FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

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

For the Quarterly period ended October 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 Office)	(Zip Code)

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

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

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

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of December 1, 2000.

Common Stock, $.01 par value per share: 6,553,704 shares.

Part I FINANCIAL INFORMATION

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* The Balance Sheet at January 31, 2000 has been taken from the audited financial statements at that date. All other financial statements are unaudited.

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

(in thousands, except share and per share amounts)

ASSETS	OCTOBER 31, 2000 (unaudited)	JANUARY 31, 2000
CURRENT ASSETS		
Cash and cash equivalents	$ 594	$14,530
Accounts receivable	64,088	16,597
Allowance for doubtful accounts and sales discounts	(6,652)	(3,892)
Inventories - net	35,059	21,175
Prepaid expenses and other current assets	4,660	894
Total current assets	97,749	49,304
PROPERTY, PLANT AND EQUIPMENT, NET	3,212	3,316
DEFERRED INCOME TAXES	4,676	4,676
OTHER ASSETS	1,577	2,305
	$107,214	$59,601
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable	$ 28,089	$ 3,311
Current maturities of obligations under capital leases	88	116
Income taxes payable	6,460	2,874
Accounts payable	13,514	5,875
Accrued expenses	6,812	4,714
Accrued nonrecurring charges	956	1,259
Total current liabilities	55,919	18,149
OTHER LONG-TERM LIABILITIES	334	419
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; 6,798,521 and 6,767,921 shares issued at October 31, 2000 and January 31, 2000, respectively	68	68
Additional paid-in capital	24,946	24,874
Retained earnings	26,917	16,521
	51,931	41,463
Less common stock held in treasury - 244,817 shares at October 31, 2000 and 118,575 shares at January 31, 2000, at cost	(970)	(430)
	50,961	41,033
	$107,214	$59,601

The accompanying notes are an integral part of these statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share amounts)

	THREE MONTHS ENDED OCTOBER 31, (Unaudited)	
	2000	1999
Net sales	$ 87,955	$ 74,544
Cost of goods sold	62,647	54,009
Gross profit	25,308	20,535
Selling, general and administrative expenses	8,208	7,861
Unusual or non-recurring charge		1,500
Operating income	17,100	11,174
Interest and financing charges, net	1,315	954
Income before minority interest and income taxes	15,785	10,220
Minority interest in loss of joint venture		1,303
Income before income taxes	15,785	11,523
Income tax expense	6,317	4,606
Net income	$ 9,468	$ 6,917

INCOME PER COMMON SHARE:

Basic:

Net income per common share	$ 1.45	$ 1.03
Weighted average number of shares outstanding	6,543,102	6,717,921
Diluted:		
Net income per common share	$ 1.31	$ 1.01
Weighted average number of shares outstanding	7,218,711	6,867,529

The accompanying notes are an integral part of these statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share amounts)

	NINE MONTHS ENDED OCTOBER 31, (Unaudited)	
	2000	1999
Net sales	$ 145,918	$ 116,260
Cost of goods sold	104,632	85,407
Gross profit	41,286	30,853
Selling, general and administrative expenses	21,790	21,520
Unusual or non-recurring charge		1,500
Operating income	19,496	7,833
Interest and financing charges, net	2,187	1,482
Income before minority interest and income taxes	17,309	6,351
Minority interest in loss of joint venture	9	2,116

Income before income taxes	17,318	8,467
Income tax expense	6,922	3,384
Net income	$ 10,396	$ 5,083
INCOME PER COMMON SHARE:		
Basic:		
Net income per common share	$ 1.58	$ 0.76
Weighted average number of shares outstanding	6,560,483	6,717,921
Diluted:		
Net income per common share	$ 1.47	$ 0.75
Weighted average number of shares outstanding	7,095,332	6,806,789

The accompanying notes are an integral part of these statements.

G-III Apparel Group, Ltd. and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	NINE MONTHS ENDED OCTOBER 31, (Unaudited) 2000	1999
Cash flows from operating activities		
Net income	$ 10,396	$ 5,083
Adjustments to reconcile net income to net cash used in operating activities		

Depreciation and amortization	765	1,054
Minority interest	(9)	(2,116)
Changes in operating assets and liabilities:		
Accounts receivable	(44,731)	(41,107)
Inventories	(13,884)	(9,132)
Income taxes	3,586	3,691
Prepaid expenses and other current assets	(3,766)	(547)
Other assets	(275)	(42)
Accounts payable and accrued expenses	9,737	9,437
Accrued nonrecurring charge	(374)	1,838
Other long term liabilities	50	
Net cash used in operating activities	(38,505)	(31,841)
Cash flows from investing activities		
Capital expenditures	(682)	(443)
Capital dispositions	21	
Net cash used in investing activities	(661)	(443)
Cash flows from financing activities		
Increase in notes payable, net	24,778	24,670
Payments for capital lease obligations	(92)	(150)
Investment in joint venture by minority partner	1,012	1,000
Purchase of common stock for Treasury	(540)	
Proceeds from exercise of stock options	72	
Net cash from financing activities	25,230	25,520
Net decrease in cash and cash equivalents	(13,936)	(6,764)
Cash and cash equivalents at beginning of period	14,530	7,241
Cash and cash equivalents at end of period	$ 594	$ 477
Supplemental disclosures of cash flow information:		
Cash paid (received) during the period for		
Interest	$ 1,897	$ 1,229
Income taxes	3,265	(276)

The accompanying notes are an integral part of these statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - General Discussion

The results for the nine-month period ended October 31, 2000 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.

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

The accompanying financial statements should be read in conjunction with the financial statements and notes included in the Company's Annual Report on Form 10K filed with the Securities and Exchange Commission for the year ended January 31, 2000.

Certain reclassifications have been made to conform to the fiscal 2001 presentation.

Note 2 - Inventories

Inventories consist of:

	OCTOBER 31, 2000	January 31, 2000
	(in thousands)	
Finished products	$20,359	$10,990
Work-in-process	4,378	326
Raw materials	10,322	9,859
	$35,059	$21,175

Note 3 - Net Income Per Common Share

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

Note 4 - Notes Payable

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. There was $26.6 million outstanding at October 31, 2000 and no loan balance outstanding at January 31, 2000 under this agreement.

Notes payable also includes borrowings by PT Balihides, the Company's Indonesian subsidiary, under a credit facility with an Indonesian bank. Notes payable of approximately $1.5 million as of October 31, 2000 and January 31, 2000 represent maximum borrowings under this facility.

In November 1999, the Company and Black Entertainment Television decided to discontinue their BET Design Studio joint venture. BET Design Studio had an asset-based credit facility. Direct borrowings bore interest at the prevailing prime rate plus 50 basis points. To support the requirement for overadvances which occurred when the available collateral was not sufficient to support the level of direct bank debt and letters of credit opened to pay for product, both partners opened standby letters of credit in the amount of $750,000 under which the lender was the beneficiary. The loan ($1.2 million at January 31, 2000) was paid off in its entirety on February 16, 2000 by drawing down both partners' standby letters of credit (See Note 5). The balance of the standby letters of credit was cancelled effective November 2, 2000.

Note 5 - Nonrecurring Charges

In November 1999, the Company formulated a plan to cease operations of the BET Design Studio joint venture. The joint venture generated revenues of approximately $2.4 million and $884,000 in the years ended January 31, 2000 and 1999, respectively. The Company incurred losses from the joint venture of approximately $2.0 million, $1.4 million, and $450,000 for the years ended January 31, 2000, 1999, 1998, respectively. In connection with the plan, the Company recorded $1.6 million of unusual and non-recurring charges, consisting of $1.1 million in asset writedowns and $500,000 relating to a provision for closing costs and various accrued expenses. The remaining nonrecurring balance ($251,000) relates to the reserve associated with the closure of the Company's domestic factory that was completed by January 31, 1995. Based on current estimates, management believes that existing accruals are adequate. Other long-term liabilities include $156,000 and $227,000 of nonrecurring charges at October 31, 2000 and January 31, 2000, respectively.

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

	Balance January 31, 2000	2000 Activity	BALANCE OCTOBER 31, 2000
		(in thousands)	
Domestic operating lease obligation	$ 316	$ (65)	$ 251
Dissolution of BET Design Studio	1,170	(309)	861
	$1,486	$(374)	$1,112

Note 6 - Comprehensive Income

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

Note 7 - Segments

The Company's reportable segments are business units that offer different products and are managed separately. The Company operates in two segments, licensed and non-licensed apparel. The following information is presented for the three and nine month periods indicated below:

	THREE MONTHS ENDED OCTOBER 31,			
	2000		1999	
	LICENSED	NON-LICENSED	Licensed	Non-Licensed
Net sales	$31,706	$56,249	$27,385	$47,159
Cost of goods sold	21,697	40,950	18,570	35,439
Gross profit	10,009	15,299	8,815	11,720
Selling, general and administrative	3,771	4,437	2,729	5,132
Unusual or non-recurring charge				1,500
Operating income	6,238	10,862	6,086	5,088
Interest expense	547	768	337	617
Income before minority interest and income taxes	5,691	10,094	5,749	4,471
Minority interest				1,303
Income before income taxes	$ 5,691	$10,094	$ 5,749	$ 5,774

	NINE MONTHS ENDED OCTOBER 31,			
	2000		1999	
	LICENSED	NON-LICENSED	Licensed	Non-Licensed
Net sales	$55,124	$90,794	$46,772	$69,488
Cost of goods sold	38,772	65,860	32,898	52,509
Gross profit	16,352	24,934	13,874	16,979
Selling, general and administrative	10,229	11,561	7,260	14,260
Unusual or non-recurring charge				1,500
Operating income	6,123	13,373	6,614	1,219
Interest expense	837	1,350	394	1,088
Income before minority interest and income taxes	5,286	12,023	6,220	131
Minority interest		9		2,116
Income before income taxes	$ 5,286	$12,032	$ 6,220	$ 2,247

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, risks of doing business abroad, the nature of the apparel industry, including changing consumer demand and tastes, seasonality, customer acceptance of new products, the impact of competitive products and pricing, dependence on existing management, general economic conditions, as well as other risks detailed in the Company's filings with the Securities and Exchange Commission, including this Quarterly Report on Form 10-Q.

RESULTS OF OPERATIONS

Net sales for the three months ended October 31, 2000 were $88.0 million compared to $74.5 million for the same period last year. The increase in net sales during the quarter was attributable to an increase in sales of non-licensed apparel ($9.1 million) and licensed apparel ($4.3 million). Net sales for the nine months ended October 31, 2000 were $145.9 million compared to $116.3 million for the same period in the prior year. The increase in net sales in the nine-month period was also attributable to an increase in sales of both non-licensed apparel ($21.3 million) and licensed apparel ($8.4 million).

Gross profit was $25.3 million, or 28.8% of net sales, for the three months ended October 31, 2000 compared to $20.5 million, or 27.5% of net sales, for the same period last year. Gross profit was $41.3 million, or 28.3% of net sales, for the nine months ended October 31, 2000 compared to $30.9 million, or 26.5% of net sales, for the same period last year. The increase in gross profit as a percentage of net sales for the three months ended October 31, 2000 resulted from a higher volume of commission transactions in which the Company acted as an agent and received commission fee income. This income is included in the non-licensed apparel segment. Commission fee income on these transactions increased to $3.8 million during the three months ended October 31, 2000 from $1.9 million in the comparable period in the prior year. There is no cost of goods sold component associated with commission transactions.

The increase in gross profit as a percentage of net sales for the nine months ended October 31, 2000 was due to higher gross margins in the non-licensed apparel segment as the result of more sales of higher margin products and a higher volume of commission transactions. Commission fee income increased to $5.9 million during the nine months ended October 31, 2000 from $3.2 million in the comparable period of the prior year.

Selling, general and administrative expenses for the three months ended October 31, 2000 were $8.2 million compared to $7.9 million in the three months ended October 31, 1999. Selling, general and administrative expenses for the nine months ended October 31, 2000 were $21.8 million compared to $21.5 million for the same period last year. Expenses relating to the BET Design Studio joint venture that was discontinued in November 1999 were $1.0 million in the three-month period last year and $2.7 million in the nine-month period last year. Excluding last year's BET Design Studio expenses, the Company's selling, general and administrative expenses increased approximately $1.4

million in this year's three-month period and $3.0 million in this year's nine-month period compared to the comparable periods last year. These increases are primarily a result of expenses relating to the start-up of the Cole Haan, Caterpillar and Jones New York Men's divisions, which caused increased expenses in the licensed apparel segment. In addition, personnel expenses increased over the prior year. Excluding the BET Design Studio expenses in the prior year, selling, general and administrative expenses were 9.3% of net sales in the three months ended October 31, 2000 and 1999, and 14.9% of net sales in the nine months ended October 31, 2000 compared to 16.5% in the same period in last year.

Interest expense and finance charges for the three months ended October 31, 2000 were $1.3 million compared to $1.0 million in the same period last year. Interest expense and finance charges for the nine months ended October 31, 2000 were $2.2 million compared to $1.5 million in the same period last year. The increase in interest expense resulted primarily from higher inventory levels in response to increased customer orders and higher interest rates.

Income tax expense of $6.3 million reflect an effective tax rate of 40% for the three months ended October 31, 2000 compared to income tax expense of $4.6 million (same effective tax rate) in the comparable period in the prior year. Income tax expense of $6.9 million for the nine months ended October 31, 2000 also reflects an effective tax rate of 40%, compared to income tax expense of $3.4 million (same effective tax rate) in the same period last year.

For the three months ended October 31, 2000, the Company had net income of $9.5 million, or $1.31 per diluted share, compared to net income of $6.9 million, or $1.01 per diluted share, for the comparable period in the prior year. For the nine months ended October 31, 2000, the Company had net income of $10.4 million, or $1.47 per diluted share, compared to net income of $5.1 million, or $0.75 per diluted share, for the same period in the prior year. Net income in the three- and nine-month periods increased as a result of the foregoing factors.

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 bear interest at the agent's prime rate (9.5% as of December 1, 2000) or LIBOR plus 225 basis points (9.1% at December 1, 2000), 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, 2000, direct borrowings were $26.6 million and contingent liability under open letters of credit approximated $9.4 million. The amount borrowed under the line of credit varies based upon the Company's seasonal requirements.

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

In November 1999, the Company and Black Entertainment Television ("BET") decided to discontinue their BET Design Studio joint venture. The joint venture was started in February 1997 to provide a BET-branded clothing and accessory line. As of October 31, 2000, BET and the Company had each contributed $3.8 million to this joint venture.

BET Design Studio had an asset-based credit facility. Direct borrowings bore interest at the prevailing prime rate plus 50 basis points. To support the requirement for overadvances which occurred when the available collateral was not sufficient to support the level of direct bank debt and letters of credit opened to pay for product, both partners opened standby letters of credit in the amount of $750,000 under which the lender was the beneficiary. The loan was paid off in its entirety on February 16, 2000 by drawing down both partners' standby letters of credit. The balance of the standby letters of credit was cancelled effective November 2, 2000.

BET advanced $600,000 to BET Design Studio under a lending agreement. Borrowings under this agreement bore interest at 12% during the first twelve months of the agreement and 14% thereafter. The loan was paid off in its entirety on March 9, 2000.

On December 20, 1999, the Board of Directors authorized the Company to repurchase up to $1,000,000 worth 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. The Company purchased 244,817 shares of its common stock at a total cost of $970,000. The Company concluded its buyback program in April 2000.

EFFECT OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Derivatives

In June 1998, the FASB issued Statement of Financial Accounting Standards No. 133 ("SFAS NO. 133"), "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS NO. 137, is effective with the first quarter of fiscal years beginning after June 15, 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.

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 14, 2000

By: /s/ Morris Goldfarb

Morris Goldfarb
Chief Executive Officer

Date: December 14, 2000

By: /s/ Wayne S. Miller

Wayne S. Miller
Chief Financial Officer

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