FORM 10-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

For the fiscal year ended January 31, 1997

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (D) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from________________to__________________

Commission file number 0-18183

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

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

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

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

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

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

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

As of March 31, 1997, 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 $11,536,906.

The number of outstanding shares of the registrant's Common Stock as of March 31, 1997 was 6,477,656.

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 19, 1997, 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.

PART I

ITEM 1. BUSINESS

GENERAL

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

The Company believes that the sale of licensed products will help it to expand its business. In 1993, the Company entered into a licensing agreement with NFL Properties to market a line of outerwear apparel with NFL team logos. In 1995, the Company entered into a licensing agreement with Kenneth Cole Productions to design and market a line of women's leather and woven outerwear under the Kenneth Cole label. In 1996, the Company entered into an agreement with the National Hockey League to market a line of outerwear apparel with the NHL team logos. In February 1997, the Company formed a joint venture with Black Entertainment Television, Inc.
to produce a BET-branded clothing and accessory line.

Sales of moderately priced women's leather apparel accounted for approximately 34% of the Company's net sales in the fiscal year ended January 31, 1997, compared to 44% in the fiscal year ended January 31, 1996. The Company sells to approximately 2,300 customers, including nationwide chains of department and specialty retail stores, price clubs and individual specialty boutiques.

During 1996, the Company continued the implementation of its restructuring program started in 1994 which was intended to strengthen the Company's core product lines, improve long-term profitability and enhance shareholder value. In 1996, the Company consolidated merchandise divisions, reduced inventory, decreased borrowing levels and sub-leased one of its warehouses to a third party, thereby consolidating its warehouse operations into one location and reducing its warehouse and distribution costs.

In the fiscal year ended January 31, 1997, substantially all the Company's products were manufactured for the Company by foreign independent contractors, located principally in South Korea, China and Indonesia and, to a lesser extent, in India, Philippines and Hong Kong. The Company manufactures certain products at its wholly-owned factory in Indonesia and its partially-owned factory in Northern China.

A select number of garments were also manufactured for the Company by independent contractors located in the New York City area.

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

PRODUCTS - DEVELOPMENT AND DESIGN

The Company manufactures and markets a full line of women's leather apparel in "junior," "missy," and "half sizes" and an outerwear line of men's leather apparel at a wide range of retail sales prices. The Company's product offerings also include textile outerwear, woolen coats, raincoats and sportswear.

The G-III line of women's apparel consists of moderately priced women's leather apparel, which typically sells at retail prices from $30 for sportswear items to $400 for coats. The Siena Collection, which caters to the higher priced, designer market, typically has retail prices from $300 for sportswear items to $1,000 for coats. Siena Studio, the Company's bridge-priced line of women's leather apparel, primarily consists of jackets and skirts with retail prices from $100 for skirts to $600 for outerwear. Products in the men's line of leather outerwear, sold under the G-III label, typically have retail prices between $40 and $400. The moderately priced line of women's textile outerwear and sportswear, sold under the Colebrook & Co. label, has retail prices in the range of $50 to $130. The men's textile apparel line, consisting of moderately priced outerwear, has retail prices ranging from $25 to $175. The moderately priced line of women's coats, sold under the Vision label, has retail prices in the range of $100 to $200.

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

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

Design personnel meet regularly with the Company's sales and merchandising departments to review market trends, sales results and the popularity of the Company's latest products. In addition, representatives of the Company regularly attend trade and fashion shows and shop at fashion forward stores in the United States, Europe and the Far East, and present sample items to the Company along with their evaluation of the styles expected to be in demand in the United States. The Company also seeks input from selected customers with respect to product design. The

Company believes that its sensitivity to the needs of its retail customers, coupled with the flexibility of its production capabilities and its continual monitoring of the retail market, enables the Company to modify designs and order specifications in a timely fashion.

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

LEATHER APPAREL

MANUFACTURING

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

The Company has a branch office in Seoul, South Korea, which acts as a liaison between the Company and the various manufacturers located throughout South Korea, Indonesia and China used to produce the Company's leather and woven garments. Upon receipt from the Company's headquarters of production orders stating the number, quality and types of garments needed to be produced, this liaison office negotiates and places orders with one or more South Korean, Indonesian and Chinese manufacturers. In allocating production among independent suppliers, the Company considers a number of criteria, including quality, availability of production capacity, pricing and ability to meet changing production requirements. At January 31, 1997, the South Korean office employed 15 persons.

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

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

shipment. A final random inspection occurs when the garments are packed for shipment.

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

As is customary in the leather industry, the Company has not entered into any long-term contractual arrangement with any contractor or manufacturer. In order to provide for more efficient communications and operations with certain of the larger leather apparel manufacturers, in addition to utilizing its South Korean branch office, the Company has historically placed orders for leather apparel with two of its largest manufacturers through an established buying agent located in New York City. The buying agent, under the supervision of Company personnel located in the United States and South Korea, is responsible for procuring sufficient contract production capacity from these manufacturers to meet the forecasted demand for the Company's products. For the fiscal years ended January 31, 1995, 1996 and 1997, approximately 16%, 13% and 11%, respectively, of the Company's products were produced by manufacturers working through the Company's buying agent. The Company believes that the production capacity of foreign manufacturers with which it has developed or is developing a relationship is adequate to meet the Company's leather apparel production requirements for the foreseeable future. The Company believes that alternative foreign leather apparel manufacturers are readily available and that the loss of any manufacturer or the buying agent would not materially adversely affect the Company's operations.

The Company's arrangements with foreign manufacturers of its apparel are subject to the usual risks of doing business abroad, including currency fluctuations, political instability and potential import restrictions. Although the Company's operations have not been materially affected by any of such factors to date, due to the significant portion of the Company's garments which are produced abroad, any substantial disruption of its relationships with foreign manufacturers could adversely affect the Company's operations. In addition, since the Company negotiates its purchase orders with its foreign manufacturers in United States dollars, if the value of the United States dollar against local currencies was to go down, these manufacturers might increase the United States dollar prices charged to the Company for products. Virtually all the Company's imported leather products and raw materials are subject to United States Customs duties of approximately 6%.

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

MARKETING AND DISTRIBUTION

The Company's products are sold primarily to department, specialty and mass merchant retail stores in the United States. The Company sells to approximately 2,300 customers, ranging from national and regional chains of specialty retail and department stores, whose annual purchases from the Company exceed $1,000,000, to small specialty stores whose annual purchases from the Company are less than $1,000. In the fiscal year ended January 31, 1997, the Sam's Club and Wal-Mart divisions of Wal-Mart Stores, Inc. accounted for an aggregate of 12.8% of the Company's net sales. No customer accounted for more than 10% of the Company's net sales in the fiscal years ended January 31, 1995 or 1996.

Almost all of the Company's sales to date have been made in the United States. The Company has also marketed its products in Canada and Mexico.

Retail sales of outerwear apparel have traditionally been seasonal in nature. Although the Company sells its apparel products throughout the year, net sales in the months of July through November accounted for approximately 68% and 78% of Company net sales during the fiscal years ended January 31, 1996 and 1997, respectively. The July through November time frame is expected to continue to provide a disproportionate amount of the Company's net sales.

Along with the Company's foreign offices, the Company's trading company subsidiary, Global International Trading Company, located in Seoul, Korea, assists in providing services to the Company's customers. As of January 31, 1997, Global International Trading Company employed 22 persons.

The Company's products are sold primarily through a direct employee sales force which consisted of 25 employees as of January 31, 1997. The Company's principal executives are also actively involved in sales of its products. A limited amount of the Company's products are also sold by various retail buying offices located throughout the country. Final authorization of all sales of products is solely through the Company's New York showroom, enabling the Company's management to deal directly with, and be readily accessible to, major customers, as well as to control more effectively the Company's selling operations.

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

The Company opened its first retail outlet store in Secaucus, New Jersey in December 1990 and opened six additional outlet stores in fiscal 1994 and 1995. The outlet stores were intended to assist the Company in determining sales trends of various styles, colors and skin and fabric types and enable the Company to sell damaged merchandise which could not be resold at regular prices. The Company decided to

discontinue operations at certain locations and closed three stores during fiscal 1997. No additional stores are planned to be opened during fiscal 1998. There was no material affect on the financial statements or operations of the Company as a result of implementing these actions.

RAW MATERIALS

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

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

TEXTILE APPAREL

The Company also produces outerwear from a variety of textiles such as wools, cottons and synthetic blends, suitable for leisure and active wear. The Company designs, imports and markets a moderately priced line of women's textile outerwear and sportswear under the Colebrook & Co. label. The Coat Division markets moderately priced women's woolen coats and raincoats, sold under the Vision label. The men's textile apparel line consists of moderately priced outerwear.

The Company's development and design process as well as its marketing and distribution strategies for textile apparel are similar to those employed for its leather apparel. See "Products-Development and Design" and "Leather Apparel -- Marketing and Distribution" of this Item 1 above. Textile outerwear is manufactured for the Company by several independent contractors located primarily in the Far East and, to a lesser extent, domestically. Manufacturers produce finished garments in accordance with production samples approved by the Company and obtain necessary quota allocations and other requisite customs clearances.

To facilitate better service for the Company's textile and leather apparel customers and accommodate and control the volume of manufacturing in the Far East, the Company has an office in Hong Kong. Similar to the Seoul office, the Hong Kong office acts as a liaison between the Company and the various manufacturers of textile and leather apparel located in Hong Kong and China. The Company utilizes its domestic and Hong Kong office employees to monitor production at each manufacturer's facility to ensure quality control, compliance with the Company's specifications and timely delivery of finished garments to the Company's distribution facilities or customers. The Hong Kong office employed 12 persons as of January 31, 1997.

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

LICENSING

The Company believes that the sale of licensed products will help it to expand its business. The Company presently has license agreements with Kenneth Cole Productions, National Football League Properties, National Hockey League Properties Inc., NASCAR and several universities located in the United States. The Company plans to seek other opportunities to enter into trademark license agreements in order to expand its product offerings under nationally recognized labels.

In February 1997, the Company formed a joint venture with Black Entertainment Television, Inc. to produce a BET-branded clothing and accessory line. BET Holdings Inc. has granted a ten year exclusive license to the joint venture for the manufacture and distribution of women's, men's and children, apparel and accessories utilizing "BET," "Black Entertainment Television" and other BET-related marks. The product line will be targated to the African-American and urban consumer market.

BACKLOG

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

TRADEMARKS

Several trademarks have been granted federal trademark protection through registration with the U.S. Patent and Trademark Office, including for G-III, Avalanche, J.L. Colebrook, Laura Renee, Laura Jeffries, Colebrook Kids, Urban Cowboy, Cayenne, G-III Outerwear Company Store, JLC (& design), JLC Outerwear (& design), J.L.C. (& design), and Last Resort. The Company has applications for several additional registrations pending before the U.S. Patent and Trademark Office.

The Company has been granted trademark protection for G-III in France, Canada and Mexico and for J.L. Colebrook in Germany, Canada, Mexico, France, Great

Britain and Benelux. The Company also has several additional registrations pending in the European Community and Canada.

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

COMPETITION

The apparel business is highly competitive. The Company has numerous competitors with respect to the sale of leather and textile apparel, including distributors that import leather apparel from abroad and domestic retailers with established foreign manufacturing capabilities. Sales of the Company's products are affected by style, price, quality and general fashion trends. The Company may also be deemed to compete with vertically-integrated apparel manufacturers that also own retail stores. In addition, the Company competes for supplies of raw materials and manufacturing and tanning capacity.

EMPLOYEES

As of January 31, 1997, the Company had 239 full-time employees, of whom 73 worked in executive, administrative or clerical capacities, 79 worked in design and manufacturing, 47 worked in warehouse facilities, 25 worked in sales and 15 worked in the retail outlet division. The Company employs both union and non-union personnel and believes that the Company's relations with its employees are good. The Company has not experienced any interruption of any of its operations due to a labor disagreement with its employees.

The Company is a party to an agreement with the Amalgamated Clothing and Textile Workers Union (the "Union"), covering approximately 39 full-time employees as of January 31, 1997. This agreement, which is currently in effect through October 30, 1999, automatically renews on an annual basis thereafter unless terminated by the Company or the Union prior to August 30 of that year.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth certain information with respect to the executive officers and significant employees of the Company.

Name	Age	Position	Executive Officer or Significant Employee Since
Morris Goldfarb	46	Chief Executive Officer, Director	1974
Aron Goldfarb	74	Chairman of the Board, Director	1974
Jeanette Nostra-Katz	45	President	1981
Alan Feller	54	Executive Vice President, Chief Operating Officer, Treasurer and Secretary, Director	1990
Carl Katz	56	Executive Vice President of Siena, Director	1981
Frances Boller-Krakauer	31	Vice President - Men's Division of G-III	1993
Deborah Gaertner	42	Vice President - Women's Sales of G-III	1989
Keith Sutton Jones	48	Vice President - Foreign Manufacturing of G-III	1989
Michael Laskau	41	Vice President - Women's Non-Branded Division of G-III	1994
Karen Wells	32	Vice President - Fashion Design and Imports of G-III	1990

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

Aron Goldfarb is Chairman of the Board of the Company, and its founder. Mr. Goldfarb served as either President or Vice President of G-III and as a Vice

President of Siena from their respective formations until 1994 and, since January 1995, has served as a consultant to the Company.

Jeanette Nostra-Katz became President of the Company in April 1997. She had been the Executive Vice President of the Company since March 1992. Ms. Nostra-Katz's responsibilities for the Company include sales for the Women's Branded Division, marketing, public relations, and operations as they relate to sales. Since August 1989, she has served as an Executive Vice President of Siena. Ms. Nostra-Katz has been employed by the Company since 1981 in various capacities.

Alan Feller has been employed by the Company as its Chief Financial Officer since January 1990 and was elected the Vice President of Administration and Finance, Treasurer and Secretary of the Company in March 1990 and Executive Vice President and Chief Operating Officer in June 1995. Mr. Feller was elected a Director of the Company in April 1995.

Carl Katz has been employed as an Executive Vice President of Siena since August 1989 and, prior thereto, as a Vice President of Siena since 1981. Mr. Katz supervises the merchandising and designs, as well as production and pattern and sample making, for the Siena and Licensing divisions. Mr. Katz is also a director of the Company.

Frances Boller-Krakauer is Vice President -- Men's Division of G-III and has held the position since February 1993. Prior to February 1993, she held various sales positions in the Men's Division. Ms. Krakauer joined the Company in March 1989.

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

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

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

Karen Wells is the Vice President -- Fashion Design and Imports [of G-III] and has been employed in such capacity since March 1992. Her responsibilities include the sourcing of factories, coordination of production and merchandising and design supervision for the Women's Division. Ms. Wells also manages the Company's private label and special order programs. For the four years prior to March 1992, Ms. Wells was the Fashion Designer of women's apparel for G-III.

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

ITEM 2. PROPERTIES

The Company's executive offices and office support departments are located in a five story 32,000 square foot building at 345 West 37th Street in New York City. This property is leased pursuant to a sublease from a corporation owned by Morris Goldfarb and Aron Goldfarb, the Company's President and Chairman of the Board, respectively, for which the Company pays rent monthly, plus real estate taxes. For the fiscal years ended January 31, 1996 and 1997, the total payments for the premises were approximately $327,000 and $325,000, respectively.

The Company's sales showrooms and support staff are located at 512 Seventh Avenue, which is one of the leading outerwear apparel buildings in New York City. The Company leases an aggregate of approximately 31,800 square feet in this building through January 31, 2003 at a current aggregate annual rental of approximately $486,000.

The Company's warehouse and distribution facility, located in Secaucus, New Jersey, contains approximately 107,000 square feet, plus a 3,000 square foot retail outlet store. This facility is leased through March, 2000 at an annual rent of approximately $482,000. The lease provides for two option renewal terms of five years each with rental for the renewal term based on market rates. A majority of the Company's finished goods are shipped to the New Jersey distribution facilities for final reshipment to customers.

In March 1996, the Company subleased its other warehouse and distribution facility in Secaucus, New Jersey to an unaffiliated third party and consolidated all of its warehouse and distribution operations at one location. The sublease is co-extensive with the lease term, which extends through March 2000, although the sub-lessee has the right to terminate the sub-lease at any time on six months notice. The sub-lease, provides for the sub-lessee to pay rent of approximately $700,000 per year to the Company and for the Company to pay all operating costs of the facility except for utilities and internal maintenance. The Company's annual rent obligation to the lessor of this facility increases from approximately $750,000 to $937,000 during the term of the sub-lease.

The Company leases three retail outlet stores in addition to the store at its distribution facility. These leases terminate between August 1998 and March 2000 and generally require payment of either fixed rent plus a percentage of sales above a pre-determined level or rent based solely on a percentage of sales. Aggregate rental expense for the three retail outlet stores during the fiscal year ended January 31, 1997 was approximately $153,000.

Leases with provisions for increasing rents have been expensed and accrued on a straight-line basis over the life of the lease.

ITEM 3. LEGAL PROCEEDINGS

None.

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

None.

PART II

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

MARKET FOR COMMON STOCK

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

Fiscal 1996	High Prices	Low Prices
Fiscal Quarter ended April 30, 1995	$2 15/16	$1 11/32
Fiscal Quarter ended July 31, 1995	2 9/16	1 1/4
Fiscal Quarter ended October 31, 1995	4 5/8	1 5/8
Fiscal Quarter ended January 31, 1996	3 7/8	2 1/4
Fiscal 1997		
Fiscal Quarter ended April 30, 1996	$3 3/4	$2 1/4
Fiscal Quarter ended July 31 ,1996	3 11/16	2 5/16
Fiscal Quarter ended October 31, 1996	3 1/8	2 1/4
Fiscal Quarter ended January 31, 1997	4	2 5/8
Fiscal 1998		
Fiscal Quarter ended April 30, 1997 (through March 31, 1997)	$5 1/4	$3 7/16

The last sales price of the Common Stock as reported by the Nasdaq National Market on March 31, 1997 was $3.875 per share.

On March 31, 1997, there were 86 holders of record and, the Company believes, approximately 1,465 beneficial owners of the Common Stock.

DIVIDEND POLICY

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

ITEM 6. SELECTED CONSOLIDATED AND COMBINED FINANCIAL DATA

In January 1993, the Company and each of its subsidiaries changed their fiscal year-end from July 31 to January 31. The selected consolidated and combined financial data set forth below for the year ended July 31, 1992, for the six-month transition period ended January 31, 1993 and the years ended January 31, 1994, 1995, 1996 and 1997 have been derived from the audited consolidated and combined financial statements of the Company. The audited financial statements for the years ended July 31, 1992, the six months ended January 31, 1993 and the year ended January 31, 1994 are not included in this filing.

The information for the twelve month period ended January 31, 1993 is unaudited and is included for comparative purposes only. The selected consolidated and combined financial data set forth below for the twelve months ended January 31, 1993 are unaudited and, in the opinion of the Company, reflect all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation thereof. The selected consolidated and combined financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" (Item 7 of this Report) and the audited consolidated financial statements and related notes thereto included elsewhere herein.

(In thousands, except share and per share data)

	1992	Six Months Ended January 31, 1993	Twelve Months Ended January 31, 1993	Year Ended January 31, 1994	1995	1996	1997
INCOME STATEMENT DATA:							
Net Sales..........................	$175,478	$116,208	$195,731	$208,877	$171,441	$121,663	$117,645
Cost of goods sold.................	153,014	98,283	167,660	181,270	146,484	97,769	89,166
Gross profit.......................	22,464	17,925	28,071	27,607	24,957	23,894	28,479
Selling, general & administrative expenses..........	15,555	10,794	18,853	22,869	25,823	21,769	22,433
Unusual or non-recurring charges................	--	--	--	--	11,320	--	--
Operating profit (loss)............	6,909	7,131	9,218	4,738	(12,186)	2,125	6,046
Interest expense...................	1,305	1,019	1,879	2,339	3,959	2,433	2,075
Income before income taxes (loss)..............	5,604	6,112	7,339	2,399	(16,145)	(308)	3,971
Income taxes (benefit)..............	2,283	2,619	3,081	1,064	(4,087)	89	885
Net income (loss) before minority interest..........	3,321	3,493	4,258	1,335	(12,058)	(397)	3,086
Minority interest..................	--	--	--	--	324	--	--
Net income (loss)..................	$ 3,321	$ 3,493	$ 4,258	$ 1,335	$ (11,734)	$ (397)	$ 3,086
Primary:							
Net income (loss) per common share(2).............	$0.51	$0.53	$0.65	$0.20	$(1.82)	$(0.06)	$0.46
Weighted average shares outstanding(2)............	6,511,565	5,574,450	6,514,750	6,600,692	6,459,381	6,459,975	6,745,939
Fully Diluted:							
Net income (loss) per common share(2).............	$0.51	$0.53	$0.65	$0.20	$(1.82)	$(0.06)	$0.45
Weighted average shares outstanding(2)............	6,511,565	6,662,067	6,529,750	6,600,692	6,459,381	6,459,975	6,849,740

	1992	1993	As of January 31, 1994	1995	1996	1997
BALANCE SHEET DATA:						
Working capital..............	$31,882	$35,055	$31,494	$22,602	$22,224	$24,497
Total assets.................	88,837	57,522	67,571	54,572	41,257	44,555
Short-term debt..............	43,874	10,078	13,179	13,480	3,551	3,835
Long-term debt, excluding current portion...	1,073	988	794	1,479	919	554
Total stockholders' equity....	36,972	40,465	41,835	30,101	29,716	32,825

(1) Effective January 31, 1993, the Company and its subsidiaries adopted a January 31 fiscal year-end.

(2) Net income per common share for the six and twelve months ended January 31, 1993, and for the year ended July 31, 1992, has been calculated based on a

weighted average number of outstanding common shares and common stock equivalents, and gives effect to a 5% stock dividend paid in February 1993.

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

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

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

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

RESULTS OF OPERATIONS

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

	1995	1996	1997
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	85.4	80.4	75.8
Gross profit	14.6	19.6	24.2
Selling, general and administrative expenses	15.1	17.9	19.1
Unusual or nonrecurring charges	6.6	--	--
Operating profit (loss)	(7.1)	1.7	5.1
Interest expense	2.3	2.0	1.8
Income (loss) before income taxes	(9.4)	(0.3)	3.3
Income taxes (benefit)	(2.4)	0.0	0.7

Minority interest	.2	--	--
Net income (loss)	(6.8)	(0.3)	2.6

General

The Company's improved operating results during fiscal 1997 are attributable to its strategic initiatives which have been implemented over the past several years. While sales volume was slightly lower in fiscal 1997 compared to the prior year, gross profit as a percentage of net sales improved as a result of the increase in sales of branded product. Margin improvements were also realized in several of the Company's traditional product lines through more aggressive pricing and more effective sourcing of product.

During fiscal 1996 and fiscal 1997, the Company continued programs, begun in fiscal 1995, to control its expense levels. The Company also carried lower levels of inventory in fiscal 1996 which not only reduced the risks of being required to take markdowns on excess inventory, but also reduced bank borrowings and related interest expense. The Company continued to carry lower inventory levels and reduce its interest expense in fiscal 1997. The ability to operate with lower inventory levels enabled the Company to sublet one of its distribution facilities in March 1996, which reduced warehouse and distribution expenses.

YEAR ENDED JANUARY 31, 1997 ("FISCAL 1997") COMPARED
TO YEAR ENDED JANUARY 31, 1996 ("FISCAL 1996")

Net sales were $117.6 million in fiscal 1997 compared to $121.7 million in fiscal 1996. An increase of approximately $20.5 million in the net sales of the Company's branded product was more than offset by a decrease of approximately $24.0 million in net sales of the Company's traditional leather and woven product lines.

Gross profit was $28.5 million in fiscal 1997 compared to $23.9 million in fiscal 1996. As a percentage of net sales, gross profit was 24.2% in fiscal 1997 compared to 19.6% in fiscal 1996. The increase in the gross profit percentage was the result of increased sales of branded product, which generates higher gross margins, as well as an improvement in the gross margin for several of the Company's traditional product lines.

Selling, general and administrative expenses were $22.4 million in fiscal 1997 compared to $21.8 million in fiscal 1996. As a percentage of net sales, selling, general and administrative expenses were 19.1% in fiscal 1997 compared to 17.9% in fiscal 1996. The increase in selling, general and administrative expenses is primarily attributable to costs incurred in connection with the start-up of new divisions ($829,000), an increase in compensation expense ($400,000), higher professional fees, primarily consultants assisting the Company with strategic planning ($360,000) and higher overseas travel costs ($279,000). These increases were offset in part by lower bad debt expenses due to lower receivable write-offs and recoveries on certain receivables previously written off ($700,000) and reduced distribution facility costs as a result of subleasing one of the Company's distribution facilities in March 1996 ($582,000).

Interest expenses was $2.1 million in fiscal 1997 compared to $2.4 million in fiscal 1996. This decrease is attributable to lower bank debt balances as the result of lower inventory levels maintained during fiscal 1997.

As a result of the foregoing, the Company realized income before income taxes of $4.0 million in fiscal 1997 compared to a loss before income taxes of $308,000 in fiscal 1996.

Income taxes for fiscal 1997 were $885,000 compared to income taxes of $89,000 in fiscal 1996 due to foreign income taxes and the resolution of a Federal tax examination. The Company's effective tax rate for fiscal 1997 was 22.3% as a result of tax benefits in the amount of $1,017,000 attributable to the utilization of state net operating loss carryforwards and deferred tax benefits. The Company expects that such tax benefits will be significantly lower in fiscal 1998.

The Company had net income of $3.1 million, or $0.46 per share on a primary basis, in fiscal 1997 compared to a net loss of $397,000, or $.06 per share, in fiscal 1996.

YEAR ENDED JANUARY 31, 1996 COMPARED
TO YEAR ENDED JANUARY 31, 1995 ("FISCAL 1995")

Net sales were $121.7 million in fiscal 1996 compared to $171.4 million in fiscal 1995. Approximately $31.3 million of the decrease in net sales in fiscal 1996 was due to the continued weakness in the retail business environment, primarily lower sales of leather outerwear (a decrease of $16.2 million) and non-leather outerwear (a decrease of $10.1 million). The balance of the decrease (approximately $18.4 million) was the result of the Company recognizing only commission income with respect to customer letter of credit transactions, where the Company's customer provided a letter of credit which was transferred by the Company directly to the overseas manufacturer or where the Company's customer provided a letter of credit directly to the overseas manufacturer. Prior to the middle of fiscal 1995, the customer usually 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. If the Company had recognized the full amount of sales from customer letter of credit transactions in fiscal 1995 and 1996, net sales would have been $163.6 million in fiscal 1996 compared to $195.0 million in fiscal 1995.

Gross profit was $23.9 million in fiscal 1996 compared to $25.0 million in fiscal 1995. As a percentage of net sales, gross profit was 19.6% in fiscal 1996 compared to 14.6% in fiscal 1995. While the use of customer letter of credit transactions does not impact gross profit dollars, it does affect gross profit as a percentage of net sales since net revenues recognized from such transactions are lower. Had the Company recognized the full amount of sales from customer letter of credit transactions, gross profit as a percentage of net sales in fiscal 1996 would have been 14.6% compared to 12.8% in fiscal 1995. This 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 $21.8 million in fiscal 1996 were approximately $4.0 million lower than the $25.8 million in fiscal 1995. As a percentage of net sales, selling, general and administrative expenses were 17.9% in fiscal 1996 compared to 15.1% in fiscal 1995. This increase as a percentage of net sales was attributable to the lower reported net sales in fiscal 1996. The decrease in selling, general and administrative expenses was the result of the implementation of a cost reduction program which began in the second half of fiscal 1995. This program resulted in reduced expenses from the implementation of a salary reduction for mid- level and senior executives and a reduction in the number of employees ($1.6 million), consolidating the operations of certain divisions ($783,000), lower advertising and other marketing expenditures ($675,000) and lower shipping costs related to lower warehouse volume ($535,000). The Company will continue to monitor its levels of selling, general and administrative expenses and expects certain increases in these expenses in fiscal 1997 primarily related to the increased offering of licensed product.

The Company recognized $11.3 million of unusual or non-recurring charges in fiscal 1995. As a result of the unusually warm fall of 1994, which adversely affected the sales of outerwear apparel at the retail level, the Company's receipt of reorders from its customers was below expectations in fiscal 1995. The Company reviewed its inventory levels and salability as of October 31, 1994 and determined that its markdown reserve should be increased by $5.7 million as of that date. In addition, as the result of lower than expected shipments during the fourth quarter of fiscal 1995, an additional reserve of $476,000 was provided as of January 31, 1995. In addition, a restructuring reserve of an aggregate of $5.1 million was established as of January 31, 1995 to provide for the potential loss of the Company's investment in a leather garment factory ($2.5 million), the write-off of unamortized leasehold fixtures due to the closing of the Company's domestic factory and relocation of its showrooms ($1.7 million), certain other fixed asset write-offs ($581,000) and the severance agreement with the Chairman of the Board who retired January 1, 1995 ($334,000).

Interest expense was $2.4 million in fiscal 1996 compared to $4.0 million in fiscal 1995. This decrease is attributable to lower direct bank debt balances as the result of lower inventory levels maintained during fiscal 1996.

As a result of the foregoing, the Company incurred a loss before income taxes of $308,000 in fiscal 1996 compared to $16.1 million in fiscal 1995. As discussed above, fiscal 1995 results included nonrecurring or unusual charges of $11.3 million.

Despite incurring a loss in fiscal 1996, the Company had tax expense of $89,000 due to foreign income taxes and resolution of a Federal tax examination, compared to a tax benefit of $4.1 million in fiscal 1995.

The Company incurred a net loss of $397,000, or $.06 per share, in fiscal 1996 compared to a net loss of $11.7 million, or $1.82 per share, in fiscal 1995.

LIQUIDITY AND CAPITAL RESOURCES

The Company has a loan agreement, which expires May 31, 1997, providing the Company with a collateralized working capital line of credit with three banks for a maximum amount of $48 million through October 30, 1996), (reduced to $40 million after October 30, 1996, of which a maximum of $40 million (reduced to $32 million after October 30, 1996) is available for direct borrowing and bankers' acceptances and the unused balance for letters of credit. Amounts available for borrowing are subject to borrowing base formulas and over advances specified in the agreement. Direct borrowings under the line of credit bear interest at the agent bank's prime rate (8.5% as of April 15, 1997) plus 1.75%. The amount borrowed under the line of credit varies based on the Company's seasonal requirements. The Company is in discussions with its banks to extend the loan agreement to May 31, 1999 under terms similar to the existing loan agreement. The maximum amount outstanding (i.e., open letters of credit, bankers acceptances and direct borrowings) under the Company's loan agreement was approximately $63.0 million, $46.7 million and $44.9 million during fiscal 1995, 1996 and 1997, respectively. As of January 31, 1997, there were no outstanding direct borrowings, no bankers'acceptances and $4.8 million of contingent liability under open letters of credit, as compared to no outstanding direct borrowings, no bankers' acceptances and $4.1 million of contingent liability under open letters of credit as of January 31, 1996. The Company carried lower levels of inventory in fiscal 1997 and fiscal 1996 compared to fiscal 1995 and, as a result, its borrowing requirements were lower in these years.

In recognition of the highly seasonal nature of the Company's business, the Company's loan agreement provides for certain loan overadvances in excess of the borrowing base formulas. As a result of the Company's outstanding borrowings exceeding the permitted overadvance levels, during fiscal 1995 and 1996, the Company's two principal stockholders jointly and severally guaranteed up to $2.5 million of the Company's line of credit obligations. In addition, one of the principal stockholders has pledged 250,000 shares of Common Stock as additional security for the loan agreement. It is expected that the provisions of the extended loan agreement will not require either the personal guaranty or the pledge of stock by the principal stockholders.

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 domestic credit facility. As of January 31, 1997, the borrowing by the Indonesian subsidiary under its line of credit approximated $3.5 million.

Historically, the Company's business has not required significant capital expenditures. The Company's capital expenditures were approximately $902,000 and $507,000 for fiscal 1996 and 1997, respectively. Capital expenditures were used primarily for additional computer upgrades, leasehold improvements and furniture, fixtures and equipment in fiscal 1996 and 1997.

IMPACT OF INFLATION AND FOREIGN EXCHANGE

The results of operations of the Company for the periods discussed have not been significantly affected by inflation or foreign currency fluctuation. The Company negotiates its purchase orders with its foreign manufacturers in United States dollars. Thus, notwithstanding any fluctuation in foreign currencies, the Company's cost for any purchase order is not subject to change after the time the order is placed. However, if the value of the United States dollar against local currencies was to go down, certain manufacturers might increase their United States dollar prices for products.

FUTURE EFFECTS OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board has issued Statment of Financial Accounting Standards No. 128, "Earnings Per Share," which is effective for financial statements issued after December 15, 1997. Early adoption of the new standard is not permitted. The new standard eliminates primary and fully diluted earnings per share and requires presentation of basic and diluted earnings per share together with disclosure of how the per share amounts were computed. The effect of adopting this new standard has not been determined.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information contained under the heading "Proposal No. 1-Election of Directors" in the Company's definitive Proxy Statement (the "Proxy Statement") relating to the Company's Annual Meeting of Stockholders to be held on or about June 19, 1997, to be filed pursuant to Regulation 14A of the Securities Exchange Act of 1934 with the Securities and Exchange Commission is incorporated herein by reference. For information concerning the executive officers and other significant employees of the Company, see "Business-Executive Officers of the Registrant" in Item 1 above of this Report.

ITEM 11. EXECUTIVE COMPENSATION

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

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

PART IV

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

(a) 1. Financial Statements.

2. Financial Statement Schedules.

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

3. Exhibits:

3.1 Certificate of Incorporation.(1)

3.2 By-Laws of G-III Apparel Group, Ltd. (the "Company").(1)

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

10.2 Agreement, dated December 19, 1994, between the Company and Aron Goldfarb.(6)

10.3 Third Amended and Restated Loan Agreement, dated May 31, 1996, by and among G-III Leather Fashions, Inc. ("G-III"), the banks signatories thereto (the "Banks"), and Fleet Bank, N.A., as Agent, Collateral Monitoring Agent and Issuing Bank for such Banks.(7)

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

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

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

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

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

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

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

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

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

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

22 Subsidiaries of the Company.(5)

23 Consent of Grant Thornton LLP, dated April 14, 1997.

27 Financial Data Schedule Article 5.

(b) Reports on Form 8-K:

None.

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(1) Previously filed as an exhibit to the Company's Registration Statement on Form S-1 (no. 33-31906), which exhibit is incorporated herein by reference.

(2) Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 1989, which exhibit is incorporated herein by reference.

(3) Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 1991, which exhibit is incorporated herein by reference.

(4) Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 1992, which exhibit is incorporated herein by reference.

(5) Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1994, which exhibit is incorporated herein by reference.

(6) Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1995, which exhibit is incorporated herein by reference.

(7) Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the Quarter ended July 31, 1996, which exhibit is incorporated herein by reference.

Exhibits have been included in copies of this Report filed with the Securities and Exchange Commission. The Company will provide, without charge, a copy of these exhibits to each stockholder upon the written request of any such stockholder therefor. All such requests should be directed to G-III Apparel Group, Ltd., 345 West 37th Street, New York, New York 10018, Attention: Mr. Alan Feller, 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 30, 1997

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, Chief Executive Officer (principal executive officer)	April 30, 1997
/s/ Alan Feller (Alan Feller)	Director, Executive Vice President and Chief Operating Officer (principal financial and accounting officer)	April 30, 1997
/s/ Aron Goldfarb (Aron Goldfarb)	Director and Chairman of the Board	April 30, 1997
/s/ Lyle Berman (Lyle Berman)	Director	April 30, 1997
(Thomas J. Brosig)	Director	April , 1997
/s/ Willem van Bokhorst (Willem van Bokhorst)	Director	April 30, 1997
/s/ Sigmund Weiss (Sigmund Weiss)	Director	April 30, 1997
/s/ George J. Winchell (George J. Winchell)	Director	April 30, 1997
/s/ Carl Katz (Carl Katz)	Director	April 30, 1997

G-III APPAREL GROUP, LTD.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND FINANCIAL STATEMENT SCHEDULES
(ITEM 14(a))

All other schedules for which provision is made in the applicable regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and, accordingly, are omitted.

REPORT OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS

Board of Directors and Stockholders
G-III APPAREL GROUP, LTD.

We have audited the accompanying consolidated balance sheets of G-III Apparel Group, Ltd. and subsidiaries as of January 31, 1996 and 1997, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended January 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of G-III Apparel Group, Ltd. and subsidiaries as of January 31, 1996 and 1997, and the consolidated results of their operations and their consolidated cash flows for each of the three years in the period ended January 31, 1997, in conformity with generally accepted accounting principles.

We have also audited Schedule II of G-III Apparel Group, Ltd. and subsidiaries for each of the three years in the period ended January 31, 1997, In our opinion, this schedule presents fairly, in all material respects, the information required to be set forth therein.

GRANT THORNTON LLP

New York, New York
April 14, 1997

G-III Apparel Group, Ltd. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

January 31,
(in thousands, except share and per share amounts)

	1996	1997
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 7,617	$13,067
Accounts receivable	11,764	9,870
Allowance for doubtful accounts and sales discounts	(2,769)	(2,694)
Inventories	14,207	13,986
Prepaid income taxes	502	
Prepaid expenses and other current assets	968	969
Total current assets	32,289	35,198
PROPERTY, PLANT AND EQUIPMENT, NET	6,324	5,030
DEFERRED INCOME TAXES	1,717	3,351
OTHER ASSETS	927	976
	$41,257	$44,555

The accompanying notes are an integral part of these statements.

G-III Apparel Group, Ltd. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

January 31,
(in thousands, except share and per share amounts)

LIABILITIES AND STOCKHOLDERS' EQUITY	1996	1997
CURRENT LIABILITIES		
Notes payable	$ 2,980	$ 3,459
Current maturities of obligations under capital leases	571	376
Income taxes payable		447
Accounts payable	2,469	2,169
Accrued expenses	1,751	2,101
Accrued nonrecurring charges	2,294	2,149
Total current liabilities	10,065	10,701
OBLIGATIONS UNDER CAPITAL LEASE	919	554
NONRECURRING CHARGES - LONG-TERM	557	475
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; issued and outstanding, 6,465,836 and 6,477,156 shares on January 31, 1996 and 1997, respectively	65	65
Additional paid-in capital	23,615	23,638
Retained earnings	6,036	9,122
	29,716	32,825
	$41,257	$44,555

The accompanying notes are an integral part of these statements.

G-III Apparel Group, Ltd. and Subsidiaries

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

	Year ended January 31,		
	1995	1996	1997
Net sales	$171,441	$121,663	$117,645
Cost of goods sold	146,484	97,769	89,166

Gross profit	24,957	23,894	28,479
Selling, general and administrative expenses	25,823	21,769	22,433
Nonrecurring or unusual charges	11,320		
Operating profit (loss)	(12,186)	2,125	6,046
Interest and financing charges, net	3,959	2,433	2,075
Income (loss) before income taxes and minority interest	(16,145)	(308)	3,971
Income taxes (benefit)	(4,087)	89	885
Net income (loss) before minority interest	(12,058)	(397)	3,086
Minority interest	324		
NET INCOME (LOSS)	$(11,734)	$ (397)	$ 3,086
Earnings (loss) per common share			
Primary			
Net income (loss) per common share	$(1.82)	$(.06)	$.46
Weighted average number of shares outstanding	6,459	6,460	6,746
Fully diluted			
Net income (loss) per common share	$(1.82)	$(.06)	$.45
Weighted average number of shares outstanding	6,459	6,460	6,850

The accompanying notes are an integral part of these statements.

G-III Apparel Group, Ltd. and Subsidiaries

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

Years ended January 31, 1995, 1996 and 1997
(in thousands)

	Common stock	Additional paid-in capital	Retained earnings	Total
Balance as of January 31, 1994	65	23,603	18,167	41,835
Net loss for the year			(11,734)	(11,734)
Balance as of January 31, 1995	65	23,603	6,433	30,101
Employee stock options exercised		12		12
Net loss for the year			(397)	(397)
Balance as of January 31, 1996	65	23,615	6,036	29,716
Employee stock options exercised		23		23
Net income for the year			3,086	3,086
BALANCE AS OF JANUARY 31, 1997	$65	$23,638	$ 9,122	$ 32,825

The accompanying notes are an integral part of this statement.

G-III Apparel Group, Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year ended January 31,		
	1995	1996	1997
Cash flows from operating activities			
Net income (loss)	$(11,734)	$ (397)	$ 3,086
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Nonrecurring or unusual charges	8,720		
Depreciation and amortization	1,231	1,576	1,534
Deferred income tax benefit	(214)		(1,634)
Loss on disposition of fixed assets			179
Changes in operating assets and liabilities			
Accounts receivable	1,831	4,419	1,819
Inventories	9,264	11,325	221
Prepaid income taxes	(3,980)	3,702	502
Prepaid expenses and other current assets	954	(502)	(1)
Other assets	178	(48)	(49)
Accounts payable and accrued expenses	(5,323)	(2,441)	(177)
Income taxes payable			447
	12,661	18,031	2,841
Net cash provided by operating activities	927	17,634	5,927
Cash flows from investing activities			
Capital expenditures	(1,158)	(902)	(507)
Capital dispositions	81	17	88
Investment in foreign subsidiaries	(249)	(76)	
Net cash used in investing activities	(1,326)	(961)	(419)

G-III Apparel Group, Ltd. and Subsidiaries

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

	Year ended January 31,		
	1995	1996	1997
Cash flows from financing activities			
Increase (decrease) in notes payable, net	$ (93)	$ (9,927)	$ 479
Payments for capital lease obligations	(468)	(562)	(560)
Proceeds from capital lease obligation	1,548		
Proceeds from exercise of stock options		12	23
Net cash provided by (used in) financing activities	987	(10,477)	(58)
NET INCREASE IN CASH AND CASH EQUIVALENTS	588	6,196	5,450
Cash and cash equivalents at beginning of period	833	1,421	7,617

Cash and cash equivalents at end of period	$1,421	$ 7,617	$13,067
Supplemental disclosures of cash flow information:			
Cash paid during the period for			
Interest	$3,037	$ 2,293	$ 2,047
Income taxes	57	227	1,836

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 1995, 1996 and 1997

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

1. Business Activity and Principles of Consolidation

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

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

2. Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Joint Venture

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

NOTE A (CONTINUED)

4. Revenue Recognition

   Sales are recognized when merchandise is shipped.

5. Inventories

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

6. 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 live of the Company's fixed assets:

Machinery and equipment	5 to 7 years
Transportation equipment	5 years
Furniture and fixtures	5 years
Computer equipment	3 to 5 years
Building	20 years

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

   The Company annually evaluates the carrying value of its long-lived assets to evaluate 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.

7. 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.

NOTE A (CONTINUED)

8. Cash Equivalents

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

9. Net Income (Loss) Per Common Share

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

10. Stock-Based Compensation

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

11. 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.

12. Foreign Currency Translation

The financial statements of subsidiaries outside the United States are generally measured using the 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.

NOTE B - NONRECURRING OR UNUSUAL CHARGES

During the fourth quarter of fiscal year 1995, the Company formulated plans to close its domestic manufacturing facility, to sell or liquidate an Asian factory, to reduce costs and to streamline and consolidate operations. Lost revenues from these closings are not considered significant. In addition, due to the unseasonably warm fall and winter in the United States, the Company recorded significant write-downs of its inventory. These activities resulted in nonrecurring or unusual charges of $11.3 million, of which $5.6 million was recorded in the fourth quarter of 1995. The Company has not anticipated any recoveries through the sale or liquidation of its Asian factory. Such recoveries could reduce the accrued charges in the future; however, the Company cannot be assured that any such recoveries will occur. Based on current estimates, management believes that existing accruals are adequate to cover the items presented below.

The status of the components of the nonrecurring charge was:

	Balance at January 31, 1996	Current period activity	BALANCE AT JANUARY 31, 1997
	(000's)		
Severance and related costs	$ 161	$(161)	
Closure of domestic and foreign facilities	2,690	(66)	$2,624
	$2,851	$(227)	$2,624

NOTE C - INVENTORIES

Inventories consist of:

January 31,

	1996	1997
	(000's)	
Finished goods	$12,112	$10,382
Work-in-process	49	27
Raw materials	2,046	3,577
	$14,207	$13,986

NOTE D - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at cost consist of:

	January 31,	
	1996	1997
	(000's)	
Machinery and equipment	$ 1,259	$ 1,178
Leasehold improvements	3,110	2,844
Transportation equipment	252	187
Furniture and fixtures	1,293	1,325
Computer equipment	2,135	2,936
Land and building	1,821	1,803
Property under capital leases (Note F)		
Land	55	55
Building	185	185
Computer equipment	465	
Machinery and equipment	404	295
Leasehold improvement	1,791	1,833
	12,770	12,641
Less accumulated depreciation and amortization (including $809,000 and $1,079,000 on property under capital leases at January 31, 1996 and 1997, respectively)	6,446	7,611
	$ 6,324	$ 5,030

NOTE E - NOTES PAYABLE

Notes payable represent foreign notes payable by PT Balihides, the Company's Indonesian subsidiary. These notes payable represent borrowings under a line of credit of approximately $3.5 million with an Indonesian bank. This is supported by a $2 million stand-by letter of credit issued under the Company's domestic line of credit. Due to the history of operating losses experienced by PT Balihides and the Company's evaluation of the economic benefits to continue to operate this facility, the Company has provided for the standby letter of credit as part of its accrued nonrecurring charges (Note B).

NOTE E (CONTINUED)

The Company has a domestic loan agreement with three banks which expires on May 31, 1997. The agreement provides for $48,000,000 in borrowings through October 30, 1996, and $40,000,000 through May 31, 1997, of which $32,000,000 is available for direct borrowings and the unused balance for letters of credit. All amounts available for borrowing are subject to borrowing base formulas.

All borrowings under the agreement are payable on demand and bear interest at the prevailing prime rate (8.5% at April 14, 1997), plus 1.75%, and are collateralized by the assets of the Company. The principal stockholders of the Company have issued a personal guarantee for a portion of the borrowings. In addition, the President of the Company has pledged 250,000 of his shares of the Company's common stock as collateral. 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 Company is currently in discussions with its banks to extend its existing loan agreement through May 31, 1999 under terms similar to the existing agreement.

The weighted average interest rates were 10.36% and 10.03% as of January 31, 1996 and 1997, respectively.

At January 31, 1996 and 1997, the Company was contingently liable under letters of credit in the amount of approximately $4,100,000 and $4,800,000, respectively.

NOTE F - CAPITAL LEASE OBLIGATIONS

In September 1986, the New York City Industrial Development Agency ("Agency") issued $1,442,000 of floating rate Industrial Development Revenue Bonds to a commercial bank for the purpose of acquiring and renovating real property located at 345 West 37th Street in New York. The bonds bear interest at 92% of the bank's prime rate, which was of 8.25% at January 31, 1997 plus 1.48% per annum. Simultaneously, the Agency leased the property to 345 West 37th Corp. ("345 West"), a company under the management and control of two principal stockholders, for 15 years. 345 West, in turn, subleased the property to G-III Leather Fashions, Inc. ("G-III"), a subsidiary of

NOTE F (CONTINUED)

the Company, on the same terms. Concurrent with the execution of the lease and sublease agreements, 345 West and G-III entered into lease guarantee agreements whereby they jointly and severally guaranteed the payments and obligations under the lease and the payment of principal and interest on the bonds. In addition, the two principal stockholders of the Company have personally guaranteed the debt. The accompanying financial statements reflect the above lease between G-III and 345 West as a capitalized lease

(Note K).

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

In addition, certain equipment leases have been treated as capital leases. The present values of minimum future obligations are calculated based on interest rates at the inception of the leases. The following schedule sets forth the future minimum lease payments under capital leases at January 1997:

	(000's)
Year ending January 31,	
1998	$ 438
1999	272
2000	168
2001	104
2002 and thereafter	75
Net minimum lease payments	1,057
Less amount representing interest	127
Present values of minimum lease payments	$ 930
Current portion	$ 376
Noncurrent portion	554
	$ 930

NOTE G - INCOME TAXES

Income taxes are provided for under Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes."

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

	Year ended January 31,		
	1995	1996	1997
	(000's)		
Current			
Federal	$ (3,940)	$(271)	$ 2,370
State and city	18	164	73
Foreign	49	196	76
	(3,873)	89	2,519
Deferred	(214)	-	(1,634)

	$ (4,087)	$ 89	$ 885
	========	=====	=======
Earnings (loss) before income taxes			
United States	$(15,701)	$(775)	$ 4,912
Non-United States	(444)	467	(941)

NOTE G (CONTINUED)

The significant components of the Company's deferred tax asset at January 31, 1996 and 1997 are summarized as follows:

	1996	1997
	(000's)	
Provision for bad debts and sales allowances	$ 626	$1,076
Depreciation	837	1,099
Inventory write-downs	319	271
Nonrecurring charges	1,005	1,083
Straight-line lease	247	223
Other	(17)	(13)
	3,107	3,739
Deferred tax asset valuation allowance	(1,300)	(388)
	$ 1,717	$3,351

During the year ended January 31, 1997, the valuation allowance decreased by approximately $912,000. Due to changes in economic circumstances, the Company has assessed its past earnings history and trends and has evaluated its anticipated profitability over the period of years in which the temporary differences are expected to become tax deductions. Management has reduced the allowance to an amount at which it believes sufficient taxable income will be generated to realize the net deferred tax assets. The Company has state and local net operating loss carryforwards of $6,400,000, which will be available to offset its earnings during the carryforward period. If not used, these carryforwards begin to expire in 2010.

NOTE G (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, 1995		Year ended January 31, 1996		YEAR ENDED JANUARY 31, 1997	
	Amount	Percent of income	Amount	Percent of income	AMOUNT	PERCENT OF INCOME
	(000's)		(000's)		(000'S)	
Provision (benefit) for Federal income taxes at the statutory rate	$(5,489)	(34.0)%	$(105)	(34.0)%	$1,350	34.0%
State and city income taxes, net of Federal income tax benefit	11	0.1	98	31.8	48	1.2
Effect of foreign taxable income (loss)	200	1.2	37	12.0	397	10.0
Valuation allowance for deferred taxes	1,390	8.6	(90)	(29.2)	(912)	(22.9)
Effect of tax examination			154	50.0		
Other, net	(199)	(1.2)	(5)	(1.7)	2	
Actual provision (benefit) for income taxes	$(4,087)	(25.3)%	$ 89	28.9%	$ 885	22.3%

NOTE H - COMMITMENTS AND CONTINGENCIES

The Company currently leases warehousing, executive and sales facilities, and transportation equipment. Leases with provisions for increasing rents have been expensed and accrued for on a straight-line basis over the life of the lease. Future minimum rental payments for operating leases having noncancellable lease periods in excess of one year as of January 31, 1997 are:

	(000's)
Year ending January 31,	
1998	$2,143
1999	2,022
2000	1,520
2001	570
2002	478
2003 and thereafter	478
	$7,211

Rent expense (net of sublease income) on the above operating leases (including amounts leased from 345 West - Note K) for the years ended January 31, 1995, 1996 and 1997 was approximately $2,604,000, $2,060,000 and $2,173,000, respectively.

In April 1988, 345 West received a loan from the New York Job Development Authority ("Authority") to assist 345 West in its renovation of the 345 West property. The loan is for a period of 15 years and is presently repayable in monthly installments of $11,000, which includes interest at a variable rate (8.25% at January 31, 1997). The loan is financed by long-term bonds issued by the Authority. G-III and the two principal stockholders of the Company have signed corporate and personal guarantees for this loan. The outstanding principal of this debt was approximately $732,000 and $654,000 as of the years ended January 31, 1996 and 1997, respectively. In conjunction with the Company's intention to close this domestic facility (described in Note B), the Company has reflected $605,000 and $541,000 of the balance of the loan as an accrued nonrecurring charge at January 31, 1996 and 1997, respectively.

NOTE H (CONTINUED)

The Company has an employment agreement with its chief executive officer which expires on January 31, 1998. The agreement shall automatically be renewed for successive one-year terms, unless either party shall give the other not less than 90 days' prior written notice of intent not to renew. The agreement provides for a base salary and bonus payments that vary between 3% and 6% of pretax income in excess $2 million. If, after a change in control of the Company, as defined in the agreement, the chief executive officer's employment is terminated: (i) by the Company without cause, or (ii) by him because of a material breach of the agreement by the Company, then the chief executive officer has the right to receive an amount equal to 2.99 times his base salary and bonus. The agreement also provides for supplemental pension payments of $50,000 per year provided that the Company achieves net income, as defined, in excess of $1,500,000.

Subsequent to year end, the Company formed a joint venture with Black Entertainment Television, Inc. ("BET") to produce a BET branded clothing and accessory line. The joint venture agreement provides for the Company and BET each to make an initial capital contribution in the amount of $1,000,000. In addition the agreement provides for the Company and BET each to make an additional capital contribution up to $1,000,000 as determined by the Company. The Company will have a 50.1% ownership interest in the joint venture.

NOTE I - COMMON STOCK AND ADDITIONAL PAID-IN CAPITAL

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

Stock Options

The Company's stock plans authorize the granting of 1,130,000 options to executives and key employees and 31,500 options to directors of the Company. Stock options are granted 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.

NOTE I (CONTINUED)

During the 1995 fiscal year, in connection with the chief executive officer's employment agreement, the Company granted options to purchase 100,000 shares of common stock at $4.00 per share exercisable over a ten-year period. The options vest over a five-year period beginning February 1, 1995. In December 1994, the Company repriced the outstanding options to $2.00 per share, the current market value at the date of repricing.

In addition, during the 1995 fiscal year, the Company granted 50,000 options to its principal stockholders in consideration for certain agreements made by the principal stockholders with the Company's banks. At the time of issuance, the options were exercisable at a higher price than the current market price. Half of the options are exercisable at $5.50 per share; the balance of the options are exercisable at $6.50 per share. In December 1994, the Company repriced the outstanding options to $2.00 per share, the current market value at the date of repricing.

The Company has adopted the disclosure-only provisions of SFAS No. 123, "Accounting for Stock Based Compensation." Accordingly, no compensation cost has been recognized for the stock options granted to employees and directors. Had compensation cost been determined based on the fair value at the grant date for stock option awards in 1996 and 1997 consistent with the provisions of SFAS No. 123, the Company's net loss would have been increased by approximately $19,000 and the net loss per share would remain unchanged for the year ended January 31, 1996. Net income and earnings per share for the year ended January 31, 1997 would have been decreased by approximately $262,000 or $.04 per share, respectively. During the initial phase-in period of SFAS No. 123, such compensation may not be representative of the future effects of applying this statement.

NOTE I (CONTINUED)

The weighted average fair value at date of grant for options granted during 1997 and 1996 was $1.93 and $1.55 per option, respectively. The fair value of each option at date of grant was estimated using the Black-Scholes option pricing model with the following weighted average assumptions for grants in 1997 and 1996, respectively:

	1996	1997
Expected stock price volatility	76.1%	70.92%
Expected lives of options		
Directors and officers	7 years	7 years
Employees	6 years	6 years
Risk-free interest rate	6.6%	5.6%
Expected dividend yield	0%	0%

Information regarding these option plans for 1995, 1996 and 1997 is as follows:

	1995		1996		1997	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price	SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Options outstanding at beginning of year	626,745	$2.00	810,125	$2.00	888,320	$2.05
Exercised			(6,455)	2.00	(7,020)	2.00
Granted	262,675	2.00	100,000	2.53	137,000	2.64
Cancelled or forfeited	(79,295)	2.00	(15,350)	2.00	(28,835)	2.00
Options outstanding at end of year	810,125	2.00	888,320	2.05	989,465	2.15
Exercisable	294,815	2.00	452,785	2.00	735,252	2.14

NOTE I (CONTINUED)

The following table summarizes information about stock options outstanding:

Range of exercise prices	Number outstanding as of January 31, 1997	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable as of January 31, 1997	Weighted average exercise price
$1.625 to $2.875	989,465	6.5	$2.15	735,252	$2.14

NOTE J - MAJOR VENDORS AND CUSTOMERS

For the years ended January 31, 1995, 1996 and 1997, the Company purchased 16%, 13% and 11%, respectively, of total purchases through one buying agent. The Company believes that alternative foreign leather apparel manufacturers are readily available and that the loss of any manufacturer or the buying agent would not materially adversely affect the Company's operations.

For the year ended January 31, 1997, one customer accounted for 12.8% of the Company's net sales. For the years ended January 31, 1995 and 1996, no customer accounted for more than 10% of the Company's net sales. The Company estimates an allowance for doubtful accounts based on the creditworthiness of its customers as well as general economic conditions. Consequently, an adverse change in those factors could affect the Company's estimate.

NOTE K - RELATED PARTY TRANSACTIONS

During the years ended January 31, 1995, 1996 and 1997, G-III leased space from 345 West (Notes F and H). Operating expenses paid by G-III to 345 West during the years ended January 31, 1995, 1996 and 1997, amounted to approximately $181,000, $173,000 and $182,000, respectively.

An executive and an outside director of the Company own approximately a 20% and 3% equity interest respectively, on a fully diluted basis in Wilson the Leather Experts Inc. ("Wilsons"), a customer of the Company of which both are directors. During the year ended January 31, 1997, Wilsons accounted for approximately $6,741,000 of the Company's net sales. Accounts receivable from Wilsons at January 31, 1997 were approximately $775,000.

NOTE L - PENSION PLANS

The Company maintains a 401(k) profit-sharing plan and trust for nonunion employees. The Company matches 50% of employee contributions up to 3% of the participant's compensation. The Company's matching contributions amounted to approximately $113,000, $108,000 and $120,000 for the years ended January 31, 1995, 1996 and 1997, respectively.

G-III contributed approximately $67,000, $39,000 and $37,000 for the years ended January 31, 1995, 1996 and 1997, respectively, to a multi-employer pension plan for employees covered by a collective bargaining agreement. This plan is not administered by G-III and contributions are determined in accordance with the provisions of a negotiated labor contract. Information with respect to G-III's proportionate share of the excess, if any, of the actuarial computed value by vested benefits over the total of the pension plan's new assets is not available from the plan's administrator.

NOTE M - QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly financial data in thousands except per share numbers for the fiscal years ended January 31, 1996 and 1997 are as follows:

	Quarter ended			
	April 30, 1995	July 31, 1995	October 31, 1995	January 31, 1996
January 31, 1996				
Net sales	$ 9,275	$36,032	$57,695	$18,661
Gross margin	663	9,594	12,237	1,400
Net income (loss)	(3,035)	1,719	3,353	(2,434)
Net income (loss) per common share				
Primary				
Net income (loss) per share	$(0.47)	$0.27	$0.50	$(.38)
Fully diluted				
Net income (loss) per share	$(0.47)	$0.27	$0.50	$(.38)

NOTE M (CONTINUED)

	QUARTER ENDED			
	APRIL 30, 1996	JULY 31, 1996	OCTOBER 31, 1996	JANUARY 31, 1997
JANUARY 31, 1997				
NET SALES	$5,063	$26,209	$65,348	$21,025
GROSS MARGIN	152	9,204	16,349	2,774
NET INCOME (LOSS)	(3,440)	1,994	5,552	(1,020)
NET INCOME (LOSS) PER COMMON SHARE				
PRIMARY				
NET INCOME (LOSS) PER SHARE	$(0.53)	$0.30	$0.83	$(0.16)
FULLY DILUTED				
NET INCOME (LOSS) PER SHARE	$(0.53)	$0.30	$0.83	$(0.16)

In the fourth quarter of 1997, the Company recorded a deferred tax benefit and tax benefits attributable to the utilization of state net operating loss carryforwards in the amount of $812,000. Other fluctuations are primarily the result of the seasonality of the Company's business.

NOTE N - FUTURE EFFECTS OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board has issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share," which is effective for financial statements issued after December 15, 1997. Early adoption of the new standard is not permitted. The new standard eliminates primary and fully diluted earnings per share and requires presentation of basic and diluted earnings per share together with disclosure of how the per share amounts were computed. The effect of adopting this new standard has not been determined.

G-III Apparel Group, Ltd. and Subsidiaries

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at beginning of period	(1) Charged to costs and expenses	(2) Charged to other accounts	Deductions (a)	Balance at end of period
Year ended January 31, 1995					
Deducted from asset accounts					
Allowance for doubtful accounts	$1,364	$ 676		$1,255	$ 785
Allowance for sales discounts	820	3,105		2,855	1,070
	$2,184	$3,781		$4,110	$1,855
Year ended January 31, 1996					
Deducted from asset accounts					
Allowance for doubtful accounts	$ 785	$1,644		$ 717	$1,712
Allowance for sales discounts	1,070	2,556		2,569	1,057
	$1,855	$4,200		$3,286	$2,769
YEAR ENDED JANUARY 31, 1997					
DEDUCTED FROM ASSET ACCOUNTS					
ALLOWANCE FOR DOUBTFUL ACCOUNTS	$1,712	$ 216		$ 34	$1,894
ALLOWANCE FOR SALES DISCOUNTS	1,057	2,222		2,479	800
	$2,769	$2,438		$2,513	$2,694

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

STATEMENT OF DIFFERENCES

The trademark symbol shall be expressed as ....'tm'
The section symbol shall be expressed as ....'SS'

LIMITED LIABILITY COMPANY AGREEMENT

OF

BET STUDIO LLC

a Delaware Limited Liability Company

Adopted as of April 11, 1997

LIMITED LIABILITY COMPANY AGREEMENT
OF
BET STUDIO LLC
A DELAWARE LIMITED LIABILITY COMPANY

This Limited Liability Company Agreement of BET STUDIO LLC, a Delaware limited liability company (the "Company"), dated as of April 11, 1997 (this "Agreement"), is entered into, executed and agreed to, for good and valuable consideration, by and among the Members (as defined below).

WHEREAS, G-III Leather Fashions, Inc. ("G-III"), a New York corporation, and Black Entertainment Television, Inc. ("BET"), a Delaware corporation, (G-III and BET being referred to collectively as the "Parties") desire to form a joint venture in the form of a Delaware Limited Liability Company to produce BET-branded apparel and accessories that will cater to the African-American and urban consumer.

NOW, THEREFORE, in consideration of the mutual promises of the Parties, and of good and valuable consideration, the receipt of which are hereby acknowledged, it is mutually agreed by and among the Parties as follows:

ARTICLE I
CONSTRUCTION AND DEFINITIONS

1.1 CONSTRUCTION. Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require.

1.2 REFERENCES. As used in this Agreement, unless expressly stated otherwise, references to "including" mean "including, without limitation." Unless otherwise specified, all references in this Agreement to Articles, Sections, Exhibits, Schedules or paragraphs, are deemed references to the corresponding Articles, Sections, Exhibits, Schedules or paragraphs in this Agreement.

1.3 HEADINGS. The headings of the Articles, Sections, Schedules and Exhibits of this Agreement are included for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction or interpretation hereof.

1.4 DEFINITIONS. Terms used herein, but not otherwise defined herein, shall have the following meanings:

"Affiliate" means any Person that directly or indirectly controls, is controlled by, or is under common control with any other Person. For the purposes of this definition, "control" means the power to direct the management and affairs of a Person or to vote 20 percent or more of securities or other equity interests having ordinary voting power of a Person;

"Act" means the Delaware Limited Liability Company Act, 6 Del. C. 'SS' 18-101, et seq., and any successor statute, as amended from time to time;

"Agreement" has the meaning given that term in the introductory paragraph hereof;

"Board of Managers" shall mean those representatives of the Parties selected to manage the business and affairs of the Company (also referred to as the "Board");

"Business Affairs Services" shall have the meaning given that term in Section 7.1;

"Business Day" means any day other than a Saturday, a Sunday or a holiday on which national banking associations in the State of New York generally will not send wire transfers;

"Capital Account" shall have the meaning given that term in Section 4.5;

"Capital Contribution" means, with respect to any Member, the aggregate amount of cash and the agreed fair market value or other binding obligations to contribute cash or property or perform services or any other valuable consideration, if any, transferred to the Company by such Member in accordance with Article IV hereof.;

"Certificate" shall have the meaning given that term in Section 2.1;

"Code" means the Internal Revenue Code of 1986 and any successor statute, as amended from time to time;

"Company" means BET STUDIO LLC, a Delaware limited liability company;

"Covered Person" means any Member, Manager, Affiliate of a Member, or any officers, directors, shareholders, partners, employees, representatives, advisors or agents of a Member or their respective Affiliates or any officers, employees, representatives, advisors or agents of the Company;

"Default Interest Rate" means a rate per annum equal to the lesser of (a) a varying rate per annum that is equal to the interest rate published by the WALL STREET JOURNAL in its "Money Rates" (or equivalent) section from time to time as the prime rate, with adjustments in that varying rate to be made on the same date as the publication date of any change in that rate plus 2 percent, and (b) the maximum rate permitted by applicable law;

"Dispose," "Disposing" or "Disposition" means a sale, assignment, transfer, lease, exchange, or other disposition (including dispositions by operation of law), or the acts thereof;

"Fiscal Year" means the period commencing on the date hereof and ending on January 31, 1998, and each 12-month period thereafter;

"General Interest Rate" means a rate per annum equal to the lesser of (a) a varying rate per annum that is equal to the interest rate published by the WALL STREET JOURNAL in its "Money Rates" (or equivalent) section from time to time as the prime rate, with adjustments in that varying rate to be made on the same date as the effective date of any change in that rate, and (b) the maximum rate permitted by applicable law;

"Investment" means any share purchase, capital contribution or loan to, or advance (other than advances in the ordinary course of business) to, any Person other than a Controlled Affiliate of the Company;

"Lending Member" shall have the meaning given that term in Section 4.4;

"Licensed Marks" shall have the meaning given the term in Section 2.5;

"Manager" shall mean any member of the Board of Managers;

"Member" means any Person who has been admitted to the Company as a member in accordance with this Agreement, but does not include any Person who has ceased to be a Member in the Company, or, if other than an individual, been dissolved;

"Membership Interest" means the interest of a Member in the Company, including its Capital Account and its rights to a share of the profits and losses of the Company, to receive distributions (liquidating or otherwise), information and the right to consent to or approve actions by the Company;

"Person" means any individual, corporation, association, partnership (general or limited), joint venture, trust, estate, limited liability company, or other legal entity or organization;

"Products" shall have meaning given the term at Section 2.5;

"Securities Act" means the Securities Act of 1933, as amended;

"Sharing Ratio" with respect to any Member means the fraction (expressed as a percentage), as set forth on Exhibit A opposite such Member's name;

"Third Person" means a Person other than a Member, or any of their Affiliates;

"Treas. Reg." refers to those regulations promulgated by the U.S. Department of the Treasury pursuant to authority of the Code or any revenue law of the United States; and

"Unanimous Approval" means the unanimous approval or consent of all Members or Managers.

ARTICLE II
ORGANIZATION

2.1 FORMATION. If not already accomplished before the date hereof, the Members shall promptly file the Certificate of Formation (the "Certificate") in accordance with the Act. The Members hereby agree to continue the Company as a limited liability company under and pursuant to the Act and agree that the rights, duties and liabilities of the Members shall be as provided in the Act, except as otherwise provided herein.

2.2 QUALIFICATION IN OTHER JURISDICTIONS. The Board of Managers shall cause the Company to be qualified, formed or registered under assumed or fictitious name statutes or similar laws in any jurisdiction in which the Company transacts business in which such qualification, formation or registration is required or desirable. The Board of Managers shall execute, deliver and file, or cause the execution, delivery or filing of, any certificates (and any amendments or restatements thereof) necessary for the Company to qualify to do business in a jurisdiction in which the Company may wish to conduct business.

2.3 NAME. The name of the Company is "BET STUDIO LLC," and all Company business may be conducted in that name or any other name that complies with applicable law as the Board of Managers may select from time to time.

2.4 REGISTERED OFFICE; REGISTERED AGENT; PRINCIPAL OFFICE IN THE UNITED STATES; OTHER OFFICES. The registered office of the Company and the name and address of the registered agent of the Company in the State of Delaware required by the Act shall be at c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801 or any other office (which need not be a place of business of the Company) as the Board of Managers may designate from time to time in the manner provided by law. The principal office of the Company in the United States shall be at 345 West 37th Street, New York, New York, or any such other place as the Board of Managers may designate from time to time, which need not be in the State of Delaware, and the Company shall maintain records there as required by the Act. The Company may have such other offices as the Board of Managers may designate from time to time.

2.5 PURPOSES. The purposes for which the Company is organized are to, including without limitation, manufacture, distribute and sell men's, women's and children's apparel and accessories (the "Products") bearing the marks "Black Entertainment Television," "BET" and other marks utilized by BET or its affiliates (the "Licensed Marks"), or other marks developed by the Company, and to transact any or all lawful business for which limited liability companies may be organized under the Act.

2.6 TERM. The initial term of the Company commenced on April 10, 1997, the date the Certificate was filed with the Secretary of State of the State of Delaware and shall continue until April 11, 2007, unless (i) such term shall be extended by mutual agreement of the Parties or (ii) the Company shall be dissolved before such date in accordance with the provisions of this Agreement.

ARTICLE III
MEMBERS; MEMBERSHIP INTERESTS;
DISPOSITIONS OF MEMBERSHIP INTERESTS

3.1 MEMBERS. The Members of the Company are the entities set forth on Exhibit A, each of which has, as of the date hereof, the Sharing Ratio and Capital Account balance stated thereon.

3.2 RESTRICTIONS ON THE DISPOSITION OF A MEMBERSHIP INTEREST. No Membership Interest may be disposed or transferred, in whole or part, unless the terms and conditions of this Section 3.2 have been satisfied. Any disposition or transfer or reported disposition or transfer not made in accordance with this Section 3.2 will be null and void. Anything in this Agreement to the contrary notwithstanding, no Person who is an assignee or transferee of a Membership Interest shall be admitted to the Company as a substitute Member absent the Unanimous Approval of the Board of Managers. Anything in this Agreement to the contrary notwithstanding, no Member may dispose of one or more Membership Interests or interests in his Sharing Ratio without the unanimous prior written consent of the Board of Managers, which consent will be given in its sole and absolute discretion.

ARTICLE IV
CAPITAL CONTRIBUTIONS; CAPITAL ACCOUNTS

4.1 INITIAL CONTRIBUTIONS OF MEMBERS. Contemporaneously with the execution of this Agreement, the Members shall make an initial Capital Contribution as set forth on Exhibit A, and the Sharing Ratios and initial Capital Contribution of the Members shall be as provided in Exhibit A.

4.2 ADDITIONAL CONTEMPLATED CONTRIBUTIONS. The Members agree to provide additional Capital Contributions in an amount up to $1,000,000 each, at such time or times on a pari passu basis as shall be determined by G-III, in consultation with BET, in connection with G-III's provision of Business Affairs Services (as hereinafter defined). Exhibit A shall be amended from time to time to reflect any additional Capital Contributions made by the Members. Except as set forth in this Section 4.2, no Member shall be required or permitted to make any additional Capital Contributions unless approved by the Board.

4.3 RETURN OF CONTRIBUTIONS. A Member is not entitled to the return of any part of its Capital Contributions or to be paid interest in respect of either its Capital Account or its Capital Contributions.

4.4 OTHER OBLIGATIONS OF MEMBERS. Each Member agrees that it will cause to be issued one or more letters of credit in an aggregate amount equal to 50% of the amount determined by the Board to be necessary to support the business of the Company. If the Company does not have sufficient cash to pay its obligations, a Member ("Lending Member") that may agree to do so, with the Unanimous Approval

of the Board of Managers, may advance all or part of the needed funds to or on behalf of the Company. An advance described in this Section 4.4 constitutes a loan from the Member to the Company, which shall bear interest at the General Interest Rate from the date of the advance until the date of payment, shall contain such other terms and conditions as approved by the Board and shall not be deemed a Capital Contribution.

4.5 CAPITAL ACCOUNTS. A separate "Capital Account" (herein so called) shall be maintained for each Member for the full term of the Agreement in accordance with the capital accounting rules of Treas. Reg. 'SS' 1.704-1(b)(2)(iv). Each Member shall have only one Capital Account, regardless of the number or classes of Membership Interests in the Company owned by such Member and regardless of the time or manner in which such interests were acquired by such Member. Pursuant to the basic rules of Treas. Reg. 'SS' 1.704-1(b)(2)(iv), the balance of each Member's Capital Account shall be:

(a) Increased by the amount of money contributed by such Member (or such Member's predecessor-in-interest) to the capital of the Company and decreased by the amount of money distributed to such Member (or such Member's predecessor-in-interest);

(b) Increased by the fair market value (determined without regard to Section 7701(g) of the Code) of each property contributed by such Member (or such Member's predecessor-in-interest) to the capital of the Company (net of liabilities secured by such property that the Company is considered to assume or take subject to under Section 752 of the Code) and decreased by the fair market value (determined without regard to Section 7701(g) of the Code) of each property distributed to such Member (or such Member's predecessor-in-interest) by the Company (net of liabilities secured by such property that such Member is considered to assume or take subject to under Section 752 of the Code);

(c) Increased by the amount of each item of Company profit allocated to such Member (or such Member's predecessor-in-interest);

(d) Decreased by the amount of each item of Company loss allocated to such Member (or such Member's predecessor-in-interest); and

(e) Otherwise adjusted in accordance with the other capital account maintenance rules of Treas. Reg. 'SS' 1.704-1(b)(2)(iv).

ARTICLE V
ALLOCATIONS AND DISTRIBUTIONS

5.1 ALLOCATIONS. (a) Except as otherwise provided herein or unless another allocation is required by Section 704(b) of the Code and Treas. Reg. ss. 1.704-1(b) (including, but not limited to, minimum gain chargebacks, qualified income offsets, and nonrecourse deductions), for purposes of determining the Members' Capital Accounts, all items of income, gain, loss, deduction and credit shall be allocated among the

Members pro rata in accordance with their Sharing Ratios in effect for the period during which such items accrue. For purposes of computing the amount of each item of income, gain, deduction or loss, the determination, recognition and classification of such item shall be the same as its determination, recognition and classification for federal income tax purposes, unless otherwise required by Section 704(b) of the Code.

(b) Except to the extent such item is subject to allocation under Section 704(c) of the Code or Section 704(c) principles as contemplated under Section 704(b) of the Code, each item of income, gain, loss, deduction and credit, as determined for federal and other income tax purposes, shall be allocated in the same manner as such item was allocated under Section 5.1(a), above.

(c) All items of income, gain, loss, deduction and credit allocable to any Membership Interest that may have been transferred shall be allocated between the transferor and the transferee based on the portion of the calendar year during which each was recognized as owning that Membership Interest, without regard to the results of Company operations during any particular portion of that calendar year and without regard to whether cash distributions were made to the transferor or the transferee during that calendar year; provided, however, that this allocation must be made in accordance with a method permissible under Section 706 of the Code and the regulations thereunder.

5.2 DISTRIBUTIONS. From time to time (but at least once each Fiscal Year) the Board of Managers shall determine in its reasonable judgment to what extent (if any) the Company's cash on hand exceeds its current and anticipated needs, including for operating expenses, debt service, acquisitions and a reasonable contingency reserve. If the Board of Managers determines that an excess exists, the Board of Managers shall direct the Company to make a distribution to the Members, in accordance with their Sharing Ratios, in an amount in cash equal to that excess.

ARTICLE VI
MANAGEMENT

6.1. BOARD OF MANAGERS. (a) Except as provided in Article VII hereof, the business and affairs of the Company shall be managed under the direction of the Board of Managers (the "Board"), and the Board shall have all power and authority to manage, and direct the management and the business and affairs of, the Company. Any power not delegated pursuant to a policy of delegation adopted by the Board shall remain with the Board. Approval by or action taken by the Board in accordance with this Agreement shall constitute approval or action by the Company and shall be binding on the Members.

(b) The Board shall at all times consist of six members (individually referred to as a "Manager"), three of whom shall be appointed by G-III and three of whom shall be appointed by BET. Each Manager shall serve until the earlier of his replacement by election, resignation, removal, death, or inability to serve. Any Manager may resign at any time upon written notice to the Company. Vacancies on the Board

shall be filled by the Member that appointed the Manager previously holding the position which is then vacant. Appointment of a Manager by a Member shall be effective upon receipt of notice by the Company.

(c) The Board shall be headed by two co-chairpersons, one appointed by G-III and one appointed by BET. The initial co-chairpersons shall be Morris Goldfarb and Robert L. Johnson.

6.2. NOTICE OF BOARD OF MANAGERS MEETINGS; LOCATION; WAIVER OF NOTICE. Regular meetings of the Board shall be held at such times and places as may be fixed by the Board. Special meetings of the Board may be called by the Company upon seven days' prior written notice, which notice shall identify the purpose of the special meeting and the business to be transacted; provided that the failure to identify specifically an action to be taken or business to be transacted shall not invalidate any action taken or any business transacted at a special meeting. Notice of meetings may be waived before or after a meeting by a written waiver of notice signed by the Manager entitled to notice. A Manager's attendance at a meeting shall constitute waiver of notice unless the Manager states at the beginning of the meeting his objection to the transaction of business because the meeting was not lawfully called or convened. Meetings may be held by telephone.

6.3. QUORUM; APPROVALS; PROXIES; WRITTEN ACTION. The presence in person or by proxy of at least two Managers appointed by each Member shall constitute a quorum for the transaction of business at a Board meeting. The unanimous vote of all Managers present at a duly constituted meeting shall be required for the Board to act and shall constitute approval by the Board. Each Member of the Board may vote by delivering his proxy to another Manager. The Board may act without a meeting if the action taken is approved in advance in writing by the unanimous consent of all Managers. The Board shall cause written minutes to be prepared of all action taken by the Board and shall cause a copy thereof to be delivered to each Manager within 15 days thereafter.

6.4. AUTHORITY OF THE BOARD OF MANAGERS. Unless otherwise provided for in this Agreement, the Board, by its own action or by action of a subcommittee of the Board, but not by delegation to officers or other employees of the Company, shall, in addition to any other power granted to it in this Agreement, have the right, power and authority to take the following actions and no such action will be taken without the Unanimous Approval of the Board:

(a) making overall policy decisions with respect to the business and affairs of the Company;

(b) approving the annual budget and strategic plan for the Company, and the annual marketing plan for the Company, and any material amendments and supplements thereto;

(c) approving any contract, agreement and commitment with a value in excess of $25,000 or a non-cancellable term longer than six (6) months (or a

group of related contracts, agreements and commitments with an aggregate value in excess of $25,000);

(d) approving the choice of bank depositories, and approving arrangements relating to signatories on bank accounts;

(e) approving the choice of the Company's attorneys, independent accountants, and any other consultants, including but not limited to market consultants, leasing agents, management agents, and advertising and public relations agents, where it is contemplated that such consultants will provide services with a value in excess of $25,000, or for a period longer than six (6) months;

(f) approving all contracts that are proposed to be entered into between the Company and any Member or affiliate of a Member, including any lending arrangements between the Company and any Member;

(g) approving any change of the Company's fiscal year;

(h) approving all distributions to the Members;

(i) approving the conveyance, sale, transfer, assignment, pledge, encumbrance, or disposal of, or the granting of a security interest in, any assets of the Company;

(j) approving the conversion of the Company into another entity or its merger or consolidation with another Person;

(k) approving the acquisition of any business or a business division from any person whether by asset purchase, stock purchase, merger or other business combination;

(l) approving the transfer of any assets of the Company, or any interest therein, other than in the ordinary course of business, the fair market value of which may reasonably be expected to exceed $10,000;

(m) the incurring of indebtedness by the Company or the loaning of any sum or any other extension of credit, other than trade receivables, by the Company to any Person in an amount in excess of $10,000 or for a period in excess of six (6) months;

(n) the guarantee by the Company of any indebtedness of any other person in any amount in excess of $10,000 or for a period in excess of six (6) months, or the guarantee of any contractual obligations of any other person with a value in excess of $10,000 or for a period in excess of six (6) months;

(o) the entrance by the Company into any real estate lease with a value in excess of $10,000 or a term greater than six (6) months, or the acquisition by the Company of any real estate with a value in excess of $25,000;

(p) the authorization of any Member to act for or to assume any obligation or responsibility on behalf of the Company;

(q) the employment, appointment and removal of any senior manager of the Company who will be involved in the day to day management of the business of the Company, and who will receive compensation in excess of $100,000 per year;

(r) any other disbursement or expense in excess of $10,000 not in the ordinary course of the Company's business;

(s) any change in accounting principles used by the Company, except to the extent required by generally accepted accounting principles;

(t) approving any tax elections of the Company; and

(u) the conduct of litigation to which the Company is a party.

6.5. SUBCOMMITTEES. The Board may designate one or more subcommittees. Each subcommittee shall be composed of such number of Managers as the Board may determine, including at least one Manager appointed by each Member. Any subcommittee, to the extent provided by the Board, shall have and may exercise all the power and authority of the Board. The provisions of Sections 6.2 and 6.3 shall apply to any meeting of any subcommittee of the Board, except that a quorum shall only require the presence of at least one Manager appointed by each Member.

6.6. NO INDIVIDUAL AUTHORITY. Except as otherwise expressly provided in this Agreement, no Member, acting alone, shall have any authority to act for, or undertake or assume any obligation or responsibility on behalf of, the other Member or the Company.

6.7. OFFICERS. (a) The Board shall appoint and or hire the officers of the Company. The officers shall report to the Board, manage the day-to-day affairs of the Company, carry out the directions of the Board and effectuate the business plan as set forth in the annual budget and strategic plan of the Company.

(b) Duties and Powers of President- The president shall be the chief executive officer of the Company, shall have general and active management of the business of the Company and shall see that all orders and resolutions of the Members and Board are carried into effect. The president shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the Company, except where required or permitted by law to be otherwise signed and executed, and except where the signing and execution thereof shall be expressly delegated by the Board to some other officer or agent of the Company.

(c) Duties and Powers of Vice-Presidents - The executive vice-president and any vice-presidents shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the Board may from time to time prescribe.

(d) Duties and Powers of Secretary - The secretary shall attend all meetings of the Board and Members, and shall record all the proceedings of the meetings in a book to be kept for that purpose. The secretary shall give, or cause to be given, notice of all meetings of the Board and Members and special meetings of the Board and Members, and shall perform such other duties as may be prescribed by the Board or president, under whose supervision the secretary shall be. The secretary shall have custody of the seal and the secretary shall have authority to affix the same to any instrument requiring it and, when so affixed, it may be attested by his or her signature. The Board may give general authority to any other officer to affix the seal of the Company and to attest the affixing by his or her signature.

(e) Duties and Powers of Treasurer - The treasurer shall have the custody of the funds and securities of the Company, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Company, and shall deposit all moneys and other valuable effects in the name and to the credit of the Company in such depositories as may be designated by the President or Board. The treasurer shall disburse the funds of the Company as may be ordered by the President or Board, taking proper vouchers for such disbursements, and shall render to the president an account of all his or her transactions as treasurer and of the financial condition of the Company.

(f) The Board shall unanimously approve of and appoint a president, treasurer, a secretary, and a vice president with such duties as may be established by the Board and established herein.

6.8. BANK ACCOUNTS. The Company shall maintain bank accounts in such banks as the Board may designate exclusively for the deposit and disbursement of all funds of the Company. All funds of the Company shall be promptly deposited in such accounts. The Board from time to time shall authorize signatories for such accounts.

ARTICLE VII
CERTAIN RESPONSIBILITIES OF THE PARTIES

7.1 MANAGEMENT SERVICES PROVIDED BY G-III. (a) G-III shall be responsible for managing the business affairs of the Company. In managing the business affairs of the Company, G-III shall be required to: (i) provide all accounting, credit, collections, accounts payable, accounts receivable, cash management, systems administration, management information systems, human resources, import/export and other "back office" services (collectively, the "Business Affairs Services") required by the Company;

and (ii) make available such G-III personnel as shall be reasonably necessary to provide the Business Affairs Services.

(b) G-III is entitled to receive a fee (the "Management Fee") from the Company in an amount equal to six percent (6%) of the net sales (determined in accordance with generally accepted accounting principles) of the Company for providing the Business Affairs Services; provided, however, that if the

Allocable Expenses (as hereinafter defined) in connection with G-III's providing the Business Affairs Services to the Company during any Annual Period (as hereinafter defined) during the term of this Agreement shall be an amount less than six percent (6%) of net sales during such Annual Period, G-III shall repay such deficiency to the Company within thirty days of the determination of such amount. For the purposes of this Section 7.1, (i) "Allocable Expenses" shall be based on G-III's costs for providing Business Affairs Services to all of its divisions, including the Company, and the Allocable Expenses to the Company shall be determined in accordance with G-III's accounting and allocation procedures utilized in preparing internal financial statements for G-III's divisions and (ii) "Annual Period" shall mean the period from the date hereof through January 31, 1999 and each twelve-month period thereafter; provided, however, that if this Agreement terminates on a date other than January 31, the final Annual Period shall end on such date of termination. The Company shall pay the Management Fee to G-III on a quarterly basis within thirty (30) days after the end of each fiscal quarter of the Company based on the net sales of the Company for that quarter.

7.2 DISTRIBUTION SERVICES PROVIDED BY G-III. G-III shall be responsible for distributing the Products of the Company.

7.3 LICENSE FROM BET. BET shall grant to the Company an exclusive license to manufacture and distribute Products utilizing the Licensed Marks.

ARTICLE VIII
LIABILITY AND EXCULPATION

8.1 LIABILITY. Except as otherwise provided by the Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Covered Person shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Covered Person.

8.2 EXCULPATION.

(a) No Covered Person shall be liable to the Company or any other Covered Person under any theory of law, including tort, contract or otherwise, including a Covered Person's own negligence, for any loss, damage or claim incurred by reason of any act or omission (including decisions to vote for or against any matter) performed or omitted by such Covered Person in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of authority conferred on such Covered Person by this Agreement, except

that a Covered Person shall be liable for any such loss, damage or claim incurred by reason of such Covered Person's gross negligence or willful misconduct.

(b) A Covered Person shall be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Company by any Person as to matters the Covered Person reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits, losses, or any other facts pertinent to the existence and amount of assets from which distributions to Members might properly be paid.

8.3 DUTIES AND LIABILITIES OF COVERED PERSONS.

(a) To the extent that, at law or in equity, a Covered Person has duties (including fiduciary duties) and liabilities relating thereto to the Company or to any other Covered Person arising under this Agreement, a Covered Person acting under this Agreement shall not be liable to the Company or to any other Covered Person for actions (including decisions to vote for or against any matter) taken by it in good faith reliance on the provisions of this Agreement. The provisions of this Agreement, to the extent that they restrict the duties and liabilities of a Covered Person otherwise existing at law or in equity, are agreed by the parties hereto to replace such other duties and liabilities of such Covered Person.

(b) Unless otherwise expressly provided herein, (i) whenever a conflict of interest exists or arises between Covered Persons, or (ii) whenever this Agreement or any other agreement contemplated herein or therein provides that a Covered Person shall act in a manner that is, or provides terms that are, fair and reasonable to the Company or any Member, the Covered Person shall disclose such conflict or action to the Board and shall resolve such conflict of interest (subject to any Member or Board approvals required pursuant to this Agreement), taking such action or providing such terms, considering in each case the relative interest of each party (including its own interest) to such conflict, agreement, transaction or situation and the benefits and burdens relating to such interests, any customary or accepted industry practices, and any applicable generally accepted accounting practices or principles. In the absence of bad faith by the Covered Person, the resolution, action or term so made, taken or provided by the Covered Person shall not constitute a breach of this Agreement or any other agreement contemplated herein or of any duty or obligation of the Covered Person at law or in equity or otherwise.

(c) Whenever in this Agreement a Covered Person is permitted or required to make a decision (i) in its "discretion" or under a grant of similar authority or latitude, the Covered Person shall be entitled to consider only such interests and factors as it desires, including its own interests, and shall have no duty or obligation to give any consideration to any interest of or factors affecting

the Company or any other Person, or (ii) in its "good faith" or under another express standard, the Covered Person shall act under such express standard and shall not be subject to any other or different standard imposed by this Agreement or other applicable law.

ARTICLE IX
INDEMNIFICATION

9.1 INDEMNIFICATION. To the fullest extent permitted by applicable law, a Covered Person shall be entitled to indemnification from the Company for any loss, damage or claim incurred by such Covered Person (i) by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of authority conferred on such Covered Person by this Agreement or (ii) by reason of being a Member, a Manager, an Affiliate of a Member, an officer, director, shareholder, partner, employee, representative, advisor or agent of a Member or its Affiliate, or an officer, employee, representative, advisor or agent of the Company, except that no Covered Person shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Covered Person by reason of gross negligence, willful misconduct or breach of fiduciary duty with respect to such acts or omissions; provided, however, that any indemnity under this Section 9.1 shall be provided out of and to the extent of Company assets only, and no Covered Person shall have any personal liability on account thereof.

9.2 EXPENSES. To the fullest extent permitted by applicable law, expenses (including legal fees) incurred by a Covered Person in defending any claim, demand, action, suit or proceeding for which indemnity is sought under this Agreement shall, from time to time, be advanced by the Company prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Company of an undertaking by or on behalf of the Covered Person to repay such amount if it shall be determined that the Covered Person is not entitled to be indemnified as authorized in Section 9.1 hereof.

9.3 INSURANCE. The Company may purchase and maintain insurance, to the extent and in such amounts as the Board shall deem reasonable, on behalf of Covered Persons and such other Persons as the Board shall determine, against any liability that may be asserted against or expenses that may be incurred by any such Person in connection with the activities of the Company or such indemnities, regardless of whether the Company would have the power to indemnify such Person against such liability under the provisions of this Agreement. The Company may enter into indemnity contracts with Covered Persons and adopt written procedures pursuant to which arrangements are made for the advancement of expenses and the funding of obligations under Section 9.2 hereof and containing such other procedures regarding indemnification as are appropriate.

ARTICLE X
BOOKS, RECORDS, REPORTS AND BANK ACCOUNTS

10.1 BOOKS, RECORDS AND FINANCIAL STATEMENTS. At all times during the continuance of the Company, the Company shall maintain, at its principal place of business, or at some other location chosen by the Board, such records as are required under the Act, under this Agreement or by the Board in its sole and absolute discretion. Such records of the Company, together with a copy of this Agreement and of the Certificate, shall at all times be maintained at the principal place of business of the Company or some other location chosen by the Board and shall be open to inspection and examination at reasonable times by each Member and its duly authorized representative for any purpose reasonably related to such Member's interest as a Member of the Company.

10.2 AUDITING AND DISCREPANCIES.

(a) From time to time, any Member may, at its own cost and expense, audit, or employ certified public accountants to audit, the books and records of the Company. In addition, BET shall have the right to audit the determination of Allocable Expenses to the Company. Any such audit shall be conducted on at least five (5) business days' notice during normal business hours of the Company and shall be conducted to minimize any interference with the Company's or G-III's business operations.

(b) The auditors of the Company (the "Auditors") shall be chosen by the Board.

10.3 ACCOUNTS. The Company shall establish and maintain one or more separate bank and investment accounts and arrangements for Company funds in the Company name with financial institutions and firms that the Board determines. The Company's funds shall not be commingled with the funds of any Member; however, Company funds may be invested in a manner the same as or similar to the Members' investment of their own funds or investments by their Affiliates.

ARTICLE XI
EARLY TERMINATION OF THIS AGREEMENT

11.1 TERMINATION OF EITHER PARTY. If the Company shall report a net loss (as determined by the Auditors in accordance with generally accepted accounting principles consistently applied), with respect to its Fiscal Year ending January 31, 2001, either BET or G-III shall have the right to terminate this Agreement and dissolve the Company on six months' notice given to the other Party no later than July 31, 2001.

11.2 TERMINATION BY BET. BET shall have the right to terminate this Agreement as of January 31, 2002 on at least six months' notice to G-III. If BET shall so elect to terminate this Agreement, it shall pay to G-III no later than April 30, 2002 an amount equal to the product of (a) .501, (b) ten (10) and (c) the income before taxes

of the Company for the fiscal year ending January 31, 2002 as determined by the Auditors in accordance with generally accepted accounting principles consistently applied.

ARTICLE XII
DISSOLUTION AND LIQUIDATION

12.1 DISSOLUTION. The Company shall dissolve and its affairs shall be wound up on the first to occur of the following:

(a) the expiration of the term of the Company, as provided in Section 2.6 hereof;

(b) a termination of this Agreement pursuant to Article XI hereof;

(c) entry of a decree of judicial dissolution of the Company under Section 18-802 of the Act;

(d) complete liquidation or dissolution of any Member, but, in the case of such complete liquidation or dissolution, such liquidated and dissolved, Member shall remain fully and entirely liable to the Company and any other Member for any and all of the liabilities of such liquidated and dissolved Member; and

(e) an event requiring dissolution under the Act.

12.2 LIQUIDATION. On dissolution of the Company, the Members shall designate a person to act as a liquidator. The liquidator shall proceed diligently to wind up the affairs of the Company and make final distributions as provided herein and in the Act. The costs of liquidation shall be borne as a Company expense. Until final distribution, the liquidator shall continue to operate and manage the Company properties with all of the power and authority of the Board and the Members. The steps to be accomplished by the liquidator are as follows:

(a) as promptly as possible after dissolution and again after final liquidation, the liquidator shall cause a proper accounting to be made by a recognized firm of certified public accountants of the Company's assets, liabilities, and operations through the last day of the calendar month in which the dissolution occurs or the final liquidation is completed, as applicable;

(b) the liquidator shall cause any notice required by the Act to be mailed to each known creditor of and claimant against the Company;

(c) the liquidator shall pay, satisfy or discharge from Company funds all of the debts, liabilities and obligations of the Company (including all expenses incurred in liquidation and any advances described in Section 4.4 or otherwise make adequate provision for payment and discharge thereof (including the

establishment of a cash escrow fund for contingent liabilities in such amount and for such term as the liquidator may reasonably determine); and

(d) all remaining assets of the Company shall be distributed to the Members as follows:

(i) the liquidator may sell any or all Company property, including to Members, and any resulting gain or loss from each sale shall be computed and allocated to the Capital Accounts of the Members;

(ii) with respect to all Company property that has not been sold, the fair market value of that property shall be determined and the Capital Accounts of the Members shall be adjusted to reflect the manner in which the unrealized income, gain, loss and deduction inherent in property that has not been reflected in the Capital Accounts previously would be allocated among the Members if there were a taxable disposition of that property for the fair market value of that property on the date of distribution; and

(iii) Company property shall be distributed among the Members in accordance with the positive Capital Account balances of the Members, as determined after taking into account all Capital Account adjustments for the Fiscal Year during which the liquidation of the Company occurs (other than those made by reason of this Section 12.2(d)(iii)); and those distributions shall be made by the end of the Fiscal Year during which the liquidation of the Company occurs (or, if later, 90 days after the date of the liquidation).

All distributions in kind to the Members shall be made subject to the liability of each distributee for costs, expenses and liabilities theretofore incurred or for which the Company has committed prior to the date of termination and those costs, expenses and liabilities shall be allocated to the distributee pursuant to this Section 12.2.

12.3 DEFICIT CAPITAL ACCOUNTS. Notwithstanding anything to the contrary contained in this Agreement, no Member shall be required to restore to the Company or pay to any other Member any deficit that may exist in the Capital Account of such Member upon dissolution and liquidation of the Company.

ARTICLE XIII
GENERAL PROVISIONS

13.1 NOTICES.

(a) Any notice, request, instruction or other document to be given hereunder by a Person to the another Person shall be in writing and delivered personally, via facsimile transmission (with receipt confirmed), by recognized courier service (with receipt confirmed), or by registered or certified United

States mail, postage prepaid to the addresses of the Members set forth on Exhibit A or at the other address for the Person as shall be specified by like notice. Any notice that is delivered personally in the manner provided herein shall be deemed to have been duly given to the party to whom it is directed upon actual receipt by the party (or its agent for notices hereunder). Any notice that is addressed and mailed in the manner herein provided shall be conclusively presumed to have been duly given to the party to which it is addressed at the close of business, local time of the recipient, on the tenth day after the day it is so placed in the mail. Any notice that is sent by facsimile transmission shall be deemed to have been duly given to the party to which it is addressed upon telephonic confirmation of the same as provided herein or upon confirmation of receipt by facsimile retransmission of such notice, or a written statement acknowledging receipt. Any notice that is sent by recognized courier service shall be deemed to have been duly given to the party to which it is addressed upon confirmation of delivery in writing by the delivery service. [shorten this]

(b) Whenever any notice is required to be given by law or this Agreement, a written waiver thereof, signed by the Person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

13.2 REPRESENTATIONS AND WARRANTIES OF THE MEMBERS. Each of the Members hereby represents and warrants as follows:

(a) it is duly organized and validly existing in good standing under the laws of its state of incorporation and it has taken all required action to authorize the execution, delivery and performance of this Agreement;

(b) it has the full right, power and authority to enter into this Agreement and perform all its obligations hereunder; and

(c) upon execution and delivery, this Agreement will constitute such Member's legal, valid and binding obligation enforceable against such Member in accordance with its terms, except as the enforceability of such terms may be limited by bankruptcy, insolvency, moratorium or other laws relating to or affecting creditors' rights generally or by the exercise of judicial discretion in accordance with general equitable principles.

13.3 AMENDMENT OR MODIFICATION. This Agreement may be amended or modified from time to time only by a written instrument executed by a Majority.

13.4 BINDING EFFECT. This Agreement is binding on and inures to the benefit of the Members and their respective legal representatives, successors and assigns.

13.5 GOVERNING LAW; SEVERABILITY. THIS AGREEMENT IS GOVERNED BY AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF DELAWARE, EXCLUDING ANY CONFLICT-OF-LAWS RULE OR PRINCIPLE THAT MIGHT REFER THE

GOVERNANCE OR THE CONSTRUCTION OF THIS AGREEMENT TO THE LAW OF ANOTHER

JURISDICTION.

13.6 FURTHER ASSURANCES. In connection with this Agreement and the transactions contemplated hereby, each Member shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Agreement and those transactions.

13.7 WAIVER OF CERTAIN RIGHTS. Each Member irrevocably waives any right it may have to maintain any action for dissolution of the Company or for partition of the property of the Company.

13.8 CONFIDENTIALITY. Any dissemination of confidential information or any disclosure or announcements public or private regarding the existence or terms of this Agreement is subject to approval of both parties except that either Party may disclose such information or make a public announcement (with prior notice to the other party) if required by a valid, binding and non-appealable court order or applicable securities laws.

13.9 NOTICE TO MEMBERS OF PROVISIONS OF THIS AGREEMENT. By executing this Agreement, each Member acknowledges that it has actual notice of (a) all of the provisions of this Agreement, including the restrictions on the transfer of Membership Interests set forth in Article III, and (b) all of the provisions of the Certificate. Each Member hereby agrees that this Agreement constitutes adequate notice of all such provisions.

13.10 COUNTERPARTS. This Agreement may be executed in any number of counterparts with the same effect as if all signing parties had signed the same document. All counterparts shall be construed together and constitute the same instrument.

13.11 ENTIRE AGREEMENT. Except for the Licensing Agreement, this instrument contains all of the understandings and agreements of whatsoever kind and nature existing between the parties hereto with respect to this Agreement and the rights, interests, understandings, agreements and obligations of the respective parties pertaining to the Company.

13.12 ARBITRATION. Any controversy, dispute or claim arising out of or relating to any issue related to the provisions of this Agreement, which include, but are not limited to, the determination of Allocable Expenses to the Company and the determination of any amount payable to G-III pursuant to Section 11.2, shall be submitted to binding and final arbitration before a single arbitrator of the American Arbitration Association ("AAA") in New York, New York. Each party shall bear the fees and expenses of any counsel, accountant or other experts or advisors which it retains, except that all fees and expenses of the AAA and its arbitrator, and all fees and expenses incurred in the arbitration proceeding at the direction of the arbitrator, shall be borne equally by the parties.

IN WITNESS WHEREOF, the Members have executed this Agreement as of the date first set forth above.

MEMBERS:

G-III LEATHER FASHIONS, INC.

____

Morris Goldfarb

Chief Executive Officer

BLACK ENTERTAINMENT TELEVISION,
INC.

____
Robert L. Johnson
Chairman, Founder and
Chief Executive Officer

EXHIBIT A

	CAPITAL CONTRIBUTION	SHARING RATIO
G-III Leather Fashions, Inc. 512 Seventh Avenue New York, New York 10018 Attention: Morris Goldfarb Fax No.: 212-719-0971	$1,000,000	50.1%
Black Entertainment Television, Inc. One BET Plaza 1900 W. Place NE Washington, DC 20018 Attention: Robert Johnson Fax No.: 202-608-2504	$1,000,000	49.9%
Total	$2,000,000	100%

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We have issued our report dated April 14, 1997 accompanying the consolidated financial statements included in the Annual Report of G-III Apparel Group, Ltd. on Form 10-K for the year ended January 31, 1997. We hereby consent to the incorporation by reference of said report in the Registration Statement of G-III Apparel Group, Ltd. on Form S-8 (Registration Nos. 33-45460; 33-45461; 33-81066) and to the use of our name as it appears under the caption "Experts."

GRANT THORNTON LLP

New York, New York
April 14, 1997

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