

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of Earliest Event Reported): August 13, 2009

TARRANT APPAREL GROUP

(Exact Name of Registrant as Specified in Charter)

California
(State or Other Jurisdiction
of Incorporation)

0-26006
(Commission
File Number)

95-4181026
(I.R.S. Employer
Identification No.)

801 S. Figueroa Street, Suite 2500
Los Angeles, California
(Address of Principal Executive Offices)

90017
(Zip Code)

(323) 780-8250
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

On August 13, 2009, Tarrant Apparel Group issued a press release regarding its financial results for the second quarter ended June 30, 2009. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by this reference.

The information in this report shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

- (a) Financial statements of business acquired.

None.

- (b) Pro forma financial information.

None.

- (c) Shell company transactions.

None.

- (d) Exhibits.

99.1 Press Release dated August 13, 2009, published by Tarrant Apparel Group.*

* This exhibit is furnished, not filed.

SIGNATURE

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

TARRANT APPAREL GROUP

Date: August 13, 2009

By: /s/ Patrick Chow
Patrick Chow, Chief Financial Officer

PRESS RELEASE

Tarrant Apparel Group Announces Second Quarter Results

LOS ANGELES--(BUSINESS WIRE)-- Tarrant Apparel Group (NASDAQ:TAGS), a design and sourcing company for private label and private brand casual apparel, today announced financial results for the quarter and six months ended June 30, 2009.

The Company reported total net sales of \$41.0 million in the second quarter of 2009, a 20.0% decrease compared to \$51.3 million in the same period in 2008. Private Label sales in the second quarter of 2009 were \$26.7 million, as compared to \$35.2 million reported in the same period last year. The decrease in Private Label sales was a result of reduced demand by our customers due to the severe economic downturn and bankruptcies of retailers, such as Mervyn's that were significant customers in 2008. The decrease was partially offset by an increase in sales to Wal-Mart of \$7.4 million in the second quarter of 2009. Private Brand sales were \$14.3 million in the second quarter of 2009, compared to \$16.1 million in the second quarter of 2008 with the decrease resulting primarily from reduced sales to Macy's Merchandising Group.

Gross profit decreased by \$1.4 million, or 12.9%, to \$9.6 million in the second quarter of 2009 from \$11.0 million in the second quarter of 2008. The decrease in gross profit was primarily due to the decrease in total net sales. As a percentage of total net sales, gross profit increased from 21.4% in the second quarter of 2008 to 23.3% in the second quarter of 2009. The increase in gross margin in the second quarter of 2009 was due primarily to higher gross margins on back- to- school sales.

Selling, general and administrative expenses decreased by \$1.8 million or 17.3% to \$8.8 million for the second quarter of 2009 from \$10.6 million in the 2008 second quarter. As a percentage of total net sales, Selling, general and administrative expenses increased to 21.3% versus 20.6% for the same period of the prior year. Staff costs were reduced by \$566,000 in the second quarter of 2009 compared to the same period of 2008. Included in selling, general and administrative expenses in the second quarter of 2009 was an allowance for bad debts of \$856,000 primarily related to factory receivables from two overseas vendors who ceased production. In the second quarter of 2008, allowance for bad debts amounted to \$2.0 million, of which \$1.5 million was related to Mervyn's receivables. Also included in the second quarter of 2009 were expenses related to the going private transaction of \$341,000 and litigation expenses of \$201,000 compared to going private expenses of \$360,000 and litigation expenses of \$166,000 in the second quarter of 2008.

Royalty expense decreased by \$179,000 or 37.4%, to \$300,000 in the second quarter of 2009 from \$479,000 in the 2008 second quarter. The decrease was caused by lowered royalty rates resulting from an amendment to our license agreement with American Rag Cie, LLC entered into in December 2008.

The Company also recorded a non-cash charge of \$5.3 million in the second quarter of 2008 due to an impairment of the goodwill pertaining to the Chazzz division. The charge was taken as a result of the Mervyn's LLC bankruptcy filing subsequent to the end of the second quarter of 2008 and the rapidly declining business of another retailer served by this division.

Income from operations in the second quarter of 2009 was \$505,000 or 1.2% of total net sales, compared to loss from operations of \$5.4 million or (10.5)% of total net sales, in the second quarter of 2008.

Net income was \$219,000, or \$0.01 per basic and diluted share for the 2009 second quarter, compared to net loss of \$5.3 million, or \$(0.16) per basic and diluted share for the 2008 second quarter.

For the six months ended June 30, 2009, the Company reported net sales of \$78.4 million, a decline of 23.0% compared to \$101.8 million in the comparable prior period of 2008. Gross profit decreased by \$3.5 million or 16.5%, to \$17.5 million in the first six months of 2009 from \$21.0 million in the first six months of 2008. Income from operations for the first six months of 2009 was \$658,000, or 0.9% of total net sales, compared to loss from operations of \$5.4 million, or (5.4)% of total net sales, in the comparable prior period of 2008. Net income was \$48,000, or \$0.00 per share, compared to net loss of \$5.5 million, or \$(0.17) per share in the 2008 comparable period.