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 5, 2003 **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
Class A Subordinate Voting Shares, without par value	**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:

Class A Subordinate Voting Shares: 23,425,966

Class B MultipleVoting Shares: 6,094,000

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 |___|

ANNUAL INFORMATION FORM

for the year ended October 5, 2003

February 20, 2004

GILDAN ACTIVEWEAR INC.

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Except as otherwise indicated, the information contained herein is given as of January 31, 2004, and all dollar amounts set forth herein are expressed in Canadian 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 relevant extracts of the documents listed below is incorporated herein by reference:

— 2003 Annual Report; and

— 2003 Notice of Annual and Special Meeting of Shareholders and Management Proxy Circular (the "Circular").

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", "anticipates", "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.

ITEM 2 — CORPORATE STRUCTURE

A — Name 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 2001, we filed Articles of Amendment to amend the attributes of the Class B Multiple Voting Shares. In February 2002, we filed Articles of Amendment to increase the maximum number of directors from 11 to 15.

On February 5, 2004, Gildan amended its 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 the registered office is to be situated from "Montreal Urban Community (Province of Québec)" to "Province of Québec".

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

B — Intercorporate Relationships

We have eighteen directly or indirectly wholly-owned subsidiaries:

- ***Gildan Activewear SRL***, a Barbados corporation, which is responsible for all of our non-Canadian 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 El Progreso, S.A., Gildan Activewear San José, S.A., Gildan Activewear San Miguel, S.A., Gildan Activewear (Clercine), S.A. and Gildan Activewear (San Marcos), S.A.;
- ***Gildan Activewear El Progreso, S.A.***, a Honduran corporation, which operates a sewing facility in Honduras;

- ***Gildan Activewear San José, S.A.***, a Honduran corporation, which operates a second sewing facility in Honduras;
- ***Gildan Activewear San Miguel, S.A.***, a Honduran corporation, which operates 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 will operate a 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. (Hontex)***, 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 UK 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; and
- ***Gildan Activewear Properties (Dominican Republic) Inc.***, a Barbados corporation, which owns the real estate where our new integrated textile facility will be located in the Dominican Republic.

In addition, we announced on November 11, 2003 that we had formed a joint venture company with Frontier Spinning Mills, Inc., a major U.S. yarn manufacturer ("Frontier"). This new company, called Cedartown Manufacturing, LLC, a Delaware limited liability company, operates a yarn spinning facility in Cedartown, Georgia. Gildan and Frontier each own a 50% voting and equity interest in Cedartown Manufacturing, LLC.

ITEM 3 — GENERAL DEVELOPMENT OF THE BUSINESS

A — 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, while also continuing to vertically integrate our operations. In this context, we have spent approximately $187 million in the last three fiscal years on such improvements. For changes in our business that are expected to occur during fiscal 2004, see "Item 4 – Business Overview – Growth Strategy."

Yarn Spinning

In fiscal 2001, we invested an aggregate amount of $8.6 million in a yarn spinning plant in Long Sault, Ontario which we acquired in June 2001. We invested an additional $22.1 million in new equipment for this facility in fiscal 2002 and a further $8.6 million in fiscal 2003. In fiscal 2002, we purchased a second yarn spinning plant in Montreal, Québec for an aggregate cost of $12.8 million. We invested an additional $4.3 million in new equipment for this facility in fiscal 2003. The two Canadian plants provided virtually all of the commodity yarn requirements of the Canadian textile manufacturing facilities during fiscal 2003.

On November 11, 2003, we announced that we had formed a 50%/50% owned joint venture company with Frontier, and that the new joint venture company had 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 U.S. $12.5 million.

Textile Manufacturing

In fiscal 2001, we began the construction of our world class knitting, bleaching, dyeing, finishing and cutting facility in Rio Nance,

Honduras, where we had invested an aggregate amount of $7.2 million by the end of fiscal 2001. We invested a further $24 million in fiscal 2002 and an additional $31.7 million in fiscal 2003. The site is strategically located within our Central American regional manufacturing hub. Production began at this new facility during the last quarter of fiscal 2002 and successfully ramped-up during fiscal 2003. We anticipate spending an additional amount of approximately $27.1 million in fiscal 2004, which would bring the overall cost of the Rio Nance facility to $90 million.

In fiscal 2001, we spent $13.2 million to purchase our knitting facility in Montreal, Québec and to modernize it as well as our dyeing and finishing facilities, mostly in Valleyfield, Québec. See “Item 9 – Additional Information – Related Party Transaction – Purchase of Ville Saint-Laurent Facility”.

Sewing

In fiscal 2001, we spent $7.5 million in sewing equipment and completed the construction of our sewing facility in Castaños, Mexico, which began production in February 2001. During fiscal 2003, we began production in a new sewing facility located in Port-au-Prince, Haiti. We spent $3.1 in new equipment for this facility in fiscal 2003.

In May 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.

Distribution

In fiscal 2001, we invested approximately $10 million to complete the construction of our distribution center located in Eden, North Carolina, which opened in January 2001.

In April and November 2003 and January 2004 respectively, we opened three new distribution centers in Bletchley, United Kingdom, Brisbane, Australia and Meer, Belgium, through third party agreements.

B — Significant Acquisitions and Significant Dispositions

For a discussion of Gildan’s significant acquisitions, reference is made to “Item 3 – General Development of the Business – Three Year History”.

C — Trends

For an outline of inherent risks and uncertainties associated with our business, reference is made to (i) the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 26 to 34 of our 2003 Annual Report, which is incorporated herein by reference and (ii) “Item 4 – Narrative Description of the Business – Risk Factors” of this annual information form.

ITEM 4 — NARRATIVE DESCRIPTION OF THE BUSINESS

A — 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 other international apparel markets. Until fiscal 2000, our sales were exclusively in Canada and in the United States. During the past four years we established a strong base for future growth in Europe, where, as of January 31, 2004, we have set up a network of 37 distributors in 19 countries. We have also recently entered the Australian market, where we opened a new distribution center operated by a third party in November 2003. 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 products as “blanks”, which are ultimately decorated with designs and logos for sale to customers.

Over the past several years, we have significantly increased our sales and earnings. From fiscal 1993 through fiscal 2003, our sales grew from $30.9 million to $630.1 million, representing a compounded annual growth rate of 35.2%.

Our sales growth was supported by the continuing expansion of our manufacturing capacity. In fiscal 2003, our sales increased to 22.6 million dozen, compared with 19.4 million dozen in the previous fiscal year. Moreover, we are expanding our capacity to accommodate annual production of 40 million dozen by 2008, principally through the development of a second integrated regional manufacturing hub in the Dominican Republic and in Haiti. The Corporation has acquired sufficient land to implement further major capacity expansion in the Dominican Republic, 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 the geographical markets which we serve.

Operating Strategy

We believe that our focus on low-cost manufacturing, our 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. 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 made with pre-shrunk fabric, feature premium details such as topstitched seamless collars and double stitched hems, and are quarter-turned 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:

- increasing capacity by investing in modern, automated equipment and facilities;
- expanding our capacity through the development of integrated regional hubs in the Caribbean Basin, Central America and Mexico, 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.

Controlled Distribution to the Wholesale Channel. We limit the number and monitor the quality of our wholesale distributors, which comprise the largest component of our customer base. We believe that our focused strategy enables us to:

- foster strong customer loyalty among our distributors and decorators;
- establish influence over the marketing and orderly distribution of our products;
- effectively plan and manage production; and
- closely monitor fluctuations in demand.

Modern, Vertically-Integrated Operations. We knit, dye, cut and finish our products at our own facilities. We also produce yarn which we use in the manufacturing of our products. 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 as monitor quality at all stages of the production process, thus enabling us to maximize profit margins. During fiscal 2003, we continued the successful ramp-up of our world-class integrated textile facility in Rio Nance, Honduras. The site is strategically located within our Central American regional manufacturing hub, which allows us to leverage our existing manufacturing infrastructure and also reduce transportation costs. In addition, on November 11, 2003, we announced that we had formed a 50%/50% owned joint venture company with Frontier, and that the new joint venture company had acquired all of the assets of an existing yarn spinning facility located in Cedartown, Georgia.

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 take us to the next level of growth and strategic development.

Growth Strategy

We have a comprehensive long-term strategy to meet our stated objective of achieving 15-20% average annual growth in earnings per share. The main elements of this strategy are:

- ***Expanding our Central American regional manufacturing hub:***

Gildan plans during fiscal 2004 to further expand its Central American manufacturing hub. We intend to increase the production capacity of the Rio Nance facility, as well as start a new sewing plant in Nicaragua, for a combined capital investment of approximately U.S. $15 million.

- ***Developing a second vertically-integrated offshore regional manufacturing hub in the Dominican Republic and Haiti to add further low-cost offshore manufacturing capacity:***

We have purchased an 18.8 million square foot tract of land in the Dominican Republic on which we plan to construct a state-of-the-art knitting, bleaching and cutting facility. The land purchased by Gildan 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 in Haiti, where Gildan already operates an

integrated sewing plant and has established relationships with external contractors.

Using the experience and template of the Rio Nance facility recently constructed in Honduras, Gildan plans to complete the construction of the first Dominican Republic facility by the end of calendar 2004 and ramp–up to full capacity in fiscal 2006. The scale of the new textile facility in the Dominican Republic will be comparable to that of the Rio Nance facility, and the overall Dominican Republic/Haiti integrated manufacturing hub will be based on the successful model of Gildan's integrated textile and sewing operations in Honduras. The total capital cost of the first Dominican Republic facility is estimated to be in the order of U.S. $60 million, to be spent primarily in fiscal 2004 and 2005.

The new capacity in the Dominican Republic/Haiti and Honduras/Nicaragua is expected to be utilized primarily to support Gildan's continuing sales growth and market share targets in its existing products and its existing market channels, as well as to further reduce its overall manufacturing cost structure.

We anticipate that our projected organic unit sales growth for our existing products in our existing geographical markets and existing primary market channels will result in unit volume growth over the next 5 years to annual sales in excess of 35 million dozen, an increase of more than 50% over fiscal 2003. Our main focus during this period will be to achieve our market share targets and optimize our overall cost structure in the wholesale imprinted sportswear market. Other incremental growth opportunities in this market include leveraging the Dominican Republic/Haiti hub to drive penetration of new geographical markets, in particular the Asia/Pacific market, and further developing Gildan's private label programs for imprinted sportswear brands, which we have already begun on an opportunistic basis.

- ***Expanding into the retail channel:***

As we continue to bring on further major new capacity additions subsequent to the first Dominican Republic facility, 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, ensure our continuing long-term growth and strategic development, and ultimately create maximum value for our shareholders. Over the next 5 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 penetration.

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;
- a growing consumer preference for apparel with a relaxed feel and look; 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.

However, after a period of sustained growth, industry unit sales of T-shirts through the U.S. distribution channel, as reflected in the S.T.A.R.S. report by ACNielsen Market Decisions, declined by 3.4% in calendar 2001 mainly due to a fall-off in corporate promotional spending due to the downturn in the overall economy. Industry shipments recovered slightly in calendar 2002 and grew by 8.5% in calendar 2003. Shipments of sport shirts have remained weak due to the downturn in corporate promotional spending.

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, 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 a Ultra Cotton™, Heavy Cotton™ and Ultra Blend™. We offer 100% cotton as well as 50% cotton/50% polyester products.

T-shirts

T-shirts represented approximately 80.7% of our sales in fiscal 2003 and 83.5% in fiscal 2002. 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 2003 and in fiscal 2002, 10.1% and 8.7% of our sales, respectively, were derived from the sale of fleece products. In an effort to increase the value to end customers, Gildan has increased the fabric weights of its 50/50 Ultra Blend fleece collection to 8.5 oz per sq. yd., expanded the color palettes within each of the label offerings, Ultra Cotton (80% cotton 20% polyester in 9.0 oz per sq. yd. fabric), Ultra Blend (50% cotton/50% polyester in 8.5oz per sq. yd. fabric) and added a new Youth Hooded sweatshirt.

Placket Collar Sport Shirts

In fiscal 2003 and fiscal 2002, placket collar sport shirts represented approximately 9.2% and 7.8% of our sales, respectively. 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 Gildan Activewear Ultra Cotton™ Sport Shirt (6.1 oz. per sq. yd.) in jersey fabric,

the 50% cotton/50% polyester Gildan Activewear Ultra Blend™ Sport Shirt (5.6 oz per sq. yd.) in blended jersey fabric, the 50% cotton/50% polyester Gildan Activewear Ultra Blend™ Sport Shirt (6.5 oz per sq. yd.) in piqué fabric, and the Gildan Activewear Ultra Cotton™ Sport Shirt (7.0 oz. per sq. yd.) in piqué fabric. 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. We believe that we have been innovative in maximizing the impact of our marketing to create a strong awareness of our products in the markets we serve.

Customers

In fiscal 2003, we sold our products in Canada and internationally, which accounted for 9.3% and 90.7% of total sales, respectively. For a breakdown of the Corporation's total sales by geographic market for each of the last three financial years, reference is made to Note 14 to the Consolidated Financial Statements of the Corporation included in our 2003 Annual Report, which is incorporated herein by reference. We currently sell our products to approximately 140 customers. Our customer mix is highly diverse. In fiscal 2003, our top two customers accounted for 27.5% of total sales, with the balance of our top ten customers accounting for approximately 33.5% of total sales.

Approximately 90% of total sales in fiscal 2003 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. This agreement, as amended, expires on September 30, 2008. It allows us to source any type of yarn originating from the U.S. In November 2003, we announced that we had acquired, through a 50%/50% owned joint venture with Frontier, a yarn spinning facility located in Cedartown, Georgia, which supplies Gildan with 100% cotton U.S. origin yarn. We also operate two yarn spinning facilities located in Long Sault, Ontario and Montreal, Québec.

The supply agreement with Frontier, the jointly owned Cedartown facility and our two Canadian facilities provide us with 100% of our commodity yarn requirements of Gildan.

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. During the first quarter of fiscal 2004, we completed the integration of our offshore knitting operations into the manufacturing module. These new systems will provide an integrated tool to monitor and analyze all aspects of our business and will support our planned growth.

Seasonality

The activewear business is seasonal. Our percentage sales breakdown by quarter for fiscal 2003 was as follows: 16.2% for the first quarter, 27.5% for the second quarter, 32.4% for the third quarter and 23.9% 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 significantly less than expected, a risk inherent in our b usiness 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:

- increasing capacity by investing in strategically-located modern, automated equipment and facilities;
- expanding and modernizing vertically-integrated yarn spinning operations;

- expanding our capacity through the development of integrated regional hubs in the Caribbean Basin, Central America and Mexico, 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 28.9% in the overall T-shirt category, 19.7% in the sport shirt category and 13.9% in the sweatshirt category at the end of fiscal 2003. All U.S. market share data is based on the S.T.A.R.S. Report produced by ACNielsen Market Decisions.

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 “Item 4 —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

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 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 elimination of quotas at the end of 2004 could have a material adverse effect on us as a result of increased competition with products from China and other co untries with low labor costs. See “Item 4 – Narrative Description of the Business — Risk Factors —The Elimination of Quotas May Lead to Increased Competition “.

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.

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 merchandise was removed from quota upon implementation in 1994. 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 and quota free. All NAFTA originating textile and apparel goods traded among the three NAFTA countries are duty and quota free. In addition, textile and apparel g oods produced in NAFTA countries under traditional origin rules are quota free in trade among the NAFTA countries, even if they do not meet NAFTA’s preferential origin rules.

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 Singapore, Israel, and Jordan, and has recently concluded negotiations for a Central America Free Trade Agreement (“CAFTA”), to be presented to

Congress for implementation in 2004.

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.

In 2000, the United States extended preferential trade treatment to the Caribbean Basin Initiative, or 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 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, 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 tend to disadvantage our Canadian yarn and fabric production, because these programs all require either U.S. or regional inputs but they will benefit our Central American fabric and garment production. We have implemented a manufacturing and distribution plan that permits us to supply an increasing majority of our geographical markets on a duty-free basis.

Work continues among interested countries on the Free Trade Agreement of the Americas, or FTAA. While the anticipated implementation date has been pushed back beyond 2005, a successful FTAA would open a free trade area among all of the 34 expected participants.

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. While the amount of such liability could be materi al, we endeavor to conduct our operations in a manner that reduces such risks.

B — Property, Plants and Equipment

Textile Operations

Yarn. Our Long Sault, Ontario and Montreal, Québec plants provided virtually all of the commodity yarn requirements of the Canadian textile manufacturing facilities during fiscal 2003.

In November 2003, we announced that we had acquired, through a 50%/50% owned joint venture with Frontier, a yarn spinning facility located in Cedartown, Georgia, which supplies Gildan with 100% cotton U.S. origin yarn.

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 2003, we continued the ramp-up of our knitting operations in our new integrated facility in Rio Nance, Honduras, which benefits from the duty relief provisions established under U.S. trade liberalization legislation. See "Item 4 — Narrative Description of the Business — Business Overview — Other Trade Agreements". We are also planning to conduct knitting operations in the Dominican Republic once the construction of our new integrated textile facility 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 where investments made in those facilities have resulted in a substantial improvement in productivity, and a significant reduction in the percentage of redyes, yield losses and claims with respect to off-shade, unevenness and roping flaws in the fabric. These capital improvements have also been directed to modernize production planning and control. During fiscal 2003, we continued the ramp-up of our bleaching, dyeing and finishing operations for the fabric knitted in our facility in Rio Nance, Honduras.

We are also planning to conduct bleaching, dyeing and finishing operations in the Dominican Republic once the construction of our new integrated textile facility is completed.

Cutting. All of the fabric produced at the Montreal and Valleyfield plants is shipped to our automated cutting facility now located in Bombay, New York. Because certain of our cutting operations are performed in the United States, we are able to take advantage of subheading 9802.00.80 of the United States tariff schedule, which allows us to subtract the value of fabric components cut in the United States from the dutiable value of finished garments sewn outside the United States. The dutiable portion of the garment is assessed with duty at the normal U.S. rates, except for goods sewn in Mexico, which are subject to NAFTA rates. When non-NAFTA garments are first imported into the United States and then sent to Canada, they are subject to Canada's most favored nation rate of duty, which is currently 20.5%, on their full value, without the benefit of U.S. subheading 9802.00.80. but are eligible for duty drawback on the duty paid into the United States.

During fiscal 2003, we continued the ramp-up of our cutting operations for fabrics 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 once the construction of our new integrated textile facility is completed.

Sewing Operations

Sewing. We conduct our sewing operations primarily through our three facilities in Honduras, our two facilities in Mexico and our new facility in Haiti. In addition to these five facilities, we use the sewing services of contractors. These facilities provide us with substantially all of our market sewing assembly requirements. We started operations in our Port-au-Prince, Haiti facility during fiscal 2003 we are planning to start operations in our San Marcos, Nicaragua facility during the third quarter of fiscal 2003.

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. This facility maintains our distribution operations close to our customer base and has three times the capacity of our former warehouse in Miami, Florida. Our Canadian customers 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 Ghent and Meer, Belgium and Bletchley, 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, use and approximate size of each of our principal properties, and indicates whether it is owned or leased, and if leased, when the lease expires.

Location	Use	Approximate Area in Square Feet	Owned or Leased	Lease Expiration [1]
Montreal, Québec	Executive offices	25,000	Owned	n/a
	Knitting facility	95,000	Owned	n/a
St. Michael, Barbados	Executive offices	20,000	Owned	n/a
Valleyfield, Québec	Dyeing and finishing facility	63,000	Owned	n/a
Montreal, Québec	Dyeing and finishing facility	88,000	Owned	n/a
Bombay, New York	Cutting facility	82,500	Leased	2006
Rio Nance, Honduras	Knitting, dyeing, finishing and cutting facility	291,500	Owned	n/a
San Pedro Sula, Honduras	Sewing facility	43,000	Leased	2012
El Progreso, Honduras	Sewing facility	73,000	Leased	2013
Choloma, Honduras	Sewing facility	48,000	Leased	2007
Castaños, Mexico	Sewing facility	71,000	Owned	n/a
San Buenaventura, Mexico	Sewing facility	14,200	Leased	2004
Montreal, Québec	Distribution facility	60,000	Owned	n/a
Eden, North Carolina	Distribution facility	300,000	Owned	n/a
Eden, North Carolina	Distribution facility	139,000	Leased	2005
Montreal, Québec	Yarn Spinning facility	180,000	Owned	n/a
Long Sault, Ontario	Yarn Spinning facility	220,000	Owned	n/a
San Marcos, Nicaragua	Sewing facility	57,136	Leased	2009
Port-au-Prince, Haiti	Sewing facility	66,309	Leased	2010
Cedartown, Georgia	Yarn Spinning facility	198,656	Owned[2]	n/a

(1) Includes renewals.
(2) Jointly owned with Frontier.

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. We have now obtained WRAP (Worldwide Responsible Apparel Production) certification for all of our 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 services of professionals who specialize in social/gender

analysis and environmental audits with respect to developing nations. We also contractually obligate any outside contractor to follow prescribed employment policies.

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.

C — Risk Factors

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 the Hanes and Outer Banks divisions of Sara Lee Corporation, the Jerzees division of Russell Corporation, Fruit of the Loom, Inc. and Anvil Knitwear, Inc.

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 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 include the trend to move sewing operations offshore and the introduction of new manufacturing technologies. Products sewn offshore cost less to make primarily because labor costs are lower.

In the future, our financial performance may be negatively affected by these pricing pressures:

- 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.

The Effect of Changing International Trade Regulation on our Business is Uncertain

The textile and apparel industries in both Canada and the United States have historically received a relatively higher degree of 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. The ultimate effect of the changes in quotas, duties and tariffs on our business is uncertain.

The Elimination of Quotas May Lead to Increased Competition

In 1995, the Agreement on Textiles and Clothing came into effect, 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. This could result in increased competition from developing countries which have lower labor costs and reliable infrastructures, such as China, India and Pakistan. Increased competition from such countries could adversely affect our business.

Moreover, since January 2003, Canada has granted duty and quota free access to approximately 48 LDCs, which may result in increased competition from these LDCs in the Canadian textile and apparel markets.

Unanticipated Changes in Tax Laws may Raise our Effective Tax Rate

Our structure results in our income generated from our international sales being subject to relatively low income tax rates. Our structure is supported by legislation under current domestic laws as well as through the application of income tax

treaties between various countries in which we operate. We have taken great care to ensure that our structure is in compliance with all applicable laws and income tax treaties. Also, we conduct annual transfer pricing studies to substantiate the transactions between the Corporation and its various subsidiaries. Any unanticipated changes to the current domestic laws in the countries in which we operate or in the income tax treaties which we currently rely on, or any government taxation authority adopting a position that our structure is not in compliance with applicable laws and income tax treaties, may potentially have a material impact on our effective tax rate for prior, current and future years.

We Rely on a Relatively Small Number of Significant Customers

We sell our products to approximately 140 customers. In fiscal 2003, our three largest customers, Broder Brothers Co., Inc., Alpha Shirt Holdings, Inc., and The Stardust Corporation, Inc., accounted for 13.9%, 13.6% and 6.2% of sales, respectively, and our top ten customers accounted for 61% of total sales. In September 2003, Alpha Shirt Holdings, Inc. was acquired by Broder Brothers Co., Inc. If any of our significant customers substantially reduces its purchases or ceases 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 Risks of Fluctuations in the Supply and Price of Cotton and Cotton Yarn

Cotton and polyester fibers are the principal raw materials we use in the manufacture of our products. The price of cotton has fluctuated substantially over the past several years. We generally enter into futures contracts to cover the price of our anticipated cotton requirements for each fiscal year. Consequently, we may not be able to benefit from price decreases which might occur during the given fiscal year, and in the event that we have not sufficiently covered our cotton needs, we will not be protected against price increases.

Currency and Exchange Rate Fluctuations may Adversely Affect our Operations

We operate as an international business and our financial results are exposed to the effects of changes in financial markets and economic conditions.

Effective at the beginning of fiscal 2004, the functional and reporting currency of the Corporation is the U.S. dollar. A relatively small proportion of revenues and expenses are denominated in currencies other than the U.S. dollar, including the Canadian dollar. Any change in the value of the U.S. dollar against the Canadian dollar or other currencies during a given financial reporting period would result in a foreign currency loss or gain on the translation into U.S. currency. Consequently, our reported revenues and expenses could fluctuate in the event of significant changes in the U.S. dollar value of these currencies.

We enter into forward contracts as we deem appropriate to hedge some or all of our anticipated net currency exposures. Gains and losses resulting from designated hedge contracts are recognized in income in the same period that the hedged exposure is recognized.

Our Caribbean Basin Operations are Subject to Political, Social and Economic Risk

In fiscal 2003, approximately 98% of our products were sewn in Mexico, Central America and the Caribbean Basin. Some of the countries where we sew our products 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 in each fiscal year.

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. See “Item 4 — Narrative Description of the Business — Business Overview — Seasonality”.

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. See “Item 4 — Narrative Description of the Business — Business Overview — Environmental Regulation”.

We are Controlled by the Founders of the Corporation

H. Greg Chamandy, our Chairman and Co-Chief Executive Officer, Glenn J. Chamandy, our President, Co-Chief Executive Officer and Chief Operating Officer, and Edwin B. Tisch, our Executive Vice-President, Manufacturing, or the Principal Shareholders, own all of our outstanding Class B Multiple Voting Shares. Because the Class B Multiple Voting Shares have eight votes per share, as of the date of this annual information form, the Principal Shareholders own approximately 67.61% of the voting rights. Accordingly, the Principal Shareholders are able to elect all of the directors, other than the two directors elected solely by the Class A Subordinate Voting Shares voting as a separate class. Our board of directors currently includes 3 related directors out of 8 directors.

D — Employees

At December 31, 2003, we employed approximately 9,300 full-time employees, including approximately 1,185 in Canada, approximately 2,150 in Mexico, approximately 5,300 in Honduras, approximately 300 in Haiti, approximately 300 in the United States, 55 in Barbados and 2 in Europe. Of these employees, approximately 700 Canadian employees are covered by collective bargaining agreements. Approximately 200 employees at the Valleyfield dyeing and finishing facility are covered by a collective bargaining agreement that expires on October 31, 2005. Approximately 200 employees at the Montreal dyeing and finishing facility are covered by a collective bargaining agreement that expires on December 31, 2005. Approximately 175 employees in our Long Sault, Ontario yarn mill are covered by a collective bargaining agreeme nt which expires on September 30, 2006. Approximately 100 employees in our Montreal yarn mill are covered by a collective bargaining agreement which 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.

ITEM 5 — SELECTED CONSOLIDATED FINANCIAL INFORMATION

A — Annual Information

Effective October 6, 2003, the commencement of fiscal 2004, the Corporation adopted the U.S. dollar as its functional currency. A significant portion of revenues, expenses, assets and liabilities are denominated in U.S. dollars and the Corporation’s marketing and manufacturing operations are increasingly international in scope. Effective the same date, the U.S. dollar was adopted as the Corporation’s reporting currency. The Corporation will continue to report its results in accordance with Canadian GAAP. As a result of adopting the U.S. dollar as its functional currency, both Canadian and U.S.

GAAP require all opening assets and liabilities to be translated into U.S. dollars at the exchange rate prevailing at the time of giving effect to the change in functional currency. Historical financial information in U.S. dollars has been provided in the Investor Relations section of the Corporation’s Web site, which can be accessed at www.gildan.com.

The following table sets forth a summary of certain of our historical consolidated and other financial and operating information for the dates and for the periods indicated. We prepare our consolidated financial statements in accordance with Canadian GAAP, which differs in certain respects from U.S. GAAP. For a discussion of the principal differences between Canadian GAAP and U.S. GAAP as they pertain to us, reference is made to Note 15 to the Consolidated Financial Statements included in our 2003 Annual Report, which is incorporated by reference in this annual information form. The information presented below should be read in conjunction with our consolidated financial statements and related notes incorporated by reference in this annual information form and “Management’ s Discussion and Analysis of Financial Condition and Results of Operations” contained in our 2003 Annual Report.

(In thousands, except per share amount and percentage)

	Fiscal Year Ended Sept. 30, 2001 Cdn$	Fiscal Year Ended Sept. 29, 2002 Cdn$	Fiscal Year Ended Oct. 5, 2003 Cdn$
Statement of earnings data (Canadian GAAP):			
Sales	$ 504,867	$ 600,660	$ 630,139
Cost of sales	398,566	431,996	440,294
Gross profit	106,301	168,664	189,845
Selling, general and administrative	76,075	63,927	71,153
Depreciation and amortization	16,209	17,592	23,615
Operating income	14,017	87,145	95,077
Interest expense	13,628	13,341	9,463
Loss on settlement of debt	—	—	—

Earnings before income taxes	389	73,804	85,614
Income taxes (recovery)	(427)	7,312	8,342
Net earnings	$ 816	$ 66,492	$ 77,272
Income from operations per share (basic) (1)	$ 0.50	$ 3.06	$ 3.25
Income from operations per share (diluted) (1)	$ 0.48	$ 2.97	$ 3.20
Net earnings per share (basic) (1)	$ 0.03	$ 2.33	$ 2.64
Number of shares (weighted avg.) (basic)(1)	28,146	28,491	29,242
Diluted earnings per share (1)	$ 0.03	$ 2.26	$ 2.60
Number of shares (weighted avg.) (diluted) (1)	29,226	29,362	29,726
Other data (Canadian GAAP):			
Gross profit margin	21.1%	28.1%	30.1%
Operating income margin	2.8%	14.5%	15.1%
Capital expenditures	$ 55,909	$ 74,527	$ 56,487
EBITDA (2)	$ 30,226	$ 104,737	$ 118,692
Selected operating data (unaudited):			
Dozens of T-shirts sold	15,412	18,030	20,885
Dozens of sweatshirts sold	349	631	745
Dozens of sport shirts sold	528	753	943
Total dozens sold	16,289	19,414	22,573
Balance sheet data (Canadian GAAP):			
Working capital	$ 208,130	$ 188,827	$ 207,530
Total assets	476,651	496,639	575,405
Total debt (3)	277,798	226,731	221,586
Total long-term liabilities(4)	170,871	135,251	100,164
Share capital	100,362	104,925	111,564
Shareholders' equity	$ 198,853	$ 269,908	$ 353,819
Financial statement data (U.S. GAAP):			
Net earnings	$ 3,178	$ 66,867	$ 75,609
Income from operations per share (basic) (1)	$ 0.61	$ 3.08	$ 3.18
Income from operations per share (diluted) (1)	$ 0.59	$ 2.99	$ 3.13
Net earnings per share (basic) (1)	0.11	2.35	2.59
Net earnings per share (diluted) (1)	0.11	2.28	2.54
Total assets	476,801	497,749	574,852
Total debt (3)	276,947	226,464	220,568
Shareholders' equity	199,854	271,284	354,284
Cash flows from operations	(11,650)	178,322	90,318
Cash flows from investing	(49,976)	(67,381)	(58,754)
Cash flows from financing activities	$ 28,290	($ 40,185)	570

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(1) On February 7, 2001, the Board of Directors of the Corporation declared a two-for-one stock split, effected in the form of a stock dividend, applicable to all of its issued and outstanding Class A Subordinate Voting Shares and Class B Multiple Voting Shares, to shareholders of record on February 22, 2001. All share and per share data reflect the effect of the stock split on a retroactive basis.

(2) EBITDA represents earnings before interest, taxes, depreciation, amortization and loss on settlement of debt. EBITDA is included herein because management believes that certain investors use such information as one measure of a company's historical ability to service debt; however, EBITDA should not be considered as an alternative to net earnings as an indicator of our operating performance or as an alternative to cash flow as a measure of overall liquidity as presented in our financial statements. EBITDA as presented may not be comparable to similar computations presented by other companies.

(3) Total debt consists of total bank debt, current liabilities, other loans payable, secured and unsecured long-term debt, including capitalized leases and future income taxes.
(4) Total long-term liabilities consist of long-term debt and future income taxes.

B — Quarterly Information

Financial Data

(In millions, except per share amount)

Statement of earnings data	Fiscal 2003 1st qtr.	2nd qtr.	3rd qtr.	4th qtr.
Sales	$ 102.3	$ 173.1	$ 204.0	$ 150.7
Net earnings	$ 5.8	$ 20.4	$ 31.3	$ 19.8
Net earnings per share (basic)	$ 0.20	$ 0.70	$ 1.06	$ 0.67
Net earnings per share (diluted)	$ 0.20	$ 0.69	$ 1.05	$ 0.66

	Fiscal 2002 1st qtr.	2nd qtr.	3rd qtr.	4th qtr.
Sales	$ 88.4	$ 156.7	$ 195.7	$ 159.9
Net earnings	$ 2.8	$ 16.4	$ 27.7	$ 19.6
Net earnings per share (basic)	$ 0.10	$ 0.58	$ 0.97	$ 0.68
Net earnings per share (diluted)	$ 0.10	$ 0.56	$ 0.94	$ 0.66

Exchange Rate Data

The following tables reflect the high and low rates of exchange for one U.S. dollar expressed in Canadian dollars in effect during the five most recent fiscal years as well as for each month during the previous six months, the rates of exchange at the end of each of the five most recent fiscal years and the average of the exchange rates on the last day of each month during such fiscal years, based on the average noon buying rate in New York City for cable transfers payable in Canadian dollars as certified for customs purposes by the Federal Reserve Bank of New York (which was [•] on January 31, 2004).

	Fiscal Year 1999	2000	2001	2002	2003
High	1.5570	1.5085	1.6023	1.6128	1.5943
Low	1.4512	1.4350	1.4933	1.5108	1.3348
Period End	1.4725	1.5070	1.5797	1.5777	1.3418
Average	1.5029	1.4724	1.5375	1.5755	1.4625

	Last Six Months August 2003	September 2003	October 2003	November 2003	December 2003	January 2004
High	1.4100	1.3876	1.3413	1.3362	1.3405	1.3340
Low	1.3836	1.3388	1.3043	1.2973	1.2923	1.2729

C — Dividends

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.

ITEM 6 — MANAGEMENT'S DISCUSSION AND ANALYSIS

Reference is made to the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 26 to 34 of our 2003 Annual Report, which is incorporated herein by reference.

ITEM 7 — MARKET FOR SECURITIES

The Class A Subordinate Voting Shares are listed on the New York Stock Exchange (the “NYSE”) and the Toronto Stock Exchange (the “TSX”), under the symbol “GIL” on the NYSE and “GIL.A” on the TSX. The Class A Subordinate Voting 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 commenced trading on the NYSE. We delisted such shares from the 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 high and low daily closing prices and the trading volumes of the Class A Subordinate Voting Shares for the periods indicated on the ME and the TSX (in Cdn$) and on the AMEX (in US$) since their initial listing in June 1998, and on the NYSE (in US $) since their listing on September 1, 1999.

	TSX			ME			AMEX[1]			NYSE[2]		
	High	Low	Volume	High	Low	Volume	High	Low	Volume	High	Low	Volume
1998:Q4[3]	$6.25	$5.03	74,000	$5.88	$5.00	4,000	$4.19	$3.19	330,000	—	—	—
1999:	$18.00	$5.03	1,503,200	$17.50	$5.00	259,900	US$11.88	US$3.19	6,662,200	US$10.07	US$8.41	691,500
2000:Q1	17.48	10.75	1,220,500	—	—	—	—	—	—	11.82	7.25	2,664,400
2000:Q2	26.00	12.75	1,527,900	—	—	—	—	—	—	18.00	8.82	3,050,800
2000:Q3	28.75	21.90	1,509,000	—	—	—	—	—	—	19.50	15.00	2,967,600
2000:Q4	33.25	24.25	883,400	—	—	—	—	—	—	22.41	16.25	2,431,600
2001:Q1	30.75	22.25	1,033,700	—	—	—	—	—	—	20.07	14.41	1,719,100
2001:Q2	35.90	27.25	2,339,800	—	—	—	—	—	—	24.00	18.00	4,264,400
2001:Q3	28.43	20.25	5,815,300	—	—	—	—	—	—	18.27	13.42	7,054,300
2001:Q4	22.40	16.25	2,532,700	—	—	—	—	—	—	14.58	10.55	4,987,100
2002:Q1	22.75	16.51	2,843,300	—	—	—	—	—	—	14.62	10.56	2,038,000
2002:Q2	27.75	22.20	3,328,544	—	—	—	—	—	—	17.43	13.87	1,907,400
2002:Q3	37.60	26.76	4,247,854	—	—	—	—	—	—	24.50	16.93	1,357,600
2002:Q4	35.58	26.49	3,144,830	—	—	—	—	—	—	22.86	16.71	1,047,400
2003:Q1	37.79	30.00	3,282,122	—	—	—	—	—	—	24.26	19.12	1,786,700
2003:Q2	40.25	35.50	2,474,468	—	—	—	—	—	—	26.01	22.87	961,800
2003:Q3	41.94	34.01	3,757,956	—	—	—	—	—	—	29.74	23.90	1,225,600
2003:Q4	42.50	36.47	7,107,534	—	—	—	—	—	—	30.79	27.00	1,334,600
2004:Q1	40.88	34.50	6,099,700	—	—	—	—	—	—	31.82	26.16	1,368,400
2003:												
August	42.50	39.68	2,031,100	—	—	—	—	—	—	30.58	28.26	264,400
September	42.50	36.99	3,358,000	—	—	—	—	—	—	30.79	27.11	533,700
October	38.93	34.50	1,840,500	—	—	—	—	—	—	29.09	26.37	344,000
November	39.00	35.00	2,270,900	—	—	—	—	—	—	29.80	26.16	430,200
December	40.55	35.20	2,193,600	—	—	—	—	—	—	31.15	27.00	621,100
2004:												
January	40.99	38.13	960,100	—	—	—	—	—	—	32.05	29.73	533,700

(1) Through August 31, 1999.

(2) From September 1, 1999.
(3) From July 6, 1998 to October 4, 1998.

ITEM 8 — 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 (1)(2)(3)(4) Darien, Connecticut, United States	65	Corporate Director	February 1999
Glenn J. Chamandy Montreal, Québec, Canada	42	President, Co-Chief Executive Officer and Chief Operating Officer of the Corporation	May 1984
H. Greg Chamandy Montreal, Québec, Canada	45	Chairman of the Board, Chairman of the Executive Committee and Co-Chief Executive Officer of the Corporation	May 1984
William H. Houston, III (2)(3) Memphis, Tennessee, United States	69	President, World Trade Link (an international business consulting firm)	November 1997
Pierre Robitaille (1)(2) St-Lambert, Québec, Canada	60	Business Advisor and Corporate Director	February 2003
Gerald H.B. Ross (1)(3) Montreal, Québec, Canada	59	Dean, Faculty of Management, McGill University	February 2003
Richard P. Strubel (1)(3) Chicago, Illinois, United States	64	President, Chief Operating Officer and Director, UNext (a provider of advanced education over the Internet)	February 1999
Edwin B. Tisch 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 Human Resources and Compensation Committee.
(4) Lead Director of the Corporation.

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
H. Greg Chamandy (1)(2) Montreal, Québec, Canada	45	Chairman of the Board, Chairman of the Executive Committee and Co-Chief Executive Officer and Director
Glenn J. Chamandy (1)(2) Montreal, Québec, Canada	42	President, Co-Chief Executive Officer and Chief Operating Officer and Director
Edwin B. Tisch (1)(2) Montreal, Québec, Canada	65	Executive Vice-President, Manufacturing and Director
Laurence G. Sellyn (1)(2) Beaconsfield, Québec, Canada	54	Executive Vice-President, Finance and Chief Financial Officer

Michael R. Hoffman [1] St. James, Barbados	41	President, Gildan Activewear SRL
Georges Sam Yu Sum [1][2] Montreal, Québec, Canada	46	Executive Vice-President, Operations

Gregg Thomassin [1][2] Pincourt, Québec, Canada	44	Executive Vice-President, Corporate Controller and Chief Information Officer
Garry Bell [2] St. Lazare, Québec, Canada	39	Vice-President, Marketing and General Manager, Canadian Apparel Division
Ghyslain Bouchard [2] St-Basile-le-Grand, Québec, Canada	55	Vice-President, Spinning and Knitting Operations
Luis Alonso Brito San Pedro Sula, Honduras	34	Vice-President, Apparel Operations Gildan Activewear Honduras
Kevin W. Daugherty [2] Montreal, Québec, Canada	40	Vice-President, Planning and Logistics
Javier Echeverria San Pedro Sula, Honduras	43	Vice-President, Finance and Systems Gildan Activewear Honduras
David A. Esones [2] St. Lazare, Québec, Canada	60	Vice-President, Corporate Security and Facility Management
Daniel Farina San Pedro Sula, Honduras	52	Vice-President, Textile Operations Gildan Activewear Honduras
Marc Fraimund Incourt, Belgium	42	Vice-President, Sales and Marketing Europe Gildan Activewear SRL
André Joly [2] Montreal, Québec, Canada	44	Vice-President, Dyeing, Finishing and Cutting Operations
Christian Langlois [2] St-Basile-le-Grand, Québec, Canada	40	Vice-President, Corporate Engineering and R&D
Gilles Léger St. James, Barbados	47	Vice-President, Finance and Administration Gildan Activewear SRL
Stéphane Lemay [2] St-Lambert, Québec, Canada	35	Vice-President, Public and Legal Affairs and Corporate Secretary
Rafael Antonio Lopez San Pedro Sula, Honduras	37	Vice-President, Human Resources Gildan Activewear Honduras
John A. Martin St. Peter, Barbados	47	Vice-President, Sales and Marketing USA Gildan Activewear SRL
Benito Masi [2] Laval, Québec, Canada	48	Vice-President, Corporate Apparel Operations

Bill H. Newman St. Michael, Barbados	48	Vice-President, Operations Gildan Activewear SRL
Normand Sabourin [2] Montreal, Québec, Canada	43	Vice-President, Corporate Treasurer
Graham F. Sutherland [2] Montreal, Québec, Canada	49	Vice-President, Internal Audit
Jose Maria Tainta Villanueva Coahuila, Mexico	38	Director of Apparel Operations Gildan Activewear Mexico
Gaétane Wagner [2] Brossard, Québec, Canada	45	Vice-President, Corporate Human Resources

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

H. Greg Chamandy is one of the founders of the Corporation and has served as Chairman of the Board and Chief Executive Officer since December 1994, prior to which he served in various executive capacities with Gildan. In February 2004, his title was changed to Chairman of the Board, Chairman of the Executive Committe and Co-Chief Executive Officer. Mr. Chamandy has been involved in various Chamandy family textile and apparel businesses for over twenty years.

Glenn J. Chamandy is one of the founders of the Corporation and has served as President and Chief Operating Officer since December 1994, prior to which he served in various executive capacities with Gildan. In February 2004, he became Co-Chief Executive Officer in addition to his other duties. Mr. Chamandy has been involved in various Chamandy family textile and apparel businesses for over twenty years.

Robert M. Baylis serves as a director of several large corporations, including the New York Life Insurance Company, Host Marriott Corporation (luxury hotels, resorts and senior living facilities), Covance Inc. (drug development products and services provider), and PartnerRe Ltd. (multi-line reinsurance provider). Mr. Baylis is also an overseer of the University of Pennsylvania Museum, a director of The International Forum, an executive education program at the Wharton School and a member of the Advisory Council of the Economics Department of Princeton University. Mr. Baylis retired from CS First Boston as Vice Chairman in 1996, after thirty-three years with this investment banking firm or associated corporations.

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 20 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 Quebec, and member of its national board of directors. Mr. Robitaille is also 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. C anada (global reinsurance company) and Groupe Beauchemin Editeur Ltee (publisher).

Gerald H.B. Ross joined the Faculty of Management of McGill University as Dean in August 2000. Prior to joining McGill University, Dr. Ross was senior partner of Change Lab International, a consulting organization he founded in 1988 specialized in the development of techniques to assist organizations in building new visions and managing change to create competitive advantage in the marketplace. Since 1998, Dr. Ross is also Chairman and Chief Executive Officer 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 i nclude 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 Program and has delivered programs on Managing Change to the banking industry in Saudi Arabia.

Richard P. Strubel is President, Chief Operating Officer and Director of UNext, a provider of advanced education over the Internet since 1999. Mr. Strubel is also on the Board of Directors of Northern Funds and Northern Institutional Funds of the Northern Trust (financial services providers), Mutual Funds of Goldman Sachs & Co. and Cantilever Technologies (software developer). He was Managing Director of Tandem Partners, Inc., a privately held management services firm from 1990 to 1999. He was President and Chief Executive Officer of Microdot, Inc. from 1984 to 1994. Mr. Strubel was President of Northwest Industries, which included Fruit of the Loom and BVD among its operating entities, from 1982 to 1983.

Edwin B. Tisch has served as Executive Vice-President, Manufacturing of the Corporation since April 1998 and was Vice-President, Manufacturing from 1987 to 1998. Mr. Tisch has over thirty years of international experience in the textile and apparel industry.

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.

Garry Bell has been with Gildan since 1996 when he joined as Sales Manager. He became Vice-President, Sales and Marketing in December 1998. In October 2002, he was appointed General Manager, Canadian Apparel Division while maintaining his responsibility as Vice-President, Marketing. Mr. Bell worked for the Hanes Canada division of Sara Lee Corporation for the four years prior to joining Gildan in the capacity of Eastern Canada Account Executive.

Luis Alonso Brito has been with Gildan since July 2000, when he joined the Corporation as Plant Manager. He was appointed Vice-President, Apparel Operations, Gildan Activewear Honduras in September 2003. Prior to joining Gildan, Mr. Brito worked at Ithaca Industries, a large manufacturing company for 6 years where he held different positions in the areas of Engineering, Quality Assurance, Import/Export, Operations and Production.

Ghyslain Bouchard joined Gildan in August 2001 as Vice-President, Spinning and Knitting Operations. Prior to joining Gildan, Mr. Bouchard was a professor of textile manufacturing at the CEGEP of St. Hyacinthe, and a consultant in textile manufacturing.

Kevin W. Daugherty has been with Gildan since October 1998 when he joined Gildan Activewear SRL as Director of Operations. He was appointed Vice-President, Operations in October 1999 and again as Vice-President, Planning and Logistics of the Corporation in 2001. Prior to joining Gildan, Mr. Daugherty worked at Fruit of the Loom for ten years in operations, planning, distribution and cost accounting.

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 of America 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.

David A. Esones joined Gildan in March 2001 and currently serves as Vice-President, Corporate Security and Facility Management. Mr. Esones has served in senior management positions directing loss prevention programs for large multi-site national corporations. Prior to joining Gildan, he served as Director of Loss Prevention at AutoNation USA, Inc. since January 1996.

Daniel Farina has been with Gildan since November 2001 when he joined Gildan's Corporate Engineering Team as Rio Nance Project Manager. He was appointed Vice-President, Textile Operations, Gildan Activewear, Honduras in September 2003. Prior to joining Gildan, Mr. Farina worked at Alstyle Apparel and Activewear. He has 21 years of experience in the textile industry.

Marc Fraimund has been with Gildan since November 1999 when he joined the Corporation as a Key Account Sales Executive, in charge of developing a European distributor network. He was appointed Vice-President, Sales and Marketing Europe, Gildan Activewear SRL in February 2003. Prior to joining Gildan, Mr. Fraimund was a Sales and Marketing Director at The Cotton Group SA.

André Joly joined Gildan in September 2003 as Vice-President, Dyeing, Finishing and Cutting Operations. Prior to joining Gildan, he was Director, Worldwide Manufacturing Operations for the last 10 years at The Hockey Company.

Christian Langlois joined the Corporation in February 2000. In February 2001, he was appointed to the position of Vice-President, Corporate Engineering and R & D. Between July 1997 and February 2000, he was working 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.

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 Inc., a Canadian public company that manufactures and distributes heavy equipment.

Stéphane Lemay joined Gildan in June 2003 as Vice-President, Public and Legal Affairs and Corporate Secretary. Prior to joining Gildan, Mr. Lemay held different executive positions with the Telesystem Ltd. group of companies for four years, including Vice-President, Legal and Corporate affairs for one of its major operating subsidiary. Prior to this, Mr. Lemay served for two years in the Office of the Prime Minister of Canada as Policy Advisor, after having practiced law for five years in a major Montreal law firm.

Rafael Antonio Lopez joined Gildan in June 2003 as Vice-President, Human Resources, Gildan Activewear Honduras. Prior to joining Gildan, Mr. Lopez worked for twelve years in the human resources field in a variety of regions including Australia, Central America, United Kingdom and the United States.

John A. Martin joined the Corporation as Vice-President, Sales and Marketing of Gildan Activewear SRL in March 2001. Prior to joining Gildan, Mr. Martin held several positions with Fruit of the Loom, where he last served as Senior Vice-President Activewear Sales.

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 until February 2001, when he was appointed Vice-President, Apparel Manufacturing. In September 2003, his title was changed to Vice-President, Corporate Apparel Operations.

Bill H. Newman joined Gildan in March 2001 as Vice-President, Operations of Gildan Activewear SRL. Prior to joining Gildan, Mr. Newman was Principle at Vista Research Group, Inc. from 1999 to 2001 and Vice-President of Operations at Outer Banks Shirts, a division of Sara Lee Corporation, from 1996 to 1999.

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.

Gaétane Wagner has served as Vice-President, Corporate Human Resources of the Corporation since August 2002. Prior to joining Gildan, she was Corporate Director, Human Resources of The Hockey Company between 2000 until July 2002, and Director, Human Resources and Organizational Development for Kraft Canada from 1996 to 2000.

H. Greg Chamandy and Glenn J. Chamandy are brothers.

Officers and directors of the Corporation as a group own 111,950 Class A Subordinate Voting Shares, which represents 0.48% of the voting rights attached to all Class A Subordinate Voting Shares, and 6,094,000 Class B Multiple Voting Shares, which represents 100% of the Class B Multiple Voting Shares.

ITEM 9 — ADDITIONAL INFORMATION

A — Memorandum and Articles of Association

Our authorized share capital currently consists of an unlimited number of First Preferred Shares, issuable in series, an unlimited number of Second Preferred Shares, issuable in series (collectively, the "**Preferred Shares**"), an unlimited number of Class A Subordinate Voting Shares and an unlimited number of Class B Multiple Voting Shares, all of which are without par value. As of the date of this annual information form, only Class A Subordinate Voting Shares and Class B Multiple Voting Shares are issued and outstanding. The following is a summary of the material terms of our authorized share capital as set forth in the Articles of the Corporation. This summary is qualified in its entirety by reference to, and is subject to, the detailed provisions of the Articles, as amended, and the Trust Agreement.

On February 3, 2004, Gildan announced that H. Greg Chamandy and Glenn J. Chamandy, who control 100% of the voting rights attached to the Class B Multiple Voting Shares through their respective holding companies, had indicated to the Board of Directors their intention to convert their Class B Multiple Voting Shares into Class A Subordinate Voting Shares on a 1:1 basis.

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 Equity 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 Equity 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.

Equity Shares

Except as described herein, the Class A Subordinate Voting Shares and the Class B Multiple Voting Shares are equal in all respects and will be treated as if they were shares of one class only.

Rank

The Equity Shares rank junior to the First Preferred Shares and the Second Preferred Shares with respect to the payment of dividends, return of capital and distribution of assets in the event of the liquidation, dissolution or winding-up of Gildan.

Dividends

The holders of outstanding Equity Shares are entitled to receive dividends on a share-for-share basis out of assets legally available therefor at such times and in such amounts as the Board of Directors may from time to time determine without preference or distinction among or between the Class A Subordinate Voting Shares and the Class B Multiple Voting Shares.

Voting Rights

Except as set forth in the third succeeding paragraph, the Class A Subordinate Voting Shares carry one vote per share and the Class B Multiple Voting Shares carry eight votes per share. There is no cumulative voting. The holders of Class A Subordinate Voting Shares and the holders of Class B Multiple Voting Shares are entitled to receive notice of any meeting of our shareholders and to attend and vote at such meeting as a single class on all matters to be voted on by our shareholders, except for the election and the removal of directors as described below and as otherwise required by applicable law.

With respect to the election of directors, the Articles of the Corporation provide that the Board of Directors will consist of between five and fifteen members. The Board of Directors currently has eight members. For as long as any Class B Multiple Voting Shares are outstanding, at all shareholder meetings held after October 4, 1998 at which directors are elected, (a) two of the directors will be elected by the holders of the Class A Subordinate Voting Shares only, voting as a separate class and (b) the remaining directors will be elected by the holders of Class A Subordinate Voting Shares and Class B Multiple Voting Shares, voting together as a single class, with holders of Class A Subordinate Voting Shares having one vot e per share and holders of Class B Multiple Voting Shares having eight votes per share. Because of the voting rights attached to the Class B Multiple Voting Shares, holders of Class B Multiple Voting Shares may be able to elect all of the directors other than the two Class A Directors even when the number of outstanding Class B Multiple Voting Shares is a very small proportion of the number of Equity Shares outstanding. See “Item 4—Narrative Description of the Business—Risk Factors”.

Directors may be removed, with or without cause, only by the holders of the class or classes of Equity Shares that, as of the date such

removal is effected, would be entitled to elect such director at the next annual meeting of shareholders. Vacancies in a directorship may be filled only by (a) the remaining directors elected by holders of each class of Equity Shares that (1) elected such director and (2) as of the date such vacancy is filled, would be entitled to elect such director at the next annual meeting of shareholders or (b) if there are no such remaining directors, then by the vote of the holders of the class or classes of Equity Shares that, as of the date such vacancy is filled, would be entitled to elect such director at the next annual meeting of shareholders, voting as a special class at a meeting, special or otherwise, of the holders of Equity Shares of such class or classes.

The Articles provide that each Class A Subordinate Voting Share and each Class B Multiple Voting Share entitles its holder to one vote per share with respect to (a) shareholder approvals required (1) by section 189(3) of the *Canada Business Corporations* Act in respect of a sale, lease or exchange of all or substantially all of Gildan's property other than in the ordinary course of business as therein described, except to one of Gildan's wholly-owned subsidiaries, (2) by section 183 of the *Canada Business Corporations Act* in respect of an amalgamation of Gildan with one or more amalgamating companies, which are not one of Gildan's wholly-owned subsidiaries, (3) in connection with the liquidation, dissolution or winding-up of Gildan or (4) in connection with the issuance of Equity Shares as consideration for the acquisition of shares or assets of another company where such issuance requires shareholder approval in accordance with the rules of a stock exchange on which the Equity Shares are listed, and (b) any amendment to Gildan's Articles or By-Laws which alter, amend or repeal the provisions described in clause (a) above.

Conversion

The Class A Subordinate Voting Shares cannot be converted into any other class of shares. Each outstanding Class B Multiple Voting Share may at any time, at the option of the holder, be converted into one Class A Subordinate Voting Share and must be so converted upon a transfer other than a Permitted Transfer (as defined below). Each Class B Multiple Voting Share will automatically convert into one Class A Subordinate Voting Share in any of the following cases (each a "**Triggering Event**"):

(a) upon the death of the later to die of H. Greg Chamandy or Glenn J. Chamandy;

(b) at any time that neither H. Greg Chamandy nor Glenn J. Chamandy is Chief Executive Officer or Chief Operating Officer of Gildan;

(c) in the event that more than 40% of the Class B Multiple Voting Shares for the time being outstanding are converted into Class A Subordinate Voting Shares;

(d) in the event that more than 40% of the Class B Multiple Voting Shares for the time being outstanding (or such number of shares of a Holding Entity (as defined below) as would correspond to more than 40% of the Class B Multiple Voting Shares for the time being outstanding) are transferred, directly or indirectly, otherwise than in a Permitted Transfer (as defined below);

(e) in the event (a) of the death of either H. Greg Chamandy or Glenn J. Chamandy or (b) that either H. Greg Chamandy or Glenn J. Chamandy ceases to be Chief Executive Officer or Chief Operating Officer of Gildan, and that upon and from such event (1) the later to die of H. Greg Chamandy or Glenn J. Chamandy or (2) the later to cease to be Chief Executive Officer or Chief Operating Officer of Gildan of H. Greg Chamandy or Glenn J. Chamandy does not exercise, directly or indirectly, voting control over all of the shares of Holding Entities (as defined below), if any, and the Class B Multiple Voting Shares which, on the date of such occurrence, were beneficially owned by the deceased or retiring brother;

(f) in the event that the Board of Directors, in a directors' circular or otherwise, makes a recommendation to accept, or makes a statement to the effect that the directors are unable to make or are not making a recommendation to shareholders of Gildan with respect to a takeover bid on the Class A Subordinate Voting Shares; or

(g) in the event that any creditor holding a permitted security or permitted security interest over any Class B Multiple Voting Shares or any shares of a Holding Entity (as defined below) acquires, sells, causes to be sold or otherwise disposes of such shares and such action would have the effect contemplated at clause (d) above.

For purposes hereof, any transfer of shares of the Principal Shareholders or of a Permitted Transferee (as defined below), to the extent such entity then holds any Class B Multiple Voting Shares (a "**Holding Entity**"), shall be considered a transfer of Class B Multiple Voting Shares, with the necessary modifications.

Notwithstanding the foregoing, Class B Multiple Voting Shares and shares of Holding Entities, if any, may be transferred in the following circumstances (each, a "**Permitted Transfer**"):

(a) a transfer in favor of a Permitted Transferee;

(b) a transfer, directly or indirectly, between H. Greg Chamandy and Glenn J. Chamandy and from Edwin B. Tisch to one or both of H. Greg Chamandy and Glenn J. Chamandy of up to 40% of the Class B Multiple Voting Shares beneficially owned respectively by each of H. Greg Chamandy, Glenn J. Chamandy or Edwin B. Tisch or by each of their respective Holding Entity for the time being outstanding;

(c) upon the death of the first to die of H. Greg Chamandy or Glenn J. Chamandy, such shares as are then beneficially owned, directly or indirectly, by the deceased may be (1) sold to the survivor or his Holding Entity or (2) be transferred to the spouse or the living children of the deceased (either outright or by means of a spousal trust), by will or the law of succession, provided always that the survivor maintains full and complete voting control, whether directly or indirectly, over such shares;

(d) upon the first to retire of H. Greg Chamandy or Glenn J. Chamandy, such shares as are then beneficially owned by the retiring brother, directly or indirectly, may be sold to the other brother or his Holding Entity;

(e) upon the death or retirement of Edwin B. Tisch, such shares as are then beneficially owned by Edwin B. Tisch, directly or indirectly, may be sold to H. Greg Chamandy, Glenn J. Chamandy or to their respective Holding Entity or, to the extent one or the other of H. Greg Chamandy or Glenn J. Chamandy has passed away and transferred all of the shares of Holding Entities, if any, or all of Class B Multiple Voting Shares to his spouse or living children as contemplated at (c)(2) of this paragraph, the spouse or living children of such deceased person, provided always that the purchasers maintain, or, to the extent one or the other of H. Greg Chamandy or Glenn J. Chamandy has passed away, the survivor maintains full and complete voting control over such shares;

(f) in the case of a Permitted Transfer contemplated by (b), (c), (d) and (e) above, the purchaser may charge, pledge, hypothecate or otherwise encumber any Class B Multiple Voting Shares or shares of Holding Entities, if any, beneficially owned by him (including the shares acquired by him in such sale) in favor of a third party or of the seller of such shares to secure any indebtedness incurred for the purpose of financing, in whole or in part, such sale; and

(g) the granting by H. Greg Chamandy, Glenn J. Chamandy or Edwin B. Tisch of a security interest, by way of a pledge, hypothecation or otherwise, directly or indirectly, of up to 40% of the Class B Multiple Voting Shares beneficially owned respectively by each of H. Greg Chamandy, Glenn J. Chamandy or Edwin B. Tisch or their respective Holding Entity for the time being outstanding.

As used in this annual information form, the term " **Permitted Transferee**" refers only to the following:

(a) in the case of Class B Multiple Voting Shares or of shares of Holding Entities beneficially owned by H. Greg Chamandy, H. Greg Chamandy, corporations, limited or unlimited liability companies, partnerships or trusts controlled (within the meaning of the *Income Tax Act* (Canada)), directly or indirectly, by H. Greg Chamandy, provided the shares or other interest not held by H. Greg Chamandy are beneficially held by a person related (within the meaning of the *Income Tax Act* (Canada)) to H. Greg Chamandy;

(b) in the case of Class B Multiple Voting Shares or of shares of Holding Entities beneficially owned by Glenn J. Chamandy, Glenn J. Chamandy, corporations, limited or unlimited liability companies, partnerships or trusts controlled (within the meaning of the *Income Tax Act* (Canada)), directly or indirectly, by Glenn J. Chamandy, provided the shares or other interest not held by Glenn J. Chamandy are beneficially held by a person related (within the meaning of the *Income Tax Act* (Canada)) to Glenn J. Chamandy; and

(c) in the case of Class B Multiple Voting Shares or of shares of Holding Entities beneficially owned by Edwin B. Tisch, Edwin B. Tisch, corporations, limited or unlimited liability companies, partnerships or trusts controlled (within the meaning of the *Income Tax Act* (Canada)), directly or indirectly, by Edwin B. Tisch, provided the shares or other interest not held by Edwin B. Tisch are beneficially held by a person related (within the meaning of the *Income Tax Act* (Canada)) to Edwin B. Tisch and provided always that the current voting arrangements in connection with the Class B Multiple Voting Shares are maintained.

Subdivision or Consolidation

No subdivision or consolidation of the Class A Subordinate Voting Shares or the Class B Multiple Voting Shares may be carried out unless, at the same time, the Class A Subordinate Voting Shares or Class B Multiple Voting Shares, as the case may be, are subdivided or consolidated in the same manner and on the same basis.

No stock dividend may be declared and paid by Gildan on the Class B Multiple Voting Shares or the Class A Subordinate Voting Shares unless a stock dividend is declared and paid by Gildan on a pro rata basis on the Equity Shares. No Class B Multiple Voting Shares may be

issued in connection with a transaction unless the issuance is made by way of a distribution to all holders of Class A Subordinate Voting Shares of Gildan on a pro rata basis. In case of a stock split, consolidation or stock dividend, all share calculations provided for herein will be adjusted accordingly.

Additional Issuance of Class B Multiple Voting Shares

Gildan may not issue Class B Multiple Voting Shares without the prior approval of the holders of the Class A Subordinate Voting Shares. Approval must be given by a special resolution of the holders of the Class A Subordinate Voting Shares at a meeting of shareholders. However, approval is not required in connection with a subdivision or a stock dividend made on a pro rata basis as between the Class A Subordinate Voting Shares and the Class B Multiple Voting Shares as set forth in the paragraph above and as permitted under the Articles of the Corporation.

Liquidation Rights and Other Matters

The Equity Shares are not redeemable. Upon the liquidation, dissolution or winding-up of Gildan, the holders of Class B Multiple Voting Shares and Class A Subordinate Voting Shares are entitled to participate equally, share-for-share, in the remaining property and assets of Gildan available for distribution to the holders of Equity Shares.

As mentioned previously, our Articles authorize the issuance of an unlimited number of First Preferred Shares and Second Preferred Shares, which our Board of Directors may issue in one or more series and determine the conversion and other rights and preferences of any such series without any further action on the part of the shareholders. The issuance of Preferred Shares could be used to delay or prevent a change in control transaction by:

(a) discouraging an unsolicited acquisition proposal;

(b) discouraging a proxy contest;

(c) making more difficult the acquisition of a substantial block of Class A Subordinate Voting Shares; or

(d) limiting the price that investors might be willing to pay for Class A Subordinate Voting Shares.

B — Related Party Transactions

The following is a description of the material transactions (or proposed transactions) for the preceding three financial years between Gildan and related parties in which any director, officer or principal shareholder of Gildan, or any associates or affiliates thereof, has had or expects to have a material interest.

Purchase of Ville Saint-Laurent Facility

On December 1, 2000, the Corporation purchased the facility containing its executive offices and knitting operations in Ville Saint-Laurent (which now forms part of Montreal) from Harco at fair market value, namely $6.8 million, based on valuations provided to the independent members of the Board. The purchase price was satisfied by the assumption of the mortgage on the building, as well as the cancellation of indebtedness of Harco towards the Corporation. Prior to December 1, 2000, the Corporation leased that facility from Harco, and paid rent of approximately $123,656 in fiscal 2001 to Harco pursuant to this lease. The Corporation believes that the terms of this lease were no less favorable to the Corporation than could have been obtained if the lease had been entered into with an unaffiliated third party.

Registration Rights Agreement

The Principal Shareholders (as holders of Class B Multiple Voting Shares) and the Fund, the H. Greg Chamandy Family Trust, the Glenn J. Chamandy Family Trust, the Shirley Chamandy Family Trust and the Tisch Family Trust (as holders of Class A Subordinate Voting Shares) (collectively, the "**Holders**") are parties to a registration rights agreement with Gildan pursuant to which they each have the right, subject to certain conditions, to require us to register the Class A Subordinate Voting Shares or the Class B Multiple Voting Shares (upon their conversion to Class A Subordinate Voting Shares), as the case may be, held by them under the *United States Securities Act of 1933*, as amended (the "**Securities Act**"). Pursuant to the registration rights agreement, the Holders are granted an unlimited number of demand and piggy-back registration rights, except that no demand registration may be effected within one year after any other demand registration. We have agreed to pay all expenses incurred in connection with all piggy-back registrations and with the first five demand registrations, and will share expenses ratably with the Holders in connection with any additional demand registrations. The registration rights agreement provides for indemnities between us and the Holders for certain liabilities arising under the Securities Act.

C — Exchange Controls

There are currently no laws, decrees or regulations in Canada imposing restrictions on the import or export of capital or that affect remittances of dividends on our Class A Subordinate Voting Shares.

Except as provided in the *Investment Canada Act* (Canada) (the "**Investment Act**"), there are no limitations under the laws of Canada or in our constating documents with respect to the right of foreigners to hold and/or vote the Class A Subordinate Voting Shares.

The Investment Act requires a non-Canadian making an investment to acquire control, directly or indirectly, of a Canadian business, the

gross assets of which exceed certain defined threshold levels, to file an application for review with the Director of Investments, the federal government official responsible for the administration of the Investment Act. As a result of the Canada-United States Free Trade Agreement, the Investment Act was amended to provide distinct threshold levels for citizens of the United States who acquire control of a Canadian business. With the implementation of NAFTA, Mexico was accorded the same treatment as the United States and, in 1994, in implementing the agreements establishing the World Trade Organization, Canada extended the distinct threshold levels to investors from all members of the World Trade Organization.

A Canadian business is defined in the Investment Act as a business carried on in Canada that has a place of business in Canada, an individual or individuals in Canada who are employed or self-employed in connection with the business, and assets in Canada used in carrying on the business.

For the purpose of the Investment Act, direct acquisition of control means a purchase of a majority of the voting interests in a corporation, partnership, joint venture or trust carrying on a Canadian business, or any purchase of all or substantially all of the assets used in carrying on a Canadian business. An acquisition of less than one-third of the voting shares of a corporation is deemed not to be an acquisition of control. An acquisition of less than a majority, but of one-third or more of the voting shares of a corporation is presumed to be an acquisition of control, unless it can be established that the corporation is not in fact controlled by the acquirer through the ownership of voting shares. In the context of a corporation, three methods of acquirin g control of a Canadian business are basically regulated by the Investment Act: (i) the acquisition of all or substantially all of the assets used in carrying on a Canadian business; (ii) the acquisition, directly or indirectly, of voting shares of a Canadian corporation carrying on a Canadian business; or (iii) the acquisition of voting shares of an entity which controls, directly or indirectly, another entity carrying on a Canadian business.

A foreign investment will be reviewable under the Investment Act only if the value of the assets of the Canadian business being acquired is $5 million or more in the case of a “direct” acquisition (or where the Canadian assets acquired constitute more than 50% of the value of all entities acquired) or $50 million or more in the case of an “indirect” acquisition. When an investment is subject to review, it can only be implemented if found to be of net benefit to Canada.

These threshold levels, however, have been increased for the purposes of the acquisition of Canadian businesses by investors from countries which are members of the World Trade Organization, including citizens of the United States, or member-controlled companies. A direct acquisition by a World Trade Organization investor is reviewable only if it involves the direct acquisition of a Canadian business with assets of, in 2003, $223 million or more (this figure is adjusted annually to reflect inflation). Indirect acquisitions by World Trade Organization investors are not reviewable, regardless of the size of the Canadian business acquired, unless the Canadian assets acquired constitute more than 50% of the value of all entities acquired, in which case the $223 million threshold applies. The definition of a World Trade Organization investor applies to individuals, governments, World Trade Organization investor-controlled entities and companies. A foreign company will be World Trade Organization investor-controlled if the majority of its voting interests are ultimately owned by nationals of a country member of the World Trade Organization.

These increased thresholds do not apply to acquisitions of Canadian businesses engaged in certain sensitive areas such as uranium production, financial services, transportation services or cultural businesses (such as radio, television, cable and satellite services, and the publication, distribution or sale of books, newspapers, periodicals, films, music recordings or videos). Foreign investments in those sensitive areas are all subject to review and approval by Investment Canada under the Investment Act, regardless of the size of the investment.

However, even if the thresholds are not met and a transaction is not reviewable by the Director of Investments, a non-Canadian must still give notice to Investment Canada of the acquisition of a Canadian business within 30 days after its completion, for informational purposes.

D — Taxation

The following discussion is a summary of the material Canadian federal income tax consequences of the ownership and disposition of Class A Subordinate Voting Shares by U.S. Holders, as defined below. This summary takes into account the current provisions of the *Income Tax Act* (Canada) (the “**Tax Act**”), the regulations thereunder, all specific proposals to amend the Tax Act publicly announced prior to the date of this annual information form, the Convention between Canada and the United States with respect to taxes on income and on capital (the “**Convention**”) and the current published administrative practices and policies of Canada Customs and Revenue Agency. It assumes that all proposals to amend the Tax Act will be enacted in their present form and otherwise does not take into account or anticipate changes in the law, whether by way of judicial decision or legislative action nor does it take into account provincial, territorial or foreign tax legislation or considerations. This summary is generally applicable to a person who acquires the Class A Subordinate Voting Shares and who (i) throughout the period during which the purchaser owns the Class A Subordinate Voting Shares, is not resident in Canada for the purposes of the Tax Act and is a resident of the United States for the purposes of the Convention, (ii) holds the Class A Subordinate Voting Shares as capital property for the purposes of the Tax Act, and (iii) does not use or hold, and is not deemed for the purposes of the Tax Act to use or hold, such Class A Subordinate Voting Shares in, or in the course of, carrying on a business in Canada (a “**U.S. Holder**”). The Class A Subordinate Voting Shares will generally be considered to be capital property to a U.S. Holder unless either the U.S. Holder holds those shares in the course of carrying on a business or the U.S. Holder has acquired those shares in one or more transactions considered to be an adventure in the nature of trade.

The following discussion is intended to be a general description of the Canadian federal income tax considerations material to an investment in the Class A Subordinate Voting Shares and is not intended to be, nor should it be construed to be, legal or tax advice to any prospective investors, and no opinion or representation with respect to the income tax consequences to any such prospective investor is made. The discussion does not deal with all possible tax consequences relating to an investment in the Class A Subordinate Voting Shares and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities, insurance

companies and tax-exempt entities) may be subject to special rules. In particular, the discussion does not address the tax consequences under state, provincial, local and other national (e.g., non-United States, non-Canadian) tax laws. Accordingly, a holder of Class A Subordinate Voting Shares should consult its own tax advisors regarding the particular tax consequences to it of the holding of the Class A Subordinate Voting Shares.

Taxation of Dividends

Dividends paid or credited (or deemed to be paid or credited) by Gildan to a U.S. Holder that beneficially owns such dividends generally would be subject to Canadian withholding tax at the rate of (i) 15% of the gross amount of such dividends, or (ii) where the U.S. Holder is a company that owns at least 10% of our voting stock, 5% of the gross amount of such dividends. Such withholding tax would be withheld at source by Gildan on any such dividends paid or credited (or deemed to be paid or credited) to a U.S. Holder. We would assume responsibility to remit the amount withheld at source to the Canadian tax authorities.

A U.S. Holder, which is a trust company, organization or other arrangement generally exempt from income taxation in the United States in a given taxable year and operated exclusively either (i) to administer or provide pension, retirement or employee benefits or (ii) to earn income for the benefit of an organization referred to in (i) shall not be subject to Canadian withholding tax on dividends paid or credited (or deemed to be paid or credited) by us in such year unless such U.S. Holder is related to us or receives such dividends in the course of carrying on a trade or business.

Taxation of Sale or Other Disposition

A U.S. Holder will not be subject to tax under the Tax Act on any gain in respect of the disposition or deemed disposition of Class A Subordinate Voting Shares unless those Class A Subordinate Voting Shares constitute “taxable Canadian property” as defined in the Tax Act for such holder. The Class A Subordinate Voting Shares generally will not constitute taxable Canadian property to a U.S. Holder unless the U.S. Holder, persons with whom the U.S. Holder does not deal at arm’s length, or the U.S. Holder and such persons collectively own or have at any time within the five year period immediately prior to the disposition collectively owned, 25% or more of our issued shares of any class or series, including rights to acquire shares. Even if the Class A Subordinate Voting Shares are taxable Canadian property to a U.S. Holder, gains derived by a U.S. Holder from the disposition of Class A Subordinate Voting Shares will not be taxable in Canada under the Convention unless the value of the Class A Subordinate Voting Shares is derived principally from real property situated in Canada. We believe that the value of our Class A Subordinate Voting Shares is not currently derived principally from real property situated in Canada and we do not expect this to change in the foreseeable future.

Other Canadian Taxes

No other taxes on income or capital are payable by U.S. Holders in respect of the Class A Subordinate Voting Shares or the dividends thereon.

E — Other Sources of Additional Information

Additional information including directors’ and officers’ remuneration and indebtedness, principal holders of the Corporation’s securities, options to purchase securities and interests of insiders in material transactions, if applicable, is contained in the Circular, and additional financial information is provided in the Corporation’s comparative financial statements for its most recently completed financial year.

In addition, the following documents may be obtained, upon request, from the Secretary of Gildan:

(a) when the securities of Gildan are in the course of a distribution under a preliminary short form prospectus or a short form prospectus,

(i) one copy of the Annual Information Form of Gildan, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the Annual Information Form,

(ii) one copy of the comparative financial statements of Gildan for its most recently completed financial year for which financial statements have been filed together with the accompanying report of the auditor and one copy of the most recent interim financial statements of Gildan that have been filed, if any, for any period after the end of its most recently completed financial year,

(iii) one copy of Gildan’s management proxy circular in respect of its most recent annual meeting of shareholders that involved the election of directors, and

(iv) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under clauses (i), (ii) or (iii), or

(b) at any other time, one copy of any documents referred to in clauses (a)(i), (ii) and (iii).

We reserve the right to request a fee for the transmission of the information set forth above, except if the request is made by a shareholder of Gildan or during the course of a distribution of our securities by means of a prospectus. In such cases, the transmission of information will be made free of charge.

The documents mentioned above are available from the Secretary of Gildan at the following address:

725 Montée de Liesse
Montreal, Québec
H4T 1P5

Telephone: (514) 735-2023

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.

C. Disclosure Controls and Procedures

The Registrant's Chairman of the Board and Co-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-14(c) and 15d-14(c)) as of October 5, 2003, have concluded that, as of such date, the Registrant 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 were no significant changes in the Registrant's internal controls over financial reporting or in other factors that could significantly affect the Registrant's internal controls over financial reporting subsequent to the date of their evaluation, nor were there any significant deficiencies or material weaknesses in the Registrant's internal controls. As a result, no corrective actions were required or undertaken.

E. Audit Committee Financial Experts

The Registrant's board of directors has determined that it has at least two audit committee financial experts serving on its audit committee. Mr. Robert M. Baylis and Mr. Pierre Robitaille 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. Baylis and Mr. Robitaille as audit committee financial experts does not make Mr. Baylis and Mr. Robitaille "experts" for any purpose, impose any duties, obligations or liability on Mr. Baylis and Mr. Robitaille 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 ("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 2003. The aggregate fees billed for professional services by KPMG for each of the last two 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, the quarterly reviews of the financial statements and services provided in connection with statutory and regulatory filings or engagements were $557,400 for fiscal year ended October 5, 2003 and $490,114 for fiscal year ended September 29, 2002.

Audit-Related Fees — The aggregate audit-related fees billed by KPMG were $104,856 for fiscal 2003 and $74,581 for fiscal 2002. These services consisted of: an audit of the United Kingdom subsidiary, miscellaneous assurance services as well as technical accounting consultations.

Tax Fees — The aggregate tax fees billed by KPMG were $353,269 for fiscal 2003 and $184,280 for 2002. 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 planning and advisory services relating to domestic and international taxation (i.e., income tax, capital tax, Goods and Services Tax and Value added Tax, and customs and duties).

All Other Fees — The aggregate fees billed by KPMG for professional services rendered for products and services associated with a foreign currency hedging study were $88,000 for fiscal 2003 . There were no "Other Fees" in fiscal 2002.

All fees billed to the Registrant by KPMG in fiscal 2003 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 at the Registrant's Internet website, www.gildan.com.

H. Tabular Disclosure of Contractual Obligations

See page 30 of Exhibit 2.

I. 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 20, 2004

GILDAN ACTIVEWEAR INC.

By: /s/ Stéphane Lemay

Name: Stéphane Lemay
Title: Vice-President, Public and Legal Affairs

EXHIBIT INDEX

Exhibit No.	Description
1	Management's Discussion and Analysis of the Registrant for the year ended October 5, 2003
2	Audited comparative consolidated financial statements of the Registrant as at and for the year ended October 5, 2003
3	Consent of KPMG LLP
4	Officers' Certifications Required by Rule 13a-14(a) or Rule 15d- 14(a)
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

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EXHIBIT 1

look to Gildan
for strong results

MD&A - MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information below should be read in conjunction with the Consolidated Financial Statements and Auditors' Report included in this Annual Report. The Company's Consolidated Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The effect of significant differences between Canadian and U.S. GAAP has been disclosed in Note 15 to the consolidated financial statements. All amounts in this report are in Canadian dollars, unless otherwise stated. Gildan'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.

Gildan is a vertically integrated manufacturer and marketer of premium quality branded basic activewear for sale principally in the wholesale imprinted activewear segment of the Canadian, U.S., European and other international markets.

The Company's product lines include T-shirts, sport shirts and sweatshirts in both 100% cotton and 50% cotton/50% polyester blends and in a variety of weights, sizes, colours and styles. The Company sells its products as blanks, which are ultimately decorated with designs and logos for sale to consumers.

Gildan is focused on constantly reinforcing its positioning as the most cost-efficient producer of premium quality activewear in the industry.

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

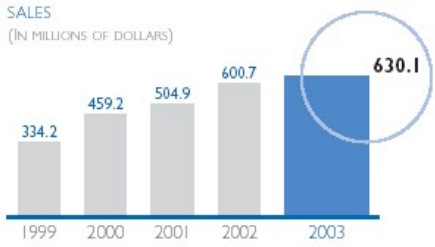
RESULTS OF OPERATIONS

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.

SALES

Sales for fiscal 2003 reached $630.1 million, up 4.9% from $600.7 million during fiscal 2002. Unit sales increased 16.5% during the year from 19.4 to 22.6 million dozen. The increase in unit sales was largely offset by lower average selling prices and the impact of the devaluation of the U.S. dollar.

U.S. industry[1] unit shipments of T-shirts and sweartshirts from distributors to screen-printers increased by 9.3% and 4.5% respectively for the first nine months of the calendar year, a significant increase from last year's growth of 0.4% and 0.3% respectively. The sport shirt category, which continues to show weakness due to lower corporate promotional budgets, declined 12.1% for the first nine months of the calendar year.





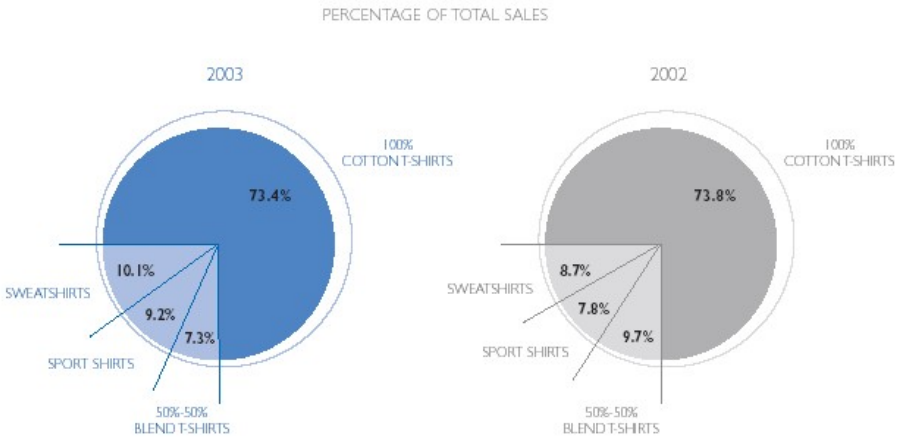
[1] Source for all U.S. market share data for nine months ended September 30, 2003: S.T.A.R.S. Report, ACNielsen Market Decisions.

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look to Gildan MD&A

Unit sales of Gildan T-shirts by U.S. distributors grew by 13.4%,while sales of Gildan sport shirts and sweatshirts grew 23.1% and 38.9% respectively. This strong growth was due to increased market share penetration. The Company maintained its strong market leadership position in the overall T-shirt category in the United States, with a market share of 28.9%, versus 28.1% a year ago. Gildan continued to achieve significant penetration in the sport shirt and sweatshirt categories, where its market share increased to 19.7% from 14.1% and 13.9% from 10.8% respectively from last year.

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 sport shirt and sweatshirt categories now comprise 19.3% of total sales compared to 16.5% during fiscal 2002. Favourable product mix partially offset unit selling price reductions, which resulted in a decline in the Company's overall average selling price.

GROSS MARGINS

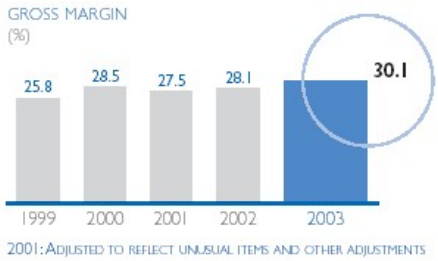
Gross margins for fiscal 2003 were $189.8 million or 30.1% of sales, compared to $168.7 million or 28.1% of sales during fiscal 2002. The increase in gross margin percentage was due to the impact of manufacturing efficiencies generated through recent capital investments, together with lower raw material costs and a more favourable product mix.

These factors were largely offset by lower selling prices as the Company continued to pursue its strategy of driving greater market share by generating manufacturing efficiencies and largely passing on the benefits to customers in the form of reduced selling prices.

During fiscal 2002, the Company successfully commenced operations of a world-class, greenfield integrated knitting, dyeing, bleaching and cutting facility in

Rio Nance, Honduras. The annualized capacity of this facility increased from 5 million dozen T-shirts per year at the end of fiscal 2002 to over 10 million dozen at the end of fiscal 2003. It will be further expanded in fiscal 2004 to a total annualized capacity of 16 to 18 million dozen. This facility is expected to satisfy capacity requirements to support projected growth through the end of fiscal 2005.

Manufacturing costs were also reduced in part through vertical integration into yarn spinning. In fiscal 2002, the Company acquired its second yarn-spinning facility in Montreal. Together with the facility in Long Sault, Ontario, which was acquired in fiscal 2001 and subsequently expanded and upgraded with the latest generation of yarn-spinning technology, these facilities provided the Canadian textile operations with virtually all of their commodity yarn requirements during fiscal 2003.



SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were $71.2 million or 11.3% of sales during fiscal 2003, compared to $63.9 million or 10.6% of sales during fiscal 2002. The most significant increases were related to director and officer insurance premiums, increases in account receivable reserves, consulting fees and travel expenses due to the growth of our offshore operations. The Company expects that for fiscal 2004 selling, general and administrative expenses will be at a similar level as a percentage of sales as fiscal 2003.



DEPRECIATION AND INTEREST EXPENSES

Depreciation and amortization expense was $23.6 million in fiscal 2003, compared to $17.6 million in fiscal 2002. The increase in depreciation expense in fiscal 2003 was the result of our significant investment in our Rio Nance textile facility and yarn spinning facilities in fiscal 2002. These facilities operated during all of fiscal 2003 as compared to only a portion of fiscal 2002.

Interest expense was $9.5 million during fiscal 2003, down significantly from the $13.3 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.

INCOME TAXES

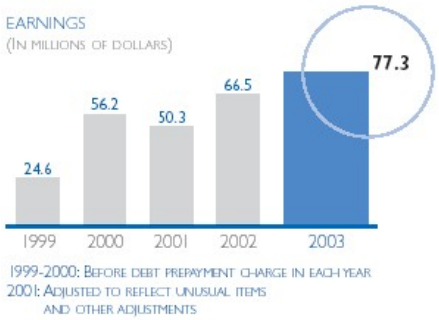
The Company's international sales structure international sales subject to tax at relatively low levels. The was 9.7% compared to 9.9% in fiscal 2002. The rate decline in fiscal 2003 was not as significant as expected due to the devaluation of the U.S. dollar during the year, which generated an unrealized foreign exchange gain from the revaluation of long-term debt denominated in U.S. dollars within the Company's Canadian legal entity. Although this gain was fully offset on a pre-tax basis by an exchange loss on conversion of U.S. denominated working capital held by foreign subsidiaries, a higher proportion of overall income taxes were reflected at the higher Canadian tax rate for the year.

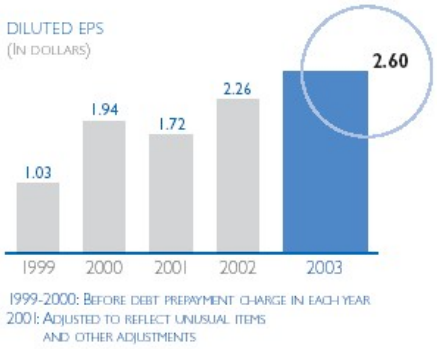
The Company expects that the effective tax rate will continue to decline in fiscal 2004 if the value of the U.S. dollar stabilizes, as sales continue to grow in our international division and are increasingly sourced from our Honduras textile facility.

EARNINGS

Net earnings for fiscal 2003 were $77.3 million or $2.60 per diluted share, compared to $66.5 million, or $2.26 per diluted share in fiscal 2002, up respectively 16.2% and 15.0%. 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 in the Company's results for fiscal 2003. The positive impact of these factors was largely offset by lower selling prices, the negative impact of the weak U.S. dollar and higher depreciation subsequent to the Company's major capital investment project. In U.S. dollars[2], net earnings for fiscal 2003 amounted to US$53.2 million, or US$1.79 per diluted share, up respectively 25.5% and 23.4% from fiscal 2002.

During fiscal 2003,the Company adopted the CICA's new standard for the accounting of stock options on a prospective basis. The Company has calculated the pro-forma impact of the fair value of stock options granted on earnings for the year ended October 5, 2003 to be approximately $0.3 million, or $0.01 per diluted share.





QUARTERLY RESULTS

The following table sets forth certain summarized unaudited quarterly financial and other data for the periods presented. The financial data has been derived from 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.

[2] *The U.S. dollar net earnings and earnings per share are based on the Canadian GAAP results converted at the average exchange rates for the respective periods.*

FISCAL 2003

(in millions, except per share data)	1ST QTR.	2ND QTR.	3RD QTR.	4TH QTR.
SALES	$ 102.3	$ 173.1	$ 204.0	$ 150.7
UNIT SALES (DOZEN)	3.3	6.1	7.4	5.8
NET EARNINGS	$ 5.8	$ 20.4	$ 31.3	$ 19.8
BASIC EPS	$ 0.20	$ 0.70	$ 1.06	$ 0.67
DILUTED EPS	$ 0.20	$ 0.69	$ 1.05	$ 0.66
WEIGHTED AVERAGE # OF SHARES OUTSTANDING (in thousands)				
- BASIC	28,945	29,160	29,373	29,478
- DILUTED	29,600	29,715	29,768	29,808

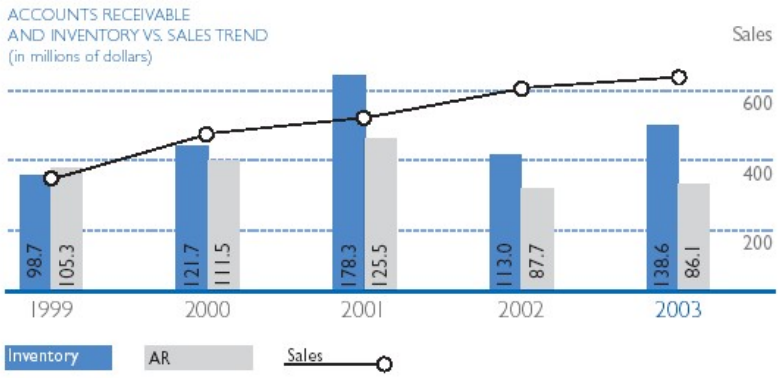
FISCAL 2002

(in millions, except per share data)	1ST QTR.	2ND QTR.	3RD QTR.	4TH QTR.
SALES	$ 88.4	$ 156.7	$ 195.7	$ 159.9
UNIT SALES (DOZEN)	2.7	5.0	6.4	5.3
NET EARNINGS	$ 2.8	$ 16.4	$ 27.7	$ 19.6
BASIC EPS	$ 0.10	$ 0.58	$ 0.97	$ 0.68
DILUTED EPS	$ 0.10	$ 0.56	$ 0.94	$ 0.66

WEIGHTED AVERAGE # OF SHARES OUTSTANDING (in thousands)				
- BASIC	28,208	28,381	28,570	28,807
- DILUTED	29,098	29,298	29,510	29,540

BALANCE SHEET

On October 5, 2003, the Company's accounts receivable were $86.1 million compared to $87.7 million at the end of fiscal 2002. The reduction was due to a decrease in days sales outstanding on net trade receivables from 44 days to 42 days. In U.S. dollars, accounts receivable increased in line with sales growth, but on a Canadian dollar basis this increase was more than offset by the effect of the devaluation of the U.S. dollar. Inventory levels increased by $25.6 million to $138.6 million on October 5, 2003, from $113.0 million at the end of fiscal 2002. The increase was mainly due to an additional 1.1 million dozen of finished goods in ending inventory. This increase in finished goods will be utilized to support expected sales growth. The Company expects to have sufficient inventory and manufacturing capacity to support its projected sales growth for fiscal 2004.

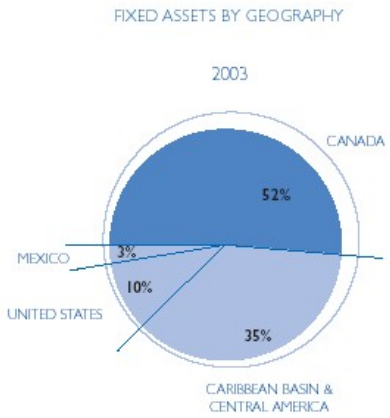


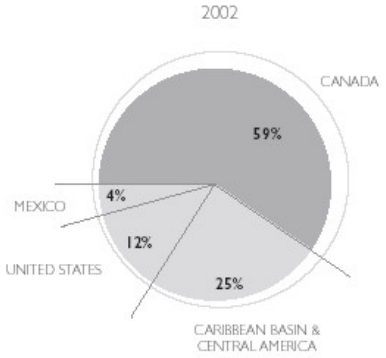
look to Gildan 30 MD&A

Net capital expenditures for fiscal 2003 were $58.6 million. These investments allowed the Company to add new low-cost knitting, dyeing, bleaching, cutting and finishing capacity. During fiscal 2003, the scope of the Rio Nance textile facility was expanded to increase its maximum production capacity and to allow for a higher proportion of colours. The Company also completed the modernization of both the Long Sault and Montreal spinning facilities, and continued to expand its integrated sewing operations.

During fiscal 2002, the Company invested $65.8 million in fixed assets net of disposals. The Company expanded and modernized the Long Sault spinning facility purchased in fiscal 2001. A second yarn-spinning facility was also purchased in Montreal in fiscal 2002. The Company also began its major investment in its integrated textile facility in Rio Nance, Honduras.

Total assets were $575.4 million on October 5, 2003, compared to $496.6 million at the end of the previous year. Working capital was $207.6 million compared to $188.8 million on September 29, 2002. The current ratio at October 5, 2003 was 2.7:1 compared to 3.1:1 at the end of fiscal 2002.





FINANCING AND CASH RESOURCES

Cash flow from operating activities for the year ended October 5, 2003 was $90.1 million, compared to $178.1 million the previous year. Free cash flow [3] amounted to $31.5 million in fiscal 2003 compared to $110.9 million in fiscal 2002. The cash flow and free cash flow generated in fiscal 2002 reflected a significant improvement in days sales outstanding and inventory turnover from a high base in 2001. The Company ended fiscal 2003 with cash and cash equivalents of $92.9 million.

Long-term debt on October 5, 2003 amounted to $98.5 million compared to $121.1 million at the end of the previous fiscal year. At the end of both fiscal 2002 and fiscal 2003, none of the Company's $150.0 million revolving bank facility was utilized and the net debt[4] to total capitalization ratio was 0.02:1 at the end of fiscal 2003 compared to 0.16:1 at the end of fiscal 2002. The Company expects to continue to have a strong capital position in fiscal 2004 and to have excellent liquidity to start repaying its U.S. senior notes in June 2004.

In the past, the Company has not paid a dividend in order to conserve cash to finance its ongoing growth and expansion. The Company has determined that it will continue to conserve its cash in fiscal 2004 but will re-evaluate the merits of introducing a dividend at the end of the fiscal year.

The Company obtained approval from the Toronto Stock Exchange to make a normal course issuer bid in order to repurchase a maximum of 200,000 Class A Subordinate voting shares in the open market commencing December 20, 2002 and ending December 19, 2003.This represents less than 1% of the total Class A shares issued and outstanding. As at October 5, 2003, no shares had been repurchased under this plan. The Company has renewed, subject to regulatory approval, the normal course issuer bid in order to repurchase a maximum of 200,000 Class A Subordinate voting shares during the period from December 22, 2003 to December 21, 2004.

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 for the following items as at October 5, 2003:

		PAYMENTS DUE BY PERIOD			
(in millions)	TOTAL	LESS THAN 1 YEAR	1 - 3 YEARS	4 - 5 YEARS	AFTER 5 YEARS
LONG TERM DEBT	$ 96.6	$ 24.2	$ 48.3	$ 24.1	$ —
CAPITAL LEASE OBLIGATIONS	2.0	2.0	—	—	—
OPERATING LEASES	19.8	5.3	7.7	3.5	3.3
PURCHASE OBLIGATIONS	141.5	141.5	—	—	—
OTHER LONG TERM OBLIGATIONS	2.3	2.3	—	—	—
TOTAL CONTRACTUAL OBLIGATIONS	$ 262.2	$ 175.3	$ 56.0	$ 27.6	$ 3.3

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 any foreseeable cash needs for fiscal 2004.

[3] Cash flow from operating activities less cash used in investing activities.

[4] Total long-term debt less cash and cash equivalents.

OUTLOOK

The Company has historically measured and presented its financial statements in Canadian dollars in accordance with Canadian GAAP. Effective October 6, 2003, the commencement of fiscal 2004, the Company adopted the U.S. dollar as its functional currency. A significant portion of revenues, expenses, assets and liabilities are denominated in U.S. dollars and the Company's marketing and manufacturing operations are increasingly international in scope. Effective the same date, the U.S. dollar was adopted as the Company's reporting currency. The Company will continue to report its results in accordance with Canadian GAAP. Historical financial information in U.S. dollars has been provided in the Investor Relations section of the Company's Web site, which can be accessed at www.gildan.com.

As a result of adopting the U.S.dollar as its functional currency, both Canadian and U.S. GAAP require all opening assets and liabilities to be translated into U.S. dollars at the exchange rate prevailing at the time of giving effect to the change in functional currency. Using the October 6, 2003 exchange rate, the translated value of opening inventories and fixed assets is approximately US$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. Accordingly, a one-time currency gain of US$23 million resulting from the upward revaluation of inventories and fixed assets has been reflected directly in the balance sheet as part of a separate component of shareholders'equity. The increase of these opening values will have a corresponding offsetting negative impact on future earnings as these inventories are consumed, and fixed assets are depreciated. The upward revaluation of opening inventori es will result in lower gross margins in the first half of fiscal 2004 only, as they are consumed in cost of sales, with an adverse effect on diluted EPS in the first and second quarters of US$0.06 and US$0.04 respectively. Also, the significant increase in values for opening fixed assets in U.S. dollars will result in higher annual depreciation expense on an ongoing basis. In fiscal 2004, depreciation will be increased by US$1.8 million after tax, or US$0.06 per share. The combined impact of these factors will be to reduce diluted EPS in fiscal 2004 by approximately US$0.16 per share.

The Company is projecting a diluted EPS range of US$2.25 - $2.30 for fiscal 2004, up 25.7% - 28.5% from fiscal 2003, before reflecting the estimated US$0.16 per share impact as a result of revaluing inventories and fixed assets. After taking account of the accounting changes resulting from the transition to U.S. functional currency, the Company expects to report diluted EPS for fiscal 2004 of US$2.10 - $2.15, up 17.3% - 20.1% from fiscal 2003. These projections include the assumption of a 15% increase in unit sales together with a slight increase in selling prices in fiscal 2004 over fiscal 2003, to reflect partial pass-through of higher cotton costs.

Capital expenditures are projected to be approximately US$60 million in fiscal 2004. The major projects include the expansion of the Rio Nance textile facility, the addition of a new sewing facility in Nicaragua and the construction of a new textile facility in the Dominican Republic to be operational in fiscal 2005. Sewing facilities in Haiti and the Dominican Republic are expected to support the new textile production for the Dominican Republic.

The new capacity in the Dominican Republic/Haiti and Honduras/Nicaragua is expected to be utilized primarily to support the Company's projected continuing sales growth in its existing products and market channels, as well as to rationalize and streamline its overall production capacity. Offshore facilities will focus on high-volume, longer-run product lines and Canadian textile facilities will focus on lower-volume, more specialized product lines. Other incremental growth opportunities include the penetration of new geographical markets and further development of the Company's private label programs for imprinted sportswear brands. The new investments are expected to result in a significant further reduction in manufacturing costs over the next 5 years.

As the Company continues to bring on new capacity subsequent to the first Dominican Republic facility, it believes that the extension of its wholesale brand into retail will represent the most attractive long-term strategy to leverage its existing manufacturing strengths and core competencies, ensure its continuing long-term growth and strategic development, and ultimately create maximum value for its shareholders. The Company's positioning as the leading brand in the wholesale channel results in a growing consumer awareness of the Company's product lines and product quality, providing a strong foundation on which to build a recognized consumer brand through the retail channel. Over the next 5 years, the Company plans to manage its initial entry into retail markets in a conservative and gradual manner with its available capacity, and build a solid base from which to drive significant long-term penetration. The Company will r efine its detailed marketing plan for retail during fiscal 2004 and begin to penetrate the retail market for activewear in fiscal 2005.

CRITICAL ACCOUNTING POLICIES

Several of our accounting policies involve significant judgments and uncertainties. The policies with the greatest potential effect on our results of operations and financial position include the estimate of collectability of accounts receivable and the recovery value of obsolete or overstocked inventory. For accounts receivable,we estimate the net collectability, considering both historical and anticipated trends of trade deductions and returns taken by our customers, allowances we provide to our customers to flow goods through the distributor channel, and the possibility of non-collection due to the financial position of our customers. The Company regularly monitors credit risk exposure of its customers and takes steps to mitigate the risk of loss, including obtaining credit insurance. For inventory, we estimate the amount of goods that we will not be able to sell in the normal course of business and write down the value of these goods to the recovery value expected to be realized. If we incorrectly anticipate these trends or unexpected events occur, our results of operations could be materially affected.

RECENT ACCOUNTING PRONOUNCEMENTS

Stock-Based Compensation and Other Stock-Based Payments

Starting fiscal 2004, the Company will adopt the fair value based approach of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3870, "Stock-Based Compensation and Other Stock-Based Payments". Under the fair value based approach, the fair value at the grant date of stock options is estimated using the Black-Scholes option pricing model and the compensation expense is recognized over the stock option vesting period.

Hedging Relationships

In December 2001, the CICA issued Accounting Guideline 13 ("AcG-13"), "Hedging Relationships". The guideline establishes requirements for the identification, documentation, designation and effectiveness of hedging relationships, which would have been effective for fiscal years beginning on or after July 1, 2002. During 2002, the implementation date was delayed and is now effective for the Company in fiscal 2004. The Company does not expect AcG-13 to have an initial material impact on its financial statements.

Impairment of Long-Lived Assets

In December 2002, the CICA issued Handbook Section 3063, "Impairment of Long-Lived Assets". Section 3063 provides accounting guidance for the determination of a long-lived asset impairment as well as recognition, measurement and disclosure of the impairment. This section will be effective for the Company's 2004 fiscal year. The Company does not expect Section 3063 to have an initial impact on its financial statements.

Asset Retirement Obligations

In March 2003, the CICA issued Handbook Section 3110, "Asset Retirement Obligations". This section requires that the fair value of an asset retirement obligation be recorded as a liability only when there is a legal obligation associated with a removal activity. This section is effective for the Company's 2004 fiscal year. The Company does not expect this section to have an initial material impact on its financial statements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

For a complete discussion of the risks and significant assumptions used in determining the fair value of the Company's financial instruments, please refer to

Note 13 of our consolidated financial statements.

BUSINESS RISKS

The Company is subject to a variety of business risks. These include changes in international trade and tax legislation, changes in raw material prices, and shifts in consumer demand, as well as currency fluctuations. Some of these risks are described below.

International trade legislation risk 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 during the last ten years. The ultimate effect of the changes in quotas, duties and tariffs on our business is uncertain.

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 from exporting countries by 2005. This could result in increased competition from developing countries, which historically have lower labour costs than in North America. This agreement only applies to countries that are members of the World Trade Organization.The Company feels it is well positioned against such competition because it has developed cost-efficient manufacturing capability by investing in state-of-the-art facilities in Central America and the Caribbean Basin.

The United States enacted the *Trade and Development Act of 2000* . This legislation provides for duty relief for goods entering the United States which have been sewn in certain Caribbean Basin and Sub-Saharan nations, provided that such goods are made from U.S. formed fabric or regional formed fabric using U.S. spun yarn.

The Company's manufacturing plan is designed to position Gildan to take advantage of international trade liberalization as outlined above.

Taxation risk 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.

Price of materials risk The price of raw materials, especially cotton, has fluctuated substantially during the past several years due to price volatility in the cotton market. Because we enter into future contracts for our cotton requirements we may not be able to benefit from price decreases but the Company is 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 may not be protected against price increases, but would benefit from any price decreases. We have entered into future contracts to cover the price of our anticipated cotton requirements for the 2004 fiscal year, at prices which are well below market levels at the fiscal 2003 year end.

Foreign currency fluctuations risk The Company operates as an international business and its financial results are exposed to the effects of changes in financial markets and economic conditions. Effective at the beginning of fiscal 2004, the functional and reporting currency is the U.S. dollar. A relatively small proportion of revenues and expenses are denominated in currencies other than the U.S. dollar, including the Canadian dollar, and consequently the Company's exposure due to the effects of movements in relevant U.S. dollar exchange rates will be minimized.

A detailed discussion on potential business risks is included in the risk factors section of the Annual Information Form filed by the Company with the various Canadian securities commissions and the annual report on Form 40-F filed with the U.S. Securities and Exchange Commission, which are hereby incorporated by reference.

DISCLOSURE OF OUTSTANDING SHARE DATA

As of November 30, 2003 there were 23,427,335 Class A subordinate shares and 6,094,000 Class B multiple voting shares issued and outstanding along with 837,309 options outstanding.

Year ended September 29, 2002, compared with year ended September 30, 2001

BASIS OF COMPARISON

In order to obtain a better understanding of our performance in fiscal 2002, the Company believes that the basis of comparison with fiscal 2001 should reflect a number of unusual items and other adjustments, which totaled $49.5 million net of tax in fiscal 2001. These adjustments were detailed in the management discussion and analysis for fiscal 2001, and directly affected a number of items in our financial statements including gross margins, selling, general and administration, depreciation and amortization expenses. Accordingly, in our discussion we refer to comparisons, which incorporate the following adjustments for fiscal 2001:

FISCAL 2001

(in thousands, except per share data)		AUDITED		PRO FORMA
GROSS MARGIN	$	106,300	$	139,767
GROSS MARGIN %		21.1%		27.5%
SG&A	$	76,075	$	53,888
DEPRECIATION AND AMORTIZATION	$	16,209	$	15,430
NET INCOME	$	816	$	50,328
DILUTED EPS	$	0.03	$	1.72

Sales for fiscal 2002 increased by 19.0%, to $600.7 million, compared with $504.9 million in fiscal 2001, due to further expansion in existing markets in North America and in Europe. During fiscal 2002, the Company continued to maintain its No.1 market share position in the 100% cotton T-shirt segment in the United States that it established in the second quarter of fiscal 2001. Gross margins increased slightly during the period to 28.1% of sales, compared to 27.5% in fiscal 2001, mostly due to the impact of lower cotton prices, increases in manufacturing efficiencies and a favourable product mix which more than offset lower selling prices. Selling, general and administrative expenses remained relatively stable as a percentage of sales, coming in at 10.6% compared to 10.7% in fiscal 2001. Net earnings in fiscal 2002 were $66.5 million, or $2.26 per diluted share, compared to $50.3 million or $1.72 per diluted share in fiscal 2001. The i ncrease was due to the 19.0% growth in sales at higher gross margins, which was partially offset by an increase in depreciation expense.

FORWARD LOOKING STATEMENTS

Certain statements included in this management discussion and analysis may constitute “forward looking statements” within the meaning of the *U.S. Private Securities Litigation Reform Act* of 1995. We refer you to the Company’s filings with the Canadian securities regulatory authorities and the U.S. Securities 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.

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look to Gildan 35 accurate reporting

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for accurate financial reporting

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 appropriate, 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 generally accepted auditing standards.Their report outlines the nature of their audit and expresses their opinion on the consolidated financial statements of the Company.



H. GREG CHAMANDY
Chairman of the Board
and Chief Executive Officer
November 24, 2003

LAURENCE G. SELLYN
Executive Vice-President, Finance
and Chief Financial Officer

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Gildan Activewear Inc. as at October 5, 2003 and September 29, 2002, and the consolidated statements of earnings, retained earnings and cash flows for the years ended October 5, 2003, September 29, 2002 and September 30, 2001.

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 and United States 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 5, 2003 and September 29, 2002 and the results of its operations and its cash flows for the years ended October 5, 2003, September 29, 2002 and September 30, 2001 in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Montréal, Canada

November 24, 2003

EXHIBIT 2

look to Gildan's consolidated financial statements

Consolidated Balance Sheets

October 5, 2003, and September 29, 2002
(In Canadian dollars)

	2003	2002
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 92,860,064	$ 70,905,497
Accounts receivable	86,056,754	87,746,113
Inventories	138,611,100	112,970,468
Prepaid expenses and deposits	5,154,822	3,656,987
Future income taxes (note 9)	6,270,000	5,028,000
	328,952,740	280,307,065
FIXED ASSETS (NOTE 2)	241,523,893	209,247,348
OTHER ASSETS (NOTE 3)	4,928,518	7,084,926
	$575,405,151	$496,639,339
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 90,098,348	$ 82,167,747
Income taxes payable	5,234,699	3,063,050
Current portion of long-term debt (note 4)	26,089,454	6,249,039
	121,422,501	91,479,836

LONG-TERM DEBT (NOTE 4)	72,420,923	114,866,404
FUTURE INCOME TAXES (NOTE 9)	27,743,000	20,385,000
SHAREHOLDERS' EQUITY:		
Share capital (note 5)	111,563,663	104,924,975
Contributed surplus	322,866	322,866
Retained earnings	241,932,198	164,660,258
	353,818,727	269,908,099
COMMITMENTS AND CONTINGENT LIABILITIES (NOTE 7)		
	$575,405,151	$496,639,339

See accompanying notes to consolidated financial statements.

On behalf of the Board:



Consolidated Statement of Earnings

Years ended October 5, 2003, September 29, 2002 and September 30, 2001
(In Canadian dollars)

	2003	2002	2001
SALES	$630,139,018	$600,660,380	$ 504,867,353
COST OF SALES (NOTE 10)	440,293,451	431,996,459	398,566,740
GROSS PROFIT	189,845,567	168,663,921	106,300,613
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (NOTE 10)	71,153,448	63,926,673	76,074,745
EARNINGS BEFORE THE UNDERNOTED ITEMS	118,692,119	104,737,248	30,225,868
DEPRECIATION AND AMORTIZATION (NOTE 10)	23,614,704	17,591,885	16,208,560
INTEREST	9,463,475	13,341,823	13,628,350
	33,078,179	30,933,708	29,836,910
EARNINGS BEFORE INCOME TAXES	85,613,940	73,803,540	388,958
INCOME TAXES (RECOVERY) (NOTE 9)	8,342,000	7,312,000	(427,000)
NET EARNINGS	$ 77,271,940	$ 66,491,540	$ 815,958
EARNINGS PER SHARE (NOTE 11):			
Basic	$ 2.64	$ 2.33	$ 0.03
Diluted	2.60	2.26	0.03

See accompanying notes to consolidated financial statements.

Consolidated Statement of Retained Earnings

Years ended October 5, 2003, September 29, 2002 and September 30, 2001
(In Canadian dollars)

	2003	2002	2001
RETAINED EARNINGS, BEGINNING OF YEAR	$ 164,660,258	$ 98,168,718	$ 97,352,760
NET EARNINGS	77,271,940	66,491,540	815,958
RETAINED EARNINGS, END OF YEAR	$ 241,932,198	$ 164,660,258	$ 98,168,718

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Years ended October 5, 2003, September 29, 2002 and September 30, 2001
(In Canadian dollars)

	2003	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings	$ 77,271,940	$ 66,491,540	$ 815,958
Adjustments for:			
Depreciation and amortization	23,614,704	17,591,885	16,208,560
Future income taxes	6,116,000	5,013,000	(268,000)
Loss on disposal of fixed assets	321,043	949,092	7,534
Foreign exchange (gain) loss	(44,279)	3,443,038	(416,640)
Net changes in non-cash working capital balances:			
Accounts receivable	(11,222,582)	38,170,839	(13,129,676)
Inventories	(25,640,632)	65,380,407	(56,636,049)
Prepaid expenses and deposits	(1,648,912)	599,018	(225,444)
Accounts payable and accrued liabilities	19,072,679	(21,026,308)	39,545,292
Income taxes payable	2,294,728	1,488,272	1,755,409
	90,134,689	178,100,783	(12,343,056)
CASH FLOWS FROM FINANCING ACTIVITIES:			
(Decrease) increase in revolving bank loan	—	(35,083,026)	35,083,026
Repayment of capital leases	(5,007,368)	(5,119,718)	(5,164,290)
Increase in other long-term debt	390,422	2,974,000	—
Repayment of other long-term debt	(1,411,227)	(6,433,817)	(2,209,780)
Proceeds from the issuance of shares	6,638,688	4,563,338	986,726
Increase in deferred financing charges	(40,521)	(1,086,020)	(405,514)
	569,994	(40,185,243)	28,290,168
CASH FLOWS FROM INVESTING ACTIVITIES:			

Purchase of fixed assets, net of disposals	(58,576,710)	(65,764,900)	(49,149,541)
Decrease (increase) in other assets	6,178	(1,395,301)	(133,199)
	(58,570,532)	(67,160,201)	(49,282,740)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(10,179,584)	150,158	(156,753)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR	21,954,567	70,905,497	(33,492,381)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	70,905,497	—	33,492,381
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 92,860,064	$ 70,905,497	$ —
Supplemental disclosure of cash flow information (note 12 (b))			

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years ended October 5, 2003, September 29, 2002 and September 30, 2001
(In Canadian 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 2003, 2002 and 2001 represent the fiscal years ended October 5, 2003, September 29, 2002 and September 30, 2001. 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.

1. SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements are expressed in Canadian 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 15. The principal accounting policies of the Company are summarized as follows:

(a) Principles of consolidation:
The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries.All significant inter-company 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%

(e) Deferred charges:

The costs of obtaining long-term financing are deferred and amortized on a straight-line basis over the term of the related debt, ranging over a period of 3 to 7 years. Plant start-up costs are deferred and amortized over 2 years. The amortization of these charges is included in depreciation and amortization.

(f) 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. Actual results could differ from those estimates.

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1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(g) Foreign exchange:

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange at the balance sheet date. Other balance sheet items denominated in foreign currencies are translated at the rates prevailing at the respective transaction dates. Income and expenses denominated in foreign currencies 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.

As a result of a significant portion of revenues, expenses and assets and liabilities being denominated in U.S. dollars and the increasing international focus of the Company's operations, the U.S. dollar will become the currency of measurement and the reporting currency effective October 6, 2003, the commencement of our 2004 fiscal year.

(h) 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.

(i) Financial instruments:

The Company may periodically use derivative financial instruments, such as forward foreign exchange contracts and cross-currency swap and cross-currency interest rate swap arrangements 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 twelve months.

Gains and losses on forward foreign exchange contracts are recognized through income and generally 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.

(j) 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.

(k) Stock-based compensation plans:

Effective September 30, 2002, the Company adopted prospectively the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3870, with respect to the accounting for stock-based compensation and other stock-based payments. The new recommendations require that all stock-based payments to non-employees, and employee awards that are direct awards of stock, call for settlement in cash or other assets, or are stock appreciation rights that call for settlement by the issuance of equity instruments, granted on or after adoption of the standard be accounted for using the fair value method. The Company presently does not have any such awards which must be accounted for using the fair value method. For all other stock-based employee compensation awards, the new standards permit the Company to continue to follow its existing policy of using the settlement date method of accounting . Under this method, no compensation expense is recognized when such stock-based compensation awards are issued to employees.

The Company has employee share purchase plans and a stock option plan which are described in notes 5 and 6 respectively. No compensation expense is recognized under the stock-based compensation plans. The stock options are granted at an exercise price equal to the market value of the common shares at the date of grant. Any consideration paid by employees on exercise of stock options or purchase of stock is credited to share capital.

If the fair value-based accounting method under Handbook Section 3870 had been used during the year ended October 5, 2003, the net earnings and related earnings per share figures would be as follows. The pro forma disclosure does not consider the effect of awards granted prior to September 30, 2002. As this is the first year of application, comparative disclosures are not provided.

		2003
NET EARNINGS, AS REPORTED	$	77,271,940
DEDUCT:		
Total stock-based employee compensation expense determined under fair value based method for all awards		345,530
PRO FORMA NET EARNINGS	$	76,926,410
EARNINGS PER SHARE:		
Basic:		
As reported	$	2.64
Pro forma		2.63
Diluted:		
As reported		2.60
Pro forma		2.59

The weighted average fair value of each option granted is estimated on the date of grant using the Black-Scholes pricing model with the following weighted average assumptions: risk-free interest rate of 3.72%; expected volatility of 36.09%; expected life of 3 years; expected dividend yield of nil.

The weighted average grant-date fair value per share for options granted during the year ended October 5,2003 is $10.65 per share which would be amortized over the vesting period.

(l) Employee future benefits:

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

(m) 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.

(n) Research and investment tax credits and government grants:

Research and 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.

2. FIXED ASSETS:

	2003		
	COST	ACCUMULATED DEPRECIATION AND AMORTIZATION	NET BOOK VALUE
LAND	$ 14,538,682	$ —	$ 14,538,682
BUILDINGS AND IMPROVEMENTS	72,109,477	8,171,240	63,938,237
EQUIPMENT	199,903,300	49,490,834	150,412,466
EQUIPMENT UNDER CAPITAL LEASES	22,481,310	9,846,802	12,634,508
	$ 309,032,769	$ 67,508,876	$ 241,523,893

	2002		
	COST	ACCUMULATED DEPRECIATION AND AMORTIZATION	NET BOOK VALUE
LAND	$ 13,574,563	$ —	$ 13,574,563
BUILDINGS AND IMPROVEMENTS	66,478,802	5,869,949	60,608,853
EQUIPMENT	150,127,748	33,010,768	117,116,980
EQUIPMENT UNDER CAPITAL LEASES	28,329,528	10,382,576	17,946,952
	$ 258,510,641	$ 49,263,293	$ 209,247,348

During fiscal 2003, fixed assets were acquired at an aggregate cost of $56,487,356 (2002 - $74,526,963; 2001 - $55,908,925), none of which were acquired by means of capital leases (2002 - $1,024,508; 2001 - $88,928).

3. FIXED ASSETS:

	2003	2002
LOANS TO DIRECTORS AND OFFICERS (a)	$ 750,000	$ 900,000
DEFERRED CHARGES, NET OF ACCUMULATED AMORTIZATION	2,095,442	2,722,500
PREPAID EQUIPMENT RENTAL	791,561	940,651
DEPOSITS	1,011,389	1,157,775
CROSS-CURRENCY SWAP (b)	—	1,164,000
OTHER	280,126	200,000

	$4,928,518	$7,084,926

(a) The loans to directors and officers are non-interest bearing and the balance is repayable in annual installments of $150,000.
(b) As at October 5,2003, the cross-currency swap liability of $2,377,500 is included in accounts payable and accrued liabilities.

4. LONG-TERM DEBT:

	2003	2002
SECURED:		
Senior notes (US$70,000,000)	$ 93,744,00	$110,271,000
Obligations under capital leases, bearing interest at rates varying from 5.21% to 16.08%, maturing at various dates through 2005	1,970,941	7,026,062
Term loan, bearing interest at 7.58%, maturing during 2004	34,517	687,951
	95,749,458	117,985,013
Current portion of secured debt	25,375,054	5,570,277
	$70,374,404	$ 112,414,736
UNSECURED:		
Term loans, bearing interest at rates up to 6% per annum, maturing at various dates through 2008	$2,760,919	$ 3,130,430
Current portion of unsecured debt	714,400	678,762
	$ 2,046,519	2,451,668
Total unsecured and secured long-term debt	$72,420,92	$114,866,404

The senior notes are repayable in four equal annual instalments commencing in June 2004, bear interest at 9.51% on US$55,000,000 and 9.88% on US$15,000,000 and are secured by tangible and intangible property of the Company. The foreign currency risk associated with the senior notes was initially fully hedged through the use of a cross-currency rate swap arrangemen under which interest the Company had fixed repayments on the senior notes. All quarterly interest payments relating to this debt were also converted to Canadian dollars for the term.

During fiscal 2001, the Company cancelled US$55 million of the cross-currency interest rate swap arrangement. A gain of approximately $1.6 million realized on the cancellation of the swap arrangement is being deferred and amortized over the term of the senior notes. As at October 5, 2003, approximately $700,000 (2002 - $1.0 million) of the gain remains deferred on the consolidated balance sheets in accounts payable and accrued liabilities. The combined effective interest rate on the senior notes for fiscal 2002 - 9.43%) 2003 was 9.42% (excluding the effect of the amortization of the gain realized on the cancellation of the swap.

The Company has a revolving term credit facility for a maximum of $150,000,000 which matures in July 2006. 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 5, 2003 and September 29, 2002.

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 5, 2003 and September 29, 2002.

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

Fiscal year	
2004	$ 24,184,917
2005	24,130,852
2006	24,151,326
2007	23,972,254
2008	100,087
	$ 96,539,436

4. LONG-TERM DEBT (CONTINUED):

Future minimum lease payments under capital leases are as follows:

Fiscal year		
2004	$	1,950,372
2005		66,952
TOTAL MINIMUM LEASE PAYMENTS		2,017,324
LESS IMPUTED INTEREST		46,383
	$	1,970,941

5. SHARE CAPITAL:

	2003		2002	
	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	22,826,964	$ 99,841,579	22,095,460	$ 95,278,241
Shares issued under employee share purchase plan	5,361	173,689	8,096	181,721
Shares issued pursuant to exercise of stock options	593,641	6,464,999	723,408	4,381,617
Total outstanding,end of year	23,425,966	106,480,267	22,826,964	99,841,579
Class B multiple voting shares	6,094,000	5,083,396	6,094,000	5,083,396
	29,519,966	$ 111,563,663	28,920,964	$ 104,924,975

(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.

(b) On December 5, 2002, the Board of Directors approved a stock repurchase program authorizing the Company to purchase up to 200,000 of the Company's Class A subordinate voting shares in the open market commencing December 19, 2003. As at October 5, 2003, no shares had been repurchased under this plan.

STOCK OPTION PLAN:

6. The Company has established a stock option plan (the “Plan”). Under the Plan, the Company may grant options to purchase Class A subordinate voting shares at the then current market price to officers, other key employees and directors of the Company. 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 Plan 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 5,2003, 1,815,245 shares had been issued pursuant to the stock option plan, an additional 840,186 shares were reserved for options outstanding, leaving a further 113,457 shares available to be granted under the Plan.

Changes in outstanding options were as follows:

	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
OPTIONS OUTSTANDING, SEPTEMBER 30, 2001	2,093,644	$ 13.45
GRANTED	163,552	19.68
EXERCISED	(723,408)	6.06
CANCELLED	(104,834)	11.24
OPTIONS OUTSTANDING, SEPTEMBER 29, 2002	1,428,954	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

The following table summarizes information about stock options outstanding and exercisable at October 5, 2003:

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICES	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED REMAINING AVERAGE CONTRACTUAL LIFE (YRS)	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
$ 5.15 - $ 9.75	**82,194**	**$ 7.03**	**5.17**	**82,194**	**$ 7.03**
$14.38 - $19.70	**87,033**	**15.83**	**6.85**	**18,667**	**14.38**
$20.00 - $25.68	**346,620**	**24.48**	**7.25**	**84,011**	**24.87**
$27.00 - $34.58	**204,539**	**31.82**	**7.45**	**40,333**	**34.58**
$34.80 - $40.89	**119,800**	**37.18**	**9.24**	**—**	**—**
	840,186	**$ 25.47**	**7.34**	**225,205**	**$ 19.22**

7. COMMENTS AND CONTINGENT LIABILITIES :

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

Fiscal year		
2004	$	5,347,000
2005		4,392,000
2006		3,310,000
2007		2,005,000
2008		1,468,000
THEREAFTER		3,257,000
	$	19,779,000

(b) As at October 5, 2003, there were contractual obligations outstanding of approximately $3,127,000 for the acquisition of fixed assets (2002 — $10,388,000).
(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.

8. GUARANTEES:

In February 2003, the CICA issued Accounting Guideline 14, Disclosure of Guarantees (“AcG-14”) which clarifies disclosure requirements for certain guarantees.

In the normal course of business, the Company enters into various agreements that may contain features that meet the AcG-14 definition of a guarantee. AcG-14 defines a guarantee 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 that is related to an asset, a liability or an equity of the guaranteed party or (ii) failure of another party to perform under an obligating agreement.

Significant guarantees that have been provided to third parties are the following:

The Company, including certain 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 5, 2003, the maximum potential liability under these guarantees was $12.6 million, of which $11.2 million was surety bonds and $1.4 million was for standby letters of credit.

As at October 5, 2003, the Company has not recorded a liability with respect to these guarantees, as the Company does not expect to make any payments in excess of what is recorded on the Company's financial statements for the aforementioned items. The standby letters of credit mature at various dates during 2004, and the surety bonds are automatically renewed on an annual basis.

9. INCOME TAXES:

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:

	2003	2002	2001
COMBINED BASIC CANADIAN FEDERAL AND PROVINCIAL INCOME TAXES	$ 28,252,000	$ 25,979,000	$ 149,000
INCREASE (DECREASE) IN INCOME TAXES RESULTING FROM:			
Manufacturing and processing credit	(160,000)	(195,000)	821,000
Effect of different tax rates on earnings of foreign subsidiaries	(22,239,000)	(22,639,000)	(4,861,000)
Effect of non-deductible expenses and other	2,489,000	4,167,000	3,464,000
	$ 8,342,000	$ 7,312,000	$ (427,000)

The components of income tax expense (recovery) are as follows:

	2003	2002	2001
CURRENT INCOME TAXES	$ 2,226,000	$ 2,299,000	$ (159,000)
FUTURE INCOME TAXES	6,116,000	5,013,000	(268,000)
	$ 8,342,000	$ 7,312,000	$ (427,000)

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::

	2003	2002
FUTURE INCOME TAX ASSETS:		
Non-capital losses	$ 2,125,000	$ —
Inventory	2,105,000	2,427,000
Reserves and accruals	1,236,000	1,189,000
Share issue costs and other	804,000	1,412,000
	6,270,000	5,028,000
FUTURE INCOME TAX LIABILITIES:		
Fixed assets and other	27,743,000	20,385,000

NET FUTURE INCOME TAX LIABILITY	$ 21,473,000	$ 15,357,000

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

10. UNUSUAL ITEMS:

The following unusual costs were incurred in fiscal 2001 and are included in the consolidated statements of earnings:

	2001
CHARGED TO:	
COST OF SALES:	
Cotton contract loss (a)	$14,308,667
Restructuring costs (b)	3,582,617
	$17,891,284
SELLING, GENERAL AND ADMINISTRATION:	
Abandoned acquisition related costs (c)	$15,014,936
Restructuring costs (b)	2,996,000
	$18,010,936
DEPRECIATION AND AMORTIZATION:	
Restructuring costs (b)	$ 779,470
TOTAL	$36,681,690

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10. UNUSUAL ITEMS (CONTINUED):

(a) The Company recorded a provision for losses which were expected to arise from commitments for the future purchase of raw materials at substantially higher than the then current market prices.

(b) The Company relocated its distribution centre and closed various manufacturing facilities in order to consolidate them into other lower cost operations. The costs incurred consisted mainly of lease costs, severance payments and the write-off of deferred start-up costs. As at October 5, 2003, the remaining provision, amounting to $1.2 million (2002 - $2.0 million), relates to future obligations under leased premises and is included in accounts payable and accrued liabilities on the consolidated balance sheets.

(c) The Company incurred direct costs related to a proposed business acquisition which was not completed. Accordingly, the costs were expensed in the year. In addition, an action was filed by the target company against the Company, alleging possession and use of confidential information by a former employee of the plaintiff who was in the employ of the Company. In October 2001, the Company and plaintiff agreed to an amicable out-of-court settlement of all outstanding issues in this matter. The litigation settlement and legal costs incurred by the Company to defend the lawsuit were charged to income in fiscal 2001.

11. EARNINGS PER SHARE:

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

	2003	2002	2001
BASIC EARNINGS PER SHARE:			
Basic weighted average number of common shares outstanding	29,241,646	28,491,495	28,145,989
Basic earnings per share	$ 2.64	$ 2.33	$ 0.03
DILUTED EARNINGS PER SHARE:			

Basic weighted average number of common shares outstanding	29,241,646	28,491,495	28,145,989
Plus impact of stock options	484,043	870,060	1,080,384
Diluted common shares	29,725,689	29,361,555	29,226,373
Diluted earnings per share	$ 2.60	$ 2.26	$ 0.03

All options outstanding for fiscal 2003 were dilutive. Excluded from the above calculation for 2002 and 2001 are 144,800 and 645,120 stock options ranging in prices from $34.58 to $35.12 and from $20.00 to $34.58 respectively, which were deemed to be antidilutive because the exercise prices were greater than the average market price of the common shares.

12. OTHER INFORMATION:

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

	2003	2002	2001
DEPRECIATION EXPENSE OF FIXED ASSETS	$ 22,599,039	$ 15,297,250	$ 13,265,489
INTEREST EXPENSE ON LONG-TERM DEBT	9,952,881	13,439,948	13,720,931
FOREIGN EXCHANGE GAIN (LOSS)	1,647,795	(968,633)	(1,906,216)
DEFINED CONTRIBUTION PLAN EXPENSE	552,430	368,682	160,795
AMORTIZATION EXPENSE OF DEFERRED CHARGES AND OTHER	1,015,665	2,294,635	2,943,071

look to Gildan 49 financial statements

(b) Supplemental cash flow disclosure:

	2003	2002	2001
CASH PAID DURING THE YEAR FOR:			
Interest	$ 9,499,215	$ 13,587,113	$ 13,172,660
Income taxes	1,548,967	795,141	1,196,166
NON-CASH TRANSACTIONS:			
Acquisition of fixed assets through the assumption of debt and settlement of amounts due to the Company	—	—	6,800,000
Additions to fixed assets included in accounts payable and accrued liabilities	3,145,138	6,470,616	1,337,900
CASH AND CASH EQUIVALENTS CONSIST OF:			
Cash balances with banks	$ 67,860,064	$ 45,700,697	$ —
Short-term investments	25,000,000	25,204,800	—
	$ 92,860,064	$ 70,905,497	$ —

13. FINANCIAL INSTRUMENTS :

(a) Foreign currency risk management:

A substantial portion of the Company's sales are denominated in US a natural. The Company used the revenue stream in US dollars as a natural hedge against purchases of fixed assets and expenses denominated in US dollars. From time to time, the Company also uses forward foreign exchange contracts and cross-currency swap arrangements to hedge its foreign exchange exposure on cash flows related to payables, accounts receivable and cash in US dollars, pounds sterling and Euros. In addition, the Company uses a cross-currency interest rate swap to hedge a portion of its foreign currency denominated long-term debt against fluctuations in exchange rates.

The following table summarizes the Company's commitments to buy and sell foreign currencies as at October 5, 2003 and September 29, 2002:

		NOTIONAL AMOUNT	EXCHANGE RATE	MATURITY	NOTIONAL CANADIAN EQUIVALENT
2003:					
SELL CONTRACTS:					
Foreign exchange contracts:	Euro/US$	601,000	1.4366	October 2003	$ 863,397[(1)]
	Euro/US$	969,000	1.4356	November 2003	1,391,096
2002:					
BUY CONTRACTS					
Foreign exchange contracts:	Euro/CA$	2,185,000	1.5460	October 2002	$3,378,000

(1) Exchange rate as at October 5, 2003 was used to translate amounts in foreign currencies.

A forward foreign exchange contract represents an obligation to buy or sell a foreign currency and a swap agreement represents an obligation to exchange principal and/or interest amounts with a counterparty. Credit risk exists in event of failure the 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.

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13. FINANCIAL INSTRUMENTS (CONTINUED):

(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 Canadian chartered banks.

Concentration of credit risk with respect to trade receivables is limited due to the Company's credit evaluation process and, other than for two customers (as disclosed in note 14 (a) (I)), to the dispersion of a large number of customers across many geographic areas within Canada, the United States, the United Kingdom and Europe. The Company regularly monitors its credit risk exposure to these and other customers and takes steps to mitigate the risk of loss, including obtaining credit insurance.

The Company's extension of credit is based on an evaluation of each customer's financial condition and the Company's ability to obtain credit insurance coverage for that customer. Allowances are maintained for potential credit losses consistent with the credit risk, historical trends, general economic conditions and other information.

(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 $111,931,196 (2002 — $123,862,362) compared to a carrying value of $98,510,377 (2002 — $121,115,443) as at October 5, 2003. The fair value of the cross-currency interest rate swap at October 5, 2003 was $(1,670,369) (2002 — $3,010,092) and the carrying value was $(2,377,500) (2002 — $1,164,000). The fair value of loans to directors and officers is not significantly different from its carrying value. 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 swap was determined based on market rates prevailing at the balance sheet date obtained from the Company's financial institution and represented the estimated amount that the Company would receive (pay) to settle the contract at the balance sheet date.

(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.

14. SEGMENTED INFORMATION:

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:

	2003	2002	2001
COMPANY A	13.9%	14.8%	14.9%
COMPANY B	13.6%	10.7%	10.7%

During September 2003, Company A acquired Company B.

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

	2003	2002	2001
INTERNATIONAL	$ 571,247,485	$ 537,472,747	$ 442,099,830
CANADA	58,891,533	63,187,633	62,767,523
	$ 630,139,018	$ 600,660,380	$ 504,867,353

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

	2003	2002
CANADA	$ 124,875,897	$ 123,723,507
CARIBBEAN BASIN AND CENTRAL AMERICA	83,702,553	52,983,181
UNITED STATES	24,818,880	24,832,233
MEXICO	8,126,563	7,708,427
	$ 241,523,893	$ 209,247,348

15. CANADIAN AND UNITED STATES ACCOUNTING DIFFERENCES:

The consolidated financial statements of the Company are expressed in Canadian 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:

	2003	2002	2001
NET EARNINGS IN ACCORDANCE WITH CANADIAN GAAP	$ 77,271,940	$ 66,491,540	$ 815,958
SWAP (EXPENSE) REVENUE (I)	(1,461,000)	416,000	2,448,000
START-UP COSTS (II)	183,750	221,252	693,187
STOCK-BASED COMPENSATION (III)	(752,000)	—	—
TAX EFFECT OF ABOVE ADJUSTMENTS	366,000	(262,000)	(779,000)
NET EARNINGS IN ACCORDANCE			

WITH UNITED STATES GAAP	$ 75,608,690	$ 66,866,792	$ 3,178,145
EARNINGS PER SHARE UNDER UNITED STATES GAAP:			
Basic	$ 2.59	$ 2.35	$ 0.11
Diluted	2.54	2.28	0.11
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING UNDER UNITED STATES GAAP:			
Basic	29,241,646	28,491,495	28,145,989
Diluted	29,725,689	29,361,555	29,226,373

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15. CANADIAN AND UNITED STATES ACCOUNTING DIFFERENCES (CONTINUED):

(a) Consolidated statements of earnings (continued):

(I) Swap revenue:

Under United States GAAP, SFAS No. 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. For fiscal 2001, a gain of $2,448,000 was recorded in income which included a transition adjustment gain of $1,137,000 arising from the adoption of the recommendations effective October 1, 2000, recognition of a gain realized at the cancellation of a cross-currency interest rate swap during the year, and an unrealized gain based on the fair value of a cross-currency interest rate swap over its carrying value as at September 30, 2001.

For fiscal 2003, a net loss of $1,461,000 (2002 — gain of $416,000) has been included in income representing the recognition of an unrealized loss of $1,139,000 (2002 — gain of $738,000) based on the fair value of the cross-currency interest rate swap over its carrying value as at October 5, 2003 and the reversal of the amortization of $322,000 (2002 — $322,000) under Canadian GAAP of the gain realized at the cancellation of a cross-currency interest rate swap which was recognized in income for United States GAAP purposes in prior years.

Under Canadian GAAP, there is no requirement to record derivative instruments used for hedging purposes at fair values. Further, the gain realized on cancellation of the cross-currency interest rate swap arrangement is deferred and amortized over the term of the related debt.

(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 amortization of start-up costs deferred under Canadian GAAP.

(III) Stock-based compensation:

United States GAAP requires the measurement and recognition of compensation expense related to certain stock-based compensation. As permitted by the provisions of SFAS No. 123, the Company has 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 exists at the grant date, no compensation expense is recognized for stock option awards. However, certain of the Company's stock options are considered as variable under United States GAAP because a modification to accelerate the vesting period was made during fiscal 2003. As a result, compensation cost is measured on the effective date of the modification

Under Canadian GAAP, the Company uses the settlement date method of accounting for options and compensation expense is not recognized.

(b) Consolidated statements of cash flows:

	2003	2002	2001
CASH AND CASH EQUIVALENTS, UNITED STATES GAAP, BEGINNING OF YEAR	$ 70,905,497	$ —	$ 33,492,381
CHANGES DUE TO UNITED STATES GAAP:			
Operating activities on a Canadian basis	90,134,689	178,100,783	(12,343,056)
Start-up costs	183,750	221,252	693,187

Operating activities cash flow, United States GAAP	90,318,439	178,322,035	(11,649,869)
Investing activities on a Canadian basis	(58,570,532)	(67,160,201)	(49,282,740)
Start-up costs	(183,750)	(221,252)	(693,187)
Investing activities cash flow, United States GAAP	(58,754,282)	(67,381,453)	(49,975,927)
Financing activities on a Canadian basis and under United States GAAP	569,994	(40,185,243)	28,290,168
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(10,179,584)	150,158	(156,753)
CASH AND CASH EQUIVALENTS, UNITED STATES GAAP, END OF YEAR	$ 92,860,064	$ 70,905,497	$ —

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(c) Consolidated balance sheets:

Differences between Canadian and United States GAAP are not material in the presentation of the assets, liabilities and shareholders' equity.

However, the following differences should be noted:

	2003	2002
OTHER ASSETS UNDER CANADIAN GAAP	$ 4,928,518	$ 7,084,926
START-UP COSTS	(552,940)	(736,690)
CROSS-CURRENCY SWAP	—	1,846,000
OTHER ASSETS UNDER UNITED STATES GAAP	$ 4,375,578	$ 8,194,236
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES UNDER CANADIAN GAAP	$ 90,098,348	$ 82,167,747
CROSS-CURRENCY SWAP	(707,000)	—
REVERSAL OF DEFERRED GAIN ON CROSS-CURRENCY SWAP	(696,000)	(1,018,000)
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES UNDER UNITED STATES GAAP	$ 88,695,348	$ 81,149,747
FUTURE INCOME TAX LIABILITIES UNDER CANADIAN GAAP	$ 27,743,000	$ 20,385,000
FUTURE TAXES RELATED TO GAAP ADJUSTMENTS	385,000	751,000
FUTURE INCOME TAX LIABILITIES UNDER UNITED STATES GAAP	$ 28,128,000	$ 21,136,000
SHAREHOLDERS' EQUITY UNDER CANADIAN GAAP	$ 353,818,727	$ 269,908,099
UNITED STATES GAAP CUMULATIVE NET EARNINGS ADJUSTMENTS	465,060	1,376,310
SHAREHOLDERS' EQUITY UNDER UNITED STATES GAAP	$ 354,283,787	$ 271,284,409

(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. These changes include cumulative foreign currency translation adjustments. The Statement requires only additional disclosures in the consolidated financial statements; it does not affect the Company's financial position or results of operations.

Since there are no elements within the consolidated financial statements which would be classified as comprehensive income, a separate financial statement of comprehensive income is not required.

Comprehensive income is the same as net income under US GAAP.

15. CANADIAN AND UNITED STATES ACCOUNTING DIFFERENCES (CONTINUED):

(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.

	2003	2002	2001
STATEMENTS OF EARNINGS:			
Rental expenses	$ 1,893,000	$ 1,917,000	$ 2,905,000
Advertising expenses	7,423,000	8,189,000	7,762,000
BALANCE SHEETS:			
Accounts payable	47,400,325	41,223,580	25,337,000
Accrued liabilities	41,295,023	39,926,167	71,522,000
Allowance for doubtful accounts, price discounts and rebates	28,946,000	26,956,000	13,597,000

16. COMPARATIVE FIGURES :

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

look to Gildan's long-term stock price appreciation

NYSE: GIL
TSX: GIL.A

Shares outstanding at October 5, 2003: 29,519,966

OPEN 09/30/02	YEAR HIGH	YEAR LOW	CLOSE 10/05/03	YEAR VOLUME

NYSE (USD)	$ 20.75	$ 30.79	$ 19.12	**$ 28.40**	5,308,700
TSX	$ 32.80	$ 42.50	$ 30.00	**$ 38.11**	16,622,080



EXHIBIT 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 20, 2004, of our Auditors' Report dated November 24, 2003 relating to the consolidated financial statements of Gildan Activewear Inc. as at October 5, 2003 and September 29, 2002 and the consolidated statements of earnings, retained earnings and cash flows for the years ended October 5, 2003, September 29, 2002 and September 30, 2001.

/s/ KPMG LLP

Chartered Accountants

February 20, 2004

Montreal, Canada

EXHIBIT 4

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

I, H. Greg Chamandy, Chairman of the Board and Co-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 20, 2004

/s/ H. Greg Chamandy

Name: H. Greg Chamandy
Title: Chairman of the Board and Co-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 20, 2004

/s/ Laurence G. Sellyn

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

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EXHIBIT 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 5, 2003 (the "Report") with the United States Securities and Exchange Commission.

I, H. Greg Chamandy, Chairman of the Board and Co-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 20, 2004

/s/ H. Greg Chamandy

Name: H. Greg Chamandy
Title: Chairman of the Board and Co-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 5, 2003 (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 20, 2004

/s/ Laurence G. Sellyn

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