

G III APPAREL GROUP LTD /DE/

FORM 10-Q (Quarterly Report)

Filed 12/15/98 for the Period Ending 10/31/98

Address	512 SEVENTH AVE NEW YORK, NY 10018
Telephone	2126298830
CIK	0000821002
Symbol	GIII
SIC Code	2300 - Apparel & Other Finishd Prods of Fabrics & Similar Matl
Industry	Apparel/Accessories
Sector	Consumer Cyclical
Fiscal Year	01/31

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION WASHINGTON, DC 20549

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

For the Quarterly period ended October 31, 1998

OR

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

For the transition period from _____ to _____

Commission File Number 0-18183

G-III APPAREL GROUP, LTD.

(Exact name of registrant as specified in its charter)

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

(212) 629-8830

(Registrant's telephone number, including area code)

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

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

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of December 1, 1998.

Common Stock, \$.01 par value per share: 6,526,386 shares.

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* The Balance Sheet at January 31, 1998 has been taken from the audited financial statements at that date. All other financial statements are unaudited.

Part II OTHER INFORMATION

Exhibit 10 Letter Agreement dated October 31, 1998 between the Registrant and Alan Feller

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

(in thousands, except share and per share amounts)

ASSETS -----	OCTOBER 31, 1998 ----	JANUARY 31, 1998 ----
	(unaudited)	
CURRENT ASSETS		
Cash and cash equivalents	\$ 575	\$ 5,842
Accounts receivable	45,093	12,664
Allowance for doubtful accounts and sales discounts	(2,571)	(1,247)
Inventories - net	27,068	20,232
Prepaid expenses and other current assets	1,311	1,758
	-----	-----
Total current assets	71,476	39,249
PROPERTY, PLANT AND EQUIPMENT, NET	3,938	3,431
DEFERRED INCOME TAXES	3,125	3,125
OTHER ASSETS	1,209	941
	-----	-----
	\$79,748	\$46,746
	-----	-----
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable	\$ 30,023	\$ 3,478
Current maturities of obligations under capital leases	221	256
Income taxes payable	1,010	973
Accounts payable	4,077	2,570
Accrued expenses	5,589	2,138
Accrued nonrecurring charges	645	538
	-----	-----
Total current liabilities	41,565	9,953
OTHER LONG-TERM LIABILITIES	551	806
MINORITY INTEREST	-	301
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, 6,526,386 and 6,506,276 shares on October 31, 1998 and January 31, 1998, respectively	65	65
Additional paid-in capital	23,740	23,700
Retained earnings	13,827	11,921
	-----	-----
	37,632	35,686
	-----	-----
	\$79,748	\$46,746
	-----	-----

The accompanying notes are an integral part of these statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share amounts)

	THREE MONTHS ENDED OCTOBER 31, (Unaudited)	
	1998	1997
	-----	-----
Net sales	\$61,210	\$61,125
Cost of goods sold	45,952	45,189
	-----	-----
Gross profit	15,258	15,936
Selling, general and administrative expenses	7,196	6,366
	-----	-----
Operating income	8,062	9,570
Interest and financing charges, net	1,127	679
	-----	-----
Income before minority interest and income taxes	6,935	8,891
Minority interest in loss of joint venture	419	136
	-----	-----
Income before income taxes	7,354	9,027
Income taxes	2,928	3,371
	-----	-----
Net income	\$ 4,426	\$ 5,656
	-----	-----
	-----	-----
INCOME PER COMMON SHARE:		
Basic:		
Net income per common share	\$.68	\$.87
	-----	-----
	-----	-----
Weighted average number of shares outstanding	6,526,386	6,488,206
	-----	-----
	-----	-----
Diluted:		
Net income per common share	\$.66	\$.80
	-----	-----
	-----	-----
Weighted average number of shares outstanding	6,751,744	7,094,305
	-----	-----
	-----	-----

The accompanying notes are an integral part of these statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share amounts)

	NINE MONTHS ENDED OCTOBER 31, (Unaudited)	
	1998	1997
	-----	-----
Net sales	\$101,902	\$100,765
Cost of goods sold	77,543	73,401
	-----	-----
Gross profit	24,359	27,364
Selling, general and administrative expenses	20,268	18,677
	-----	-----
Operating income	4,091	8,687
Interest and financing charges, net	1,949	1,245
	-----	-----
Income before minority interest and income taxes	2,142	7,442
Minority interest in loss of joint venture	1,012	249
	-----	-----
Income before income taxes	3,154	7,691
Income taxes	1,248	2,839
	-----	-----
Net income	\$ 1,906	\$ 4,852
	-----	-----
INCOME PER COMMON SHARE:		
Basic:		
Net income per common share	\$.29	\$.75
	-----	-----
Weighted average number of shares outstanding	6,520,676	6,482,704
	-----	-----
Diluted:		
Net income per common share	\$.27	\$.69
	-----	-----
Weighted average number of shares outstanding	6,989,565	7,043,090
	-----	-----

The accompanying notes are an integral part of these statements.

G-III Apparel Group, Ltd. and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	NINE MONTHS ENDED OCTOBER 31, (Unaudited)	
	1998	1997
	-----	-----
Cash flows from operating activities		
Net income	\$ 1,906	\$ 4,852
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	1,040	916
Minority Interest	(1,012)	(249)
Changes in operating assets and liabilities:		
Accounts receivable	(31,105)	(25,307)
Inventories	(6,836)	(9,438)
Income taxes	37	2,371
Prepaid expenses and other current assets	447	30
Other assets	(268)	(47)
Accounts payable and accrued expenses	5,419	4,490
Accrued nonrecurring charge	(55)	(51)
Other long-term liabilities	47	50
	-----	-----
Net cash used in operating activities	(30,380)	(22,383)
	-----	-----
Cash flows from investing activities		
Capital expenditures	(1,547)	(913)
Capital dispositions	-	254
Investment in joint venture by Minority Partner	250	550
	-----	-----
Net cash used in investing activities	(1,297)	(109)
	-----	-----
Cash flows from financing activities		
Increase in notes payable, net	26,545	12,095
Payments for capital lease obligations	(175)	(318)
Proceeds from exercise of stock options	40	28
	-----	-----
Net cash provided by financing activities	26,410	11,805
	-----	-----
Net decrease in cash and cash equivalents	(5,267)	(10,687)
	-----	-----
Cash and cash equivalents at beginning of period	5,842	13,067
	-----	-----
Cash and cash equivalents at end of period	\$ 575	\$ 2,380
	-----	-----
Supplemental disclosures of cash flow information:		
Cash paid during the period for		
Interest	\$ 1,864	\$ 1,220
Income taxes	1,337	494

The accompanying notes are an integral part of these statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - General Discussion

The results for the nine month period ended October 31, 1998 are not necessarily indicative of the results expected for the entire fiscal year. The accompanying financial statements included herein are unaudited. In the opinion of management, all adjustments (consisting of only normal recurring adjustments) necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods presented have been reflected.

Certain reclassifications have been made to conform to the 1998 presentation.

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

The accompanying financial statements should be read in conjunction with the financial statements and notes included in the Company's Form 10K filed with the Securities and Exchange Commission for the year ended January 31, 1998.

Note 2 - Inventories

	October 31, 1998	January 31, 1998
	-----	-----
Inventories consist of:	(in thousands)	
Finished products	\$ 23,940	\$ 14,137
Work-in-process	120	1
Raw materials	3,008	6,094
	-----	-----
	\$ 27,068	\$ 20,232
	-----	-----

Note 3 - Income Per Common Share

As of January 31, 1998, the Company adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share." This statement establishes new standards for computing and presenting earnings per share ("EPS") and applies to entities with publicly held common stock or potential common stock. This statement replaces the presentation of primary EPS with a presentation of basic EPS. It requires dual presentation of basic and diluted EPS on the face of the statement of operations for all entities with complex capital structures and requires a reconciliation of the numerators and denominators of the basic and diluted EPS computations. This statement also requires a restatement of all prior period EPS data presented.

Basic earnings per share amounts have been computed using the weighted average number of common shares outstanding during each year. Diluted earnings per share amounts have been computed using the weighted average number of common shares and the dilutive potential common shares outstanding during the year. All prior year amounts have been restated to conform to the new presentation.

Note 4 - Notes Payable

The Company's loan agreement, which expires on May 31, 1999, was amended during the quarter ended July 31, 1998. The original agreement provided for a maximum line of credit that ranged from \$40 million to \$56 million at specific dates during the term. The amendments increased the maximum line of credit to amounts that range from \$40 million to \$63.5 million during the same loan term.

The amended line of credit increased maximum direct borrowings from a range of \$30 million to \$44 million to a range of \$30 million to \$50 million. The balance of the credit line may be used for letters of credit. All amounts available for borrowing are subject to borrowing base formulas and overadvances specified in the agreement.

Note 5 - Nonrecurring Charges

Included in non-recurring charges recorded in December 1994 was approximately \$2.0 million to sell or liquidate a factory located in Indonesia. During the year ended January 31, 1998, the Company applied approximately \$1.6 million of the reserve as a reduction of the Indonesian property, plant and equipment, since the Company cannot assure any recoveries in connection with its disposition. In December 1997, the factory contracted to manufacture luggage, and as a result, the Company has since discontinued its plan to sell or liquidate the factory. However, due to the political and economic instability being experienced in Indonesia, management determined that the remaining nonrecurring balance with respect to its Indonesian assets should be maintained. The remaining nonrecurring balance of \$418,000 relates to the reserve associated with the closure of the Company's domestic factory that was completed by January 31, 1995. Based on current estimates, management believes that existing accruals are adequate. Other long-term liabilities include \$235,000 and \$397,000 of nonrecurring charges at October 31, 1998 and January 31, 1998, respectively.

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

	Balance January 31, 1998	1998 Activity	Balance October 31, 1998
	-----	-----	-----
	(in thousands)		
Closure of Domestic Facility	\$ 473	\$ (55)	\$ 418
Uncertainty of Indonesian Assets	462	-	462
	-----	-----	-----
	\$ 935	\$ (55)	\$ 880
	-----	-----	-----

Note 6 - Comprehensive Income

As of February 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (SFAS 130). The adoption of this Statement had no impact on the Company's net income or stockholders' equity. This pronouncement sets forth requirements for disclosure of the Company's comprehensive income and accumulated other comprehensive items. Comprehensive income is defined as the change in equity during a period from transactions in other events and circumstances unrelated to net income (e.g., foreign currency translation gains and losses). For the three and nine month periods ended October 31, 1998 and 1997, other comprehensive income was not material.

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

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

Results of Operations

Net sales were adversely affected in the three and nine month periods ended October 31, 1998 by the unseasonably warm weather conditions in the fall of 1998 in many sections of the United States. Net sales for the three months ended October 31, 1998 were \$61.2 million compared to \$61.1 million in the same period last year. An increase in sales of licensed apparel (\$4.6 million) was offset by a decrease in sales of non-licensed apparel (\$3.8 million). For the nine months ended October 31, 1998, net sales were \$101.9 million compared to \$100.8 million for the same period in the prior year. During the nine month period an increase in sales of licensed apparel (\$12.8 million) was partially offset by a decrease in sales of non-licensed apparel (\$9.1 million). In addition, certain product lines were discontinued at the end of the prior fiscal year. These product lines accounted for net sales of \$765,000 and \$2.4 million in the three and nine months ended October 31, 1997, respectively. It is the Company's strategy to increase its sales of licensed apparel as a percentage of net sales. Sales of licensed apparel accounted for 36.3% and 35.9%, respectively, of net sales in the three and nine month periods ended October 31, 1998 compared to 28.8% and 23.6%, respectively, in the comparable periods in the prior year.

Gross profit was \$15.3 million for the three months ended October 31, 1998, compared to \$15.9 million in the same period last year. Gross profit as a percentage of net sales was 24.9% for the three months ended October 31, 1998 compared to 26.1% for the same period last year. For the nine month period ended October 31, 1998, gross profit was \$24.4 million, or 23.9% of net sales, compared to \$27.4 million, or 27.2% of net sales, for the same period last year. The reduction in gross profit as a percentage of net sales in the three month period primarily resulted from lower fee commission income with respect to Women's non-licensed apparel and increased inventory markdowns, which were partially offset by higher gross profit margins with respect to sales of licensed apparel. The reduction in gross profit as a percentage of net sales in the nine month period primarily resulted from lower fee commission income with respect to Women's non-licensed apparel, partially offset by higher gross profit margins with respect to sales of licensed apparel.

Selling, general and administrative expenses for the three months ended October 31, 1998 were \$7.2 million compared to \$6.4 million in the three months ended October 31, 1997. BET Design Studio, which commenced operations in May 1997, incurred expenses of \$987,000, representing a \$715,000 increase over the same period in the prior year. Excluding BET Design Studio expenses, selling, general and administrative expenses were 10.2% of net sales in the three months ended October 31, 1998 compared to 10.0% in the same period last year.

For the nine month period ended October 31, 1998, selling, general and administrative expenses were \$20.3 million compared to \$18.7 million for the same period last year. BET Design Studio incurred expenses of \$2.1 million in the nine months ended October 31, 1998, an increase of \$1.6 million over the same period in the prior year. Excluding BET Design Studio expenses, selling, general and administrative expenses were 17.9% of net sales in the nine months ended October 31, 1998 compared to 18.0% in the same period in the prior year. BET Design Studio expenses increased primarily in the areas of personnel and advertising, as staffing levels increased and advertising programs began. The BET Design Studio expenses allocable to the other shareholder (approximately one-half of these expenses) are reflected in "Minority interest in loss of joint venture".

Interest expense and finance charges for the three months ended October 31, 1998 were \$1.1 million compared to \$679,000 in the comparable period last year. For the nine months ended October 31, 1998, interest expense was \$1.9 million compared to \$1.2 million in the same period in the prior year. The higher interest expense relates to increased borrowings as a result of purchasing increased amounts of raw materials at favorable prices, and higher finished goods inventory levels.

Income taxes of \$2.9 million reflect an effective tax rate of 40% for the three months ended October 31, 1998 compared to income taxes of \$3.4 million (effective tax rate of 37%) in the comparable period in the prior year. For the nine months ended October 31, 1998, income taxes of \$1.2 million also reflects an effective tax rate of 40%, compared to income taxes of \$2.8 million (effective tax rate of 37%) in the comparable period last year.

As a result of the foregoing, for the three months ended October 31, 1998 the Company had net income of \$4.4 million, or \$0.66 per diluted share, compared to net income of \$5.7 million, or \$0.80 per diluted share, for the comparable period in the prior year. For the nine months ended October 31, 1998, the Company had net income of \$1.9 million, or \$0.27 per share, compared to net income of \$4.9 million, or \$0.69 per share, for the same period in the prior year.

Liquidity and Capital Resources

The Company's loan agreement, which expires on May 31, 1999, provides for a maximum line of credit in amounts that range from \$40 million to \$63.5 million at specific dates during the loan term. The line of credit provides for maximum direct borrowings ranging from \$30 million to \$50 million. The balance of the credit line may be used for letters of credit. All amounts available for borrowing are subject to borrowing base formulas and overadvances specified in the agreement.

Direct borrowings bear interest at the agent's prime rate (7.75% as of December 1, 1998) or LIBOR plus 250 basis points, at the election of the Company. All borrowings are collateralized by the assets of the Company. The loan agreement includes covenants that require the Company to maintain certain earnings and tangible net worth levels, and prohibits the payment of cash dividends. As of October 31, 1998, there were \$11.9 million in direct borrowings and approximately \$2.3 million of contingent liability under open letters of credit. The amount borrowed under the line of credit varies based upon the Company's seasonal requirements.

In February 1997, the Company formed a joint venture with Black Entertainment Television (BET) to provide 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 \$1.0 million. In addition, the agreement provides for the Company and BET each to make an additional capital contribution of up to \$1.0 million. As of October 31, 1998, BET and the Company have each contributed \$1.0 million to this joint venture. During November 1998, BET and the Company each contributed an additional \$500,000 to this joint venture. The joint venture has negotiated an asset-based credit facility with The CIT Group. To support the requirement for overadvances which occur when the available collateral is not sufficient to support the level of direct bank debt and letters of credit opened to pay for product, both partners have opened stand-by letters of credit in the amount of \$750,000 under which The CIT Group is the beneficiary. As of October 31, 1998, there was \$1.5 million in direct debt outstanding under this CIT Group credit facility.

The Company's wholly-owned Indonesian subsidiary has a line of credit with a bank which was partially supported by a \$2.0 million stand-by letter of credit issued under the Company's loan agreement. On May 12, 1998, the Company paid down the \$2.0 million stand-by letter of credit, reducing the factory's credit line to \$1.5 million. As of October 31, 1998, the borrowing by the Indonesian subsidiary under its line of credit approximated \$1.5 million.

Year 2000 Compliance

The Company believes that advanced information processing is essential to maintaining its competitive position. The Company participates in the electronic data interchange program maintained by many of its larger customers, including Federated Department Stores, Wal-Mart, and Daytons. This program allows the Company to receive customer orders, provide advanced shipping notices, monitor store inventory and track orders on-line from the time such orders are placed through delivery. The Company is also able to notify certain of its customers' warehouses in advance as to shipments.

The Company has a formal year 2000 compliance schedule that addresses the Company's IT systems. The Company completed an upgrade of its accounting systems in July 1998, to ensure proper processing of transactions relating to the year 2000 and beyond. In addition, the Company is currently evaluating its other management information systems, such as manufacturing and distribution system, microcomputers, telephones and fax machines, and have set forth plans to upgrade, modify or replace such equipment. The Company continues to evaluate appropriate courses of corrective actions, including replacement of certain systems. The Company expects to complete this process and be year 2000 compliant by mid 1999.

The Company does not expect the costs associated with ensuring year 2000 compliance to have a material effect on its financial position or results of operations. All costs associated with year 2000 compliance are being funded with working capital and are being expensed as incurred. The Company currently estimates that it will expend approximately \$200,000 to \$300,000 to complete its year 2000 compliance.

The Company has taken steps to determine if its major customers and suppliers are year 2000 compliant and is in process of establishing a contingency plan in the event that these suppliers and vendors are not year 2000 compliant. The Company has requested written confirmation from its customers and suppliers as to their year 2000 compliance status.

Although the Company believes that the information systems of its major customers and vendors (insofar as they relate to the Company's business) comply with year 2000 requirements, there can be no assurance that the year 2000 issue will not affect the information systems of such customers and vendors as they relate to the Company's business, or that any such impact on such customers' and vendors/ information systems would not have a material adverse effect on the Company's business, financial condition or results of operations.

Effect of Recently Issued Accounting Pronouncements

Segment Information

In June 1997, the FASB issued SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information," which will be effective with the Company's financial statements for the fiscal year ending January 31, 1999. This statement establishes standards for reporting information about segments in annual and interim financial statements. This statement introduces a new model for segment reporting, called the "management approach." The management approach is based on the way the chief operating decision-maker organizes segments within a Company for making operating decisions and assessing performance. Reportable segments are based on products and services, geography, legal structure and management structure. The Company does not believe that this statement will have a significant impact on the consolidated financial statements.

Part II OTHER INFORMATION

Exhibit 10 Letter Agreement dated October 31, 1998 between the Registrant and Alan Feller

SIGNATURES

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

G-III APPAREL GROUP, LTD.
(Registrant)

Date: December 15, 1998

By: /s/ Morris Goldfarb

Morris Goldfarb
Chief Executive Officer

Date: December 15, 1998

By: /s/ Wayne S. Miller

Wayne S. Miller
Chief Financial Officer

October 31, 1998

Mr. Alan Feller
50 Frost Avenue
East Brunswick, NJ 08816

Re: Letter Agreement and Release

Dear Alan:

This letter will confirm the agreement between you and G-III Apparel Group, Ltd. (the "Company") regarding the ending of your employment at the Company effective October 31, 1998.

Effective October 31, 1998 you are resigning as an officer of the Company and each of its subsidiaries and affiliates. In addition, your employment will cease at that time. You will be paid salary through the termination date, and will receive unused vacation pay.

In accordance with the terms of paragraph three of the letter agreement, dated December 1, 1989, between the Company and you and your discussions with the Company, the Company will pay you at the rate of \$230,000 per year, less required deductions, for a period of up to one year commencing with your termination date. Payments will be made in equal amounts on the usual pay days of the Company.

In return for your full and complete release of all claims, which is set forth below, the Company agrees to retain you as a consultant for a period (the "Consulting Period") of one year from your termination date. As compensation for your consulting services, the Company agrees to continue your medical coverage and participation in the Company's 401K Plan during the Consulting Period on the same basis as if you were a full time employee. In your role as a consultant, the Company may call you from time to time with respect to various aspects of the Company's affairs with which you have had prior involvement. During the Consulting Period you will be deemed to be providing services for all purposes under your existing stock option agreements.

By entering into this Agreement, you waive any claim to reinstatement and/or future employment with the Company or any present or future affiliate or subsidiary.

In consideration of the benefits offered above, you hereby agree to release and discharge the Company, its subsidiaries and affiliated entities, and its or their officers, directors, employees, and agents (collectively, the "Released Parties") from any and all claims, causes of action and demands of any kind, arising at law or in equity, whether known or unknown, which you have, ever have had, and ever in the future may have, against any of them, arising up to and including the date you sign this Agreement, including, but not limited to, claims arising out of your employment relationship with the Company or the termination thereof under any contract, tort, federal, state or local fair employment practices or civil rights law including, but not limited to, Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act, the Age Discrimination in Employment Act, the Employee Retirement Income Security Act of 1974, the New York Human Rights Law, the New York City Human Rights Law, or any claim for physical or emotional distress or injuries, or any other duty or obligation of any kind or description. This release shall apply to all known, unknown, unsuspected and unanticipated claims, liens, injuries and damages including, but not limited to, claims of employment discrimination, indemnity or discharge, or claims sounding in tort or in contract, express or implied as of the date of the execution of this Agreement. Except to enforce the provisions of this Letter Agreement and Release, you agree not to initiate any legal action, charge or complaint against any of the Released Parties in any forum whatsoever to the extent that such legal action, charge or complaint would relate to the matters covered or contemplated by this Agreement or which is based on events which took place prior to the date of execution hereof or claims existing as of the date of execution hereof. In the event any such actions, charges or complaints are asserted in the future by or on behalf of you, a breach of this Agreement shall be deemed to have occurred, entitling the Company, in addition to any other remedies available at law or in equity, to return of all consideration paid pursuant to this Agreement, and the attorneys fees incurred by the Released Parties in defending such action, charge or complaint. This Release shall not affect your rights or obligations under the terms of any pension plan in which you have an interest with the Company.

Except as set forth in this Agreement, you acknowledge that upon signing this Agreement all past, present or future obligations of the Company, with respect to your compensation, bonuses, vacation, leave and other benefits have been totally satisfied and fulfilled, and that the benefits received under this Agreement exceed all such obligations.

You agree that you will not disparage or criticize the Company, its affiliates or its or their officers, directors, members and employees.

OCTOBER 31, 1998

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You hereby acknowledge that you have been provided an opportunity to consult with an attorney or other advisor of your choice regarding the terms of this Agreement, that you have been given 21 days in which to consider whether you wish to enter into this Agreement, and that you have elected to enter into this Agreement knowingly and voluntarily. You further acknowledge that you may revoke your assent to this Agreement within seven (7) days of its execution by you. If you wish to revoke your agreement, your written notice of revocation must be received within the seven (7) day revocation period by the Company, attention Mr. Wayne S. Miller, at its address. The payments to be provided hereunder will not be made until after the expiration of the revocation period.

This Agreement shall be governed by and construed in accordance with the laws of the State of New York without giving effect to its conflicts of law provisions. This Agreement may not be changed except by a writing signed by the parties hereto.

Notwithstanding any other provision contained herein, the obligation assumed by the Company under this Agreement shall be conditioned upon its receipt of an executed duplicate original of this Letter Agreement and complete adherence to its terms by you.

If you agree to the foregoing terms, please sign and return to us the enclosed copy of this letter, which will then be a binding Agreement between us.

Very truly yours,

G-III Apparel Group, Ltd.

By: /s/ Wayne S. Miller

Chief Financial Officer

Agreed to November 7, 1998

/s/ Alan Feller

ARTICLE 5

MULTIPLIER: 1,000

FISCAL YEAR END	JAN 31 1999
PERIOD START	FEB 1 1998
PERIOD END	OCT 31 1998
PERIOD TYPE	9 MOS
CASH	575
SECURITIES	0
RECEIVABLES	45,093
ALLOWANCES	(2,571)
INVENTORY	27,068
CURRENT ASSETS	71,476
PP&E	13,102
DEPRECIATION	(9,164)
TOTAL ASSETS	79,748
CURRENT LIABILITIES	41,565
BONDS	0
COMMON	65
PREFERRED MANDATORY	0
PREFERRED	0
OTHER SE	37,567
TOTAL LIABILITY AND EQUITY	79,748
SALES	101,902
TOTAL REVENUES	101,902
CGS	77,543
TOTAL COSTS	77,543
OTHER EXPENSES	0
LOSS PROVISION	0
INTEREST EXPENSE	1,949
INCOME PRETAX	3,154
INCOME TAX	1,248
INCOME CONTINUING	1,906
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	1,906
EPS PRIMARY	0.29
EPS DILUTED	0.27

ARTICLE 5

RESTATED:

MULTIPLIER: 1,000

FISCAL YEAR END	JAN 31 1998
PERIOD START	FEB 1 1997
PERIOD END	OCT 31 1997
PERIOD TYPE	9 MOS
CASH	2,380
SECURITIES	0
RECEIVABLES	35,810
ALLOWANCES	(3,327)
INVENTORY	23,424
CURRENT ASSETS	59,226
PP&E	10,782
DEPRECIATION	(7,611)
TOTAL ASSETS	66,771
CURRENT LIABILITIES	27,915
BONDS	0
COMMON	65
PREFERRED MANDATORY	0
PREFERRED	0
OTHER SE	37,640
TOTAL LIABILITY AND EQUITY	66,771
SALES	100,765
TOTAL REVENUES	100,765
CGS	73,401
TOTAL COSTS	73,401
OTHER EXPENSES	0
LOSS PROVISION	0
INTEREST EXPENSE	1,245
INCOME PRETAX	7,691
INCOME TAX	2,839
INCOME CONTINUING	4,852
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	4,852
EPS PRIMARY	0.75
EPS DILUTED	0.69

End of Filing

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