FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

For the Quarterly period ended October 31, 1997

OR

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

For the transition period from ____________________ to ____________________

Commission File Number 0-18183

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

Delaware	41-1590959
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
345 West 37th Street, New York, New York	10018
(Address of Principal Executive Office)	(Zip Code)

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

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

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

Yes XX No ________

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of December 1, 1997.

Common Stock, $.01 par value per share: 6,489,946 shares.

* The Balance Sheet at January 31, 1997 has been taken from the audited financial statements at that date. All other financial statements are unaudited.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share amounts)

ASSETS	JANUARY 31, 1997	OCTOBER 31, 1997 (unaudited)
Current Assets:		
Cash and Cash Equivalents	$ 13,067	$ 2,380
Accounts Receivable - Net	7,176	32,483
Inventories - Net	13,986	23,424
Prepaid Expense and Other Current Assets	969	939
Total Current Assets	35,198	59,226
Property and Equipment at Cost - Net	5,030	3,171
Deferred Income Taxes	3,351	3,351
Other Assets	976	1,023
	$ 44,555	$ 66,771
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Notes Payable	$ 3,459	$ 15,554
Current Maturities of Obligations Under Capital Leases	376	237
Federal and Foreign Income Taxes Payable	447	2,818
Accounts Payable	2,169	4,156
Accrued Expenses	2,101	4,654
Accrued Nonrecurring Charges	2,149	496
Total Current Liabilities	10,701	27,915
Obligations Under Capital Leases	554	375
Nonrecurring Charges - Long Term	475	475
Minority Interest		301
Stockholders' Equity:		
Preferred Stock, 1,000,000 shares authorized;		

no shares issued and outstanding		
Common Stock, $.01 par value: authorized, 20,000,000 shares; issued and outstanding, 6,477,156 shares and 6,489,946 shares on January 31, 1997 and October 31, 1997, respectively	65	65
Additional Paid-in Capital	23,638	23,666
Retained Earnings	9,122	13,974
	32,825	37,705
	$ 44,555	$ 66,771

See Accompanying Notes to Financial Statement.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share amounts)

	THREE MONTHS ENDED OCTOBER 31,	
	1996	1997
	(Unaudited)	
Net Sales	$ 65,348	$ 61,125
Cost of Goods Sold	48,999	45,589
Gross Profit	16,349	15,536
Selling, General and Administrative Expenses	6,173	5,966
Operating Profit	10,176	9,570
Interest and Financing Charges, Net	919	679
Income Before Minority Interest and Taxes	9,257	8,891
Minority Interest		136
Income Before Taxes	9,257	9,027
Income Taxes	3,705	3,371
Net Income	$ 5,552	$ 5,656
INCOME PER COMMON SHARE:		
Primary:		
Net Income per common share	$ .83	$ .80
Weighted average number of shares outstanding	6,680,481	7,094,305
Fully Diluted:		
Net Income per common share	$ .83	$ .80

	===	===
Weighted average number of shares outstanding	6,680,481	7,094,305
	=========	=========

See Accompanying Notes to Financial Statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share amounts)

	NINE MONTHS ENDED OCTOBER 31,	
	1996	1997
	(Unaudited)	
Net Sales	$ 96,620	$ 100,765
Cost of Goods Sold	70,915	74,401
Gross Profit	25,705	26,364
Selling, General and Administrative Expenses	17,234	17,677
Operating Profit	8,471	8,687
Interest and Financing Charges, Net	1,624	1,245
Income Before Minority Interest and Taxes	6,847	7,442
Minority Interest		249
Income Before Taxes	6,847	7,691
Income Taxes	2,741	2,839
Net Income	$ 4,106	$ 4,852
	=====	=====
INCOME PER COMMON SHARE:		
Primary:		
Net Income per common share	$ .61	$ .69
	===	===
Weighted average number of shares outstanding	6,697,984	7,053,980
	=========	=========
Fully Diluted:		
Net Income per common share	$ .61	$ .69
	===	===
Weighted average number of		

shares outstanding	6,697,984	7,053,980

See Accompanying Notes to Financial Statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	NINE MONTHS ENDED OCTOBER 31, 1996	1997
	(Unaudited)	
Cash Flows from Operating Activities:		
Net Income	$ 4,106	$ 4,852
Adjustments to Reconcile Net Income:		
Depreciation and Amortization	1,153	916
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(35,298)	(25,307)
Inventory	(5,940)	(9,438)
Federal and Foreign Income Taxes	3,178	2,371
Prepaid Expenses	(724)	30
Other Assets	(121)	(47)
Accounts Payable and Accrued Expenses	(7,578)	4,540
Accrued Nonrecurring Charge	(168)	(51)
Minority Interest		301
Net Cash Used in Operating Activities	(26,236)	(21,833)
Cash Flows for Investing Activities:		
Capital Expenditures	(314)	(913)
Capital Dispositions	120	254
Net Cash Used in Investing Activities:	(194)	(659)
Cash Flows from Financing Activities:		
Increase in Notes Payable, net	20,497	12,095
Payment of Capital Lease Obligations	(455)	(318)
Proceeds from exercise of stock options	15	28
Net Cash Provided by Financing Activities	20,057	11,805
Net Decrease in Cash	(6,373)	(10,687)
Cash at Beginning of Period	7,617	13,067
Cash at End of Period	$ 1,244	$ 2,380
Supplemental Disclosures of Cash Flow Information		
Cash Paid During the Period for:		
Interest	$ 1,442	$ 1,220
Income Taxes	$ 68	$ 494

See Accompanying Notes to Financial Statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - General Discussion

The results for the three and nine month periods ended October 31, 1997 are not necessarily indicative of the results expected for the entire fiscal year. The accompanying financial statements included herein are unaudited. In the opinion of management, all adjustments (consisting of only normal recurring adjustments) necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods presented have been reflected.

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

The accompanying financial statements should be read in conjunction with the financial statements and notes included in the Company's Form 10K filed with the Securities and Exchange Commission for the year ended January 31, 1997.

Note 2 - Inventories

Inventories consist of:	January 31, 1997	October 31, 1997
	(in thousands)	
Finished products................	$ 10,382	$ 18,932
Work-in-process..................	27	590
Raw materials....................	3,577	3,902
	$ 13,986	$ 23,424

Note 3 - Net Income Per Common Share

Net income per common share is based on the weighted average number of common shares outstanding during each of the periods, adjusted for the dilutive effect of common stock equivalents, when applicable.

Note 4 - Notes Payable

The Company has a two year loan agreement with three banks which expires on May 31, 1999. The agreement provides for a line of credit in the amount of $52,000,000 from May 31 to October 30, and $40,000,000 from October 31 to May 30 during each year of the agreement. The amounts available include direct borrowing of $40,000,000 from May 31 to November 14, and $30,000,000 from November 15 to May 30, during each year of the agreement. The balance of the credit line may be used for letters of credit. All amounts available for borrowing are subject to borrowing base formulas.

Note 5 - Nonrecurring Charges

As of the year ended January 31, 1997, the Company had a remaining reserve of approximately $2.6 million related to closure of a domestic factory and an Asian factory. The domestic factory was closed during the fiscal year ended January 31, 1995. During the quarter ended July 31, 1997, the Company applied approximately $1.6 million of the reserve as a reduction of Property, Plant and Equipment, since the Company cannot assume that there will be any recoveries in connection with a disposition of the Asian factory. The Asian factory had net sales of $3.0 million and $4.2 million, and a net loss of $380,000 and $183,000 for the nine-month periods ended October 31, 1996 and 1997, respectively. The status of the provision at the end of the period was:

	Balance January 31, 1997	1997 Activity (in thousands)	Balance October 31, 1997
Closure of Domestic and Foreign Facilities	$ 2,624	$ (1,653)	$ 971

Note 6 - Future Effects of Recently Issued Accounting Pronouncements

The Financial Accounting Standards Board has issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share," which is effective for financial statements both interim and annual periods ending after December 15, 1997. Early adoption of the new standard is not permitted. The new standard eliminates primary and fully diluted earnings per share and requires presentation of basic and diluted earnings per share together with disclosure of how the per share amounts were computed. Had this new standard been effective during the quarters ended October 31, 1996 and 1997, basic income per share would have been $.86 and $.87, respectively. Basic income per share would have been $.63 and $.75 for the nine months ended October 31, 1996 and 1997, respectively. Diluted income per share would have been $.83 and $.80 for the three months ended October 31, 1996 and 1997, respectively and diluted income per share would have been $.61 and $.69 for the nine months ended October 31, 1997, respectively.

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

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

Results of Operations

Net sales for the three months ended October 31, 1997 were $61.1 million compared to $65.3 million for the same period last year. For the nine months ended October 31, 1997, net sales were $100.8 million compared to $96.6 million for the same period in the prior year. The decrease in net sales during the three month period was primarily due to lower volume in the Women's ($1.3 million) and Men's ($5.4 million) outerwear divisions and the discontinuance of two divisions ($1.5 million) offset in part by increases in the Sports Licensing division ($3.8 million) and JL Colebrook division ($1.6 million). The increase in net sales during the nine-month period was primarily due to increases in the Sports Licensing, Kenneth Cole, and JL Colebrook divisions partially offset by a decrease in the Men's division and the discontinuance of two divisions.

Gross profit was $15.5 million for the three months ended October 31, 1997, compared to $16.3 million in the same period last year. Gross profit as a percentage of net sales was 25.4% for the three months ended October 31, 1997, compared to 25.0% for the same period last year. For the nine months ended October 31, 1997, gross profit was $26.4 million, or 26.2% of net sales, compared to $25.7 million, or 26.6% of net sales for the same period last year. The increase in the gross profit percentage for the three months ended October 31, 1997 is primarily attributed to an improvement in the margins of the Men's division. The decrease in the gross profit percentage for the nine month period is primarily the result of lower margins in the Women's outerwear division.

Selling, general and administrative expenses of $6.0 million for the three months ended October 31, 1997 were approximately $200,000 less than in the same period last year. The decrease was primarily due to lower bad debt expenses and freight out costs, partially offset by start-up costs relating to new product development in branded merchandise, which includes licensed product under the Kenneth Cole label, as well as development of new distribution channels. As a percentage of net sales, selling, general and administrative expenses were 9.8% in this period compared to 9.4% last year.

For the nine months ended October 31, 1997, selling, general and administrative expenses were $17.7 million, or 17.5% of net sales, compared to $17.2 million, or 17.8% of net sales, for the same period last year. The increase resulted from the incurrence of $450,000 of expenses in connection with the start-up of BET Design Studio, LLC, which commenced operations in May, 1997. The Company owns 50.1% of this subsidiary and accordingly consolidates its results of operations. The Company continues to monitor and seeks to reduce expense levels whenever appropriate.

Interest expense of $679,000 was $240,000 lower in the quarter ended October 31, 1997, compared to $919,000 in the same period last year. For the nine months ended October 31, 1997, interest expense was $1,245,000, a decrease of $379,000 from the prior year. Lower interest rates under the Company's amended bank facility was the primary cause of lower interest expense.

Income taxes of $3.4 million reflect an effective tax rate of 37% for the three months ended October 31, 1997, compared to income taxes of $3.7 million (effective tax rate of 40%) in the comparable period in the prior year. For the nine months ended October 31, 1997, the income tax of $2.8 million reflects an effective tax rate of 37%, compared to income taxes of $2.7 million (effective tax rate of 40%) in the same period last year. The lower effective tax rate is primarily the result of a net operating loss carry forward for state income taxes which will result in a reduction of state income taxes in the current fiscal year.

As a result of the foregoing, for the three months ended October 31, 1997, the Company had net income of $5.7 million, compared to a net income of $5.6 million for the comparable period in the prior year. Net income per share decreased to $.80 per share in the three months ended October 31, 1997 from $.83 per share for the comparable period in the prior year as the result of an increase in the weighted average number of shares outstanding. For the nine months ended October 31, 1996, the Company had a net income of $4.9 million, or $.69 per share, compared to a net income of $4.1 million, or $.61 per share, for the same period in the prior year.

Liquidity and Capital Resources

The company's loan agreement, which expires on May 31, 1999 provides for a line of credit in the amount of $52,000,000 from May 31 to October 30, and $40,000,000 from October 31 to May 30 during each year of the agreement. The amounts available include direct borrowings of $40,000,000 from May 31 to November 14, and $30,000,000 from November 15 to May 30, during each year of the agreement. The balance of the credit line may be used for letters of credit. All amounts available for borrowing are subject to borrowing base formulas and overadvances specified in the agreement.

Direct borrowings bear interest at the agent's prime rate (8.5% as of December 1, 1997) or LIBOR plus 250 basis points at the election of the Company. All borrowings are collateralized by the assets of the Company. The loan agreement requires the Company, among other covenants, to maintain certain earnings and tangible net worth levels, and prohibits the payment of cash dividends. As of October 31, 1997, there were $12.6 million in direct borrowings and approximately $9.5 million of contingent liability under open letters of credit. The amount borrowed under the line of credit varies based upon the Company's seasonal requirements.

The Company's wholly-owned Indonesian subsidiary has a line of credit with a bank for approximately $3.5 million which is supported by a $2.0 million stand-by letter of credit issued under the Company's loan agreement. As of October 31, 1997, the borrowing by the Indonesian subsidiary under its line of credit approximated $3.1 million and there were approximately $400,000 of contingent liability under open letters of credit.

SIGNATURES

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

G-III APPAREL GROUP, LTD.
(Registrant)

Date: December 12, 1997

By: /s/ Morris Goldfarb
Morris Goldfarb
Chief Executive Officer

Date: December 12, 1997

By: /s/ Alan Feller
Alan Feller
Chief Financial Officer,
Treasurer, and Secretary

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