

FORM 10-K

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

For the fiscal year ended January 31, 2004  
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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.  
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(Exact name of registrant as specified in its charter)

Delaware  
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(State or other jurisdiction of  
incorporation or organization)

41-1590959  
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(I.R.S. Employer  
Identification No.)

512 Seventh Avenue, New York, New York  
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10018  
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(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (212) 403-0500  
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Securities registered pursuant to Section 12(b) of the Act: None  
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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  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 July 31, 2003, 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 \$22,823,782

Indicate by checkmark if the registrant is an accelerated filer (as  
defined in Rule 12b-2 of the Act).

Yes  No

The number of outstanding shares of the registrant's Common Stock as of  
March 31, 2004 was 7,107,798.

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 10, 2004, 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

Unless the context otherwise requires, "G-III", "us", "we" and "our" refer to G-III Apparel Group, Ltd. and its subsidiaries. References to fiscal years refer to the year ended or ending on January 31 of that year. Our Internet address is "www.g-iii.com".

### OVERVIEW

G-III designs, manufactures, imports and markets an extensive range of outerwear and sportswear including coats, jackets, pants, skirts and other sportswear items under licensed labels, our own proprietary labels and private retail labels. Our strategy is based upon delivering superior apparel value to the retail consumer through recognizable brands. We distribute our products through a broad mix of retail partners at a variety of price points.

The sale of licensed products is a key element of our strategy. We have been distributing products under licensed brands for over ten years. We have licenses to produce products under the Kenneth Cole New York, Reaction Kenneth Cole, Nine West, Cole Haan, Jones New York, JNY Jones New York, Sean John, Timberland, Bill Blass, Blassport, and James Dean fashion labels. We are also licensed to produce products containing trademarks of the National Football League, National Hockey League, National Basketball Association, Major League Baseball, Louisville Slugger and many universities located in the United States. During this past year, we expanded our sales of licensed vintage sports apparel with Cooperstown Collection baseball products and Hardwood Classics basketball products.

Proprietary labels owned by us include "G-III," TM "Siena Studio," TM "Colebrook & Co," TM "JLC," TM "J.L. Colebrook," TM, "Colebrook," TM Colebrook Essentials," TM "Colebrook Classics," TM and our recently launched "Black Rivet" TM label.

We operate our business in two segments, licensed apparel and non-licensed apparel. The licensed apparel segment includes sales of apparel brands licensed by us from third parties. The non-licensed apparel segment principally includes sales of apparel under our own brands and private label brands owned by retailers, as well as commission fee income received on sales that are financed by and shipped directly to our customers. See Note L to our Consolidated Financial Statements for financial information with respect to these segments.

We are a Delaware corporation that was formed in 1989. We and our predecessors have conducted our business since 1974.

### PRODUCTS - DEVELOPMENT AND DESIGN

G-III manufactures and markets a full line of women's and men's apparel at a wide range of retail sales prices. Our product offerings include leather and textile outerwear, raincoats and sportswear. We sell products under licensed brand names, our own brand names and private retail labels.

G-III's licensed apparel consists of both men's and women's products. Our strategy is to seek licenses that will enable us to offer a range of products targeting different price points and different tiers of distribution. Women's licensed apparel includes leather and textile garments that sell at

retail prices ranging from \$100 for sportswear items to \$2,500 for outerwear. Men's licensed apparel consists of leather, textile, and leather/textile combination outerwear that sell at retail prices ranging from \$50 for sportswear items to \$2,000 for outerwear.

We work closely with our licensors in creating designs and styles for each licensed brand sold by us. Licensors generally must approve products to be sold under their brand names prior to production by us.

G-III's proprietary branded apparel also consists of both men's and women's products. The Colebrook, Colebrook Essentials, Colebrook Classics and Black Rivet lines of women's apparel consist of moderately priced women's outerwear and sportswear that typically sell at retail prices from \$40 for sportswear items to \$250 for outerwear. Products in our men's outerwear lines primarily consisting of leather outerwear, sold under the G-III and Colebrook labels, typically have retail prices between \$40 and \$400. Siena Studio, our bridge-priced line of women's leather and textile apparel, primarily consists of jackets, skirts and related sportswear separates with retail prices from \$100 for skirts to \$700 for outerwear.

We also work with retail chains in developing product lines sold under private labels. We meet frequently with department and chain store buyers who custom order products by color, fabric and style. These buyers may provide samples to us or may select styles already available in our showrooms. We believe we have established a reputation among these buyers for the ability to arrange for the manufacture of apparel on a reliable, expeditious and cost-effective basis.

Our in-house designers are responsible for the design and look of our licensed and non-licensed products. We respond to style changes in the apparel industry by maintaining a continuous program of style, color, leather, and fabric selection. In designing new products and styles, we attempt to incorporate current trends and consumer preferences in our product offerings. We seek 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 our sales and merchandising departments, as well as with the design and merchandising staffs of our licensors, to review market trends, sales results and the popularity of our latest products. In addition, our representatives regularly attend trade and fashion shows and shop at fashion forward stores in the United States, Europe and the Far East. Their efforts include extensive research using trend and color services. They present sample items to us along with their evaluation of the styles expected to be in demand in the United States. We also seek input from selected customers with respect to product design. We believe that our sensitivity to the needs of retailers, coupled with the flexibility of our production capabilities and our continual monitoring of the retail market, enables us to modify designs and order specifications in a timely fashion.

-3-

## MANUFACTURING

G-III imports its products from independent manufacturers located primarily in China and, to a lesser extent, in South Korea, Eastern Europe, Sri Lanka, Vietnam, India and Mexico. Independent contractors located in the New York City area also manufacture a selected number of leather garments for us. A portion of our wool garments is manufactured in the United States.

In fiscal 2004, we manufactured approximately 16% of our products at our partially owned factory in Northern China. In addition to the personnel employed directly by the factory, we employed 54 persons who are located at this factory. These employees perform quality control and supervisory functions. Subsequent to our decision in December 2002 to close our Indonesian factory, we arranged for additional production by independent manufacturers to replace the production at that facility.

We have a branch office in Seoul, South Korea which acts as a liaison between us and various manufacturers. G-III's headquarters provides this liaison office with production orders stating the quantity, quality and types of garments to be produced, and this liaison office negotiates and places orders with one or more manufacturers. In allocating production among independent

suppliers, we consider a number of criteria, including quality, availability of production capacity, pricing and ability to meet changing production requirements. At January 31, 2004, the South Korean office employed 15 persons.

To facilitate better service for our customers and accommodate the volume of manufacturing in the Far East, we also have an office in Hong Kong. Similar to the South Korean office, the Hong Kong office acts as a liaison between G-III and the various manufacturers of textile and leather apparel located in China. We utilize our domestic and Hong Kong office employees to monitor production at each manufacturer's facility to ensure quality control, compliance with our specifications and timely delivery of finished garments to our distribution facilities or customers. At January 31, 2004, the Hong Kong office employed 7 persons.

In connection with the foreign manufacture of our apparel, manufacturers purchase leather skins under our direction. In addition, they purchase necessary "submaterials" (such as linings, zippers, buttons and trimmings) according to parameters specified by us. Prior to commencing the manufacture of garments, samples of the skins or submaterials are sent to us for approval. We regularly inspect and supervise the manufacture of products for us in order to ensure timely delivery, maintain quality control and monitor compliance with our manufacturing specifications. We also inspect finished apparel at the factory site.

The manufacture of the substantial majority of our apparel is performed manually. A pattern is used in cutting fabric to panels that are assembled in the factory. All submaterials are also added at this time. Products are inspected throughout this process to insure that the design and quality specifications of the order provided by us are being maintained as the garment is assembled. After pressing, cleaning and final inspection, the garment is labeled and ready for shipment. A final random inspection occurs when the garments are packed for shipment.

-4-

We arrange 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 us require as a condition, among others, of release of funds to the manufacturer that an inspection certificate be signed by our representative. Accordingly, if an order is not filled, the letter of credit is not paid and we do not bear the risk of liability for the goods being manufactured. We assume the risk of loss predominantly on a F.O.B. basis when goods are delivered to a shipper and are insured against casualty losses arising during shipping.

As is customary in the apparel industry, we have not entered into any long-term contractual arrangements with any contractor or manufacturer. We believe that the production capacity of foreign manufacturers with whom we have developed, or are developing, a relationship is adequate to meet our apparel production requirements for the foreseeable future. We believe that alternative foreign apparel manufacturers are readily available.

Our arrangements with textile manufacturers and suppliers are subject to the availability of quota and other requisite customs clearances for textile apparel and the imposition of export duties. United States customs duties on our textile apparel presently range from 5% to 30%, depending upon the type of fabric used and how the garment is constructed. We monitor duty, tariff and quota-related developments and seek to minimize our potential exposure to quota-related risks through, among other measures, geographical diversification of manufacturing sources and shifts of production among countries and manufacturers. Virtually all of our imported leather products are subject to United States Customs duties of approximately 6%.

A majority of all finished goods manufactured abroad for us are shipped to our New Jersey warehouse and distribution facility or to designated third party facilities for final inspection and allocation and reshipment to customers. The goods are delivered to our customers and us 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

G-III's products are sold primarily to department, specialty and mass

merchant retail stores in the United States. We sell to approximately 3,000 customers, ranging from national and regional chains of specialty retail and department stores, whose annual purchases from us exceed \$1,000,000, to small specialty stores whose annual purchases from us 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 21.1% of our net sales in fiscal 2002, 20.2% of our net sales in fiscal 2003, and 15.4% of our net sales in fiscal 2004. The loss of this customer, or a significant reduction in purchases by this customer, could have a material adverse affect on our results of operations. No other customer accounted for more than 9% of our net sales during any of these three fiscal years.

-5-

Almost all of our sales are made in the United States. We also market our products in Canada and Europe, which account for less than 1% of our total net sales.

Along with our foreign offices, our trading company subsidiary, Global International Trading Company, located in Seoul, Korea, assists in providing services to our customers. This office manages a sample room and assists in the procurement of finished garments. As of January 31, 2004, Global International Trading employed 24 persons.

G-III's products are sold primarily through a direct sales force that consisted of 40 employees as of January 31, 2004. Our principal executives are also actively involved in sales of our products. Some of our products are also sold by various retail buying offices and independent sales representatives located throughout the United States. Final authorization of all sales of products is solely through our New York showroom, enabling our management to deal directly with, and be readily accessible to, major customers, as well as to more effectively control our selling operations.

Brand name products sold by us pursuant to a license agreement are promoted by institutional and product advertisements placed by the licensor. Our license agreements generally provide that we are 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. We may also be required to spend a specified percentage of net sales of a licensed product on advertising placed by us.

We primarily rely on our reputation and relationships to generate business in our non-licensed segment. We believe we have 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 our products. In addition, we have, to a limited extent, advertised our own labels and engaged in cooperative ad programs with retailers. We believe we have developed brand awareness of our own labels, despite the absence of general advertising, primarily through our reputation, consumer acceptance and the fashion press.

#### RAW MATERIALS

We purchase most products manufactured for us on a finished goods basis. Raw materials used in the production of our apparel are available from numerous sources. We are not aware of any manufacturer of our apparel not being able to satisfy its requirements for any required 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.

-6-

We purchase leather skins for our partially-owned factory in China. The demand for garment-type leather decreased in 2003 as compared to the previous

three years, primarily due to fashion trends. However, prices for this type of leather remained at last season's levels or increased slightly due to a reduction in the availability of leather and the decline in value of the dollar against the Euro. We believe that we and our independent manufacturers will be able to purchase a sufficient amount of leather skins to satisfy our production requirements in the fiscal year ending January 31, 2005.

LICENSING

The sale of licensed products is a key element of our strategy and we have continually expanded our offerings of licensed products over the last several years. We have licenses to produce products under the Kenneth Cole New York and Reaction Kenneth Cole, Nine West, Cole Haan, Jones New York, JNY Jones New York, Sean John, Timberland, Bill Blass, Blassport, and James Dean fashion labels. We are also licensed to produce products containing trademarks of the National Football League, National Hockey League, National Basketball Association, Major League Baseball, Louisville Slugger and many universities located in the United States. During fiscal 2004, we expanded our sales of licensed vintage sports apparel with Cooperstown Collection baseball products and Hardwood Classics basketball products.

The following table sets forth for each of our principal licenses the date on which the current term ends and the date on which any potential renewal term ends:

LICENSE -----	DATE CURRENT TERM ENDS -----	DATE POTENTIAL RENEWAL TERM ENDS -----
Kenneth Cole NY/Reaction Kenneth Cole	December 31, 2004	None
Nine West	December 31, 2007	None
Cole Haan	December 31, 2007	None
Jones New York/JNY Jones New York	January 31, 2007	January 31, 2009
Sean John	January 31, 2007	January 31, 2010
Timberland	December 31, 2004	None
Bill Blass/Blassport	January 31, 2006	January 31, 2009
James Dean	December 31, 2006	None
National Football League	March 31, 2005	March 31, 2007
National Hockey League	June 30, 2005	June 30, 2006
National Basketball Association	September 30, 2005	None
Major League Baseball	October 31, 2004	None
Hardwood Classics	September 30, 2005	None
Cooperstown Collection	December 31, 2004	None
Collegiate Licensing Company	March 31, 2005	None
Louisville Slugger	January 31, 2008	January 31, 2011
United States Tennis Association	December 31, 2004	None

Under our licensing agreements, we are generally required to achieve minimum net sales of licensed products and pay guaranteed minimum royalties, make specified royalty and advertising payments, usually based on a percentage of net sales of licensed products, and receive prior approval of the licensor as to all elements of a garment prior to production. If we do not satisfy any of these requirements, a licensor usually will have the right to terminate our license.

Our ability to extend the current term of a license agreement is usually subject to attaining minimum sales and/or royalty levels and to our compliance with all of the terms of the agreement. In addition, other criteria may also impact our ability to renew a license. We cannot be sure that we will be able to renew a license agreement when it expires even if we desire to do so.

We did not meet the required sales threshold that would have allowed us to renew our license agreement with Kenneth Cole Productions through December 31, 2007. We are currently in discussions with Kenneth Cole Productions in connection with a renewal of this license agreement.

We continue to seek other opportunities to enter into license agreements in order to expand our product offerings under nationally recognized

labels and broaden the markets that we serve. Revenues from the sale of licensed products accounted for 78.3% of our net sales during fiscal 2004 compared to 52.8% of our net sales in fiscal 2003 and 42.7% of our net sales in fiscal 2002. The significant increase in fiscal 2004 in the percentage of our net sales accounted for by licensed products was the result of increased sales of our licensed sports apparel and a shift in sales to our largest customer from primarily proprietary branded product to primarily licensed product.

#### SEASONALITY

Retail sales of outerwear apparel have traditionally been seasonal in nature. Although we sell our apparel products throughout the year and have expanded our offerings of sportswear, net sales in the months of July through November accounted for approximately 74% of our net sales in fiscal 2002, 76% of our net sales in fiscal 2003 and 75% of our net sales in fiscal 2004. The July through November time frame is expected to continue to provide a disproportionate amount of our net sales.

#### BACKLOG

A portion of our orders are short-term purchase orders from customers who place orders on an as-needed basis. 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, we do not believe that disclosure of the amount of our unfilled customer orders at any time is meaningful.

-8-

#### TRADEMARKS

Several trademarks owned by us have been granted federal trademark protection through registration with the U.S. Patent and Trademark Office, including G-III, G-III (& Design), J.L. Colebrook, JLC, Colebrook & Co., Sienna, 58 Sports (& Design), Ladies First by G-III/Carl Banks, American Classics By Colebrook, Black Rivet & Design [lower diamond], Black Rivet & Design [upper diamond], Black Rivet & Design [circles and diamond], Siena Studio, and Sports 58 (& Design). We have applications for several additional marks pending before the U.S. Patent and Trademark Office.

We have been granted trademark registration for G-III in France, Canada and the European Union, for J.L. Colebrook in Canada, France, Great Britain, and the European Union, and for J.L.C. (& Design) and JLC (& Design) in Canada. We also have one application pending in Canada and two in Mexico.

Although we regard our trademarks as valuable assets and intend to vigorously enforce our trademark rights, we do not believe that any failure to obtain federal trademark registrations for which we have applied would have a material adverse effect on us.

#### COMPETITION AND OTHER RISKS

The apparel business is highly competitive. We have 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 our products are affected by style, price, quality and general fashion trends. We also compete with vertically integrated apparel manufacturers that also own retail stores. In addition, we compete for supplies of raw materials and manufacturing and tanning capacity.

We are dependent on sales of licensed product for a substantial portion of our revenues. In fiscal 2004, revenues from the sale of licensed product accounted for 78.3% of our net sales compared to 52.8% of our net sales in fiscal 2003 and 42.7% of our net sales in fiscal 2002.

We are generally required to achieve specified minimum net sales, pay specified royalties and advertising payments and receive prior approval of the licensor as to all elements of a garment prior to production. License agreements also may restrict our ability to enter into other license agreements for competing products. If we do not satisfy any of these requirements, a licensor usually will have the right to terminate our license. If a license contains a renewal provision, there are usually minimum sales and other conditions that

must be met in order to be able to renew a license. Even if we comply with all the terms of a licensing agreement, we cannot be sure that we will be able to renew an agreement when it expires even if we desire to do so.

We are negotiating the renewal of several of our license agreements, including our license agreements with the National Football League and with Kenneth Cole Productions. We cannot be sure that we will be able to secure renewals of these or other license agreements on terms acceptable to us or at all. The loss of either the NFL or the Kenneth Cole license could have a material adverse effect on our results of operations.

-9-

Our ability to successfully compete depends on a number of factors, including our ability to effectively anticipate, gauge and respond to changing consumer demands and tastes across multiple product lines and tiers of distribution. We are required to translate market trends into attractive product offerings and operate within substantial production and delivery constraints. We cannot be sure we will be successful in this regard. For example, part of our success in fiscal 2004 was a result of increased sales of fashion sports apparel. This trend may not continue into fiscal 2005. As a result, we will need to successfully respond to changing trends in order to avoid an adverse change in our results for fiscal 2005.

We often produce garments to hold in inventory in order to meet our customers' delivery requirements and to be able to quickly fulfill reorders. If we misjudge the market for our products, we 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 our business, results of operations and financial condition.

The apparel industry is cyclical. Purchases of outerwear, sportswear and other apparel tend to decline during recessionary periods and sales of our 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 our competitors. Uncertainties regarding future economic prospects could affect consumer-spending habits and have an adverse effect on our results of operations. Uncertainty with respect to consumer spending as a result of weak economic conditions during fiscal 2002 and 2003 caused our customers to delay the placing of initial orders and to slow the pace of reorders during the seasonal peak of our business. This had a material adverse effect on our results of operations.

We are 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 us and the price of our shares. Our other executive officers have substantial experience and expertise in our business and have made significant contributions to our success. The unexpected loss of services of one or more of these individuals could adversely affect us.

Our arrangements with foreign manufacturers are subject to the usual risks of doing business abroad, including currency fluctuations, political instability and potential import restrictions, duties and tariffs. We do not maintain insurance for the potential lost profits due to disruptions of our overseas factories. Because our products are produced abroad, political and/or economic instability in China or elsewhere, could cause substantial disruption in our factory in China and in the business of our foreign manufacturers. This could materially adversely affect our financial condition and results of operations.

In December 2002, we decided to close our manufacturing facility in Indonesia due to rapidly rising costs and losses associated with this facility, as well as the political and economic instability in Indonesia. Our results of operations for the fourth quarter and fiscal year ended January 31, 2003 reflected pre-tax charges of \$4.1 million in connection with closing this facility.

-10-

The substantial majority of our products are imported from independent foreign manufacturers. Our dependence on independent manufacturers has increased



as a result of the closing of our Indonesian manufacturing facility. 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 our business.

We are also dependent on these manufacturers for compliance with our policies and the policies of our licensors and customers regarding labor practices. In addition, since we negotiate our purchase orders with foreign manufacturers in United States dollars, the value of the United States dollar against local currencies could impact our cost in dollars of production from these manufacturers. If there is continued downward pressure on the value of the dollar, our purchase prices for our products could increase. We may not be able to offset an increase in product costs with a price increase to our customers.

Legislation that would restrict the importation or increase the cost of textiles and apparel produced abroad has been periodically introduced in Congress. The enactment of new legislation or international trade regulation, or executive action affecting international textile or trade agreements, could adversely affect our business. International trade agreements that can provide for tariffs and/or quotas can increase the cost and limit the amount of product that can be imported. The quota system established by the World Trade Organization is scheduled to be eliminated on December 31, 2004. We cannot be certain of the impact that this elimination will have on international trade in general and the apparel industry in particular. Part of this uncertainty includes the potential for action by the United States government in the event that the quantity of imported apparel significantly disrupts the apparel market in the United States. Retaliatory or unilateral action by the United States could disrupt our ability to import apparel and increase our costs.

The continued growth of our business depends on our access to sufficient funds to support our growth. Our primary source of working capital to support our growth is our existing line of credit. We have had this line of credit for over ten years and have been able to increase the maximum availability under this line several times in the past few years. This line of credit expires on May 31, 2005. Our growth is dependent on our ability to continue to extend and increase this line of credit. If we are unable to do so, we cannot be sure we will be able to secure alternative financing on satisfactory terms.

Fluctuations in the price, availability and quality of leather or other raw materials used by us could have a material adverse effect on our cost of goods sold and ability to meet customer demands. The supply of leather is vulnerable to animal diseases as well as natural disasters that can affect the supply and price of raw leather. For example, the outbreak of mad-cow and foot-and-mouth disease in Europe, and its after effects, adversely affected the supply of leather in 2000, 2001 and 2002.

-11-

In addition to the factors described above, our business, including our revenues and profitability, is influenced by and subject to a number of factors that are inherently uncertain and difficult to predict including, among others: the variability of our results in any period due to the seasonal nature of the business; risks associated with consolidations, restructurings and other ownership changes in the retail industry; changes in regional, national and global economic conditions; and our ability to correctly balance the level of our finished goods, leather and other raw material commitments with actual orders.

As of March 31, 2004, Morris Goldfarb and Aron Goldfarb beneficially own an aggregate of approximately 51% of our outstanding common stock. As a result, they effectively have the ability to control the outcome on all matters requiring stockholder approval including, but not limited to, the election of directors and any merger, consolidation or sale of all or substantially all of our assets. They also have the ability to control our management and affairs.

#### EMPLOYEES

As of January 31, 2004, we had 368 full-time employees, of whom 68 worked in executive, administrative or clerical capacities, 163 worked in design, merchandising and manufacturing, 90 worked in warehouse facilities, and 47 worked in sales. We employ both union and non-union personnel and believe

that our relations with our employees are good. We have not experienced any interruption of any of our operations due to a labor disagreement with our employees.

We are a party to an agreement with the Amalgamated Clothing and Textile Workers Union, covering approximately 52 full-time employees as of January 31, 2004. This agreement, which is currently in effect through October 31, 2005, automatically renews on an annual basis thereafter unless terminated by us or the Union prior to September 1 of that year.

#### WEBSITE ACCESS TO REPORTS

The Company's internet website is <http://www.g-iii.com>. The Company makes available free of charge on its website (under the heading "About G-III") its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports as soon as reasonably practicable after the Company electronically files such material with, or furnishes it to, the Securities and Exchange Commission.

-12-

#### EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth certain information with respect to our executive officers.

Name	Age	Position	Executive Officer or Significant Employee Since
Morris Goldfarb	53	Co-Chairman of the Board, Chief Executive Officer, Director	1974
Jeanette Nostra-Katz	51	President	1981
Wayne S. Miller	46	Senior Vice President, Chief Operating and Financial Officer, Treasurer and Secretary	1998
Deborah Gaertner	49	Vice President - Women's Sales Division of G-III Leather Fashions	1989
Keith Sutton Jones	55	Vice President - Foreign Manufacturing of G-III Leather Fashions	1989
Neal S. Nackman	44	Vice President - Finance	2003
Philip H. Litwinoff	54	Vice President and Corporate Controller	2001

Morris Goldfarb is our Co-Chairman of the Board and Chief Executive Officer, as well as one of our directors. Until April 1997, Mr. Goldfarb also served as our President. Mr. Goldfarb has served as an executive officer of us and our predecessors since our formation in 1974. Mr. Goldfarb is also a director of Lakes Gaming, Inc.

Jeanette Nostra-Katz became our President in April 1997. She had been our Executive Vice President since March 1992. Ms. Nostra-Katz's responsibilities for the Company include sales, marketing, public relations, and operations as they relate to sales. We have employed Ms. Nostra-Katz since 1981.

Wayne S. Miller has been our Chief Financial Officer and Senior Vice President since April 1998. In December 2003, Mr. Miller was appointed Chief Operating Officer. In November 1998, Mr. Miller was elected Secretary and Treasurer. Prior to his joining G-III, Mr. Miller held various senior level positions in the apparel industry.

Deborah Gaertner is the Vice President - Women's Division of G-III Leather Fashions and has held this position since March 1992. Ms. Gaertner is responsible for sales and marketing of certain of our women's apparel lines. She previously served as Vice President, Imports from June 1989 until March 1992, coordinating production and merchandising.

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

Neal S. Nackman has been our Vice President - Finance since December 2003. Prior to joining G-III, Mr. Nackman was a financial consultant with Jefferson Wells International from January 2003 until December 2003. From May 2001 until October 2002, he was Senior Vice President - Controller of Martha Stewart Living Omnimedia, Inc. From May 1999 until May 2001, he was Chief Financial Officer of Perry Ellis International Inc. From August 1995 until May 1999, he was the Vice-President - Finance with Nautica Enterprises, Inc.

Philip H. Litwinoff has been our Vice President and Corporate Controller since April 2001. He had previously served as our Controller since November 1995.

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

#### ITEM 2. PROPERTIES

Our 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. We lease an aggregate of approximately 42,500 square feet in this building through March 31, 2011 at a current aggregate annual rent of approximately \$1.2 million. We also lease approximately 4,000 square feet at a current annual rent of \$88,000 in an adjoining building at 500 Seventh Avenue for additional design staff.

Our warehouse and distribution facility, located in Secaucus, New Jersey, contains approximately 110,000 square feet. This facility is leased through August 2005 at an annual rent of \$643,000. A majority of our finished goods are shipped to the New Jersey distribution facilities for final reshipment to customers. We also use third-party warehouses to accommodate our finished goods storage and reshipment needs.

We also lease office space at 345 West 37th Street in New York City. This space is leased from a corporation owned by Morris Goldfarb and Aron Goldfarb. Effective February 1, 2003, we leased one floor in this building, as well as parking spaces and a billboard on top of the building. Aggregate payments under this lease in fiscal 2004 were \$230,000. Effective, April 1, 2004, we leased additional space in this building resulting in total leased space in this building of approximately 10,100 square feet. Aggregate payments under the revised lease are expected to be approximately \$240,000 in fiscal 2005.

#### 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

Our Common Stock is quoted on the Nasdaq National Stock Market under the trading symbol "GIII". The following table sets forth, for the fiscal periods shown, the high and low sales prices for our Common Stock, as reported by the Nasdaq Stock Market.

Fiscal 2003 -----	High Prices -----	Low Prices -----
Fiscal Quarter ended April 30, 2002	\$ 8.33	\$6.25
Fiscal Quarter ended July 31, 2002	\$ 8.49	\$5.81
Fiscal Quarter ended October 31, 2002	\$ 7.75	\$4.49
Fiscal Quarter ended January 31, 2003	\$ 7.89	\$4.91
Fiscal 2004 -----		
Fiscal Quarter ended April 30, 2003	\$ 6.50	\$4.62
Fiscal Quarter ended July 31, 2003	\$ 8.25	\$5.95
Fiscal Quarter ended October 31, 2003	\$12.00	\$6.50
Fiscal Quarter ended January 31, 2004	\$11.90	\$8.42
Fiscal 2005 -----		
Fiscal Quarter ending April 30, 2004 (through April 15, 2004)	\$10.89	\$7.21

The last sales price of our Common Stock as reported by the Nasdaq Stock Market on April 15, 2004 was \$8.03 per share.

On April 15, 2004, there were 57 holders of record and, we believe, approximately 1,000 beneficial owners of our Common Stock.

#### DIVIDEND POLICY

Our Board of Directors currently intends to follow a policy of retaining any earnings to finance the continued growth and development of our 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 our financial condition, results of operations and other factors deemed relevant by the Board. Our loan agreement prohibits the payment of cash dividends without the consent of the lenders. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources" in Item 7 below.

-16-

#### ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial data set forth below as of and for the years ended January 31, 2000, 2001, 2002, 2003 and 2004 have been derived from our audited consolidated financial statements. Our audited financial statements as of January 31, 2000, 2001 and 2002 and for the years ended January 31, 2000 and 2001 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 in this Annual Report on Form 10-K.

(In thousands, except share and per share data)

	Year Ended January 31,				
	2000 ----	2001 ----	2002 ----	2003 ----	2004 ----
INCOME STATEMENT DATA:					
Net sales	\$149,632	\$187,057	\$201,426	\$202,651	\$224,061
Cost of goods sold	110,710	136,099	158,160	153,367	162,229
Gross profit	38,922	50,958	43,266	49,284	61,832

Selling, general & administrative expenses	28,145	29,860	35,814	41,551	47,039
Unusual or non-recurring charge	1,200	(643)		3,556	
Operating profit	9,577	21,741	7,452	4,177	14,793
Interest and financing charges, net	1,857	2,839	3,577	1,907	1,179
Income before minority interest and income taxes	7,720	18,902	3,875	2,270	13,614
Minority interest of joint venture	1,994	(312)			
Income before income taxes	9,714	18,590	3,875	2,270	13,614
Income taxes	3,934	7,436	1,511	1,888	5,238
Net income	\$5,780	\$11,154	\$2,364	\$ 382	\$8,376
Basic earnings per share	\$ 0.86	\$ 1.70	\$ 0.35	\$0.06	\$ 1.21
Weighted average shares outstanding - basic	6,712,051	6,561,537	6,676,270	6,764,398	6,911,644
Diluted earnings per share	\$ 0.84	\$ 1.57	\$ 0.32	\$0.05	\$ 1.14
Weighted average shares outstanding - diluted	6,848,433	7,120,986	7,373,723	7,346,925	7,348,101

As of January 31,

	2000	2001	2002	2003	2004
BALANCE SHEET DATA:					
Working capital	\$31,066	\$41,931	\$46,140	\$47,260	\$57,388
Total assets	59,601	71,952	67,701	70,956	80,696
Short-term debt	3,427	1,580	906	885	852
Long-term debt, excluding current portion	64	0	203	88	0
Total stockholders' equity	40,944	52,142	54,813	55,748	65,272

-17-

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

Statements in this Annual Report on Form 10-K concerning our 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, reliance on licensed product, 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 our 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 our financial condition and results of operations should be read in conjunction with our Financial Statements, the accompanying notes and other financial information appearing elsewhere in this Report. References to fiscal years refer

to the year ended or ending January 31 of that year.

#### OVERVIEW

G-III designs, manufactures, imports and markets an extensive range of outerwear and sportswear including coats, jackets, pants, skirts and other sportswear items under licensed labels, our own proprietary labels and private retail labels. Our products are distributed through a broad mix of retail partners at a variety of price points. We sell to approximately 3,000 retail customers, primarily in the United States, including most major department stores, mass merchants, and specialty retail stores. Our largest customer is Wal-Mart Stores, Inc. Sales to two of Wal-Mart's divisions represented approximately 15% of our net sales in fiscal 2004. No other customer represented more than 9% of our net sales in fiscal 2004.

We operate our business in two segments, licensed apparel and non-licensed apparel. The licensed apparel segment includes sales of apparel brands licensed by us from third parties. The non-licensed apparel segment includes sales of apparel under our own brands and private label brands, as well as commission fee income received on sales that are financed by and shipped directly to our customers. See Note L to our Consolidated Financial Statements for financial information with respect to these segments.

The sale of licensed products has been a key element of our business strategy for many years. We believe that consumers prefer to buy brands they know and we have continually sought licenses that would increase the portfolio of name brands we can offer through different tiers of retail distribution and at a variety of price points. As a result, the sale of licensed products accounted for 78.3% of our net sales in fiscal 2004 compared to 52.8% of our net sales in fiscal 2003 and 42.7% of our net sales in fiscal 2002. The significant increase in the percentage of our net sales accounted for by licensed products over the past two years has been primarily the result of an increase in our sales of licensed sports apparel and a shift in fiscal 2004 in sales to our largest customer from primarily proprietary branded product to primarily licensed product.

-18-

Our licensed sports apparel business is comprised of two distinct pieces, our traditional core sports apparel and our fashion and classics sports apparel. Our core sports business is primarily sold at the mass and mid-tier retail level and consists principally of outerwear styles utilizing the names and logos of sports teams from the major professional sports leagues and universities throughout the country. Our fashion and classics business is more broadly distributed including numerous specialty stores. It is composed principally of sportswear and outerwear and is more driven by fashion trends than our core sports business. While sales of fashion and classics sports apparel is expected to be lower in fiscal 2005 than in fiscal 2004, we believe it still represents an ongoing opportunity.

We continue to believe that brand owners will look to consolidate the number of licensees they engage to develop product and they will continue to look for licensees with a successful track record of developing brands. We are continually entering into discussions with licensors regarding new opportunities. We believe that we have expanded our product capability offerings within outerwear fabrications and in sportswear design and development. We also believe that our financial position is a positive factor for licensors when they are choosing a licensee.

Two recent significant trends are affecting the apparel industry: a desire on the part of retailers to consolidate vendors supplying them and a shift in consumer shopping preferences away from traditional department stores to other mid-tier and specialty store venues. We believe that our broad distribution capabilities help us to respond to the various shifts by consumers between distribution channels. We also believe that our operational capabilities will enable us to continue to be a vendor of choice for our retail partners.

#### USE OF ESTIMATES AND CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses during the period. Significant accounting policies employed by us, including the use of estimates, are presented in the Notes to Consolidated Financial Statements.

Critical accounting policies are those that are most important to the portrayal of our financial condition and the results of operations, and require management's most difficult, subjective and complex judgments, as a result of the need to make estimates about the effect of matters that are inherently uncertain. Our most critical accounting policies, discussed below, pertain to revenue recognition, accounts receivable, inventories and income taxes. In applying these policies, management must use amounts that are based upon its informed judgments and best estimates. On an on-going basis, we evaluate our estimates, including those related to customer allowances and discounts, product returns, bad debts and inventories. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

-19-

#### Revenue Recognition

We recognize a sale at the time merchandise is shipped to the customer. We also act as an agent in brokering sales between our customers and overseas factories. On these transactions, we recognize commission fee income on the sales that are financed by and shipped directly to our customers. This income is also recorded at the time the merchandise is shipped. Net sales take into account reserves for returns and allowances. We estimate the amount of reserves and allowances based on current and historical information and trends. Sales are reported net of returns, discounts and allowances. Discounts, allowances and estimates of future returns are recognized when the related revenues are recognized.

#### Accounts Receivable

In the normal course of business, we extend credit to our customers based on pre-defined credit criteria. Accounts receivable, as shown on our consolidated balance sheet, are net of allowances and anticipated discounts. In circumstances where we are aware of a specific customer's inability to meet its financial obligation (such as in the case of bankruptcy filings or substantial downgrading of credit sources), a specific reserve for bad debts is recorded against amounts due to reduce the net recognized receivable to the amount reasonably expected to be collected. For all other customers, an allowance for doubtful accounts is determined through analysis of the aging of accounts receivable at the date of the financial statements, assessments of collectability based on historical trends and an evaluation of the impact of economic conditions.

An allowance for discounts is based on reviews of open invoices where concessions have been extended to customers. Costs associated with allowable deductions for customer advertising expenses are charged to advertising expenses in the selling, general and administrative section of our consolidated statements of income. Costs associated with markdowns and other operational charge backs, net of historical recoveries, are included as a reduction of net sales. All of these are part of the allowances included in accounts receivable. We reserve against known charge backs, as well as for an estimate of potential future deductions by customers. These provisions result from seasonal negotiations with our customers as well as historical deduction trends, net of historical recoveries and the evaluation of current market conditions.

#### Inventories

Inventories are stated at lower of cost (determined by the weighted average method, which approximates the first-in, first-out method) or market. We continually evaluate the composition of our inventories, assessing slow-turning, ongoing product as well as fashion product from prior seasons. The market value of distressed inventory is based on historical sales trends of our individual product lines, the impact of market trends and economic conditions, and the value of current orders for this type of inventory.

#### Income Taxes

As part of the process of preparing our consolidated financial

statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. This process involves estimating our actual current tax exposure, together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included within our consolidated balance sheet.

-20-

#### RESULTS OF OPERATIONS

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

	2002	2003	2004
	-----	-----	-----
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	78.5	75.7	72.4
	-----	-----	-----
Gross profit	21.5	24.3	27.6
Selling, general and administrative expenses	17.8	20.5	21.0
Non-recurring charge		1.8	
	-----	-----	-----
Operating profit	3.7	2.0	6.6
Interest and financing charges, net	1.8	0.9	0.5
	-----	-----	-----
Income before income taxes	1.9	1.1	6.1
Income taxes	0.7	0.9	2.4
	-----	-----	-----
Net income	1.2%	0.2%	3.7%
	=====	=====	=====

Year ended January 31, 2004 ("fiscal 2004") compared to year ended January 31, 2003 ("fiscal 2003")

Net sales were \$224.1 million in fiscal 2004 compared to \$202.7 million in fiscal 2003. Net sales of licensed apparel increased to \$175.5 million in fiscal 2004 from \$106.9 million in fiscal 2003. Sales of licensed apparel constituted 78.3% of our net sales in fiscal 2004 compared to 52.8% of our net sales in fiscal 2003. The increase in sales of licensed apparel was primarily attributable to increased sales of our core and fashion sports apparel and a shift in fiscal 2004 in sales to our largest customer from primarily proprietary branded product to primarily licensed product. Net sales of non-licensed apparel decreased to \$48.6 million in fiscal 2004 from \$95.7 million in fiscal 2003. The decrease in net sales of non-licensed apparel was primarily due to a decrease in sales of women's and men's leather apparel, primarily as a result of the shift in sales to our largest customer from proprietary branded product to licensed product along with lower sales to this customer.

Gross profit increased to \$61.8 million in fiscal 2004 from \$49.3 million in fiscal 2003. Commission fee income, for which there is no related cost of goods sold, was \$4.3 million in fiscal 2004 compared to \$3.3 million in fiscal 2003. The increase in commission fee income over the prior year was in the non-licensed business segment primarily within women's leather apparel. As a percentage of net sales, gross profit increased to 27.6% in fiscal 2004 compared to 24.3% in fiscal 2003.

-21-

Gross profit for licensed apparel was \$48.6 million in fiscal 2004, or 27.7% of net sales of licensed apparel, compared to \$28.4 million in fiscal 2003, or 26.6% of net sales of licensed apparel. The increase in the gross profit margin percentage for licensed apparel was due to sales of higher margin sports apparel product. Gross profit for non-licensed apparel was \$13.2 million in fiscal 2004, or 27.3% of net sales of non-licensed apparel, compared to \$20.9 million in fiscal 2003, or 21.8% of net sales of non-licensed apparel. The



increase in gross profit percentage for non-licensed apparel was primarily a result of losses during the prior fiscal year at the Indonesian facility prior to its shutdown in December 2002 (approximately \$1.3 million), and the portion (\$554,000) of the aggregate charges relating to the shutdown of the Indonesian subsidiary that was included in cost of goods sold in fiscal 2003. The increase in gross profit percentage for non-licensed apparel also resulted from the increase in commission fee income in fiscal 2004 while net sales of non-licensed apparel decreased.

Selling, general and administrative expenses increased to \$47.0 million, or 21.0% of net sales, in fiscal 2004 from \$41.6 million, or 20.5% of net sales, in fiscal 2003. Of this increase, approximately \$3.6 million represented increased personnel expenses relating to expansion of our Classics Sports, Cole Haan and Sean John divisions, and increased bonus payments to our officers and employees. In addition, we had increased selling expenses of approximately \$2.3 million primarily as a result of commissions paid to independent sales representatives in connection with sales of our Classics Sports apparel and Sean John products, and increased third party shipping costs of approximately \$1.3 million as a result of an increase in the number of units required to be shipped, primarily because of increased sales of sports apparel product. These increases were offset, in part, by a reduction in advertising expenses of \$938,000 and in bad debts of \$504,000.

Interest and financing charges, net, were \$1.2 million in fiscal 2004 compared to \$1.9 million in fiscal 2003. This decrease resulted primarily from lower borrowings due to lower inventory levels, as well as due to lower interest rates.

As a result of the foregoing, we had income before income taxes of \$13.6 million in fiscal 2004 compared to income before income taxes of \$2.3 million in fiscal 2003.

Income taxes were \$5.2 million in fiscal 2004 compared to \$1.9 million in fiscal 2003. Our effective tax rate for fiscal 2004 was 38.5% compared to 83.2% in fiscal 2003. The tax rate in fiscal 2004 reflects the favorable conclusion of Federal and New York State tax audits through the year ended January 31, 2001. The tax rate in fiscal 2003 was significantly higher because we did not take a financial statement tax benefit for some of the charges and expenses relating to the shutdown of our Indonesian facility.

Year ended January 31, 2003 ("fiscal 2003") compared to year ended January 31, 2002 ("fiscal 2002")

Net sales were \$202.7 million in fiscal 2003 compared to \$201.4 million in fiscal 2002. Net sales of licensed apparel increased to \$106.9 million in fiscal 2003 from \$86.0 million in fiscal 2002. Sales of licensed apparel constituted 52.8% of our net sales in fiscal 2003 compared to 42.7% of our net sales in fiscal 2002. The increase in sales of licensed apparel was primarily attributable to our sports apparel business and, to a lesser extent, to the addition of a new license for Sean John apparel. Net sales of non-licensed apparel decreased to \$95.7 million in fiscal 2003 from \$115.4 million in fiscal 2002. The decrease in sales of non-licensed apparel was primarily due to a decrease in sales of women's leather apparel.

-22-

Gross profit increased to \$49.3 million in fiscal 2003 from \$43.3 million in fiscal 2002. Commission fee income, for which there is no related cost of goods sold, was \$3.3 million in fiscal 2003 compared to \$3.2 million in fiscal 2002. As a percentage of net sales, gross profit increased to 24.3% in fiscal 2003 compared to 21.5% in fiscal 2002.

Gross profit for licensed apparel was \$28.4 million in fiscal 2003, or 26.6% of net sales of licensed apparel, compared to \$20.5 million in fiscal 2002, or 23.8% of net sales of licensed apparel. The increase in the gross profit margin percentage for licensed apparel was due to better inventory management and sales of regular priced merchandise constituting a higher proportion of goods sold. Gross profit for non-licensed apparel was \$20.9 million in fiscal 2003, or 21.8% of net sales of non-licensed apparel, compared to \$22.8 million in fiscal 2002, or 19.7% of net sales of non-licensed apparel. The decrease in gross profit for non-licensed apparel was primarily a result of losses at the Indonesian facility prior to its shutdown, and the portion (\$554,000) of the aggregate charges relating to the shutdown of the Indonesian subsidiary that was included in cost of goods sold. The increase in gross profit

percentage for non-licensed apparel was due to the comparable level of commission fee income in fiscal 2003 compared to fiscal 2002 while net sales of non-licensed apparel decreased.

Selling, general and administrative expenses increased to \$41.6 million, or 20.5% of net sales, in fiscal 2003 from \$35.8 million, or 17.8% of net sales, in fiscal 2002. These increases resulted primarily from increases in third party shipping costs (\$1.5 million), expenses (\$1.2 million) relating to the addition of our Sean John license, advertising expenses (\$1.0 million) and the bad debt provision (\$700,000).

The non-recurring charge represents costs relating to the closedown of our manufacturing facility in Indonesia. In December 2002, due to rapidly rising costs and losses associated with this facility, as well as the political and economic instability in Indonesia, we decided to close our factory in Indonesia. The loss from the factory's operations prior to the closedown and the charge taken in connection with the closing of our facility had a negative effect on our results of operations for fiscal 2003. The components of this charge include severance (\$2,050,000), operating expenses of the subsidiary subsequent to the announcement of the closing (\$686,000), write-off of property, plant and equipment (\$385,000), and professional services incurred in closing the factory (\$435,000).

Interest and financing charges, net, were \$1.9 million in fiscal 2003 compared to \$3.6 million in fiscal 2002. This decrease resulted primarily from lower borrowings due to lower inventory levels, as well as due to lower interest rates.

As a result of the foregoing, we had income before income taxes of \$2.3 million in fiscal 2003 compared to income before income taxes of \$3.9 million in fiscal 2002.

Income taxes were \$1.9 million in fiscal 2003 compared to \$1.5 million in fiscal 2002. Our effective tax rate for fiscal 2003 was 83.2% compared to 39.0% in fiscal 2002. The tax rate in fiscal 2003 was significantly higher because we did not take a financial statement tax benefit for some of the charges and expenses relating to the closedown of our Indonesian facility. The tax rate in fiscal 2002 included benefits from the implementation of a strategic tax plan which reduced our effective state income tax rate.

-23-

#### LIQUIDITY AND CAPITAL RESOURCES

Our primary cash requirements are to fund the seasonal buildup in inventories and accounts receivable. Due to the seasonality of our business, we generally reach our maximum borrowing under our asset-based credit facility during our third fiscal quarter of each year. The primary source to meet our cash requirements are borrowings under this credit facility and cash generated from operations. Ordinarily, our capital expenditures are not significant. We are in the process of investigating the possible relocation of our warehouse facility. We estimate that, if we decide to relocate our warehouse, this would result in an aggregate of approximately \$5.0 million of capital expenditures in fiscal 2005 and/or fiscal 2006. We anticipate that these expenditures would be funded from our credit facility and cash from operations.

Our loan agreement, which expires on May 31, 2005, is a collateralized working capital line of credit facility with six banks that provides for an aggregate maximum line of credit in amounts that range from \$45 million to \$90 million at specific times during the year. The line of credit provides for maximum direct borrowings ranging from \$40 million to \$72 million during the year. 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 our option at either the prevailing prime rate (4.0% at April 1, 2004) or LIBOR plus 225 basis points (3.3% at April 1, 2004). The loan agreement requires us, among other covenants, to maintain specified earnings and tangible net worth levels, and prohibits the payment of cash dividends. We were in compliance with the financial covenants for the fiscal year ended January 31, 2004.

The amount borrowed under the line of credit varies based on our

seasonal requirements. The maximum amount outstanding (i.e., open letters of credit, bankers acceptances and direct borrowings) under our loan agreement was approximately \$82.5 million during fiscal 2002, \$80.1 million during fiscal 2003, and \$74.7 million during fiscal 2004. As of January 31, 2004, and 2003, there were no direct borrowings and no banker's acceptances outstanding. We had \$2.8 million of contingent liability under open letters of credit as of January 31, 2004 compared to \$3.7 million as of January 31, 2003.

PT BaliHides, our Indonesian subsidiary, had a separate credit facility with an Indonesian bank. The notes payable under this facility represent borrowings as of January 31, 2004 of approximately \$770,000. The loan is collateralized by the property, plant, and equipment of this subsidiary. No other G-III entity has guaranteed this loan. In December 2002, we closed the manufacturing facility operated by this subsidiary. We are in discussions with the bank regarding settlement of this debt.

We had \$12.9 million of cash provided from our operating activities in fiscal 2004 resulting primarily from net income of \$8.4 million, a decrease of \$2.6 million in inventories, and \$1.3 million in non-cash depreciation and amortization expense. We had \$1.9 million of cash provided from our operating activities in fiscal 2003 resulting primarily from a decrease of \$6.2 million in inventories, an increase of \$1.9 million of accounts payable and accrued expenses and \$1.5 million in non-cash depreciation and amortization expense, offset by an increase of \$9.2 million in accounts receivable. We used \$3.8 million of cash in our operating activities in fiscal 2002 primarily because our net income of \$2.4 million and a decrease of \$5.3 million in inventories was more than offset by a decrease of \$5.2 million in accounts payable and accrued expenses, an increase of \$2.6 million in accounts receivable and an increase of \$2.4 million in the deferred income tax benefit.

-24-

We utilized \$693,000 of cash in investing activities during fiscal 2004 to pay for capital expenditures. We utilized \$1.2 million of cash in investing activities during fiscal 2003 to pay an earn-out of \$720,000 in connection with the acquisition of certain assets of Gloria Gay, and \$443,000 of capital expenditures. We utilized \$2.7 million of cash in investing activities during fiscal 2002 primarily to pay an earn-out of \$1.5 million in connection with the acquisition of certain assets of Gloria Gay and for capital expenditures of \$1.2 million. Historically, our business has not required significant capital expenditures. Capital expenditures were used primarily for new computer software, additional computer upgrades, leasehold improvements, and furniture, fixtures and equipment.

We had \$493,000 of cash provided by financing activities in fiscal 2004 primarily due to \$609,000 received in connection with the exercise of stock options, partially offset by \$116,000 in payments of capital lease obligations. We had \$249,000 of cash provided by financing activities in fiscal 2003 primarily due to \$385,000 received in connection with the exercise of stock options, partially offset by \$106,000 in payments of capital lease obligations. We used \$323,000 of cash in during fiscal 2002 primarily due to a \$700,000 decrease in notes payable offset in part by a net increase of \$229,000 in capital lease obligations and \$148,000 received from the exercise of stock options.

We believe that our cash on hand and cash generated by operations, together with the funds available under our loan agreement, will be sufficient to meet our capital and operating requirements through fiscal 2005. We may seek to acquire other businesses in order to expand our product offerings. We may need additional financing in order to complete one or more acquisitions. We cannot be certain that we will be able to obtain additional financing, if required, on acceptable terms or at all.

#### NEW ACCOUNTING PRONOUNCEMENTS

In January 2003, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 46, ("FIN 46"), "Consolidation of Variable Interest Entities." FIN 46 requires an investor with a majority of the variable interests (primary beneficiary) in a variable interest entity ("VIE") to consolidate the entity and also requires majority and significant variable interest investors to provide certain disclosures. A VIE is an entity in which the voting equity investors do not have a controlling interest, or the equity investment at risk is insufficient to finance the entity's activities without receiving additional subordinated financial support from other parties. In December 2003, the FASB

deferred the effective date of FIN 46 for certain variable interest entities (i.e. non-special purpose entities) until the first interim or annual period ending March 31, 2004. The partial adoption of the provisions of FIN 46 did not have a material effect on our consolidated results of operations or financial position for the year ended January 31, 2004 and we do not expect that the full adoption of the provisions of FIN 46 will have a material effect on our consolidated results of operations or financial position.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities," which amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." The adoption of SFAS No. 149 had no impact on our results of operations or our financial position.

-25-

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity," which establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. The adoption of SFAS No. 150 had no impact on our results of operations or our financial position.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any "off-balance sheet arrangements" as such term is defined in Item 303 of Regulation S-K of the SEC rules.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

As of January 31, 2004, our contractual obligations were as follows (in thousands):

Contractual Obligations -----	Total -----	Payments Due By Period -----			
		Less than 1 year -----	1-3 years -----	3-5 years -----	More than 5 years -----
Long-Term Debt Obligations (1)	\$ 770	\$ 770			
Capital Lease Obligations	90	85	\$ 5		
Operating Lease Obligations	11,584	2,353	3,168	\$2,844	\$3,219
Minimum royalty payments (2)	22,620	11,013	11,542	65	
Purchase obligations (3)	2,828	2,828			
Total	\$37,892 =====	\$17,049 =====	\$14,715 =====	\$2,909 =====	\$3,219 =====

- (1) Includes notes payable by PT Balihide (an Indonesian subsidiary) and represents maximum borrowings under a previously existing line of credit. No other G-III entity has guaranteed this loan.
- (2) Includes obligations to pay minimum scheduled royalty and advertising payments under various license agreements.
- (3) Includes outstanding letters of credit, which represent inventory purchase commitments which typically mature in less than six months.

-26-

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

IMPACT OF INFLATION AND FOREIGN EXCHANGE

Our results of operations for the periods discussed have not been significantly affected by inflation or foreign currency fluctuation. We

negotiate our purchase orders with foreign manufacturers in United States dollars. Thus, notwithstanding any fluctuation in foreign currencies, our cost for any purchase order is not subject to change after the time the order is placed. However, if the value of the United States dollar against local currencies were to decrease, manufacturers might increase their United States dollar prices for products. During this past year we were able to offset some of the weakness in the dollar by shifting our sourcing to other more favorable locations. We may not always be able to accomplish this in the future.

We believe that inflation has not had a material effect on our costs and net revenues during the past three years.

#### INTEREST RATE EXPOSURE

We are subject to market risk from exposure to changes in interest rates relating primarily to our line of credit. We borrow under the line of credit to support general corporate purposes, including capital expenditures and working capital needs. All of our debt is short-term with variable rates. We do not expect changes in interest rates to have a material adverse effect on income or cash flows in fiscal 2005.

#### 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.

#### ITEM 9A. CONTROLS AND PROCEDURES.

As of the end of the period covered by this report, our management, including the Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective in alerting them to material information, on a timely basis, required to be included in our periodic SEC filings. During our last fiscal quarter, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

-27-

### PART III

#### ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

We have adopted a Code of Ethics meeting the requirements of Item 406 of Regulation S-K. The Code of Ethics applies to all of the members of our Board of Directors and all of our employees, including the Chief Executive Officer and Chief Financial Officer. The Code of Ethics is posted on our website at [www.g-iii.com](http://www.g-iii.com) under the heading "About G-III".

The information contained under the heading "Proposal No. 1 - Election of Directors" in our definitive Proxy Statement (the "Proxy Statement") relating to our Annual Meeting of Stockholders to be held on or about June 10, 2004, 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 our executive officers and other significant employees, 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 our Proxy Statement is incorporated herein by reference.

#### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security ownership information of certain beneficial owners and management as called for by this Item 12 is incorporated by reference to the information set forth under the headings "Security Ownership of Certain Beneficial Owners" and "Security Ownership of Management" in the 2004 Proxy Statement.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of January 31, 2004, the last day of fiscal 2004, regarding securities issued under the Company's equity compensation plans that were in effect during fiscal 2004.

PLAN CATEGORY	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	WEIGHTED AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS (EXCLUDING SECURITIES REFLECTED IN COLUMN (A))
Equity compensation plans approved by stockholders	1,007,749	\$4.60	433,100
Equity compensation plans not approved by stockholders	N/A	N/A	N/A
Total	1,007,749	\$4.60	433,100

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The information contained under the heading "Principal Accountant Fees and Services" in our Proxy Statement is incorporated herein by reference.

PART IV

ITEM 15. 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 consolidated financial statements beginning on page F-1 of this report. All other schedules, for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions, are shown in the financial statements or are not applicable and therefore have been omitted.

- 3. Exhibits:
  - 3.1 Certificate of Incorporation.1
  - 3.2 By-Laws, as amended, of G-III Apparel Group, Ltd. (the "Company").6
  - 10.1 Employment Agreement, dated February 1, 1994, between the

Company and Morris Goldfarb.4

- 10.1(a) Amendment, dated October 1, 1999, to the Employment Agreement, dated February 1, 1994, between the Company and Morris Goldfarb.8
- 10.3 Sixth Amended and Restated Loan Agreement, dated April 29, 2002, 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.10
- 10.3(a) Amendment No. 1 and Waiver to Sixth Amended and Restated Loan Agreement, dated March 18, 2003, by and among G-III, the Banks and Fleet Bank.11
- 10.3(b) Amendment No. 2 and Waiver to Sixth Amended and Restated Loan Agreement, dated December 1, 2003, by and among G-III, the Banks and Fleet Bank.
- 10.3(c) Amendment No. 3 and Waiver to Sixth Amended and Restated Loan Agreement, dated March 12, 2004, by and among G-III, the Banks and Fleet Bank.
- 10.6 Lease, dated September 21, 1993, between Hartz Mountain Associates and the Company.3

-29-

- 10.6(a) Lease renewal, dated May 27, 1999, between Hartz Mountain Associates and the Company.9
- 10.6(b) Lease modification agreement, dated March 10, 2004, between Hartz Mountain Associates and the Company.
- 10.7 Lease, dated June 1, 1993, between 512 Seventh Avenue Associates ("512") and the Company.4
- 10.7(a) Lease amendment, dated July 1, 2000, between 512 and the Company.9
- 10.8 Lease, dated January 31, 1994, between 512 and the Company.5
- 10.8(a) Lease amendment, dated July 1, 2000, between 512 and the Company.9
- 10.10 G-III Apparel Group, Ltd. 1989 Stock Option Plan, as amended.4
- 10.11 G-III Apparel Group, Ltd. Stock Option Plan for Non-Employee Directors.2
- 10.12 G-III Apparel Group, Ltd. 1997 Stock Option Plan, as amended.
- 10.13 Letter Agreement, dated December 2, 1998, between the Company and Aron Goldfarb.7
- 10.14 G-III Apparel Group, Ltd. 1999 Stock Option Plan for Non-Employee Directors, as amended.
- 10.15 Lease Agreement dated February 1, 2003 between 345 W. 37th Corp. and G-III Leather Fashions, Inc.12
- 10.16 Management Services Agreement dated February 1, 2003 between 345 W. 37th Corp. and G-III Leather Fashions, Inc.12
- 10.17 First Amendment of Lease Agreement dated April 1, 2004 between 345 W. 37th Corp. and G-III Leather Fashions, Inc.
- 21 Subsidiaries of the Company.
- 23 Consent of Ernst & Young LLP, dated April 26, 2004.

31 .1 Certification by Morris Goldfarb, Chief Executive Officer of G-III Apparel Group, Ltd., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, in connection with G-III Apparel Group, Ltd.'s Annual Report on Form 10-K for the fiscal year ended January 31, 2004.

31 .2 Certification by Wayne S. Miller, Chief Financial Officer of G-III Apparel Group, Ltd., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, in connection with G-III Apparel Group, Ltd.'s Annual Report on Form 10-K for the fiscal year ended January 31, 2004.

-30-

32.1 Certification by Morris Goldfarb, Chief Executive Officer of G-III Apparel Group, Ltd., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with G-III Apparel Group, Ltd.'s Annual Report on Form 10-K for the fiscal year ended January 31, 2004.

32.2 Certification by Wayne S. Miller, Chief Financial Officer of G-III Apparel Group, Ltd., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with G-III Apparel Group, Ltd.'s Annual Report on Form 10-K for the year ended January 31, 2004.

(b) Reports on Form 8-K:

None.

- 
- 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, 1991, 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, 1992, 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 January 31, 1994, 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, 1995, which exhibit is incorporated herein by reference.
  - 6/ 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.
  - 7/ 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.
  - 8/ 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.
  - 9/ Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2001, which exhibit is incorporated herein by reference.
  - 10/ Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended January



31, 2002, 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, 2003, 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, 2003, which exhibit is incorporated herein by reference.

Exhibits have been included in copies of this Report filed with the Securities and Exchange Commission. We will provide, without charge, a copy of these exhibits to each stockholder upon the written request of any such stockholder therefore. 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 29, 2004

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 29, 2004
/s/ Wayne Miller ----- Wayne S. Miller	Senior Vice President and Chief Financial and Operating Officer (principal financial and accounting officer)	April 29, 2004
/s/ Aron Goldfarb ----- Aron Goldfarb	Director and Co-Chairman of the Board	April 29, 2004
/s/ Thomas J. Brosig ----- Thomas J. Brosig	Director	April 29, 2004
/s/ Alan Feller ----- Alan Feller	Director	April 29, 2004

/s/ Carl Katz  
----- Director April 29, 2004  
Carl Katz

/s/ Willem van Bokhorst  
----- Director April 29, 2004  
Willem van Bokhorst

----- Director  
Richard White

----- Director  
George J. Winchell

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS  
AND FINANCIAL STATEMENT SCHEDULES  
(ITEM 15(A))

	Page
	----
Report of Independent Auditors	F-2
Financial Statements	
Consolidated Balance Sheets - January 31, 2004 and 2003	F-3
Consolidated Statements of Income - Years Ended January 31, 2004, 2003, and 2002	F-4
Consolidated Statements of Stockholders' Equity - Years Ended January 31, 2004, 2003, and 2002	F-5
Consolidated Statements of Cash Flows - Years Ended January 31, 2004, 2003, and 2002	F-6
Notes to Consolidated Financial Statements	F-8
Financial Statement Schedule	
II - Valuation and Qualifying Accounts	S-1

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.

F-1

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholders  
of 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, 2004 and 2003, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended January 31, 2004. Our audits also

included the financial statement schedule listed in the index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted 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 at January 31, 2004 and 2003, and the consolidated results of their operations and their cash flows for each of the three years in the period ended January 31, 2004, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ ERNST & YOUNG LLP

New York, New York  
March 18, 2004

F-2

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
January 31,  
(in thousands, except share and per share amounts)

ASSETS	2004	2003
	-----	-----
CURRENT ASSETS		
Cash and cash equivalents	\$ 16,072	\$ 3,408
Accounts receivable, net of allowance for doubtful accounts and sales discounts of \$8,922 and \$7,711, respectively	19,304	19,157
Inventories, net	28,361	30,948
Deferred income taxes	5,895	5,795
Prepaid expenses and other current assets	2,928	2,847
	-----	-----
Total current assets	72,560	62,155
PROPERTY, PLANT AND EQUIPMENT, NET	1,969	2,065
DEFERRED INCOME TAXES	1,940	2,181
OTHER ASSETS	4,227	4,555
	-----	-----
	\$ 80,696	\$ 70,956
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable	\$ 770	\$ 770
Current maturities of obligations under capital leases	82	115
Income taxes payable	1,659	1,699
Accounts payable	6,155	5,699
Accrued expenses	6,506	6,612
	-----	-----
Total current liabilities	15,172	14,895
	-----	-----
LONG-TERM LIABILITIES	252	313

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; 7,347,815 and 7,120,644 shares issued at January 31, 2004 and 2003, respectively	73	71
Additional paid-in capital	27,325	26,190
Accumulated other comprehensive income	47	36
Retained earnings	38,797	30,421
	-----	-----
	66,242	56,718
Less common stock held in treasury - 244,817 shares, at cost, at January 31, 2004 and 2003	(970)	(970)
	-----	-----
	65,272	55,748
	-----	-----
	\$ 80,696	\$ 70,956
	=====	=====

The accompanying notes are an integral part of these statements.

F-3

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

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

	Year ended January 31,		
	2004	2003	2002
	-----	-----	-----
Net sales	\$224,061	\$202,651	\$201,426
Cost of goods sold	162,229	153,367	158,160
	-----	-----	-----
Gross profit	61,832	49,284	43,266
Selling, general and administrative expenses	47,039	41,551	35,814
Non-recurring charge		3,556	
	-----	-----	-----
Operating profit	14,793	4,177	7,452
Interest and financing charges, net	1,179	1,907	3,577
	-----	-----	-----
Income before income taxes	13,614	2,270	3,875
Income tax expense	5,238	1,888	1,511
	-----	-----	-----
NET INCOME	\$ 8,376	\$ 382	\$ 2,364
	=====	=====	=====

INCOME PER COMMON SHARE:

Basic:			
Net income per common share	\$ 1.21	\$ .06	\$ .35
	=====	=====	=====

Weighted average number of shares outstanding	6,912	6,764	6,676
	=====	=====	=====
Diluted:			
Net income per common share	\$ 1.14	\$ .05	\$ .32
	=====	=====	=====
Weighted average number of shares outstanding	7,348	7,347	7,374
	=====	=====	=====

The accompanying notes are an integral part of these statements.

F-4

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Years ended January 31, 2004, 2003, and 2002  
(in thousands, except share amounts)

	Common stock -----	Additional paid-in capital -----	Accumulated other comprehensive income -----	Retained earnings -----	Common stock held in Treasury -----	Total -----
Balance as of January 31, 2001	\$ 69	\$ 25,295	\$ 73	\$ 27,675	\$ (970)	\$ 52,142
Employee stock options exercised		148				148
Tax benefit from exercise of options		138				138
Foreign currency translation adjustment			21			21
Net income for the year				2,364		2,364
	-----	-----	-----	-----	-----	-----
Balance as of January 31, 2002	69	25,581	94	30,039	(970)	54,813
Employee stock options exercised	2	383				385
Tax benefit from exercise of options		226				226
Foreign currency translation adjustment			(58)			(58)
Net income for the year				382		382
	-----	-----	-----	-----	-----	-----
Balance as of January 31, 2003	71	26,190	36	30,421	(970)	55,748
Employee stock options exercised	2	607				609
Tax benefit from exercise of options		528				528
Foreign currency translation adjustment			11			11
Net income for the year				8,376		8,376
	-----	-----	-----	-----	-----	-----
BALANCE AS OF JANUARY 31, 2004	\$ 73	\$ 27,325	\$ 47	\$ 38,797	\$ (970)	\$ 65,272
	=====	=====	=====	=====	=====	=====

The accompanying notes are an integral part of this statement.

F-5

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Year ended January 31,		
	2004	2003	2002
Cash flows from operating activities			
Net income	\$ 8,376	\$ 382	\$ 2,364
Adjustments to reconcile net income to net cash provided by (used in) operating activities			
Depreciation and amortization	1,275	1,489	1,216
Write off property plant and equipment of closed subsidiary		268	
Write off goodwill relating to closed subsidiary		61	
Deferred income tax expense (benefit)	141	(736)	(2,351)
Changes in operating assets and liabilities			
Accounts receivable	(147)	(9,235)	(2,636)
Inventories	2,587	6,224	5,278
Income taxes payable	(40)	581	(1,194)
Tax benefit from exercise of options	528	226	138
Prepaid expenses and other current assets	(81)	902	(1,268)
Other assets	(158)	(138)	(80)
Accounts payable and accrued expenses	350	1,865	(5,179)
Long-term liabilities	22	10	(78)
	4,477	1,517	(6,154)
Net cash provided by (used in) operating activities	12,853	1,899	(3,790)
Cash flows from investing activities			
Capital expenditures	(693)	(443)	(1,167)
Capital dispositions			32
Purchase of certain assets of Gloria Gay Coats, LLC		(720)	(1,523)
Net cash used in investing activities	(693)	(1,163)	(2,658)

F-6

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

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

	Year ended January 31,		
	2004	2003	2002
Cash flows from financing activities			
Decrease in notes payable, net		\$ (30)	\$ (700)
Proceeds from capital lease obligations			381
Payments for capital lease obligations	\$ (116)	(106)	(152)
Proceeds from exercise of stock options	609	385	148
Net cash provided by (used in) financing activities	493	249	(323)
Effect of exchange rate changes on cash and cash equivalents	11	(58)	21
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12,664	927	(6,750)

Cash and cash equivalents at beginning of year	3,408	2,481	9,231
	-----	-----	-----
Cash and cash equivalents at end of year	\$ 16,072	\$ 3,408	\$ 2,481
	=====	=====	=====
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	\$ 1,381	\$ 1,645	\$ 3,235
Income taxes	\$ 4,598	\$ 1,779	\$ 3,488

The accompanying notes are an integral part of these statements.

F-7

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2004, 2003, and 2002

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" or "G-III" refers to G-III Apparel Group, Ltd. and its wholly-owned subsidiaries. The Company designs, manufactures, imports, and markets an extensive range of outerwear and sportswear apparel which is sold to retailers primarily throughout the United States.

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

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

2. Cash Equivalents

The Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. The Company has in excess of \$100,000 in one financial institution.

3. Revenue Recognition

The Company recognizes sales when merchandise is shipped to the customer. 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 from the overseas factory to the customer.

4. 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.

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.

F-8

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

January 31, 2004, 2003, and 2002

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. 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.

6. Intangibles

In January 2001, the Company purchased the operations and certain assets of Gloria Gay Coats, LLC for \$3.4 million. Approximately \$1.1 million of the purchase price was allocated to a license agreement acquired in connection with this transaction. The Company was also contractually obligated to make certain contingent payments if the division reached certain performance criteria in each of the two years ending January 31, 2003. Pursuant to the purchase agreement, additional payments of \$720,000 and \$1.5 million were paid or accrued as of January 31, 2003 and 2002, respectively. These additional payments were also allocated to the license agreement. The \$2.4 million aggregate net intangible is included in other assets on the balance sheet and is being amortized using the straight-line method through 2009, the expected life of this license.

7. Depreciation and Amortization

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

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

Machinery and equipment	5 to 7 years
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.

F-9

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

January 31, 2004, 2003, and 2002

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Impairment of Long-Lived Assets

In accordance with SFAS 144, 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.

9. 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.

10. Joint Venture

The Company has a joint venture 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 expiring in fiscal 2015. The Company accounts for the joint venture operations, which are not material, using the equity method of accounting. The investment balance of \$1.2 million at January 31, 2004 and 2003 is included in Other Assets.

F-10

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

January 31, 2004, 2003, and 2002

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Net Income Per Common Share

Basic net income per share has been computed using the weighted average number of common shares outstanding during each period. Diluted net income per share amounts have been computed using the weighted average number of common shares and potential dilutive common shares, consisting of stock options, outstanding during the period. Options to acquire an aggregate of approximately 54,000, 45,000 and 6,000 shares of common stock were not included in the computation of diluted income per common share for the years ended January 31, 2004, 2003 and 2002, respectively as including them would have been anti-dilutive.

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

	Year ended January 31,		
	2004	2003	2002
	-----	-----	-----
	(in thousands, except per share amounts)		
Net income	\$8,376	\$ 382	\$2,364
	=====	=====	=====
Basic EPS:			
Basic common shares	6,912	6,764	6,676
	=====	=====	=====
Basic EPS	\$ 1.21	\$ 0.06	\$ 0.35
	=====	=====	=====
Diluted EPS:			
Basic common shares	6,912	6,764	6,676
Plus impact of stock options	436	583	698
	-----	-----	-----

Diluted common shares	7,348 =====	7,347 =====	7,374 =====
Diluted EPS	\$ 1.14 =====	\$ 0.05 =====	\$ 0.32 =====

F-11

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

January 31, 2004, 2003, and 2002

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

12. 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 Statements of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," which permits the Company to account for stock option grants in accordance with Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees." Accordingly, the Company recognizes no compensation expense for the stock option grants.

Pro forma disclosures, as required by SFAS No. 148, "Accounting for Stock Based Compensation - Transition and Disclosure," are computed as if the Company recorded compensation expense based on the fair value for stock-based awards at grant date. The following pro forma information includes the effects of these options:

	Year ended January 31,		
	2004	2003	2002
	-----	----	-----
	(in thousands, except per share amounts)		
Net income - as reported	\$8,376	\$382	\$2,364
Deduct: Stock-based employee compensation expense determined under fair value method, net of related tax effects	310	297	335
	-----	----	-----
Pro forma net income	\$8,066 =====	\$85 =====	\$2,029 =====
Earnings per share:			
Basic - as reported	\$1.21	\$.06	\$.35
Basic - adjusted	\$1.17	\$.01	\$.30
Diluted - as reported	\$1.14	\$.05	\$.32
Diluted - adjusted	\$1.10	\$.01	\$.28

The effects of applying SFAS No. 123 on this pro forma disclosure may not be indicative of future results.

F-12

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

January 31, 2004, 2003, and 2002

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

13. Advertising Costs

The Company expenses advertising costs as incurred. Advertising costs charged to expense were \$4.6 million, \$5.5 million, and \$4.5 million, in fiscal 2004, 2003, and 2002, respectively.

14. Shipping and Handling Costs

Shipping and handling costs are included as a component of Selling, general & administrative expenses in the Consolidated Statements of Income and are not material.

15. Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States, 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.

16. 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 due to the short-term nature of such investments.

17. Foreign Currency Translation

The financial statements of subsidiaries outside the United States, other than Indonesia are measured using local currency as the functional currency. Assets and liabilities are translated at the rates of exchange at the balance sheet date. 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.

F-13

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

January 31, 2004, 2003, and 2002

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

18. Effects of Recently Issued Accounting Pronouncements

In January 2003, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 46, ("FIN 46"), "Consolidation of Variable Interest Entities." FIN 46 requires an investor with a majority of the variable interests (primary beneficiary) in a variable interest entity ("VIE") to consolidate the entity and also requires majority and

significant variable interest investors to provide certain disclosures. A VIE is an entity in which the voting equity investors do not have a controlling interest, or the equity investment at risk is insufficient to finance the entity's activities without receiving additional subordinated financial support from other parties. In December 2003, the FASB deferred the effective date of FIN 46 for certain variable interest entities (i.e. non-special purpose entities) until the first interim or annual period ending March 31, 2004. The partial adoption of the provisions of FIN 46 did not have a material effect on our consolidated results of operations or financial position for the year ended January 31, 2004 and we do not expect that the full adoption of the provisions of FIN 46 will have a material effect on our consolidated results of operations or financial position.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities," which amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." The adoption of SFAS No. 149 had no impact on our results of operations or our financial position.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity," which establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. The adoption of SFAS No. 150 had no impact on our results of operations or our financial position.

F-14

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

January 31, 2004, 2003, and 2002

NOTE B - INVENTORIES

Inventories consist of:

	January 31,	
	2004	2003
	-----	-----
	----- (000's) -----	
Finished goods	\$21,777	\$21,285
Work-in-process	125	208
Raw materials	6,459	9,455
	-----	-----
	\$28,361	\$30,948
	=====	=====

Raw materials of \$6.1 million and \$8.7 million were maintained in China at January 31, 2004 and January 31, 2003, respectively.

NOTE C - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at cost consist of:

	January 31,	
	2004	2003
	-----	-----
	----- (000's) -----	

Machinery and equipment	\$ 1,536	\$ 1,498
Leasehold improvements	5,458	5,166
Furniture and fixtures	1,436	1,408
Computer equipment	5,837	5,514
Land and building	969	969
Property under capital leases (Note G)		
Computer equipment	180	180
Leasehold improvements	200	200
	-----	-----
	15,616	14,935
Less accumulated depreciation and amortization (including \$233,000 and \$138,000 on property under capital leases at January 31, 2004 and 2003, respectively)	13,647	12,870
	-----	-----
	\$ 1,969	\$ 2,065
	=====	=====

F-15

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

January 31, 2004, 2003, and 2002

NOTE D - NOTES PAYABLE

Notes payable include foreign notes payable by PT Balihidden, the Company's Indonesian subsidiary. The foreign notes payable represent maximum borrowings under a previously existing line of credit of \$770,000 with an Indonesian bank, as of January 31, 2004 and 2003. The loan is collateralized by the property, plant, and equipment of the subsidiary and is not the obligation of any G-III entity other than PT Balihidden.

The Company's domestic loan agreement, which expires on May 31, 2005, is a collateralized working capital line of credit with six banks that provides for an aggregate maximum line of credit in amounts that range from \$45 million to \$90 million at specific times during the year. The line of credit provides for maximum direct borrowings ranging from \$40 million to \$72 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. There was no loan balance outstanding at either January 31, 2004 or 2003 under this agreement. The line of credit includes a requirement that the Company have no loans and acceptances outstanding for 45 consecutive days each year of the lending agreement. The Company met this requirement.

All borrowings under the agreement bear interest at the option of the Company at either the prevailing prime rate (4.0% at April 1, 2004) or LIBOR plus 225 basis points (3.3% at April 1, 2004) 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 for amounts borrowed under the domestic loan agreement and the PT Balihidden notes were 3.5% and 4.4% for the years ended January 31, 2004 and 2003, respectively.

At January 31, 2004 and 2003, the Company was contingently liable under letters of credit in the amount of approximately \$2.8 million and \$3.7 million, respectively.

F-16

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

January 31, 2004, 2003, and 2002

NOTE E - NON-RECURRING CHARGE

The Non-recurring charge is included in "Accrued expenses" on the Consolidated Balance Sheet. The status of the components of the Non-recurring charge was:

	Initial Charge	Utilized Fiscal 2003	Reserve at January 31, 2003	Utilized in Fiscal 2004	RESERVE AT JANUARY 31, 2004
----- (000's) -----					
Severance	\$2,050	\$1,123	\$ 927	\$ 846	\$ 81
Accrued expenses and other	1,040	470	570	139	431
Professional fees	435	15	420	420	--
Net write-off of Indonesian assets	385	385	--	--	--
Inventory valuation impairment	200	200	--	--	--
	-----	-----	-----	-----	-----
	\$4,110	\$2,193	\$1,917	\$1,405	\$ 512
	=====	=====	=====	=====	=====

In December 2002, the Company announced its decision to close its manufacturing facility in Indonesia due to rapidly rising costs and losses associated with this facility, as well as the political and economic instability in Indonesia. The fiscal quarter and year ended January 31, 2003 included charges aggregating \$4.1 million (\$3.4 million on an after-tax basis) in connection with this closedown. In the Company's Consolidated Statements of Income for that year, \$3.6 million of these charges are included in "Non-recurring charge" and \$554,000 of these charges are included in "Cost of goods sold".

Based on current estimates, management believes that existing accruals are adequate.

F-17

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

January 31, 2004, 2003, and 2002

NOTE F - INCOME TAXES

The income tax provision is comprised of the following:

	Year ended January 31,		
	2004	2003	2002
----- (000's) -----			
Current			
Federal	\$ 3,971	\$ 1,402	\$ 3,127
State and city	1,104	462	519
Foreign	22	760	216
	-----	-----	-----
	5,097	2,624	3,862

Deferred tax expense (benefit)	141	(736)	(2,351)
	-----	-----	-----
	\$ 5,238	\$ 1,888	\$ 1,511
	=====	=====	=====
Income (loss) before income taxes			
United States	\$13,464	\$ 2,691	\$ 3,216
Non-United States	150	(421)	659

The significant components of the Company's deferred tax asset at January 31, 2004 and 2003 are summarized as follows:

	2004	2003
	-----	-----
	----- (000's) -----	
Supplemental employee retirement plan	\$ 118	\$ 117
Officer bonus	340	63
Provision for bad debts and sales allowances	3,078	2,716
Depreciation and amortization	1,472	1,755
Inventory write-downs	1,110	748
Advertising allowance	490	568
Sales return accrual	551	758
Straight-line lease	314	297
Accrued non-recurring charges	20	702
Other	342	252
	-----	-----
	\$7,835	\$7,976
	=====	=====

F-18

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

January 31, 2004, 2003, and 2002

NOTE F - INCOME TAXES (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, 2004		YEAR ENDED JANUARY 31, 2003		YEAR ENDED JANUARY 31, 2002	
	AMOUNT	PERCENT OF INCOME	AMOUNT	PERCENT OF INCOME	AMOUNT	PERCENT OF INCOME
	(000'S)		(000'S)		(000'S)	
Provision for Federal income taxes at the statutory rate	\$ 4,765	35.0%	\$ 794	35.0%	\$ 1,356	35.0%
State and city income taxes, net of Federal income tax benefit	738	5.4	218	9.6	33	.9
Effect of foreign taxable operations	(31)	(0.2)	827	36.4	42	1.1
Effect of permanent differences resulting in Federal taxable income	18	.1	51	2.2	45	1.2
Other, net	(252)	(1.8)	(2)	--	35	.8
	-----		-----		-----	
Actual provision for income taxes	\$ 5,238	38.5%	\$ 1,888	83.2%	\$ 1,511	39.0%
	=====		=====		=====	

Undistributed earnings of the Company's foreign subsidiaries amounted to approximately \$1.9 million at January 31, 2004. Those earnings are considered to be indefinitely reinvested and, accordingly, no provision for U.S. income taxes has been provided thereon. Upon distribution of those earnings in the form of dividends or otherwise, the Company would be subject to both U.S. income taxes (subject to an adjustment for foreign tax credits) and withholding taxes payable to the various foreign countries, as applicable.

## G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

January 31, 2004, 2003, and 2002

## NOTE G - COMMITMENTS AND CONTINGENCIES

The Company leases warehousing, executive and sales facilities, and transportation equipment under operating leases with options to renew at varying terms. Leases with provisions for increasing rents have been accounted for on a straight-line basis over the life of the lease.

In addition, certain equipment leases have been treated as capital leases. The present values of minimum future obligations are calculated based on interest rates at the inception of the leases. The following schedule sets forth the future minimum rental payments for operating leases having noncancellable lease periods in excess of one year and future minimum lease payments under capital leases at January 31, 2004:

(in thousands)	Operating Leases -----	Capital Leases -----
Year ending January 31,		
2005	\$ 2,353	\$ 85
2006	1,831	5
2007	1,337	-
2008	1,408	-
2009	1,436	-
Thereafter	3,219	-
	-----	-----
Net minimum lease payments	\$ 11,584	90
	=====	
Less amount representing interest		3
		-----
Present values of minimum lease payments		\$ 87
		=====
Current portion		\$ 82
Noncurrent portion		5
		-----
		\$ 87
		=====

Rent expense on the above operating leases (including the lease with 345 West - see Note J) for the years ended January 31, 2004, 2003, and 2002 was approximately \$2,404,000, \$2,246,000, and \$2,114,000, respectively, net of sublease income of \$190,000, and \$196,000, for the years ended January 31, 2003 and 2002, respectively. There was no sublease income during the year ended January 31, 2004.

## G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

January 31, 2004, 2003, and 2002

## NOTE G - COMMITMENTS AND CONTINGENCIES (CONTINUED)



The Company has entered into license agreements that provide for royalty payments from 3.5% to 12% of net sales of licensed products. The Company incurred royalty expense (included in cost of goods sold) of approximately \$15,336,000, \$8,982,000, and \$6,855,000, for the years ended January 31, 2004, 2003, and 2002, respectively. Based on minimum sales requirements, future minimum royalty and advertising payments required under these agreements are:

Year ending January 31, -----	Amount -----
2005	\$ 11,013,000
2006	6,128,000
2007	5,414,000
2008	65,000
	-----
	\$ 22,620,000 =====

The Company has an employment agreement with its chief executive officer which expires on January 31, 2007. The agreement provides for a base salary and bonus payments that vary between 3% and 6% of pretax income in excess of \$2 million.

F-21

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

January 31, 2004, 2003, and 2002

NOTE H - STOCKHOLDERS' EQUITY

The bank agreement prohibits the payment of cash dividends without consent.

Stock Options

The Company's stock plans authorize the granting of 2,180,000 options to executive and key employees and 181,500 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 weighted average fair value at date of grant for options granted during 2004, 2003 and 2002 was \$4.99, \$4.21, and \$5.25 per option, respectively. The fair value of each option at date of grant was estimated using the Black-Scholes option pricing model. Such valuation 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 2004, 2003, and 2002, respectively:

	2004 -----	2003 -----	2002 -----
Expected stock price volatility	65.4%	61.3%	65.9%
Expected lives of options			
Directors and officers	7 YEARS	7 years	7 years
Employees	6 YEARS	6 years	6 years
Risk-free interest rate	3.2%	3.6%	4.9%
Expected dividend yield	0%	0%	0%

## G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

January 31, 2004, 2003, and 2002

## NOTE H - STOCKHOLDERS' EQUITY (CONTINUED)

Information regarding all options for 2004, 2003, and 2002 is as follows:

	2004		2003		2002	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price	Shares	Weighted average exercise price
Options outstanding at beginning of year	1,240,020	\$4.17	1,182,650	\$3.33	1,243,250	\$3.23
Exercised	(227,171)	\$2.68	(176,598)	\$2.18	(65,900)	\$2.25
Granted	59,000	\$7.94	240,000	\$6.88	11,000	\$7.82
Cancelled or forfeited	(14,100)	\$6.48	(6,032)	\$4.61	(5,700)	\$4.31
Options outstanding at end of year	1,057,749	\$4.67	1,240,020	\$4.17	1,182,650	\$3.33
Exercisable	726,779	\$3.93	813,280	\$3.45	875,440	\$3.14

The following table summarizes information about stock options outstanding:

Range of exercise prices	Number outstanding as of January 31, 2004	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable as of January 31, 2004	Weighted average exercise price
\$1.62 - \$3.00	376,061	3.9 years	\$ 2.37	333,461	\$2.37
\$3.01 - \$6.00	312,088	3.7 years	\$ 4.73	291,918	\$4.76
\$6.01 - \$9.00	345,200	7.7 years	\$ 6.71	99,400	\$6.60
\$9.01 - \$10.70	24,400	9.3 years	\$10.49	2,000	\$9.55
	1,057,749			726,779	

Included in the above outstanding options as of January 31, 2004, 2003, and 2002 are 25,000 options with an exercise price of \$6.50 per share and 25,000 options with an exercise price of \$5.50 per share. The fair value of the Company's stock at the date of grant was \$3.75 per share. All other options were issued at an exercise price equal to the fair market value of the Company's stock at the date of grant.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

January 31, 2004, 2003, and 2002

NOTE I - MAJOR CUSTOMER

For the years ended January 31, 2004, 2003, and 2002, one customer accounted for 15.4%, 20.2%, and 21.1%, respectively, of the Company's net sales. In the year ended January 31, 2004, the majority of sales to this customer were generated in the licensed business segment. In the years ended January 31, 2003 and 2002, the majority of sales to this customer were generated in the non-licensed business segment.

NOTE J - RELATED PARTY TRANSACTIONS

During the years ended January 31, 2004, 2003, and 2002, G-III leased space from 345 West 37th Corp. ("345 West"), a property owned by two principal stockholders. Operating expenses paid by G-III to 345 West during the years ended January 31, 2004, 2003, and 2002, amounted to approximately \$230,000, \$161,000, and \$202,000, respectively.

As of January 31, 2003, an executive of the Company owned an approximate 5% equity interest on a fully diluted basis in Wilsons The Leather Experts Inc. ("Wilsons"), a customer of the Company. During the fiscal year ended January 31, 2004, the executive disposed of the entire investment. In addition, an outside director of the Company owns an approximate 2% indirect equity interest on a fully diluted basis of Wilsons. This director resigned from the Board of Directors of G-III effective January 1, 2004. During the years ended January 31, 2004, 2003, and 2002, Wilsons accounted for approximately \$6.6 million, \$8.7 million, and \$11.6 million, respectively, of the Company's net sales.

NOTE K - EMPLOYEE BENEFIT PLANS

The Company maintains a 401(k) plan and trust for nonunion employees. At the discretion of the Company, the Company currently matches 50% of employee contributions up to 3% of the participant's compensation. The Company's matching contributions amounted to approximately \$208,000, \$186,000, and \$200,000, for the years ended January 31, 2004, 2003, and 2002, respectively.

F-24

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

January 31, 2004, 2003, and 2002

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 non-licensed apparel. The following information is presented for the fiscal years indicated below:

	2004		2003		2002	
	LICENSED	NON-LICENSED	Licensed	Non-Licensed	Licensed	Non-Licensed
Net sales	\$175,489	\$ 48,572	\$106,902	\$ 95,749	\$ 85,977	\$115,449
Cost of goods sold	126,896	35,333	78,507	74,860	65,479	92,681
Gross profit	48,593	13,239	28,395	20,889	20,498	22,768

Selling, general and administrative	35,582	11,457	24,808	16,743	19,510	16,304
Non-recurring charge	-----	-----	-----	3,556	-----	-----
Operating profit	13,011	1,782	3,587	590	988	6,464
Interest and financing charges, net	753	426	886	1,021	1,792	1,785
Income (loss) before income taxes	<u>\$ 12,258</u>	<u>\$ 1,356</u>	<u>\$ 2,701</u>	<u>\$ (431)</u>	<u>\$ (804)</u>	<u>\$ 4,679</u>

Commission fee income was \$4.3 million, \$3.3 million, and \$3.2 million, for fiscal 2004, 2003, and 2002, respectively. This fee income is included in non-licensed net sales and gross profit. The Company allocates all expenses to its two reportable segments. The Company allocates overhead to its business segments on various bases, which include units shipped, space utilization, inventory levels, and relative sales levels, among other factors. The method of allocation is consistent on a year-to-year basis.

	2004		2003		2002	
	REVENUES	LONG-LIVED ASSETS	Revenues	Long-Lived Assets	Revenues	Long-Lived Assets
Geographic region						
United States	\$223,572	\$ 6,015	\$200,205	\$ 6,780	\$194,921	\$ 6,836
Non-United States	489	2,121	2,446	2,021	6,505	2,255
	-----	-----	-----	-----	-----	-----
	<u>\$224,061</u>	<u>\$ 8,136</u>	<u>\$202,651</u>	<u>\$ 8,801</u>	<u>\$201,426</u>	<u>\$ 9,091</u>

Capital expenditures for locations outside of the United States were not significant in each of the fiscal years ended January 31, 2004, 2003, and 2002.

F-25

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

January 31, 2004, 2003, and 2002

NOTE L - SEGMENTS (CONTINUED)

Included in finished goods inventory at January 31, 2004, 2003, and 2002 are \$15.4 million and \$6.4 million, \$10.4 million and \$10.6 million, and \$9.3 million and \$8.9 million, respectively, of inventories for licensed and non-licensed apparel, 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, 2004 and 2003 are as follows:

Quarter ended			
April 30, 2003	July 31, 2003	October 31, 2003	January 31, 2004
-----	-----	-----	-----

January 31, 2004					
Net sales	\$ 18,712	\$ 45,299	\$ 125,547	\$ 34,503	
Gross profit	4,354	15,681	37,339	4,458	
Net income (loss)	(2,627)	2,718	11,380	(3,095)	
Net income (loss) per common share					
Basic	\$ (0.38)	\$ 0.40	\$ 1.65	\$ (0.44)	
Diluted	(0.38)	0.37	1.50	(0.44)	

	Quarter ended			
	April 30, 2002	July 31, 2002	October 31, 2002	January 31, 2003
January 31, 2003				
Net sales	\$ 12,691	\$ 40,022	\$ 102,284	\$ 47,654
Gross profit	903	10,813	27,960	9,608
Net income (loss)	(4,169)	576	8,495	(4,520) (a)
Net income (loss) per common share				
Basic	\$ (0.62)	\$ 0.09	\$ 1.25	\$ (0.66) (a)
Diluted	(0.62)	0.08	1.16	(0.66) (a)

(a) Includes a charge of \$3.4 million, net of tax, or \$0.50 per diluted share, associated with expenses related to closing the Company's manufacturing facility in Indonesia.

F-26

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

Column A	Column B	Column C		Column D	Column E
Description	Balance at beginning of period	Additions		Deductions (a)	Balance at end of period
		(1) Charged to costs and expenses	(2) Charged to other accounts		
Year ended January 31, 2004					
Deducted from asset accounts					
Allowance for doubtful accounts	\$ 1,312	\$ 422		\$ 272	\$ 1,462
Allowance for sales discounts	6,399	5,916		4,855	7,460
	\$ 7,711	\$ 6,338		\$ 5,127	\$ 8,922
Year ended January 31, 2003					
Deducted from asset accounts					
Allowance for doubtful accounts	\$ 614	\$ 902		\$ 204	\$ 1,312
Allowance for sales discounts	5,555	5,303		4,459	6,399
	\$ 6,169	\$ 6,205		\$ 4,663	\$ 7,711
Year ended January 31, 2002					
Deducted from asset accounts					
Allowance for doubtful accounts	\$ 466	\$ 234		\$ 86	\$ 614
Allowance for sales discounts	3,776	6,370		4,591	5,555
	\$ 4,242	\$ 6,604		\$ 4,677	\$ 6,169

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



AMENDMENT NO. 2 TO  
SIXTH AMENDED AND RESTATED LOAN AGREEMENT

AGREEMENT, made as of the 1st day of December, 2003 (this "SECOND 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 NATIONAL BANK, 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 a certain Sixth Amended and Restated Loan Agreement dated as of April 29, 2002 (as amended through the date hereof, the "ORIGINAL LOAN AGREEMENT"; the Original Loan Agreement, as amended hereby and as it may from time to time be further amended, restated, supplemented or otherwise modified, the "LOAN AGREEMENT");

(B) The Borrower has requested that the Lenders and the Agent amend certain provisions of the Original Loan Agreement, and the Lenders and the Agent are willing do so, all on the terms and conditions hereinafter set forth; and

(C) All capitalized terms used herein which are not otherwise defined herein shall have the respective meanings ascribed thereto in the Original Loan Agreement;

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE 1. AMENDMENTS TO ORIGINAL LOAN AGREEMENT.

SECTION 1.1 CAPITAL EXPENDITURES. Section 7.13 of the Original Loan Agreement (Capital Expenditures) is amended by adding the following proviso to the end of the first sentence thereof:

; provided, however, the Borrower may during the period from December 1, 2003 through May 31, 2005 make or become obligated to make additional Capital Expenditures in an aggregate amount not to exceed \$5,000,000 solely in connection with the improvement of a new warehouse facility in New Jersey.

SECTION 1.2 RENTAL OBLIGATIONS. Section 7.18 of the Original Loan Agreement (Rental Obligations) is hereby amended by adding the following proviso at the end thereof:

; provided, further, that the Borrower may enter into a Lease for a new warehouse facility in New Jersey for a term of eleven years the aggregate average annual rental payment in respect of which shall not exceed \$2,500,000.

SECTION 1.3 GENERAL.

(a) All references in the Original Loan Agreement or any other Loan Document to the "Loan(s)" and the "Loan Documents" shall be deemed to refer respectively, to the Loan(s) as amended hereby and the Loan Documents as defined in the Original Loan Agreement together with, and as amended by, this Second Amendment and all agreements, documents and instruments delivered pursuant thereto or in connection therewith.

(b) All references in the Original Loan Agreement and the other Loan Documents to the "Loan Agreement", and also in the case of the Original Loan Agreement to "this Agreement", shall be deemed to refer to the Original Loan Agreement, as amended hereby.

SECTION 1.4 FURTHER AMENDMENT TO LOAN DOCUMENTS. The Original Loan Agreement and the other Loan Documents shall each be deemed amended and supplemented hereby to the extent necessary, if any, to give effect to the provisions of this Second Amendment.

ARTICLE 2. REPRESENTATIONS AND WARRANTIES.

Each of the Borrower and the other Loan Parties hereby represents and warrants to the Lenders and the Agent that:

SECTION 2.1 ARTICLE 3 OF ORIGINAL LOAN AGREEMENT; NO DEFAULTS.

(a) Each and every one of the representations and warranties set forth in Article 3 of the Original Loan Agreement is true in all respects as of the date hereof, except for changes which, either singly or in the aggregate, are not materially adverse to the business or financial condition of the Parent and its Subsidiaries, taken as a whole.

(b) As of the date hereof, after giving effect to this Second Amendment, there exists no Event of Default under the Loan Agreement, and no event which, with the giving of notice or lapse of time or both, would constitute such an Event of Default.

SECTION 2.2 POWER, AUTHORITY, CONSENTS.

The Borrower and each other Loan Party has the power to execute, deliver and perform this Second Amendment. The Borrower has the power to borrow under the Original Loan Agreement as amended hereby and has taken all necessary corporate action to authorize the borrowing thereunder. Other than due authorization by the Board of Directors of the Borrower and each other Loan Party, each of which has been duly obtained, no consent or approval of any Person (including, without limitation, any stockholder of any corporate Loan Party or any partner in any partnership Loan Party), no consent or approval of any landlord or mortgagee, no waiver of any Lien or right of distraint or other similar right and no consent, license, approval, authorization or declaration of any governmental authority, bureau or agency, is or will be required in connection with the execution, delivery or performance by

the Borrower or any other Loan Party, or the validity or enforcement of this Second Amendment.

SECTION 2.3 NO VIOLATION OF LAW OR AGREEMENTS.

The execution and delivery by the Borrower and each other Loan Party of this Second Amendment and the performance by each of them hereunder, will not violate any provision of law or conflict with or result in a breach of any order, writ, injunction, ordinance, resolution, decree or other similar document or instrument of any court or governmental authority, bureau or agency, domestic or foreign, or the certificate of incorporation or by-laws of the Borrower or any other corporate Loan Party or the partnership agreement or any other organizational document of any Loan Party that is not a corporation, or create (with or without the giving of notice or lapse of time, or both) a default under or breach of any agreement, bond, note or indenture to which the Borrower or any Loan Party is a party, or by which any of them is bound or any of their respective properties or assets is affected (which default or breach would have a material adverse effect on the business, financial conditions or operations of the Borrower, the Parent and the Subsidiaries taken as a whole), or result in the imposition of any Lien of any nature whatsoever upon any of the properties or assets owned by or used in connection with the business of any of them except for the Liens created and granted pursuant to the Security Documents, as confirmed hereby.

SECTION 2.4 DUE EXECUTION, VALIDITY, ENFORCEABILITY.

This Second Amendment has been duly executed and delivered by each Loan Party which is a party hereto and each constitutes the valid and legally binding obligation of the Borrower or such other Loan Party that is a party thereto, enforceable in accordance with its terms; provided, however, that enforcement



may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or other similar laws, now or hereafter in effect, relating to or affecting the enforcement of creditors' rights generally and the remedy of specific performance and other equitable remedies are subject to judicial discretion.

#### ARTICLE 3. ACKNOWLEDGMENTS, CONFIRMATIONS, CONSENTS.

(a) The Borrower hereby acknowledges and confirms that (i) the Liens and security interests granted pursuant to the Security Documents to which it is a party secure, without limitation, the due payment and performance of all of the Indebtedness, liabilities and obligations of the Borrower to the Lenders and the Agent under the Original Loan Agreement, as amended hereby, whether or not so stated in each of the Security Documents, and (ii) the term "Obligations" as used in the Security Documents (or any other term used therein to describe or refer to the Indebtedness, liabilities and obligations of the Borrower to the Lenders and the Agent) includes, without limitation, the Indebtedness, liabilities and obligations of the Borrower to the Lenders and the Agent under the Original Loan Agreement, as amended hereby.

(b) Each Guarantor hereby consents in all respects to the execution by the Borrower of this Second Amendment and acknowledges and confirms that (i) the Guarantee Agreement guarantees, without limitation, the full payment and performance of the Indebtedness, liabilities and obligations of the Borrower under the Original Loan Agreement, as amended hereby, and (ii) the term "Obligations" as used in the Guarantee Agreement (or any other term used therein to describe or refer to the Indebtedness, liabilities and obligations of the Borrower or the Guarantor(s) to the Lenders and the Agent) includes, without limitation, all of the

3

Indebtedness, liabilities and obligations of the Borrower to the Lenders and the Agent under the Original Loan Agreement, as amended hereby.

(c) Each Corporate Guarantor hereby acknowledges and confirms that (i) the Liens and security interests granted pursuant to the Security Documents to which it is a party, secure, without limitation, all of the Indebtedness, liabilities and obligations of such Corporate Guarantor to the Lenders and the Agent under the Guarantee Agreement, as confirmed hereby, and (ii) the term "Obligations" as used in the Security Documents (or any other term used therein to describe or refer to the Indebtedness, liabilities and obligations of such Corporate Guarantor to the Lenders and the Agent) includes, without limitation, the Indebtedness, liabilities and obligations of such Corporate Guarantor under the Guarantee Agreement, as confirmed hereby.

#### ARTICLE 4. CONDITIONS TO EFFECTIVENESS OF THIS SECOND AMENDMENT.

This Second Amendment shall become effective on the date of the fulfillment (to the satisfaction of the Agent) of the following conditions precedent:

(a) This Second Amendment shall have been executed and delivered to the Agent by a duly authorized representative of the Borrower, the Agent and the Majority Lenders.

(b) The Agent shall have received a Compliance Certificate from the Borrower dated the date hereof and the matters certified therein, including, without limitation, that after giving effect to the terms and conditions of this Second Amendment, no Default or Event of Default shall exist, shall be true.

(c) The Borrower shall have paid to the Agent for the ratable benefit of the Lenders executing this Second Amendment on or before 5:00 p.m. (New York City time) on December 1, 2003, an amendment fee in the amount of \$50,000.

(d) All legal matters incident hereto shall be satisfactory to the Agent and its counsel.

#### ARTICLE 5. MISCELLANEOUS.

SECTION 5.1 ARTICLE 10 OF THE ORIGINAL LOAN AGREEMENT. The miscellaneous provisions under Article 10 of the Original Loan Agreement, together with the

definition of all terms used therein, and all other sections of the Original Loan Agreement to which Article 10 refers are hereby incorporated by reference as if the provisions thereof were set forth in full herein, except that (i) the term "Loan Agreement", shall be deemed to refer to the Original Loan Agreement, as amended hereby; (ii) the term "this Agreement" shall be deemed to refer to this Second Amendment; and (iii) the terms "hereunder" and "hereto" shall be deemed to refer to this Second Amendment.

SECTION 5.2 CONTINUED EFFECTIVENESS. Except as amended hereby, the Original Loan Agreement and the other Loan Documents are hereby ratified and confirmed in all respects and shall remain in full force and effect in accordance with their respective terms.

4

SECTION 5.3 COUNTERPARTS. This Second Amendment may be executed by the parties hereto in one or more counterparts, each of which shall be an original and all of which shall constitute one and the same agreement.

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

G-III LEATHER FASHIONS, INC.

BY: /s/ Wayne Miller

-----  
NAME: WAYNE MILLER  
TITLE: CHIEF FINANCIAL OFFICER

[SIGNATURES CONTINUED ON FOLLOWING PAGES]

5

Agreed:

G-III HONG KONG LTD.

By: /s/ Wayne Miller  
-----  
PRESIDENT

G-III APPAREL GROUP, LTD.

By: /s/ Wayne Miller  
-----  
SENIOR VICE PRESIDENT

SIENA LEATHER LTD.

By: /s/ Wayne Miller  
-----  
VICE PRESIDENT

GLOBAL INTERNATIONAL TRADING  
COMPANY

By: /s/ Wayne Miller

-----  
VICE PRESIDENT

INDAWA HOLDING CORP.

By: /s/ Wayne Miller

-----  
VICE PRESIDENT

GLOBAL APPAREL SOURCING, LTD.

By: /s/ Wayne Miller

-----  
VICE PRESIDENT

G-III RETAIL OUTLETS INC.

By: /s/ Wayne Miller

-----  
VICE PRESIDENT

P.T. BALIHIDES

By: /s/ Keith Sutton-Jones

-----  
PRESIDENT AND DIRECTOR OF P.T. BALIHIDES

WEE BEEZ INTERNATIONAL LIMITED

By: /s/ Wayne Miller

-----  
DIRECTOR

KOSTROMA LTD.

By: /s/ Wayne Miller

-----  
DIRECTOR

G-III LICENSE COMPANY, LLC  
BY G-III APPAREL GROUP, LTD.. AS MANAGER

By: /s/ Wayne Miller

-----  
SENIOR VICE PRESIDENT

G-III BRANDS, LTD.

By: /s/ Philip H. Litwinoff

-----  
CHIEF FINANCIAL OFFICER

FLEET NATIONAL BANK,  
AS AGENT, COLLATERAL MONITORING AGENT,  
ISSUING BANK AND AS A LENDER

BY: /s/ Joseph J. Nastri

-----  
NAME: JOSEPH J. NASTRI  
TITLE: SENIOR VICE PRESIDENT

JPMORGAN CHASE BANK

BY: /s/ Peter C. DeLuca

-----  
NAME: PETER C. DELUCA  
TITLE: VICE PRESIDENT

THE CIT GROUP/COMMERCIAL  
SERVICES, INC.

BY: /s/ Lisa Murakami

-----  
NAME: LISA MURAKAMI  
TITLE: VICE PRESIDENT

ISRAEL DISCOUNT BANK OF NEW YORK

BY: /s/ Matilde Reyes

-----  
NAME: MATILDE REYES  
TITLE: VICE PRESIDENT

BY: /s/ Howard Weinberg

-----  
NAME: HOWARD WEINBERG  
TITLE: SENIOR VICE PRESIDENT I

HSBC BANK USA

BY: /s/ Michael P. Behuniak, Jr.

-----  
NAME: MICHAEL P. BEHUNIAK, JR.  
TITLE: VICE PRESIDENT

BANK LEUMI USA

BY: /s/ John Koenigsberg

-----  
NAME: JOHN KOENIGSBERG  
TITLE: FIRST VICE PRESIDENT

BY: /s/ Phyllis Rosenfeld

-----  
NAME: PHYLLIS ROSENFELD  
TITLE: VICE PRESIDENT

AMENDMENT NO. 3 TO  
SIXTH AMENDED AND RESTATED LOAN AGREEMENT

AGREEMENT, made as of the 12th day of March, 2004 (this "THIRD 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 NATIONAL BANK, 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 a certain Sixth  
Amended and Restated Loan Agreement dated as of April 29, 2002 (as amended  
through the date hereof, the "ORIGINAL LOAN AGREEMENT"; the Original Loan  
Agreement, as amended hereby and as it may from time to time be further amended,  
restated, supplemented or otherwise modified, the "LOAN AGREEMENT");

(B) The Borrower has requested that the Lenders and the Agent amend certain  
provisions of the Original Loan Agreement, and the Lenders and the Agent are  
willing do so, all on the terms and conditions hereinafter set forth; and

(C) All capitalized terms used herein which are not otherwise defined  
herein shall have the respective meanings ascribed thereto in the Original Loan  
Agreement;

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE 1. AMENDMENTS TO ORIGINAL LOAN AGREEMENT.

SECTION 1.1 DEFINITIONS.

(a) The definition of "Borrowing Base Maximum" appearing in Article 1  
of the Original Loan Agreement is deleted in its entirety and the following is  
substituted therefor:

"Borrowing Base Maximum" - as of any date during any period set  
forth below, the amount set forth opposite such period:

Period -----	Borrowing Base Maximum -----
February 1, 2004 to and including April 30, 2004	\$45,000,000
May 1, 2004 to and including May 31, 2004	\$60,000,000
June 1, 2004 to and including July 31, 2004	\$85,000,000
August 1, 2004 to and including November 30, 2004	\$90,000,000
December 1, 2004 to and including December 31, 2004	\$60,000,000
January 1, 2005 to and including the Commitment Termination Date	\$45,000,000

and the respective periods and amounts for 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 2006 and the unaudited financial statements (delivered pursuant to Section 5.10(e)) for Fiscal Year 2005, 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 and such preliminary determination shall become effective after receipt and satisfactory review by the Lenders of the Financial Statements for Fiscal Year 2006.

(b) The definition of "Direct Debt Sublimit" appearing in Article 1 of the Original Loan Agreement is deleted in its entirety and the following is substituted therefor:

"Direct Debt Sublimit" - for each period set forth below, the amount set forth opposite such period:

"Period -----	Direct Debt Sublimit -----
February 1, 2004 to and including May 31, 2004	\$40,000,000
June 1, 2004 to and including June 30, 2004	\$55,000,000
- 2 -	
July 1, 2004 to and including November 30, 2004	\$72,000,000
December 1, 2004 to and including December 31, 2004	\$50,000,000
January 1, 2005 to and including the Commitment Termination Date	\$40,000,000

and the respective periods and amounts for 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 2006 and the unaudited financial statements (delivered pursuant to Section 5.10(e)) for Fiscal Year 2005, 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 and such preliminary determination shall become effective after receipt and satisfactory review by the Lenders of the Financial Statements for Fiscal Year 2006.

(c) The definition of "Eligible Inventory" appearing in Article 1 of the Original Loan Agreement is deleted in its entirety and the following is substituted therefor:

"Eligible Inventory" - Inventory which: (i) constitutes finished goods of the Borrower, Retail or the Parent; (ii) is not slow moving, obsolete or unsaleable; (iii) is currently useable or saleable in the ordinary course of the Borrower's, Retail's or the Parent's business; (iv) is valued in accordance with generally accepted accounting principles applied consistently with past practices of the Borrower, Retail and the Parent; (v) is located on the premises listed on the exhibits attached to this Agreement or other locations permitted under the Security Agreement or any security agreement referred to in



Section 2.13, or is Inventory in transit for sale in the ordinary course of business; (vi) is not subject to any Lien or security interest whatsoever, except for the Liens and security interests expressly permitted under the Security Agreement or any security agreement referred in Section 2.13, and is not on consignment; (vii) does not include raw materials or work-in progress; (viii) is not now stored or shall not at any time hereafter be stored with a bailee, warehouseman, or similar party unless pursuant to a bailment or storage agreement to which the Agent is a party; (ix) does not include Inventory styles (A) on which the Borrower has taken a lower of cost or market markdown; or (B) of which the Borrower has more than a one year supply on hand; (x) includes Inventory subject to a license agreement which was assigned to Agent on behalf of the Lenders; and (xii) shall include finished goods Inventory consigned to the Agent under the terms of the L/C used to acquire such

- 3 -

Inventory; provided, however, that the value of any such consigned Inventory shall be subject to a 13% reduction as a reserve for duty and freight.

(d) The definition of "Overadvance" appearing in Article 1 of the Original Loan Agreement is amended by deleting the chart appearing therein together with the text immediately beneath the chart and ending before the first proviso and substituting therefor the following:

Period -----	Overadvance -----
March 15, 2004 to and including March 31, 2004	\$10,000,000
April 1, 2004 to and including April 30, 2004	\$12,000,000
May 1, 2004 to and including May 31, 2004	\$18,000,000
June 1, 2004 to and including July 30, 2004	\$26,000,000
July 31, 2004	\$20,000,000
August 1, 2004 to and including August 30, 2004	\$22,000,000
August 31, 2004	\$14,000,000
September 1, 2004 to and including September 29, 2004	\$15,000,000
September 30, 2004 to and including October 30, 2004	\$10,000,000
October 31, 2004 to and including the Commitment Termination Date	-\$0-

and the respective periods and amounts for 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 2006 and the unaudited financial statements (delivered pursuant to Section 5.10(e)) for Fiscal Year 2005, 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

- 4 -

preliminary determination shall be made within 70 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 Fiscal Year 2005;

(e) The definition of "Overadvance" appearing in Article 1 of the Original Loan Agreement is further amended by deleting period at the end of thereof and substituting the following therefor:

provided, further, however, in the event that the Borrower shall consummate a Permitted Acquisition during any period during which the Overadvance as set forth above is greater than zero (\$0.00), each of the amounts set forth above for each period (other than any period during which the Overadvance is zero (\$0.00)) occurring after the date of such Permitted Acquisition and prior to the first date occurring after the date of such Permitted Acquisition on which the Borrower shall have caused no Loans or Acceptances to be outstanding in accordance with Section 6.9(c) shall be increased by the amount of consideration paid by the Borrower in cash in connection with such Permitted Acquisition.

(f) Article 1 of the Original Loan Agreement is hereby amended by adding the following new definitions in the appropriate alphabetical order:

"Permitted Acquisition" - as defined in Section 7.4.

"Third Amendment" - shall mean Amendment No. 3 to Sixth Amended and Restated Loan Agreement dated as of March 12, 2004, by and among the Borrower, the Lenders and the Agent.

SECTION 1.2 FINANCIAL COVENANTS.

(a) Section 6.9(a) of the Original Loan Agreement is deleted in its entirety and the following is substituted therefor:

(a) Have or maintain, with respect to the Parent on a consolidated basis, 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, 2004	(\$9,400,000)
July 31, 2004	(\$8,600,000)
October 31, 2004	\$10,400,000
January 31, 2005	\$9,000,000

and the respective amounts for the Stub Period shall be preliminarily determined by the Majority Lenders and the Borrower based on the Projections and business plan (in each case delivered pursuant to Section 5.10(e)) for Fiscal Year 2006 and the unaudited financial statements (delivered pursuant to Section 5.10(e)) for Fiscal Year 2005, 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 Majority 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 2005.

(b) Section 6.9(b) of the Original Loan Agreement is deleted in its entirety and the following is substituted therefor:

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

Date ----	Minimum Tangible Net Worth -----
April 30, 2004	\$56,200,000
July 31, 2004	\$56,300,000
October 31, 2004	\$66,500,000
January 31, 2005	\$65,500,000

and the respective amounts for the Stub Period shall be determined in the sole discretion of the Majority 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 2006 and the unaudited financial statements (delivered pursuant to Section 5.10(e)) for Fiscal Year 2005, and such determination shall become effective after receipt and satisfactory review by the Lenders of the Financial

- 6 -

Statements for Fiscal Year 2005; provided, however, in the event that the Borrower shall consummate a Permitted Acquisition, the amounts set forth above for each period occurring after the date of such Permitted Acquisition shall be reduced by an amount equal to the lesser of (x) \$3,000,000 and (y) the intangibles acquired in connection with such Permitted Acquisition to the extent such intangibles have caused a reduction in Tangible Net Worth, determined in accordance with generally accepted accounting principles consistently applied.

SECTION 1.3 MERGERS; ACQUISITIONS. Section 7.4 of the Original Loan Agreement is hereby amended by (i) deleting the period after the word "Affiliate" at the end of paragraph (b) thereof and substituting a semi-colon therefor and (ii) adding the following proviso at the end thereof:

provided, however, the Borrower may consummate a "Permitted Acquisition", which shall mean (x) any acquisition consented to in writing by the Agent and the Majority Lenders or (y) acquisitions complying with the following:

(i) all such acquisitions shall be of assets used or useful in the same or complementary line of business as the Borrower or of a minority equity interest in a corporation or other entity substantially all of whose properties consist of such assets;

(ii) the aggregate consideration in respect of all acquisitions contemplated by this Section 7.4 shall not exceed \$4,000,000;

(iii) the Borrower shall give the Agent and the

Lenders not less than three (3) Business Days prior written notice of its intention to make a Permitted Acquisition, such notice (A) to include the proposed amounts, date and form of the proposed Permitted Acquisition, a reasonable description of the assets or equity interests to be acquired and the location of the assets and (B) to be accompanied by a certificate executed by the chief executive officer, president, chief operating officer or chief financial officer of the Borrower to the effect that: (1) as of the effective date of the Permitted Acquisition, no Default or Event of Default under this Agreement shall exist or would exist after giving effect to the action intended to be taken by the Borrower as described in such certificate, including, without limitation, that the covenants set forth in Section 6.9 would not be breached after giving effect to such action, together with a calculation in reasonable detail, and in form and substance satisfactory to the Agent and the Lenders, of such compliance, and (2) the representations and warranties contained in Article 3 are true and correct with the same effect as though such representations and warranties were made on the date of such Permitted Acquisition, except for changes in the ordinary course of business none of which, either singly or in the aggregate, have had a material adverse effect on the business, operations or financial conditions of the Borrower;

- 7 -

(iv) concurrently with the making of a Permitted Acquisition consisting of assets, the Borrower shall, as additional collateral security for the Obligations, grant to the Agent for the ratable benefit of the Lenders, prior liens on and security interests in all of its right, title and interest in and to any of the acquired assets by the execution and delivery to the Agent of such agreements, instruments and documents as shall be satisfactory in form and substance to the Agent; and

(v) the Borrower shall not make any acquisition at any time during which an Event of Default shall exist and be continuing or would exist after giving effect to such acquisition.

#### SECTION 1.4 GENERAL.

(a) All references in the Original Loan Agreement or any other Loan Document to the "Loan(s)" and the "Loan Documents" shall be deemed to refer respectively, to the Loan(s) as amended hereby and the Loan Documents as defined in the Original Loan Agreement together with, and as amended by, this Third Amendment and all agreements, documents and instruments delivered pursuant thereto or in connection therewith.

(b) All references in the Original Loan Agreement and the other Loan Documents to the "Loan Agreement", and also in the case of the Original Loan Agreement to "this Agreement", shall be deemed to refer to the Original Loan Agreement, as amended hereby.

SECTION 1.5 FURTHER AMENDMENT TO LOAN DOCUMENTS. The Original Loan Agreement and the other Loan Documents shall each be deemed amended and supplemented hereby to the extent necessary, if any, to give effect to the provisions of this Third Amendment.

#### ARTICLE 2. REPRESENTATIONS AND WARRANTIES.

Each of the Borrower and the other Loan Parties hereby represents and warrants to the Lenders and the Agent that:

##### SECTION 2.1 ARTICLE 3 OF ORIGINAL LOAN AGREEMENT; NO DEFAULTS.

(a) Each and every one of the representations and warranties set forth in Article 3 of the Original Loan Agreement is true in all respects as of the date hereof, except for changes which, either singly or in the aggregate, are not materially adverse to the business or financial condition of the Parent and its Subsidiaries, taken as a whole.

(b) As of the date hereof, after giving effect to this Third Amendment, there exists no Event of Default under the Loan Agreement, and no event which, with the giving of notice or lapse of time or both, would constitute such an Event of Default.

SECTION 2.2 POWER, AUTHORITY, CONSENTS.

The Borrower and each other Loan Party has the power to execute, deliver and perform this Third Amendment. The Borrower has the power to borrow under the

- 8 -

Original Loan Agreement as amended hereby and has taken all necessary corporate action to authorize the borrowing thereunder. Other than due authorization by the Board of Directors of the Borrower and each other Loan Party, each of which has been duly obtained, no consent or approval of any Person (including, without limitation, any stockholder of any corporate Loan Party or any partner in any partnership Loan Party), no consent or approval of any landlord or mortgagee, no waiver of any Lien or right of distraint or other similar right and no consent, license, approval, authorization or declaration of any governmental authority, bureau or agency, is or will be required in connection with the execution, delivery or performance by the Borrower or any other Loan Party, or the validity or enforcement of this Third Amendment.

SECTION 2.3 NO VIOLATION OF LAW OR AGREEMENTS.

The execution and delivery by the Borrower and each other Loan Party of this Third Amendment and the performance by each of them hereunder, will not violate any provision of law or conflict with or result in a breach of any order, writ, injunction, ordinance, resolution, decree or other similar document or instrument of any court or governmental authority, bureau or agency, domestic or foreign, or the certificate of incorporation or by-laws of the Borrower or any other corporate Loan Party or the partnership agreement or any other organizational document of any Loan Party that is not a corporation, or create (with or without the giving of notice or lapse of time, or both) a default under or breach of any agreement, bond, note or indenture to which the Borrower or any Loan Party is a party, or by which any of them is bound or any of their respective properties or assets is affected (which default or breach would have a material adverse effect on the business, financial conditions or operations of the Borrower, the Parent and the Subsidiaries taken as a whole), or result in the imposition of any Lien of any nature whatsoever upon any of the properties or assets owned by or used in connection with the business of any of them except for the Liens created and granted pursuant to the Security Documents, as confirmed hereby.

SECTION 2.4 DUE EXECUTION, VALIDITY, ENFORCEABILITY.

This Third Amendment has been duly executed and delivered by each Loan Party which is a party hereto and each constitutes the valid and legally binding obligation of the Borrower or such other Loan Party that is a party thereto, enforceable in accordance with its terms; provided, however, that enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or other similar laws, now or hereafter in effect, relating to or affecting the enforcement of creditors' rights generally and the remedy of specific performance and other equitable remedies are subject to judicial discretion.

ARTICLE 3. ACKNOWLEDGMENTS, CONFIRMATIONS, CONSENTS.

(a) The Borrower hereby acknowledges and confirms that (i) the Liens and security interests granted pursuant to the Security Documents to which it is a party secure, without limitation, the due payment and performance of all of the Indebtedness, liabilities and obligations of the Borrower to the Lenders and the Agent under the Original Loan Agreement, as amended hereby, whether or not so stated in each of the Security Documents, and (ii) the term "Obligations" as used in the Security Documents (or any other term used therein to describe or refer to the Indebtedness, liabilities and obligations of the Borrower to the Lenders and the Agent) includes, without limitation, the Indebtedness, liabilities and obligations of the Borrower to the Lenders and the Agent under the Original Loan Agreement, as amended hereby.

- 9 -

(b) Each Guarantor hereby consents in all respects to the execution by

the Borrower of this Third Amendment and acknowledges and confirms that (i) the Guarantee Agreement guarantees, without limitation, the full payment and performance of the Indebtedness, liabilities and obligations of the Borrower under the Original Loan Agreement, as amended hereby, and (ii) the term "Obligations" as used in the Guarantee Agreement (or any other term used therein to describe or refer to the Indebtedness, liabilities and obligations of the Borrower or the Guarantor(s) to the Lenders and the Agent) includes, without limitation, all of the Indebtedness, liabilities and obligations of the Borrower to the Lenders and the Agent under the Original Loan Agreement, as amended hereby.

(c) Each Corporate Guarantor hereby acknowledges and confirms that (i) the Liens and security interests granted pursuant to the Security Documents to which it is a party, secure, without limitation, all of the Indebtedness, liabilities and obligations of such Corporate Guarantor to the Lenders and the Agent under the Guarantee Agreement, as confirmed hereby, and (ii) the term "Obligations" as used in the Security Documents (or any other term used therein to describe or refer to the Indebtedness, liabilities and obligations of such Corporate Guarantor to the Lenders and the Agent) includes, without limitation, the Indebtedness, liabilities and obligations of such Corporate Guarantor under the Guarantee Agreement, as confirmed hereby.

#### ARTICLE 4. CONDITIONS TO EFFECTIVENESS OF THIS THIRD AMENDMENT.

This Third Amendment shall become effective on the date of the fulfillment (to the satisfaction of the Agent) of the following conditions precedent:

(a) This Third Amendment shall have been executed and delivered to the Agent by a duly authorized representative of the Borrower, the Agent and the Majority Lenders.

(b) The Agent shall have received a Compliance Certificate from the Borrower dated the date hereof and the matters certified therein, including, without limitation, that after giving effect to the terms and conditions of this Third Amendment, no Default or Event of Default shall exist, shall be true.

(c) All legal matters incident hereto shall be satisfactory to the Agent and its counsel.

#### ARTICLE 5. MISCELLANEOUS.

SECTION 5.1 ARTICLE 10 OF THE ORIGINAL LOAN AGREEMENT. The miscellaneous provisions under Article 10 of the Original Loan Agreement, together with the definition of all terms used therein, and all other sections of the Original Loan Agreement to which Article 10 refers are hereby incorporated by reference as if the provisions thereof were set forth in full herein, except that (i) the term "Loan Agreement", shall be deemed to refer to the Original Loan Agreement, as amended hereby; (ii) the term "this Agreement" shall be deemed to refer to this Third Amendment; and (iii) the terms "hereunder" and "hereto" shall be deemed to refer to this Third Amendment.

- 10 -

SECTION 5.2 CONTINUED EFFECTIVENESS. Except as amended hereby, the Original Loan Agreement and the other Loan Documents are hereby ratified and confirmed in all respects and shall remain in full force and effect in accordance with their respective terms.

SECTION 5.3 COUNTERPARTS. This Third Amendment may be executed by the parties hereto in one or more counterparts, each of which shall be an original and all of which shall constitute one and the same agreement.

[Signature pages follow.]

- 11 -

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

G-III LEATHER FASHIONS, INC.

BY: /s/ WAYNE MILLER  
-----  
NAME: WAYNE MILLER  
TITLE: CHIEF FINANCIAL OFFICER

Agreed:

G-III HONG KONG LTD.

By: /s/ Philip H. Litwinoff  
-----  
Director

G-III APPAREL GROUP, LTD.

By: /s/ Wayne Miller  
-----  
Senior Vice President

SIENA LEATHER LTD.

By: /s/ Philip H. Litwinoff  
-----  
Vice President

GLOBAL INTERNATIONAL TRADING  
COMPANY

By: /s/ Philip H. Litwinoff  
-----  
Vice President

INDAWA HOLDING CORP.

By: /s/ Philip H. Litwinoff  
-----  
Vice President

GLOBAL APPAREL SOURCING, LTD.

By: /s/ Philip H. Litwinoff  
-----  
Vice President

G-III RETAIL OUTLETS INC.

By: /s/ Philip H. Litwinoff  
-----  
Vice President

P.T. BALIHIDES

By: /s/ Keith Sutton-Jones  
-----  
President and Director

WEE BEEZ INTERNATIONAL LIMITED

By: /s/ Philip H. Litwinoff  
-----  
Director

KOSTROMA LTD.

By: /s/ Philip H. Litwinoff  
-----  
Director

G-III LICENSE COMPANY, LLC  
BY G-III APPAREL GROUP, LTD. AS MANAGER

By: /s/ Wayne Miller  
-----  
Senior Vice President

G-III BRANDS, LTD.

By: /s/ Philip H. Litwinoff  
-----  
Chief Financial Officer

FLEET NATIONAL BANK,  
AS AGENT, COLLATERAL MONITORING AGENT,  
ISSUING BANK AND AS A LENDER

BY: /S/ JOSEPH J. NASTRI  
-----  
NAME: JOSEPH J. NASTRI  
TITLE: SENIOR VICE PRESIDENT



JPMORGAN CHASE BANK

BY: /S/ PETER C. DELUCA

-----  
NAME: PETER C. DELUCA  
TITLE: VICE PRESIDENT

THE CIT GROUP/COMMERCIAL SERVICES, INC.

BY: /S/ LISA MURAKAMI

-----  
NAME: LISA MURAKAMI  
TITLE: VICE PRESIDENT

ISRAEL DISCOUNT BANK OF NEW YORK

BY: /S/ MATILDE REYES

-----  
NAME: MATILDE REYES  
TITLE: VICE PRESIDENT

BY: /S/ HOWARD WEINBERG

-----  
NAME: HOWARD WEINBERG  
TITLE: SENIOR VICE PRESIDENT I

HSBC BANK USA

BY: /S/ MICHAEL P. BEHUNIAK, JR.

-----  
NAME: MICHAEL P. BEHUNIAK, JR.  
TITLE: VICE PRESIDENT

BANK LEUMI USA

BY: /S/ JOHN KOENIGSBERG

-----  
NAME: JOHN KOENIGSBERG  
TITLE: FIRST VICE PRESIDENT

BY: /S/ PHYLLIS ROSENFELD

-----  
NAME: PHYLLIS ROSENFELD  
TITLE: VICE PRESIDENT

LEASE MODIFICATION AGREEMENT

THIS LEASE MODIFICATION AGREEMENT, made this 10th day of March, 2004 by and between 1000 SECAUCUS ROAD, L.L.C. (as successor in interest to Hartz Mountain Associates), a New Jersey limited liability company, having an office at 400 Plaza Drive, P.O. Box 1515, Secaucus, New Jersey 07096-1515 (hereinafter referred to as "Landlord"), and G-III LEATHER FASHIONS, INC., a New York corporation having an office at 512 Seventh Avenue, New York, New York 10018 (hereinafter referred to as "Tenant").

WITNESSETH:

WHEREAS, by Lease dated September 21, 1993, as amended (the "Lease"), Landlord leased to Tenant and Tenant hired from Landlord 107,186 square feet of Floor Space located at 1000 Secaucus Road in Secaucus, New Jersey (hereinafter the "Demised Premises") (all capitalized terms not expressly defined herein shall have their respective meanings as set forth in the Lease);

WHEREAS, the original Term of the Lease expired on February 28, 2000;

WHEREAS, Tenant exercised the first of two (2) options to extend the Term for one (1) period of five (5) years commencing March 1, 2000 through February 28, 2005 (the "First Extended Period");

WHEREAS, Tenant desires to amend the Lease to extend the First Extended Period for six (6) additional months through August 31, 2005; and

NOW, THEREFORE, for and in consideration of the Lease, the mutual covenants herein contained and the consideration set forth herein, the parties agree as follows:

1. Preamble. The foregoing preambles are hereby incorporated by reference herein and made a part hereof.

2. Extension of First Extended Period. Effective as of the date hereof, the First Extended Period is hereby extended for a period of six (6) months commencing March 1, 2005 and expiring August 31, 2005 ("Extension Period"). Tenant's obligations during the Extension Period shall be the same as are in effect immediately preceding the commencement of such Extension Period, including, without limitations, the amount of monthly Fixed Rent due from Tenant. The Second Extended Period is null and void and of no further force or effect.

3. Binding Effect. Except as modified herein, the terms, conditions and covenants of the Lease shall remain in full force and effect during the First Extended Period as extended hereby and shall be binding upon and inure to the benefit of Landlord, Tenant and their respective successors and permitted assigns. The paragraph headings herein contained are for convenience and shall not be deemed to govern or control the substance hereof.

1

4. Governing Law. This Lease Modification Agreement shall be governed and construed under the laws of the State of New Jersey.

5. Inconsistency. Except as modified herein, the terms, conditions and covenants of the Lease shall remain unchanged and otherwise in full force and effect, and are hereby ratified and reaffirmed. In the event of any inconsistency between this Lease Modification Agreement and the Lease, the terms herein shall control.

IN WITNESS WHEREOF, the parties hereto have caused this Lease Modification Agreement to be duly executed as of the day and year first above written.

("LANDLORD")  
1000 SECAUCUS ROAD, L.L.C.  
("SOLE MEMBER")  
BY: HARTZ MOUNTAIN ASSOCIATES  
("GENERAL PARTNER")  
BY: HARTZ MOUNTAIN INDUSTRIES, INC.

By: /s/ Irwin A. Horowitz  
-----  
Irwin A. Horowitz  
Executive Vice President

("TENANT")  
G-III LEATHER FASHIONS, INC.

By: /s/ Wayne Miller  
-----  
Name: Wayne S. Miller  
Title: Chief Operating Officer

G-III Apparel Group Ltd., as Guarantor, hereby agrees that notwithstanding the terms and conditions of the foregoing Lease Modification Agreement, its obligations under its Guaranty dated September 21, 1993 shall remain in full force and effect

("Guarantor")  
G-III APPAREL GROUP LTD.

By: /s/ Wayne Miller  
-----  
Name: Wayne S. Miller  
Title: Chief Operating Officer

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G-III APPAREL GROUP, LTD.  
1997 STOCK OPTION PLAN

1. Purpose. The purpose of the G-III Apparel Group, Ltd. 1997 Employee Stock Option Plan (the "Plan") is to enable G-III Apparel Group, Ltd. (the "Company") and its stockholders to secure the benefits of common stock ownership by personnel of the Company and its subsidiaries. The Board of Directors of the Company (the "Board") believes that the granting of options under the Plan will foster the Company's ability to attract, retain and motivate those individuals who will be largely responsible for the profitability and growth of the Company.

2. Stock Subject to the Plan. Subject to the provisions of Section 6, the Company may issue and sell a total of 1,050,000 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. Subject to the provisions of Section 6, the maximum number of shares with respect to which options may be granted to any employee of the Company during any fiscal year is 100,000. New options may be granted under the Plan with respect to shares of Common Stock which are covered by the unexercised portion of an option which has terminated or expired by its terms, by cancellation or otherwise.

3. Administration. The Plan will be administered by a committee (the "Committee") consisting of at least two directors appointed by and serving at the pleasure of the Board. Subject to the provisions of the Plan, the Committee, acting in its sole and absolute discretion, will have full power and authority to grant options under the Plan, to interpret the provisions of the Plan, to fix and interpret the provisions of option agreements made under the Plan, to supervise the administration of the Plan, and to take such other action as may be necessary or desirable in order to carry out the provisions of the Plan. A majority of the members of the Committee will constitute a quorum. The Committee may act by the vote of a majority of its members present at a meeting at which there is a quorum or by unanimous written consent. The Committee will keep a record of its proceedings and acts and will keep or cause to be kept such books and records as may be necessary in connection with the proper administration of the Plan. The Company shall indemnify and hold harmless each member of the Committee and any employee or director of the Company or of a subsidiary to whom any duty or power relating to the administration or interpretation of the Plan is delegated from and against any loss, cost, liability (including any sum paid in settlement of a claim with the approval of the Board), damage and expense (including legal and other expenses incident thereto) arising out of or incurred in connection with the Plan, unless and except to the extent attributable to such person's fraud or willful misconduct.

4. Eligibility. Options may be granted under the Plan to present or future employees of the Company or a subsidiary of the Company and to consultants to and directors of the Company or a subsidiary who are not employees (provided, however, that, notwithstanding anything to the contrary contained herein, unless the Board determines otherwise, the Board shall have sole authority with respect to the granting and interpretation of options granted under the Plan to any director of the Company or a subsidiary who is not an employee and who serves as a member of the Committee). Subject to the provisions of the Plan, the Committee will from time to time select the persons to whom options will be granted, and will fix the number of shares

covered by each such option and establish the terms and conditions thereof, including, without limitation, exercise price and restrictions on exercisability of the option or on the shares of Common Stock issued upon exercise thereof and whether or not the option is to be treated as an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986 (an "Incentive Stock Option").

5. Terms and Conditions of Options. Each option granted under the Plan will be subject to the terms and conditions set forth in this paragraph and such additional terms and conditions not inconsistent with the Plan as the Committee deems appropriate.

(a) Option Exercise Price. In the case of an option that is not treated as an Incentive Stock Option, the exercise price per share may not be less than the par value of a share of Common Stock on the date the option is granted; and, in the case of an Incentive Stock Option, the exercise price per share may not be less than 100% of the fair market value

of a share of Common Stock on the date the option is granted (110% in the case of an optionee who, at the time the option is granted, is a ten percent shareholder described in Section 422(b)(6) of the Internal Revenue Code of 1986). For purposes hereof, the fair market value of a share of Common Stock on any date will be equal to the closing sale price per share as published by a national securities exchange on which shares of the 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 closing of trading on such date or, if shares of the Common Stock are not listed on a national securities exchange on such date, the closing price or, if none, the average of the bid and asked prices in the over the counter market at the close of trading on such date, or if the Common Stock is not traded on a national securities exchange or the over the counter market, the fair market value of a share of the Common Stock on such date as determined in good faith by the Committee.

(b) Option Period. The period during which an option may be exercised will be fixed by the Committee and will not exceed ten years from the date the option is granted (five years in the case of an Incentive Stock Option granted to a "ten percent shareholder").

(c) Exercise of Options. No option will become exercisable unless the person to whom the option was granted remains in the continuous employ or service of the Company or a subsidiary for at least six months (or for such other period as the Committee may designate) from the date the option is granted. The Committee may establish any vesting or other restrictions on the exercisability of an option, subject to earlier termination as provided herein. All or part of the exercisable portion of an option may be exercised at any time during the option period. 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 of the exercise price (or, if

applicable, delivery of a secured obligation therefor), together with the amount, if any, deemed necessary by the Company to enable it to satisfy its income tax withholding obligations with respect to such exercise (unless other arrangements acceptable to the Company are made with respect to the satisfaction of such withholding obligations).

(d) Payment of Exercise Price. The purchase price of shares of Common Stock acquired pursuant to the exercise of an option granted under the Plan may be paid in cash and/or such other form of payment as may be permitted under the option agreement, including, without limitation, previously-owned shares of Common Stock. The Committee 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.

(e) 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 (and/or provided for where all or a portion of the purchase price is being paid in installments).

(f) Option Transfers. The Committee, acting in its discretion, may authorize an optionee to make an inter vivos gift of all or a portion of an option (other than an Incentive Stock Option) granted to such optionee under the Plan to (1) the optionee's spouse, children or grandchildren ("Immediate Family Members"), (2) a trust for the exclusive benefit of one or more Immediate Family Members, (3) a partnership in which the optionee and one or more Immediate Family Members are the only partners or (4) such other persons as the Committee may permit. The Company shall have no obligation to provide notice to any transferee of the occurrence of an event (such as the termination of an optionee's service with the Company) that could affect the transferee's rights under the Plan. Options are transferable upon an option holder's death to a beneficiary designated by the option holder in accordance with procedures established by the Committee or, if no designated beneficiary shall survive the option holder, pursuant to the option holder's will or the laws of descent and distribution. An option that is transferred to a permitted transferee in accordance with the provisions hereof will remain subject to the terms and conditions of the Plan and of the option agreement governing the transferred option. Except as otherwise permitted hereby, options are not transferable and are exercisable during life only by the optionee.

(g) Termination of Employment or Other Service. If an optionee ceases



to be employed by or to perform services for the Company and any subsidiary for any reason other than death or disability (defined below), then each outstanding option granted to him or her under the Plan will terminate on the date three months after the date of such termination of employment or service or on such other date as may be specified by the Committee

provided, however, if the optionee's employment or service is terminated by the Company for cause (defined below), then each outstanding option granted to him or her will terminate upon the date of such termination of employment or service. If an optionee's employment or service is terminated by reason of the optionee's death or disability (or if the optionee's employment or service is terminated by reason of his or her disability and the optionee dies within one year after such termination of employment or service), then each outstanding option granted to the optionee under the Plan will terminate on the date one year after the date of such termination of employment or service (or one year after the later death of a disabled optionee) or on such other date as may be specified by the Committee. For purposes hereof, the term "disability" means the inability of an optionee to perform the customary duties of his or her employment or other service for the Company and its subsidiaries by reason of a physical or mental incapacity which is expected to result in death or be of indefinite duration; and, the term "cause" means an optionee's (1) failure or refusal to perform his or her duties for the Company or its subsidiaries, (2) commission of a crime involving moral turpitude, (3) conviction for commission of a felony, (4) attempt to improperly secure any personal profit in connection with the business of the Company or its subsidiaries or (5) dishonesty or willful engagement in conduct which is injurious to the business or reputation of the Company or its subsidiaries, all as determined by the Committee in its sole discretion.

(h) Other Provisions. The Committee 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. Capital Changes, Reorganization, Sale.

(a) Adjustments Upon Changes in Capitalization. The aggregate number and class of shares for which options may be granted under the Plan, the maximum number of shares that may be granted to any individual during a fiscal year, and the number and class of shares covered by each outstanding option and the exercise price per share shall all be adjusted to reflect any increase or decrease in the number of issued shares of Common Stock resulting from a split-up or consolidation of shares or any like capital adjustment, or the payment of a stock dividend.

(b) Cash, Stock or Other Property for Stock. 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 of another corporation, the Company will make a reasonable effort, but shall not be required, to replace any outstanding options with comparable options to purchase the stock of such other corporation, or will provide for immediate

exercisability of all outstanding options, with all options not being exercised within the time period specified by the Board being terminated.

(c) Fractional Shares. In the event of any adjustment in the number of shares covered by any option pursuant to the provisions hereof, any fractional shares resulting from such adjustment will be disregarded and each such option will cover only the number of full shares resulting from the adjustment.

(d) Determination of Board to be Final. All adjustments under this paragraph 6 shall be made by the Board, and its determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive.

7. Amendment and Termination of the Plan. Except as may otherwise be required by law, the Board, acting in its sole discretion and without further action on the part of the stockholders of the Company, may amend the Plan at any time and from time to time and may terminate the Plan at any time. No amendment or termination may affect adversely any outstanding option without the written

consent of the option holder.

8. No Rights Conferred. Nothing contained herein will be deemed to give any individual a right to receive an option under the Plan or to be retained in the employ or service of the Company or any subsidiary.

9. Governing Law. The Plan and each option agreement shall be governed by the laws of the State of Delaware.

10. Decisions and Determinations to be Final. Any decision or determination made by the Board pursuant to the provisions hereof and, except to the extent rights or powers under this Plan are reserved specifically to the discretion of the Board, all decisions and determinations of the Committee are final and binding.

11. Term of the Plan. The Plan shall be effective on the date on which it is adopted by the Board, subject to the approval of the stockholders of the Company. The Plan will terminate on the date ten years after the date of adoption by the Board, unless sooner terminated by the Board. Options outstanding at the time of the termination of the Plan shall not be affected solely by reason of the termination and shall continue in force in accordance with their terms.

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 150,000 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.

(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 150,000 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.

FIRST AMENDMENT OF LEASE

THIS FIRST AMENDMENT OF LEASE ("AMENDMENT") is made as of the 1st day of April, 2004, by and between 345 W. 37TH CORP., a New York corporation, having an office at 341-345 West 37th Street, New York, New York 10018 ("LANDLORD"), and G-III LEATHER FASHIONS INC., a New York corporation, having an office at 512 Seventh Avenue, New York, New York 10018 ("TENANT").

W I T N E S S E T H :  
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WHEREAS, Landlord and Tenant entered into a certain lease ("LEASE"), dated as of February 1, 2003, pursuant to which Landlord leased and demised to Tenant, and Tenant hired and took from Landlord, Suite 500 ("EXISTING PREMISES") on the 5th Floor of the building ("BUILDING") known as 341-345 West 37th Street, New York, New York; and

WHEREAS, Tenant desires to hire and take from Landlord additional space at the Building and to extend the Lease term in connection therewith, and Landlord desires to lease and demise to Tenant such additional Building space and to permit such Lease term extension; and

WHEREAS, in connection with Tenant's lease of additional space at the Building and the parties' extension of the Lease term, Tenant desires to modify its rights under the Lease to reflect Tenant's increased commitment to the Building and Tenant's status as the tenant occupying the most rentable square footage thereat, and Landlord desires to permit such Lease modification upon the terms and conditions hereinafter set forth;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. INCREASE SIZE OF PREMISES. Effective as of April 1, 2004 ("NEW PREMISES COMMENCEMENT DATE"), Landlord does hereby lease and demise to Tenant, and Tenant does hereby hire and take from Landlord, subject and subordinate to the Qualified Encumbrances (all

capitalized terms used but not defined herein shall have the respective meanings ascribed thereto in the Lease) and upon and subject to the provisions of the Lease, for the term hereinafter stated, certain first and second floor space at the Building substantially as shown hatched on the diagrams annexed hereto as Exhibit A ("NEW PREMISES"). From and after the New Premises Commencement Date, the term "PREMISES", as that term is used in the Lease, shall mean the Existing Premises and the New Premises. The parties hereto agree that as of the New Premises Commencement Date, the Premises will contain 10,100 rentable square feet. Tenant hereby accepts the New Premises in their "as is" condition as of the date hereof.

2. LEASE TERM EXTENSION. The Lease term shall be extended from the current expiration date of January 31, 2006 until January 31, 2014. Notwithstanding the preceding sentence, from and after February 1, 2009, Tenant shall have the right on such date and on each anniversary of such date up to and including February 1, 2012, so long as Tenant is not then in default beyond the expiration of any applicable notice and cure periods set forth in the Lease, to terminate the Lease term by delivering written notice ("TERMINATION NOTICE") to Landlord. The Termination Notice shall be effective not less than one (1) year from the date of delivery thereof to Landlord. In the event Tenant shall deliver a Termination Notice to Landlord in accordance with the terms and provisions of this paragraph, the term and estate granted under the Lease shall expire as of the date specified in the Termination Notice with the same effect as if such date were the date initially specified in the Lease as the expiration date, and the fixed rent and additional rent payable by Tenant under this Lease shall be apportioned as of such termination date.

3. FIXED RENT ADJUSTMENT. As of the New Premises Commencement Date, the per annum fixed rental rate for the Premises shall be as follows:

(i) Ninety-Eight Thousand Five Hundred Dollars (\$98,500) for the period from the New Premises Commencement Date through January 31, 2006; and

(ii) One Hundred Eleven Thousand One Hundred Dollars (\$111,100) for the period February 1, 2006 through January 31, 2014.

Notwithstanding the preceding sentence, so long as Tenant is not then in default beyond the expiration of any applicable notice and cure periods set forth in the Lease, Tenant shall be entitled to an abatement of fixed rent, in the amount of Ten Thousand Dollars (\$10,000), to be applied against fixed rent due for the period commencing on the New Premises Commencement Date and ending when such rent abatement amount has been fully applied ("FIXED RENT ABATEMENT PERIOD"). During the Fixed Rent Abatement Period, Tenant shall be liable to perform all of its other obligations under the Lease, including, without limitation, the payment of additional rent.

4. SECURITY AND MAINTENANCE PERSONNEL CONTRIBUTION. In light of Tenant's particular need for assistance from the Building's security and maintenance personnel, Tenant shall, from and after April 1, 2004, pay to Landlord as additional rent the sum of Two Thousand Eighty-Three and 33/100 Dollars (\$2,083.33) per month as Tenant's contribution to the salaries of the Building's security and maintenance personnel. Such sums shall be paid at such time and place as fixed rent shall be paid to Landlord pursuant to Article One of the Lease. In consideration of Tenant's payments of such additional rent, Tenant, as among the other Building tenants, shall be entitled to priority service from the Building's security and maintenance personnel.

5. ADJUSTMENT IN TENANT'S SHARE. From and after the New Premises Commencement Date, Tenant's Share (as that term is defined in Section 24.1 of the Lease) shall be twenty-eight percent (28%).

6. BUILD-OUT. Landlord hereby consents to Tenant's build-out of the Premises as described in Exhibit B annexed hereto and made a part hereof ("TENANT'S WORK"). Tenant's Work shall be performed by Tenant at Tenant's sole cost and expense, in accordance with applicable laws and in a good and workmanlike manner. Tenant shall obtain, at Tenant's sole cost and expense, all permits necessary to perform Tenant's Work. Tenant shall not be obligated to remove any of Tenant's Work at the expiration or earlier termination of the Lease term. Notwithstanding the foregoing or any term or provision of the Lease to the contrary, Tenant may remove any or all of Tenant's Work from the Premises provided the cost of repairing any damage to the Premises or the Building arising therefrom is paid for by Tenant.

7. COMMON AREAS. Section 1.1 of the Lease is hereby amended by adding the following to the last sentence thereof:

, together with rights of ingress and egress over the common areas of the Building.

8. REMOVAL OF FIXTURES. Section 4.1 of the Lease is hereby amended by adding the following as the last sentence thereof:

Notwithstanding anything contained in this Section 4.1 to the contrary, (i) Tenant shall be permitted to remove its trade fixtures at or prior to the expiration or termination of the term of this Lease subject to restoration and repair obligations set forth above, and (ii) Tenant shall not be required to remove any Fixture identified in any plans approved by Landlord unless Landlord shall have notified Tenant at the time such plans were approved by Landlord that Tenant will be required to remove any such Fixture.

9. RULES AND REGULATIONS. Section 6.1(b) of the Lease is hereby deleted in its entirety and replaced by the following:

(b) observe and comply with the rules and regulations annexed to, and made a part of, this Lease, which rules shall be enforced against the Tenant in a non-discriminatory manner, and such other and further reasonable rules and regulations as the Landlord hereafter at any time may make and communicate to the Tenant and which, in the judgment of the Landlord, shall be necessary or desirable for the reputation, safety, care or appearance of the Building, or the preservation of good order therein, or the operation or maintenance of the Building, or the equipment thereof, or the comfort of tenants or others in the Building; provided, however, that in the case of any conflict between the provisions of this Lease and any such rule or regulation, the provisions of this Lease shall control;

10. ALTERATIONS. Section 6.1(e) of the Lease is hereby deleted in its entirety and replaced by the following:

(e) except as otherwise set forth herein, make no alteration, change, addition, improvement, repair or replacement (an "Alteration") in, to, or about the Premises, and do no work in such connection, without in each case the prior review and written consent of the Landlord, and then only by workmen and contractors reasonably acceptable to the Landlord, and upon terms and conditions and at times, reasonably consented to by the Landlord and in accordance with the reasonable rules, regulations and guidelines of the Landlord pertaining to the performance of such Alterations, and make no contract for nor employ any labor in connection with the maintenance, cleaning or other servicing of the Premises (a "Tenant Service") without like consent, which consents shall not be unreasonably withheld or delayed; provided, however, that notwithstanding the foregoing, Tenant may make non-structural changes to the Premises which are purely decorative in nature, without first obtaining Landlord's consent, provided that Tenant obtains Landlord's prior written consent to any contractor to be used in performing same; in addition, the Tenant shall:

11. ASSIGNMENT, MORTGAGING; SUBLETTING, ETC. Article Seven of the Lease is hereby deleted in its entirety and replaced by the following:

#### ARTICLE SEVEN

##### 7. ASSIGNMENT, MORTGAGING, SUBLETTING, ETC.

7.1 The Tenant covenants, for the Tenant and its successors, assigns and legal representatives, that neither this Lease nor the term and estate hereby granted, nor any part hereof or thereof, will be assigned, mortgaged, pledged, encumbered or otherwise transferred (it being agreed that (y) issuance by the Tenant of stock and/or the transfer of already-

issued stock/partnership interests, in one or more transactions so as to transfer control or transfer 50% or more of an interest in the Tenant, other than through over-the-counter or national securities exchange transactions or (z) sale or transfer of 50% or more of the assets of the Tenant in one or more transactions, other than in the ordinary course of business, shall, in either event, be deemed an assignment of this Lease), and that neither the Premises, nor any part thereof, will be encumbered in any manner by reason of any act or omission on the part of the Tenant, or will be used or occupied, or permitted to be used or occupied, or utilized for desk space, for mailing privileges or as a concession, by anyone other than the Tenant, or will be sublet, or offered or advertised for subletting without the Landlord's prior written consent in each instance, such consent not to be unreasonably withheld, conditioned or delayed; provided, however, that the Tenant may assign this Lease or sublease part or all of the Premises without the Landlord's consent to: (i) any corporation, partnership or other entity that controls, is controlled



by, or is under common control with, the Tenant; or (ii) any corporation resulting from the merger or consolidation with the Tenant or to any entity that acquires substantially all of the Tenant's stock or partnership or membership interests, or substantially all of the Tenant's assets, as long as such assignee or sublessee assumes the Tenant's obligations under the Lease.

12. COMPLIANCE WITH LAWS. Section 11.1 of the Lease is hereby amended by deleting therefrom the last two sentences of that provision. In addition, Section 11.2 of the Lease is hereby deleted in its entirety.

13. SUBORDINATION. Article Thirteen of the Lease is hereby deleted in its entirety and replaced by the following:

13.1 The Tenant agrees that this Lease shall, at the request of the Landlord, be subordinate to any mortgages or deeds of trust that may hereafter be placed upon the Premises or any portion thereof and to any and all advances to be made thereunder, and to the interest thereon, and all renewals, replacements and extensions thereof, provided the mortgagee or trustee named in said mortgages or trust deeds shall agree to recognize the Lease of the Tenant in the event of foreclosure if the Tenant is not then in default in the performance of its Lease obligations beyond applicable notice and cure periods. The Tenant also agrees that any mortgagee or trustee may elect to have this Lease a prior lien to its mortgage or deed of trust, and in the event of such election and upon notification by such mortgagee or trustee to the Tenant to that effect, this Lease shall be deemed prior in lien to said mortgage or deed of trust, whether this Lease is dated prior to or subsequent to the date of said mortgage or deed of trust. The Tenant agrees, that upon the request of the Landlord, any

-6-

mortgagee or any trustee, it shall execute whatever reasonable and customary instruments may be required to carry out the intent of this Section 13.1

14. CONDITIONS OF LIMITATION. Sections 15(b), (c), (d) and (e) of the Lease are hereby deleted in their entirety and replaced with the following:

(b) if the Tenant shall default in observing any provision of Article Three or of subsection (e) or (f) of Section 6.1. and such default shall continue and shall not be remedied by the Tenant within five (5) business days after notice,

(c) if the Tenant shall default in observing any provision of this Lease (other than a default of the character referred to in subsection (a) or (b) of this Section), and if such default shall continue and shall not be remedied by the Tenant within thirty (30) days after notice or, if such default cannot for causes beyond the Tenant's control, with due diligence be cured within said period of thirty (30) days, if the Tenant (i) shall not, promptly upon the giving of such notice, give the Landlord notice of the Tenant's intention to duly institute all steps necessary to remedy such default, (ii) shall not duly institute and thereafter diligently prosecute to completion all steps necessary to remedy the same, or (iii) shall not remedy the same within a reasonable time after the date of the giving of said notice by the Landlord,

(d) if any event shall occur or any contingency shall arise whereby this Lease or the estate hereby granted or the unexpired balance of the full term of this Lease would, by operation of law or otherwise, devolve upon or pass to any person, firm or corporation other than the Tenant (except as permitted under Article Seven), or if the Tenant shall desert or abandon the Premises or the same shall become vacant (whether or not the keys be surrendered or the rent is paid) for a period of sixty (60) consecutive days, or

(e) when and to the extent permitted by law, if a petition in bankruptcy shall be filed by or against the Tenant, or if the Tenant shall make a general assignment for the benefit of its creditors, or the Tenant shall receive the benefit of any insolvency or reorganization act, or if a receiver or trustee is appointed for any portion of the Tenant's property

and such appointment is not vacated within ninety (90) days, or if an execution or attachment shall be issued under which the Premises shall be taken or occupied by anyone other than the Tenant,

15. RE-ENTRY BY LANDLORD. The first sentence of Section 16.1 of the Lease is hereby deleted in its entirety and replaced with the following:

-7-

If this Lease shall terminate under Article Fifteen, the Landlord or the Landlord's agents and servants may immediately or at any time thereafter re-enter the Premises, or any part thereof in the name of the whole, either by summary dispossession proceedings or by any suitable action or proceeding at law, and may repossess the same, and may remove any persons therefrom, to the end that the Landlord may have, hold and enjoy the Premises again as and of its first estate and interest therein.

16. LANDLORD REMEDIES. Section 23.1 of the Lease is hereby amended by deleting therefrom the last sentence of that provision.

17. OPERATING EXPENSES. The last two sentences in the paragraph of Section 24.1 of the Lease, in which the term "Operating Expenses" is defined, are hereby deleted.

18. HOLDOVER. Sections 25.5(b) and (c) of the Lease are hereby deleted in their entirety.

19. LANDLORD'S COVENANTS, AGREEMENTS AND INDEMNITY. The following shall be added as Article Thirty-One to the Lease:

#### ARTICLE THIRTY-ONE

##### 31. LANDLORD'S COVENANTS, AGREEMENTS AND INDEMNITY.

31.1 The Landlord shall, at the Tenant's request, (i) diligently pursue the cure of all violations existing as of the date hereof and those violations arising during the term hereof which are not the Tenant's responsibility to cure under this Lease, to the extent that such violations shall interfere with the Tenant's use of the Premises and (ii) maintain and repair the public interior and exterior portions of the Building, the structural and non-structural portions thereof and all Building systems serving the Premises located therein, including, without limitation, the plumbing, electrical, heating and life safety systems, except to the extent that the Tenant is required to maintain and/or repair the same pursuant to the terms and provisions of this Lease.

31.2 At any time and from time to time upon not less than ten (10) days' prior notice by the Tenant, the Landlord shall execute, acknowledge and deliver to the Tenant a statement of the Landlord (or if the Landlord is a corporation or a partnership, an appropriate officer or partner, as the case may be, of the Landlord) certifying that this Lease is unmodified and in full force and effect (or if there have been

-8-

modifications, that the same is in full force and effect as modified and stating the modifications), and the dates to which the Rent has been paid in advance, if any, stating whether or not to the best knowledge of the signer of such certificate, the Tenant is in default in the keeping, observance or performance of any provision contained in this Lease and, if so, specifying each such default, and such other information as the Tenant may reasonably request, it being intended that any such statement may be relied upon by any party reasonably designated by the Tenant.

31.3 The Landlord shall indemnify and hold the Tenant harmless from and against any and all claims for injuries to persons or damage to the property of the Tenant arising from or in connection with (i)

any work done by the Landlord or its agents, contractors, servants, employees, invitees or licensees or any condition created by the Landlord or its agents, contractors, servants, employees, invitees or licensees in or about the Premises and (ii) any act of gross negligence or willful misconduct of the Landlord or its agents, contractors, servants, employees, invitees or licensees in connection with the maintenance of the Premises or the Building; together with all costs, expense and liabilities incurred in connection with each such claim, action or proceeding brought thereon, including, without limitation, all reasonable attorneys' fees and expenses. If any action or proceeding is brought against the Tenant by reason of any such claim, the Landlord shall, upon notice from the Tenant, defend such action or proceeding by counsel reasonably satisfactory to the Tenant. Counsel furnished by the Landlord's insurance carrier shall be satisfactory to the Tenant.

20. FORCE AND EFFECT. Except as expressly set forth in this Amendment, the terms and conditions of the Lease shall continue in full force and effect without any change or modification and shall apply for the balance of the term of the Lease as hereby extended. In the event of a conflict between the terms of the Lease and the terms of this Amendment, the terms of this Amendment shall govern.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date and year first above written.

LANDLORD:

345 W. 37th CORP.

-9-

By: /s/ Morris Goldfarb

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Name: Morris Goldfarb

Title:

TENANT:

G-III LEATHER FASHIONS INC.

By: /s/ Neal S. Nackman

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Name: Neal S. Nackman

Title: Vice President - Finance

-10-

G-III APPAREL GROUP, LTD.  
SUBSIDIARIES OF THE COMPANY  
(as of January 31, 2004)

G-III Leather Fashions, Inc., a New York corporation  
G-III Retail Outlets, Inc., a Delaware corporation  
G-III License Company, LLC, a Delaware Limited liability company  
G-III Brands, Ltd., a Delaware Corporation  
Siena Leather Ltd., a New York corporation  
Global International Trading Company, a Korean corporation  
G-III Hong Kong Ltd., 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 Apparel Manufacturing, Inc., a Tennessee corporation

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements (Form S-8 Registration Nos. 33-45460, 33-45461, 33-81066, 333-51765, 333-80937 and 333-39298) of our report dated March 18, 2004, with respect to the consolidated financial statements and schedule of G-III Apparel Group, Ltd. and subsidiaries included in the Annual Report (Form 10-K) for the year ended January 31, 2004.

/s/ Ernst & Young, LLP

New York, New York  
April 26, 2004

302 CERTIFICATION

I, Morris Goldfarb, certify that:

1. I have reviewed this Annual Report on Form 10-K of G-III Apparel Group, Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2004

/s/ Morris Goldfarb

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Morris Goldfarb  
Chief Executive Officer

302 CERTIFICATION

I, Wayne S. Miller, certify that:

1. I have reviewed this Annual Report on Form 10-K of G-III Apparel Group, Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2004

/s/ Wayne Miller  
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Wayne S. Miller  
Chief Financial Officer

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of G-III Apparel Group, Ltd. (the "Company") on Form 10-K for the fiscal year ended January 31, 2004 (the "Report"), I, Morris Goldfarb, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

To my knowledge, (i) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Morris Goldfarb  
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Morris Goldfarb  
Chief Executive Officer  
April 29, 2004

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.



CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of G-III Apparel Group, Ltd. (the "Company") on Form 10-K for the fiscal year ended January 31, 2004 (the "Report"), I, Wayne S. Miller, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

To my knowledge, (i) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Wayne Miller

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Wayne S. Miller  
Chief Financial Officer  
April 29, 2004

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.