outstanding at end of year	1,279,800	2.97	1,042,100	$2.86	1,133,020	2.56
Exercisable	817,550	2.83	789,140	$2.47	889,120	2.24

G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

January 31, 2000, 1999 and 1998

NOTE H (CONTINUED)

The following table summarizes information about stock options outstanding:

Range of exercise prices	Number out-standing as of January 31, 2000	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable as of January 31, 2000	Weighted average exercise price
$1.625-$3.00	889,000	5.1 years	$2.22	617,520	$2.18
$3.01-$6.50	390,800	7.2 years	4.67	200,030	4.82
	1,279,800			817,550	

Included in the above outstanding options as of January 31, 2000, 1999, and 1998 are 25,000 options with an exercises price of $6.50 and 25,000 options with an exercise price of $5.50 for which the fair value at the date of grant was $3.75. All other options were issued at an amount equal to the fair market value at the date of grant.

NOTE I - MAJOR VENDORS AND CUSTOMERS

For the years ended January 31, 2000, 1999 and 1998, the Company purchased 6%, 13% and 12%, 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, 2000, 1999 and 1998, one customer accounted for 24.6%, 21.6% and 17.1%, respectively, of the Company's net sales. The Company estimates an allowance for doubtful accounts based on the creditworthiness of its customers as well as general economic conditions. Consequently, an adverse change in those factors could affect the Company's estimate.

NOTE J - RELATED PARTY TRANSACTIONS

During the years ended January 31, 2000, 1999 and 1998, G-III leased space from 345 West (Notes E and G). Operating expenses paid by G-III to 345 West during the years ended January 31, 2000, 1999 and 1998, amounted to approximately $ 181,000, $200,000 and $229,000, respectively.

NOTE J (CONTINUED)

An executive of the Company owns approximately a 20% equity interest on a fully diluted basis in Wilsons the Leather Experts Inc. ("Wilsons"), a customer of the Company. In addition, an outside director of the Company owns approximately a 3% direct and 17% indirect equity interest on a fully diluted basis of Wilsons. During the years ended January 31, 2000, 1999 and 1998, Wilsons accounted for approximately $ 8,620,000, $8,183,000 and $7,121,000, respectively, of the Company's net sales. Accounts receivable from Wilsons at January 31, 2000 and 1999 were approximately $183,000 and $64,000, respectively.

NOTE K - PENSION PLANS

The Company maintains a 401(k) profit-sharing plan and trust for nonunion employees. The Company matches 50% of employee contributions up to 3% of the participant's compensation. The Company's matching contributions amounted to approximately $122,000, $150,000 and $140,000, for the years ended January 31, 2000, 1999 and 1998, respectively.

G-III contributed approximately $65,000, $57,000 and $45,000 for the years ended January 31, 2000, 1999 and 1998, respectively, to a multi-employer pension plan for employees covered by a collective bargaining agreement. This plan is not administered by G-III and contributions are determined in accordance with the provisions of a negotiated labor contract. Information with respect to G-III's proportionate share of the excess, if any, of the actuarial computed value by vested benefits over the total of the pension plan's new assets is not available from the plan's administrator.

NOTE L - SEGMENTS

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

	2000		1999		1998	
	LICENSED	NON-LICENSED	Licensed	Non-Licensed	Licensed	Non-Licensed
Net sales	$61,900	$87,732	$45,854	$75,790	$28,986	$91,150
Cost of goods sold	44,100	66,610	35,257	60,136	23,295	68,264
Gross profit	17,800	21,122	10,597	15,654	5,691	22,886
Selling, general and administrative	10,113	18,032	7,996	19,702	7,039	16,748
Unusual or non-recurring charge		1,200		(463)		

Operating profit (loss)	7,687	1,890	2,601	(3,585)	(1,348)	6,138
Interest expense	491	1,366	480	1,635	467	1,067
Income (loss) before minority interest and income taxes	7,196	524	2,121	(5,220)	(1,815)	5,071
Minority interest		1,994		1,378		449
Income (loss) before income taxes	$ 7,196	$2,518	$ 2,121	$(3,842)	$(1,815)	$5,520

Commission fee income was $3.6 million, $3.5 million, and $6.7 million for fiscal 2000, 1999 and 1998, respectively. This fee income is included in nonlicensed net sales and gross profit.

	2000		1999		1998	
	REVENUES	LONG-LIVED ASSETS	Revenues	Long-Lived Assets	Revenues	Long-Lived Assets
Geographic region						
United States	$147,001	$8,294	$118,976	$7,482	$114,584	$6,582
Non-United States	2,631	2,003	2,668	1,476	5,552	915
	$149,632	$10,297	$121,644	$8,958	$120,136	$7,497

NOTE L (CONTINUED)

Included in finished goods inventory at January 31, 2000, 1999 and 1998 are $5.8 million and $5.2 million, $5.2 million and $7.8 million, and $2.2 million and $11.9 million, respectively, of licensed and non-licensed inventories, respectively. All other assets are commingled.

NOTE M - QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly financial data in thousands except per share numbers for the fiscal years ended January 31, 2000 and 1999 are as follows:

	Quarter ended			
	April 30, 1999	July 31, 1999	October 31, 1999	January 31, 2000
January 31, 2000				
Net sales	$ 8,470	$33,246	$74,544	$33,372
Gross profit	833	9,485	20,535	8,069
Net income (loss)	(3,433)	1,599	6,917	697
Net income (loss) per common share				
Basic	$ (0.51)	$0.24	$1.03	$0.10
Diluted	(0.51)	0.24	1.01	0.10

Quarter ended

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

NOTE N - FUTURE EFFECTS OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Derivatives

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

NOTE O - COMPREHENSIVE INCOME

As of February 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (SFAS 130). The adoption of this Statement had no impact on the Company's net income or stockholders' equity. This pronouncement sets forth requirements for disclosure of the Company's comprehensive income and accumulated other comprehensive items. Comprehensive income is defined as the change in equity during a period from transactions in other events and circumstances unrelated to net income (e.g., foreign currency translation gains and losses). For the years ended January 31, 2000, 1999 and 1998, other comprehensive income was not material.

NOTE P - EFFECT OF INDONESIAN ECONOMY

In December 1997, the Company ceased its plan to close the Indonesian factory (Note E). In 1998, many Asia/Pacific countries, including Indonesia, experienced an economic crisis mainly resulting from currency devaluation in the region, the principal consequences of which have been an extreme lack of liquidity and highly volatile exchange and interest rates. The crisis had also involved declining prices in shares listed on the Indonesian stock exchanges, tightening of available credit, stoppage or postponement of certain construction projects, and a growing oversupply of real property. There were frequent riots and many businesses suffered losses. As a result, in 1998, the Company reserved $463,000 against certain assets due to the probable threat that the Indonesian government would seize the assets of the Company. In the fourth quarter of fiscal 2000, the economic situation had stabilized and the threat for loss of assets was no longer probable, as a result, the Company reversed its reserve.

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, 2000					
Deducted from asset accounts					
Allowance for doubtful accounts	$ 499	$ 539		$ 232	$ 806
Allowance for sales discounts	1,168	4,914		2,996	3,086
	$1,667	$5,453		$3,228	$ 3,892
Year ended January 31, 1999					
Deducted from asset accounts					
Allowance for doubtful accounts	$ 685	$ 23		$ 209	$ 499
Allowance for sales discounts	562	2,146		1,540	1,168
	$1,247	$2,169		$1,749	$1,667
Year ended January 31, 1998					
Deducted from asset accounts					
Allowance for doubtful accounts	$1,894	$ 177		$1,386	$ 685
Allowance for sales discounts	800	2,169		2,407	562
	$2,694	$2,346		$3,793	$1,247

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

EXECUTION COPY

AMENDMENT NO. 1 TO THE FIFTH
AMENDED AND RESTATED LOAN AGREEMENT

THIS AMENDMENT NO. 1 TO THE FIFTH AMENDED AND RESTATED LOAN AGREEMENT, dated as of December 20, 1999 (this "Amendment"), by and among G-III LEATHER FASHIONS, INC., a New York corporation (the "Borrower"), the Lenders that have executed the signature pages hereto (individually, a "Lender" and collectively, the "Lenders"), and FLEET BANK, N.A., a national banking association as agent for the Lenders (in such capacity, together with its successors in such capacity, the "Agent"),

W I T N E S S E T H:

WHEREAS:

A. The Borrower, the Lenders and the Agent are parties to the Fifth Amended and Restated Loan Agreement, dated as of May 31, 1999, as further amended hereby (as it may be further amended, modified and supplemented from time to time, the "Loan Agreement"); and

B. The Parent wishes to use up to $1,000,000 to purchase shares of its own common stock.

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

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

1.2 "Section 7.5 Redemptions; Distributions" is amended by inserting the following in paragraph "(a)" after the word "purpose" and before ";":

> "provided, however, the Parent, from the date hereof up to and including September 30, 2000, may repurchase the shares of its common stock, with an aggregate purchase price for such shares not to exceed $1,000,000."

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 Miller

Name: Wayne Miller

Title: CFO

FLEET BANK, N.A., AS LENDER

By: /s/ Juan Zaino

Name: Juan Zaino

Title: Assistant Vice President

THE CHASE MANHATTAN BANK,
AS LENDER

By: /s/ John Mulvey

Name: John Mulvey

Title: Vice President

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

By: /s/ Lisa Murakami

Name: Lisa Murakami

Title: Vice President

FLEET BANK, N. A., AS AGENT

By: /s/ Juan Zaino

Name: Juan Zaino

Title: Assistant Vice President

EXECUTION COPY

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

THIS AMENDMENT NO. 2 TO THE FIFTH AMENDED AND RESTATED LOAN AGREEMENT, dated as of March 1, 2000 (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 Fifth Amended and Restated Loan Agreement, dated as of May 31, 1999, as further amended hereby (as it may be further amended, modified and supplemented from time to time, the "Loan Agreement"); and

B. The Lenders hereto wish to increase their Commitments under the Loan Agreement and update certain financial covenants as a result hereof; and

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

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

1.2 The definition of "Borrowing Base" in Article 1.1 of the Loan Agreement is amended by deleting clause (i) of the definition in its entirety and replacing it with the following:

"(i) Eighty (80%) percent of all Eligible Accounts; plus"

1.3 The definition of "Commitment" in Article 1.1 of the Loan Agreement is amended by deleting the existing definition in its entirety and replacing it with the following:

""COMMITMENT"- (i) Sixty-seven Million ($67,000,000) Dollars during each period from May 31 (other than the Commitment Termination Date) through and including October 31 during the term hereof, (ii) Seventy-two Million ($72,000,000) Dollars from August 1 through and including August 31 for the year 2000, and (iii) Forty-five Million ($45,000,000) Dollars during each period from November 1 through and including May 30 during the term hereof (and in the case of 2002, 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."

1.4 The definition of "Direct Debt Sublimit" in Article 1.1 of the Loan Agreement is amended by deleting "Fifty Million ($50,000,000) Dollars" in clause (i) of such definition and replacing it with "Fifty-two Million ($52,000,000) Dollars".

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

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

Period	Amount
3/1/00 to 3/21/00	$9,000,000
3/22/00 to 3/31/00	$14,000,000
4/1/00 to 4/30/00	$17,500,000
5/1/00 to 5/30/00	$26,000,000
5/31/00	$22,000,000
6/1/00 to 6/30/00	$31,000,000
7/1/00 to 7/30/00	$30,000,000
7/31/00	$25,200,000
8/1/00 to 8/30/00	$30,000,000
8/31/00	$28,000,000
9/1/00 to 9/29/00	$30,000,000
9/30/00	$14,500,000
10/1/00 to 10/25/00	$18,000,000
10/26/00 to 10/30/00	$5,000,000
10/31/00 through 1/31/01	0

and the respective periods and amounts for each of Fiscal Year 2002 and the Stub Period shall be as preliminarily determined by the Lenders and the Borrower based on the Projections and the business plan (in each case delivered pursuant to Section 5.10(e)) for Fiscal Year 2002 and Fiscal Year 2003, respectively, and the unaudited financial statements (delivered pursuant to Section 5.10(e)) for Fiscal Year 2001 and Fiscal Year 2002, respectively, 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, business plan or unaudited financial statements, which preliminary determination shall be made within 60 days of receipt by the Lenders of such Projections, business plan and unaudited financial statements and such preliminary determination shall become effective after receipt and satisfactory review by the Lenders of the Financial Statements for the Fiscal Year 2001 and Fiscal Year 2002, respectively; 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 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.

1.6 The definition of "Standby L/Cs" in Article 1.1 of the Loan Agreement is amended by deleting the existing definition in its entirety and replacing it with the following:

""STANDBY L/CS" - as defined in Section 2.1(b)(ii) hereof and including the Existing Standby L/Cs which continue to be outstanding, all of which shall provide for an expiration date no later than August 31, 2002 and shall be cash collateralized on and after June 1, 2002 as provided in Section 2.2(f) hereof."

1.7 Section 2.5(a) of Article II of the Loan Agreement is amended by replacing "two and one half (2.5%) percent" in clause (ii) with "two and a quarter (2.25%) percent".

1.8 Section 2.6(a) of Article II of the Loan Agreement is amended by deleting such Section in its entirety and replacing it with the following:

"(a) The Borrower shall pay to the Agent, for the ratable benefit of the Lenders, a non-refundable advisory fee (the "ADVISORY FEE") in the amount of $175,000 (subject to adjustment pursuant to this subsection (a) and subject to Section 2.6(j)) payable as follows:

(i) $75,000 payable on March 10, 2000.

(ii) $100,000 payable on the second anniversary of the date hereof; provided, however, that if the consolidated net income of the Parent and its consolidated Subsidiaries for Fiscal Year 2001 as set forth in its Annual Report on Form 10-K timely filed with the Securities and Exchange Commission applicable to such fiscal year is $2,000,000 or greater, then the amount payable pursuant to this clause (iii) shall be $75,000; provided, further, that in the event that the Borrower shall repay all Outstanding Obligations and terminate the Commitment at any time after the first anniversary of the date hereof but prior to the second anniversary of the date hereof, the Borrower shall not be obligated to pay the fees provided for in this clause (ii)."

1.09 Section 6.9(a) of Article VI of this Agreement is amended by deleting such Section in its entirety and replacing it with the following:

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

Date	EBITDA
April 30, 2000	($7,000,000)
July 31, 2000	($4,300,000)
October 31, 2000	$9,000,000
January 31, 2001	$7,500,000

and the respective amounts for each of Fiscal Year 2002 and the Stub Period shall be preliminarily determined by the Lenders and the Borrower based on the Projections and business plan (in each case delivered pursuant to Section 5.10(e)) for Fiscal Year 2002 and Fiscal Year 2003, respectively and the unaudited financial statements (delivered pursuant to Section 5.10(e)) for Fiscal Year 2001 and Fiscal Year 2002, respectively, but in no event shall the periods be of different durations or the amounts be less than (if such amount is negative) or greater than (if such amount is positive) 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 on the financial condition of the Borrower as set forth in the applicable Projections, business plan or unaudited financial statements, which preliminary determination shall be made within 60 days of receipt by the Lenders of such Projections, business plan and unaudited financial statements, and such determination shall become effective

after receipt and satisfactory review by the Lenders of the Financial Statements for Fiscal Year 2001 and Fiscal Year 2002, respectively."

1.10 Section 6.9(b) of Article VI of this Agreement is amended by deleting such Section in its entirety and replacing it with the following:

"(b) Have or maintain, with respect to the Parent on a consolidated basis (excluding BET Studio LLC only with respect to Tangible Net Worth as of April 30, 2000), Tangible Net Worth as of the dates set forth below at not less than the respective amounts set forth opposite each such date:

Date	Minimum Tangible Net Worth
April 30, 2000	$34,200,000
July 31, 2000	$35,000,000
October 31, 2000	$42,000,000
January 31, 2001	$41,100,000

and the respective amounts for each of Fiscal Year 2002 and the Stub Period shall be determined in the sole discretion of the Lenders within 60 days of receipt by the Lenders of the Projections and business plan (in each case delivered pursuant to Section 5.10(e)) for Fiscal Year 2002 and Fiscal Year 2003, respectively and the unaudited financial statements (delivered pursuant to Section 5.10(e)) for Fiscal Year 2001 and Fiscal Year 2002, respectively, and such determination shall become effective after receipt and satisfactory review by the Lenders of the Financial Statements for Fiscal Year 2001 and Fiscal Year 2002, respectively."

1.11 Section 7.9(c) of the Loan Agreement is amended by replacing "$2,300,000" in clause (iii) with "$4,000,000".

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

"(d) Investments in BET Studio LLC; provided that the amount of Investments pursuant to this subsection (d) shall not exceed in the aggregate $3,850,000 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"

1.13 Section 10.9 is amended by (i) replacing all references to "Steven R. Navarro" with "Juan Zaino" and (ii) replacing all references to "Richard B. Teiman" with "Robert W. Ericson".

1.14 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 Miller

Name: Wayne Miller

Title: CFO

FLEET BANK, N.A., AS LENDER

By: /s/ Juan Zaino

Name: Juan Zaino

Title: Assistant Vice President

THE CHASE MANHATTAN BANK,
AS LENDER

By: /s/ John Mulvey

Name: John Mulvey

Title: Vice President

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

By: /s/ Lisa Murakami

Name: Lisa Murakami

Title: Vice President

FLEET BANK, N. A., AS AGENT

By: /s/ Juan Zaino

Name: Juan Zaino

Title: Assistant Vice President

EXECUTION COPY

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

THIS AMENDMENT NO. 3 TO THE FIFTH AMENDED AND RESTATED LOAN AGREEMENT, dated as of April 7, 2000 (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 Fifth Amended and Restated Loan Agreement, dated as of May 31, 1999, as further amended hereby (as it may be further amended, modified and supplemented from time to time, the "Loan Agreement"); and

B. The Lenders hereto wish to revise certain dates in the definition of the "Overadvance" under the Loan Agreement; and

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

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

1.1 The definition of "Overadvance" set forth in Article 1 of the Loan Agreement shall be amended by replacing certain periods and amounts with the following:

Period	Amount
4/1/00 to 4/16/00	$17,500,000
4/17/00 to 5/17/00	$26,000,000
5/18/00 to 6/30/00	$31,000,000

1.2 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 Miller

Name: Wayne Miller

Title: CFO

FLEET BANK, N.A., AS LENDER

By: /s/ Juan Zaino

Name: Juan Zaino

Title: Assistant Vice President

THE CHASE MANHATTAN BANK,
AS LENDER

By: /s/ John Mulvey

Name: John Mulvey

Title: Vice President

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

By: /s/ Lisa Murakami

Name: Lisa Murakami

Title: Vice President

FLEET BANK, N.A., AS AGENT

By: /s/ Juan Zaino

Name: Juan Zaino

Title: Assistant Vice President

G-III APPAREL GROUP, LTD.
1999 STOCK OPTION PLAN FOR NON-EMPLOYEE DIRECTORS

1. PURPOSE. The purpose of the 1999 Stock Option Plan for Non-Employee Directors (the "Plan") is to enable G-III Apparel Group, Ltd., a Delaware corporation (the "Company"), to provide compensatory stock options to members of its Board of Directors (the "Board") who are not employees of, or consultants to, the Company or its affiliates ("Non-Employee Directors").

2. STOCK SUBJECT TO THE PLAN. The Company may sell a total of 50,000 shares of its common stock, $.01 par value (the "Common Stock"), pursuant to the Plan. Such shares may be either authorized and unissued or held by the Company in its treasury. Shares of Common Stock covered by the unexercised portion of an option which terminates or expires by its terms, by cancellation or otherwise, will remain issuable under the Plan.

3. ADMINISTRATION. Subject to the provisions of the Plan and applicable law, the Board, acting in its sole and absolute discretion, will have full power and authority to interpret, apply and administer the Plan. The decision of the Board as to any disputed question arising in connection with the Plan or any option granted under the Plan will be final and conclusive on all persons.

4. OPTION GRANTS. An option to purchase 170 shares of Common Stock will be granted on the date the Plan is adopted by the Board to each Non-Employee Director who is then serving as such, subject to approval of the Plan by the Company's stockholders. An option to purchase at least 1,000 shares of Common Stock will be granted to each Non-Employee Director on the day following the date of each annual meeting of the Company's stockholders held after the date the Plan is adopted by the Board and during the term of the Plan. The Board, acting in its discretion, may make a one-time grant of an option to purchase up to 10,000 shares of Common Stock to an individual who first becomes a Non-Employee Director after the date the Plan is adopted and approved by the Company's stockholders and the Board, acting in its discretion, may increase the number of shares covered by any annual option grant to as many as 2,000 shares.

5. TERMS AND CONDITIONS OF OPTIONS. Each option granted under the Plan will be evidenced by a written agreement or certificate containing such terms and conditions as the Board may prescribe, subject to the provisions of the Plan.

6. (a) Exercise Price. The exercise price per share of Common Stock covered by an option granted under the Plan will be equal to the fair market value of a share of Common Stock on the date the option is granted. For purposes of the Plan, the fair market value of a share of Common Stock on any date will be the closing sale price per share as published by a national securities exchange on which shares of Common Stock are traded on such date or, if there is no sale of Common Stock on such date, the average of the bid and asked prices on such exchange at the close of trading on such date or, if shares of Common Stock are not listed on a national securities exchange on such date, the average of the bid and asked prices in the over the counter market at the close of trading on such date.

(b) Option Period Expiration. Unless sooner terminated or exercised, any option granted under the Plan will expire no more than ten years after the date the option is granted.

(c) Exercisability of Options. Unless otherwise specified by the Board at or after the time an option is granted, and unless sooner terminated, an option will become exercisable in accordance with the following schedule based upon the number of full years of the optionee's continuous service with the Company following the date of grant:

FULL YEARS OF CONTINUOUS SERVICE	INCREMENTAL PERCENTAGE OF OPTION EXERCISABLE	CUMULATIVE PERCENTAGE OF OPTION EXERCISABLE
Less than 1	0%	0%
1	20%	20%
2	20%	40%
3	20%	60%
4	20%	80%
5 or more	20%	100%

(d) Exercise of Options. All or part of the exercisable portion of an option may be exercised at any time during the term of the option, subject to such minimum exercise conditions as the Board may prescribe. An option may be exercised by transmitting to the Company (1) a written notice specifying the number of shares to be purchased, and (2) payment in full of the purchase price together with the amount, if any, deemed necessary by the Company to satisfy its income tax withholding obligation attributable to such exercise (unless other arrangements acceptable to the Company are made for the satisfaction of such withholding obligations).

(e) Payment of Exercise Price. The purchase price of Common Stock acquired under the Plan will be payable in cash and/or such other form of payment as may be permitted by the

Board, including, without limitation, shares of Common Stock which have been owned by the optionee for at least six months. The Board may permit the payment of all or a portion of the purchase price in installments (together with interest) over a period of not more than five years. If the purchase price is paid with previously-owned shares, then, for the purpose of applying the 50,000 share limit of Section 2, the number of shares sold will be equal to the net increase in the number of shares owned by the optionee as a result of the stock-for-stock exercise.

(f) Buy Out and Settlement. At any time, and from time to time, the Company may offer to purchase an outstanding option on such terms and conditions as the Board deems appropriate.

(g) Rights as a Stockholder. No shares of Common Stock will be issued in respect of the exercise of an option granted under the Plan until full payment therefor has been made. The holder of an option will have no rights as a stockholder with respect to shares covered by an option until the date a stock certificate for such shares is issued to him or her. Except as otherwise provided herein, no adjustments will be made for dividends or distributions of other rights for which the record date is prior to the date such stock certificate is issued.

(h) Transferability of Options. Options granted under the Plan may not be assigned or transferred other than upon the optionee's death to a beneficiary designated by the optionee in a manner acceptable to the Board or, if no designated beneficiary survives the optionee, pursuant to the optionee's will or by the laws of descent and distribution. Any such option will be exercisable during the optionee's lifetime only by the optionee. Notwithstanding the foregoing, the Board, acting in its discretion, may permit and prescribe conditions for an inter vivos transfer of an option granted under the Plan.

(i) Termination of Service. Unless otherwise determined by the Board either when an option is granted or, if no rights of the optionee are thereby reduced, at any time thereafter, and subject to earlier termination in accordance with the provisions hereof, the following rules apply with regard to exercise of vested options held by an optionee at the termination of the optionee's service with the Company. If an optionee ceases to perform services for the Company for any reason other than death or disability, then each outstanding vested option granted to him or her under the Plan will terminate on the date three months after the date of such termination of service but in no event after the expiration of the stated term of the option. If an optionee's service terminates by reason of the optionee's death or disability (or if the optionee's service terminates by reason of disability and the optionee dies within one year after such termination of service), then any then outstanding vested option held by the optionee will expire on the first anniversary of the date of such termination of service (or one year after the later death of a disabled optionee) but in no event after the expiration of the stated term of the option.

(j) Changes in Capital Stock. In case of any stock split, stock dividend or similar transaction which increases or decreases the number of outstanding shares of Common Stock, the Board will make an appropriate adjustment to the aggregate number of shares of Common Stock

that may be sold under the Plan and to the number of shares and the exercise price per share covered by any outstanding options. In the case of a merger, sale of assets or similar transaction which results in a replacement of the Company's shares of Common Stock with stock or other securities of another company, the Board may make arrangements to replace any outstanding options with comparable options to purchase the stock or securities of such other company. In the absence of an arrangement for the replacement options, each outstanding option will become exercisable in full and any such option which is not exercised within the time period specified by the Board will thereupon terminate.

(k) Other Provisions. The Board may impose such other conditions with respect to the exercise of options, including, without limitation, any conditions relating to the application of federal or state securities laws, as it may deem necessary or advisable.

6. Amendment and Termination of the Plan. The Board may amend or terminate the Plan. Except as otherwise provided in the Plan with respect to equity changes, any amendment which would increase the aggregate number of shares of Common Stock as to which options may be granted under the Plan shall be subject to the approval of the stockholders of the Company. No amendment or termination may adversely affect any outstanding option without the written consent of the optionee.

7. No Rights Conferred. Nothing contained herein will be deemed to give any individual a right to receive a discretionary award under the Plan or interfere with the right of the Company to terminate his or her service with the Company, as a director or otherwise.

8. Governing Law. The Plan and each option granted hereunder will be governed by the internal laws of the State of Delaware.

9. Term of the Plan. The Plan is effective on the date of its adoption by the Board, subject to approval by the Company's stockholders at their next annual meeting, and, unless sooner terminated, the Plan will terminate on the tenth anniversary of the effective date. Options outstanding when the Plan terminates will not be affected solely by reason of the termination, provided, however, that the grant of an option under the Plan before the Plan is approved by the Company's stockholders will be subject to such approval.

EXHIBIT 21

SUBSIDIARIES OF THE COMPANY

(as of January 31, 2000)

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

Siena Leather, Ltd., a New York corporation

Global International Trading Company, a Korean corporation

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

Wee Beez International Trading Co., a Hong Kong corporation

Indawa Holding Corp., a Delaware corporation

P.T. Balihides, an Indonesian corporation

Global Apparel Sourcing, Ltd., a Delaware corporation

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

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

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

Exhibit 23

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We have issued our report dated March 31, 2000, accompanying the consolidated financial statements included in the Annual Report of G-III Apparel Group, Ltd. on Form 10-K for the year ended January 31, 2000. We hereby consent to the incorporation by reference of said report in the Registration Statement of G-III Apparel Group, Ltd. on Form S-8 (Registration Nos. 333-45460; 333-45461; 333-81066; 333-51765; and 333-80927) and to the use of our name as it appears under the caption "Experts."

GRANT THORNTON LLP

New York, New York
April 28, 2000

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