SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 40-F

|____| Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934
or
|_Ö_| Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934

For Fiscal year ended: October 3, 2004 **Commission File number: 01-14830**

GILDAN ACTIVEWEAR INC.

(Exact name of registrant as specified in its charter)

Québec, Canada
(Province or other jurisdiction of incorporation or organization)

2200, 2250, 2300
(Primary standard industrial classification code number, if applicable)

Not Applicable
(I.R.S. employer identification number, if applicable)

725 Montée de Liesse, Montréal, Québec, Canada H4T 1P5, (514) 735-2023
(Address and telephone number of registrant's principal executive office)

Puglisi & Associates, 850 Library Avenue, Suite 204, P.O. Box 885, Newark, Delaware 19715, (302) 738-6680
(*Name, address and telephone number of agent for service in the United States*)

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

Title of each class	Name of each exchange on which registered
Common Shares	**The New York Stock Exchange** **The Toronto Stock Exchange**

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**
Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

For annual reports, indicate by check mark the information filed with this form:

|_Ö_| Annual Information Form |_Ö_| Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

Common Shares:
29,698,706

Indicate by check mark whether the registrant by filing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule12g3-2(b) under the Securities Exchange Act of 1934 (the "Exchange Act"). If "Yes" is marked, indicate the file number assigned to the registrant in connection with such rule.

Yes |___| No |_Ö_|

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

Yes |_Ö_| No |___|



GILDAN ACTIVEWEAR INC.

ANNUAL INFORMATION FORM

for the year ended October 3, 2004

February 18, 2005

GILDAN ACTIVEWEAR INC.

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Except as otherwise indicated, the information contained herein is given as of January 31, 2005, and all dollar amounts set forth herein are expressed in U.S. dollars.

*In this annual information form, "**Gildan**", the "**Corporation**", or the words "**we**", "**our**" and "**us**" refer, depending on the context, either to Gildan Activewear Inc. or to Gildan Activewear Inc. together with its subsidiaries.*

The information appearing in the extracts of the documents listed below and specifically referred to in this Annual Information Form is incorporated herein by reference:

— 2004 Annual Report; and

— 2004 Notice of Annual and Special Meeting of Shareholders and Management Proxy Circular (the "Circular").

The foregoing documents are available on the SEDAR website at www.sedar.com, on the Edgar website at www.sec.gov and on the Corporation's website at www.gildan.com.

This Annual Information Form contains certain forward-looking statements, which are based on Gildan's current expectations, estimates, projections and assumptions and were made by Gildan in light of its experience and its perception of historical trends. All statements that address expectations or projections about the future, including statements about Gildan's strategy for growth, commodity prices, costs, operating or financial results, are forward-looking statements. Some of the forward-looking statements may be identified by words like "expects", "antici pates", "plans", "intends", "believes", "projects", "could" and similar expressions. These statements are not guarantees of future performance and involve a number of risks, uncertainties and assumptions. Gildan's actual results may differ materially from those expressed or implied by its forward-looking statements as a result of known and unknown risks, uncertainties and other factors.

1. CORPORATE STRUCTURE

1.1 Name, Address and Incorporation

We were incorporated on May 8, 1984 pursuant to the Canada Business Corporations Act under the name of Textiles Gildan Inc. At our inception, we focused our activities on the manufacture of textiles and produced and sold finished fabric as a principal product line. In 1992, we redefined our operating strategy and, by 1994, our operations focused exclusively on the manufacture and sale of activewear for the wholesale distribution market.

In March 1995, we changed our name to Gildan Activewear Inc./Les Vêtements de Sports Gildan Inc. In June 1998, in conjunction with our initial public offering, we filed Articles of Amendment to, among other things, remove the private company restrictions contained in our charter documents and change the structure of our authorized share capital.

In February 2004, we amended our Articles in order to provide for the possibility of holding annual meetings of shareholders at places outside Canada and to change the province or territory in Canada where our registered office is to be situated from"Montreal Urban Community (Province of Québec)" to "Province of Québec".

On February 2, 2005, we filed Articles of Amendment in order to (i) create a new class of Common Shares (the "Common Shares"), (ii) change each of the issued and outstanding Class A Subordinate Voting Shares into one of the newly-created Common Shares, (iii) remove the Class B Multiple Voting Shares and the Class A Subordinate Voting Shares as well as the rights, privileges, restrictions and conditions attaching

thereto, (iv) change the French form of our name to “Les Vêtements de Sport Gildan Inc.” and (v) decrease the maximum number of directors from fifteen (15) to ten (10).

Our principal executive offices and registered office are located at 725 Montée de Liesse, Montreal, Québec, Canada H4T 1P5, and our telephone number at that address is (514) 735-2023.

1.2 Intercorporate Relationships

We have 21 directly or indirectly wholly-owned subsidiaries:

- ***Gildan Activewear SRL***, a Barbados corporation, which has overall responsibility for all of our international sales and related activities, such as contract manufacturing, warehousing, distribution, marketing and customer service;
- ***Gildan Activewear Properties (BVI) Inc.***, a British Virgin Islands corporation, which owns the facility in Barbados that houses the executive offices of Gildan Activewear SRL;
- ***Gildan Activewear (Central America) Inc.***, a Barbados corporation, which is the holding company for Gildan Activewear San José, S.A., Gildan Activewear San Miguel, S.A., Gildan Activewear (Clercine), S.A., Gildan Activewear Properties (Nicaragua), S.A., Gildan Activewear Nicaragua Textiles, S.A., Gildan Activewear (San Marcos), S.A., Gildan Activewear (Rivas), S.A. and Gildan Activewear San Antonio, S.A.;
- ***Gildan Activewear San José, S.A.***, a Honduran corporation, which operates a sewing facility in Honduras;
- ***Gildan Activewear San Miguel, S.A.***, a Honduran corporation, which operates a second sewing facility in Honduras;
- ***Gildan Activewear San Antonio, S.A.***, a Honduran corporation, which will operate a third sewing facility in Honduras;
- ***Gildan Activewear (Clercine), S.A.***, a Haitian corporation, which operates a sewing facility in Haiti;
- ***Gildan Activewear (San Marcos), S.A.***, a Nicaraguan corporation, which operates a sewing facility in Nicaragua and which currently owns the real estate where our new integrated textile facility will be located in Nicaragua;
- ***Gildan Activewear (Rivas), S.A.***, a Nicaraguan corporation, which will operate a second sewing facility in Nicaragua;
- ***Gildan Activewear (US Holdings) Inc.***, a Florida Corporation, which owns 50% of Cedartown Manufacturing, LLC;
- ***Gildan Activewear (Mexico) Inc.***, a Barbados corporation, which is the holding company for Gildan Activewear Castaños, S. de R.L. de C.V.;
- ***Gildan Activewear Castaños, S. de R.L. de C.V.***, a Mexican corporation, which operates two sewing facilities in Mexico;
- ***Gildan Activewear Malone, Inc.***, a New York corporation, which operates a cutting facility in Bombay, New York;
- ***Gildan Activewear Honduras Textiles Company, S.A.***, a Honduran corporation, which operates our integrated textile facility in Rio Nance, Honduras;
- ***Gildan Activewear Distribution Inc.***, a Barbados corporation, which is the holding company for Gildan Activewear (UK) Limited and Gildan Activewear (Eden) Inc.;

- ***Gildan Activewear (UK) Limited***, a U.K. corporation, which is responsible for sales and distribution for our European and Asia/Pacific markets;
- ***Gildan Activewear (Eden) Inc.***, a North Carolina corporation, which operates our Eden, North Carolina distribution facility;
- ***Gildan Activewear Dominican Republic Textile Company Inc.***, a Barbados corporation, which will operate our new integrated textile facility in the Dominican Republic;

- ***Gildan Activewear Properties (Dominican Republic) Inc.***, a Barbados corporation, which owns the real estate where our new integrated textile facility is located in the Dominican Republic;

- ***Gildan Activewear Nicaragua Textiles, S.A.***, a Nicaraguan corporation, which will operate our new integrated textile facility in Nicaragua; and

- ***Gildan Activewear Properties (Nicaragua), S.A.***, a Nicaraguan corporation, which will own the real estate where our new integrated textile facility is located in Nicaragua.

In addition, in the first quarter of fiscal 2004, we formed a joint venture company with Frontier Spinning Mills, Inc., a major U.S. yarn manufacturer ("Frontier"). This company, called Cedartown Manufacturing, LLC ("Cedartown"), a Delaware limited liability company, currently operates a yarn spinning facility in Cedartown, Georgia and will start operations in a new yarn spinning facility in Clarkton, North Carolina by the end of the third quarter of fiscal 2005. Gildan and Frontier each own a 50% voting and equity interest in Cedartown.

2. GENERAL DEVELOPMENT OF THE BUSINESS

2.1 Three Year History

Over the past three fiscal years, we have continued the expansion of our manufacturing capacity and invested in the acquisition of modern, automated equipment for all aspects of our manufacturing process to maximize production and achieve high efficiency rates. We have spent capital investments for company expansion and cost reduction. For changes in our business that are expected to occur during fiscal 2005, see "Description of the Business — Business Overview — Growth Strategy".

Yarn Spinning

In fiscal 2002, we invested an aggregate amount of $14.0 million in new equipment for our yarn spinning plant in Long Sault, Ontario. We invested an additional $6.4 million in new equipment for this facility in fiscal 2003 and a further $0.2 million in fiscal 2004. In fiscal 2002, we purchased a second yarn spinning plant in Montreal, Québec for an aggregate cost of $8.1 million. We invested an additional $3.2 million in new equipment for this facility in fiscal 2003. The two Canadian plants provided virtually all of the commodity yarn requirements of our Canadian textile manufacturing facilities during fiscal 2004.

On February 1, 2005, however, we announced that we would be closing our two Canadian yarn spinning plants effective March 31, 2005 and transferring our Canadian yarn spinning activities to the United States. In order to be globally cost-competitive, we are expanding our textile operations in Central America and the Caribbean Basin and utilizing our textile operations in Canada to produce shorter-run, higher-value product-lines. This has resulted in lower requirements for commodity yarns from our Canadian yarn spinning facilities, with the consequence that they are no longer able to operate at an efficient level of capacity utilization. Under U.S. international trade legislation enacted in 2000, it is not economical for us to utilize yarn from our Canadian yarn spinning facilities to supply our offshore textile operations, which must use U.S. yarn in order to be eligible for duty-free access to U.S. markets. Approximately 85% of our overall sales are currently made to the United States. The new Central American Free Trade Agreement (CAFTA), which is expected to be implemented by the United States in the first half of 2005, will also allow duty-free access from our offshore manufacturing hubs for products using regionally-spun yarn, but this new legislation will still not provide for the use of Canadian yarn. In addition to the impact of lower capacity utilization on our Canadian yarn spinning facilities, their cost structure has also been negatively impacted by the recent appreciation of the Canadian dollar and by the deregulation of electricity costs in the province of Ontario.

In the first quarter of 2004, we formed Cedartown, a 50%/50% owned joint venture company with Frontier, which acquired all of the assets of an existing yarn spinning facility located in Cedartown, Georgia. The total cost of the equipment and real estate for the Cedartown acquisition, including Frontier's 50% share of the investment, amounted to $12.5 million. Along with the February 1, 2005 announcement of the Canadian plant closures, we announced the expansion of Cedartown's yarn spinning operations. This expansion will include the operation of a new yarn spinning facility in Clarkton, North Carolina as well as the acquisition by Cedartown of certain assets of our yarn spinning facility in Long Sault, Ontario. The transfer of these assets is expected to occur in the second quarter of fiscal 2005 and we expect the new Clarkton facility to be fully operational by the end of the third quarter of fiscal 2005.

Textile Manufacturing

In the last quarter of fiscal 2002, we began production at our world-class knitting, bleaching, dyeing, finishing and cutting facility in Rio Nance, Honduras. The site is strategically located within our Honduran regional manufacturing hub. We invested $15.2 million in this facility in fiscal 2002, $23.7 million in fiscal 2003 and $14.1 million in fiscal 2004. We anticipate spending an additional amount of approximately $7.6 million in fiscal 2005, which would bring the overall cost of the Rio Nance facility to $60.6 million.

In fiscal 2004, we began construction of two new knitting, bleaching, dyeing, finishing and cutting facilities, one in Santo Domingo, Dominican Republic to support our projected continuing sales growth, and the other in Nandaïme, Nicaragua for the production of fleece. By the end of fiscal 2004, we had invested $16.7 million in the Dominican Republic textile facility and $4.4 million in the Nicaragua textile facility. The Dominican Republic and Nicaragua facilities are expected to begin production in the second quarter of fiscal 2005 and by the end of fiscal 2005, respectively. For fiscal 2005, we anticipate spending additional amounts of approximately $40.0 million on the Dominican Republic facility and $15.0 million on the Nicarag ua facility, which will bring our overall investment in the Dominican Republic and Nicaraguan facilities to $56.7 million and $19.4 million, respectively.

Sewing

In fiscal 2003, we began production in a new sewing facility located in Port-au-Prince, Haiti, spending $2.3 million in new equipment

for this facility and an additional $2.8 million in fiscal 2004.

In fiscal 2003, we closed our Montreal sewing plant, which at the time provided approximately 2% of our overall sewing requirements, as this plant was no longer cost competitive or economically viable in relation to a global competitive environment. In addition, in September 2004, we closed our sewing facility in El Progreso, Honduras, for economic and operational reasons.

In fiscal 2004, we began production in a new sewing facility located in San Marcos, Nicaragua, spending $2.9 million in new equipment for this facility. We have recently signed lease agreements for new sewing facilities to be located in San Antonio, Honduras and Rivas, Nicaragua. During fiscal 2005, we anticipate spending an aggregate of $5.5 million to start up these new facilities, as well as to develop new sewing facilities in Haiti and the Dominican Republic. In addition to our own facilities, we supplement our production by using third party contractors in Nicaragua, El Salvador, Honduras, Haiti and the Dominican Republic.

Distribution

In April and November 2003 and January 2004 respectively, we opened three new distribution centers in Bletchley-Milton Keynes, United Kingdom, Brisbane, Australia and Meer, Belgium, through third party agreements. In fiscal 2004, we began a 354,000-square foot expansion of our distribution center in Eden, North Carolina, which is expected to be completed in the second quarter of fiscal 2005. In addition, in fiscal 2004, we added a new third party distribution center in Ontario, California to better serve our U.S. customers located on the west coast.

Share Structure

In February 2004, our Board of Directors approved the conversion of all of the Corporation's Class B Multiple Voting Shares into Class A Subordinate Voting Shares on a one-for-one basis and without any conversion premium. The Class B Multiple Voting Shares were held by H. Greg Chamandy, Glenn J. Chamandy and Edwin B. Tisch through their respective holding companies. The conversion became effective on March 1, 2004.

At the annual and special meeting of the shareholders on February 2, 2005, our shareholders approved a special resolution to amend our Articles in order to change each of the issued and outstanding Class A Subordinate Voting Shares into one newly-created Common Share and to remove the Class B Multiple Voting Shares and the Class A Multiple Voting Shares, effectively eliminating our dual class voting structure.

Shareholder Rights Plan

On December 1, 2004, our Board of Directors adopted a shareholder rights plan, which became effective that same day. At the annual and special meeting of the shareholders on February 2, 2005, our shareholders approved a resolution confirming the ratification of the shareholder rights plan. The objectives of the shareholder rights plan are to provide the Board of Directors and the shareholders with adequate time to assess any unsolicited take-over bid for the Corporation and where appropriate, give the Board of Directors sufficient time to pursue other alternatives for maximizing shareholder value. The shareholder rights plan was not adopted in response to any specific proposal to acquire control of the Corporation nor is the Board of Dir ectors currently aware of any pending or threatened take-over bid for the Corporation.

3. DESCRIPTION OF THE BUSINESS

3.1 Business Overview

We are a rapidly growing, vertically-integrated manufacturer and marketer of premium quality basic activewear for sale principally into the wholesale imprinted activewear market in the Canadian, United States, European and Asia/Pacific apparel markets. Until fiscal 2000, our sales were exclusively in Canada and the United States. During the past five years we have established a strong base for future growth in Europe, where, as at January 31, 2005, we have a network of 36 distributors in 20 countries. We manufacture and sell premium quality 100% cotton t-shirts and 50% cotton/50% polyester t-shirts, placket collar sport shirts and premium quality fleece products in a variety of weights, sizes, colors and styles. We sell our pro ducts as "blanks", which are ultimately decorated with designs and logos for sale to end users.

Over the past several years, we have significantly increased our sales and earnings. From fiscal 1993 through fiscal 2004, our sales grew from $24.0 million to $533.4 million, representing a compounded annual growth rate of 32.6%.

Our sales growth has been supported by the continuing expansion of our manufacturing capacity. In fiscal 2004, our sales increased to 26.9 million dozen, compared with 22.6 million dozen in the previous fiscal year. Moreover, we expect to expand our capacity to accommodate annual production of 65 million dozen by 2009, principally through the development of additional integrated textile facilities in the Dominican Republic and Nicaragua. We have acquired sufficient land to implement further major capacity expansion in the Dominican Republic and Nicaragua, in order to have additional capacity in place by the end of 2008.

All of our new capacity is being added at the low end of the cost curve, reflecting our commitment to grow using the latest state-of-the-art manufacturing technology. Our mission is to constantly reinforce our position as the low-cost producer and leading marketer of premium quality basic activewear in all of the geographical markets we serve. In addition to utilizing our new capacity to maximize further growth in the wholesale imprinted activewear market, we intend to start to penetrate the mass-market retail channel in fiscal 2005.

Operating Strategy

We believe that our focus on low-cost manufacturing, our customer relationships and our reputation for premium quality are the reasons we have been able to rapidly increase our market presence and establish our market leadership in the imprinted sportswear market. We attribute our strong operating performance to our strategy, which is composed of the following principal components:

Emphasis on Premium Quality Products. We offer our products in a wide variety of weights, sizes, colors and styles. All of our products are designed to include premium quality features, such as topstitched seamless collars, taped neck and shoulders, double stitched seams, and quarter-turned bodies to eliminate the center crease. To ensure the premium quality of our products, we apply stringent quality control procedures at all stages of the production process, both at our facilities and those of our contractors.

Competitive Pricing and Low-Cost Operations. We believe that our combination of competitive prices and premium quality products provides superior value to our customers. We are able to price our products competitively because of our success in maintaining low production and operating costs. We accomplish this by:

- investing in modern, automated equipment and facilities;
- increasing our capacity through the development of integrated regional hubs in Central America and the Caribbean Basin, where we benefit from strategic locations, favorable international trade agreements, excellent infrastructure and a qualified, cost-efficient labor force; and
- focusing on producing a narrow range of basic product-lines in high-volume, which allows us to maximize production efficiencies.

Modern, Vertically-Integrated Operations. We control all aspects of our apparel manufacturing process. This strategy ensures that every Gildan garment manufactured meets the industry's most stringent quality standards. We believe that our modern, vertically-integrated operations, which have been designed and developed to support our operating strategy, provide us with the flexibility and efficiency to meet our customers' needs. We intend to continue to acquire modern, automated equipment for all aspects of our manufacturing process to maximize productivity and achieve high efficiency rates. The continuous re-investment in our manufacturing facilities enables us to add capacity, reduce manufacturing costs as well a s monitor quality at all stages of the production process, thus enabling us to maximize profit margins. During fiscal 2004, we continued to successfully operate our world-class integrated textile facility in Rio Nance, Honduras. We also began the development of two new state-of-the-art integrated textile facilities, one in Santo Domingo, Dominican Republic, which is expected to begin production in the second quarter of fiscal 2005, and one in Nandaïme, Nicaragua, which is expected to begin production by the end of fiscal 2005. In addition, in the first quarter of fiscal 2004, we formed Cedartown, a 50%/50% owned joint venture company with Frontier, which acquired all of the assets of an existing yarn spinning facility located in Cedartown, Georgia. Cedartown will also be operating a new yarn spinning facility in Clarkton, North Carolina by the end of the third quarter of fiscal 2005.

Experienced Management Team. Our senior executives have significant industry experience. We have complemented our senior management team by integrating managers who fit with our entrepreneurial culture, while also providing the depth and experience gained in other environments. We believe our management team is well positioned to successfully manage our growth and strategic development.

Growth Strategy

During fiscal 2004, we purchased land in the Dominican Republic and began construction of a second state-of-the-art knitting, bleaching, dyeing, finishing and cutting facility. The land we purchased is large enough to accommodate an anticipated further major capacity addition on the same site. The fabric manufactured will be sewn both in the Dominican Republic and Haiti, where we already operate an integrated sewing plant and have established relationships with external contractors.

During fiscal 2004, we also purchased land in Nicaragua and began construction of a third state-of-the-art knitting, bleaching, dyeing, finishing and cutting facility that will be utilized primarily for the production of fleece. The fabric manufactured at this facility will be sewn in Nicaragua, where we already operate a sewing plant and plan to start a new sewing plant in fiscal 2005.

We plan to complete the construction of the Dominican Republic and Nicaragua facilities and begin production in the second quarter of fiscal 2005 and by the end of fiscal 2005, respectively. We expect to ramp-up these facilities to full capacity in fiscal 2006. The scale of the new textile facilities in the Dominican Republic and Nicaragua will be comparable to that of the Rio Nance, Honduras facility, and these two new integrated manufacturing hubs will be based on the successful model of our integrated textile and sewing operations in Honduras. The total capital cost of the Dominican Republic and Nicaragua facilities is estimated to be in the order of $60 million each.

The new capacity generated by the Dominican Republic/Haiti and Honduras/Nicaragua hubs is expected to be utilized primarily to support our continuing sales growth and market share targets in our existing products and our existing market channels, as well as to support our entry into the retail channel.

As we bring in significant new production capacity, we believe that we will continue to build further on our leadership position in the U.S. and Canadian wholesale markets and pursue further penetration of global market opportunities. We anticipate that our projected organic unit sales growth will result in unit volume growth over the next five years to annual sales of approximately 60 million dozen, an increase of more than 120% over fiscal 2004. During this period our objective will be to achieve our market share targets and optimize our overall cost structure in the wholesale imprinted sportswear market. Other significant growth opportunities in this market include leveraging the Dominican Republic/Haiti and Honduras/Nicaragua hubs to drive penetration of new geographical markets, to further penetrate other segments of the North America wholesale channel, and to enter the retail channel.

As we continue to develop and expand our integrated manufacturing hubs in Central America and the Caribbean Basin, we believe that the extension of our wholesale brand into the retail channel of distribution will represent the most attractive long-term strategy to leverage our existing manufacturing strengths and core competencies, ensuring our continuing long-term growth and strategic development, and ultimately creating maximum value for our shareholders. Over the next five years, we plan to manage our entry into retail markets in a conservative and gradual manner with the capacity that we have available, and build a solid base from which to drive significant long-term market penetration. In fiscal 2004, we hired an experienced industr y executive to spearhead our retail initiative and we expect an initial entry into the retail market in

fiscal 2005. During fiscal 2005, we expect to make
considerable progress to position Gildan for further retail penetration in fiscal 2006 when our new manufacturing hubs come on-stream, including the expansion of our distribution center in Eden, North Carolina.

We plan to continue to sell the same basic undecorated apparel products into the retail channel, as well as potentially introduce complementary products that also leverage our existing core competencies and our existing competitive strengths. We intend to follow the same pricing strategy as in the wholesale market, by using our cost efficiencies to lower selling prices and then use lower selling prices to achieve market penetration. The competition in the retail channel is essentially the same as in the wholesale channel. As a low-cost producer with large, state-of-the-art manufacturing facilities, a strong management team, including an experienced sales and marketing group, as well as the leading brand in the wholesale channel, we are b etter positioned today to compete successfully in the retail channel than we were when we first entered the wholesale market.

As we bring in new production capacity with our Dominican Republic/Haiti and Honduras/Nicaragua hubs, we expect to pursue further global market opportunities, in addition to our existing served markets in Europe, Australia and Japan. As part of our expansion into new geographic markets, we plan to evaluate opportunities to capitalize on the growth of the domestic consumer market in China.

Industry Overview

We focus principally on sales of t-shirts, placket collar sport shirts and fleece products in “blank” form, to the wholesale imprinted activewear market. “Imprinted” activewear is typically decorated with a screenprint or embroidered with a logo, design or character before it reaches the end user. Imprinted activewear is either branded or private label. Branded products display the manufacturer’s label, whereas products sold on a private label basis display the brand name of the customer.

We believe that growth in the imprinted activewear market has been driven by several trends, such as the following:

- continued use of activewear for event merchandising (such as concerts, festivals, etc.);

- continued evolution of the entertainment/sports licensing and merchandising businesses;
- a greater use and acceptance of casual dress in the workplace;
- the growing use of activewear for uniform applications and corporate promotions; and
- continued increases in tourism applications of activewear products.

Furthermore, significant improvements in activewear apparel, ranging from enhanced product characteristics, such as pre-shrunk fabrics, improved fabric weight, blends and construction, to increased product variety, including new sizes, colors and styles, have enhanced consumer appeal. We believe these trends will continue to generate demand for activewear products for the foreseeable future.

The activewear market is characterized by low fashion risk compared to many other apparel markets. While opportunity exists for product innovations and differentiation, basic garment styles generally are not driven by trends or fads. The activewear industry is also characterized by significant barriers to entry, including:

- substantial capital expenditures required for vertically-integrated production;
- large investments in inventories and working capital;
- strong supplier relationships; and
- established customer relationships.

Products

Gildan’s product offering focuses on core basic activewear styles, sold in a variety of fabrics, weights and colors. Silhouettes include basic t-shirts, long sleeve t-shirts, sleeveless t-shirts, ringer tees, tank tops, pocket t-shirts, basic sport shirts, pocketed sport shirts, crewneck sweatshirts, hooded sweatshirts and sweatpants. Each product category is serviced by various labels (each indicative of a specific quality level or fabric type), such as Ultra Cotton™, Heavy Cotton, Ultra Blend™ and Heavy Blend™. We offer 100% cotton as well as blended cotton and polyester products.

T-shirts

T-shirts represented approximately 80% of our sales in fiscal 2004 and in fiscal 2003. Our primary t-shirt offerings are the Gildan Activewear Ultra Cotton™ T-shirt (6.1 oz. per sq. yd.), the Gildan Activewear Heavyweight Cotton T-shirt (5.4 oz. per sq. yd.) and the Gildan Activewear Ultra Blend™ T-shirt (5.6 oz. per sq. yd.). Each of these t-shirt lines incorporates styles with enhanced features, such as double stitched necklines, seamless collars, taped neck and shoulders, quarter-turned bodies and superior knit surfaces to enhance printability of the

fabrics. A variety of styles complement the basic adult t-shirt styles within each label offering.

Fleece Products

In fiscal 2004 and fiscal 2003, slightly above 10% of our sales were derived from the sale of fleece products. In fiscal 2003, we added a new label of fleece fabric, Heavyweight Blend™, targeted at the high volume price driven category. In an effort to increase the value to end customers, we increased the fabric weights of our 50/50 Ultra Blend™ fleece collection to 9.3 oz per sq. yd. and our 80/20 Ultra Cotton™ fleece collection to 10 oz. per sq. yd. We also expanded the color palettes within each of the label offerings, and added a new Youth Crewneck and Hooded sweatshirt, along with a non-pocketed pant.

Placket Collar Sport Shirts

In fiscal 2004 and fiscal 2003, placket collar sport shirts represented slightly below 10% of our sales. In calendar 2004, we achieved the #1 brand position in the U.S. distributor network as reported in the S.T.A.R.S. Report produced by ACNielsen Market Decisions (the "S.T.A.R.S. Report"). The market and market share data in the S.T.A.R.S. Report for the U.S. wholesale distributor market for calendar 2004 excludes sales by three large distributors who have discontinued their participation in the report and the value of the report is therefore diminished compared to prior years. We will continue to monitor the value of presenting data from the S.T.A.R.S. Report in the future.

We produce placket collar sport shirts in a variety of weights, sizes, colors and styles, with or without a pocket. Our placket collar sport shirts include the 100% cotton Ultra Cotton™ Sport Shirt in jersey fabric (6.1 oz. per sq. yd.) and piqué fabric (7.0 oz. per sq. yd.) and the 50% cotton/50% polyester Gildan Activewear Ultra Blend™ Sport Shirt in blended jersey fabric (5.6 oz. per sq. yd.) and piqué fabric (6.5 oz. per sq. yd.). In January 2003, together with the introduction of our Gildan Activewear Ultra Cotton™ Long Sleeve Sport Shirt (7.0 oz. per sq. yd.) in piqué fabric, we introduced four fashion sport shirts, the Gildan Activewear Ultra Cotton™ Fashion Sport Shirt (7.0 oz. per sq. yd.) in piqué fabric featuring fashion collars and cuffs in racing, jacquard, pin stripe and wide stripe styles.

Marketing and Sales

We market our products directly to our customers through our sales force. We do not maintain regional sales offices; instead, our sales personnel work from home. Our small sales force is trained to manage relationships with a limited number of regional wholesale distributors allowing us to incur lower selling expenses than many of our major competitors. Sales management is divided into two divisions: Canada and International, which is comprised principally of the United States, Europe and Asia/Pacific.

Our marketing strategy concentrates primarily on the wholesale distribution channel catering to screenprinters, embroiderers and advertising specialty distributors. We promote ourselves through appearances at tradeshows and trade magazine advertising. We also engage in various forms of co-operative advertising with our major customers, including print advertising, catalogues and mailings.

Our retail sales team will be structured similarly to that of our wholesale imprinted segment. As our retail sales materialize, sales executives will be located in countries relatively close to the customers they service and will work from their homes.

Customers

In fiscal 2004, we sold our products in Canada, the United States and Europe and other markets, which accounted for 8%, 85% and 7% of total sales, respectively. For a breakdown of our total sales by geographic market for each of the last three financial years, reference is made to Note 15 to the Consolidated Financial Statements of the Corporation included in our 2004 Annual Report, which is incorporated herein by reference. We currently sell our products to approximately 150 customers. Our customer mix is highly diverse. In fiscal 2004, our top two customers accounted for 31.2% of total sales, with the balance of our top ten customers accounting for approximately 29.5% of total sales. In calendar 2004, we added two new major U.S. d istributors to our U.S. distributor network.

Approximately 90% of total sales in fiscal 2004 were made through our wholesale distributors. Although we have long-term ongoing relationships with our distributor network, we do not have formal contractual agreements with them whereby they must purchase a minimum quantity of our products. Instead, we meet with these customers at the beginning of each fiscal year to ascertain their projected requirements and then plan our production and marketing strategy accordingly. Our wholesale distributor customers then send purchase orders to us during the course of the fiscal year. Distributors can also utilize a computerized vendor-managed inventory system. Customer projections have historically been reliable indicators of actual orders, and our experience with this practice has been favorable.

Raw Materials

Cotton and polyester fibers are the main raw materials used in the manufacturing of our products. Cotton is used in the manufacturing of 100% cotton yarn while polyester is added in the manufacturing of 50% cotton/50% polyester blend yarn. Polyester pricing is negotiated on an annual basis, while cotton fiber pricing is fixed in the futures markets.

On January 1, 2001, we entered into a supply agreement with Frontier, which agreement, as amended, expires on September 30, 2008. This agreement allows us to source any type of yarn originating from the United States. In the first quarter of fiscal 2004, we acquired, through Cedartown, a 50%/50% owned joint venture with Frontier, a yarn spinning facility located in Cedartown, Georgia, which supplies us with 100% cotton U.S. origin yarn. We plan to transfer most of our yarn spinning assets from our Long Sault, Ontario facility to a new facility to be leased by Cedartown in Clarkton, North Carolina. Our two yarn spinning facilities in Long Sault, Ontario and Montreal, Québec will be closed effective March 31, 2005.

During fiscal 2004, the supply agreement with Frontier, the jointly owned Cedartown facility and our two Canadian facilities provided us with 100% of our commodity yarn requirements. In the first quarter of fiscal 2005, we entered into an additional supply agreement with Parkdale America, llc ("Parkdale") for the delivery of yarn until 2009. We expect that our commodity yarn requirements will continue to be met by the expansion of Cedartown's yarn spinning operations in Clarkton, North Carolina and the supply agreements currently in place with Frontier and Parkdale.

We also purchase chemicals, dyestuffs and trims through a variety of suppliers. These products have historically been available in sufficient supply.

Quality Control

Our quality control team has adopted strict standards and procedures to ensure the quality of our products. This team enforces plant-specific quality control standards at the facilities we own and monitors quality control at the facilities run by offshore contractors. As a result of our quality control team's efforts, we have not experienced any significant quality claims from our customers or end users.

Management Information Systems

We have invested in information technology as a tool to:

- prepare financial analysis and reporting to allow us to reduce overall costs;
- enhance the efficiency of our garment design and manufacturing; and
- support the sale and distribution of our products to our customers.

Our production software processes customer orders and monitors production throughout our supply chain, from spinning to sewing and during packaging and distribution. We believe that our information technology has been effective in meeting our needs. By the end of fiscal 2002, we had completed the implementation of the sales management and distribution modules of our new Enterprise Resource Planning ("ERP") system in all locations where we operate. In fiscal 2003, we introduced a business to business e-commerce application with customers, including a full vendor-managed inventory module. In addition, the cutting and sewing processes have been integrated into the manufacturing module. In fiscal 2004, we increased the coverage of our ERP system to more of our manufacturing facilities and before the end of fiscal 2005, we expect to have all our major manufacturing facilities live on our ERP system. In addition, in fiscal 2005 we plan to install a new state-of-the-art warehouse management system in our Eden, North Carolina distribution center. Finally, in fiscal 2005, we expect to have completed our plan for upgrading our system capabilities in the areas of demand forecasting and production and distribution planning.

Seasonality

The activewear business is seasonal. Our percentage sales breakdown by quarter for fiscal 2004 was as follows: 14.6% for the first quarter, 26.5% for the second quarter, 31.6% for the third quarter and 27.3% for the fourth quarter. This trend is consistent with the prior fiscal year. We meet with our customers at the beginning of each fiscal year to ascertain their projected requirements and then plan our production and marketing strategy accordingly. Based on these discussions, we produce and store finished goods inventory in order to meet the expected demand for delivery in the second half of the fiscal year. However, if after producing and storing inventory in anticipation of third and fourth quarter deliveries, demand is significantl y less than expected, a risk inherent in our business is that we may be required to hold inventory for an extended period of time at our expense, or sell the excess inventory at reduced prices, thereby reducing profits.

Competition

The wholesale imprinted activewear segment of the North American apparel market in which we compete includes a number of significant competitors. Our primary competitors are the major U.S.-based manufacturers of basic branded activewear for the wholesale and retail channels. These manufacturers include the Hanes and Outer Banks divisions of Sara Lee Corporation, the Jerzees division of Russell Corporation, Fruit of the Loom, Inc., a wholly-owned subsidiary of Berkshire Hathaway, Inc. ("Fruit of the Loom") and Anvil Knitwear, Inc.

We compete primarily on the basis of quality and price. We produce only premium quality products. We are able to price our products competitively because of our success in maintaining low production and operating costs. We accomplish this by:

- investing in modern, automated equipment and facilities;
- increasing capacity through the development of integrated regional hubs in Central America and the Caribbean Basin, where we benefit from strategic locations, favorable international trade agreements, excellent infrastructure and a qualified, cost-efficient labor force; and
- focusing on producing a narrow range of basic product-lines in high-volume, which allows us to maximize production efficiencies.

Our market share in the U.S. wholesale distribution market was 30.2% in the overall t-shirt category, 23.5% in the sport shirt category and 16.1% in the fleece category at the end of fiscal 2004. All U.S. market share data is based on the S.T.A.R.S. Report.

Our ability to remain competitive in the areas of quality, price, marketing, product development, manufacturing, distribution and order

processing will, in large part, determine our future success. Changes in the regulatory environment affecting the textile and apparel industries may also affect the competitive pressures facing us. See “Business Overview — Trade Regulatory Environment”.

Trade Regulatory Environment

The textile and apparel industries in both Canada and the United States have historically received a relatively higher degree of international trade protection than some other industries. However, this protection is diminishing as a result of the implementation of trade agreements reached in the last ten years. So far, we have been able to adapt to this changing international regulatory climate. In order to maintain our competitiveness in the future, we must continue to adapt to future changes in trade protection, including changes reflected in existing trade agreements and changes that may be decided unilaterally by the governments of the countries and regions in which we and our competitors operate.

World Trade Organization – Agreement on Textiles and Clothing

In 1995, the World Trade Organization (“WTO”) implemented the Agreement on Textiles and Clothing, requiring importing countries, including Canada, the United States and countries in Western Europe to eliminate quotas on imports of textiles and apparel from WTO member exporting countries by 2005. China became a member of the WTO on January 1, 2002 and now enjoys the full benefit of the elimination of textile quotas, except that China’s WTO accession agreement allows importing countries to impose limited quotas on its exports in cases of market disruption.

The WTO also obtained commitments from all WTO members to reduce tariffs over a ten-year period. The United States’ tariff reductions in the textile and apparel sector have been very small, and textiles and apparel remain one of the most highly tariff protected U.S. industries, despite the elimination of quotas.

NAFTA

The North America Free Trade Agreement (“NAFTA”) was implemented in 1994. This agreement established a free trade area among Canada, the United States and Mexico. None of the benefits of NAFTA apply to our goods sewn outside of the three NAFTA countries and exported to the United States or Canada for distribution.

All NAFTA originating textile and apparel goods traded among the three NAFTA countries are duty-free. Subject to certain exceptions and additional criteria, NAFTA generally requires NAFTA originating garments to be made in NAFTA countries from the yarn stage forward. In other words, the yarn must be spun or extruded in a NAFTA country, the fabric must be woven or knitted in a NAFTA country, and the apparel must be cut and assembled in a NAFTA country. Because we knit certain of our fabric in Canada from Canadian and American yarn, our garments sewn in Mexico from this fabric are NAFTA originating.

Non-NAFTA originating garments cut and sewn in the NAFTA territory from non-NAFTA originating yarn or fabric are entitled to receive NAFTA duty rates up to “tariff preference levels.” A tariff preference level is a quota that allows non-NAFTA originating goods to receive the same duty treatment as qualifying goods until that quota level is filled.

Other Trade Agreements and Programs

NAFTA may be expanded in the future to include other countries. Canada, Mexico and the United States have each implemented separate bilateral free trade agreements with Chile. The United States has also implemented bilateral free trade agreements with Australia, Israel, Jordan and Singapore, and has recently concluded negotiations for a Central America Free Trade Agreement (“CAFTA”), to be presented to Congress for implementation in 2005. Under CAFTA, textile and apparel originating from CAFTA countries will be duty and quota-free, provided that yarn formed in the United States or other CAFTA countries is used to produce the fabric.

In 2000, the United States extended preferential trade treatment for apparel to the Caribbean Basin Initiative (“CBI”) countries by enacting the Caribbean Basin Trade Partnership Act (“CBTPA”). The CBTPA eliminates U.S. duty on garments assembled in those countries from fabric wholly formed in the United States from yarn wholly formed in the United States. It also provides duty-free treatment for limited quantities of knit garments produced in those countries from fabric knit in CBI countries using yarn wholly formed in the United States.

Also in 2000, the United States enacted the African Growth and Opportunity Act (“AGOA”), giving sub-Saharan African countries benefits similar to CBTPA. Unlike CBTPA, AGOA provides additional duty-free treatment to limited quantities of garments produced in beneficiary countries with regional fabric using regional or U.S. yarn, and in least developed countries with fabric of any origin. In 2002, the United States enacted the Andean Trade Preference and Drug Eradication Act (“ATPDEA”), giving the Andean countries benefits similar to CBTPA, except that the ATPDEA contains more liberal provisions for limited quantities of garments made in those countries with regional fabric and yarn.

The changes expected under CAFTA and already in place under CBTPA, AGOA and ATPDEA disadvantage our Canadian yarn and fabric production, since they require either U.S. or regional inputs. This explains our announcement made on February 1, 2005 regarding the closure of our two Canadian yarn spinning facilities. These provisions will, however, benefit our Central American and Caribbean Basin fabric and garment production. We have implemented a manufacturing and distribution plan that allows us to supply an increasing majority of our geographical markets on a duty-free basis.

The United States is also contemplating additional free trade agreements with Bahrain, the Andean countries, Panama, and the members of the South African Customs Union. Since January 1, 2003, textile and apparel products originating from approximately 48 Least

Developed Countries ("LDCs") are allowed into Canada duty and quota-free under certain rules of origin. Similar legislation has also been introduced by Australia for its domestic market.

As for the Free Trade Agreement of the Americas, or FTAA, the interested countries, which include Canada, the United States and Central American countries, are continuing to work on this agreement. While the anticipated implementation date has been pushed back beyond calendar 2005, a successful FTAA would open a free trade area among all of the 34 expected participants, thus allowing all of our manufacturing operations in these regions to operate within a duty-free environment.

Intellectual Property

We own several registered trademarks including, among others, "Gildan" in Canada and the United States, the Gildan "logo" in Canada, and "Gildan Activewear" in Canada, the United States and many countries in Europe, Central America, South America and Asia and in Australia. Applications for the registration of a number of other trademarks, including "Gildan Activewear", are pending in several countries. We have and intend to continue to maintain our trademarks and the relevant registrations, and will actively pursue the registration of trademarks in Canada, the United States and abroad.

Environmental Regulation

All of our operations are subject to various environmental and occupational health and safety laws and regulations. Because we monitor environmental issues, we believe that we are in compliance in all material respects with the regulatory requirements of those jurisdictions in which our facilities are located. We will continue to make expenditures to comply with these requirements, and we do not believe that compliance will have a material adverse effect on our business. As is the case with manufacturers in general, if a release of hazardous substances occurs on or from our properties or any associated offsite disposal locations, or if contamination from prior activities is discovered at any of our properties, we may be held liable. Whil e the amount of such liability could be material, we endeavor to conduct our operations in a manner that reduces such risks.

3.2 Property, Plants and Equipment

Textile Operations

Yarn. Our Long Sault, Ontario and Montreal, Québec plants provided virtually all of the commodity yarn requirements of our Canadian textile manufacturing facilities during fiscal 2004.

In the first quarter of fiscal 2004, we acquired, through Cedartown, a 50%/50% owned joint venture with Frontier, a yarn spinning facility located in Cedartown, Georgia, which supplies our offshore textile manufacturing facilities with 100% cotton U.S. origin yarn. We plan to close our two Canadian yarn spinning facilities in the second quarter of fiscal 2005 and expand our Cedartown operations by leasing an additional facility in Clarkton, North Carolina, for the supply of 100% cotton U.S. origin yarn. Cedartown will purchase certain yarn spinning equipment from our Long Sault facility for use in the Clarkton facility. We expect the new Clarkton facility to be fully operational by the end of the third quarter of fiscal 2005.

Knitting. We currently conduct knitting operations at our knitting facility in Montreal, Québec. We operate circular and flat knitting machines at this facility, producing jersey, piqué, fleece and ribbing in body-sized fabrics in tubular form using cotton and cotton/polyester yarns. During fiscal 2004, we expanded our knitting operations in our integrated facility in Rio Nance, Honduras, which benefits from the duty relief provisions established under U.S. trade liberalization legislation. See "Business Overview — Trade Regulatory Environment — Other Trade Agreements and Programs". We are also planning to conduct knitting operations in the Dominican Republic and Nicaragua once the co nstruction of our new integrated textile facilities is completed.

Dyeing and Finishing. Knitted fabric produced at our facility in Montreal, Québec is batched for bleaching and dyeing and is taken to our dyeing and finishing facilities in Valleyfield, Québec and Montreal, Québec. During fiscal 2004, we expanded our bleaching, dyeing and finishing operations in our integrated textile facility in Rio Nance, Honduras for the fabric knitted in that facility. We are also planning to conduct bleaching, dyeing and finishing operations in the Dominican Republic and Nicaragua once the construction of our new integrated textile facilities is completed.

Cutting. All of the fabric produced at the Montreal and Valleyfield plants is shipped to our automated cutting facility located in Bombay, New York. During fiscal 2004, we expanded our cutting operations for fabric produced in Honduras in our integrated Rio Nance facility, thereby leveraging our existing manufacturing infrastructure and also reducing transportation costs. We are also planning to conduct cutting operations in the Dominican Republic and Nicaragua once the construction of our new integrated textile facilities is completed.

Sewing Operations

We conduct our sewing operations primarily through our two facilities in Honduras, our two facilities in Mexico, our facility in Haiti and our new facility in Nicaragua. In addition to these six facilities, we supplement our production by using third party contractors in Nicaragua, El Salvador, Honduras, Haiti and the Dominican Republic. These facilities provide us with substantially all of our market sewing assembly requirements. We started operations in our San Marcos, Nicaragua facility during fiscal 2004. In September 2004, we closed our sewing facility in El Progreso, Honduras for economic and operational reasons. In conjunction with the expansion of our Central American regional manufacturing hub, we are planning to start operation s in new sewing facilities in San Antonio, Honduras and Rivas, Nicaragua during fiscal 2005. In fiscal 2005, we also expect to develop new sewing facilities in the Dominican Republic and Haiti.

Distribution Operations

We distribute our products in the United States out of a 300,000–square foot purpose-built, low–cost distribution center in Eden, North Carolina as well as out of a distribution center operated by a third party in Ontario, California. In August 2004, we began a project to expand the North Carolina facility to 654,000 square feet. This expansion is expected to be completed in the second quarter of fiscal 2005. The North Carolina facility maintains our distribution operations close to our customers, providing us with the space needed for continuing growth. The third party warehouse in California was added in fiscal 2004 for the purpose of providing next day service to direct customers on the U.S. west coast. Our Canadian custom ers are serviced from a 60,000–square foot distribution center located in Montreal, Québec. Customers in Europe are serviced from distribution centers operated by third parties in Meer, Belgium and Bletchley-Milton Keynes, United Kingdom. Customers in Australia are serviced from a distribution center operated by a third party in Brisbane, Australia.

Properties

The following table sets forth the location and use of each of our principal properties and indicates whether it is owned or leased, and if leased, when the lease expires.

Location	Use	Owned or Leased	Lease Expiration [1]
Montreal, Québec	Executive offices	Owned	n/a
	Knitting facility	Owned	n/a
St. Michael, Barbados	Executive offices	Owned	n/a
Valleyfield, Québec	Dyeing and finishing facility	Owned	n/a
Montreal, Québec	Dyeing and finishing facility	Owned	n/a
Bombay, New York	Cutting facility	Leased	2006
Rio Nance, Honduras	Knitting, dyeing, finishing and cutting facility	Owned	n/a
Santo Domingo, Dominican Republic [2]	Knitting, dyeing, finishing and cutting facility	Owned	n/a
Nandaïme, Nicaragua[2]	Knitting, dyeing, finishing and cutting facility	Owned	n/a
San Pedro Sula, Honduras	Sewing facility	Leased	2012
Choloma, Honduras	Sewing facility	Leased	2007
Castaños, Mexico	Sewing facility	Owned	n/a
San Buenaventura, Mexico	Sewing facility	Leased	2005
Montreal, Québec	Distribution facility	Owned	n/a
Eden, North Carolina	Distribution facility	Owned	n/a
Eden, North Carolina	Distribution facility	Leased	2005
Montreal, Québec[3]	Yarn Spinning facility	Owned	n/a
Long Sault, Ontario[3]	Yarn Spinning facility	Owned	n/a
San Marcos, Nicaragua	Sewing facility	Leased	2009
Rivas, Nicaragua[4]	Sewing facility	Leased	2011
San Antonio, Honduras [4]	Sewing facility	Leased	2010
Port-au-Prince, Haiti	Sewing facility	Leased	2010
Cedartown, Georgia	Yarn Spinning facility	Owned[5]	n/a
Clarkton, North Carolina	Yarn Spinning facility	Leased[5]	

(1) Includes renewals.
(2) Under construction.
(3) The yarn spinning facilities in Montreal, Québec and Long Sault, Ontario are expected to be shut down by the end of March 2005.
(4) Jointly with Frontier.
(5) We expect these facilities to begin production during fiscal 2005.

We believe that all of these facilities, whether owned or leased, are well maintained and in good operating condition.

Our revolving term credit facility and senior notes are secured by a first ranking moveable hypothec and security interest on most of our assets located at a majority of our facilities. The lenders under the term credit facility and the noteholders, among others, are party to an intercreditor agreement, which provides that the lenders and the noteholders shall in all respects be pari passu first and senior liens in respect of our assets.

Labor Practices

We have invested significant time and resources in ensuring that the working conditions in all our facilities meet or exceed the standards imposed by Canadian occupational health and safety laws. In addition to having our own Code of Conduct, which is available on our website at www.gildan.com, we have obtained WRAP (Worldwide Responsible Apparel Production) certification for all of our existing sewing plants in Honduras and for our main Mexican facility. To ensure that these employment standards are appropriate, we have worked with the Canadian International Development Agency, a Canadian federal governmental agency, to secure the servic es of professionals who specialize in social/gender analysis and environmental audits with respect t o developing nations. We also contractually obligate any outside contractor to follow prescribed employment policies as well as our Code of Conduct.

In November 2003, we also joined the Fair Labor Association ("FLA") as a Participating Company. The FLA is recognized internationally as one of the most highly respected verification agencies and promotes adherence to international labor standards and improving working conditions. We also conduct regular third party audits of our facilities.

3.3 Risk Factors

Please see the "Risks" section of our management's discussion and analysis on pages 43 to 46 of the 2004 Annual Report.

3.4 Employees

As at December 31, 2004, we employed 8,337 full-time employees, including 1,069 in Canada, 1,761 in Mexico, 3,705 in Honduras, 928 in Haiti, 534 in Nicaragua, 271 in the United States, 66 in Barbados, 2 in Europe and 1 in Australia. Of these employees, 604 Canadian employees are covered by collective bargaining agreements. 166 employees at the Valleyfield dyeing and finishing facility are covered by a collective bargaining agreement that expires on October 31, 2005. 190 employees at the Montreal dyeing and finishing facility are covered by a collective bargaining agreement that expires on December 31, 2005. 153 employees in our Long Sault, Ontario yarn mill are covered by a collective bargaining agreement that expires on September 30, 20 06. 95 employees in our Montreal yarn mill are covered by a collective bargaining agreement that expires on October 31, 2007. We consider our relations with our employees to be very good and, as of the date hereof, we have not experienced any work stoppages that have had a material impact on our operations. We plan to close our yarn spinning facilities in Long Sault, Ontario and Montreal, Québec effective March 31, 2005.

4. DIVIDEND POLICY

We do not currently pay dividends because we retain all of our earnings to maximize our financing capacity to develop and expand our business. The Board of Directors periodically reviews the Corporation's policy towards paying dividends. Although some of our credit facilities and debt instruments require compliance with lending covenants in order to pay dividends, these covenants are not currently, and are not expected to be, a constraint to the future payment of dividends.

5. CAPITAL STRUCTURE

First Preferred Shares

Issuance in Series

The First Preferred Shares are issuable in series and the Board of Directors has the right, from time to time, to fix the number of, and to determine the designation, rights, privileges, restrictions and conditions attaching to, the First Preferred Shares of each series subject to the limitations, if any, set out in the Articles of the Corporation.

Rank

The First Preferred Shares rank senior to the Second Preferred Shares and the Common Shares with respect to the payment of dividends, return of capital and the distribution of assets in the event of the liquidation, dissolution or winding-up of Gildan. The First Preferred Shares in each series rank equally with the First Preferred Shares of any other series.

Voting Rights

Unless the Articles otherwise provide with respect to any series of the First Preferred Shares, the holders of the First Preferred Shares are not entitled to receive any notice of or attend any meeting of the shareholders of Gildan and are not entitled to vote at any such meeting.

Second Preferred Shares

Issuance in Series

The Second Preferred Shares are issuable in series and the Board of Directors has the right, from time to time, to fix the number of, and to determine the designation, rights, privileges, restrictions and conditions attaching to, the Second Preferred Shares of each series subject to the limitations, if any, set out in the Articles of the Corporation.

Rank

The Second Preferred Shares are subject and subordinate to the rights, privileges, restrictions and conditions attaching to the First Preferred Shares. The Second Preferred Shares rank senior to the Common Shares with respect to payment of dividends, return of capital and distribution of assets in the event of the liquidation, dissolution or winding-up of Gildan. The Second Preferred Shares in each series rank equally with the Second Preferred Shares of any other series.

Voting Rights

Unless the Articles otherwise provide with respect to any series of the Second Preferred Shares, the holders of the Second Preferred Shares are not entitled to receive any notice of or attend any meeting of the shareholders of Gildan and are not entitled to vote at any such

meeting.

Common Shares

Following the conversion of all of the Corporation's Class B Multiple Voting Shares into Class A Subordinate Voting Shares, the Corporation's shareholders approved a special resolution to amend the Corporation's Articles in order to change each of the issued and outstanding Class A Subordinate Voting Shares into one newly-created Common Share and to remove the Class B Multiple Voting Shares and the Class A Subordinate Voting Shares.

The Common Shares are subject to and subordinate to the rights, privileges, restrictions and conditions attaching to the First Preferred Shares and the Second Preferred Shares. Each holder of Common Shares shall have the right to receive any dividend declared by the Corporation and the right to receive the remaining property and assets of the Corporation on dissolution.

Each holder of Common Shares is entitled to receive notice of and to attend all meetings of shareholders of the Corporation, except meetings of which only holders of another particular class or series shall have the right to vote. Each Common Share shall entitle the holder thereof to one (1) vote.

6. MARKET FOR SECURITIES

The Common Shares of the Corporation are listed on the New York Stock Exchange (the "NYSE") and the Toronto Stock Exchange (the "TSX") under the symbol "GIL". The Class A Subordinate Voting Shares (now the Common Shares), which were issued at an offering price of $5.145 (US$3.50), began trading on the TSX, the Montreal Exchange (the "ME") and the American Stock Exchange ("AMEX") on June 17, 1998. Prior to that date, there was no public market for the Class A Subordinate Voting Shares. On September 1, 1999, the Class A Subordinate Voting Shares (now the Common Shares) commenced trading on the NYSE. We delisted such shares from AMEX on August 31, 1999. As a result of a restructuring of Canada's stock exchanges, which took effect on December 7, 1999, we are no longer listed on the ME.

The table below shows the monthly price range per share and the trading volume of the Class A Subordinate Voting Shares (now the Common Shares) for the fiscal year ended October 3, 2004 on the TSX (in Cdn$) and on the NYSE (in US$).

COMMON SHARES							
Toronto Stock Exchange (TSX)				New York Stock Exchange (NYSE)			
Month	High	Low	Trading Volume	Month	High	Low	Trading Volume
October 6 to 31, 2003	38.93	34.50	1,612,600	October 6 to 31, 2003	29.09	26.37	296,200
November 2003	39.00	35.00	2,270,900	November 2003	29.80	26.16	430,200
December 2003	40.55	35.20	2,193,600	December 2003	31.15	27.00	621,100
January 2004	40.99	38.13	962,100	January 2004	32.05	29.73	533,700
February 2004	43.95	39.66	1,154,900	February 2004	33.45	29.65	187,400
March 2004	44.90	41.00	1,002,200	March 2004	34.08	31.33	381,000
April 2004	42.17	37.02	1,374,600	April 2004	32.11	29.12	365,000
May 2004	40.57	37.50	5,519,400	May 2004	29.60	27.16	431,500
June 2004	39.42	36.28	1,625,300	June 2004	28.94	26.59	304,500
July 2004	38.02	34.07	896,300	July 2004	28.73	26.14	374,500
August 2004	37.97	35.12	1,586,800	August 2004	28.80	26.10	234,000
September 2004	36.85	33.85	1,774,800	September 2004	28.42	26.20	414,400
October 1 to 3, 2004	35.79	35.00	87,200	October 1 to 3, 2004	28.30	28.02	49,600

7. DIRECTORS AND OFFICERS

Listed below is certain information about the current directors of Gildan. The directors have served in their respective capacities since their election and/or appointment and will continue to serve until the next annual meeting of shareholders or until a successor is duly elected.

Name and Municipality of Residence	Age	Principal Occupation	Director Since

Robert M. Baylis [2][3][4] Darien, Connecticut, United States	66	Chairman of the Board of the Corporation and Corporate Director	February 1999
Glenn J. Chamandy Montreal, Québec, Canada	43	President and Chief Executive Officer of the Corporation	May 1984
William H. Houston, III [2][3] Memphis, Tennessee, United States	70	President, World Trade Link (an international business consulting firm)	November 1997
Pierre Robitaille [1][2] St-Lambert, Québec, Canada	61	Business Advisor and Corporate Director	February 2003
Gerald H.B. Ross [1][3] Montreal, Québec, Canada	60	Executive in Residence of the Faculty of Management, McGill University	February 2003
Richard P. Strubel [1][3] Chicago, Illinois, United States	65	Vice-Chairman and Director, UNext Inc. (a provider of advanced education over the Internet)	February 1999
Gonzalo F. Valdes-Fauli [1][2] Montreal, Québec, Canada	65	Executive Vice-President, Manufacturing of the Corporation	April 1996

(1) Member of the Audit and Finance Committee.

(2) Member of the Corporate Governance Committee.

(3) Member of the Compensation and Human Resources Committee.

(4) Chairman of the Board.

Listed below is certain information about the current officers and senior managers of Gildan.

Name and Municipality of Residence	Age	Position held within the Corporation
Glenn J. Chamandy [1][2] Montreal, Québec, Canada	43	President, Chief Executive Officer and Director
Laurence G. Sellyn [1][2] Beaconsfield, Québec, Canada	55	Executive Vice-President, Finance and Chief Financial Officer
Michael R. Hoffman [1] St. James, Barbados	42	President, Gildan Activewear SRL
Georges Sam Yu Sum [1][2] Montreal, Québec, Canada	47	Executive Vice-President, Operations
Gregg Thomassin [1][2] Baie D'Urfé, Québec, Canada	45	Executive Vice-President, Corporate Controller and Chief Information Officer
Christian Langlois [1][2] St-Basile-le-Grand, Québec, Canada	41	Executive Vice-President, Offshore Textile and Engineering
Benito Masi [1][2] Laval, Québec, Canada	49	Executive Vice-President, Manufacturing
Serge Reynaud [1][2] Lorraine, Québec, Canada	49	Executive Vice-President, Human Resources
Javier Echeverria San Pedro Sula, Honduras	44	Vice-President, Finance and Systems Gildan Activewear, Honduras

Peter Iliopoulos [2] Montreal, Québec, Canada	35	Vice-President, Taxation
Gilles Léger St. James, Barbados	48	Vice-President, Finance and Administration Gildan Activewear SRL
Don Luby [2] Montreal, Québec, Canada	51	Vice-President, Information Technologies
Lindsay Matthews [2] Montreal, Québec, Canada	34	Corporate Secretary
Shaun Parmar [2] Montreal, Québec, Canada	38	Vice-President, Business Development
Normand Sabourin [2] Montreal, Québec, Canada	44	Vice-President, Corporate Treasurer
Graham F. Sutherland [2] Montreal, Québec, Canada	50	Vice-President, Internal Audit
Jose Maria Tainta Villanueva Coahuila, Mexico	39	Director of Apparel Operations Gildan Activewear, Mexico

(1) Executive Management Committee.
(2) Officers of the Corporation.

Glenn J. Chamandy is one of the founders of the Corporation and has been involved in various Chamandy family textile and apparel businesses for over twenty years. Prior to February 2004, Mr. Chamandy held the position of President and Chief Operating Officer. He was then named President and Co-Chief Executive Officer and, in August 2004, he was named President and Chief Executive Officer.

Robert M. Baylis, Chairman of the Board of the Corporation, serves as a director of several large corporations, including the New York Life Insurance Company, Host Marriott Corporation (luxury hotels and resorts), Covance Inc. (drug development products and services provider), and PartnerRe Ltd. (multi-line reinsurance provider).

William H. Houston, III is President of World Trade Link, an international business consulting firm he founded in 1988. Mr. Houston served as U.S. Ambassador/Chief Textile Negotiator for the United States Trade Representative during 1987 and 1988, and is a Past President of the Cotton Foundation and the Delta Council of Mississippi.

Pierre Robitaille is a business advisor. Mr. Robitaille previously pursued his career at SNC-Lavalin Group Inc., an engineering-construction firm, where he was Executive Vice-President and Chief Financial Officer from 1990 to 1998. Prior to this, Mr. Robitaille was in public practice for more than twenty years with the public accounting and management consulting firm of Ernst & Whinney, where he held the positions of Managing Partner of the Montreal office, President of the firm in Québec, and member of its national Board of Directors. Mr. Robitaille also serves on the board of directors of Cogeco Cable Inc. and Cogeco Inc. (providers of cable TV, Internet and broadcast services), Swiss Re Company of Canada and Swiss Re Life & Health Co. Canada (global reinsurance company) and Groupe Beauchemin Éditeur Ltée (publisher).

Gerald H.B. Ross is Executive in Residence of the Faculty of Management of McGill University, where from August 2000 until January 1, 2005, he was Dean of the Faculty of Management. Prior to joining McGill University, Dr. Ross was senior partner of Change Lab International, a consultancy specializing in helping organizations create new strategic directions and manage change.

Richard P. Strubel is Vice Chairman and Director of Unext Inc., a provider of advanced education over the Internet. Mr. Strubel also serves on the board of directors of the Northern Funds and Northern Institutional Funds of The Northern Trust (financial services provider), the mutual funds of Goldman Sachs & Co. and Cantilever Technologies (software developer).

Gonzalo F. Valdes-Fauli is Chairman of the Board of Broadspan Capital, an investment banking firm focussed on providing merger and acquisition advisory services. Mr. Valdes-Fauli previously spent his career in positions of increasingly senior responsibility with a major UK-based global bank, Barclays Bank PLC (financial services provider), retiring in 2001 as Vice Chairman, Barclays Capital, and Group CEO Latin America. Mr. Valdes-Fauli also serves on the board of directors of Blue Cross and Blue Shield of Florida (health insurance provider), Knight Ridder, Inc. (newspaper and Internet publishing) and Banco Mercantil (financial services provider), Dominican Republic.

Laurence G. Sellyn has served as Executive Vice-President, Finance and Chief Financial Officer of the Corporation since April 1999. He is a Fellow of the Institute of Chartered Accountants of England and Wales. Prior to joining Gildan, Mr. Sellyn served as Senior Vice-President, Finance and Corporate Development and Chief Financial Officer of Wajax Limited, an industrial distribution company, where he was employed from October 1992 to March 1999. Prior to joining Wajax, he was employed by Domtar Inc., where he held various positions, including Corporate Controller and Vice-President, Business Planning and Development.

Michael R. Hoffman joined Gildan in November 1997. He served as Vice-President, Sales and Marketing for the international division until his appointment as President of Gildan Activewear SRL in February 2001. Prior to joining Gildan, Mr. Hoffman was employed by Fruit of the

Loom, where he last served as Divisional Vice-President of the Activewear Division.

Georges Sam Yu Sum has been Executive Vice-President, Operations of the Corporation since 2000. From 1998 to 2000, he served as Vice-President, Operations of the Corporation and from 1995 to 1998, he served as Director of Operations of the Corporation. Prior to joining Gildan in 1995, Mr. Sam Yu Sum spent sixteen years with Dominion Textiles, where he served in various managerial capacities, from manufacturing to sales.

Gregg Thomassin was appointed to the position of Executive Vice-President, Corporate Controller and Chief Information Officer of the Corporation in November 2003. He joined Gildan as Corporate Controller in February 1999. He previously held the position of Vice-President, Finance and Administration with various manufacturing companies. Mr. Thomassin is a Canadian Chartered Accountant.

Christian Langlois joined the Corporation in February 2000. He was appointed Vice-President, Corporate Engineering and R & D in February 2001 and as Executive Vice-President, Offshore Textile and Engineering in August 2004. Between July 1997 and February 2000, he worked with Gildan as a consultant and was involved in engineering and textile management. Prior to July 1997, he was Director of Operations for LaGran Canada, a manufacturer of warp knit goods.

Benito Masi has been involved in apparel manufacturing in North America for the past 25 years. He joined Gildan in 1986, where he held various positions. He was appointed Vice-President, Apparel Manufacturing in February 2001 and his title was changed to Vice-President, Corporate Apparel Operations in September 2003. In August 2004, he was appointed Executive Vice-President, Apparel Manufacturing and Interim Country Manager for Honduras and was appointed Executive Vice-President, Manufacturing in January 2005.

Serge Reynaud was appointed to the position of Executive Vice-President, Human Resources of the Corporation in November 2004. Prior to joining Gildan, he worked in human resources and organizational development in Europe and, more recently, was Vice-President, Human Resources for a major corporation.

Javier Echeverria joined Gildan in June 2003 as Vice-President, Finance and Systems, Gildan Activewear Honduras. Prior to joining Gildan, Mr. Echeverria worked for different multinational companies in Central and South America, and relocated back to his native Honduras, after working during the last five years in the United States for companies such as Cemex, KPMG Consulting, Chiquita Brands and others. He has over twenty years of experience in the fields of corporate accounting and managerial finance.

Peter Iliopoulos has served as Vice-President, Taxation of the Corporation since February 2004. He joined Gildan as Director, Taxation in July 2002. Prior to joining Gildan, Mr. Iliopoulos held the position of Director, Taxation with a public manufacturing company and a mutual fund company. Mr. Iliopoulos is a Canadian Chartered Accountant.

Gilles Léger has been with Gildan since February 2001. He joined as Director, Internal Audit and was appointed Vice-President, Finance and Administration of Gildan Activewear SRL in February 2002. Prior to joining Gildan, Mr. Léger was from 1998 to 2001, Vice-President Finance of Expro Inc., a private company that produces chemical products. From 1994 to 1998, Mr. Léger was Corporate Controller of Wajax Limited, a Canadian public company that manufactures and distributes heavy equipment.

Don Luby joined Gildan in August 2004 as Vice-President, Information Technology. Prior to joining Gildan, he was Director of E-Business and IT Strategy at McCain Foods in Florenceville, New Brunswick. Mr. Luby had previously held IT leadership roles with such companies as General Motors, EDS, Baxter Healthcare and Sunquest Vacations, working in Canada, United States, France, Venezuela and Colombia.

Lindsay Matthews joined Gildan in November 2004 as Director, Legal Affairs and was appointed Corporate Secretary in February 2005. Prior to joining Gildan, Ms. Matthews practiced law for seven years at Ogilvy Renault in the areas of corporate and securities law.

Shaun Parmar joined Gildan in January 2005 as Vice-President, Business Development. Prior to joining Gildan, Mr. Parmar served as Director, Corporate Development of Telesystem International Wireless Inc. from 1999 to 2004. From 1995 to 1998, he was employed by Bell Canada International Inc. as Director, Financial Planning & Analysis. Mr. Parmar is a Certified General Accountant.

Normand Sabourin joined the Corporation in March 2002 as Vice-President, Corporate Treasurer. Prior to joining Gildan, Mr. Sabourin was Corporate Treasurer of C-Mac Industries Inc., a manufacturer of high-tech equipment, between June 1998 and March 2002. Prior to June 1998, Mr. Sabourin was Treasury Manager of Bombardier Inc., a world leading manufacturer of transportation equipment.

Graham F. Sutherland became Vice-President, Internal Audit in February 2002. Prior to that, he served as Vice-President, Finance and Administration of Gildan Activewear SRL since December 1998. Prior to that, he served as Corporate Controller at Gildan since August 1996. Mr. Sutherland is a Canadian Chartered Accountant.

Jose Maria Tainta Villanueva joined Gildan in September 2000 and became Director of Apparel, Gildan Activewear Mexico in November 2002. Prior to joining Gildan, Mr. Tainta Villanueva was Operations Manager and Chief Accountant for Banco Central Hispanoamericano since 1992.

As at January 31, 2005, the executive officers and directors of the Corporation as a group own 2,833,553 Common Shares, which represents 9.53% of the voting rights attached to all Common Shares.

8. AUDIT COMMITTEE DISCLOSURE

Mandate of the Audit and Finance Committee

The mandate of the Audit and Finance Committee is included herewith as Appendix A.

Composition of the Audit and Finance Committee

The Audit and Finance Committee is composed of four unrelated, independent and financially literate directors. Their education and experience that is relevant to the performance of their responsibilities as members of the Audit and Finance Committee is as follows:

Pierre Robitaille – Mr. Robitaille, who holds an FCA designation, is a business advisor and corporate director. He is retired from SNC-Lavalin Group Inc., where he was Executive Vice-President and Chief Financial Officer from 1990 to 1998. Prior to this, Mr. Robitaille was in public practice for more than twenty years with the public accounting firm of Ernst & Whinney, where he held the positions of Managing Partner of the Montreal office, President of the firm in Québec and member of the firm's national Board of Directors. Mr. Robitaille is a member of the Board of Directors and the Audit Committee of Cogeco Inc. and Cogeco Cable Inc. He is also a member of the Board of Directors of Swiss Reinsurance Canada Group. Ove r the course of his career, he has acquired competence in the audit of major public and private companies and a familiarity with internal controls and financial reporting procedures.

Dr. Gerald H.B. Ross – Dr. Ross is Executive in Residence of the Faculty of Management of McGill University, where from August 2000 until January 1, 2005, he was Dean of the Faculty of Management. Prior to joining McGill, he was founder and senior partner of Change Lab International, a consulting organization specialized in the development of techniques to assist organizations in building new visions and managing change to create competitive advantage in the marketplace. He is also Chairman of Astute Inc., an organization that develops advanced context-based learning methodologies for business. During his consulting career, Dr. Ross has worked with some of the world's premier corporations, such as 3M, Xerox, IBM , DuPont, AT&T, Coca-Cola, Reuters and Kodak. Dr. Ross' recent academic appointments include serving as a faculty member on the Wharton International Forum Executive Program on Cross Cultural Issues in Global Management. He also works with the University of Michigan's Executive Education Program and has delivered programs on Managing Change to the banking industry in Saudi Arabia.

Richard P. Strubel – Mr. Strubel is Vice Chairman and Director of Unext Inc. He also served as President and Chief Executive Officer of Microdot Inc., a manufacturing corporation with sales of $400 million. Previously, he was president of Northwest Industries, then a New York Stock Exchange company with sales in excess of $3 billion. Mr. Strubel is a trustee of all the institutional and retail mutual funds managed by Goldman, Sachs & Co., as well as the institutional funds of the Northern Trust Company and serves as a member of the Audit Committees of these mutual fund families. He is a member of the board of trustees of the University of Chicago. Mr. Strubel has more than twenty-five years of experience in executive positions overseeing l arge operating corporations. He was educated at Williams College and Harvard Business School.

Gonzalo F. Valdes-Fauli – Mr. Valdes-Fauli is a retired Vice-Chairman of Barclays Capital, the investment banking division of Barclays Bank, London, England. Mr. Valdes-Fauli served as a member of the management committee of Barclays Capital from 1988 to 2001. He was Group Chief Executive of Barclays Bank Latin America from 1988 to 2001. He is Chairman of the Board of Directors of Broadspan Capital, LLC and Chairman of Banco Mercantil, Dominican Republic. Mr. Valdes-Fauli currently serves on the Boards of Directors of other companies, including Blue Cross Blue Shield of Florida and Knight Ridder, Inc., where he is respectively Chairman of the Corporate Governance Committee and Chairman of the Audit Committee. Mr. Valdes-Fauli is a Trus tee of the University of Miami. He has more than thirty years experience in finance. He holds a Master's Degree in international finance from Thunderbird Graduate School for International Management and a Bachelor of Science Degree in economics from Spring Hill College.

Pre-Approval of Non-audit Services

In accordance with the Canadian Institute of Chartered Accountants' independence standards for auditors, the Sarbanes-Oxley Act of 2002 and rules of the U.S. Securities and Exchange Commission, the Corporation is restricted from engaging the auditors to provide certain non-audit services to the Corporation and its subsidiaries, including bookkeeping or other services related to the accounting records or financial statements, information technology services, valuation services, actuarial services, internal audit services, corporate finance services, management functions, human resources functions, legal services and expert services unrelated to the audit. The Corporation does engage the auditors from time to time to provide certain non- audit services other than the restricted services. All non-audit services must be specifically pre-approved by the Audit and Finance Committee.

External Auditor Service Fees

The aggregate fees billed by KPMG llp, Chartered Accountants ("KPMG"), the Corporation's external auditor, for various audit-related and non-audit services rendered for the fiscal years 2004 and 2003 were as follows:

Audit Fees — The aggregate audit fees billed by the auditor for professional services rendered for the annual audit of the Corporation's consolidated financial statements, quarterly reviews of the Corporation's financial statements and services provided in connection with statutory and regulatory filings or engagements were Cdn$611,250 for fiscal 2004 and Cdn$586,400 for fiscal 2003.

Audit-Related Fees — The aggregate audit-related fees billed by the auditor were Cdn$55,042 for fiscal 2004 and Cdn$75,856 for fiscal 2003. These services consisted of miscellaneous assurance services.

Tax Fees — The aggregate tax fees billed by the auditor were Cdn$218,505 for fiscal 2004 and Cdn$353,269 for fiscal 2003. These services consisted of tax compliance, including the review of tax returns, assistance regarding income, capital and sales tax audits, the preparation of employee tax returns under the Corporation's expatriate tax service program and the preparation of annual transfer pricing studies and tax advisory services relating to domestic and international taxation.

All Other Fees — The aggregate fees billed by KPMG for all other professional services rendered were nil for fiscal 2004 and were Cdn$88,000 for fiscal 2003 for services associated with a foreign currency hedging study.

9. LEGAL PROCEEDINGS

The Corporation is a party to claims and litigation arising in the normal course of its operations. Management does not expect the resolution of these matters to have a materially adverse effect on the financial position or results of operations of the Corporation.

10. TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar of the Corporation is Computershare Trust Company of Canada, having offices in Montreal and Toronto at which the register of transfer of the Common Shares is held. The co-transfer agent and co-registrar of the Corporation is Computershare Trust Company, Inc., having an office in New York.

11. MATERIAL CONTRACTS

The Corporation has not entered into any material contracts outside the ordinary course of business.

12. INTERESTS OF EXPERTS

KPMG, the external auditors of the Corporation, reported on the fiscal 2004 audited consolidated financial statements of the Corporation (the "Financial Statements"), which were filed with the securities regulatory authorities. KPMG had no registered or beneficial interests, direct or indirect, in any securities or other property of the Corporation or any of the Corporation's associates or affiliates when it prepared the report on the Financial Statements, or after such time, nor does it expect to receive any such securities or other property.

13. ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for insurance under the Corporation's equity compensation plans is contained in the Circular, and additional financial information is provided in the Corporation's comparative consolidated financial statements and management's discussion and analysis for its most recently completed financial year.

Copies of these documents and additional information relating to Gildan may be found on the SEDAR website at www.sedar.com and the Edgar website at www.sec.gov and may also be obtained upon request to the Secretary of Gildan at the following address:

725 Montée de Liesse
Montreal, Québec
H4T 1P5
Telephone: (514) 735-2023

The documents mentioned above, as well as Gildan's news releases, are also available on the Corporation's website at www.gildan.com.

APPENDIX A — MANDATE OF THE AUDIT AND FINANCE COMMITTEE

The following description of the mandate of the Audit and Finance Committee of the Corporation complies with applicable Canadian laws and regulation, such as the rules of the Canadian Securities Administrators (the "**CSA Rules**") and with the disclosure and listing requirements and the corporate governance guidelines of the Toronto Stock Exchange (The "**TSX Standards**"), as amended (collectively, the "**Canadian Corporate Governance Standards**"), as they exist on the date hereof. In addition, this mandate complies with applicable U.S. laws and regulation such as the *Sarbanes-Oxley Act of 2002* and rules adopted thereunder, and with the New York Stock Exchange's corporate governance standards, as amended (collectively, the "**US Corporate Governance Standards**"), as they exist on the date hereof. The mandate

of the Audit and Finance Committee of the Corporation (the "**Audit Committee**") shall be reviewed annually by the Board in order to ensure on-going compliance with such standards.

1. Membership and Quorum

- a minimum of three directors;
- only "unrelated" (as contemplated by TSX Standards), "independent" (as contemplated by CSA Rules and US Corporate Governance Standards) directors may be appointed, the whole as determined by the Board; no affiliate of the Corporation or any of its subsidiaries (including any person who, directly or indirectly, controls or is controlled by, or is under common control with the Corporation, or any director, executive officer, partner, member, principal or designee of such affiliate) may serve on the Audit Committee; a member of the Audit Committee shall receive no compensation from the Corporation or any of its affiliates other than compensation as a director and committee member of the Corporation; prohibited compensation includes fees paid, directly or indirectly, for services as a consultant or as legal or financial advisor, regardless of the amount;
- each member must be "financially literate" (as contemplated by Canadian Corporate Governance Standards and US Corporate Governance Standards) (as determined by the Board);
- at least one member must be an "audit committee financial expert" (as contemplated by US Corporate Governance Standards) as determined by the Board;
- members of the Audit Committee shall be appointed annually by the Board upon recommendation of the Corporation's Corporate Governance Committee; such members may be removed or replaced, and any vacancies on the Audit Committee shall be filled, by the Board upon recommendation of the Corporation's Corporate Governance Committee; membership on the Audit Committee shall automatically end at such
- time the Board determines that a member ceases to be "unrelated" or "independent" as determined in the manner set forth above;
- quorum of majority of members.

2. Frequency and Timing of Meetings

- normally contemporaneously with the Corporation's Board meetings;
- at least four times a year and as necessary.

3. Mandate

The responsibilities of the Audit Committee include the following:

(a) < /FONT>*Overseeing financial reporting*

- monitoring the integrity and quality of the Corporation's accounting and financial reporting process, disclosure controls and procedures, and systems of internal control, through discussions with management, the external auditors and the internal auditors;
- reviewing, with management and the external auditors, the annual audited consolidated financial statements as well as the report of the auditors thereon to be included in the Annual Report of the Corporation, including the Corporation's MD&A disclosure, prior to their release, filing and distribution;
- reviewing, with management and the external auditors, quarterly consolidated financial statements of the Corporation and accompanying information including the Corporation's MD&A disclosure, prior to their release, filing and distribution;
- reviewing with management and external auditors the financial information contained in prospectuses, offering memoranda, Annual Information Form, Annual Report, Management Proxy Circular, Forms 6-K (including Supplemental Disclosure) and 40-F and any other document required to be disclosed or filed by the Corporation before their public disclosure or filing with regulatory authorities in Canada or the United States of America;
- reviewing, with management, the level and type of financial information provided from time to time, to financial markets, including any earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies;
- taking all reasonable steps to ensure that adequate procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements and periodically assessing the adequacy of those procedures;

- reviewing, with the external auditors and management, the quality, appropriateness and disclosure of the Corporation's accounting principles and policies, underlying assumptions and reporting practices, and any proposed changes thereto;

- reviewing any analysis or other written communications prepared by management, the internal auditors or external auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effect of alternative generally accepted accounting principles methods;

- reviewing the external auditors' quarterly review engagement report;

- reviewing the compliance of management certification of financial reports with applicable legislation;

- reviewing the potential impact of any litigation, claim or other contingency and any regulatory or accounting initiatives that could have a material effect upon the financial position or operating results of the Corporation and the appropriateness of the disclosure thereof in the documents reviewed by the Audit Committee;

- reviewing the results of the external audit, any significant problems encountered in performing the audit, and management's response and/or action plan related to any Management Letter issued by the external auditors and any significant recommendations contained therein;

- reviewing at least annually the Corporation's communications policy and monitoring the Corporation's communications with analysts, investors, the media and the public.

(b) Monitoring risk management and internal controls

- receiving periodically management's report assessing the adequacy and effectiveness of the Corporation's disclosure controls and procedures and systems of internal control

- reviewing insurance coverage (annually and as may otherwise be appropriate);

- taking reasonable measures to ensure that appropriate systems are in place to identify business risks and opportunities and overseeing the implementation of processes to manage these risks and opportunities;

- reviewing policy parameters for normal derivative transactions to hedge interest rate and foreign exchange risks and any transaction not within the parameters;

- assisting the Board with the oversight of the Corporation's compliance with, and reviewing the Corporation's processes to ensure compliance with, applicable legal and regulatory requirements;

- while ensuring confidentiality and anonymity, establishing procedures for the receipt, retention and treatment of complaints or concerns received by the Corporation regarding accounting, internal accounting controls or auditing matters or employee concerns regarding accounting or auditing matters;

- requesting the performance of any specific audit, as required.

(c) Monitoring internal auditors

- ensuring that the Vice-President, Internal Audit reports directly to the Audit Committee;

- regularly monitoring the internal audit function's performance, its responsibilities, staffing and budget;

- ensuring that the internal auditors are accountable to the Audit Committee and to the Board.

(d) Monitoring external auditors

- recommending the retention and, if appropriate, the removal of external auditors (both subject to shareholder approval), their compensation, as well as evaluating and monitoring their qualifications, performance and independence

- overseeing all relationships between the external auditors and the Corporation including, determining which non-audit services the external auditors are prohibited from providing, approving, or pre-approving policies defining audit and permitted non-audit services provided by the external auditors, overseeing the disclosure of all audit and permitted non-audit services provided by the external auditors, and reviewing the total amount of fees paid by the Corporation to the external auditors for all audit and non-audit services;

- ensuring that the external auditors report directly to the Audit Committee and that they are accountable to the Audit Committee and to the Board;

- directly overseeing the external auditors and discussing with them the quality and not just the acceptability of the Corporation's accounting principles, including (i) all critical accounting policies and practices used, (ii) any alternative treatments of financial information that have been discussed with management, the ramification of their use and the treatment preferred by the external auditors, as well as (iii) any other material written communications between the Corporation and the

- external auditors (including any disagreement with management and the resolution thereof);

- reviewing at least annually, a report by the external auditors describing their internal quality-control procedures; any material issues raised by their most recent internal quality-control review of their firm, or peer review, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more audits carried out by them, to the extent available, and any steps taken to deal with any such issues;

- reviewing at least annually, the formal written statement from the external auditors stating all relationships the external auditors have with the Corporation and confirming their independence, and holding discussions with the external auditors as to any relationship or services that may impact their objectivity or independence;

- reviewing hiring policies for employees or former employees of the Corporation's firm of external auditors;

- taking all reasonable steps to ensure the rotation of lead, concurring and other audit partners, to the extent required by Canadian Corporate Governance Standards and US Corporate Governance Standards.

(e) Reviewing financings

- reviewing the adequacy of the Corporation's financing, including terms and conditions.

(f) Evaluating the performance of the Audit Committee

- ensuring that processes are in place to annually evaluate the performance of the Audit Committee.

Because of the Audit Committee's demanding role and responsibilities, the Board chair, together with the Corporate Governance Committee chair, reviews any invitation to Audit Committee members to join the audit committee of another entity. Where a member of the Audit Committee simultaneously serves on the audit committee of more than three public companies, including the Corporation, the Board determines whether such simultaneous service impairs the ability of such member to effectively serve on the Audit Committee and either requires a correction to the situation or discloses in the Corporation's Management Proxy Circular that there is no such impairment.

As appropriate, the Audit Committee may obtain advice and assistance from outside legal, accounting or other advisors and so advise the Board chair and, if appropriate, the external auditors; the Audit Committee makes arrangements for the appropriate funding for payment of the external auditors and any advisors retained by it. In addition, the Corporation will provide appropriate funding for the Audit Committee.

The internal auditors and the external auditors will have at all times a direct line of communication with the Audit Committee. In addition, each must meet separately with the Audit Committee, without management, twice a year and more frequently as required, during which the Corporation's financial statements and control environment must be discussed; the Audit Committee must also meet separately with management twice a year, and more frequently as required.

* * * * *

A. Undertaking

Gildan Activewear Inc. (the "Registrant") undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the staff of the Securities and Exchange Commission ("SEC"), and to furnish promptly, when requested to do so by the SEC staff, information relating to the securities in relation to which the obligation to file an annual report on Form 40-F arises or transactions in said

securities.

B. Consent to Service of Process

The Registrant has previously filed with the SEC a written irrevocable consent and power of attorney on Form F-X in connection with the Class A Subordinate Voting Shares (now Common Shares).

C. Disclosure Controls and Procedures

The Registrant's President and Chief Executive Officer and the Registrant's Executive Vice-President, Finance and Chief Financial Officer, after evaluating the effectiveness of the Registrant's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of October 3, 2004, have concluded that, as of such date, the Registrant's disclosure controls and procedures were adequate and effective to ensure that material information relating to the Registrant and its consolidated subsidiaries would be made known to them by others within those entities.

D. Changes in Internal Control over Financial Reporting

There has been no change in the Registrant's internal controls over financial reporting during the year ended October 3, 2004 that has materially affected, or is reasonably likely to materially affect, the Registrant's internal controls over financial reporting.

E. Audit Committee Financial Experts

The Registrant's board of directors has determined that it has at least two (2) audit committee financial experts serving on its audit committee. Mr. Pierre Robitaille and Mr. Gonzalo F. Valdes-Fauli have been determined to be such audit committee financial experts and are independent, as that term is defined by the New York Stock Exchange's listing standards applicable to the Registrant. The SEC has indicated that the designation of Mr. Robitaille and Mr. Valdes-Fauli as audit committee financial experts does not make Mr. Robitaille and Mr. Valdes-Fauli "experts" for any purpose, impose any duties, obligations or liability on Mr. Robitaille and Mr. Valdes-Fauli that are greater than those imposed on members of the audit committee and board of directors who do not carry this designation or affect the duties, obligations or liability of any other member of the audit committee.

F. Code of Ethics

The Registrant has adopted a Code of Ethics and Business Conduct (the "Code of Conduct") that applies to all employees and officers, including its principal executive officer, principal financial officer and principal accounting officer. The Code of Conduct is available at the Registrant's Internet website, www.gildan.com.

G. Principal Accountant Fees and Services

In addition to retaining KPMG llp, Chartered Accountants ("KPMG") to report upon the annual consolidated financial statements of the Registrant, the Registrant retained KPMG to provide various audit-related and non-audit services in fiscal 2004. The aggregate fees billed for professional services by KPMG for each of the last two (2) fiscal years, were as follows:

Audit Fees — The aggregate audit fees billed by KPMG for professional services rendered for the annual audit of the Registrant's consolidated financial statements, quarterly reviews of the Registrant's financial statements and services provided in connection with statutory and regulatory filings or engagements were CDN$611,250 for fiscal 2004 and CDN$586,400 for fiscal 2003.

Audit–Related Fees — The aggregate audit-related fees billed by KPMG were CDN$55,042 for fiscal 2004 and CDN$75,856 for fiscal 2003. These services consisted of miscellaneous assurance services.

Tax Fees — The aggregate tax fees billed by KPMG were CDN$218,505 for fiscal 2004 and CDN$353,269 for fiscal 2003. These services consisted of: tax compliance, including the review of tax returns, assistance regarding income, capital and sales tax audits, the preparation of employee tax returns under the Registrant's expatriate tax service program and the preparation of annual transfer pricing studies and tax advisory services relating to domestic and international taxation.

All Other Fees — The aggregate fees billed by KPMG for all other professional services rendered were nil for fiscal 2004 and were Cdn$88,000 for fiscal 2003 for services associated with a foreign currency hedging study.

All fees billed to the Registrant by KPMG in fiscal 2004 were pre-approved by the Registrant's Audit and Finance Committee pursuant to the procedures and policies set forth in the Audit and Finance Committee mandate and pursuant to applicable legislation. The mandate of the Audit and Finance Committee is available on the Registrant's Internet website at www.gildan.com.

H. Off-Balance Sheet Arrangements

Operating leases and commitments

The Registrant has no commitments that are not reflected in its balance sheets except for operating leases and other purchase obligations, which are included in the table of contractual obligations on page 39 of its MD&A (see Exhibit 99.1). As disclosed in Note 10 to the Registrant's Consolidated Financial Statements (see Exhibit 99.2), the Registrant has issued standby letters of credit and corporate guarantees primarily from various servicing agreements amounting to $15.9 million at October 3, 2004.

Derivative Financial Instruments

From time to time, the Registrant uses forward foreign exchange contracts, primarily in Canadian dollars and Euros, to hedge cash flows related to accounts receivable and accounts payable in foreign currencies (non-U.S. dollar) denominated goods and services. A forward foreign exchange contract represents an obligation to exchange a foreign currency with a counterparty at a predetermined rate. Credit risk exists in the event of failure by a counterparty to meet its obligations. The Registrant reduces this risk by dealing only with highly rated counterparties, normally major North American financial institutions. The Registrant's exposure to foreign currency fluctuations is described in more detail in the "Risks" section of its MD&A beginning on page 43 (see Exhibit 99.1).

Prior to 2004, the Registrant used an interest rate swap to hedge the interest due on its Senior Notes. As a result of the change in functional currency, the swap was no longer required.

The Registrant does not use derivative financial instruments for speculative purposes. Forward foreign exchange contracts are entered into with maturities not exceeding twenty-four months.

Gains and losses on forward foreign exchange contracts are recognized through income in the same period as the transactions that are hedged. Gains and losses on swap arrangements were recognized and charged to income on a basis that corresponded with changes in the related underlying item. For the years ended October 3, 2004 and October 5, 2003, net earnings included recognized gains relating to derivative financial instruments of $0.1 million and $2.4 million, respectively.

The following table summarizes the Registrant's commitments to buy and sell foreign currencies as at October 3, 2004 and October 5, 2003:

	Notional amount	Exchange rate	Maturity	Notional U.S. dollar equivalent
2004:				
Sell contracts:				
Foreign exchange contracts:	**€1.4 million**	**2703 to 1.2717**	**Oct. — Dec. 2004**	**$1.8 million**
	£1.0 million	**1.7970 to 1.8490**	**Oct. — Dec. 2004**	**$1.8 million**
Buy contracts:				
Foreign exchange contracts:	**CAD $39.0 million**	**0.7251 to 0.7401**	**Oct. 2004 — May 2005**	**$28.7 million**
2003:				
Sell contracts:				
Foreign exchange contracts:	€1.6 million	1.0720 to 1.0728	Oct. — Nov. 2003	$1.7 million

The fair value of the forward foreign exchange contracts, based on quoted market values, is $2.1 million as at October 3, 2004. The carrying values of the outstanding forward foreign exchange contracts as at October 5, 2003 were not significantly different from their fair values.

I. Tabular Disclosure of Contractual Obligations

See page 39 of Exhibit 99.1.

J. Corporate Governance Guidelines

The Registrant has adopted Corporate Governance Guidelines as well as mandates for its Board of directors and each of its three committees which are available at the Registrant's Internet website, www.gildan.com, and are available in print to any shareholder who requests them.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

DATED: February 18, 2005

GILDAN ACTIVEWEAR INC.

By: /s/ Lindsay Matthews

Name: Lindsay Matthews

Title: Corporate Secretary

EXHIBIT INDEX

Exhibit No.	Description
99.1	Management's Discussion and Analysis of the Registrant for the year ended October 3, 2004
99.2	Audited comparative consolidated financial statements of the Registrant as at and for the year ended October 3, 2004
99.3	Consent of KPMG LLP
99.4	Officers' Certifications Required by Rule 13a-14(a) or Rule 15d- 14(a)
99.5	Officers' Certifications Required by Rule 13a-14(b) or Rule 15d- 14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code

EXHIBIT 99.1

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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LOOK FOR ACCURATE FINANCIAL REPORTING

The information below should be read in conjunction with the Consolidated Financial Statements and Auditors' Report included in this Annual Report. All financial information contained in this MD&A and the Company's Consolidated Financial Statements has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), except for certain information discussed in the paragraph entitled Non-GAAP Financial Measures on page 30 of this MD&A. The effect of significant differences between Canadian and U.S. GAAP is discussed in Note 16 to the Company's Consolidated Financial Statements. All amounts in this report are in U.S. dollars, unless otherwise stated. The Company's Audit and Finance Committee and its Board of Directors have reviewed this MD&A to ensure consistency with the approved strategy of the Company.

For additional information relating to the Company, readers may review the documentation filed by the Company with the Canadian securities regulatory authorities (including the Company's Annual Information Form) available at www.sedar.com and with the U.S. Securities and Exchange Commission (including the Annual Report on form 40F)available at www.sec.gov.

CORPORATE OVERVIEW

We are a rapidly growing, vertically-integrated manufacturer and marketer of premium quality basic activewear for sale principally into the wholesale imprinted activewear market in the Canadian, United States, European and other international apparel markets. Our sales continue to be predominately in our traditional markets in the United States and Canada. During the past four years we established a strong base for future growth in Europe, where, as of November 2004, we had set up a network of 36 distributors in 20 countries. We entered the Australian market in fiscal 2004. We manufacture and sell premium quality T-shirts, placket collar sport shirts and fleece products in a variety of weights, sizes, colours and styles. We sell our products as "blanks", which are ultimately decorated with designs and logos for sale to customers.

To support its sales in the various markets, the Company has modern textile facilities located in Canada and Honduras. The Company is currently constructing textile facilities in both the Dominican Republic and Nicaragua, which are scheduled for start-up in fiscal 2005. All of the Company's sewing facilities are located in Central America, Mexico and the Caribbean basin. Due to the growing demand for its products, the Company also utilizes third party contractors to complement its vertically-integrated production.

The Company distributes its products in Canada and the U.S. out of distribution centres, and uses third party warehouses in the U.S., Europe and Australia to service its customers. The corporate head office is located in Montreal, Canada and over 7,400 full-time employees work in the Company's facilities worldwide.

The Company is dedicated to being the global low-cost manufacturer of quality basic knit apparel for North American and international markets.

INDUSTRY OVERVIEW

We focus principally on sales of T-shirts, placket collar sport shirts and fleece products in "blank" form, to the wholesale imprinted activewear market. "Imprinted" activewear is typically decorated with a screenprint or embroidered with a logo, design or character before it reaches the customer. Imprinted activewear is either branded or private label. Branded products reach consumers carrying the manufacturer's label, whereas products sold on a private label basis reach consumers carrying the brand name of the customer.

We believe that growth in the imprinted activewear market has been driven by several trends, such as the following:

• consumer preference for casual attire and emphasis on physical fitness;
• continued evolution of the entertainment/sports licensing and merchandising businesses;
• a greater use and acceptance of casual dress in the workplace;
• the growing use of activewear for uniform applications and corporate promotions; and
• continued increases in tourism applications of activewear products.

Furthermore, significant improvements in activewear apparel, ranging from enhanced product characteristics, such as pre-shrunk fabrics, improved fabric weight, blends and construction, to increased product variety, including new sizes, colours and styles, have enhanced consumer appeal. We believe these trends will continue to generate demand for activewear products for the foreseeable future.

The activewear market is characterized by low fashion risk compared to many other apparel markets, as demand for basic undecorated garment styles generally is not subject to trends and fashion changes.

FINANCIAL OBJECTIVES AND STRATEGY

We believe that our focus on low-cost manufacturing, our strong distributor relationships, and our reputation for premium quality are the reasons we have been able to rapidly increase our market presence and establish our market leadership in the imprinted sportswear market. Looking ahead, we have a comprehensive strategy to meet our objective of a minimum of 15% annual EPS growth over the next five years. The main elements of this strategy are:

• increase market share in the U.S. distributor market in all current product categories;
• increase market penetration in Europe, Australia and other international markets through continued development of distributor relationships;
• make a conservative and gradual entry into retail markets, building a solid base from which to drive significant penetration; and
• support unit sales growth and maintain pricing competitiveness through significant and continued investments in low-cost production capacity.

We have announced the development of new manufacturing hubs in the Dominican Republic/Haiti and Nicaragua. Development of these new offshore facilities commenced during fiscal 2004 and are expected to significantly impact our production capacity and manufacturing cost structure in fiscal 2006. During the next five years, we expect to invest approximately $400 million in capital expenditures. These investments are also intended to support the Company's gradual entry into the retail market.

All of the organic growth initiatives that the Company plans to undertake over the next five years are expected to be financed by internally generated funds and existing credit facilities.

We are subject to a variety of business risks that may affect our ability to maintain our current market share and profitability, as well as our ability to achieve our long-term strategic objectives. These risks are described in the "Risks" section of this MD&A beginning at page 43. As well, the nature of the Company's growth strategy involves risks related to certain assumptions underlying unit sales growth, production capacity growth and cost reductions, among others. Notably, our planned growth in market share depends to a significant extent on the successful start-up and ramp-up of new offshore facilities, and the achievement of overall cost reductions to support lower unit selling prices. We cannot assure you that we will achieve our planned market share growth, capacity increases, cost reductions, or retail market penetration.

OPERATING RESULTS

Year ended October 3, 2004 compared with year ended October 5, 2003

The year ended October 5, 2003 included 53 weeks of operating results instead of the normal 52 weeks. Since the Company has a floating year-end, an extra week is included in its results every sixth year. During fiscal 2003, the extra week was added to the third quarter, which in seasonal terms is the largest quarter of the year. Management estimates that the impact of adding an extra week to the full year was approximately $0.04 to diluted earnings per share for the 2003 fiscal year.

Selected Annual Information
Fiscal years ended October 3, 2004, October 5, 2003 and September 29, 2002
(in thousands of U.S. dollars, except earnings per share)

	2004	2003	2002
Sales	$ 533,368	$ 431,195	$ 382,312
Cost of sales	378,696	301,341	274,838
Gross profit	154,672	129,854	107,474
Selling, general and administrative expenses	62,898	48,403	40,699
Earnings before the undernoted items	91,774	81,451	66,775
Depreciation and amortization	22,275	16,088	11,199
Interest	6,170	6,419	8,473
Earnings before income taxes	63,329	58,944	47,103
Income taxes	3,078	5,788	4,666
Net earnings	60,251	53,156	42,437
Basic EPS	$ 2.04	$ 1.82	$ 1.49
Diluted EPS	$ 2.02	$ 1.79	$ 1.45
Total assets	489,004	429,663	315,266
Total long-term liabilities	66,037	74,794	85,858

Basis of Comparison

In order to better understand the Company's performance during the most recent fiscal year, the Company believes that the basis of comparison for fiscal 2004 should be the results before the adjustments due to the change in functional currency. Effective October 6, 2003, the Company adopted the U.S. dollar as its functional currency since a significant portion of revenues, expenses, assets and liabilities are denominated in U.S. dollars and the Company's sales and manufacturing operations are increasingly international in scope. Effective the same date, the U.S. dollar was adopted as the Company's reporting currency. When there is such a change in reporting currency, Canadian and U.S. accounting standards require that prior year comparative financial statements be presented in U.S. dollars, using a translation method that retains the Canadian dollar as the currency of measurement, as described in N ote 1 to the Company's Consolidated Financial Statements. The application of this method at the beginning of fiscal 2004 involved translating all assets and liabilities using the exchange rate in effect at the end of fiscal 2003. This resulted in a translated value for opening inventories and fixed assets that was approximately $23 million higher than the amount that would have resulted from the application of exchange rates prevailing at the dates these assets were manufactured or acquired. This upward revaluation of inventories and fixed assets has been reflected directly in opening shareholders' equity as part of the $26.2 million positive balance of cumulative translation adjustments. These increases have resulted in and will have a corresponding offsetting negative impact on earnings as these inventories were consumed and fixed assets are depreciated. During the first half of fiscal 2004, an additional $3.3 million was reflected in cost of sales as opening inventories were consumed and an ad ditional depreciation charge of $1.8 million was expensed during fiscal 2004 as a portion of the upward revaluation of opening fixed assets was depreciated during the year.

Non-GAAP Financial Measures

The operating results of Gildan account for unusual items affecting the comparability of its results. To measure its performance from one period to the next, without the variations caused by the adjustments due to the change in functional currency described on page 30 and the special charge described on page 32, management uses certain measures that are not consistent with GAAP, such as: gross margins excluding the impact of the change in functional currency; depreciation expense excluding the impact of the change in functional currency; selling, general and administrative expenses excluding special charges; adjusted earnings and adjusted earnings per share being net earnings and earnings per share excluding the adjustments due to the change in functional currency and the special charge; and free cash flow, total indebtedness, net debt and return on equity. The Company uses and presents such Non-GAAP Financial Measure s because it believes such measures provide meaningful information on the Company's performance and operating results. However, investors should know that such Non-GAAP Financial Measures have no standardized meaning as prescribed by GAAP and may not be comparable to similar measures presented by other companies. Accordingly, they should not be considered in isolation.

See table on page 48 for a complete reconciliation of all Non-GAAP Financial Measures used and presented by the Company to the most directly comparable GAAP financial measures.

Sales

Sales for fiscal 2004 reached $533.4 million, up 23.7% from $431.2 million during fiscal 2003. The increase in sales was due mainly to a 19.0% increase in unit sales over the prior year, combined with a stronger product mix and an increase in average selling prices.

The Company obtains U.S. market and market share data for the U.S. wholesale distributor channel from the S.T.A.R.S. report produced by ACNielsen Market Decisions. During calendar 2004, three of the industry's main distributors decided to discontinue their participation in the S.T.A.R.S. report. As a result, the S.T.A.R.S. market share data for

fiscal 2004 excludes the effect of sales through these distributors and the value of the report is diminished compared to prior years. The Company will continue to monitor the value of presenting data from the S.T.A.R.S. report.

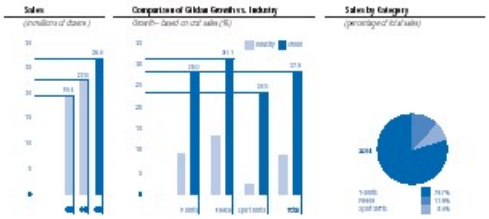
With this caveat, unit growth in U.S. industry shipments of T-shirts from distributors to screenprinters remained relatively unchanged at 9.2%, versus 9.3% for the nine months ended September 30. The unit growth in fleece increased significantly for the first nine months of the calendar year from 4.5% to 13.4%. Industry shipments of sport shirts grew by 2.4%, for the nine months ended September 2004, compared to a decrease of 12.1% for the same period last year. The growth in unit volume in the sport shirt category this year follows three consecutive years of unit volume reductions, and we believe reflects a recovery in the corporate promotional segment of the market.

Unit sales of Gildan T-shirts by U.S. distributors grew by 28.0%, while sales of Gildan sport shirts and fleece grew 23.5% and 31.1%, respectively. This strong growth was due to increased market penetration in all three categories in which we compete. The Company maintained its strong market leadership position in the overall T-shirt category in the United States, with a market share of 30.2%, versus 28.9% a year ago. Gildan continued to achieve significant penetration in the sport shirt and fleece categories, where its market share increased to 23.5% from 19.7% and 16.1% from 13.9%, respectively, from last year.

The Company has added two new significant distributors to its U.S. distributor network for fiscal 2005. The addition of these new distributors is expected to result in further significant increases in the Company's market share in the U.S. wholesale distributor channel.

During fiscal 2004, Gildan continued to expand its European business, with an increase of 30.5% in unit sales. The Company has maintained its leading market share position in Canada. The Company also introduced its products in Australia during fiscal 2004, with immediate success in achieving market penetration. We are currently utilizing a third party logistics company to service our wholesale distributor business in Australia, similar to our European model.

The sport shirt and fleece categories now comprise 20.3% of total sales compared to 19.4% during fiscal 2003. The introduction of 50/50 fleece products provided most of the increase in this category.

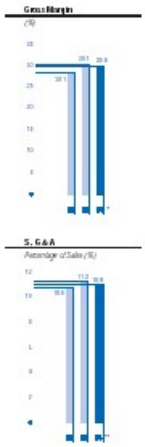


Gross Margins

Gross margins for fiscal 2004 were $154.7 million or 29.0% of sales, compared to $129.9 million or 30.1% of sales during fiscal 2003. A portion of the decrease in the gross margin percentages was due to the change in functional currency as described on page 30. Gross margins for fiscal 2004 excluding the adjustments due to the change in functional currency were $157.9 million or 29.6% of sales, compared to $129.9 million or 30.1% of sales in fiscal 2003. The remaining decrease in gross margin percentage was the result of higher cotton costs which on average were 39% higher in fiscal 2004 compared to fiscal 2003 and the closure of one of our Honduran sewing facilities (as noted below), which were offset by improvements in manufacturing efficiencies combined with increases in average selling prices and the sale of higher margin products.

The Company has realized significant reductions in manufacturing and transportation costs from its continuing investment in the Rio Nance textile facility. This facility represented 61% of the Company's textile production in fiscal 2004 compared to 40% last year. The Canadian textile facilities continued to support the growth of our fleece and sport shirt categories.

In September of this year, the Company closed one of its Honduran sewing facilities in order to streamline its offshore operations. The production of this facility will be distributed between a planned new sewing plant in Honduras, and existing plants in Nicaragua and Haiti. Included in cost of sales were closure costs totalling $1.4 million, mainly related to severance costs.



Selling, General and Administrative Expenses

Selling, general and administrative expenses were $62.9 million or 11.8% of sales during fiscal 2004, compared to $48.4 million or 11.2% of sales during fiscal 2003. In August 2004, the Company announced that H. Greg Chamandy had stepped down from his role as co-Chief Executive Officer, Chairman of the Board and Chairman of the Executive Committee of the Company in order to pursue other business interests. The Company incurred a special charge of $4.6 million ($3.2 million net of taxes - $0.11 per diluted share) to satisfy its contractual commitments to H. Greg Chamandy. Selling, general and administrative expenses excluding this special charge were $58.3 million or 10.9% of sales during fiscal 2004, compared to $48.4 million or 11.2% of sales during fiscal 2003. The dollar increase in fiscal 2004 was mainly due to higher volume-related distribution costs combined with an increase in director and officer insurance premiums. The Company also incurred a $2.0 million loss for asset dispositions and write-downs arising from the sale of surplus equipment in the Canadian textile operations and closure of a Honduran sewing facility. The Company expects that for fiscal 2005, selling, general and administrative expenses will be at a similar level as a percentage of sales as those incurred in fiscal 2004 as the Company continues to expand globally.

** Before the impact of the change in functional currency. See Non-GAAP Financial Measures on page 30.*

***Before special charge for H. Greg Chamandy. See Non-GAAP Financial Measures on page 30.*

Depreciation and Interest Expenses

Depreciation and amortization expense was $22.3 million in fiscal 2004, compared to $16.1 million in fiscal 2003. Approximately $1.8 million of the increase was the result of the change in functional currency described on page 30, as a portion of the upward revaluation of opening fixed assets was depreciated during the year. Depreciation and amortization expense excluding the adjustment due to the change in functional currency was $20.5 million in fiscal 2004, compared to $16.1 million in fiscal 2003. The increase in depreciation expense in fiscal 2004 was the result of the Company's continued investment in capital expenditures to support its planned sales growth.

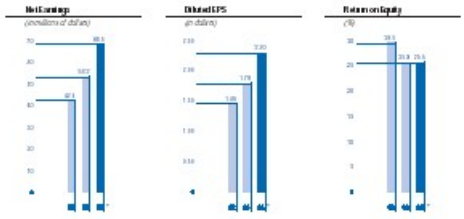
Interest expense was $6.2 million during fiscal 2004, down slightly from $6.4 million in fiscal 2003. The decrease in interest expense was the result of the reduction in overall debt following the first repayment made in June 2004 on the Company's Senior Notes, offset slightly by interest expense on the Company's share of long-term debt undertaken by the Company's joint venture in the first quarter of fiscal 2004.

Income Taxes

The Company's international sales structure implemented in fiscal 1999 results in the income from international sales being subject to tax at relatively low levels. The Company's effective tax rate in fiscal 2004 was 4.9% compared to 9.8% in fiscal 2003. The decline in the effective tax rate is the result of a higher proportion of international sales compared to prior years, which are taxed at relatively low rates, combined with a shift of manufacturing activities to our offshore hubs that operate in tax-free zones. In addition, the special charge, included as part of selling, general and administrative expenses as described on page 32 is deductible in the calculation of taxable income in the Canadian operations which resulted in a 1.8% reduction in the effective tax rate for fiscal 2004. The Company expects that the effective tax rate will range between 5%-6% in fiscal 2005 as sales continue to grow in i ts international operations and are increasingly sourced from its offshore textile facilities.

Net Earnings

Net earnings for fiscal 2004 were $60.3 million or $2.02 per diluted share, compared to $53.2 million, or $1.79 per diluted share in fiscal 2003, up respectively 13.3% and 12.8%. The results of fiscal 2004 included a charge of $0.11 per diluted share to meet the cost of the Company's contractual obligations to H. Greg Chamandy.



** Before special charge for H. Greg Chamandy and the impact of the change in functional currency. See Non-GAAP Financial Measures on page 30.*

Excluding this charge and the impact of the change to U.S. dollar functional currency described on page 30, net earnings were $68.5 million or $2.30 per share on a diluted basis, an increase of 28.8% or 28.5% over earnings and diluted earnings per share in fiscal 2003. The increase in net earnings was primarily due to the 23.7% increase in sales revenue, partially offset by higher selling, general, administrative and depreciation expenses.

Return on equity in fiscal 2004 was 21.0%, including the impact of the special charge as well as the impact of the functional currency adjustments on both net earnings and shareholders' equity. Before these items, return on equity was 25.5%, compared with 25.3% obtained in fiscal 2003.

Fourth Quarter Results

The Company reported record net earnings of $16.8 million or $0.56 per diluted share for the fourth quarter, up 18.3% and 16.7% from $14.2 million or $0.48 per diluted share a year ago.

The results for the fourth quarter of fiscal 2004 included the special charge of $0.11 per diluted share for the cost of contractual commitments to H. Greg Chamandy. Excluding this special charge as well as the impact of adjustments relating to the change to U.S. functional currency, which continue to impact depreciation expense, diluted EPS for the fourth quarter amounted to $0.69, up 43.8% from last year.

Compared to last year, the higher fourth quarter net earnings reflected higher unit sales, further manufacturing efficiencies and more favourable pricing. These factors were partially offset by increased cotton costs, higher SG&A and depreciation expense, and a charge of approximately $0.07 per diluted share arising from the closure in September of one of the Company's Honduran sewing facilities.

Sales in the quarter were $145.6 million, up 33.3% from $109.2 million in the fourth quarter of fiscal 2003. The higher sales were due to a 20.4% increase in unit shipments combined with higher selling prices. The higher unit sales reflected continuing strong overall industry demand growth in the U.S. wholesale distributor channel, together with continuing market share penetration in all target market segments.

Gross margins in the fourth quarter were 30.9%, compared with 30.4% in the fourth quarter of fiscal 2003. The impact of higher selling prices and more favourable product mix, together with continuing manufacturing efficiencies, more than offset the effect of higher cotton costs and the impact of the Honduran sewing facility closure. Excluding the impact of the costs related to the Honduran sewing facility closure, gross margins in the fourth quarter of fiscal 2004 were 31.9%.

The income tax recovery recorded in the fourth quarter was due to the special charge for the contractual obligations to H. Greg Chamandy, which resulted in a recovery of income taxes from prior quarters incurred by the Company's Canadian operations. Excluding this charge, the effective tax rate for the fourth quarter would have been 5.5% compared to 7.6% in the fourth quarter of fiscal 2003.

In the fourth quarter, the Company generated $22.9 million of free cash flow, defined as cash flow from operating activities less cash used in investing activities. Cash generated from operating activities during the fourth quarter significantly exceeded cash requirements for capital expenditures.

During the fourth quarter, the Company also purchased property in Nicaragua for $4.4 million, and intends to begin construction of a major textile facility for the production of fleece, in order to support the Company's anticipated growth in this product-line in both the wholesale and retail channels. The total capital cost of the project is estimated at approximately $60 million.

Summary of Quarterly Results

The following table sets forth certain summarized unaudited quarterly financial and other data for the periods presented. The financial data have been derived from the Company's unaudited financial statements that in the opinion of management reflect all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of such quarterly data. The operating results for any quarter are not necessarily indicative of the results to be expected for any future period.

	2004				2003			
(in millions, except per share data)	**Q4**	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Unit sales (Dozen)	**6.9**	**8.4**	**7.6**	**4.0**	5.8	7.4	6.1	3.3
Sales	**$145.6**	**$168.4**	**$141.4**	**$78.0**	$109.2	$143.4	$113.6	$65.0
Net earnings	**16.8**	**26.2**	**14.3**	**2.9**	14.2	21.8	13.4	3.7
Net earnings adjusted (1)	**20.5**	**26.7**	**15.9**	**5.4**	14.2	21.8	13.4	3.7
Basic EPS	**0.57**	**0.89**	**0.48**	**0.10**	0.48	0.74	0.46	0.13
Basic EPS adjusted (1)	**0.69**	**0.90**	**0.54**	**0.19**	0.48	0.74	0.46	0.13
Diluted EPS	**0.56**	**0.88**	**0.48**	**0.10**	0.48	0.73	0.45	0.13
Diluted EPS adjusted (1)	**0.69**	**0.90**	**0.53**	**0.18**	0.48	0.73	0.45	0.13

(1) Excluding the adjustments due to the change in functional currency described on page 30 and the special charge described on page 32. See note re: Non-GAAP Financial Measures on page 30 and reconciliation on page 47.

The activewear business is seasonal and the Company has historically experienced significant quarterly fluctuations in operating results. Typically, demand for our products is highest in the third quarter of each fiscal year and lowest in the first quarter of each fiscal year. Weather conditions also affect the demand for our products particularly for fleece products. The seasonality of specific product lines is consistent with the results of other companies in the activewear industry and management anticipates that this will continue in the future.

We produce and store finished goods inventory in the first half of the fiscal year in order to meet the expected demand for delivery in the second half of the fiscal year. However, if after producing and storing inventory in anticipation of third and fourth quarter deliveries, demand is significantly less than expected, a risk inherent in our business is that we may be required to hold inventory for an extended period of time at our expense, or sell the excess inventory at reduced prices, thereby reducing profits. This risk is mitigated by the low risk of obsolescence inherent in undecorated apparel.

Recap of Fiscal 2004 Guidance

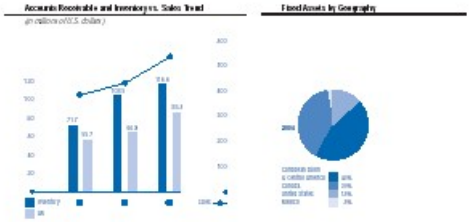
The Company's diluted EPS for fiscal 2004 was $2.02, or $2.30 excluding the impact of the change in functional currency described on page 30 and the special charge described on page 32. The Company's original diluted EPS guidance for the full 2004 fiscal year excluding the adjustments due to the changes in functional currency described on page 30 was in the range of $2.25– $2.30, up 25.7%– 28.5% from fiscal 2003. This guidance was based on 15% projected growth in unit sales volumes and modest selling price increases to partially offset the higher cost of cotton. After the second quarter, the Company revised its diluted EPS guidance to $2.05 –$2.15 due to anticipated short-term capacity constraints and aggressive industry pricing. As a result of the stronger than projected third quarter results, and its outlook for the fourth quarter, the Company then increased its projected diluted EPS f or the full 2004 fiscal year to approximately $2.20, excluding the adjustments due to the changes in functional currency described on page 30 and the special charges described on page 32, up approximately 23% from fiscal 2003.

Balance Sheets

On October 3, 2004 the Company's accounts receivable were $85.3 million compared to $64.3 million at the end of fiscal 2003. The increase was due to a 33.3% increase in sales in the fourth quarter over the prior year combined with an increase in number of days sales outstanding on net trade receivables from 44 days to 47 days. Inventory levels increased by $13.1 million to $116.6 million on October 3, 2004, from $103.5 million at the end of fiscal 2003. The increase was primarily the result of a 7.5% increase in finished goods on hand combined with an increase in raw materials and work in progress.

Net capital expenditures for fiscal 2004 were $53.7 million, net of approximately $3.0 million of proceeds received on the disposition of surplus Canadian textile assets and Honduran sewing assets. The major capital investment projects include the new textile facility in the Dominican Republic, the expansion of the Rio Nance textile facility, the addition of new sewing and textile facilities in Nicaragua and the investment in a 50%/50% joint venture with Frontier Spinning Mills, Inc. Net capital expenditures were lower than previously indicated due to timing and slight delays in the Dominican Republic project.

Total assets were $489.0 million on October 3, 2004, compared to $429.7 million at the end of the previous year. Working capital was $178.8 million compared to $155.0 million on October 5, 2003. The current ratio at October 3, 2004 was 2.9:1 compared to 2.7:1 at the end of fiscal 2003.



Liquidity and Capital Resources

The Company has in recent years funded its operations and capital requirements with cash generated from operations. A revolving credit facility has been periodically utilized to finance seasonal peak working capital requirements. The Company's primary capital needs on an ongoing basis are related to capital expenditures for new manufacturing facilities, inventory financing, accounts receivable funding, servicing the interest payments on our Senior Notes as well as scheduled annual repayments of principal over the next three years.

As a result of the seasonal nature of the apparel business, working capital requirements are variable throughout the year. The Company's need for working capital typically grows throughout the first two quarters as inventories are built up for the peak selling period in the third quarter.

Cash flow from operating activities for the year ended October 3, 2004 was $58.9 million, compared to $63.7 million during the previous year. Free cash flow(1) amounted to $5.1 million in fiscal 2004, compared to $24.3 million in fiscal 2003. The decline in free cash flow is the result of a $14.4 million increase in investing activities. The increase in investing activities during the most recently completed fiscal year was for the continued expansion of our offshore manufacturing facilities to meet our growing capacity requirements.

The Company ended fiscal 2004 with cash and cash equivalents of $60.7 million, compared to $69.3 million at the end of fiscal 2003. At the end of both fiscal 2003 and fiscal 2004, none of the Company's CAD$150.0 million revolving bank facility was utilized. The ratio of net debt(2) to total capitalization was less than zero at the end of fiscal 2004, compared to 0.02:1.00 at the end of fiscal 2003. Total indebtedness(3) at October 3, 2004 amounted to $56.6 million, compared to $73.6 million at October 5, 2003. The decline in total indebtedness is mainly due to the Company making its first scheduled principal repayment of $17.5 million on its Senior Notes on June 10, 2004.

Anticipated sales growth in 2005 will result in increased working capital requirements mainly to finance trade accounts receivable. For fiscal 2005, the Company expects to incur $85 million to $90 million in capital expenditures. The Company expects to continue to have sufficient liquidity and capital resources in fiscal 2005 to fund its working capital requirements, capital expenditures and the June 2005 principal repayment on its Senior Notes.

In the past, the Company has not paid a dividend in order to conserve cash to finance its ongoing growth and expansion. The Board of Directors has determined that the Company will continue to conserve its cash in fiscal 2005 but will re-evaluate the merits of introducing a dividend at some future date.

The Company has obtained approval from the Toronto Stock Exchange to renew its normal course issuer bid in order to repurchase a maximum of 500,000 Class A Subordinate voting shares (as compared to the previous normal course issuer bid which was for a maximum of 200,000 shares) in the open market commencing December 22, 2004 and ending December 21, 2005. This represents less than 2% of the total Class A Subordinate voting shares issued and outstanding. No shares were repurchased under the previous bid.

Off-Balance Sheet Arrangements

Operating leases and commitments

We have no commitments that are not reflected in our balance sheets except for operating leases and other purchase obligations, which are included in the table of contractual obligations on page 39 of this MD&A. As disclosed in Note 10 to our Consolidated Financial Statements, we have issued standby letters of credit and corporate guarantees primarily from various servicing agreements amounting to $15.9 million at October 3, 2004.

(1) Cash flow from operating activities less cash used in investing activities. See Non-GAAP Financial Measures on page 30.

(2) Total long-term debt less cash and cash equivalents. See Non-GAAP Financial Measures on page 30.

(3) Total long-term debt. See Non-GAAP Financial Measures on page 30.

Derivative Financial Instruments

From time to time, the Company uses forward foreign exchange contracts, primarily in Canadian dollars and Euros, to hedge cash flows related to accounts receivable and accounts payable in foreign currencies (non-U.S. dollar) denominated goods and services. A forward foreign exchange contract represents an obligation to exchange a foreign currency with a counterparty at a predetermined rate. Credit risk exists in the event of failure by a counterparty to meet its obligations. The Company reduces this risk by dealing only with highly rated counterparties, normally major North American financial institutions. The Company's exposure to foreign currency fluctuations is described in more detail in the "Risks" section of this MD&A.

Prior to 2004, the Company used an interest rate swap to hedge the interest due on its Senior Notes. As a result of the change in functional currency, the swap was no longer required.

The Company does not use derivative financial instruments for speculative purposes. Forward foreign exchange contracts are entered into with maturities not exceeding twenty-four months.

Gains and losses on forward foreign exchange contracts are recognized through income in the same period as the transactions that are hedged. Gains and losses on swap arrangements were recognized and charged to income on a basis that corresponded with changes in the related underlying item. For the years ended October 3, 2004 and October 5, 2003, net earnings included recognized gains relating to derivative financial instruments of $0.1 million and $2.4 million, respectively.

The following table summarizes the Company's commitments to buy and sell foreign currencies as at October 3, 2004 and October 5, 2003:

	Notional amount	Exchange rate	Maturity	Notional U.S. dollar equivalent
2004:				
Sell contracts:				
Foreign exchange contracts:	**€1.4 million**	**2703 to 1.2717**	**Oct. — Dec. 2004**	**$1.8 million**
	£1.0 million	**1.7970 to 1.8490**	**Oct. — Dec. 2004**	**$1.8 million**
Buy contracts:				
Foreign exchange contracts:	**CAD $39.0 million**	**0.7251 to 0.7401**	**Oct. 2004 — May 2005**	**$28.7 million**
2003:				
Sell contracts:				
Foreign exchange contracts:	€1.6 million	1.0720 to 1.0728	Oct. — Nov. 2003	$1.7 million

The fair value of the forward foreign exchange contracts, based on quoted market values, is $2.1 million as at October 3, 2004. The carrying values of the outstanding forward foreign exchange contracts as at October 5, 2003 were not significantly different from their fair values.

Contractual Obligations

In the normal course of business, the Company enters into contractual obligations that will require it to disburse cash over future periods. The following table sets forth the Company's contractual obligations for the following items as at October 3, 2004:

		Payments Due by Period			
(in millions)	Total	Less than 1 year	1 — 3 years	4 — 5 years	After 5 years
Long term debt	$ 56.2	$ 18.4	$ 36.9	$ 0.9	—
Capital lease obligations	0.4	0.2	0.2	—	—
Operating leases	9.0	2.7	3.3	1.8	1.2
Purchase obligations	132.6	126.4	6.2	—	—
Other long term obligations	32.4	32.4	—	—	—
Total contractual obligations	$ 230.6	$ 180.1	$ 46.6	$ 2.7	$ 1.2

Management expects that cash flow from its operating earnings, together with its year-end cash balances and unutilized bank
facilities, will be sufficient to meet foreseeable cash needs for fiscal 2005.

Outlook

The Company expects to achieve diluted EPS of approximately $2.60 in fiscal 2005, based on sales of approximately $620 million or 32 million dozens. This represents EPS growth of 29% over fiscal 2004 reported EPS, and 16% growth over fiscal 2004 adjusted earnings of $2.24 per diluted share. Adjusted earnings for fiscal 2004 are earnings prior to the special charge for H. Greg Chamandy and the impact of the change in functional currency included in cost of sales. The impact of the change in functional currency on depreciation expense for fiscal 2004 is not reflected in adjusted earnings as it will be a continuing item.

The Company's projection for fiscal 2005 assumes the continued market share penetration in all the categories the Company competes in and that the impact of the two new distributors announced earlier this year should account for the majority of the projected sales growth.

The unit sales growth will be supported by our current Canadian and Honduran textile operations, while the Dominican Republic and Nicaragua textile operations will only provide additional capacity to support the last quarter of fiscal 2005. Further upside in unit sales growth in fiscal 2005 will be limited by capacity constraints. However, the ramp-up of the new textile facilities in the Dominican Republic and Nicaragua is expected to significantly increase our production capacity in fiscal 2006.

As noted, the Company estimates that capital expenditures for fiscal 2005 will be in the range of $85 million to $90 million. The major projects are the completion of our textile facilities in the Dominican Republic and Nicaragua. The Company expects that cash flows from operations for fiscal 2005 will be in the same range as capital expenditures. The Company intends to use a portion of its surplus cash reserves in June 2005 to meet the second scheduled principal repayment on its Senior Notes.

Year ended October 5, 2003 compared with year ended September 29, 2002

The year ended October 5, 2003 included 53 weeks of operating results instead of the normal 52 weeks. Since the Company has a floating year-end, an extra week is included in its results every sixth year. During fiscal 2003, the extra week was added to the third quarter, which in seasonal terms was the largest quarter of the year. Management estimates that the impact of adding an extra week to the full year was approximately $0.04 to diluted earnings per share for the 2003 fiscal year.

Sales for fiscal 2003 increased by 12.8%, to $431.2 million, compared with $382.3 million in fiscal 2002, due to an increase of 16.5% in unit sales in fiscal 2003 from 19.4 to 22.6 million dozens. The increase in unit sales was partially offset by lower average selling prices. During fiscal 2003, the Company continued to maintain its No. 1 market share position in the 100% cotton T-shirt segment in the United States, which was first established in the second quarter of fiscal 2002. During fiscal 2003, Gildan continued to expand its European business, with total dollar sales increasing 14.8%, with a corresponding increase of 12.1% in unit sales. The Company also maintained its leading market share position in Canada.

Gross margins increased slightly during fiscal 2003 to 30.1% of sales, compared to 28.1% in fiscal 2002, mostly due to the impact of manufacturing efficiencies generated through recent offshore capital investments, together with lower raw material costs and a more favourable product mix.

Selling, general and administrative expenses increased as a percentage of sales in fiscal 2003, coming in at 11.2% compared to 10.6% in fiscal 2002. The most significant increases were director and officer insurance premiums and increases in bad debt reserves. Consulting fees also increased in the area of computer system implementation and assistance received in analyzing and implementing new regulatory requirements, in particular in the United States. The Company also incurred additional travel expenses due to the growth of our offshore operations.

Depreciation and amortization expense was $16.1 million in fiscal 2003, compared to $11.2 million in fiscal 2002. The increase in depreciation expense in fiscal 2003 was the result of Rio Nance textile facility and yarn spinning facilities operating during all of fiscal 2003 as compared to only a portion of fiscal 2002.

Interest expense was $6.4 million during fiscal 2003, down significantly from the $8.5 million that was incurred during fiscal 2002. The decrease was the result of overall lower borrowing levels as the Company had generated significant cash flow in the second half of fiscal 2002.

Net earnings in fiscal 2003 were $53.2 million, or $1.79 per diluted share, compared to $42.4 million or $1.45 per diluted share in fiscal 2002. The increase in net earnings was due to increased unit sales and higher gross margins, reduced interest expense and the inclusion of one extra week into the Company's results for fiscal 2003. Lower selling prices, and higher depreciation expense subsequent to the Company's major capital investment projects partially offset the positive impact of these factors.

CRITICAL ACCOUNTING ESTIMATES

The Company's significant accounting policies are described in Note 2 to the Company's Consolidated Financial Statements. The preparation of financial statements in conformity with Canadian GAAP requires estimates and assumptions that affect our results of operations and financial position. By their nature, these judgments are subject to an inherent degree of uncertainty and are based upon historical experience, trends in the industry and information available from outside sources. On an ongoing basis, management reviews its estimates and actual results could differ from those estimates.

Management believes that the following accounting estimates are most significant to assist in understanding and evaluating the Company's financial results.

Sales promotion programs

At the time of sale, estimates are made based upon existing programs for customer price discounts and rebates. Accruals required for new programs, which relate to prior sales, are recorded at the time the new program is introduced. Sales are recorded net of these program costs.

If actual price discounts and rebates differ from estimates, net sales could either be understated or overstated.

Trade accounts receivable

Trade accounts receivable consist of amounts due from our normal business activities. We maintain an allowance for doubtful accounts to reflect expected credit losses. The Company's extension of credit involves considerable judgment and is based on an evaluation of each customer's financial condition and payment history. The Company regularly monitors its credit risk exposure to its customers and takes steps to mitigate the risk of loss, including obtaining credit insurance.

If the financial condition of our customers were to deteriorate causing an impairment of their ability to make payments, additional provisions for bad debts may be required in future periods. On the other hand, if our ultimate recovery on the accounts we have reserved or written off exceeds our estimates, we may need to decrease our reserves in the future.

Fixed assets

Our fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

On a regular basis, we review the estimated useful lives of our fixed assets. Assessing the reasonableness of the estimated useful lives of fixed assets requires judgment and is based on currently available information. Changes in circumstances, such as technological advances and changes to our business strategy, can result in actual useful lives differing from our estimates. Revisions to the estimated useful lives of fixed assets constitute a change in accounting estimates and are applied prospectively.

Cotton procurements

The Company contracts to buy cotton with future delivery dates at fixed prices in order to reduce the effects of fluctuations in the prices of cotton used in the manufacture of its products. These contracts permit settlement by delivery and are not used for trading purposes. The Company commits to fixed prices on a percentage of its cotton requirements up to eighteen months in the future. If market prices for cotton fall below the committed future purchase prices on outstanding cotton contracts, the Company estimates the costs of cotton that are not recoverable in future sales of finished goods, and the differential is charged to income at that time.

Future income taxes

The Company utilizes the asset and liability method for accounting for income taxes which requires the establishment of future tax assets and liabilities, measured at substantively enacted tax rates, for all temporary differences caused when the tax bases of assets and liabilities differ from those reported in our Consolidated Financial Statements.

The Company's future income tax assets are recognized only to the extent that, in the Company's opinion, it is more likely than not that the future income tax assets will be realized. If the realization is not considered to be more likely than not, a valuation allowance is provided. This opinion is based on certain estimates or assumptions. If these estimates or assumptions change in the future, the Company could be required to reduce or increase the value of the future income tax assets and liabilities resulting in income tax expenses or recovery. The Company evaluates its future income tax assets and liabilities on a quarterly basis.

Changes in estimates or assumptions could affect the amount of income tax expense in the Consolidated Statements of Earnings and the amount of future income taxes on the Consolidated Balance Sheets of the Company's Consolidated Financial Statements.

CHANGES IN ACCOUNTING POLICIES

Stock-based compensation and other stock-based payments

In November 2003, the Canadian Institute of Chartered Accountants ("CICA") revised Handbook Section 3870, with respect to the accounting for stock-based compensation and other stock-based payments. The revised recommendations require that beginning January 1, 2004, the fair value-based method be used to account for all transactions whereby goods and services are received in exchange for stock-based compensation and other stock-based payments. Under the fair value-based method, compensation cost is measured at fair value at the date of grant and is expensed over the award's vesting periods.

During fiscal 2004, $460,305 (2003 – nil) was expensed as compensation expense, with an offset to contributed surplus, due to the issuance of 112,000 Restricted Share Units (RSUs) and a modification to the vesting period of certain options.

In accordance with the transitional options permitted under Section 3870, the Company early adopted the new recommendations effective the commencement of our 2004 fiscal year and prospectively applied the standard for employee stock awards granted after October 6, 2003. There were no options granted during fiscal 2004. Previously, the Company applied the settlement method of accounting to employee stock options under which no compensation expense was recognized on stock-based compensation granted to employees.

RECENT ACCOUNTING PRONOUNCEMENTS

Variable interest entities (AcG-15)

The CICA has issued a guideline on accounting for variable interest entities (VIEs) titled Accounting Guideline 15 – Consolidation of Variable Interest Entities (AcG-15), which proposes amendments to the guideline to harmonize with corresponding guidance in the United States. A VIE is any type of legal structure not controlled by voting equity but rather by/or through contractual or other financial arrangements. This guideline requires the Company to identify VIEs in which it has an interest, determine whether it is the primary beneficiary of

such entities and, if so, to consolidate the VIE. A primary beneficiary is an enterprise that will absorb a majority of the VIE's expected losses, receive a majority of its expected residual return, or both.

AcG-15 is effective for all fiscal periods beginning on or after November 1, 2004 and early adoption is encouraged. The Company will be early adopting this standard in fiscal 2005 in order to minimize any potential difference between Canadian and U.S. GAAP.

The Company has performed a review of all of its ownership and contractual interests in entities. We have determined that the Company's joint venture with Frontier Spinning Mills, Inc. (Cedartown Manufacturing LLC) meets the criteria for being a VIE and that the Company is the primary beneficiary of the entity, and the implementation of AcG-15 will result in the consolidation of the Company's interest in Cedartown Manufacturing LLC in fiscal 2005.

Management believes that consolidation would not result in any material change in the underlying tax, legal or credit risks facing the Company.

RISKS

The Company is subject to a variety of business and capital investment risks. These include global competition, changes in international trade and tax legislation, changes in raw material prices, shifts in consumer demand, exposure to credit losses and currency fluctuations. The most significant of these risks are described below.

Our industry is competitive

The wholesale imprinted activewear segment of the North American apparel market includes a number of significant competitors. Our primary competitors are the major U.S.-based manufacturers of basic branded activewear for the wholesale and retail channels. These manufacturers include Fruit of the Loom, Inc., the Hanes and Outer Banks divisions of Sara Lee Corporation, the Jerzees division of Russell Corporation and Anvil Knitwear, Inc.

The competitive landscape in Europe is very similar to that in North America. We compete directly with European divisions of Fruit of the Loom, Hanes, and Jerzees. In addition to these North American companies, we also compete directly against a Belgian-based company, The Cotton Group.

Our ability to remain competitive in the areas of quality, price, marketing, product development, manufacturing, distribution and order processing will, in large part, determine our future success. We cannot assure you that we will be able to continue to compete successfully.

Our industry is subject to pricing pressures

Prices in our industry have been declining over the past several years primarily as a result of passing cost reductions through into lower selling prices. Such cost reductions result from factors which include the relocation of manufacturing operations to lower-cost labour environments offshore and the addition of new capacity using state-of-the-art manufacturing technology.

In the future, our financial performance may be negatively affected if the following scenarios occur:
• if we are forced to reduce our prices and we cannot reduce our production costs; or
• if our production costs increase and we cannot increase our prices.

We rely on a relatively small number of significant customers

We sell our products to approximately 150 customers. In fiscal 2004, our two largest customers accounted for 25.0% and 6.2% of sales and our top ten customers accounted for 60.7% of total sales. In August 2004 and December 2004, the Company announced the addition of two major new U.S. distributors to its U.S. distributor network. If any of our significant customers substantially reduce their purchases or cease to buy from us and we cannot replace that business with sales to other customers on similar terms, our business would be materially adversely affected.

We do not have formal contracts with our wholesale distributor customers whereby they must purchase a minimum quantity of our products. Although we have maintained long term relationships with many of our wholesale distributor customers, we cannot assure you that historic levels of business from any of our customers will continue or increase in the future.

We are subject to international trade legislation that is becoming increasingly liberalized

The textile and apparel industries in both Canada and the United States have historically received a relatively higher degree of international trade protection than some other industries.

In 1995, the Agreement on Textiles and Clothing came into effect requiring importing countries including Canada, the United States and Western Europe to eliminate quotas on imports of textiles and apparel by 2005. This could result in increased competition from countries which historically have low labour costs. This agreement only benefits exporting countries that are members of the World Trade Organization.

There is no assurance that our future results will not be impacted by increased global competition. However, the Company does not expect the elimination of quotas in January 2005 on textile and apparel imports to have a material impact on its results of operations in future years. The main reason is that we believe that we are a low-cost producer and that imports from certain low-cost exporting countries will continue to be subject to import tariffs. Also, we believe that fast response times and delivery cycles are an important success factor to service the North American distributor channel.

Gildan's capacity expansion plans are designed to position Gildan to take advantage of international trade liberalization, and to enable us to the maximum extent possible to compete in our largest geographical markets without being subject to quotas or duties.

We currently pay income tax at a comparatively low effective rate, which could change in the future

The Company's sales structure results in the income generated from its international sales being subject to relatively low income tax rates. The structure is supported by current domestic laws in the countries in which the Company operates as well as through the application of income tax treaties between various countries in which the Company operates. The Company conducts annual transfer pricing studies to substantiate the transactions between the various related parties within the Company.

It should be noted that any unanticipated changes to either current domestic laws in the countries in which the Company operates, or any changes to the income tax treaties the Company currently relies on, could impact the effective tax rate of the Company.

The price of the raw materials we buy is prone to significant fluctuations and volatility

The price of raw materials, especially for a commodity product such as cotton, fluctuates substantially. Because we enter into future contracts for our cotton requirements, we may not be able to benefit from price decreases but the Company will be protected against price increases which might occur during any given fiscal year. Additionally, in the event that we have not provided for sufficient future contracts, we will not be protected against price increases, but will be in a position to benefit from any price decreases.

Excluding the impact of futures contracts, a change of U.S. $0.01 per pound in cotton prices would affect the Company's annual raw material costs by approximately U.S. $2.5 million, at current levels of production. The ultimate effect of this change on the Company's earnings cannot be quantified, as the effect of movements in cotton prices on industry selling prices are uncertain.

Our operations are subject to political, social and economic risks

The majority of our products are now manufactured and sewn in Central America and Mexico. The Company is currently adding significant new capacity and making further capital investments in Central America and the Caribbean Basin. Some of the countries where we manufacture our products, and where we are adding new capacity, have experienced political, social and economic instability in the past. We cannot predict the future political, social or economic stability of these countries or the impact on our business of changes, if any, in the political, social or economic conditions in these countries.

Our industry is subject to fluctuations in sales demand

Demand for our products may vary from year to year. Based on discussions with our customers at the beginning of each fiscal year, we produce and store finished goods inventory to meet the expected demand for delivery. If, after producing and storing inventory in anticipation of deliveries, demand is significantly less than expected, we may have to hold inventory for extended periods of time, or sell excess inventory at reduced prices. In either case, our profits would be reduced. Excess inventory could also result in slower production, lower plant and equipment utilization and lower fixed operating cost absorption, all of which would have a negative impact on our business. The risk of experiencing lower than anticipated demand is mitigated by the fact that our products are not subject to fashion risk.

Our operations are subject to environmental regulation

We are subject to various environmental and occupational health and safety laws and regulations in our operations in Canada, the United States and offshore. Future events, such as:

- a change in existing laws and regulations;
- the enactment of new laws and regulations;
- a release of hazardous substances on or from our properties or any associated offsite disposal location; or
- the discovery of contamination from prior activities at any of our properties;

may give rise to compliance costs that could have a material adverse effect on our business.

We are exposed to concentrations of credit risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash equivalents and trade receivables.

The Company's extension of credit involves considerable judgment and is based on an evaluation of each customer's financial condition and payment history. The Company regularly monitors its credit risk exposure to its customers and takes steps to mitigate the risk of loss, including obtaining partial credit insurance. As at October 3, 2004, the Company's top 10 customers accounted for approximately 52% (2003 - 52%) of the trade receivable balance of which one customer represented 19.5% (2003 - 25.0%). The remaining trade receivable balances are dispersed amongst a large number of customers across many geographic areas within Canada, the United States, the United Kingdom and Europe. An allowance for doubtful accounts is maintained for potential credit losses consistent with the credit risk, historical trends, general economic conditions and other available information.

The Company invests available cash in short-term deposits with major North American financial institutions.

Foreign currency fluctuations risk

Effective fiscal 2004, the functional and reporting currency of the Company was changed from the Canadian dollar to the U.S. dollar. This change was made as the majority of the Company's sales revenues are denominated in U.S. dollars, while its manufacturing operations are increasingly diversified outside Canada. However, as the Company operates as an international business, its financial results continue to be exposed to the effects of changes in foreign currency (non-U.S. dollar) exchange rates. The Company's exposure relates primarily to changes in the U.S./Canadian dollar and U.S./Euro exchange rates. The Company views its foreign currency revenue streams as a partial natural hedge against its foreign currency expenses, and believes that its overall exposure to foreign currency fluctuations is limited and is unlikely to materially impact its future results.

SUBSEQUENT EVENT

Shareholder rights plan

The Board of Directors of the Company has approved a shareholder rights plan, which took effect on December 1, 2004. The objectives of the plan are to provide the Board and shareholders with adequate time to assess any unsolicited take-over bid for the Company, and where appropriate, give the Board sufficient time to pursue other alternatives for maximizing shareholder value.

Pursuant to the plan, those bids which meet certain requirements will not trigger the rights issued under the plan, and will be considered "permitted bids". In order to qualify as a "permitted bid", a bid must be made by way of a formal take-over bid circular delivered to all shareholders. Also, it must remain open for a minimum of 60 days, and must meet various other conditions set out in the plan.

One right has been issued with respect to each outstanding Class A Subordinate Voting share of Gildan (the only class of voting shares outstanding) at the close of business December 1, 2004. The rights will become exercisable only on the eighth trading day after a person or entity, including any related party, acquires or announces its intention to acquire shares for a total ownership of 20% or more of Gildan's outstanding shares, without complying with the "permitted bid" provisions of the plan or without approval of Gildan's Board of Directors. Should such a scenario occur, each right would, upon exercise, entitle a holder, other than the acquiring person or entity and any related party, to purchase treasury shares of Gildan at a 50% discount to the market price of such shares at the time when the rights become exercisable.

The plan has been conditionally approved by the Toronto Stock Exchange. It will be submitted for ratification by shareholders at Gildan's Annual and Special Meeting of Shareholders on February 2, 2005. The plan will be in effect for three years, with one renewal option, subject to shareholder approval. The Board of Directors may under certain conditions redeem all rights under the plan, or waive its application to specific acquisition offers, where the Board of Directors concludes that the plan has served its purpose.

The plan has not been adopted in response to any specific proposal to acquire control of Gildan, nor is Gildan aware of any such intention. Gildan has been advised that its plan, which is a new generation plan similar to shareholder rights plans adopted by other Canadian companies, is consistent with Canadian corporate practices and addresses institutional investor guidelines.

DISCLOSURE OF OUTSTANDING SHARE DATA

Our shares are listed on the New York Stock Exchange (GIL) and the Toronto Stock Exchange (GIL.A).

As of December 17, 2004 there were 29,716,530 Class A Subordinate voting shares issued and outstanding along with 554,696 options outstanding.

RECONCILIATION OF NON-GAAP MEASURES

The following four measures included in this report do not have standardized meaning under Canadian GAAP and, therefore, are unlikely to be comparable to similar measures presented by other companies:

1. free cash flow;
2. net debt;
3. total indebtedness; and
4. all reference made to adjusted gross margins, adjusted selling, general and administrative expenses, adjusted net earnings and adjusted diluted earnings per share.

The following table reconciles all Non-GAAP Financial Measures mentioned in this MD&A to the directly comparable GAAP measures;

(in thousands of U.S. dollars, except earnings per share)	**2004**	2003	2002
Free Cash Flow			
Cash flows from operating activities	**$ 58,920**	$ 63,721	$ 114,245
Cash flows used in investing activities	**(53,820)**	(39,458)	(43,492)
Free cash flow	**$ 5,100**	$ 24,263	$ 70,753
Total Indebtedness/Net Debt			
Current portion of long-term debt	**$(18,610)**	$(19,481)	$ (3,967)
Long-term debt	**(37,979)**	(54,078)	(72,917)
Total indebtedness	**(56,589)**	(73,559)	(76,884)
Cash and cash equivalents	**60,671**	69,340	45,011
Cash in excess of debt (net debt)	**$ 4,082**	$(4,219)	$(31,873)

Adjusted Consolidated Statement of Earnings

	2004		
	Audited		**Adjusted**
Sales	**$533,368**		**$533,368**
Cost of sales[1]	**378,696**	**(3,251)**	**375,445**
Gross profit	**154,672**		**157,923**
Selling, general and administrative expenses[2]	**62,898**	**(4,614)**	**58,284**
EBITDA.[3]	**91,774**		**99,639**
Depreciation and amortization[1]	**22,275**	**(1,800)**	**20,475**
Interest expense	**6,170**		**6,170**
Earnings before income taxes	**63,329**		**72,994**
Income taxes expense[2]	**3,078**	**1,430**	**4,508**
Net earnings	**$ 60,251**	**$ 8,235**	**$ 68,486**
Basic EPS	**$ 2.04**		**$ 2.31**
Diluted EPS	**$ 2.02**		**$ 2.30**
Return on equity[4]	**21.0%**		**25.5%**
Adjusted net earnings (as per above)			**$ 68,486**
Impact of the change in functional currency included in depreciation expense			**(1,800)**
Adjusted net earnings — before special charge for H. Greg Chamandy and the impact of the change in functional currency included in cost of sales			**$ 66,686**
Adjusted Diluted EPS — before special charge for H. Greg Chamandy and the impact of the change in functional currency included in cost of sales			**$ 2.24**

(1) Adjustments due to the change in functional currency. See page 30.

(2) Adjustments due to special charge to satisfy the Company's contractual commitments to H. Greg Chamandy. See page 32.

(3) Earnings before interest, income taxes, depreciation and amortization.

(4) Net earnings and adjusted net earnings divided by average equity for the last 13 months.

FORWARD LOOKING STATEMENTS

Certain statements included in this MD&A may constitute “forward looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward looking statements generally can be identified by the use of forward looking terminology such as “may”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “plan”, “foresee”, “believe” or “continue” or the negatives of these terms or variations of them or similar terminology. We refer you to the Company’s filings with the Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission for a discussion of the various factors that may affect the Company’s future results.

Readers are cautioned however not to place undue reliance on forward looking statements as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward looking statements will not occur. This may cause the Company’s actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward looking statements.

We believe that the expectations represented by such forward looking statements are reasonable, yet there can be no assurance that such expectations will prove to be correct. Furthermore, the forward looking statements contained in this report are made as of the date of this report, and we do not undertake any obligation to update publicly or to revise any of the included forward looking statements, whether as a result of new information, future events or otherwise. The forward looking statements contained in this report are expressly qualified by this cautionary statement.

December 17, 2004

CONSOLIDATED FINANCIAL STATEMENTS

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements have been prepared by management and approved by the Board of Directors of the Company. The consolidated financial statements were prepared in accordance with accounting principles generally accepted in Canada and, where ppropriate, reflect management's best estimates and judgements. Management is responsible for the accuracy, integrity and objectivity of the consolidated financial statements within reasonable limits of materiality, and for the consistency of financial data included in the text of the Annual Report with that contained in the consolidated financial statements.

To assist management in the discharge of these responsibilities, the Company maintains a system of internal controls designed to provide reasonable assurance that its assets are safeguarded, that only valid and authorized transactions are executed and that accurate, timely and comprehensive financial information is prepared.

The Company's Audit and Finance Committee is appointed by the Board of Directors annually and is comprised exclusively of outside, independent directors. The Audit and Finance Committee meets with management as well as with the independent auditors to satisfy itself that management is properly discharging its financial reporting responsibilities and to review the consolidated financial statements and the independent auditors' report. The Audit and Finance Committee reports its findings to the Board of Directors for consideration in approving the consolidated financial statements for presentation to the shareholders. The independent auditors have direct access to the Audit and Finance Committee of the Board of Directors.

The consolidated financial statements have been independently audited by KPMG LLP, Chartered Accountants, on behalf of the shareholders, in accordance with Canadian generally accepted auditing standards. Their report outlines the nature of their audit and expresses their opinion on the consolidated financial statements of the Company.



Glenn J. Chamandy

President and Chief Executive Officer



Laurence G. Sellyn
Executive Vice-President,
Finance and Chief Financial Officer

November 26, 2004

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Gildan Activewear Inc. as at October 3, 2004 and October 5, 2003 and the consolidated statements of earnings, retained earnings and cash flows for the years ended October 3, 2004, October 5, 2003 and September 29, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at October 3, 2004 and October 5, 2003 and the results of its operations and its cash flows for the years ended October 3, 2004, October 5, 2003 and September 29, 2002 in accordance with Canadian generally accepted accounting principles.

KPMG LLP
Chartered Accountants

Montreal, Canada
November 26, 2004

CONSOLIDATED BALANCE SHEETS

October 3, 2004 and October 5, 2003
(In US dollars)

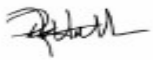
	2004	2003
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 60,670,810**	$ 69,339,953
Accounts receivable	**85,317,148**	64,259,826
Inventories	**116,614,770**	103,502,919
Prepaid expenses and deposits	**3,432,435**	3,849,180
Future income taxes (note 11)	**8,148,893**	4,681,900
	274,184,056	245,633,778
Fixed assets (note 3)	**211,692,899**	180,349,393
Other assets (note 4)	**3,127,503**	3,680,196
	$489,004,458	$429,663,367
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 74,795,857**	$ 67,276,566
Income taxes payable	**1,966,461**	3,908,826
Current portion of long-term debt (note 5)	**18,610,443**	19,481,373
	95,372,761	90,666,765
Long-term debt (note 5)	**37,978,562**	54,077,749
Future income taxes (note 11)	**28,058,293**	20,716,100
Shareholders' equity:		
Share capital (note 6)	**78,170,474**	75,489,938
Contributed surplus	**680,511**	220,206
Cumulative translation adjustment	**26,248,267**	26,248,267
Retained earnings	**222,495,590**	162,244,342
	327,594,842	264,202,753
Commitments and contingent liabilities (note 9)		
	$489,004,458	$429,663,367

See accompanying notes to consolidated financial statements.

On behalf of the Board:



Glenn J. Chamandy
Director



Pierre Robitaille
Director

CONSOLIDATED STATEMENTS OF EARNINGS

Years ended October 3, 2004, October 5, 2003 and September 29, 2002
(In US dollars)

	2004	2003	2002
Sales	$ 533,367,537	$ 431,194,602	$ 382,312,228
Cost of sales	378,695,819	301,340,580	274,838,307
Gross profit	154,671,718	129,854,022	107,473,921
Selling, general and administrative expenses	62,897,875	48,403,267	40,698,461
Earnings before the undernoted items	91,773,843	81,450,755	66,775,460
Depreciation and amortization	22,274,524	16,088,028	11,199,462
Interest	6,170,071	6,418,683	8,473,366
	28,444,595	22,506,711	19,672,828
Earnings before income taxes	63,329,248	58,944,044	47,102,632
Income taxes (note 11)	3,078,000	5,788,346	4,666,046
Net earnings	$ 60,251,248	$ 53,155,698	$ 42,436,586
Earnings per share (note 12):			
Basic	$ 2.04	$ 1.82	$ 1.49
Diluted	2.02	1.79	1.45

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

Years ended October 3, 2004, October 5, 2003 and September 29, 2002
(In US dollars)

	2004	2003	2002
Retained earnings, beginning of year	$ 162,244,342	$ 109,088,644	$ 66,652,058
Net earnings	60,251,248	53,155,698	42,436,586
Retained earnings, end of year	$ 222,495,590	$ 162,244,342	$ 109,088,644

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended October 3, 2004, October 5, 2003 and September 29, 2002
(In US dollars)

	2004	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings	$ 60,251,248	$ 53,155,698	$ 42,436,586
Adjustments for:			
Depreciation and amortization	22,274,524	16,088,028	11,199,462
Stock-based compensation charges	476,586	—	—
Future income taxes	2,946,671	4,196,389	3,214,691
Loss on disposal of fixed assets	1,949,648	243,954	611,607
Unrealized foreign exchange loss (gain)	585,946	(33,654)	2,218,771
Changes in non-cash working capital balances:			
Accounts receivable	(20,236,219)	(7,319,605)	24,460,403
Inventories	(13,111,851)	(16,130,657)	42,015,362
Prepaid expenses and deposits	419,745	(996,062)	409,216
Accounts payable and accrued liabilities	5,436,007	12,818,249	(13,242,389)
Income taxes payable	(2,072,617)	1,698,540	921,720
	58,919,688	63,720,880	114,245,429
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:			
Decrease in revolving bank loan	—	—	(22,547,174)
Repayment of capital leases	(1,158,104)	(3,396,113)	(3,267,966)
Increase in other long-term debt	4,125,000	267,872	1,906,708
Repayment of other long-term debt	(19,980,860)	(947,876)	(4,147,488)
Proceeds from the issuance of shares	2,664,255	4,487,267	2,902,448
	(14,349,709)	411,150	(25,153,472)
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Purchase of fixed assets, net of disposals	(53,683,958)	(39,414,739)	(41,894,774)
Increase in other assets	(135,697)	(43,596)	(1,597,157)
	(53,819,655)	(39,458,335)	(43,491,931)
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currencies	580,533	(344,216)	(589,552)
Net (decrease) increase in cash and cash equivalents during the year	(8,669,143)	24,329,479	45,010,474
Cash and cash equivalents, beginning of year	69,339,953	45,010,474	—
Cash and cash equivalents, end of year	$ 60,670,810	$ 69,339,953	$ 45,010,474
Supplemental disclosure of cash flow information (note 13 (e))			

See accompanying notes to consolidated financial statements.

Years ended October 3, 2004, October 5, 2003 and September 29, 2002
(In US dollars)

Gildan Activewear Inc. (the "Company") is incorporated under the Canada Business Corporations Act. Its principal business activity is the manufacture and sale of activewear apparel. The Company's fiscal year ends on the first Sunday following September 28. All references to 2004, 2003 and 2002 represent the fiscal years ended October 3, 2004, October 5, 2003 and September 29, 2002, respectively. Fiscal 2003 includes 53 weeks instead of the normal 52 weeks. The inclusion of an extra week occurs in every sixth fiscal year due to the Company's floating year-end date.

CHANGE IN FUNCTIONAL AND REPORTING CURRENCY

1 As a result of a significant portion of its revenues, expenses, assets and liabilities being denominated in US dollars and the increasing international scope of its marketing and manufacturing operations, the Company adopted the US dollar as its functional and reporting currency effective October 6, 2003, the commencement of fiscal 2004. All opening assets and liabilities were translated into US dollars using the exchange rate in effect on October 6, 2003. For comparative purposes, historical financial statements and notes thereto up to and including October 5, 2003 have been restated into US dollars as if the Company had adopted the US dollar as its reporting currency for those periods.

The change in the functional currency for the prior periods resulted in a currency translation adjustment of $26.2 million as at October 5, 2003, which is reflected in the cumulative translation adjustment, a separate component of shareholders' equity.

SIGNIFICANT ACCOUNTING POLICIES

2 The consolidated financial statements are expressed in US dollars and have been prepared in accordance with accounting principles generally accepted in Canada. These principles conform, in all material respects, with accounting principles generally accepted in the United States, except as described in note 16. The principal accounting policies of the Company are summarized as follows:

(a) Basis of presentation:
The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries and a joint venture of the Company, which is accounted for using the proportionate consolidation method. All significant intercompany balances and transactions have been eliminated on consolidation.

(b) Cash and cash equivalents:
The Company considers all liquid investments with maturities of three months or less when acquired to be cash equivalents.

(c) Inventories:
Inventories are stated at the lower of cost and market value. Cost is established based on the first-in, first-out method. Market value is defined as replacement cost for raw materials and net realizable value for work in process and finished goods.

(d) Fixed assets:
Fixed assets are recorded at cost. Depreciation and amortization are calculated on a straight-line basis at the following annual rates:

Asset	Rate
Buildings and improvements	2 1/2% to 20%
Equipment	6 2/3% to 25%
Equipment under capital leases	6 2/3% to 25%

SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Deferred charges:

The costs of obtaining long-term financing are deferred and amortized using the interest method over the term of the related debt. Plant start-up costs are deferred and amortized over two years. The amortization of these charges is included in depreciation and amortization.

(f) Investment in joint venture:

During fiscal 2004, the Company invested in a 50%/50% owned joint venture with Frontier Spinning Mills, Inc. The new joint venture company acquired the equipment and real estate of an existing yarn-spinning facility in Cedartown, Georgia. The total cost of the acquisition, including Frontier's 50% share in the investment, amounted to $12.5 million. The joint venture is accounted for using the proportionate consolidated method whereby the Company's proportionate share of revenues, expenses, assets and liabilities is included in these financial statements. The Company's 50% proportionate interest in its joint venture did not have a material impact on the consolidated balance sheet, statements of earnings and cash flows.

(g) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Financial results as determined by actual events could differ from those estimates.

Significant estimates and assumptions affect many items in the financial statements including the key economic assumptions used in determining the allowance for doubtful accounts, the recoverability of future income tax assets and the useful life and recoverability of fixed assets.

(h) Foreign exchange:

Monetary assets and liabilities of the Canadian and foreign operations denominated in currencies other than the US dollar are translated at the rates of exchange at the balance sheet date. Other balance sheet items, denominated in currencies other than US dollars, are translated at the rates prevailing at the respective transaction dates. Income and expenses, denominated in currencies other than US dollars, are translated at average rates prevailing during the year. Gains or losses on foreign exchange are recorded in the consolidated statements of earnings.

The foreign subsidiaries are considered to be integrated foreign operations, and their accounts have been translated using the temporal method with translation gains and losses included in the consolidated statements of earnings.

(i) Revenue recognition:

Sales are recognized upon shipment of products to customers, since title passes upon shipment. At the time of sale, estimates are made based upon existing programs for customer price discounts and rebates. Accruals required for new programs, which relate to prior sales, are recorded at the time the new program is introduced. Sales are recorded net of these program costs.

(j) Cotton procurements:

The Company contracts to buy cotton with future delivery dates at fixed prices in order to reduce the effects of fluctuations in the prices of cotton used in the manufacture of its products. These contracts permit settlement by delivery and are not used for trading purposes. The Company commits to fixed prices on a percentage of its cotton requirements up to eighteen months in the future. If market prices for cotton fall below the committed future purchase prices on outstanding cotton contracts, the Company estimates the costs of cotton that are not recoverable in future sales of finished goods, and the differential is charged to income at that time.

SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Financial instruments and hedging relationships:

The Company may periodically use derivative financial instruments, such as forward foreign exchange contracts and cross-currency interest rate swaps to manage risks related to fluctuations in exchange rates and interest rates. Derivative financial instruments are not used for trading purposes. Forward foreign exchange contracts are entered into with maturities not exceeding twenty-four months.

In 2003, the Canadian Institute of Chartered Accountants (CICA) modified the Accounting Guideline 13, Hedging Relationships, applicable to hedging relationships outstanding for fiscal years beginning on or after July 1, 2003. In complying with this guideline, the Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives to specific assets and liabilities on the balance sheet or to specific firm commitments or anticipated transactions. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting cash flows of hedged items. When hedging instruments become ineffective before their maturity or the hedging relationship is terminated, deferred gains or losses on such instruments continue to be deferred and charged to income in the same period as for the corresponding gains or losses for the hedged items; gains and losses realized subsequently as a result of marking-to-market are charged directly to income. If the hedged item ceases to exist due to its maturity, expiry, cancellation or exercise before the hedging instrument expires, deferred gains or losses are charged to income. Any derivative instrument that does not qualify for hedge accounting is marked-to-market at each reporting date and the gains or losses are included into income.

Gains and losses on forward foreign exchange contracts are recognized through income in the same period as the transactions that are hedged, and offset transaction losses or gains on the foreign currency cash flows, which they are intended to hedge. Gains and losses on swap arrangements are recognized and charged to income on a basis that corresponds with changes in the related underlying item.

(l) Income taxes:

The Company utilizes the asset and liability method for accounting for income taxes which requires the establishment of future tax assets and liabilities, measured at substantively enacted tax rates, for all temporary differences caused when the tax bases of assets and liabilities differ from those reported in the financial statements. Future income tax assets are evaluated and if realization is not considered to be more likely than not, a valuation allowance is provided.

(m) Stock-based compensation and other stock-based payments:

In November 2003, the CICA revised Handbook Section 3870 with respect to the accounting for stock-based compensation and other stock-based payments. The revised recommendations require that beginning January 1, 2004, the fair value-based method be used to account for all transactions whereby goods and services are received in exchange for stock-based compensation and other stock-based payments. The revised standard no longer permits the use of the settlement method for stock-based employee compensation awards. Under the settlement method, any consideration paid by employees on the exercise of stock options was credited to share capital and no compensation expense was recognized. Under the fair value-based method, compensation cost is measured at the fair value at the date of grant and is expensed over the award's vesting periods.

For employee share purchase plans, the Company's contribution, on the employee's behalf, is recognized as a compensation expense with an offset to share capital, and consideration paid by employees on purchase of stock is also recorded as an increase to share capital.

Years ended October 3, 2004, October 5, 2003 and September 29, 2002
(In US dollars)

SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Stock-based compensation and other stock-based payments (cont'd):

In accordance with the transitional options permitted under Section 3870, the Company has elected to early adopt the new recommendations effective with the commencement of its 2004 fiscal year and prospectively apply the standard for employee stock awards granted after October 6, 2003. Previously, the Company applied the settlement method of accounting to employee stock options. There were no options granted during fiscal 2004. As required under the standard, the following disclosure is required to report the pro forma net earnings and earnings per share as if the fair value-based method had been used to account for employee stock options granted during fiscal 2003.

		2004		2003
Net earnings, as reported	$	60,251,248	$	53,155,698
Deduct:				
Total stock-based employee compensation recovery (expense) determined under fair value-based method for awards granted in fiscal 2003		101,118		(240,274)
Pro forma net earnings	$	60,352,366	$	52,915,424
Earnings per share:				
Basic:				
As reported	$	2.04	$	1.82
Pro forma		2.04		1.81
Diluted:				
As reported		2.02		1.79
Pro forma		2.02		1.77

During fiscal 2004, 86,877 options granted in fiscal 2003 were cancelled which reduced the amount of stock-based compensation for the year, presented above, by $195,715, since the Company only accounts for forfeitures as they occur.

The weighted average grant-date fair value per share of the remaining 34,329 options granted in fiscal 2003 is CAD$10.86 per share, which is recognized as compensation cost over the vesting period for purposes of calculating pro forma net earnings.

The weighted average fair value of each option granted in fiscal 2003 is estimated on the date of grant using the Black-Scholes pricing model with the following weighted average assumptions:

Risk free interest rate	3.63 %
Expected volatility	34.94 %
Expected life	3 years
Expected dividend yield	nil

SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Employee future benefits:

The Company offers group defined contribution plans to eligible employees whereby the Company matches employees' contributions up to a fixed percentage of the employee's salary. Contributions by the Company to trustee-managed investment portfolios or employee associations are expensed as incurred. The Company does not provide its employees with post-retirement defined benefit pensions, health, insurance and other benefits.

(o) Earnings per share:

Basic earnings per share are computed by dividing net earnings by the weighted average number of common shares outstanding for the year. Diluted earnings per share are computed in the same manner, except the weighted average number of common shares outstanding for the period is increased to include additional shares from the assumed exercise of options, if dilutive.

The number of additional shares is calculated by assuming that outstanding options are exercised, and that the proceeds from such exercises are used to repurchase common shares at the average share price for the period.

(p) Research and development investment tax credits and government grants:

Research and development investment tax credits and government grants are recorded as a reduction of the related expense or the cost of the assets acquired. Tax credits are recorded in the accounts when reasonable assurance exists that they will be realized.

(q) Environmental expenditures:

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and which are not expected to contribute to current or future operations are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are likely, and when the costs, based on a specific plan of action in terms of the technology to be used and the extent of the corrective action required, can be reasonably estimated.

(r) Guarantees:

In the normal course of business, the Company enters into various agreements that may contain features that meet the definition of a guarantee. A guarantee is defined to be a contract (including an indemnity) that contingently requires the Company to make payments to a third party based on (i) changes in an underlying interest rate, foreign exchange rate, equity or commodity instrument, index or other variable that is related to an asset, a liability or an equity security of the guaranteed party, (ii) failure of another party to perform under an obligating agreement, or (iii) failure of another party to pay its indebtedness when due.

A liability is recorded when the Company considers probable that a payment relating to a guarantee has to be made to the other party of the contract or agreement.

Years ended October 3, 2004, October 5, 2003 and September 29, 2002
(In US dollars)

3 FIXED ASSETS

	2004		
	Cost	Accumulated depreciation and amortization	Net book value
Land	$ 14,524,019	$ —	$ 14,524,019
Buildings and improvements	61,667,119	8,121,029	53,546,090
Equipment	182,036,376	57,242,088	124,794,288
Equipment under capital leases	1,927,809	1,308,733	619,076
Construction in progress	18,209,426	—	18,209,426
	$ 278,364,749	$ 66,671,850	$ 211,692,899

	2003		
	Cost	Accumulated depreciation and amortization	Net book value
Land	$ 10,856,245	$ —	$ 10,856,245
Buildings and improvements	53,845,192	6,101,583	47,743,609
Equipment	149,270,693	36,955,523	112,315,170
Equipment under capital leases	16,787,119	7,352,750	9,434,369
	$ 230,759,249	$ 50,409,856	$ 180,349,393

During fiscal 2004, fixed assets were acquired at an aggregate cost of $57,930,880 (2003 $42,179,925; 2002 $47,309,695), none of which were acquired by means of capital leases (2003 nil; 2002 $650,357).

4 OTHER ASSETS

	2004	2003
Loan to director and officer (CAD$300,000 — 2003 CAD$750,000) (a)	$ 237,906	$ 560,036
Deferred charges, net of accumulated amortization of $4,900,552 (2003 — $4,136,954)	1,459,385	1,564,697
Prepaid equipment rental	555,837	591,070
Deposits	583,660	755,219
Other	290,715	209,174
	$ 3,127,503	$ 3,680,196

(a) The loan to director and officer is non-interest bearing and the balance is repayable in annual installments of CAD$75,000 (US$59,477). During fiscal 2004, the balance of a loan due from a former director and officer in the amount of CAD$375,000 was repaid.

5 LONG–TERM DEBT

	2004	2003
Secured:		
Senior notes	$ 52,500,000	$ 70,000,000
Obligations under capital leases, bearing interest at rates varying from to 16.08%, maturing at various dates through 2005 which include an amount in Canadian dollars of $250,208 (2003 — CAD$1,750,955)	342,787	1,471,730
Term loan, repayable in monthly installments, bearing interest at 30-day LIBOR plus 3%, maturing in October 2006	3,368,750	—
Term loan, bearing interest at 7.58%, maturing in 2004	—	25,774
	56,211,537	71,497,504
Current portion of secured debt	18,494,650	18,947,920
	$ 37,716,887	$ 52,549,584
Unsecured:		
Term loans, bearing interest at rates up to 6% per annum, maturing at various dates through 2008 which include an amount in Canadian dollars of CAD$2,094,333 in 2003	$ 377,468	$ 2,061,618
Current portion of unsecured debt	115,793	533,453
	261,675	1,528,165
Total unsecured and secured long-term debt	$ 37,978,562	$ 54,077,749

The senior notes are repayable in four equal annual installments commencing in June 2004, bear interest at 9.51% on $41,250,000 and 9.88% on $11,250,000, and are secured by tangible and intangible property of the Company. The combined effective interest rate on the senior notes for fiscal 2004 was 9.59% (2003 — 9.59%).

The Company has a revolving term credit facility for a maximum of CAD$150,000,000 which matures in May 2007. The facility is secured by a first ranking moveable hypothec and security interest on the majority of the Company's accounts receivable, inventories, intangible assets, equipment and tangible moveable assets. There was no balance outstanding under this facility at October 3, 2004 and October 5, 2003.

Under various financing arrangements with its bankers and other long-term lenders, the Company is required to meet certain covenants. The Company was in compliance with all of these covenants as at October 3, 2004 and October 5, 2003.

During fiscal 2004, as a result of the change in functional currency, the Company cancelled a $15 million cross-currency interest rate swap arrangement. The cancellation did not impact the net earnings for the year.

Principal payments due on long-term debt, other than obligations under capital leases, are as follows:

Fiscal year	
2005	$ 18,437,432
2006	18,446,547
2007	18,436,196
2008	857,293
2009	68,750
	$ 56,246,218

LONG–TERM DEBT (cont'd)

Future minimum lease payments under capital leases are as follows:

Fiscal year	
2005	$ 179,662
2006	151,978
2007	25,330
Total minimum lease payments	356,970
Less imputed interest	(14,183)
	$ 342,787

6 SHARE CAPITAL

	2004		2003	
	Shares	**Book value**	Shares	Book value
Authorized without limit as to number and without par value:				
First preferred shares, issuable in series, non-voting				
Second preferred shares, issuable in series, non-voting				
Class A subordinate voting shares, participating, one vote per share				
Class B multiple voting shares, participating, eight votes per share				
Issued and outstanding:				
Class A subordinate voting shares:				
Total outstanding, beginning of year	**23,425,966**	**72,022,820**	22,826,964	67,535,553
Conversion of Class B shares into Class A shares (c)	**6,094,000**	**3,467,118**	—	—
Shares issued under employee share purchase plan	**5,587**	**163,411**	5,361	117,389
Shares issued pursuant to exercise of stock options	**173,153**	**2,517,125**	593,641	4,369,878
Total outstanding, end of year	**29,698,706**	**78,170,474**	23,425,966	72,022,820
Class B multiple voting shares:				
Total outstanding, beginning of year	**6,094,000**	**3,467,118**	6,094,000	3,467,118
Conversion of Class B shares into Class A shares (c)	**(6,094,000)**	**(3,467,118)**	—	—
Total outstanding, end of year	**—**	**—**	6,094,000	3,467,118
	29,698,706	**78,170,474**	29,519,966	75,489,938

SHARE CAPITAL (cont'd)

(a) The Company has employee share purchase plans which allow eligible employees to authorize payroll deductions of up to 10% of their salary to purchase, from treasury, Class A subordinate voting shares of the Company at a price of 90% of the then current stock price as defined in the plans. Employees purchasing shares under the plans must hold the shares for a minimum of one year. The Company has reserved 700,000 Class A subordinate voting shares for issuance under the plans. As at October 3, 2004, a total of 21,420 (2003 – 15,833) shares were issued under these plans.

(b) On December 4, 2003, the Board of Directors approved the renewal of the stock repurchase program authorizing the Company to purchase up to a maximum of 200,000 of the Company's Class A subordinate voting shares in the open market commencing December 22, 2003 and ending December 21, 2004. As at October 3, 2004, no shares had been repurchased under this plan.

(c) On March 1, 2004, the holders of the Class B multiple voting shares converted all the issued and outstanding shares into Class A subordinate voting shares on a one-for-one basis for no consideration.

7 LONG-TERM INCENTIVE PLAN

Under the Company's Long-Term Incentive Plan (LTIP), the Company may grant options to purchase Class A subordinate voting shares at the current market price on the date of grant to officers, other key employees and directors of the Company. Stock options vest ratably over a two to four-year period from the date of grant, and expire no more than ten years after the date of grant. The LTIP provides that the number of Class A subordinate voting shares reserved for issuance upon the exercise of options granted thereunder shall not exceed 2,768,888 shares. As at October 3, 2004, all stock options had been granted pursuant to the LTIP.

Changes in outstanding stock options were as follows:

	Number	Weighted average exercise price
Options outstanding, September 29, 2002	1,428,954	CAD $18.07
Granted	121,206	37.05
Exercised	(593,641)	10.89
Cancelled	(116,333)	21.01
Options outstanding, October 5, 2003	840,186	25.47
Exercised	(173,153)	19.18
Cancelled	(95,710)	35.20
Options outstanding, October 3, 2004	571,323	CAD $25.75

Years ended October 3, 2004, October 5, 2003 and September 29, 2002
(In US dollars)

LONG-TERM INCENTIVE PLAN (cont'd)

The following table summarizes information about stock options outstanding and exercisable at October 3, 2004:

	Options outstanding				Options exercisable		
Range of exercise prices	Number		Weighted average exercise price	Weighted average remaining contractual life (yrs)	Number		Weighted average exercise price
CAD $ 5.15 — 9.75	60,194	CAD$	7.59	4.25	60,194	CAD$	7.59
$14.38 — 19.70	22,300		15.04	5.45	19,500		14.38
$20.00 — 25.68	263,167		24.51	6.24	152,126		24.70
$27.50 — 34.58	191,662		32.06	6.44	112,333		32.60
$34.80 — 40.89	34,000		38.98	8.44	1,267		34.95
	571,323	CAD$	25.75	6.20	345,420	CAD$	23.74

RESTRICTED SHARE UNITS

8 Effective February 2004, shareholders approved an amendment to the Company's stock option plan to change the name to Long-Term Incentive Plan and to allow the Board of Directors to grant restricted share units (RSU) under the LTIP. An RSU is the right of an individual to whom a grant of such unit is made to receive one Class A subordinate voting share at the end of the vesting periods of up to a maximum of ten years, if certain conditions have been achieved, which include the employee's continued employment during that period and achievement of specified performance objectives, if any. Grant levels of RSUs are determined by the Board of Directors on the basis of merit and relative contribution of the participant to the Company. The RSUs may be subject to the attainment of performance objectives established by the Board of Directors at the time of grant. At the end of the vesting period, the C lass A subordinate voting shares to which a holder of RSUs is entitled will be issued from treasury under the share limit provided in the LTIP. The fair value of each RSU is calculated at the date of the grant. Compensation expense relating to the RSU plan is recognized in the financial statements over the vesting period. As of October 3, 2004, there were 112,000 RSUs awarded and outstanding of which none were vested. The compensation expense recorded for fiscal 2004, in respect to the LTIP, was $331,305. The counterpart has been recorded as contributed surplus. When the shares are issued to the employees, the amounts previously credited to contributed surplus as the compensation costs are being charged to income, are credited to share capital.

9 COMMITMENTS AND CONTINGENT LIABILITIES

(a) The minimum annual lease payments under operating leases are approximately as follows:

Fiscal year		
2005	$	2,729,000
2006		1,830,000
2007		1,474,000
2008		1,015,000
2009		833,000
Thereafter		1,150,000
	$	9,031,000

(b) As at October 3, 2004, there were contractual obligations outstanding of approximately $27,560,000 for the acquisition of fixed assets (2003 – $2,335,000).

(c) The Company is a party to claims and litigation arising in the normal course of operations. The Company does not expect the resolution of these matters to have a materially adverse effect on the financial position or results of operations of the Company.

10 GUARANTEES

As at October 3, 2004, significant guarantees that have been provided to third parties are the following:

The Company, and some of its subsidiaries, have granted irrevocable standby letters of credit and surety bonds, issued by highly rated financial institutions, to third parties to indemnify them in the event the Company does not perform its contractual obligations. As at October 3, 2004, the maximum potential liability under these guarantees was $26.8 million, of which $10.9 million was surety bonds and $15.9 million was for standby letters of credit and corporate guarantees. The standby letters of credit mature at various dates during fiscal 2005, the surety bonds are automatically renewed on an annual basis and the corporate guarantees mature upon 30 days notice.

As at October 3, 2004, the Company has not recorded a liability with respect to these guarantees, as the Company does not expect to make any payments for the aforementioned items.

Years ended October 3, 2004, October 5, 2003 and September 29, 2002
(In US dollars)

INCOME TAXES

11 The income tax provision differs from the amount computed by applying the combined Canadian federal and provincial tax rates to earnings before income taxes. The reasons for the difference and the related tax effects are as follows:

	2004	2003	2002
Combined basic Canadian federal and provincial income taxes	$ 20,012,067	$ 19,602,669	$ 16,578,002
Increase (decrease) in income taxes resulting from:			
Effect of different tax rates on earnings of foreign subsidiaries	(19,934,907)	(15,430,272)	(14,446,605)
Effect of non-deductible expenses and other	3,000,840	1,615,949	2,534,649
	$ 3,078,000	$ 5,788,346	$ 4,666,046

The components of income tax expense are as follows:

	2004	2003	2002
Current income taxes	$ 131,329	$ 1,591,957	$ 1,451,355
Future income taxes	2,946,671	4,196,389	3,214,691
	$ 3,078,000	$ 5,788,346	$ 4,666,046

The Company has not recognized a future income tax liability for the undistributed earnings of its subsidiaries in the current or prior years, because the Company currently does not expect to sell those investments, and for those undistributed earnings that would become taxable, there is no intention to repatriate the earnings.

Future income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's future tax position are as follows:

	2004	2003
Future income tax assets:		
Non-capital losses	$ 4,098,638	$ 1,586,768
Inventory	1,346,703	1,571,835
Reserves and accruals	1,453,276	922,939
Share issue costs and other	1,250,276	600,358
	8,148,893	4,681,900
Future income tax liabilities:		
Fixed assets and other	28,058,293	20,716,100
Net future income tax liability	$ 19,909,400	$ 16,034,200

Management believes that all future income tax assets will more likely be realized than not and, accordingly, no valuation allowance has been provided.

Years ended October 3, 2004, October 5, 2003 and September 29, 2002
(In US dollars)

EARNINGS PER SHARE

12

A reconciliation between basic and diluted earnings per share is as follows:

	2004	2003	2002
Basic earnings per share:			
Basic weighted average number of common shares outstanding	**29,590,805**	29,241,646	28,491,495
Basic earnings per share	**$ 2.04**	$ 1.82	$ 1.49
Diluted earnings per share:			
Basic weighted average number of common shares outstanding	**29,590,805**	29,241,646	28,491,495
Plus impact of stock options and restricted share units	**244,784**	484,043	870,060
Diluted weighted average number of common shares outstanding	**29,835,589**	29,725,689	29,361,555
Diluted earnings per share	**$ 2.02**	$ 1.79	$ 1.45

Excluded from the above calculation are 32,000 (2002 – 144,800) stock options ranging in prices from CAD$36.50 to CAD$40.89 (2002 – CAD$34.58 to CAD$35.12) which were deemed to be antidilutive because the exercise prices were greater than the average market price of the common shares. All stock options outstanding for fiscal 2003 were dilutive. In addition, there are 56,000 restricted share units that have certain performance vesting triggers tied to the market price of the Company's shares, and the attainment of future earnings that were excluded from the above calculation of diluted earnings per share for fiscal 2004.

OTHER INFORMATION

13

(a) The following items were included in the determination of the Company's net earnings:

	2004	2003	2002
Depreciation expense of fixed assets	**$21,510,926**	$15,406,529	$ 9,734,990
Interest expense on long-term debt	**6,226,283**	6,750,569	7,421,820
Foreign exchange gain (loss)	**47,310**	1,206,025	(637,278)
Defined contribution plan expense	**441,924**	375,803	234,725
Amortization expense of deferred start-up costs	**376,698**	297,140	513,261
Amortization of deferred financing costs and other	**386,900**	384,359	951,211
Investment income	**248,253**	370,908	61,993

b) An amount of approximately $0.5 million is included as compensation costs in "Selling, general and administration" expenses in the consolidated statements of earnings for fiscal 2004 in respect to the employee share purchase plans, restricted share units granted in the year, and a modification to the vesting period of certain options.

Years ended October 3, 2004, October 5, 2003 and September 29, 2002
(In US dollars)

OTHER INFORMATION (cont'd)

(c) Also included in "Selling, general and administration" expenses, is an amount of $4.6 million representing the cost of financial obligations pursuant to an employment contract with the former Chairman and Co-Chief Executive Officer of the Company. As at October 3, 2004, an accrual of $2.2 million relating to future obligations under this contract is included in "Accounts payable and accrued liabilities" in the consolidated balance sheets.

(d) During fiscal 2004, the Company closed one of its Honduran sewing facilities. The total costs of closure amounted to $2.2 million, of which $1.4 million related mainly to severance payments that were recorded in "Cost of sales" and $0.8 million representing the write-down of fixed assets that was recorded in "Selling, general and administrative" expensesin the consolidated statements of earnings. As at October 3, 2004, all payments relating to the closure have been made.

(e) Supplemental cash flow disclosure:

	2004	2003	2002
Cash paid during the year for:			
Interest	$ 6,404,429	$ 6,443,566	$ 8,628,662
Income taxes	1,811,941	1,074,733	507,403
Non-cash transactions:			
Additions to fixed assets included in accounts payable and accrued liabilities	$ 3,473,007	$ 2,348,520	$ 4,107,545
Cash and cash equivalents consist of:			
Cash balances with banks	$ 33,570,810	$ 50,672,090	$ 29,010,474
Short-term investments, bearing interest at 1.72% (2003 — 1.65%; 2002 — 2.75%)	27,100,000	18,667,863	16,000,000
	$ 60,670,810	$ 69,339,953	$ 45,010,474

FINANCIAL INSTRUMENTS

14 (a) Foreign currency risk management:
A portion of the Company's sales are denominated in currencies other than US dollars. The Company uses the revenue stream in these non-US dollar currencies as a natural hedge against purchases of fixed assets and expenses denominated in these non-US dollar currencies. From time to time, the Company also uses forward foreign exchange contracts to hedge its foreign exchange exposure on cash flows related to payables and accounts receivable.

Years ended October 3, 2004, October 5, 2003 and September 29, 2002
(In US dollars)

FINANCIAL INSTRUMENTS

(a) Foreign currency risk management (cont'd):
The following table summarizes the Company's commitments to buy and sell foreign currencies as at October 3, 2004 and October 5, 2003:

	Notional amount	Exchange rate	Maturity		Notional US dollar equivalent
2004:					
Sell contracts:					
Foreign exchange contracts:	**€ 1,409,000**	**1.2703 to 1.2717**	**Oct. — Dec. 2004**	**$**	**1,790,823**
	£ 1,002,000	**1.7970 to 1.8490**	**Oct. — Dec. 2004**	**$**	**1,836,064**
Buy contracts:					
Foreign exchange contracts:	**CAD$38,990,000**	**0.7251 to 0.7401**	**Oct. 2004 — May 2005**	**$**	**28,725,563**
2003:					
Sell contracts:					
Foreign exchange contracts:	€1,570,000	1.0720 to 1.0728	Oct. — Nov. 2003	$	1,683,467

A forward foreign exchange contract represents an obligation to buy or sell a foreign currency with a counterparty. Credit risk exists in the event of failure by a counterparty to meet its obligations. The Company reduces this risk by dealing only with highly rated counterparties, normally major European and North American financial institutions.

(b) Credit risk:
The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash equivalents and trade receivables.

The Company invests available cash in short-term deposits with North American financial institutions.

The Company's extension of credit involves considerable judgment and is based on an evaluation of each customer's financial condition and payment history. The Company regularly monitors its credit risk exposure to its customers and takes steps to mitigate the risk of loss, including obtaining credit insurance. As at October 3, 2004, the Company's top ten customers accounted for approximately 52% (2003 – 52%) of the trade receivable balance of which one customer represented 19.5% (2003 – 25%). The remaining trade receivable balances are dispersed amongst a large number of customers across many geographic areas within Canada, the United States, the United Kingdom and Europe.

An allowance for doubtful accounts is maintained for potential credit losses consistent with the credit risk, historical trends, general economic conditions and other information.

FINANCIAL INSTRUMENTS (cont'd)

(c) Fair value disclosure:
Fair value estimates are made as of a specific point in time, using available information about the financial instrument. These estimates are subjective in nature and often cannot be determined with precision.

The Company has determined that the carrying value of its short-term financial assets and liabilities approximates fair values as at the balance sheet dates because of the short-term maturity of those instruments.

The fair value of long-term debt is $61,251,587 (2003 – $83,580,642) compared to a carrying value of $56,589,005 (2003 – $73,559,122) as at October 3, 2004. The fair value of the loan to director and officer is not significantly different from its carrying value. The fair value of the forward foreign exchange contracts is $2,112,009 as at October 3, 2004. The carrying values of the outstanding forward foreign exchange contracts as at October 5, 2003 were not significantly different from their fair values. The method of calculating fair values for the financial instruments is described below.

The fair value of the Company's long-term debt bearing interest at fixed rates was calculated using the present value of future payments of principal and interest discounted at the current market rates of interest available to the Company for the same or similar debt instruments with the same remaining maturities. For long-term debt bearing interest at variable rates, the fair value is considered to approximate the carrying value. The fair value of the forward foreign exchange contracts was determined using quoted market values.

(d) Interest rate risk:
The Company's exposure to interest rate fluctuations is with respect to the use of its bank facility which bears interest at floating rates.

SEGMENTED INFORMATION

→ **15**

The Company manufactures and sells activewear apparel. The Company operates in one business segment.

(a) Major customers and revenues by geographic areas:

(i) Percentages related to individual customers accounting for greater than 10% of total sales are as follows:

	2004	2003	2002
Company A	**25.0%**	13.9%	14.8%
Company B	**—**	13.6%	10.7%

During September 2003, Company A acquired Company B.

(ii) Sales were derived from customers located in the following geographic areas:

	2004	2003	2002
United States	**$ 452,060,382**	$ 362,231,222	$ 318,809,905
Canada	**44,826,642**	40,310,429	40,168,745
Europe and other	**36,480,513**	28,652,951	23,333,578
	$ 533,367,537	$ 431,194,602	$ 382,312,228

SEGMENTED INFORMATION (cont'd)

(b) Fixed assets by geographic areas are as follows:

	2004	2003
Canada	$ 82,033,982	$ 93,246,643
Caribbean basin and Central America	96,099,258	62,501,910
United States	28,006,261	18,532,618
Mexico	5,553,398	6,068,222
	$ 211,692,899	$ 180,349,393

CANADIAN AND UNITED STATES ACCOUNTING DIFFERENCES

16 The consolidated financial statements of the Company are expressed in US dollars and are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), which conform, in all material respects, with those generally accepted in the United States except as described below:

(a) Consolidated statements of earnings:

	2004	2003	2002
Net earnings in accordance with Canadian GAAP	$ 60,251,248	$ 53,155,698	$ 42,436,586
Swap (expense) revenue (i)	(586,109)	(1,090,950)	264,077
Start-up costs (ii)	(347,456)	137,209	140,451
Stock-based compensation (iii)	106,363	(561,530)	—
Tax effect of above adjustments	31,664	273,297	(166,318)
Net earnings in accordance with United States GAAP	59,455,710	51,913,724	42,674,796
Other comprehensive income:			
Mark-to-market adjustments on foreign exchange contracts, net of tax of $655,000 (note 16 (d))	1,457,009	—	—
Comprehensive income	$ 60,912,719	$ 51,913,724	$ 42,674,796
Earnings per share under United States GAAP:			
Basic	$ 2.01	$ 1.78	$ 1.50
Diluted	1.99	1.75	1.45
Weighted average number of common shares outstanding under United States GAAP:			
Basic	29,590,805	29,241,646	28,491,495
Diluted	29,835,589	29,725,689	29,361,555

CANADIAN AND UNITED STATES ACCOUNTING DIFFERENCES (cont'd)

(i) Swap revenue:
Under United States GAAP, SFAS 133 "Accounting for Derivative Instruments and Hedging Activities" requires that all derivative instruments be recognized as assets or liabilities and be measured at fair value. Under Canadian GAAP, there is no requirement to record derivative instruments used for hedging purposes at fair values. Consequently, on an ongoing basis, differences arise between amounts recognized for Canadian GAAP and United States GAAP. Upon cancellation of the derivative instruments, the gain or loss recognized under Canadian GAAP is different than the amount under United States GAAP.

Under Canadian GAAP, the Company was using hedge accounting for certain derivative instruments. The gain realized on cancellation of the cross-currency interest rate swap arrangement was deferred, and is being amortized over the term of the related debt. Under United States GAAP, the Company had not designated the derivative instrument in a hedging relationship and, consequently, upon cancellation of the instrument, the Company recognized the gain immediately into income.

(ii) Start-up costs:
Costs incurred during the start-up period for new manufacturing and distribution facilities are deferred and amortized on a straight-line basis over two years. United States GAAP requires such costs to be expensed as incurred. The adjustment to net earnings in accordance with United States GAAP includes the write-off of current year's start-up costs, and the reversal of the current year amortization of start-up costs deferred under Canadian GAAP.

(iii) Stock-based compensation:
Effective October 6, 2003, the Company adopted the fair value recognition provisions of FASB Statement 123, Accounting for Stock-based Compensation, prospectively to all employee awards granted, modified or settled after that date. Consequently, for periods after October 5, 2003, there are no differences between Canadian GAAP and United States GAAP. In prior years, as permitted by the provisions of SFAS No. 123, the Company measured compensation cost using the intrinsic value method being the excess of the quoted market price of the Company's stock at the grant date over the amount the employee must pay for the stock. Accordingly, as no excess existed at the grant date, no compensation expense was recognized for stock option awards. However, in fiscal 2003, certain of the Company's stock options were considered variable under United States GAAP because a modification was made to accelerate the vesting period. As a result, compensation cost was measured on these variable options commencing on the effective date of the modification.

Under Canadian GAAP, for options granted in prior years, the Company used the settlement date method of accounting for options, and compensation expense was not recognized.

Under the transition provisions of SFAS No. 123 adopted by the Company, compensation cost continues to be recognized on these available options until the date the options are exercised.

Years ended October 3, 2004, October 5, 2003 and September 29, 2002
(In US dollars)

CANADIAN AND UNITED STATES ACCOUNTING DIFFERENCES (cont'd)

(b) Consolidated statements of cash flows:

	2004	2003	2002
Cash and cash equivalents, United States GAAP, beginning of year	$ 69,339,953	$ 45,010,474	$ —
Changes due to United States GAAP:			
Operating activities on a Canadian basis	58,919,688	63,720,880	114,245,429
Start-up costs	(347,456)	137,209	140,451
Operating activities cash flow, United States GAAP	58,572,232	63,858,089	114,385,880
Investing activities on a Canadian basis	(53,819,655)	(39,458,335)	(43,491,931)
Start-up costs	347,456	(137,209)	(140,451)
Investing activities cash flow, United States GAAP	(53,472,199)	(39,595,544)	(43,632,382)
Financing activities on a Canadian basis and under United States GAAP	(14,349,709)	411,150	(25,153,472)
Effect of exchange rate changes on cash and cash equivalents	580,533	(344,216)	(589,552)
Cash and cash equivalents, United States GAAP, end of year	$ 60,670,810	$ 69,339,953	$ 45,010,474

(c) Consolidated balance sheets:
A reconciliation of shareholders' equity under Canadian GAAP to United States GAAP is as follows:

	2004	2003
Shareholders' equity under Canadian GAAP	$ 327,594,842	$ 264,202,753
United States GAAP adjustments:		
Start-up costs	(760,344)	(412,888)
Foreign exchange contracts	2,112,009	—
Cross–currency swap	298,000	1,047,640
Tax effect on above terms	(747,000)	(287,485)
	902,665	347,267
Shareholders' equity under United States GAAP	$ 328,497,507	$ 264,550,020

CANADIAN AND UNITED STATES ACCOUNTING DIFFERENCES (cont'd)

(b) Consolidated statements of cash flows (cont'd):

In January 2003, the FASB issued Financial Interpretation No. 46, Consolidation of Variable Interest Entities, ("FIN 46"). In December 2003, the FASB issued a revised interpretation of FIN 46 ("FIN 46-R"), which supersedes FIN 46 and clarifies certain aspects of FIN 46. FIN 46-R addresses whether business enterprises must consolidate the financial statements of entities known as "variable interest entities". A variable interest entity is defined by FIN 46-R to be a business entity which has one or both of the following characteristics: (1) the equity investment at risk is not sufficient to permit the entity to finance its activities without additional support from other parties, which is provided through other interests that will absorb some or all of the expected losses of the entity; and (2) the equity investors lack one or more of the following essential characteristics of a con trolling financial interest: (a) direct or indirect ability to make decisions about the entity's activities through voting rights or similar rights, (b) the obligation to absorb the expected losses of the entity if they occur, which makes it possible for the entity to finance its activities, or (c) the right to receive the expected residual returns of the entity if they occur, which is the compensation for risk of absorbing expected losses. Under FIN 46-R, the party with an ownership, contractual or other financial interest that absorbs the majority of the variable interest entity's expected losses, or is entitled to receive a majority of the residual returns, or both, is deemed to be the primary beneficiary, and is required to consolidate the variable interest entity's assets, liabilities and non-controlling interests.

The Company has determined that the joint venture with Frontier Spinning Mills Inc. meets the criteria for being a variable interest entity, as the Company is the primary beneficiary of the entity. The consolidation of the results of the joint venture had no impact on net earnings determined under Canadian GAAP or US GAAP, as the Company has accounted for the interest in the joint venture on a proportionate consolidated basis. As at October 3, 2004, the consolidation of the joint venture increased total assets by $7.9 million, total liabilities by $5.1 million and non-controlling interests by $2.8 million.

(d) Comprehensive income:

Under United States GAAP, SFAS No. 130, "Reporting Comprehensive Income" establishes standards for reporting and presentation of comprehensive income and its components in a full set of financial statements. Comprehensive income consists of net income and all other changes in shareholders' equity that do not result from transactions with shareholders. Such changes include cumulative foreign currency translation adjustments and the changes in the market value of the forward foreign exchange contracts considered as hedges against cash flow items. The Statement requires only additional disclosures in the consolidated financial statements; it does not affect the Company's financial position or results of operations.

Accumulated other comprehensive income, which resulted from (a) the change in functional currency and (b) the market value of the forward foreign exchange contracts considered as hedges against cash flow items, is as follows:

		2004		2003		2002
Opening balance	**$**	**26,248,267**	$	—	$	—
Change during the year		**1,457,009**	$	—		—
Cumulative translation adjustment		**—**		26,248,267		—
	$	**27,705,276**	$	26,248,267	$	—

Under Canadian generally accepted accounting principles, the cumulative translation adjustments account is disclosed as a separate component of shareholders' equity.

Years ended October 3, 2004, October 5, 2003 and September 29, 2002
(In US dollars)

CANADIAN AND UNITED STATES ACCOUNTING DIFFERENCES (cont'd)

(e) Supplementary information:
Under United States GAAP and SEC rules, separate disclosure is required for the following statement of earnings and balance sheet items. There is no similar requirement under Canadian GAAP.

	2004	2003	2002
Statements of earnings:			
Rental expenses	$ 2,825,598	$ 2,280,753	$ 1,547,577
Advertising expenses	5,147,523	5,049,618	5,213,511
Balance sheets:			
Accounts payable	$ 40,040,047	$ 35,394,536	$ 26,168,877
Accrued liabilities	34,457,810	30,835,592	25,345,120
Allowance for doubtful accounts, price discounts and rebates	23,460,095	21,614,398	17,111,661

COMPARATIVE FIGURES

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Certain comparative figures have been reclassified in order to conform with the current year's presentation.

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Computershare Trust Company of Canada
Computershare Trust Company, Inc.
United States

Auditors
KPMG *LLP*

Investor Information
Tel.: (514) 340-8791

Annual and Special Meeting of Shareholders
Wednesday, February 2, 2005
At 11:00 a.m.
Hotel Omni Mont-Royal
Salon des Saisons A
1050 Sherbrooke Street West
Montreal, Quebec

CCG Inc. | Communications | Graphisme

We are committed to adopting and adhering to corporate governance practices that either meet or exceed Canadian and U.S. corporate governance standards. As Gildan is a “foreign private issuer” in the U.S., its chief executive officer is not required to certify the compliance of the Company with all of the New York Stock Exchange Corporate Governance Listing Standards (the NYSE Standards). In addition, certain equity compensation plans, such as the Company’s Restricted Share Unit Plan (more fully described in the Company’s management proxy circular dated December 17, 2004) do not need to be approved by the Company’s shareholders. Otherwise, we believe that our corporate governance practices are substantially on par with or exceed those followed by U.S. domestic companies under the NYSE Standards.

EXHIBIT 99.3



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THE BOARD OF DIRECTORS

GILDAN ACTIVEWEAR INC.

We hereby consent to the use in the Annual Report of Gildan Activewear Inc. on Form 40-F (the "Annual Report"), dated February 18, 2005, of our Auditors' Report dated November 26, 2004 relating to the consolidated financial statements of Gildan Activewear Inc. as at October 3, 2004 and October 5, 2003 and the consolidated statements of earnings, retained earnings and cash flows for the years ended October 3, 2004, October 5, 2003 and September 29, 2002.

/s/ KPMG LLP

Chartered Accountants

February 18, 2005

Montreal, Canada

EXHIBIT 99.4

CERTIFICATION
REQUIRED BY RULE 13a-14(a)
OR RULE 15d-14(a)

I, Glenn J. Chamandy, President and Chief Executive Officer of Gildan Activewear Inc., certify that:

1. I have reviewed this annual report on Form 40-F of Gildan Activewear Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit and finance committee of the issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: February 18, 2005

/s/ Glenn J. Chamandy

Name: Glenn J. Chamandy
Title: President and Chief Executive Officer

CERTIFICATION
REQUIRED BY RULE 13a-14(a)
OR RULE 15d-14(a)

I, Laurence G. Sellyn, Executive Vice-President, Finance and Chief Financial Officer of Gildan Activewear Inc., certify that:

1. I have reviewed this annual report on Form 40-F of Gildan Activewear Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit and finance committee of the issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: February 18, 2005

/s/ Laurence G. Sellyn

Name:Laurence G. Sellyn
Title: Executive Vice-Presient, Finance and Chief Financial Officer

EXHIBIT 99.5

CERTIFICATION
REQUIRED BY RULE 13a-14(b) OR RULE 15d-14(b) AND
SECTION 1350 OF CHAPTER 63 OF TITLE 18
OF THE UNITED STATES CODE

Gildan Activewear Inc. (the "Corporation") is filing its annual report on Form 40-F for the fiscal year ended October 3, 2004 (the "Report") with the United States Securities and Exchange Commission.

I, Glenn J. Chamandy, President and Chief Executive Officer of the Corporation, certify, pursuant to 18 U.S.C. section 1350, as enacted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: February 18, 2005

/s/ Glenn J. Chamandy

Name: Glenn J. Chamandy
Title: President and Chief Executive Officer

CERTIFICATION
REQUIRED BY RULE 13a-14(b) OR RULE 15d-14(b) AND
SECTION 1350 OF CHAPTER 63 OF TITLE 18
OF THE UNITED STATES CODE

Gildan Activewear Inc. (the "Corporation") is filing its annual report on Form 40-F for the fiscal year ended October 3, 2004 (the "Report") with the United States Securities and Exchange Commission.

I, Laurence G. Sellyn, Executive Vice-President, Finance and Chief Financial Officer of the Corporation, certify, pursuant to 18 U.S.C. section 1350, as enacted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: February 18, 2005

/s/ Laurence G. Sellyn

Name:Laurence G. Sellyn
Title: Executive Vice-Presient, Finance and Chief Financial Officer