

G III APPAREL GROUP LTD /DE/
Form 10-K
April 16, 2009

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K

- þ** **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended January 31, 2009
- OR**
- o** **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
(State or other jurisdiction of incorporation or organization)

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

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

10018
(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Class	Name of Exchange on Which Registered
Common Stock, \$0.01 par value	Nasdaq Global Select Market

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was

required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) 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 this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of July 31, 2008, 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 Global Select Market) was approximately \$211,797,417.

The number of outstanding shares of the registrant's Common Stock as of April 1, 2009 was 16,695,777.

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 9, 2009, to be filed pursuant to Regulation 14A of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, are incorporated by reference into Part III of this Report.

ITEM 1. BUSINESS.

Unless the context otherwise requires, G-III, us, we and our refer to G-III Apparel Group, Ltd. and its subsidiaries. References to fiscal years refer to the year ended or ending on January 31 of that year. For example, our fiscal year ended January 31, 2009 is referred to as fiscal 2009. Our Internet address is www.g-iii.com.

This Annual Report on Form 10-K contains forward-looking statements based on expectations, estimates and projections as of the date of this filing. Actual results may differ materially from those expressed in forward-looking statements. See Item 7 of Part II- Management's Discussion and Analysis of Financial Condition and Results of Operations.

All share and per share information in this Annual Report has been adjusted to give retroactive effect to a three-for-two stock split of our Common Stock in March 2006.

Overview

G-III designs, manufactures and markets an extensive range of outerwear, sportswear and accessories, including coats, jackets and pants, as well as women's suits and dresses. We sell our products under licensed brands, our own proprietary brands and private retail labels. We provide high quality apparel under recognized brands to a cross section of leading retailers such as Macy's, Bloomingdale's, Nordstrom, JC Penney and Kohl's. The Company also operates 121 retail stores, of which 119 are outlet stores operated under the Wilsons Leather name. We distribute our products through a diverse mix and a large number of retailers at a variety of price points, as well as through our own retail stores.

We have expanded our portfolio of proprietary and licensed brands over the past 15 years through acquisitions and by entering into license agreements for new brands or for additional products under previously licensed brands. We have made five acquisitions since July 2005, which have helped to broaden our product offerings, expand our ability to serve different tiers of distribution and add a retail component to our business.

In July 2005, we acquired the business of Marvin Richards and the operating assets of Winlit Group, Ltd. As a result of the Marvin Richards acquisition, we added licenses for men's and women's outerwear under the Calvin Klein brand name and acquired Marvin Richards' own proprietary labels. As a result of acquiring Winlit's assets, we added licenses for men's and women's outerwear under the Guess? brand, women's outerwear under the Ellen Tracy brand and men's leather outerwear under the Tommy Hilfiger brand. We also acquired Winlit's own proprietary labels. In addition, we added significant management, merchandising, manufacturing and design expertise as a result of these two acquisitions.

In May 2007, we acquired the operating assets of Jessica Howard Ltd. Jessica Howard designs and markets moderate and better dresses, under the proprietary Jessica Howard and Eliza J brands, as well as under private label programs.

The acquired Jessica Howard dress operations expanded and complemented our dress business which began shipping under the Calvin Klein label for the Fall 2006 season. We believe that our expanded dress capabilities will assist us in seeking additional dress licenses. We added to our dress business in July 2007 when we expanded our license with Ellen Tracy to include dresses and in July 2008 when we entered into a new license agreement to design and distribute dresses under the Jessica Simpson label. We also intend to grow the existing Jessica Howard and Eliza J brands and expand private label programs to further develop our dress business.

In February 2008, we acquired Andrew Marc, a supplier of fine outerwear and handbags for both men and women to upscale specialty and department stores. As a result of this acquisition, we added Andrew Marc and Marc New York as additional company-owned brands and Levi's and Dockers as additional licensed brands. We believe that the Andrew Marc brand can be leveraged into a variety of new categories to become a meaningful lifestyle brand. During the past year, we entered into agreements to license the Andrew Marc and Marc New York brands for women's footwear and men's accessories.

In July 2008, we acquired certain assets of Wilsons The Leather Experts, which had been a national retailer of outerwear and accessories. The assets acquired included 116 retail outlet store leases, inventory, distribution center operations and the Wilsons name and other related trademarks and trade names.

Our acquisitions are part of our strategy to expand our product offerings and increase the portfolio of proprietary and licensed brands that we offer through different tiers of retail distribution. We believe that both Andrew Marc and the Wilsons retail outlet business leverage our core strength in outerwear and provide us with new avenues for growth. We also believe that these acquisitions complement our other licensed brands, G-III owned brands and private label programs.

We added the Dockers and Levi's licensed brands in February 2008 as a result of our acquisition of Andrew Marc. In July 2007, we expanded our women's outerwear license with Ellen Tracy to include dresses and suits. Dresses commenced deliveries for the Spring 2008 season and suits are planned to begin limited shipping for the Fall 2009 season. We also expanded our relationship with Calvin Klein by adding a license for women's performance wear in December 2007 and for women's better sportswear in August 2008. These licenses are in addition to our licenses for Calvin Klein women's outerwear, men's outerwear, dresses and women's suits. We began limited shipments of women's performance wear for the Spring 2008 season and expanded distribution for the Fall 2008 season. We began shipping women's better sportswear for the Spring 2009 season.

Selling products under well-known licensed brands is an important part of our strategy. We have licenses to produce branded fashion apparel, including under the Calvin Klein, Sean John, Kenneth Cole, Cole Haan, Guess?, Jones New York, Jessica Simpson, Nine West, Ellen Tracy, House of Deréon, Tommy Hilfiger, Levi's and Dockers brands. We also have sports licenses with the National Football League, National Basketball Association, Major League Baseball, National Hockey League, Touch by Alyssa Milano and over 100 U.S. colleges and universities.

We work with a diversified group of retailers, such as Macy's, JC Penney and Kohl's, in developing private label product lines. We also produce apparel under our own proprietary brands, including Andrew Marc, Marc New York, Marvin Richards, Jessica Howard, Eliza J, Black Rivet, Siena Studio, Tannery West, G-III by Carl Banks and Winlit.

We operate our business in three segments, licensed apparel, non-licensed apparel and retail operations. The licensed apparel segment includes sales of apparel brands licensed by us from third parties. The non-licensed apparel segment principally includes sales of apparel under our own brands and private label brands. The retail segment consists almost entirely of the Wilsons retail outlet stores we acquired in July 2008, now operating as AM Retail Group, Inc. We had an insignificant retail operation prior to the Wilsons acquisition. See Note N to our Consolidated Financial Statements for financial information with respect to these segments.

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

Competitive Strengths

We believe that our broad portfolio of high-profile brands combined with our extensive distribution relationships position us for growth. We intend to capitalize on the following competitive strengths in order to achieve our goal of creating an all-season diversified apparel company:

Broad portfolio of recognized brands. We have built a broad and deep portfolio of over 30 licensed and proprietary brands. We believe we are a licensee of choice for well-known brands that have built a loyal following of both fashion-conscious consumers and retailers who desire high quality, well designed apparel. We have selectively added the licensing rights to premier brands in women's, men's and sports categories catering to a wide range of customers. In an environment of rapidly changing consumer fashion trends, we benefit from a balanced mix of well-established and newer brands. In addition to our licensed brands, we own several successful proprietary brands, including Andrew Marc and Marc New York. Our experience in developing and acquiring licensed brands and proprietary labels, as well as our reputation for producing high quality, well-designed apparel, has led major department stores and retailers,

including Macy's, JC Penney and Kohl's to select us as a designer and manufacturer

for their private label programs. We currently market apparel under the following licensed and proprietary brand names:

Women s	Men s	Sports
<i>Licensed Brands</i>		
Calvin Klein	Calvin Klein	National Football League
ck Calvin Klein	ck Calvin Klein	Major League Baseball
Kenneth Cole NY	Kenneth Cole NY	National Basketball Association
Reaction Kenneth Cole	Reaction Kenneth Cole	National Hockey League
Sean John	Sean John	Touch by Alyssa Milano
Cole Haan	Cole Haan	Collegiate Licensing Company
Guess	Guess	Major League Soccer
Guess?	Guess?	
House of Deréon	Tommy Hilfiger	
Jones New York		
Jessica Simpson		
Nine West		
Ellen Tracy		
Company Ellen Tracy		
Levi s	Levi s	
Dockers	Dockers	
<i>Proprietary Brands</i>		
Andrew Marc	Andrew Marc	G-III Sports by Carl Banks
Marc New York	Marc New York	
G-III	G-III	
Black Rivet	Black Rivet	
Winlit	Winlit	
Marvin Richards		
Siena Studio		
Jessica Howard		
Eliza J		
Industrial Cotton		
Tannery West	Tannery West	

Diversified distribution base. We market our products at multiple price points and across multiple channels of distribution, allowing us to provide products to a broad range of consumers, while reducing our reliance on any one demographic segment, merchandise preference or distribution channel. Our products are sold to approximately 2,700 customers, including a cross section of leading retailers such as Macy s, Bloomingdale s, Nordstrom, JC Penney and Kohl s, and membership clubs such as Costco and Sam s Club. As a result of our broad distribution platform, we are a licensee and supplier of choice and can more easily adapt to changes in the retail environment. We believe our strong relationships with retailers have been established through many years of personal customer service and adherence to meeting or exceeding retailer expectations. Our Wilsons retail outlet stores provide an additional distribution network for our outerwear products.

Superior design, sourcing and quality control. Our in-house design and merchandising team of approximately 125 professionals designs substantially all of our licensed, proprietary and private label products. Our designers work closely with our licensors and private label customers to create designs and styles that represent the look they want.

We believe that our creative design team and our sourcing expertise give us an advantage in product development. We have a network of worldwide suppliers that allows us to negotiate competitive terms without relying on any single vendor. In addition, we employ a 45-person quality control team and a 34-person sourcing group in China to ensure the quality of our products. We believe we have developed a significant customer following

and positive reputation in the industry as a result of our design capabilities, sourcing expertise, on-time delivery and high standards of quality control.

Leadership position in the outerwear wholesale business. As one of the largest outerwear wholesalers, we are widely recognized within the apparel industry for our high-quality and well-designed products. We believe that our acquisition of Andrew Marc should reinforce our leadership position in the outerwear business. Our knowledge of the outerwear business and our industry-wide reputation provide us with an advantage when we are competing for outerwear licenses and private label business. Our expertise and reputation in designing, manufacturing and marketing outerwear have enabled us to build strong customer relationships and to expand into women's suits, dresses and other product categories.

Experienced management team. Our executive management team has extensive experience in the apparel industry. Morris Goldfarb, our Chief Executive Officer and son of our founder, has been with us for 35 years, Jeanette Nostra, our President, has been with us for over 25 years, and Wayne S. Miller, our Chief Operating Officer, has been with us for over ten years. In 2005, we added significant management, merchandising, manufacturing and design expertise as a result of our acquisition of the Marvin Richards and Winlit businesses. The principals of those businesses, Sammy Aaron and David Winn, each have more than 25 years experience in the apparel industry.

Growth Strategy

Our goal is to build an all-season diversified apparel company with a broad portfolio of brands that we offer in multiple channels of retail distribution through the following growth strategies:

Execute new initiatives. We are continually seeking opportunities to produce products for all seasons as we attempt to reduce our dependency on our third fiscal quarter for the majority of our net sales and substantially all of our net income. We have initiated the following diversification efforts:

We have continually expanded our relationship with Calvin Klein, which initially consisted of licenses for men's and women's outerwear. Since August 2005, we have added licenses for women's suits, dresses and women's performance wear. Most recently, in August 2008, we added a license with Calvin Klein for women's better sportswear.

Our acquisition of Andrew Marc in February 2008 added a strong proprietary brand to our portfolio. In addition to men's and women's outerwear, Andrew Marc sells handbags. We believe the Andrew Marc brand can be leveraged into a variety of new categories to become a meaningful lifestyle brand. During the past year, we entered into agreements to license the Andrew Marc and Marc New York brands for women's footwear and men's accessories.

Our acquisition of the Wilsons retail outlet business in July 2008 added a vertical retail component to our business. These outlet stores have provided an additional distribution network for our outerwear products.

Continue to grow our outerwear business. We have been a leader in the outerwear business for many years and believe there is significant growth potential for us in this category. Specifically, our Calvin Klein men's and women's outerwear businesses benefit from Calvin Klein's strong brand awareness and loyalty among consumers. In February 2008, our acquisition of Andrew Marc added two well known proprietary brands in the men's and women's outerwear market, as well as licenses for men's and women's outerwear under the Levi's and Dockers brands.

Extend our new product categories to additional brands. We have been able to leverage our expertise and experience in the outerwear business to expand our licenses to new product categories such as women's suits, dresses and

sportswear. Most recently, we added licenses for Calvin Klein women's performance wear and women's better sportswear. We will attempt to expand our distribution of products in these and other categories under licensed brands, our own brands and private label brands.

Seek attractive acquisitions. We plan to continue to pursue acquisitions of complementary product lines and businesses, which could include wholesale and retail opportunities. In July 2005, we acquired two businesses, Marvin Richards and Winlit, both of which added name-brand licenses, including Calvin Klein, Guess?, Ellen Tracy and Tommy Hilfiger, to our expanding brand portfolio. In addition, each of these companies has recognized proprietary labels and significant private label programs. In May 2007, we acquired the Jessica Howard dress and sportswear business. In

February 2008, we acquired Andrew Marc, which added to our portfolio two well-known proprietary brands, Andrew Marc and Marc New York, as well as licenses for the Levi's and Dockers brands. In July 2008, we acquired 116 Wilsons Leather retail outlet stores. These acquisitions have increased our portfolio of licensed and proprietary brands, allowed us to realize economies of scale and added a retail component to our business. We believe that our existing infrastructure and management depth will enable us to complete additional acquisitions in the apparel industry.

Products Development and Design

G-III designs, manufactures and markets women's and men's apparel at a wide range of retail sales prices. Our product offerings primarily include outerwear, women's suits and dresses, and sportswear, including coats, jackets, pants and skirts. We also market accessories including women's handbags and men's carrying cases. We sell products under licensed brands, our own brands and private retail labels.

G-III's licensed apparel consists of both men's and women's products. Our strategy is to seek licenses that will enable us to offer a range of products targeting different price points and different distribution channels.

G-III's proprietary branded apparel also consists of both men's and women's products. The *Andrew Marc* line of women's and men's luxury outerwear is sold to upscale department and specialty retail stores. The *Marc NY* line of women's and men's better priced outerwear is sold to upper tier stores. The *Black Rivet*, *Tannery West*, *Marvin Richards* and *Winlit* lines of women's apparel consist of moderately priced women's outerwear and sportswear. Products in our men's outerwear lines, primarily consisting of leather outerwear, are sold under the *G-III*, *Tannery West* and *Winlit* labels. *Siena Studio*, our bridge-priced lines of women's leather and textile apparel, primarily consist of jackets, skirts and related sportswear separates. The *Jessica Howard* label is a moderate price dress line that sells to department stores, specialty stores and catalogs. *Eliza J* is a better dress line that sells to better department and specialty stores.

We also work with a diversified group of retail chains, such as Macy's, Express, JC Penney and Kohl's, in developing product lines sold under their own proprietary private labels. We meet frequently with department and specialty chain store buyers who custom order products by color, fabric and style. These buyers may provide samples to us or may select styles already available in our showrooms. We believe we have established a reputation among these buyers for our ability to produce high quality product on a reliable, expeditious and cost-effective basis.

Our in-house designers are responsible for the design and look of our licensed and non-licensed products. We work closely with our licensors to create designs and styles for each of our licensed brands. Licensors generally must approve products to be sold under their brand names prior to production. We respond to style changes in the apparel industry by maintaining a continuous program of style, color, leather and fabric selection. In designing new products and styles, we attempt to incorporate current trends and consumer preferences. We seek to design products in response to trends in consumer preferences, rather than attempt to create new market trends and styles.

Our design personnel meet regularly with our sales and merchandising department, as well as with the design and merchandising staffs of our licensors, to review market trends, sales results and the popularity of our latest products. In addition, our representatives regularly attend trade and fashion shows and shop at fashion forward stores in the United States, Europe and the Far East. Our designers present sample items along with their evaluation of the styles expected to be in demand in the United States. We also seek input from selected customers with respect to product design. We believe that our sensitivity to the needs of retailers, coupled with the flexibility of our production capabilities and our continual monitoring of the retail market, enables us to modify designs and order specifications in a timely fashion.

Licensing

The sale of licensed products is a key element of our strategy and we have continually expanded our offerings of licensed products for the past fifteen years.

As a result of our acquisition of Andrew Marc in February 2008, we added licenses for Levi's and Dockers. During the past year, we also added a new license with Calvin Klein for women's better sportswear and entered into a new license agreement for Jessica Simpson dresses.

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

License	Date Current Term Ends	Date Potential Renewal Term Ends
<i>Fashion Licenses</i>		
Calvin Klein (Men's outerwear)	December 31, 2010	December 31, 2015
Calvin Klein (Women's outerwear)	December 31, 2013	None
Calvin Klein (Women's dresses)	December 31, 2011	December 31, 2016
Calvin Klein (Women's suits)	December 31, 2011	None
Calvin Klein (Women's performance wear)	December 31, 2012	December 31, 2017
Calvin Klein (Women's better sportswear)	December 31, 2012	December 31, 2017
Cole Haan (Men's and women's outerwear)	January 31, 2010	January 31, 2012
Ellen Tracy/Company Ellen Tracy (Women's outerwear, dresses and suits)	December 31, 2010	December 31, 2012
Guess/Guess? (Men's and women's outerwear)	December 31, 2009	None
Jessica Simpson (Women's dresses)	January 31, 2013	January 31, 2017
Jones New York (Women's outerwear)	January 31, 2012	None
Kenneth Cole NY/Reaction Kenneth Cole (Men's and women's outerwear)	December 31, 2012	December 31, 2015
Nine West (Women's outerwear)	January 31, 2011	None
Sean John (Men's outerwear)	January 31, 2010	None
Sean John (Women's outerwear)	December 31, 2010	December 31, 2023
Tommy Hilfiger (Men's outerwear)	September 30, 2009	None
Levi's (Men's and women's outerwear)	December 31, 2010	December 31, 2013
Dockers (Men's and women's outerwear)	December 31, 2010	December 31, 2013
<i>Sports Licenses</i>		
Collegiate Licensing Company	March 31, 2010	None
Major League Baseball	October 31, 2010	None
National Basketball Association	September 30, 2009	None
National Football League	March 31, 2010	None

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

Our ability to renew the current term of a license agreement is usually subject to attaining minimum sales and/or royalty levels and to our compliance with all of the terms of the agreement. Other criteria may also impact our ability to renew a license. As a result, we cannot be sure that we will be able to renew a license agreement when it expires if we desire to do so. We believe that brand owners are looking to consolidate the number of licensees they engage to develop product and to choose licensees who have a successful track record of developing brands. We continue to seek other opportunities to enter into license agreements in order to expand our product offerings under well-known labels and broaden the markets that we serve.

Revenues from the sale of licensed products accounted for 60.5% of our net sales (68.0% of net sales of wholesale apparel) in fiscal 2009 compared to 70.3% of our net sales in fiscal 2008 and 63.0% of our net sales in fiscal 2007. For comparability purposes, we have included the percentage that sales of licensed apparel accounted for of our wholesale sales in fiscal 2009, consisting of sales in our licensed and non-licensed apparel segments, as we also had a retail segment in fiscal 2009 as a result of our acquisition of the Wilsons retail outlet business.

Retail Operations

In July 2008, we acquired certain assets of Wilsons The Leather Experts, which had been a national retailer of outerwear and accessories. The assets acquired included 116 retail outlet store leases, inventory, distribution center operations and the Wilsons name and other related trademarks and trade names. As of January 31, 2009, we operated 121 retail stores in 35 states, 119 of which are outlet stores operated under the name Wilsons Leather Outlets. Substantially all of our outlet stores are located in larger outlet centers and average approximately 3,900 total leased square feet.

Our outlet stores sell men's and women's outerwear and accessories. Outerwear sold in our stores includes products manufactured by us and by third parties, while accessories are sourced from third parties. Our Wilsons Leather Outlet stores offer clearance items and special outlet-only merchandise, as well as certain key in-season products for both men and women.

Merchandise for our stores is shipped directly from domestic merchandise vendors or overseas manufacturers to our retail outlet distribution center located in Brooklyn Park, Minnesota. Merchandise is shipped to our Brooklyn Park, Minnesota, distribution center to replenish stores as needed with key styles and to build inventory for the peak holiday selling season.

Manufacturing and Sourcing

G-III arranges for the production of products from independent manufacturers located primarily in China and, to a lesser extent, in Vietnam, India, Indonesia, Thailand, Sri Lanka, Taiwan, Central and South America and Eastern Europe. A small portion of our garments are manufactured in the United States.

We currently have representative offices in Qingdao and Hangzhou, China. These offices act as a liaison between us and manufacturers in China. At January 31, 2009, we had 58 employees in our Hangzhou office and 36 employees in our Qingdao office.

G-III's headquarters provides these liaison offices with production orders stating the quantity, quality, delivery time and types of garments to be produced. Liaison office personnel assist in the negotiation and placement of orders with manufacturers. In allocating production among independent suppliers, we consider a number of criteria, including, but not limited to, quality, availability of production capacity, pricing and ability to meet changing production requirements.

To facilitate better service for our customers and accommodate the volume of manufacturing in the Far East, we also have an office in Hong Kong. The Hong Kong office supports third party production of products on a commission-fee basis that we arrange as agent directly for some of our customers. We utilize our China and Hong Kong office employees to monitor production at each manufacturer's facility to ensure quality control, compliance with our specifications and timely delivery of finished garments to our distribution facilities and customers. At January 31, 2009, the Hong Kong office employed seven persons.

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

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

We generally arrange for the production of apparel on a purchase order basis with completed garments manufactured to our design specifications. We assume the risk of loss predominantly on a Freight-On-Board (F.O.B.) basis when goods are delivered to a shipper and are insured against casualty losses arising during shipping.

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

A majority of all finished goods manufactured for us is shipped to our New Jersey warehouse and distribution facilities or to designated third party facilities for final inspection and allocation, as well as reshipment to customers. The goods are delivered to our customers and us by independent shippers. We choose the form of shipment (principally ship, truck or air) based upon a customer's needs, cost and timing considerations.

Quotas, Customs and Import Restrictions

Our arrangements with textile manufacturers and suppliers are subject to requisite customs clearances for textile apparel and the imposition of export duties. United States Customs duties on our textile apparel presently range from duty free to 28%, depending upon the type of fabric used and how the garment is constructed. Quotas represent the right to export restricted amounts of certain categories of merchandise into a country or territory pursuant to a visa or a license. Countries in which our products are manufactured and sold may, from time to time, impose new duties, tariffs, surcharges or other import controls or restrictions or adjust prevailing duty or tariff levels. A significant majority of the products we are currently importing are not subject to quota restrictions. We continually monitor duty, tariff and other import restriction developments. We seek to minimize our potential exposure to import related risks through, among other measures, geographical diversification of manufacturing sources and shifts of production among countries and manufacturers.

Raw Materials

We purchase most products manufactured for us on a finished goods basis. We coordinate the sourcing of raw materials used in the production of our apparel, such as leather, wool and cotton, which are available from numerous sources. 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 for leather products are impacted by changes in meat consumption worldwide, as well as by the popularity of leather products.

Marketing and Distribution

G-III's products are sold primarily to department, specialty and mass merchant retail stores in the United States. We sell to approximately 2,700 customers, ranging from national and regional chains to small specialty stores. We also distribute our products through our retail outlet stores.

Sales to our 10 largest customers accounted for 56.6% of our net sales in fiscal 2009 compared to 59.7% of our net sales in fiscal 2008 and 61.0% of our net sales in fiscal 2007. Sales to Macy's (formerly known as Federated Department Stores) accounted for an aggregate of 18.5% of our net sales in fiscal 2007, 18.9% of our net sales in fiscal 2008 and 15.4% of our net sales in fiscal 2009. Although the percentage of our net sales to Macy's decreased in fiscal 2009, the dollar amount of net sales to Macy's in fiscal 2009 increased compared to fiscal 2008. The loss of Macy's as a customer, or a significant reduction in purchases by Macy's, could have a material adverse effect on our results of operations.

Almost all of our sales are made in the United States. We also market our products in Canada, Europe and the Far East, which, on a combined basis, accounted for approximately 2% of our wholesale net sales in fiscal 2009.

G-III s products are sold primarily through a direct sales force consisting of 80 employees at January 31, 2009. Our principal executives are also actively involved in sales of our products. Some of our products are also sold by various retail buying offices and independent sales representatives located throughout the United States. Final authorization of all sales of product is solely through our New York showrooms, enabling our management to deal directly with, and be readily accessible to, major customers, as well as to more effectively control our selling operations.

Brand name products sold by us pursuant to a license agreement are promoted by institutional and product advertisements placed by the licensor. Our license agreements generally require us to pay the licensor a fee, based

on a percentage of net sales of licensed product, to pay for a portion of these advertising costs. We may also be required to spend a specified percentage of net sales of a licensed product on advertising placed by us.

We primarily rely on our reputation and relationships to generate business in our non-licensed segment. We believe we have developed a significant customer following and positive reputation in the industry as a result of, among other things, standards of quality control, on-time delivery, competitive pricing and the willingness and ability to assist customers in their merchandising of our products. In addition, we have, to a limited extent, advertised our own labels and engaged in cooperative advertising programs with retailers. We believe we have developed brand awareness of our own labels primarily through our reputation, consumer acceptance and the fashion press. During fiscal 2009, we implemented a direct advertising campaign in order to promote our acquired Andrew Marc brand.

Seasonality

Retail sales of outerwear apparel have traditionally been seasonal in nature. Sales of outerwear constitute a majority of our sales. In prior years, we have been dependent on our sales from July through November for the substantial majority of our net sales and net income. Although we sell our apparel products throughout the year, net sales in the months of July through November accounted for approximately 70% of our net sales in fiscal 2009, 75% of our net sales in fiscal 2008, and 81% of our net sales in fiscal 2007. Andrew Marc, which was acquired in February 2008, experiences similar seasonality to our other wholesale outerwear businesses. Our Wilsons retail outlet business, which we acquired in July 2008, is also highly seasonal, with the third and fourth quarters accounting for a significant majority of its sales and operating income. As a result, the second half of our fiscal year is expected to provide a disproportionate amount of our net sales and net income.

Order Book

A portion of our orders consists of short-term purchase orders from customers who place orders on an as-needed basis. Information relative to open purchase orders at any date may also be materially affected by, among other things, the timing of the initial showing of apparel to the trade, as well as by the timing of recording of orders and shipments. As a result, we do not believe that disclosure of the amount of our unfilled customer orders at any time is meaningful.

Competition

We have numerous competitors with respect to the sale of apparel, including distributors that import apparel from abroad and domestic retailers with established foreign manufacturing capabilities. Many of our competitors have greater financial and marketing resources and greater manufacturing capacity than we do. We also compete with vertically integrated apparel manufacturers that also own retail stores. The general availability of contract manufacturing capacity also allows ease of access by new market entrants. Our retail outlet business competes against a diverse group of retailers, including, among others, other outlet stores, department stores, specialty stores, warehouse clubs and e-commerce retailers. Sales of our products are affected by style, price, quality, brand reputation and general fashion trends.

Trademarks

We own the trademarks used in connection with our non-licensed apparel segment and act as licensee of certain trademarks owned by third parties that are used in connection with our licensed apparel. The principal brands that we license are summarized under the heading Licensing above. The following information summarizes the principal trademarks we own and use in connection with our non-licensed businesses.

Several trademarks owned by us have federal trademark protection through use and registrations issued by the U.S. Patent and Trademark Office, including *G-III*, *G-III Sports By Carl Banks & Design*, *J.L. Colebrook*, *Colebrook & Co.*, *Black Rivet*, *Black Rivet & Design [lower diamond]*, *Black Rivet & Design [upper diamond]*, *Black Rivet & Design [circles and diamond]*, *BR & Design*, *ColeB Co. (& Design)*, *Crafted Industrial Cotton*, *Diamondfit*, *Eliza J.*, *Jessica Howard*, *La Nouvelle Renaissance*, *LNR*, *LNR (Stylized)*, *Marvin Richards*, *Marvin Richards (& Design)*, *Marvin Richards (Stylized)*, *M R Apparel Group*, *Nine Rivets*, *NY 10018*, *Siena*, *Siena Studio*,

Sports 58 (& Design), Studio 512, Touch by Alyssa Milano, Willow Glenn, Winlit and Winlit (Stylized). We have applications to register several additional marks pending before the U.S. Patent and Trademark Office, including the trademarks we acquired from Andrew Marc.

We have trademark registration for *G-III* in Canada, the European Union, France and Mexico, for *Black Rivet* in Canada, for *BR (& Design)* in the European Union and Russia, for *J.L. Colebrook* in Canada, France, United Kingdom, Mexico and the European Union, for *J.L.C. (& Design)* and *JLC (& Design)* in Canada, and for *Marvin Richards, J.Percy Sport* and *J. Percy for Marvin Richards* in the United Kingdom. We also have applications to register several additional marks in Canada.

We acquired several trademarks and accompanying U.S. federal registrations, including *ANDREW MARC* and *MARC NEW YORK ANDREW MARC*, upon our acquisition of Andrew Marc. We have pending U.S. applications in the U.S. patent and trademark office for *ANDREW MARC, ANDREW MARC INTERACTIVE, ANDREW MARC NEW YORK, M ANDREW MARC, MARC NEW YORK and MARC NEW YORK ANDREW MARC*. We also acquired *ANDREW MARC* trademark registrations in the European Union and Japan. We have applications pending for *ANDREW MARC* and *MARC NEW YORK* in China, the European Union, Japan and Russia.

We acquired several trademarks and accompanying U.S. federal registrations in connection with our acquisition of the Wilsons retail outlet store business, including *B BENTLEY S TRAVELWARE, EL PORTAL, M JULIAN, MAXIMA (Stylized), PELLE STUDIO & Design, STREET LEGAL (& Design), TANNERY WEST, THE WALLET WORKS and TW TANNERY WEST*.

We regard our trademarks and other proprietary rights as valuable assets and believe that they have value in the marketing of our products. We vigorously protect our trademarks and other intellectual property rights against infringement.

Employees

As of January 31, 2009, we had 1,245 full-time employees, of whom 168 worked in executive or administrative capacities, 325 worked in design, merchandising and sourcing, 319 worked in warehouse and distribution facilities, 80 worked in wholesale sales, and 353 worked in our retail outlet stores. Additionally, during our peak retail selling season from October through January, we employed approximately 47 additional seasonal employees in our Brooklyn Park, Minnesota distribution center and approximately 586 additional seasonal associates in our Wilsons retail outlet stores. We employ both union and non-union personnel and believe that our relations with our employees are good. We have not experienced any interruption of any of our operations due to a labor disagreement with our employees and do not believe any interruption will occur if the labor agreements referred to below are not renewed.

We are a party to agreements with two labor unions. One agreement covers approximately 173 of our full-time employees as of January 31, 2009 and is currently in effect through June 30, 2009. The other agreement covers approximately 14 full-time employees of our Andrew Marc division and is currently in effect through June 30, 2009.

Website Access to Reports

Our internet website is <http://www.g-iii.com>. We make available free of charge on our website (under the heading About G-III) our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission.

EXECUTIVE OFFICERS OF THE REGISTRANT

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

Name	Age	Position
Morris Goldfarb	58	Chairman of the Board, Chief Executive Officer, Director
Sammy Aaron	49	Vice Chairman, President Marvin Richards Division, Director
Jeanette Nostra	57	President
Wayne S. Miller	51	Chief Operating Officer and Secretary
Neal S. Nackman	49	Chief Financial Officer and Treasurer
Deborah Gaertner	54	Group President G-III Women's Leather Fashions

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

Sammy Aaron became our Vice Chairman and President of our Marvin Richards division, as well as one of our directors, after we acquired Marvin Richards in July 2005. Prior to joining G-III, Mr. Aaron served as the President of Marvin Richards from 1998 until July 2005.

Jeanette Nostra became our President in April 1997. In March 2008, Ms. Nostra added the role of President of our Andrew Marc division. She was our Executive Vice President from March 1992 until April 1997. Ms. Nostra's responsibilities for G-III include sales, marketing, merchandising, product development and public relations for selected licensed fashion brands. We have employed Ms. Nostra since 1981.

Wayne S. Miller has been our Chief Operating Officer since December 2003 and our Secretary since November 1998. He also served as our Chief Financial Officer from April 1998 until September 2005 and as our Treasurer from November 1998 until April 2006.

Neal S. Nackman has been our Chief Financial Officer since September 2005 and was elected Treasurer in April 2006. Mr. Nackman served as Vice President Finance from December 2003 until April 2006. Prior to joining G-III, Mr. Nackman was a financial consultant with Jefferson Wells International from January 2003 until December 2003. From May 2001 until October 2002, he was Senior Vice President Controller of Martha Stewart Living Omnimedia, Inc. From May 1999 until May 2001, he was Chief Financial Officer of Perry Ellis International Inc. From August 1995 until May 1999, he was the Vice-President Finance with Nautica Enterprises, Inc.

Deborah Gaertner became Group President-G-III Women's in March 2008. She had been Vice President Women's Division since March 1992. Ms. Gaertner is responsible for sales and marketing of certain of our women's apparel lines. She previously served as Vice President, Imports from June 1989 until March 1992, coordinating production and merchandising.

Carl Katz, one of our directors, and Jeanette Nostra are married to each other.

ITEM 1A. RISK FACTORS.

We believe that the occurrence of any one or some combination of the following factors could have a material adverse effect on our business, financial condition and results of operations.

Risk Factors Relating to Our Licensed and Non-Licensed Wholesale Apparel Business

The failure to maintain our license agreements could cause us to lose significant revenues and have a material adverse effect on our results of operations.

We are dependent on sales of licensed product for a substantial portion of our revenues. In fiscal 2009, revenues from the sale of licensed product accounted for 60.5% of our net sales (68.0% of net sales of wholesale apparel) compared to 70.3% of our net sales in fiscal 2008 and 63.0% of our net sales in fiscal 2007.

We are generally required to achieve specified minimum net sales, make specified royalty and advertising payments and receive prior approval of the licensor as to all design and other elements of a garment prior to production. License agreements also may restrict our ability to enter into other license agreements for competing products. If we do not satisfy any of these requirements, a licensor usually will have the right to terminate our license. Even if a licensor does not terminate our license, the failure to achieve net sales sufficient to cover our required minimum royalty payments could have a material adverse effect on our results of operations. If a license contains a renewal provision, there are usually minimum sales and other conditions that must be met in order to be able to renew a license. Even if we comply with all the terms of a license agreement, we cannot be sure that we will be able to renew an agreement when it expires even if we desire to do so. The failure to maintain our license agreements could cause us to lose significant revenue and have a material adverse effect on our results of operations.

Our success is dependent on the strategies and reputation of our licensors.

Our business strategy is to offer our products on a multiple brand, multiple channel and multiple price point basis. As a part of this strategy, we license the names and brands of numerous recognized companies, designers and celebrities. In entering into these license agreements, we plan our products to be targeted towards different market segments based on consumer demographics, design, suggested pricing and channel of distribution. If any of our licensors decides to reposition its products under the brands we license from them, introduce similar products under similar brand names or otherwise change the parameters of design, pricing, distribution, target market or competitive set, we could experience a significant downturn in that brand's business, adversely affecting our sales and profitability. We have six different license agreements relating to a variety of products sold under the Calvin Klein brand that is owned by Phillips-Van Heusen Corporation. Any change by Phillips-Van Heusen in the marketing of products sold under the Calvin Klein label, or any adverse change in our relationship with Phillips Van-Heusen, could have a material adverse affect on our results of operations. In addition, as licensed products may be personally associated with designers or celebrities, our sales of those products could be materially and adversely affected if any of those individuals' images, reputations or popularity were to be negatively impacted.

If we are unable to successfully translate market trends into attractive product offerings, our sales and profitability could suffer.

Our ability to successfully compete depends on a number of factors, including our ability to effectively anticipate, gauge and respond to changing consumer demands and tastes across multiple product lines and tiers of distribution. We are required to translate market trends into attractive product offerings and operate within substantial production and delivery constraints. We cannot be sure we will continue to be successful in this regard. We need to anticipate and

respond to changing trends quickly, efficiently and effectively in order to be successful.

Expansion of our product offerings involves significant costs and uncertainty and could adversely affect our results of operations.

An important part of our strategy is to expand the types of products we offer. During the past three years, we have added licenses for new lines of women's suits, dresses, performance wear and sportswear. In addition, we acquired a dress and sportswear manufacturer. We have limited prior experience designing, manufacturing and

marketing these types of products. We intend to continue to add additional product lines in the future. As is typical with new products, demand and market acceptance for any new products we introduce will be subject to uncertainty. Designing, producing and marketing new products require substantial expenditures. We cannot be certain that our efforts and expenditures will successfully generate sufficient sales or that sales that are generated will be sufficient to cover our expenditures. For example, in March 2006, we entered into a license for women's sportswear under the Sean John label. This license was mutually terminated in January 2008, resulting in a charge to earnings in the fourth quarter of fiscal 2008.

If our customers change their buying patterns, request additional allowances or develop their own private label brands, our sales to these customers could be materially adversely affected.

Our customers' buying patterns, as well as the need to provide additional allowances to vendors, could have a material adverse effect on our business, results of operations and financial condition. Customers' strategic initiatives, including developing their own private label brands and reducing the number of vendors they purchase from, could also impact our sales to these customers.

We have significant customer concentration, and the loss of one of our large customers could adversely affect our business.

Our 10 largest customers accounted for approximately 56.6% of our net sales in fiscal 2009 and 59.7% of our net sales in fiscal 2008, with our largest customer accounting for 15.4% of our net sales in fiscal 2009. Consolidation in the retail industry has increased the concentration of our sales to our largest customers. We do not have long-term contracts with any customers, and sales to customers generally occur on an order-by-order basis that may be subject to cancellation or rescheduling by the customer. A decision by our major customers to decrease the amount of merchandise purchased from us, to increase the use of their own private label brands or to change the manner of doing business with us could reduce our revenues and materially adversely affect our results of operations. The loss of any of our large customers, or the bankruptcy or serious financial difficulty of any of our large customers, could have a material adverse effect on us.

If we miscalculate the market for our products, we may end up with significant excess inventories for some products and missed opportunities for others.

We often produce garments to hold in inventory in order to meet our customers' delivery requirements and to be able to quickly fulfill reorders. If we misjudge the market for our products, we may be faced with significant excess inventories for some products and missed opportunities for others. In addition, weak sales and resulting markdown requests from customers could have a material adverse effect on our results of operations.

We are dependent upon foreign manufacturers.

We do not own or operate any manufacturing facilities. We also do not have long-term written agreements with any of our manufacturers. As a result, any of these manufacturers may unilaterally terminate its relationship with us at any time. Almost all of our products are imported from independent foreign manufacturers. The failure of these manufacturers to ship products to us in a timely manner or to meet required quality standards could cause us to miss the delivery date requirements of our customers. The failure to make timely deliveries could cause customers to cancel orders, refuse to accept delivery of products or demand reduced prices.

We are also dependent on these manufacturers for compliance with our policies and the policies of our licensors and customers regarding labor practices employed by factories that manufacture product for us. Any failure by these manufacturers to comply with required labor standards or any other divergence in their labor or other practices from

those generally considered ethical in the United States, and the potential negative publicity relating to any of these events, could result in a violation by us of our license agreements and harm us and our reputation. In addition, a manufacturer's failure to comply with safety or content regulations and standards could result in substantial liability and harm to our reputation.

We are subject to the risks of doing business abroad.

Our arrangements with foreign manufacturers are subject to the usual risks of doing business abroad, including currency fluctuations, political or labor instability and potential import restrictions, duties and tariffs. We do not maintain insurance for the potential lost profits due to disruptions of our overseas manufacturers. Because our products are produced abroad, primarily in China, political or economic instability in China or elsewhere could cause substantial disruption in the business of our foreign manufacturers. For example, in the past, the Chinese government has reduced tax rebates to factories for the manufacture of textile and leather garments. The rebate reduction resulted in factories seeking to recoup more of their costs from customers, resulting in higher prices for goods imported from China. This tax rebate has been reinstated in certain instances. However, new or increased reductions in this rebate would cause an increase in the cost of finished garments from China which could materially adversely affect our financial condition and results of operations.

There have been threats of anti-dumping cases with respect to apparel sourced from several countries, including China and Vietnam. Heightened terrorism security concerns could subject imported goods to additional, more frequent or more thorough inspections. This could delay deliveries or increase costs, which could adversely impact our results of operations. In addition, since we negotiate our purchase orders with foreign manufacturers in United States dollars, the decline in value of the United States dollar against local currencies would negatively impact our cost in dollars of product sourced from these manufacturers. We are not currently engaged in any hedging activities to protect against currency risks. If there is downward pressure on the value of the dollar, our purchase prices for our products could increase. We may not be able to offset an increase in product costs with a price increase to our customers.

Fluctuations in the price, availability and quality of materials used in our products could have a material adverse effect on our cost of goods sold and our ability to meet our customers' demands.

Fluctuations in the price, availability and quality of the leather, wool and other materials used in our products could have a material adverse effect on our cost of sales or our ability to meet our customers' demands. We compete with numerous entities for supplies of materials and manufacturing capacity. The supply and price of leather are vulnerable to animal diseases as well as natural disasters that can affect the supply and price of raw leather. For example, in the past, the outbreak of mad-cow and foot-and-mouth disease in Europe, and its aftereffects, adversely affected the supply and cost of leather. Any recurrence of these diseases could adversely affect us. The prices for wool and other fabrics used in our products depend largely on the market prices for the raw materials used to produce them, such as raw wool or cotton. We may not be able to pass on all or any portion of higher material prices to our customers.

Risks Relating to Our Retail Outlet Business

Expansion of our business into the retail sector involves significant costs and uncertainties.

In July 2008, we acquired 116 outlet store leases, as well as inventory, fixtures, a warehouse location and trademarks and trade names, from Wilsons The Leather Experts. Managing the Wilsons outlet stores requires the expenditure of our time and resources. Operation of a retail chain could divert our management's time and resources from our core wholesale apparel business. Operation of a retail chain could be viewed as competitive by our licensors and existing retail customers and adversely affect our relationships with them. Accordingly, the acquisition of the Wilsons retail outlet business could negatively impact our results of operations.

We will need to improve the results of operations of the acquired Wilsons retail outlet stores in order for these stores to operate profitably for us. We have no experience operating a retail chain.

Prior to our acquisition of the Wilsons retail outlet stores, these stores as a whole were experiencing declines in comparable store sales, sales per square foot and gross margins. The operation of these stores negatively impacted our results of operations in fiscal 2009. We will need to improve store operations and upgrade merchandise offered at these stores in order for these stores to operate profitably for us. We had no experience operating a retail chain prior to this acquisition and cannot be sure we will be able to improve the operations of these stores. If we cannot

improve the results of operations of these stores, this acquisition could have a material adverse effect on our result of operations.

Leasing of significant amounts of real estate exposes us to possible liabilities and losses.

All of the Wilsons retail outlet stores acquired by us in July 2008 are leased. Accordingly, we are subject to all of the risks associated with leasing real estate. Store leases generally require us to pay a fixed minimum rent and a variable amount based on a percentage of annual sales at that location. We generally cannot cancel our leases. If an existing or future store is not profitable, and we decide to close it, we may be committed to perform certain obligations under the applicable lease including, among other things, paying rent for the balance of the applicable lease term. As each of our leases expires, if we do not have a renewal option, we may be unable to negotiate a renewal, on commercially acceptable terms or at all, which could cause us to close stores in desirable locations. In addition, we may not be able to close an unprofitable store due to an existing operating covenant, which may cause us to operate the location at a loss and prevent us from finding a more desirable location.

Our retail outlet stores are heavily dependent on the ability and desire of consumers to travel and shop. A reduction in the volume of outlet mall traffic could adversely affect our retail sales.

Our retail outlet stores are located in outlet malls, which are typically located in or near vacation destinations or away from large population centers where department stores and other traditional retailers are concentrated. As a result of the current economic problems in the U.S., fuel shortages, increased fuel prices, travel concerns and other circumstances, which would lead to decreased travel, could have a material adverse affect on sales at our outlet stores. Other factors which could affect the success of our outlet stores include:

the location of the outlet mall or the location of a particular store within the mall;

the other tenants occupying space at the outlet mall;

increased competition in areas where the outlet malls are located;

a continued downturn in the economy generally or in a particular area where an outlet mall is located; and

the amount of advertising and promotional dollars spent on attracting consumers to the outlet malls.

Sales at our stores are derived, in part, from the volume of traffic at the malls where our stores are located. Our stores benefit from the ability of a mall's other tenants and other area attractions to generate consumer traffic in the vicinity of our stores and the continuing popularity of outlet malls as shopping destinations. A reduction in outlet mall traffic as a result of these or other factors could materially adversely affect our business.

The retail business is intensely competitive and increased or new competition could have a material adverse effect on us.

The retail industry is intensely competitive. We compete against a diverse group of retailers, including, among others, other outlet stores, department stores, specialty stores, warehouse clubs and e-commerce retailers. We also compete in particular markets with a number of retailers that specialize in the products that we sell. A number of different competitive factors could have a material adverse effect on our retail business, results of operations and financial condition including:

increased operational efficiencies of competitors;

competitive pricing strategies, including deep discount pricing by a broad range of retailers during periods of poor consumer confidence or economic instability, such as the deep discounts offered during the 2008 holiday season and thereafter;

expansion of product offerings by existing competitors;

entry by new competitors into markets in which we operate retail stores; and

adoption by existing competitors of innovative retail sales methods.

We may not be able to continue to compete successfully with our existing or new competitors, or be assured that prolonged periods of deep discount pricing by our competitors will not have a material adverse effect on our business.

A privacy breach could adversely affect our business.

The protection of customer, employee, and company data is critical to us. The regulatory environment surrounding information security and privacy is increasingly demanding, with the frequent imposition of new and constantly changing requirements across business units. In addition, customers have a high expectation that we will adequately protect their personal information. A significant breach of customer, employee, or company data could damage our reputation and result in lost sales, fines, or lawsuits.

Risk Factors Relating to the Operation of Our Business

If we lose the services of our key personnel, our business will be harmed.

Our future success depends on Morris Goldfarb, our Chairman and Chief Executive Officer, and other key personnel. The loss of the services of Mr. Goldfarb and any negative market or industry perception arising from the loss of his services could have a material adverse effect on us and the price of our shares. Our other executive officers have substantial experience and expertise in our business and have made significant contributions to our success. The unexpected loss of services of one or more of these individuals could also adversely affect us.

We have expanded our business through acquisitions that could result in diversion of resources, an inability to integrate acquired operations and extra expenses. This could disrupt our business and adversely affect our financial condition.

Part of our growth strategy is to pursue acquisitions. In July 2005, we acquired Marvin Richards and the operating assets of Winlit, in May 2007, we acquired the operating assets of Jessica Howard, in February 2008, we acquired Andrew Marc and in July 2008, we acquired certain assets related to the Wilsons retail outlet business. The negotiation of potential acquisitions as well as the integration of acquired businesses could divert our management's time and resources. Acquired businesses may not be successfully integrated with our operations. We may not realize the intended benefits of any acquisition. For example, the results of Wilsons adversely affected our results of operations in fiscal 2009.

Acquisitions could also result in:

- substantial cash expenditures;
- potentially dilutive issuances of equity securities;
- the incurrence of debt and contingent liabilities;
- a decrease in our profit margins;
- amortization of intangibles and potential impairment of goodwill;
- reduction of management attention to other parts of our business;
- failure to generate expected financial results or reach business goals; and

increased expenditures on human resources and related costs.

If acquisitions disrupt our operations, our business may suffer.

We may need additional financing to continue to grow.

The continued growth of our business depends on our access to sufficient funds to support our growth. Our primary source of working capital to support our growth is our line of credit which, in April 2008, was extended to July, 2011. Our need for working capital and the amount of our debt has increased significantly as a result of our five acquisitions since July 2005. The maximum available under our line of credit has increased from \$110 million prior

to our acquisitions in July 2005 to its current level of \$250 million. Our growth is dependent on our ability to continue to be able to extend and increase the line of credit. If we are unable to refinance our debt, we cannot be sure we will be able to secure alternative financing on satisfactory terms or at all.

Our business is highly seasonal. Our results of operations may suffer in the event that the weather is unusually warm during the peak outerwear selling season.

Retail sales of outerwear have traditionally been seasonal in nature. Sales of outerwear constitute a significant majority of our sales. As a result, in prior years we have been dependent on our sales from July through November for the substantial majority of our net sales and net income. Net sales in the months of July through November accounted for approximately 70% of our net sales in fiscal 2009, 75% of our net sales in fiscal 2008 and 81% of our net sales in fiscal 2007. The Andrew Marc business we acquired in February 2008 experiences seasonality similar to our other wholesale outerwear businesses. Our Wilsons retail outlet business, acquired in July 2008, is also highly seasonal, with the third and fourth fiscal quarters accounting for a significant majority of its sales and operating income. As a result, we will be highly dependent on our results of operations during the second half of our fiscal year. Any difficulties we may encounter during this period as a result of weather or disruption of manufacturing or transportation of our products will have a magnified effect on our net sales and net income for the year. In addition, because of the large amount of outerwear we sell at both wholesale and retail, unusually warm weather conditions during the peak fall and winter outerwear selling season could have a material adverse effect on our results of operations. Our quarterly results of operations for our retail business also may fluctuate based upon such factors as the timing of certain holiday seasons, the number and timing of new store openings, the acceptability of seasonal merchandise offerings, the timing and level of markdowns, store closings and remodels, competitive factors, weather and general economic conditions. The second half of the year is expected to continue to provide a disproportionate amount of our net sales and net income for the foreseeable future.

Risk Factors Relating to the Economy and the Apparel Industry

Recent and future economic conditions, including turmoil in the financial and credit markets, may adversely affect our business.

The current economic and credit crisis is having a significant negative impact on businesses around the world. The impact of this crisis on the apparel industry and our major customers has been quite severe. Conditions may continue to be depressed or may be subject to further deterioration which could lead to a further reduction in consumer spending overall, which could have an adverse impact on sales of our products. A disruption in the ability of our significant customers to access liquidity could cause serious disruptions or an overall deterioration of their businesses which could lead to a significant reduction in their orders of our products and the inability or failure on their part to meet their payment obligations to us, any of which could have a material adverse effect on our results of operations and liquidity. A significant adverse change in a customer's financial and/or credit position could also require us to assume greater credit risk relating to that customer's receivables or could limit our ability to collect receivables related to previous purchases by that customer. As a result, our reserves for doubtful accounts and write-offs of accounts receivable may increase.

Our ability to continue to have the necessary liquidity to operate our business may be adversely impacted by a number of factors, including a continuation of the difficult conditions in the credit and financial markets which could limit the availability and increase the cost of financing. A deterioration of our results of operations and cash flow resulting from continued decreases in consumer spending, could, among other things, impact our ability to comply with financial covenants in our existing credit facility.

Our historical sources of liquidity to fund ongoing cash requirements include cash flows from operations, cash and cash equivalents, as well as borrowings through our loan agreement (which includes revolving and trade letter of credit facilities). The sufficiency and availability of credit may be adversely affected by a variety of factors, including, without limitation, the substantial tightening of the credit markets, including lending by financial institutions who are sources of credit for our borrowing and liquidity; an increase in the cost of capital; the reduced availability of credit; our ability to execute our strategy; the level of our cash flows, which will be impacted by retailer and consumer acceptance of our products and the level of consumer discretionary spending; maintenance of

financial covenants included in our loan agreement; and interest rate fluctuations. We cannot be certain that any additional required financing, whether debt or equity, will be available in amounts needed or on terms acceptable to us, if at all.

As of January 31, 2009, we were in compliance with the financial covenants in our loan agreement. Compliance with these financial covenants is dependent on the results of our operations, which are subject to a number of factors including current economic conditions. The current economic environment has resulted generally in lower consumer confidence and lower retail sales. A continuation of this trend may lead to further reduced consumer spending which could adversely impact our net sales and cash flow, which could affect our compliance with our financial covenants. A violation of our covenants could limit access to our credit facilities. Should such restrictions on our credit facilities and these factors occur, they could have a material adverse effect on our business and results of operations.

The cyclical nature of the apparel industry and uncertainty over future economic prospects and consumer spending could have a materially adverse effect on our results of operations.

The apparel industry is cyclical. Purchases of outerwear, sportswear and other apparel tend to decline during recessionary periods and may decline for a variety of other reasons, including changes in fashion trends and the introduction of new products or pricing changes by our competitors. Uncertainties regarding future economic prospects affected consumer-spending habits and had an adverse effect on our results of operations in fiscal 2009. Uncertainty with respect to consumer spending as a result of weak economic conditions has caused our customers to delay the placing of initial orders and to slow the pace of reorders during the seasonal peak of our business. Weak economic conditions have had a material adverse effect on our results of operations at times in the past and could have a material adverse effect on our results of operations in the future as well.

The competitive nature of the apparel industry may result in lower prices for our products and decreased gross profit margins.

The apparel business is highly competitive. We have numerous competitors with respect to the sale of apparel, including distributors that import apparel from abroad and domestic retailers with established foreign manufacturing capabilities. Many of our competitors have greater financial and marketing resources and greater manufacturing capacity than we do. We also compete with vertically integrated apparel manufacturers that also own retail stores. The general availability of contract manufacturing capacity also allows ease of access by new market entrants. The competitive nature of the apparel industry may result in lower prices for our products and decreased gross profit margins, either of which may materially adversely affect our sales and profitability. Sales of our products are affected by style, price, quality, brand reputation and general fashion trends.

If major department, mass merchant and specialty store chains continue to consolidate, our business could be negatively affected.

We sell our products to major department, mass merchant and specialty store chains. Continued consolidation in the retail industry could negatively impact our business. Consolidation could reduce the number of our customers and potential customers. With increased consolidation in the retail industry, we are increasingly dependent on retailers whose bargaining strength may increase and whose share of our business may grow. As a result, we may face greater pressure from these customers to provide more favorable terms, including increased support of their retail margins. As purchasing decisions become more centralized, the risks from consolidation increase. A store group could decide to decrease the amount of product purchased from us, modify the amount of floor space allocated to outerwear or other apparel in general or to our products specifically or focus on promoting private label products rather than our products. Customers are also concentrating purchases among a narrowing group of vendors. These types of decisions by our key customers could adversely affect our business.

A significant increase in fuel prices could adversely affect our results of operations.

Fuel prices have increased significantly at times during the past few years. Increased gasoline prices could adversely affect consumer spending, including discretionary spending on apparel. In addition, higher fuel prices

have caused our operating expenses to increase, particularly for freight. Any significant decrease in sales or increase in expenses as a result of higher fuel prices could adversely affect our results of operations.

If new legislation restricting the importation or increasing the cost of textiles and apparel produced abroad is enacted, our business could be adversely affected.

Legislation that would restrict the importation or increase the cost of textiles and apparel produced abroad has been periodically introduced in Congress. The enactment of new legislation or international trade regulation, or executive action affecting international textile or trade agreements, could adversely affect our business. International trade agreements that can provide for tariffs and/or quotas can increase the cost and limit the amount of product that can be imported.

China's accession agreement for membership in the World Trade Organization provides that member countries, including the United States, may impose safeguard quotas on specific products. In May 2005, the United States imposed unilateral quotas on several product categories, limiting growth in imports of these categories to 7.5% a year. These safeguard quotas were eliminated in 2009. We are unable to assess the potential for future action by the United States government with respect to any product category in the event that the quantity of imported apparel significantly disrupts the apparel market in the United States. Future action by the United States in response to a disruption in its apparel markets could limit our ability to import apparel and increase our costs.

The effects of war or acts of terrorism could adversely affect our business.

The continued threat of terrorism, heightened security measures and military action in response to acts of terrorism has, at times, disrupted commerce and intensified concerns regarding the United States economy. Any further acts of terrorism or new or extended hostilities may disrupt commerce and undermine consumer confidence, which could negatively impact our sales and results of operations.

Other Risks Relating to Ownership of Our Common Stock

Our Chairman and Chief Executive Officer may be in a position to control matters requiring a stockholder vote.

As of April 1, 2009, Morris Goldfarb, our Chairman and Chief Executive Officer, beneficially owned approximately 19.3% of our common stock. His significant role in our management and his reputation in the apparel industry could make his support crucial to the approval of any major transaction involving us. As a result, he may have the ability to control the outcome on matters requiring stockholder approval including, but not limited to, the election of directors and any merger, consolidation or sale of all or substantially all of our assets. He also may have the ability to control our management and affairs.

The price of our common stock has fluctuated significantly and could continue to fluctuate significantly.

Between February 1, 2006 and April 1, 2009, the market price of our common stock has ranged from a high of \$26.74 per share to a low of \$3.24. The market price of our common stock may change significantly in response to various factors and events beyond our control, including:

fluctuations in our quarterly revenues or those of our competitors as a result of seasonality or other factors;

a shortfall in revenues or net income from that expected by securities analysts and investors;

changes in securities analysts' estimates of our financial performance or the financial performance of our competitors or companies in our industry generally;

announcements concerning our competitors;

changes in product pricing policies by our competitors or our customers;

general conditions in our industry; and

general conditions in the securities markets, such as the recent broad decline in stock prices.

Our actual financial results might vary from our publicly disclosed financial forecasts.

From time to time, we publicly disclose financial forecasts. Our forecasts reflect numerous assumptions concerning our expected performance, as well as other factors which are beyond our control and which might not turn out to be correct. As a result, variations from our forecasts could be material. Our financial results are subject to numerous risks and uncertainties, including those identified throughout this Risk Factors section and elsewhere in this Annual Report and in the documents incorporated by reference in this Annual Report. If our actual financial results are worse than our financial forecasts, the price of our common stock may decline.

We recorded significant charges for the impairment of goodwill and trademarks during the fourth quarter of fiscal 2009 which caused us to report a net loss for fiscal 2009. If our goodwill and other intangibles become further impaired, we may be required to record additional charges to earnings.

We recorded aggregate charges of \$33.5 million in the fourth quarter of fiscal 2009 for impairment charges related to goodwill in our non-licensed apparel segment and one of our trademarks. As a result, we reported a net loss for fiscal 2009. As of January 31, 2009, after recording these impairment charges, we had goodwill and other intangibles in an aggregate amount of \$46.9 million, or approximately 16.6% of our total assets and 28.9% of our stockholders' equity. Under accounting principles generally accepted in the United States, we review our goodwill and other intangibles for impairment annually during the fourth quarter of each fiscal year and when events or changes in circumstances indicate the carrying value may not be recoverable. The carrying value of our goodwill and other intangibles may not be recoverable due to factors such as a decline in our stock price and market capitalization, reduced estimates of future cash flows and profitability and slower growth rates in our industry. Our impairment charges in fiscal 2009 were primarily the result of a decrease in our market capitalization and, to a lesser extent, from a decrease in projected revenues and profitability for one of our proprietary brands. Estimates of future cash flows and profitability are based on an updated long-term financial outlook of our operations. However, actual performance in the near-term or long-term could be materially different from these forecasts, which could impact future estimates. A further significant decline in our market capitalization or further deterioration in our projected results could result in additional impairment of goodwill and/or intangibles. We may be required to record a significant charge to earnings in our financial statements during a period in which an impairment of our goodwill is determined to exist, as happened in fiscal 2009, which would negatively impact our results of operations and could negatively impact our stock price.

We are subject to ongoing costs and risks associated with complying with extensive corporate governance and disclosure requirements.

As a public company, we spend a significant amount of management time and resources to comply with laws, regulations and standards relating to corporate governance and public disclosure, including under the Sarbanes-Oxley Act of 2002, SEC regulations and Nasdaq rules. Section 404 of the Sarbanes-Oxley Act requires management's annual review and evaluation of our internal control over financial reporting and attestations of the effectiveness of these controls by our management and by our independent registered public accounting firm. We were required to complete our first Section 404 report with respect to fiscal 2008. However, there is no guarantee that these efforts will result in management assurance or an attestation by our independent registered public accounting firm that our internal control over financial reporting is adequate in future periods. In connection with our compliance with Section 404 and other applicable provisions of the Sarbanes-Oxley Act, our management and other personnel devote a substantial amount of time and we may need to hire additional accounting and financial staff to assure that we comply with these requirements. The additional management attention and costs relating to compliance with the Sarbanes-Oxley Act and other corporate governance requirements could materially and adversely affect our financial results.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

Our executive offices, sales showrooms and support staff are located at 512 Seventh Avenue in New York City. We lease an aggregate of approximately 42,500 square feet in this building through March 31, 2011 at a current aggregate annual rent of approximately \$1.5 million. We also lease approximately 4,000 square feet through April 30, 2010 at a current annual rent of \$116,000 in an adjoining building at 500 Seventh Avenue for additional administrative personnel.

We assumed leases for an additional 28,000 square feet of office and showroom space at 512 Seventh Avenue in connection with our acquisition of Marvin Richards. The current aggregate annual rent for this space is \$653,000. One of these leases expires in January 2013 and the other expires in December 2013. We assumed a lease in New York City for approximately 20,000 square feet of office and showroom space at 463 Seventh Avenue in connection with the Winlit transaction. The current annual rent is approximately \$484,000 and the lease expires in December 2011.

In connection with our acquisition of Andrew Marc, we assumed leases in New York City for approximately 21,000 square feet of office and showroom space at 570 Seventh Avenue that expire in December 2010 and for which the current aggregate annual rent is \$757,000. We also assumed a lease for approximately 109,000 square feet of warehouse, office and retail space in Secaucus, NJ that expires in July 2011 and for which the aggregate annual rent is \$707,000.

We have a lease for our warehouse and distribution facility, located in Secaucus, New Jersey, through February 2011 covering an aggregate of approximately 205,000 square feet. Annual rent for the premises is approximately \$1.2 million.

We have a lease through January 2014 for another distribution center in South Brunswick, New Jersey. This facility contains approximately 305,000 square feet of space which is used by us for product distribution. Annual rent for this facility is approximately \$1.3 million. This facility became fully operational in May 2007 and replaced a smaller 89,000 square foot distribution center previously used by us. A majority of our finished goods is shipped to our New Jersey warehouse and distribution facilities for final reshipment to customers. We also use third-party warehouses to accommodate our finished goods storage and reshipment needs.

In connection with our acquisition of Wilsons, we assumed a lease in Brooklyn Park, Minnesota for an office, warehouse and distribution facility of approximately 358,000 square feet for which the aggregate annual rent was approximately \$1.4 million. This lease was due to expire in May 2009. A new lease was recently negotiated for 155,000 square feet at an annual rent of approximately \$580,000 which commences June 2009 and will expire in May 2012.

As of January 31, 2009, we operated 121 leased store locations, of which 118 are located in outlet centers. Most leases require us to pay annual minimum rent plus a contingent rent dependent on the store's annual sales in excess of a specified threshold. In addition, the leases generally require us to pay costs such as real estate taxes and common area maintenance costs. New outlet store leases are typically 10 years in duration. Our leases expire at varying dates through 2019. The following table indicates the periods during which our retail leases expire.

Fiscal Year Ending	Number of Stores
2010	13
2011	28
2012	39
2013 and thereafter	41
Total	121

ITEM 3. LEGAL PROCEEDINGS.

In February 2008, we acquired all of the outstanding stock of AM Apparel Holdings, Inc., the owner of the Andrew Marc businesses, from GB Holding I, LLC. In August 2007, in an action entitled Andrew and Suzanne Schwartz 2000 Family Trust; Andrew Marc Schwartz Investment Trust; Andrew Schwartz; and Suzanne Schwartz v. AM Apparel Holdings, Inc., plaintiffs filed a petition in the Delaware Court of Chancery seeking an appraisal under Delaware law of shares of common and preferred stock of AM Apparel held by them prior to a merger by AM Apparel that was effected in April 2007. AM Apparel answered the petition in September 2007 and, in February 2008, filed a motion to dismiss plaintiffs' petition for failure to comply with the provisions of Delaware law required to protect appraisal rights. After AM Apparel's motion to dismiss was denied in May 2008, it responded to plaintiffs' interrogatories and requests for the production of documents in September 2008, and produced documents subject to a confidentiality order entered by the Court in October 2008. The matter is set for trial in July 2009. Discovery is currently on hold pending ongoing settlement discussions. In the stock purchase agreement pursuant to which we acquired the stock of AM Apparel, GB Holding I, LLC agreed to assume responsibility for defending this appraisal proceeding and to indemnify and hold us harmless against any and all damages, as defined in the stock purchase agreement, incurred in connection with this appraisal proceeding including, among others, any judgments, settlements or expenses. Gordon Brothers Group, LLC, an affiliate of GB Holding I, LLC, has guaranteed payment of these indemnity obligations. As a result of this indemnity, management believes that we will not incur any liability with respect to this appraisal proceeding.

In the ordinary course of our business, we are subject to periodic lawsuits, investigations and claims. Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations and claims asserted against us, we do not believe that any currently pending legal proceeding or proceedings to which we are a party will have a material adverse effect on our business, financial condition or results of operations.

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

None.

PART II**ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER REPURCHASES OF EQUITY SECURITIES.****Market For Common Stock**

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

	High Prices	Low Prices
Fiscal 2008		
Fiscal Quarter ended April 30, 2007	\$ 26.74	\$ 17.17
Fiscal Quarter ended July 31, 2007	\$ 22.00	\$ 15.13
Fiscal Quarter ended October 31, 2007	\$ 21.00	\$ 13.30
Fiscal Quarter ended January 31, 2008	\$ 17.28	\$ 11.02

Fiscal 2009

Fiscal Quarter ended April 30, 2008	\$	15.48	\$	10.73
Fiscal Quarter ended July 31, 2008	\$	18.05	\$	11.62
Fiscal Quarter ended October 31, 2008	\$	20.58	\$	11.36
Fiscal Quarter ended January 31, 2009	\$	14.28	\$	4.77

Fiscal 2010

Fiscal Quarter ending April 30, 2009 (through April 14, 2009)	\$	6.91	\$	3.24
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The last sales price of our Common Stock as reported by the Nasdaq Global Select Market on April 14, 2009 was \$6.09 per share.

On April 14, 2009, there were 51 holders of record and, we believe, approximately 860 beneficial owners of our Common Stock.

Dividend Policy

Our Board of Directors currently intends to follow a policy of retaining any earnings to finance the growth and development of our business and does not anticipate paying cash dividends in the foreseeable future. Any future determination as to the payment of cash dividends will be dependent upon our financial condition, results of operations and other factors deemed relevant by the Board. Our loan agreement limits payments for cash dividends and stock redemptions to \$1.5 million plus an additional amount based on the proceeds of sales of equity securities. See Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources in Item 7 below and Note F to our Condensed Consolidated Financial Statements.

Performance Graph

The following Performance Graph and related information shall not be deemed to be filed with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, each as amended, except to the extent that we specifically incorporate it by reference into such filing.

The Securities and Exchange Commission requires us to present a chart comparing the cumulative total stockholder return on our Common Stock with the cumulative total stockholder return of (i) a broad equity market index and (ii) a published industry index or peer group. This chart compares the Common Stock with (i) the S&P 500 Composite Index and (ii) the S&P Textiles Index, and assumes an investment of \$100 on January 31, 2004 in each of the Common Stock, the stocks comprising the S&P 500 Composite Index and the stocks comprising the S&P Textile Index.

G-III Apparel Group, Ltd.
Comparison of Cumulative Total Return
(January 31, 2004 – January 31, 2009)

ITEM 6. SELECTED FINANCIAL DATA.

The selected consolidated financial data set forth below as of and for the years ended January 31, 2005, 2006, 2007, 2008 and 2009, have been derived from our audited consolidated financial statements. Our audited consolidated balance sheets as of January 31, 2005, 2006 and 2007 and our audited consolidated statements of income for the years ended January 31, 2005 and 2006 are not included in this filing. The selected consolidated financial data should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations (Item 7 of this Report) and the audited consolidated financial statements and related notes thereto included elsewhere in this Annual Report on Form 10-K.

Our results of operations for the year ended January 31, 2006 include the results of our Marvin Richards and Winlit divisions from July 11, 2005, the date we acquired the stock of Marvin Richards and certain assets from Winlit. Our results for fiscal 2006 exclude the seasonal losses that were incurred by these acquired companies in the first half of fiscal 2006. Results for fiscal 2007, fiscal 2008 and fiscal 2009 include the operations of Marvin Richards and Winlit for the entire period, as well as interest expense and depreciation and amortization expense relating to these acquisitions for the entire period. Results for fiscal 2008 include the operating results of the Jessica Howard business from May 24, 2007, the date of acquisition. Results for fiscal 2009 include the operating results of the (i) Andrew Marc business from February 11, 2008, the date of acquisition, and (ii) Wilsons retail outlet business from July 8, 2008, the date of acquisition.

All share and per share information in the table below have been adjusted to give retroactive effect to a three-for-two split of our Common Stock effective March 28, 2006.

	Year Ended January 31,				
	2005	2006	2007	2008	2009
	(In thousands, except per share data)				
Consolidated Income Statement Data:					
Net sales	\$ 214,278	\$ 324,072	\$ 427,017	\$ 518,868	\$ 711,146
Cost of goods sold	161,534	239,226	311,470	379,417	510,455
Gross profit	52,744	84,846	115,547	139,451	200,691
Selling, general & administrative expenses	47,452	64,763	83,258	101,669	164,098
Goodwill impairment					31,202
Trademark impairment					2,321
Depreciation and amortization	1,344	3,125	4,431	5,427	6,947
Non-recurring charge	882				
Operating profit/(loss)	3,066	16,958	27,858	32,355	(3,877)
Interest and financing charges, net	1,086	4,349	6,362	3,158	5,564
Income/(loss) before income taxes	1,980	12,609	21,496	29,197	(9,441)
Income taxes	1,277	5,517	8,307	11,707	4,588
Net income/(loss)	\$ 703	\$ 7,092	\$ 13,189	\$ 17,490	\$ (14,029)
Basic earnings per share	\$ 0.07	\$ 0.62	\$ 1.00	\$ 1.09	\$ (0.85)

Weighted average shares outstanding basic	10,773	11,509	13,199	16,119	16,536
Diluted earnings per share	\$ 0.06	\$ 0.58	\$ 0.94	\$ 1.05	\$ (0.85)

Weighted average shares outstanding diluted	11,292	12,236	13,982	16,670	16,536
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	As of January 31,				
	2005	2006	2007	2008	2009

Consolidated Balance Sheet Data:

Working capital