FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

For the Quarterly period ended October 31, 1995

OR

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

For the transition period from__________________ to__________________

Commission File Number 0-18183

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

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

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

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

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

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

Yes XX No_______

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of December 1, 1995.

Common Stock, $.01 par value per share: 6,461,471 shares.

Part I FINANCIAL INFORMATION Page No.

Item 1. Financial Statements *

* The Balance Sheet at January 31, 1995 has been taken from the audited financial statements at that date. All other financial statements are unaudited.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands)

	JANUARY 31, 1995	OCTOBER 31, 1995
ASSETS		(unaudited)
Current Assets:		
Cash and Cash Equivalents	$ 1,421	$ 1,945
Accounts Receivable - Net	13,414	27,046
Inventories - Net	25,532	20,481
Prepaid and Refundable Income Taxes	4,204	265
Prepaid Expense & Other Current Assets	466	940
Total Current Assets	45,037	50,677
Property and Equipment at Cost - Net	7,015	6,545
Other Assets	803	1,259
Deferred Income Taxes	1,717	256
	$54,572	$58,737
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Notes Payable	$12,907	$16,160
Current Maturities of Capital Leases	573	573
Accounts Payable	3,947	3,290

Accrued Expenses	2,152	2,340
Accrued Nonrecurring Charges	2,856	2,620
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Total Current Liabilities	22,435	24,983
Obligations Under Capital Leases	1,479	1,060
Nonrecurring Charges - Long Term	557	557
Stockholders' Equity:		
Preferred stock, 1,000,000 shares authorized; no shares issued and outstanding		
Common Stock, $.01 par value: authorized 20,000,000 shares; issued and outstanding, 6,459,381 shares on January 31, 1995 and on October 31, 1995	65	65
Additional Paid-in Capital	23,603	23,603
Retained Earnings	6,433	8,469
	-------	-------
	30,101	32,137
	-------	-------
	$ 54,572	$ 58,737
	========	========

See Accompanying Notes to Financial Statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

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

	THREE MONTHS ENDED OCTOBER 31, 1994	1995
	(Unaudited)	
Net Sales	$ 70,057	$ 54,892
Commission Income	3,569	2,803
	------------	------------
Net Sales and Revenues	73,626	57,695
Cost of Goods Sold	60,559	45,202
	------------	------------
Gross Profit	13,067	12,493
Selling, General and Administrative Expenses	6,962	6,050
Unusual Charge - Note 6	5,700	0
	------------	------------
Operating Profit	405	6,443
Interest and Financing Charges, Net	1,220	853
	------------	------------
Income (Loss) Before Taxes	(815)	5,590

Income Taxes (Benefit)	(363)	2,237
Net Income (Loss)	$ (452)	$ 3,353
Income (Loss) per common share:		
Primary;		
Net Income (Loss) per common share	$ (.07)	$ .50
Weighted average number of shares outstanding	6,466,709	6,771,737
Fully Diluted;		
Net Income (Loss) per common share	$ (.07)	$ .50
Weighted average number of shares outstanding	6,466,709	6,771,737

See Accompanying Notes to Financial Statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

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

	NINE MONTHS ENDED OCTOBER 31,	
	1994	1995
	(Unaudited)	
Net Sales	$ 135,061	$ 94,354
Commission Income	6,881	8,648
Net Sales and Revenues	141,942	103,002
Cost of Goods Sold	118,780	80,203
Gross Profit	23,162	22,799
Selling, General and Administrative Expenses	19,650	16,895
Unusual Charge - Note 6	5,700	0
Operating Profit (Loss)	(2,188)	5,904
Interest and Financing Charges, Net	2,771	2,251
Income (Loss) Before Taxes	(4,959)	3,653
Income Taxes (Benefit)	(2,212)	1,617

Net Income (Loss)	$ (2,747)	$ 2,036
Income (Loss) per common share:		
Primary;		
Net Income (Loss) per common share	$ (.42)	$ .31
Weighted average number of shares outstanding	6,474,438	6,571,398
Fully Diluted;		
Net Income (Loss) per common share	$ (.42)	$ .31
Weighted average number of shares outstanding	6,474,438	6,652,744

See Accompanying Notes to Financial Statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	NINE MONTHS ENDED OCTOBER 31, 1994	NINE MONTHS ENDED OCTOBER 31, 1995
	(Unaudited)	
Cash Flows from Operating Activities:		
Net Income (Loss)	$ (2,747)	$ 2,036
Adjustments to Reconcile Net Income:		
Depreciation and Amortization	1,115	1,158
Unusual Charge	5,700	0
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(31,422)	(13,632)
Inventory	(6,208)	5,051
Prepaid and refundable Income Taxes	(2,496)	3,939
Prepaid Expenses	386	(474)
Other Assets	(11)	(396)
Deferred Income Taxes	0	1,461
Accounts Payable and Accrued Expenses	8,312	(704)
Net Cash (Used in) Operating Activities	(27,371)	(1,561)
Cash Flows for Investing Activities:		
Capital Expenditures	(381)	(688)
Payment for purchase of PT Hwakang Indawa, net of cash acquired	0	(61)
Investment in Joint Venture	(428)	0
Net Cash (Used in) Investing Activities:	(809)	(749)
Cash Flows from Financing Activities:		
Borrowings under bankers' acceptances and notes	135,046	63,010
Repayments of bankers' acceptances and notes	(106,220)	(59,757)
Proceeds from capital lease obligations	1,150	0
Payment of capital lease obligations	(157)	(419)
Net Cash Provided by Financing Activities	29,819	2,834
Net Increase in Cash	1,639	524

Cash at Beginning of Period	833	1,421
Cash at End of Period	2,472	$ 1,945
Supplemental Disclosures of Cash Flow Information		
Cash Paid During the Period for:		
Interest	$ 2,441	$ 2,251
Income Taxes	$ 38	$ 157

See Accompanying Notes to Financial Statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - General Discussion

The results of the three and nine month periods ended October 31, 1995 are not necessarily indicative of the results expected for the entire fiscal year. The accompanying financial statements included herein are unaudited. In the opinion of management, all adjustments (consisting of only normal recurring adjustments) necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods presented have been reflected.

The accompanying financial statements should be read in conjunction with the financial statements and notes included in the Company's Form 10K filed with the Securities and Exchange Commission for the year ended January 31, 1995.

Note 2 - Inventories

	(in thousands)	
	January 31, 1995	October 31, 1995
Inventories consist of:		
Finished products	$23,107	$15,521
Work-in-process	52	36
Raw materials	2,373	4,924
	$25,532	$20,481

Note 3 - Net Income (Loss) Per Common Share

Net income (loss) per common share is based on the weighted average number of common shares and common share equivalents during each of the periods. Primary and fully diluted earnings per share include the dilutive effect of unexercised stock options.

Note 4 - Notes Payable

The Company has a loan agreement with three banks for $48,000,000 through January 30, 1996 and $40,000,000 through May 31, 1996, of which $40,000,000 through January 30, 1996 and $32,000,000 through May 31, 1996 is available for direct borrowings and the unused balance for letters of credit. All amounts available for borrowings are subject to borrowing base formulas.

Note 5 - Nonrecurring Charges

As of the year ended January 31, 1995, the Company had a remaining reserve of approximately $3.4 million related to a cost reduction program. The status of the components of the provision at October 31, 1995 was:

	Balance January 31, 1995	(in thousands) 1995 Activity	Balance October 31, 1995
Disposal of Asian Facility	$2,500	$ 0	$ 2,500
Shut down of Domestic Facilities	579	(100)	479
Severance and related costs	334	(136)	198
	$3,413	$(236)	$ 3,177

Note 6 - Unusual Charge

During the quarter ended October 31, 1994 the Company recorded an unusual charge for inventory markdowns of $5.7 million in the recognition of the high levels of inventory on hand caused by an unusually warm fall season and the resulting lack of customer reorders.

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

Results of Operations

Net sales and revenues for the three months ended October 31, 1995 were $57.7 million compared to $73.6 million for the same period last year. For the nine months ended October 31, 1995, net sales and revenues were $103.0 million compared to $141.9 million for the same period in the prior year. The decrease in net sales during the three month period ended October 31, 1995 was due to continued weakness in the retail business environment, as well as warmer than usual weather patterns, both of which adversely affected sales of leather outerwear. The Company expects that the weak retail environment will continue to adversely affect sales in the quarter ending January 31, 1996. For the nine month period ended October 31, 1995, approximately $26.7 million of the decrease in net sales and revenues was the result of lower sales at the retail level. The balance of the decrease (approximately $12.2 million) is attributable to the recognition by the Company of only commission income on certain types of sales where the Company's customers provide letters of credit which are transferred by the Company directly to overseas manufacturers or where the Company's customer provided a letter of credit directly to overseas manufacturers. Prior to the quarter ended July 31, 1994, the customer provided a letter of credit to the Company and the Company opened a letter of credit to the manufacturer. Accounting rules require the Company to recognize only commission income with respect to transactions where the Company does not open a letter of credit. The Company expects that it will continue to utilize this type transaction which results in the Company reporting lower net sales and revenues.

For the nine months ended October 31, 1995 and 1994 the Company recognized $8.6 million and $ 6.9 million of commission income, respectively. If the Company had recognized the full amount of sales from this type of transaction, net sales and revenues would have been $151.0 million and $177.7 million, respectively.

Gross profit was $12.5 million for the three months ended October 31, 1995, compared to $13.1 million in the same period last year. Gross profit as a percentage of net sales and revenues was 21.7% for the three months ended October 31, 1995, compared to 17.7% for the same period last year. For the nine month period ended October 31, 1995, gross profit was $22.8 million , or 22.1% of net sales and revenues, compared to $23.2 million or 16.3% of net sales and revenues for the same period last year. While the change in the use of certain letters of credit to transact sales did not impact gross profit dollars, it did affect gross profit as a percentage of net sales and revenues since net sales and revenues recognized from such transactions were lower. Had the Company recognized the full amount of such sales, gross profit for the nine months ended October 31, 1995 would have been 15.1% and 13.0%, respectively, of net sales and revenues. The increase in the gross profit percentage was a result of improved margins in a majority of product lines as well as cost reductions resulting from closure of the Company's domestic manufacturing facilities.

Selling, general and administrative expenses of $6.1 million for the three months ended October 31, 1995 were approximately $912,000 less than in the same period last year. As a percentage of net sales and revenues, selling, general and administrative expenses were 10.5% in this period compared to 9.5% last year. For the nine month period, selling, general and administrative expenses were $16.9 million or 16.4% of net sales and revenues, compared to $19.7 million, or 13.8% of net sales and revenues for the same period last year. The increase as a percentage of net sales and revenues was the result of lower reported net sales and revenues as described above. The lower selling, general and administrative expenses were the result of the implementation of a cost reduction program which began in the second half of the prior fiscal year. The Company is continuing to monitor and reduce expense levels and expects selling, general and administrative expenses to continue to decrease for the remainder of the year, compared to last year, as a result of this program.

Interest expense of $853,000 was $367,000 lower in the quarter ended October 31, 1995, compared to interest expense in the same period last year. For the nine months ended October 31, 1995, interest expense was $2.3 million, a decrease of $520,000 from the prior year. The decrease is attributable to lower borrowing levels as a result of the Company maintaining lower levels of inventory, which more than offset higher interest rates and other financing costs.

Income taxes of $2.2 million reflects an effective tax rate of 40.0% for the three months ended October 31, 1995, compared to an income tax benefit of $363,000 which reflected an effective tax rate of 44.5% in the comparable period in the prior year. For the nine months ended October 31, 1995, income taxes of $1.6 million reflects an effective tax rate of 44.3%, compared to an income tax benefit of $2.2 million in the same period last year, which reflected an effective tax rate of 44.6 %. The decreased effective tax rate for the nine months results from a lower provision for current year income taxes (40%), resulting from the state and local tax loss carry forward from the prior year, offset in part by additional federal taxes of $157,000 due to the settlement of an income tax audit for certain prior periods through January 31, 1993.

As a result of the foregoing, for the three month period ended October 31, 1995, the Company had net income of $3.4 million, or $.50 per share, compared to a net loss of $452,000, or $.07 per share, for the comparable period in the prior year. For the nine month period ended October 31, 1995, the Company had net income of $2.0 million, or $.31 per share, compared to a net loss of $2.7 million, or $.42 per share, for the same period in the prior year.

Liquidity and Capital Resources

The Company has a loan agreement, which expires May 31, 1996, providing for a collateralized working capital line of credit for a maximum amount of $48 million through January 30, 1996 (reduced to $40 million commencing January 31, 1996), of which a maximum of $40 million (reduced to $32 million commencing January 31, 1996) is available for direct borrowings and the unused balance for letters of credit. All amounts available for borrowings are subject to borrowing base formulas and overadvances specified in the agreement.

Direct borrowings bear interest at the agent's prime rate (8.75% as of December 1, 1995) plus 2%. All borrowings are collateralized by the assets of the Company. The loan agreement requires the Company, among other covenants, to maintain certain earnings and tangible net worth levels, and prohibits the payments of cash dividends. As of October 31, 1995, there was $13.7 million of borrowings outstanding and approximately $ 8.2 million of contingent liability under open letters of credit. The amount borrowed under the line of credit varies based on the Company's seasonal requirements. The current loan agreement reduced the maximum credit line available to the Company compared to the prior year. The Company is carrying lower levels of inventory in the current fiscal year compared to the prior year and, as a result, believes that this facility will be sufficient to meet its working capital needs. Inventories as of October 31, 1995 were $20.5 million compared to $38.9 million as of October 31, 1994.

The Company's wholly-owned Indonesian subsidiary has a line of credit with a bank for approximately $3.5 million which is supported by a $2.0 million stand-by letter of credit issued under the Company's loan agreement. As of October 31, 1995, the borrowing by the Indonesian subsidiary under its line of credit approximated $2.4 million.

SIGNATURES

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

G-III APPAREL GROUP, LTD.
(Registrant)

Date: December 13, 1995 By: /s/ MORRIS GOLDFARB

Morris Goldfarb
President and Chief
Executive Officer

Date: December 13, 1995 By: /s/ ALAN FELLER

Alan Feller
Chief Financial Officer,
Treasurer, and Secretary

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