UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 40-F

o Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934

or

þ Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934

For Fiscal year ended: October 5, 2014 **Commission File number: 01-14830**

GILDAN ACTIVEWEAR INC.
(Exact name of registrant as specified in its charter)

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)

600 de Maisonneuve Boulevard West, Montreal, Quebec, Canada H3A 3J2, (514) 735-2023
(Address and telephone number of registrant's principal executive office)

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

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

Title of each class	Name of each exchange on which registered
Common Shares	**New York 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:

þ Annual Information Form þ Audited Annual Financial Statements

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

Common Shares:

122,471,176

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

Yes þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).

Yes þ No ¨



GILDAN ACTIVEWEAR INC.

ANNUAL INFORMATION FORM

for the year ended October 5, 2014

December 9, 2014



2014 ANNUAL INFORMATION FORM

Table of Contents

1.	**CORPORATE STRUCTURE**	
	1.1 Name, Address and Incorporation	1
	1.2 Intercorporate Relationships	2
2.	**GENERAL DEVELOPMENT OF THE BUSINESS**	
	2.1 Recent Developments	2
	2.2 Developments in Fiscal 2014	4
	2.3 Developments in Fiscal 2013	5
	2.4 Developments in Fiscal 2012	5
3.	**DESCRIPTION OF THE BUSINESS**	
	3.1 Business Overview	6
	3.2 Risk Factors	20
	3.3 Employees	20
4.	**DIVIDEND POLICY**	20
5.	**CAPITAL STRUCTURE**	21
6.	**MARKET FOR SECURITIES**	22
7.	**DIRECTORS AND OFFICERS**	23
8.	**AUDIT AND FINANCE COMMITTEE DISCLOSURE**	27
	8.1 Mandate of the Audit and Finance Committee	27
	8.2 Composition of the Audit and Finance Committee	27
	8.3 Pre-Approval of Non-Audit Services	28
	8.4 External Auditor Service Fees	28
9.	**LEGAL PROCEEDINGS**	29
10.	**TRANSFER AGENT AND REGISTRAR**	29
11.	**MATERIAL CONTRACTS**	29
12.	**INTERESTS OF EXPERTS**	29
13.	**FORWARD-LOOKING STATEMENTS**	30
14.	**ADDITIONAL INFORMATION**	32
APPENDIX A – MANDATE OF THE AUDIT AND FINANCE COMMITTEE		33

This Annual Information Form is dated December 9, 2014 and, except as otherwise indicated, the information contained herein is given as of December 9, 2014.

*Unless otherwise indicated, all dollar amounts set forth herein are expressed in U.S. dollars and all financial information set forth herein is prepared in accordance with International Financial Reporting Standards ("**IFRS**").*

Unless otherwise indicated, all references to share prices, trading volumes and per share measures are adjusted, on a retroactive basis, to reflect all stock splits.

In this Annual Information Form, "Gildan", the "Company" or the words "we", "our" and "us" refer, depending on the context, either to Gildan Activewear Inc. or to Gildan Activewear Inc. together with its subsidiaries.

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

- *Audited Consolidated Financial Statements as at and for the year ended October 5, 2014 (the " **2014 Financial Statements**");*
- *Management's Discussion and Analysis for the year ended October 5, 2014 (the " **2014 Annual MD&A**"); and*
- *The latest Notice of Annual Meeting of Shareholders and Management Proxy Circular filed on SEDAR.*

The foregoing documents are available on the SEDAR website at www.sedar.com, on the EDGAR website at www.sec.gov and on the Company's website at www.gildan.com/corporate.

This Annual Information Form contains certain forward-looking statements that are based on Gildan's current expectations, estimates, projections and assumptions and that were made by Gildan in light of its experience and its perception of historical trends. Results indicated in forward-looking statements may differ materially from the actual results. Please refer to the cautionary statement on pages 30 and 31 of this Annual Information Form for further explanation.

1. CORPORATE STRUCTURE

1.1 Name, Address and Incorporation

We were incorporated on May 8, 1984 pursuant to the *Canada Business Corporations Act* under the name of Textiles Gildan Inc. At our inception, we focused our activities on the manufacture of textiles and produced and sold finished fabric as a principal product-line. In 1992, we redefined our operating strategy and, by 1994, our operations focused exclusively on the manufacture and sale of activewear in the screenprint channel. In March 1995, we changed our name to Gildan Activewear Inc./Les Vêtements de Sports Gildan Inc. In 2005, we changed our French name to Les Vêtements de Sport Gildan Inc.

In June 1998, in conjunction with a planned 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. On June 17, 1998, we completed our initial public offering of an aggregate of 3,000,000 Class A Subordinate Voting shares at Cdn$10.29 per share, on a pre-split basis, for total gross proceeds of Cdn$30,880,500.

On February 2, 2005, we filed Articles of Amendment in order to, among other things, (i) create a new class of common shares (the " **Common Shares**"), (ii) change each of the issued and outstanding Class A Subordinate Voting shares into one of the newly-created Common Shares, and (iii) remove the Class B Multiple Voting shares

and the Class A Subordinate Voting shares as well as the rights, privileges, restrictions and conditions attaching thereto. On February 15, 2011, we filed Reinstated Articles of Incorporation in order to change the number of directors to a minimum of five and a maximum of twelve as determined by the directors from time to time and to appoint one or more directors in accordance with the law governing the Company.

Our principal executive offices and registered office are located at 600 de Maisonneuve Boulevard West, 33 rd Floor, Montréal, Québec, Canada H3A 3J2, and our main telephone number at that address is (514) 735-2023.

1.2 Intercorporate Relationships

The following table indicates our principal subsidiaries, their jurisdiction of incorporation and the percentage of voting securities that we beneficially own or over which we exercise direct or indirect control:

Subsidiary	Jurisdiction of Incorporation	Percentage of Voting Securities or Partnership Interests that Gildan held as at December 9, 2014
Gildan Activewear SRL	Barbados	100%
Gildan USA Inc.	Delaware	100%
Gildan Yarns, LLC	Delaware	100%
Gildan Honduras Properties, S. de R.L.	Honduras	100%
Gildan Apparel (Canada) LP	Ontario	100%
Gildan Hosiery Rio Nance, S. de R.L.	Honduras	100%
Gildan Mayan Textiles, S. de R.L.	Honduras	100%
Gildan Apparel USA Inc.	Delaware	100%
Gildan Activewear Honduras Textile Company, S. de R.L.	Honduras	100%
Gildan Activewear (UK) Limited	United Kingdom	100%
A.K.H., S. de R. L.	Honduras	100%

The subsidiaries that have been omitted do not represent individually more than 10% of the consolidated assets and 10% of the consolidated revenue of Gildan, or in the aggregate more than 20% of the total consolidated assets and the consolidated revenue as at and for the year ended October 5, 2014.

2. GENERAL DEVELOPMENT OF THE BUSINESS

The following section describes how our business has evolved in the last three completed financial years and lists key events that have influenced the development of our business.

2.1 Recent Developments

- On December 4, 2014, the Company announced that it will be transitioning to a new fiscal year-end in 2015. As a result of this transition, the Company's year-end will take place on the Sunday closest to December 31, rather than the first Sunday following September 28. The change in year-end recognizes that the seasonality of the overall consolidated sales revenues for the Company is changing due to the increasing importance of the Branded Apparel segment. The Company's business planning cycle is becoming more aligned with the

calendar year, and this change will provide better visibility on retail program placements and cotton fixations. In addition, the change in year-end will be better aligned with Gildan's industry comparables. For purposes of its regulatory filings, the Company will report results for the fifteen-month transition period of October 6, 2014 through January 3, 2016. The Company's first twelve-month fiscal year on a calendar basis will begin on January 4, 2016 and end on January 1, 2017.

- On December 3, 2014, the Company decided to take major strategic pricing actions in Printwear to reinforce its leadership position in the industry. The Company significantly lowered base selling prices and reduced and simplified its discount structure, in order to be responsive to distributors and enhance their ability and visibility to plan their business. In addition, these strategic pricing actions are expected to stimulate end-use demand and drive unit sales volume and earnings growth in calendar 2015 and beyond. The Company has historically followed a strategy to continue to invest in low-cost manufacturing capacity and cost reduction projects and pass through a portion of the resulting cost reductions into lower selling prices. The selling price reductions reflect the pass through of a portion of the expected cost savings from the Company's investments in new yarn-spinning facilities, in order to drive further growth and market penetration. The price reductions also reflect the further reduction in the price of cotton futures in recent months.

  The Company will be applying the benefit of the reduction in selling prices announced on December 3, 2014 to existing distributor inventories in the form of a distributor inventory devaluation discount projected to be approximately $45 million, which will be reflected as a deduction from net sales in the three-month period ending January 4, 2015.

- On December 4, 2014, the Company announced that it had received approval from the Toronto Stock Exchange (" **TSX**") to implement a normal course issuer bid to purchase for cancellation up to 6.1 million Common Shares, representing approximately 5% of the Company's issued and outstanding Common Shares. As of November 30, 2014, the Company had 122,478,794 Common Shares issued and outstanding.

  Gildan is authorized to make purchases under the bid during the period from December 8, 2014 to December 7, 2015 in accordance with the requirements of the TSX. Purchases will be made by means of open market transactions on both the TSX and the New York Stock Exchange ("**NYSE**"), or alternative trading systems, if eligible, or by such other means as the TSX, the NYSE or a securities regulatory authority may permit, including by private agreements under an issuer bid exemption order issued by securities regulatory authorities in Canada.

  Under the bid, Gildan may purchase up to a maximum of 79,271 Common Shares daily through TSX facilities, which represents 25% of the average daily trading volume on the TSX for the most recently completed six calendar months. The price to be paid by Gildan for any Common Shares will be the market price at the time of the acquisition, plus brokerage fees, and purchases made under an issuer bid exemption order will be at a discount to the prevailing market price in accordance with the terms of the order.

  Gildan has not repurchased any of its outstanding Common Shares under a normal course issuer bid in the last twelve months.

- Subsequent to the end of fiscal 2014, the Company increased its bank credit facility from $800 million to $1 billion and extended the maturity date to April 2020 from January 2019, in order to provide the Company with financing flexibility to initiate the normal course issuer bid while at the same time to pursue potential future acquisition opportunities. The terms and conditions of the amended bank credit facility agreement are substantially unchanged.

- On December 3, 2014, Gildan's Board of Directors approved a 20% increase in the amount of the current quarterly dividend and declared a cash dividend of $0.13 per Common Share payable on January 12, 2015 to shareholders of record on December 18, 2014.

2.2 Developments in Fiscal 2014

- On November 20, 2013, Gildan's Board of Directors approved a 20% increase in the amount of the quarterly dividend and declared a cash dividend of $0.108 per Common Share payable at each quarter of fiscal 2014 to shareholders of record.

- Effective November 1, 2013, Mr. Russ Hagey was appointed to the Company's Board of Directors. Mr. Hagey is a Senior Partner and the Worldwide Chief Talent Officer of Bain & Company, Inc., one of the world's leading management consulting firms. Mr. Hagey holds a Master of Business Administration from the Stanford Graduate School of Business and earned his Bachelor of Arts in economics from the University of California at Los Angeles. He also serves on a number of community and not-for-profit boards.

- The Company continued to execute on its yarn-spinning manufacturing initiative:

  - The Company completed the refurbishment and modernization of its yarn-spinning facilities in Clarkton, NC and Cedartown, GA.

  - The first facility in Salisbury, NC producing ring-spun yarn began operations in the second quarter of fiscal 2014.

  - The Company constructed a second yarn-spinning facility in Salisbury and operations are projected to commence in the last calendar quarter of the year.

  - The Company began construction of a new yarn-spinning facility in Mocksville, NC.

- During fiscal 2014, the Company announced plans for further textile capacity expansion. The Company plans to construct a new textile facility, Rio Nance 6, which will be located at the Company's Rio Nance complex in Honduras. The new Rio Nance facility is intended to support the introduction of more higher-valued products and optimize manufacturing efficiencies at the Company's other textile facilities. Development of the site for Rio Nance 6 is currently underway and the facility is expected to begin production in 2016.

- The Company also announced plans to construct its first facility in Costa Rica, which is strategically located for duty-free, quota-free access to the Company's major markets in the U.S. The facility will be located in the province of Guanacaste in north-western Costa Rica, close to the Company's sewing plants in Nicaragua and accessible to ports on both the eastern and western coasts of the country. The Costa Rica facility is expected to begin production in 2017.

- During fiscal 2014, the Company also substantially completed the production ramp-up of its Rio Nance 1 facility, which was modernized and refurbished during fiscal 2013 to improve its cost efficiency.

- On July 7, 2014, the Company acquired substantially all of the operating assets and assumed certain liabilities of Doris Inc. (" **Doris**") for cash consideration of $101.7 million, plus additional contingent payments of up to $9.4 million, payable based on the achievement of targets for growth in sales revenues over a three-year period from the date of the acquisition. The acquisition was financed by the utilization of the Company's revolving long-term bank credit facility. Doris is a marketer and manufacturer of branded sheer hosiery, legwear and shapewear products to retailers in Canada and the United States. The acquisition immediately provides Gildan with an established sales organization and a platform for retail distribution of the Gildan® and Gold Toe® brands in Canada. In addition, the acquisition further enhances and expands the Company's consumer brand portfolio within its existing U.S. retail distribution network and further broadens the Company's retail distribution network in the United States due to Doris' strong presence in the food and drug channel. The Company believes this acquisition also represents a first step in building a ladies' intimate apparel platform over time.

· Effective October 1, 2014, the Company extended its worldwide license for the Mossy Oak® brand for activewear, underwear and socks providing exclusive licensing rights to Gildan for a term of ten years. The previous initial license agreement was for a three-year term.

2.3 Developments in Fiscal 2013

· On November 28, 2012, Gildan's Board of Directors approved a 20% increase in the amount of the quarterly dividend and declared a cash dividend of $0.09 per Common Share payable at each quarter of fiscal 2013 to shareholders of record.

· During fiscal 2013, the Company made important progress in its strategy to penetrate the retail market:

  - We continued to improve the operating profitability of our Branded Apparel segment, which reflected in part the increasingly more favourable mix of higher-value Gildan® and Gold Toe® branded products.

  - During the third quarter of fiscal 2013, the Company began shipment of its first major Gildan® branded underwear program to a U.S. national mass-market retailer. Initial retailer sales of the Gildan® underwear products exceeded the Company's expectations.

· During fiscal 2013, the Company completed the production ramp-up of its newest textile facility Rio Nance 5.

· During fiscal 2013, the Company began to execute on a significant yarn-spinning manufacturing initiative in order to support its projected sales growth and planned capacity expansion and to continue to pursue its business model of investing in global vertically-integrated low-cost manufacturing technology. Our investments in yarn-spinning include the following:

  - On October 29, 2012, the Company acquired the remaining 50% interest in CanAm Yarns, LLC (" **CanAm**"), its jointly-controlled entity, for cash consideration of $11.1 million. The entity was subsequently renamed Gildan Yarns, LLC ("**Gildan Yarns**"). Gildan Yarns operates open-end yarn-spinning facilities in Cedartown, GA and Clarkton, NC, which the Company subsequently refurbished and modernized during fiscal 2014.

  - The Company began developing a new yarn-spinning facility in Salisbury, NC for the production of ring-spun yarn, which began production in the second quarter of fiscal 2014.

  - On September 23, 2013, the Company announced investments for fiscal 2014 and 2015, in excess of $200 million, for the construction of two additional yarn-spinning facilities. One of the facilities will be located in Salisbury, NC, adjacent to the facility then being developed and the second facility will be located in Mocksville, NC.

· On June 21, 2013, the Company acquired substantially all of the assets and assumed certain liabilities of New Buffalo Shirt Factory Inc. (" **New Buffalo**") and its operating affiliate in Honduras, for cash consideration of $5.8 million. New Buffalo is a leader in screenprinting and apparel decoration for global lifestyle and athletic brands. The rationale for the acquisition is to complement the further development of the Company's relationships with these major consumer brands which it supplies.

2.4 Developments in Fiscal 2012

· The unprecedented volatility in the cost of cotton in fiscal 2011, which saw cotton prices reach historic highs in the first half of the year followed by an equally rapid and steep reversal in the second half of fiscal 2011, hurt overall profitability in the apparel industry in the first half of fiscal 2012. Activewear margins in the first half of fiscal 2012 for our Printwear segment were significantly negatively affected by the consumption of

inventory produced in fiscal 2011 with high-cost cotton. In addition, the Company's net loss reported in the first quarter of fiscal 2012 was impacted by significant inventory destocking by U.S. distributors in anticipation of selling price reductions from suppliers. In the first quarter of fiscal 2012, we reduced our selling prices in the U.S. distributor channel. We believe that lower selling prices helped stimulate the recovery in demand in the U.S. distributor channel in fiscal 2012 and reinforced our industry leading position in this channel. Similarly, in the first half of fiscal 2012, the Branded Apparel segment was also affected by the consumption of inventory produced with high-cost cotton.

- As of fiscal 2012, the Company began managing and reporting its business as two operating segments, Printwear and Branded Apparel, each of which is a reportable segment for financial reporting purposes. Each segment has its own management that is accountable and responsible for the segment's operations, results and financial performance. These segments are principally organized by the major customer markets they serve. A more detailed description of our operating segments is contained in section 3.1 4 of this Annual Information Form.

- On May 9, 2012, the Company acquired 100% of the common shares of Anvil Holdings, Inc. (" **Anvil**") for cash consideration of $87.4 million, net of cash acquired. Anvil is a supplier of high-quality basic T-shirts and sport shirts. The acquisition of Anvil is expected to further enhance Gildan's leadership position in the U.S. printwear channel, and to position the Company with potential growth opportunities as a supply chain partner to leading global lifestyle and athletic consumer brands.

- During fiscal 2012, we began the ramp-up of our newest textile facility, Rio Nance 5. During the production ramp-up of Rio Nance 5, we suspended production temporarily at our most mature facility, Rio Nance 1, in order to modernize and refurbish the facility and improve its cost efficiency.

- On December 2, 2011, the TSX approved the renewal of Gildan's normal course issuer bid to purchase up to a maximum of 1,000,000 Common Shares, representing approximately 0.8% of its issued and outstanding Common Shares as at November 30, 2011. The Company did not make any purchases during the period of the bid and did not renew its normal course issuer bid when it expired on December 5, 2012.

3. DESCRIPTION OF THE BUSINESS

3.1 Business Overview

Gildan is a leading supplier of quality branded basic family apparel, including T-shirts, fleece, sport shirts, underwear, socks, hosiery, and shapewear. We sell our products under a diversified portfolio of company-owned brands, including the Gildan®, Gold Toe® and Anvil® brands and brand extensions, as well as the recently acquired Secret®, Silks® and Therapy Plus™ brands. The Company also has licensing arrangements for the Under Armour®, Mossy Oak® and New Balance® brands. We distribute our products in printwear markets in the U.S. and Canada, as well as in Europe, Asia-Pacific and Latin America. We also market our products to a broad spectrum of retailers primarily in the U.S. and Canada. The Company also manufactures for select leading global athletic and lifestyle consumer brands.

Gildan owns and operates vertically-integrated, large-scale manufacturing facilities which are primarily located in Central America and the Caribbean Basin and are strategically positioned to efficiently service the quick replenishment needs of its customers in the printwear and retail markets. Gildan has over 43,000 employees worldwide and is committed to industry-leading labour and environmental practices at all of its facilities.

Strategy and Objectives

Our growth strategy comprises the following four initiatives:

Continue to pursue additional printwear market penetration and opportunities

While we have achieved a leadership position in the U.S. and Canadian printwear channels, particularly within the basics category servicing wholesale distributors, we believe we can broaden our market opportunity by pursuing deeper penetration in the fashion basics and sports performance product categories in the North American printwear market, where our participation in these categories has not been as extensive as in the basics category. We intend to continue to leverage our vertical manufacturing platform, cost advantage and distributor reach to grow in all product categories, including basics, through product expansion and brand diversification. We also intend to continue to expand our presence in international printwear markets such as Europe, Asia-Pacific and Latin America which currently represent approximately 8% of the Company's total consolidated net sales, by expanding distribution and by leveraging our brands.

We are pursuing further market penetration in North America and internationally with our expanded portfolio of brands, each with a different brand positioning. In addition to our leading Gildan® brand, our printwear brand portfolio includes the Anvil® brand which has been repositioned to focus on contemporary ring-spun products featuring fashion fitted styles. In the sports performance category, we market our products under our Gildan Performance™ brand and the licensed New Balance® brand. Both performance brand offerings feature moisture management and anti-microbial properties to enhance long-lasting performance.

We are pursuing further sales growth through continued introduction of new products such as softer T-shirts, the expansion of our performance product lines, new styles tailored for women, enhanced sport shirts offerings and workwear assortments. New product introductions could also allow us to service certain niches of the printwear channel which we do not currently participate in.

Fiscal 2014 highlights

- We continued penetration into our targeted international markets. Sales in international markets grew by approximately 17%, with particularly strong growth in Europe and Asia-Pacific where sales in these markets increased close to 30%, and we entered new markets in Latin America.

- We significantly enhanced our Gildan® branded sport shirt product-line offering, to be launched at the start of 2015 with softer fabrics using higher-end yarns, such as combed ring-spun, dual blends and sports performance fabrics and styles. We believe the updated product-line significantly enhances our competitive positioning in the uniform, workwear and sports performance categories.

- At the start of fiscal 2014 we launched the new Anvil® line, targeting a younger, more fashion-conscious consumer, featuring fashion fitted styles with ring-spun yarn, to further complement the Gildan® product offering in the printwear market.

- The Anvil® product-line was further expanded to include tri-blend styles, including polyester, combed ring-spun cotton and rayon, a growing fabric trend in the apparel industry. The tri-blends will be launched as part of the Anvil® product-line in 2015.

Continue penetration of retail market as a full-line supplier of branded family apparel

We intend to continue to leverage our existing core competencies, successful business model and competitive strengths to grow our sales to U.S. retailers. As in the printwear channel, success factors in penetrating the retail channel include consistent quality, competitive pricing and fast and flexible replenishment, together with a

commitment to corporate social responsibility and environmental sustainability. We intend to leverage our current distribution with retailers, our manufacturing scale and expertise and our ongoing marketing investment to support the further development of company-owned and licensed brands to create additional sales growth opportunities in activewear, underwear, socks and sheer hosiery. The Company is making significant investments in advertising for the further development of its Gildan® and Gold Toe® portfolio of consumer brands.

Although we are primarily focused on further developing our company-owned brands, we are also focused on building our relationships and growing our sales as a supply chain partner to select global athletic and lifestyle brands that are increasingly looking to source from manufacturers that meet rigorous quality and social compliance criteria, with an efficient supply chain strategically located in the Western Hemisphere. Our manufacturing operations combined with our screenprinting and apparel decorating capabilities allow us to provide a more streamlined sourcing solution for these brands. We believe there is an opportunity to leverage these relationships to expand into other product categories, such as socks, performance products and underwear.

Fiscal 2014 highlights

- In just over one year of having obtained our first national Gildan® branded men's underwear program with a major mass-market retailer, the Gildan® brand was the number 3 men's underwear brand during the three-month period ended September 30, 2014 and achieved a market share of 7.5% in the month of September, according to the NPD Group's Retail Tracking Service.

- During fiscal 2014, we continued to expand shelf space with retailers and secure new program placements of Gildan®, Gold Toe® and related brand extensions for 2015 in all product categories and in various channels of retail distribution.

- Effective October 1, 2014, we extended our worldwide license for the Mossy Oak® brand for activewear, underwear and socks on an exclusive basis for a term of ten years. The previous initial license agreement was for a three-year term. We secured new programs for 2015 under the licensed Mossy Oak® brand in multiple product categories and in various channels of distribution in retail.

- During fiscal 2014, we increased our sales to global lifestyle brands and expanded into the socks category, and we secured new printed and performance activewear programs with major sportswear brands for 2015.

- We acquired Doris, a marketer and manufacturer of branded sheer hosiery, legwear and shapewear products to retailers in Canada and the United States. The acquisition provides an immediate platform for retail distribution in Canada to offer Gildan® and Gold Toe® products, and provides the opportunity to offer sheer hosiery, legwear and shapewear products to our existing U.S. customer base. In addition, the acquisition broadens the Company's retail distribution network in the United States due to Doris' strong presence in the food and drug channel. The Company believes this acquisition also represents a first step in building a ladies intimate apparel platform over time.

Continue to increase capacity to support our planned sales growth and generate manufacturing and distribution cost reductions

We plan to continue to increase capacity to support our planned sales growth. We are continuing to seek to optimize our cost structure by adding new low-cost capacity, investing in projects for cost-reduction and further vertical-integration, as well as for additional product quality enhancement.

Fiscal 2014 highlights

- The ramp-up of the Rio Nance 1 and Anvil textile facilities in Honduras were essentially completed by the end of the fiscal year. The facilities have been reconfigured and upgraded with new equipment in order to support the Company's planned growth in underwear and in more specialized performance and fashion basic products.

- We announced plans for further textile capacity expansion, including a new textile facility in Honduras and a new textile facility in Costa Rica.

- We also added new sock manufacturing equipment for higher-valued sock production.

- The Company essentially doubled its underwear sewing capacity.

- We completed the refurbishment and modernization of our yarn-spinning facilities in Clarkton, NC and Cedartown, GA. We started production at our first ring-spun yarn facility in Salisbury, NC in the second quarter of fiscal 2014 and the facility is ramping up as planned. We completed the construction of a second yarn-spinning facility in Salisbury for the production of open-end yarn, which is targeted to commence operations in the last calendar quarter of 2014. Construction of a third facility at Mocksville, NC is underway.

- The Company also continued to execute its plans to reduce its reliance on high-cost fossil fuels and further reduce its impact on the environment through the investment in biomass projects as an alternate source of natural renewable energy, and other initiatives to increase the efficiency of its energy-intensive equipment and processes, which reflect the Company's commitment to environmental sustainability.

- We essentially completed the construction of a new distribution centre in the Rio Nance complex in Honduras.

Pursue complementary acquisitions

In order to enhance our organic growth, we will continue to seek complementary strategic acquisition opportunities which meet our return on investment criteria, based on our risk-adjusted cost of capital.

Fiscal 2014 highlights

- On July 7, 2014, we acquired Doris, a marketer and manufacturer of branded sheer hosiery, legwear and shapewear products to retailers in Canada and the United States.

Our Operating Segments

The Company manages and reports its business under two operating segments, Printwear and Branded Apparel, each of which is a reportable segment for financial reporting purposes. Each segment has its own management that is accountable and responsible for the segment's operations, results and financial performance. These segments are principally organized by the major customer markets they serve. The following summary describes the operations of each of the Company's operating segments:

Printwear segment

The Printwear segment, headquartered in Christ Church, Barbados, designs, manufactures, sources, markets and distributes undecorated activewear products in large quantities primarily to wholesale distributors in printwear markets in over 30 countries across North America, Europe, Asia-Pacific and Latin America. Through our Printwear segment, we sell mainly activewear products consisting of undecorated or "blank" T-shirts, fleece and sport shirts which are marketed primarily under our own brands, Gildan®, Gildan Performance™ and Anvil®.

Through a license arrangement we also sell performance activewear products under the New Balance® brand. Wholesale distributors sell our products to screenprinters and embroiderers, who decorate the products with designs and logos and sell the imprinted activewear to a highly diversified range of end-use markets, including educational institutions, athletic dealers, event merchandisers, promotional product distributors, charity organizations, entertainment promoters, travel and tourism venues and retailers. Our activewear products are used in a variety of daily activities by individuals, including work and school uniforms and athletic team wear, and for various other purposes to convey individual, group and team identity.

Branded Apparel segment

The Branded Apparel segment, headquartered in Charleston, South Carolina, designs, manufactures, sources, markets and distributes branded family apparel, which includes athletic, casual and dress socks, underwear and activewear products, primarily to U.S. retailers. More recently, with the acquisition of Doris, the Company's product-line has been expanded to include branded sheer hosiery, legwear and shapewear products which are sold to retailers in Canada and the United States. We market our products primarily under our company-owned and licensed brands, as well as select national retailers' brands. Although the main focus of the Company's growth strategy is the continued development of its company-owned brands, the Company is also pursuing the opportunity to grow its sales as a supply chain partner to select targeted global consumer brands, including major sportswear and family entertainment brands for which we manufacture and decorate products.

Competitive Environment

The markets for our products are highly competitive and are served by domestic and international manufacturers or suppliers. Competition is generally based upon price, with reliable quality and service also being critical requirements for success. Our competitive strengths include our expertise in building and operating large-scale, vertically-integrated, strategically-located manufacturing hubs. Our capital investments in manufacturing allow us to operate efficiently and reduce costs, offer competitive pricing, maintain consistent product quality, and a reliable supply chain, which efficiently services replenishment programs with short production/delivery cycle times. Continued investment and innovations in our manufacturing processes have also allowed us to deliver enhanced product features, further improving the value proposition of our product offering to our customers. Consumer brand recognition and appeal are also important factors in the retail market. The Company is focused on further developing its brands and is continuing to make significant investments in advertising to support the further enhancement of its Gildan® and Gold Toe® brands. Our commitment to leading environmental and social responsibility practices is also an area of investment for the Company and an important factor for our customers.

Printwear segment

Our primary competitors in North America include major apparel manufacturers such as Fruit of the Loom, Inc. (" **Fruit of the Loom**") and Russell Corporation ("**Russell**"), both subsidiaries of Berkshire Hathaway Inc. (" **Berkshire**"), as well as Hanesbrands Inc. (" **Hanesbrands**"). We also compet with smaller U.S.-based competitors, including Alstyle Apparel, a division of Ennis Corp., Delta Apparel Inc., American Apparel, Inc., Color Image Apparel, Inc., Next Level Apparel, as well as Central American and Mexican manufacturers. In addition, we compete with private label brands sold by some of our customers. Competitors in the European printwear market include Fruit of the Loom and Russell, as well as competitors that do not have integrated manufacturing operations and source products from suppliers in Asia.

Branded Apparel segment

In the retail channel, we compete primarily with Hanesbrands, Berkshire's subsidiaries Fruit of the Loom and Russell, Renfro Corporation, Jockey International, Inc., Kayser Roth Corporation and Spanx, Inc. In addition, we compete with brands of well-established U.S. fashion apparel and sportswear companies, as well as private label brands sold by our customers that source primarily from Asian manufacturers.

Manufacturing

The vast majority of our products are manufactured in facilities that we own and operate. Our vertically-integrated manufacturing operations include capital-intensive yarn-spinning, textile, sock, and sheer manufacturing facilities, as well as labour-intensive sewing plants. We satisfy the vast majority of our yarn requirements, which are mainly cotton-based, by sourcing from third-party U.S. yarn suppliers with which we have supply agreements, as well as from our own yarn-spinning operations in the U.S. A small portion of our yarn requirements is sourced outside of the U.S. At our yarn-spinning facilities, we convert cotton and other fibres into yarn. In our textile plants, we convert yarn into dyed and cut fabric which is subsequently transferred for assembly into activewear and underwear garments to sewing facilities we operate in owned or leased premises. Textiles produced in our facilities in Honduras are assembled at our sewing facilities in Honduras and Nicaragua. Textiles produced at our manufacturing facility in the Dominican Republic are sewn at our sewing facilities in the Dominican Republic and third-party contractor operations in Haiti. Our facility in Bangladesh comprises both textile and sewing production. In our integrated sock manufacturing facilities, we convert yarn into finished socks. The majority of our sock production does not require sewing as the equipment used in our facilities knit the entire sock with a seamless toe closing operation.

Our manufacturing operations are primarily based out of our largest manufacturing hub in Central America and a second large hub in the Caribbean Basin, which are strategically located to efficiently service the quick replenishment requirements of our markets. In addition, we also own a small vertically-integrated manufacturing facility in Bangladesh for the production of activewear, which mainly serves our international markets. We also have screenprinting and decorating capabilities in Central America and in the U.S. to support our sales to leading global athletic and lifestyle consumer brands. During fiscal 2014, in order to expand our retail brand and product offering in Canada and the U.S., we acquired sheer hosiery operations with knitting, dyeing and packaging capabilities in a facility in Montréal, Québec. While we internally produce the majority of the products we sell, we also have sourcing capabilities to complement our large scale, vertically-integrated manufacturing.

The following table provides a summary of our manufacturing operations by geographic area:

	Canada	United States	Central America	Caribbean Basin	Asia
Yarn-spinning facilities		§ Clarkton, NC § Cedartown, GA ■ Salisbury, NC (2 facilities) (1) § Mocksville, NC (under development)			
Textile facilities			§ Honduras - Rio Nance 1 - Rio Nance 2 - Rio Nance 5 - Anvil Knitwear Honduras (AKH)	§ Dominican Republic	§ Bangladesh
Sewing facilities (2)			§ Honduras (4 facilities) § Nicaragua (3 facilities)	§ Dominican Republic (3 facilities)	§ Bangladesh
Sock / Sheer manufacturing facilities	§ Montreal, QC (3)		§ Honduras - Rio Nance 3 - Rio Nance 4		

(1) One facility is a ring-spun yarn facility which is currently being ramped-up and we completed the construction of a second facility for the production of open-end yarn, which is targeted to commence operations in the last calendar quarter of 2014.

(2) We also use the services of third-party sewing contractors, primarily in Haiti, to support textile production from the Dominican Republic.

(3) Acquired as part of the acquisition of Doris, effective July 7, 2014.

Yarn-spinning capacity expansion

During fiscal 2013, we began to execute on a significant yarn-spinning manufacturing initiative in order to support our projected sales growth and planned capacity expansion, and to continue to pursue our business model of investing in global vertically-integrated low-cost manufacturing technology and in product technology, which we believe will provide consistent superior product quality. We acquired the remaining 50% interest of a joint venture in fiscal 2013, which included two yarn-spinning facilities located in Clarkton, NC and Cedartown, GA, which were subsequently refurbished and modernized during fiscal 2014. In addition, we started to invest in new greenfield yarn-spinning facilities. A new yarn-spinning facility in Salisbury, NC for the production of ring-spun yarn began production in the second quarter of fiscal 2014. The Company also constructed a second yarn-spinning facility in North Carolina, adjacent to the ring-spinning facility, which is expected to commence operations in the last calendar quarter of 2014. In addition, construction of a new yarn-spinning facility in Mocksville, NC is currently underway.

Textile manufacturing expansion

During fiscal 2013, we invested in the modernization and refurbishment of our Rio Nance 1 facility in order to improve the facility's capabilities and cost efficiency. Production at Rio Nance 1 restarted in the fourth quarter of fiscal 2013 and production ramp-up was essentially completed by the end of fiscal 2014. Over the last year, the Company also invested in the reconfiguration and the upgrading of equipment at the former Anvil manufacturing facility in Honduras to support its growth in more specialized performance and fashion products. During fiscal 2014 the Company announced plans for further textile capacity expansion. The Company plans to construct a new textile facility, Rio Nance 6, which will be located at the Company's Rio Nance complex in

Honduras. The new Rio Nance facility is intended to support the introduction of more higher-valued products and optimize manufacturing efficiencies at the Company's other textile facilities. Development of the site for Rio Nance 6 is currently underway and the facility is expected to begin production in 2016. The Company also announced plans to construct its first facility in Costa Rica, which is strategically located for duty-free, quota-free access to the Company's major markets in the U.S. The facility will be located in the province of Guanacaste in north-western Costa Rica, close to the Company's sewing plants in Nicaragua and accessible to ports on both the eastern and western coasts of the country. The Costa Rica facility is expected to begin production in 2017.

Sales, marketing and distribution

Our sales and marketing offices are responsible for customer-related functions, including sales management, marketing, customer service, credit management, sales forecasting and production planning, as well as inventory control and logistics for each of their respective operating segments. Our two primary distribution centres out of which we service our printwear and retail markets are located in the U.S. In addition, during fiscal 2014, the Company essentially completed the construction of a new distribution centre in Honduras.

Printwear segment

Our sales and marketing office servicing our global printwear markets is located in Christ Church, Barbados. We distribute our activewear products for the printwear markets primarily out of our main distribution centre in Eden, NC. We also use third-party warehouses in the western United States, Canada, Mexico, Colombia, Europe and Asia to service our customers in these markets.

Branded Apparel segment

Our primary sales and marketing office for our Branded Apparel segment is located in Charleston, SC at the same location as our primary distribution centre servicing our retail customers. In addition, we service retail customers from smaller distribution centres in North Carolina, South Carolina and Canada. We also operate 51 retail stores located in outlet malls throughout the United States.

Customers

We sell our products to customers requiring an efficient supply chain and consistent product quality for high-volume quick replenishment programs in the North American and international printwear markets and we are becoming a growing supplier to U.S. retailers. In our printwear markets we sell our products in over 35 countries across North America, Europe and the Asia-Pacific region, and Latin America primarily to wholesale distributors and to a lesser extent to large screenprinters. Our products in the U.S. retail market are sold to a broad spectrum of retailers, including mass-market retailers, department stores, national and regional chains, sports specialty stores and price clubs. In fiscal 2014 our sales totalled $2,360.0 million, of which $1,559.6 million were derived from our Printwear customers and $800.4 million from Branded Apparel customers. In fiscal 2014, we sold our products in the United States, Canada and Europe and other international markets, which accounted for 88.5%, 3.6% and 7.9% of total sales, respectively. For a breakdown of our total sales by geographic market for each of the last two financial years, reference is made to note 26 to the 2014 Financial Statements, which note is incorporated herein by reference.

Our total customer base is composed of a relatively small number of significant customers. In fiscal 2014, our largest customer accounted for 17.7% of our total sales, and our top ten customers accounted for 56.6% of our total sales in the retail and screenprint channels. Although we have long-term ongoing relationships with many of our customers, our contracts with our customers do not require them to purchase a minimum quantity of our

products. Instead, we assess their projected requirements and then plan our production and marketing strategy accordingly.

Raw Materials

Cotton and polyester fibres are the main raw materials used in the manufacturing of our products. Cotton is used in the manufacturing of both 100% cotton yarns and blended yarns, while polyester is used in the manufacturing of both blended yarns and 100% polyester yarns. The majority of the cotton fibre used in the manufacturing of yarn for Gildan is typically purchased on Gildan's behalf by our yarn suppliers for future delivery at pre-determined prices under contracts as deemed appropriate by management. Similarly, for the majority of the polyester fibers, pricing is negotiated directly with suppliers on an annual basis subject to the price variability of certain polyester components.

During fiscal 2014, most of our yarn requirements for the production of our product-lines were met by our long-term supply agreements with third-party suppliers, as well as by our own yarn-spinning facilities in Cedartown, GA, Clarkton, NC and Salisbury, NC. Please refer to the discussion of our yarn-spinning capacity expansion in section 3.1 under the heading "Yarn-Spinning Capacity Expansion" in this Annual Information Form for further information about the Company's initiatives and investments in yarn-spinning. The yarn requirements for our Bangladesh operations are supplied by local and regional spinners. We expect that most of our yarn requirements will continue to be met by these sources.

The primary sources of energy consumed in our manufacturing facilities are (i) biomass, bunker fuel and natural gas, which are used to generate steam required in the production process, and (ii) electricity, which is used to power production equipment and air-conditioning. The bunker fuel used in our operations is supplied by local third-party suppliers, and the pricing is highly dependent on international market prices for bunker fuel. Natural gas is used in our operations in the Dominican Republic and Bangladesh, and is obtained from local third-party suppliers. The electricity requirements at our two main production complexes, located in Honduras and the Dominican Republic, are provided by public utility companies. Electricity rates are variable and are, in part, related to underlying oil prices.

Biomass, derived both from dedicated plantations and agricultural waste, is sourced from private third-party suppliers, and now provides a major portion of the energy for our operations in both the Dominican Republic and Honduras. We anticipate that our biomass consumption needs will increase progressively over the next few years. During fiscal 2009, we began construction of a biomass steam generation system in the Dominican Republic, which began operating as of March 2010 and has contributed to the reduction of the energy costs associated with our textile production in the Dominican Republic. During fiscal 2010, we completed similar biomass steam generation projects for both of our sock manufacturing facilities in Honduras. The first biomass facility became operational at the end of fiscal 2010, and the second biomass facility became operational during the first quarter of fiscal 2011. In the third quarter of 2011, we began the construction of a third biomass steam generation facility to support our textile facilities in Honduras, which is now fully operational and provides the majority of the steam used in our textile operations in Honduras. The Company is planning to increase the proportion of steam generated by biomass by further expanding its biomass facilities.

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

Management Information Systems

Our Enterprise Resource Planning (" **ERP**") system supports the majority of our operations in the areas of finance, manufacturing and customer service. This system is centralized and is accessed from all of our locations

through secure networks. Our ERP system is linked to servers supporting both local processes and specialized applications, including payroll and distribution. Due to our increasing dependence on the availability of our computer systems to support our operations, we plan to continue in 2015 to implement initiatives to enhance our information technology ("**IT**") processes and infrastructure based on the Information Technology Infrastructure Library, a framework of "best practices" approaches intended to facilitate the delivery of high-quality IT services.

The Gildan JD Edwards ERP World system has been in place since 1999. In fiscal 2010, we initiated a process to upgrade to the current release, Enterprise One. The upgrade will facilitate the strategic objective of improving and modernizing system functionality and business agility. We implemented the first phase of the upgrade in fiscal 2012 and we are currently undertaking the second phase.

Seasonality and other factors affecting the variability of results and financial condition

Our results of operations for interim periods and for full fiscal years are impacted by the variability of certain factors, including, but not limited to, changes in end-use demand and customer demand, our customers' decision to increase or decrease their inventory levels, changes in our sales mix, and fluctuations in selling prices and raw material costs. While our products are sold on a year-round basis, our business experiences seasonal changes in demand which results in quarterly fluctuations in operating results. Historically, consolidated net sales have been lowest in the first fiscal quarter and highest in the second half of the fiscal year, reflecting the seasonality of our operating segments' net sales. For our Printwear segment, demand for T-shirts is lowest in the first fiscal quarter, and highest in the third quarter of each fiscal year when distributors purchase inventory for the peak Summer selling season. Demand for fleece is typically highest, in advance of the Fall and Winter seasons, in the third and fourth quarters of each fiscal year. For our Branded Apparel segment, sales are higher during the back-to-school period and the Christmas holiday selling season. Historically, our Branded Apparel segment sales have been highest in the fourth fiscal quarter.

Historically, the seasonal sales trends of our business have resulted in fluctuations in our inventory levels throughout the year, in particular a build-up of T-shirt inventory levels in the first half of the fiscal year.

Our results are also impacted by fluctuations in the price of raw materials and other input costs. Cotton and polyester fibres are the primary raw materials used in the manufacture of our products, and we also use chemicals, dyestuffs and trims which we purchase from a variety of suppliers. Cotton prices are affected by consumer demand, global supply, which may be impacted by weather conditions in any given year, speculation on the commodities market, the relative valuations and fluctuations of the currencies of producer versus consumer countries and other factors that are generally unpredictable. While we enter into contracts in advance of delivery to establish firm prices for the cotton component of our yarn requirements, our realized cotton costs can fluctuate significantly between interim and annual reporting periods. Energy costs in our results of operations are also affected by fluctuations in crude oil, natural gas and petroleum prices, which can also influence transportation costs and the cost of related items used in our business, such as polyester fibres, chemicals, dyestuffs and trims.

Management decisions to consolidate or reorganize operations, including the closure of facilities, may result in significant restructuring costs in an interim or annual period. In addition, the effect of asset write-downs, including provisions for bad debts and slow moving inventories, can affect the variability of our results. The section entitled "Restructuring and acquisition-related costs" of our 2014 Annual MD&A contains a discussion of costs related to the Company's restructuring activities and business acquisitions.

Our reported amounts for sales, SG&A expenses, and financial expenses/income are impacted by fluctuations in the U.S. dollar versus certain other currencies as described in the "Financial risk management" section of our

2014 Annual MD&A. The Company may periodically use derivative financial instruments to manage risks related to fluctuations in foreign exchange rates.

Trade Regulation

As a multinational corporation, we are affected by international trade legislation, as well as bilateral and multilateral trade agreements in the countries in which we operate, source and sell products. Although the textile and apparel industries of developed countries such as Canada, the United States and the European Union have historically received a relatively higher degree of trade protection than other industries, trade liberalization has diminished this protection in recent years. In order to remain globally competitive, we have situated our manufacturing facilities in strategic locations to leverage the benefits of the trade liberalization climate. Furthermore, management continuously monitors new developments and evaluates risks relating to duties, tariffs, and quotas that could impact our approach to global manufacturing and sourcing and makes adjustments as needed.

The United States has implemented several free trade agreements and trade preference programs to enhance trade with certain countries such as CAFTA-DR, the Caribbean Basin Trade Partnership Act and the Haitian Hemispheric Opportunity through Partnership Encouragement Act ("**HOPE**"), which allow qualifying textiles and apparel from participating countries duty-free access to the U.S. market.

The United States adopted CAFTA-DR and HOPE (as amended by HOPE II legislation in 2008 and by the Haitian Economic Lift Program legislation in 2010) to strengthen and develop U.S. economic relations and expand trade with Central America, the Dominican Republic and Haiti, where we have substantial manufacturing operations and activities.

In 2012, the United States implemented free trade agreements with South Korea, Colombia and Panama and has also continued free trade negotiations with a group of countries under the umbrella of the Trans-Pacific Partnership ("**TPP**"). Countries participating in the TPP negotiations at this time are Australia, Brunei, Canada, Chile, Mexico, Malaysia, New Zealand, Peru, Singapore, Japan and Vietnam. Future entry into force of this new regional free trade agreement or any other new free trade agreements, may negatively affect our competitive position in the United States and other countries where we sell products.

In early November 2013, the governments of Canada and Honduras formally signed a free trade agreement between the two countries which came into force on October 1, 2014. This agreement will enable qualifying textiles and apparel from Honduras to benefit from duty-free access into the Canadian market. Canada also affords preferential tariff treatment to certain qualifying apparel articles from least developed countries, including Haiti, Cambodia and Bangladesh.

Imports into the Mexican market may qualify for trade preferences from various free trade agreements such as the Mexico-Costa Rica Free Trade Agreement, the Mexico-Nicaragua Free Trade Agreement, and the Mexico-Northern Triangle Regional Trade Agreement, which includes El Salvador, Guatemala and Honduras as member countries.

The European Union has preferential trade agreements with other European countries and with countries outside of Europe. For example, the European Union maintains a Generalized System of Preferences ("**GSP**") and the Everything But Arms programs. These programs allow duty-free entry into the European Union of qualifying articles, including apparel, from developing countries such as Honduras and Nicaragua, and least developed countries, including Haiti and Bangladesh. Amendments regarding the reform of certain of the GSP provisions, including the rules of origin, have recently come into effect. The new provisions will further enhance duty-free access to the European Union of qualifying apparel articles, including, potentially, apparel articles from Pakistan,

which could negatively impact our competitive position in the European Union. The European Union also reinstated the GSP preference to Myanmar / Burma in 2013.

The European Union and the Central American countries of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama signed in 2012 a comprehensive association agreement (the "**Association Agreement**") which includes a trade component allowing duty-free entry into the European Union of qualifying apparel articles. The Association Agreement, recently enacted, supersedes the eligibility for the GSP trade preference of the signatory Central American countries. The European Union has reached similar agreements with Colombia and Peru. Other European Union trade agreements and preference programs are already in effect with Turkey, Mexico and several Caribbean states.

Imports into the Colombian market are entitled to trade preference benefits under the Colombia-Northern Triangle Regional Trade Agreement, which includes El Salvador, Guatemala and Honduras as member countries.

In 2011, the People's Republic of China extended duty-free and quota-free trade benefits to Bangladesh under the Asia Pacific Trade Agreement to include certain chief-weight cotton apparel articles made in Bangladesh.

Overall, new agreements or arrangements that further liberalize access to our key country markets could potentially adversely impact our competiveness in those markets. The likelihood that any such agreements, measures or programs will be adopted, or that the agreements and preference programs around which we have built our manufacturing supply chain will be modified, repealed, or allowed to expire, and the extent of the impact of such changes on our business, cannot be determined with certainty.

Textile and apparel articles are generally not subject to specific export restrictions or licensing requirements in the countries where we manufacture and distribute goods. However, the creation of export licensing requirements, imposition of restrictions on export quantities or specification of minimum export pricing and/or export prices or duties could potentially have an adverse impact on our business. In addition, unilateral and multilateral sanctions and restrictions on dealings with certain countries and persons are unpredictable, yet continue to emerge and evolve in response to international economic and political events, and could impact our trading relationships with vendors or customers.

Product Safety Regulation

We are subject to consumer product safety laws and regulations that could affect our business. In the United States, we are subject to the *Consume Product Safety Act*, as amended by the *Consumer Product Safety Improvement Act* of 2008, the *Federal Hazardous Substances Act*, the *Flammable Fabrics Act*, the *Toxic Substances Control Act*, and rules and regulations promulgated pursuant to these statutes. Such laws provide for substantial penalties for non-compliance. These statutes and regulations include requirements for testing and certification for flammability of wearing apparel, for lead content and lead in surface coatings in children's products, and for phthalate content in child care articles, including plasticized components of children's sleepwear. We are also subject to similar laws and regulations, and to additional warning and reporting requirements, in the various individual states in which our products are sold.

In Canada, we are subject to similar laws and regulations, the most significant of which are the *Hazardous Products Act* and the *Canada Consumer Product Safety Act* (the "**CCPSA**"), which applies to manufacturers, importers, distributors, advertisers, and retailers of consumer products. The CCPSA bans apparel treated with certain flame retardants and requires compliance with children sleepwear regulations and regulations governing flammability of other apparel and phthalate content in child articles (not including sleepwear).

In the European Union, we are also subject to product safety regulations, the most significant of which are imposed pursuant to the *General Product Safety Directive*. We are also subject to similar laws and regulations in

the other jurisdictions in which our products are sold. Although we believe that we are in compliance in all material respects with applicable product safety laws and regulations in the jurisdictions in which we operate, the extent of our liability, if any, for past failures to comply with laws, regulations and permits applicable to our operations cannot be reasonably determined.

Intellectual Property

We own several registered trademarks including, among others, the Gildan® and Gildan Softstyle® trademarks in Canada, the United States and in the European Union as well as in many countries in Central America, South America and Asia-Pacific. Applications for the registration of several other trademarks which are part of the Gildan brand family, such as Gildan Performance™, Aqua Defense™, Smart Basics™, Part of Your Life™, Every thread counts™ and Gildan Platinum™ trademarks, are also pending or have been accepted during fiscal 2014 in several countries.

As a result of the acquisition of Doris in 2014, we own the Secret® and Silks® trademarks in Canada and have trademark applications for the registration of TherapyPlus™ Kushyfoot™, Dreamsoles™, Better U by Shatobu™ and Secret Silky™ at the international level.

Pursuant to the acquisition in fiscal 2011 of Gold Toe Moretz Holdings Corp. (" **Gold Toe**"), we also own the Gold Toe brand family, which includes th iconic Gold Toe® trademark, as well as the Silver Toe®, Auro®, PowerSox®, All Pro®, Soleution® and G® trademarks, and we have further expanded registration of these marks internationally. Applications for the registration of The Best Socks On Two Feet™, AquaFx™, Freshcare™, Gold Toe Premier™ and Signature Gold by Goldtoe™ trademarks are also pending in several countries.

Moreover, with the acquisition of Anvil, we also own Anvil's portfolio of trademarks for high-quality basic t-shirts and sport shirts including Anvil®, Anvil Not Just a T-Shirt™, Anvil's eco collection (Anvil Organic®, Anvil Recycled®, and Anvil Sustainable®) as well as a number of other registered trademarks. In addition, Shirt Scan® and Track My T® trademarks (and copyright) pertain to computer and mobile applications which provide information on clothing manufacturing. 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.

In addition, we have an exclusive license for Under Armour® branded socks in the U.S. (with potential international expansion), as well as an exclusive worldwide license for Mossy Oak® brands in relation to multiple apparel products. We also own a license for New Balance® branded basic, performance and fleece apparel in the U.S. and Canada to the printwear industry.

Corporate Social Responsibility

Our corporate social responsibility program encompasses four major areas of focus:

- ***People well-being****:* Commitment to industry-leading working conditions and labour practices at each of our worldwide locations;
- ***Community engagement****:* Commitment to our neighbours through dedicated support for youth and humanitarian aid;
- ***Environmental protection****:* Commitment to the development and implementation of leading and innovative solutions that reduce the environmental impact of our operations throughout our entire supply chain; and
- ***Product responsibility****:* Commitment to a responsible product-line through sustainable solutions.

Effective September 22, 2014, Gildan was included in the Dow Jones Sustainability World Index (" **DJSI World**") for a second consecutive year and currently is the only North American company to be named to DJSI World under the Textiles, Apparel and Luxury Goods sector. The Dow Jones Sustainability Indices ("**DJSI**") track the financial performance of the leading sustainability-driven companies worldwide. These indices serve as benchmarks for investors who integrate sustainability considerations into their investment philosophy. The annual DJSI review is based on a thorough analysis of corporate economic, environmental and social performance carried out by RobecoSAM, an investment specialist focused exclusively on sustainability investing. The analysis covers issues such as supply chain standards and labour practices, environmental policy/management systems, corporate governance and risk management.

Social Compliance

We provide favourable working conditions for all our employees. All of Gildan's operations are governed by the Company's Code of Conduct, which is based on the International Labour Organization Conventions and which also encompasses elements set forth by the Fair Labor Association ("**FLA**"), and the Worldwide Responsible Accredited Production ("**WRAP**"), as well as best practices commonly agreed upon in the area of corporate social responsibility.

We have implemented internal and external monitoring programs that allow us to verify compliance not only with local labour laws, but with internationally-recognized labour standards as well. Our social compliance monitoring is composed of both external third-party audits and internal monitoring audits. Independent third-party monitors also regularly audit our plants, both on an announced and unannounced basis. During fiscal 2014, a total of 244 audits were performed in our facilities and in the facilities of our third-party contractors. 37% of these audits were carried out by external auditors, 78% of which were mandated by our customers.

Gildan has been a member of the FLA as a "Participating Company" since November 2003. The FLA is internationally recognized and respected as a non-profit organization whose goal is to promote adherence to international labour standards and to improve working conditions for employees worldwide. Our labour compliance program has been accredited by the FLA since fiscal 2007.

All of our sewing facilities and our contractors' facilities in Haiti have been certified or are in the process of being certified, by WRAP, an independent, non-profit organization dedicated to the promotion and certification of lawful, humane and ethical manufacturing throughout the world. WRAP, through independent third-party verification, certifies facilities that comply with its Code of Conduct. All of our third-party sewing contractors are contractually required to follow prescribed employment policies as well as our Code of Conduct.

Environmental Compliance

Gildan operates within the guidelines and practices set forth in its Corporate Environmental Policy and in its Environmental Code of Practice. The thrust of our Environmental Management System is to reduce our environmental impact and to preserve the external natural resources the Company utilizes. Innovative systems such as the Biotop, a biological wastewater treatment system, and our biomass steam generation systems are some of the sustainable practices we have put in place. The Company monitors, controls and manages other environmental issues through policies which include, but are not limited to, the recycling and creation of measures for waste prevention, minimization, recovery and treatment at all stages of the production cycle including the off-site disposal of any hazardous waste.

We are subject to various federal, state and local environmental and occupational health and safety laws and regulations in the different jurisdictions in which we operate, concerning, among other things, wastewater discharges, storm water flows, and solid waste disposal. Our manufacturing plants generate small quantities of

hazardous waste, which are either recycled or disposed of by licensed waste management companies. Through our Corporate Environmental Policy, Environmental Code of Practice and Environmental Management System, we seek not only to comply with applicable laws and regulations, but also to reduce our environmental footprint through waste prevention, recovery and treatment. Although we believe that we are currently in compliance in all material respects with the regulatory requirements of those jurisdictions in which our facilities are located, the extent of our liability, if any, for past failures to comply with laws, regulations and permits applicable to our operations cannot be reasonably determined. During fiscal 2013, Gildan was notified that a Gold Toe Moretz subsidiary has been identified as one of numerous "potentially responsible parties" at a certain waste disposal site undergoing an investigation by the Pennsylvania Department of Environmental Protection under the Pennsylvania Hazardous Sites Cleanup Act and the Solid Waste Management Act. As a result of activities alleged to have occurred during the 1980's, Gildan could be liable to contribute to the costs of any investigation or cleanup action which the site may require, although to date we have insufficient information from the authorities as to the potential costs of the investigation and cleanup or to reasonably estimate Gildan's share of liability for any such costs, if any.

In line with our commitment to the environment, as well as to the health and safety of our employees, we incur capital and other expenditures each year that are aimed at achieving compliance with current environmental standards. For fiscal 2014, the requirements with regard to environmental protection did not have a significant financial or operational impact on the Company's capital expenditures, earnings and competitive position. Although we do not expect that the amount of these expenditures in the future will have a material impact on our operations, financial condition or liquidity, there can be no assurance that future changes in federal, state or local regulations, interpretations of existing regulations or the discovery of currently unknown problems or conditions will not require substantial additional environmental remediation expenditures or result in a disruption to our supply chain that could have a material adverse effect on our business.

For more information on our Gildan Genuine Stewardship program, you can visit www.genuinegildan.com.

3.2 Risk Factors

Please see the "Financial Risk Management", "Critical Accounting Estimates and Judgements" and the "Risks and Uncertainties" sections of our 2014 Annual MD&A beginning on page 30, page 35 and page 41, respectively, which are incorporated herein by reference.

3.3 Employees

Gildan employs over 43,000 employees worldwide. The Company has historically been able to operate in a productive manner in all of its manufacturing facilities without experiencing significant labour disruptions, such as strikes or work stoppages. Some of our employees are members of labour organizations and, since 2012, we are a party to collective bargaining agreements at two of our sewing facilities in Central America.

4. DIVIDEND POLICY

In December 2010, the Company announced the adoption of a dividend policy which aims to declare and pay cash dividends on a quarterly basis. While the Board of Directors of the Company wishes to retain some of the Company's earnings to take advantage of opportunities to develop and expand its business, the Company aims to declare and pay cash dividends on a quarterly basis. The Board of Directors will consider several factors when reviewing dividend payments, including the Company's present and future earnings, cash flows, capital requirements and future regulatory restrictions, while complying with laws governing the Company. There can be no assurance as to the amount or timing of dividends in the future.

On November 28, 2012, the Company's Board of Directors approved a 20% increase in the amount of the quarterly dividends and declared a cash dividend of $0.09 per Common Share payable at each quarter of fiscal 2013.

On November 20, 2013, the Company's Board of Directors approved a 20% increase in the amount of the quarterly dividends and declared a cash dividend of $0.108 per Common Share payable at each quarter of fiscal 2014.

On December 3, 2014, the Company's Board of Directors approved a 20% increase in the amount of the quarterly dividends and declared a cash dividend of $0.13 per Common Share payable on January 12, 2015 to shareholders of record on December 18, 2014.

5. CAPITAL STRUCTURE

First Preferred Shares

Issuance in Series

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

Rank

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

Voting Rights

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

Second Preferred Shares

Issuance in Series

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

Rank

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

Voting Rights

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

Common Shares

Following the conversion of all of the Company's Class B Multiple Voting shares into Class A Subordinate Voting shares, the Company's shareholders approved a special resolution on February 2, 2005 to amend the Company's Articles in order to change each of the issued and outstanding Class A Subordinate Voting shares into one newly-created Common Share and to remove the Class B Multiple Voting shares and the Class A Subordinate Voting shares.

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

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

6. MARKET FOR SECURITIES

The Common Shares are listed on the NYSE and the TSX under the symbol "GIL". The Class A Subordinate Voting shares (now the Common Shares), which were issued at an offering price of $0.88 (Cdn$1.29), on a post-split basis, began trading on the TSX, the Montréal 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. We delisted such shares from AMEX on August 31, 1999. On September 1, 1999, the Class A Subordinate Voting shares (now the Common Shares) commenced trading on the NYSE. As a result of a restructuring of Canada's stock exchanges, which took effect on December 7, 1999, we are no longer listed on the ME.

The table below shows the monthly price range per share and the trading volume of the Common Shares for the fiscal year ended October 5, 2014 on the TSX (in Cdn$) and on the NYSE (in US$).

COMMON SHARES							
Toronto Stock Exchange (TSX)[1]				New York Stock Exchange (NYSE)[2]			
Month	High ($)	Low ($)	Trading Volume	Month	High ($)	Low ($)	Trading Volume
October 2013	51.22	46.37	5,954,248	October 2013	48.89	44.83	584,518
November 2013	52.68	48.89	7,363,439	November 2013	50.44	46.59	634,974
December 2013	57.23	50.40	6,086,487	December 2013	53.77	47.23	698,183
January 2014	60.30	55.86	9,096,500	January 2014	54.99	51.34	1,122,104
February 2014	59.47	55.07	6,967,434	February 2014	53.48	49.68	1,246,224
March 2014	57.72	53.45	7,328,313	March 2014	52.46	48.18	1,238,350
April 2014	56.90	53.45	7,092,591	April 2014	51.79	48.77	1,064,404
May 2014	61.50	55.78	6,238,430	May 2014	55.99	50.80	1,065,007
June 2014	63.02	58.40	5,783,198	June 2014	59.03	53.37	627,648
July 2014	67.28	62.43	6,134,143	July 2014	62.51	57.35	759,353
August 2014	64.92	61.60	4,698,263	August 2014	59.55	56.50	717,536
September 2014	62.38	59.38	7,713,968	September 2014	57.24	53.94	749,891

(1) The trading volumes do not reflect any trades done on “alternative trading systems” and only represent approximately 61.2% of all trades executed in Canada.

(2) The trading volumes do not reflect any trades done on “alternative trading systems” and only represent approximately 23.6% of all trades executed in United States.

7. DIRECTORS AND OFFICERS

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

Name and Municipality of Residence	Principal Occupation	Director Since
Glenn J. Chamandy Westmount, Québec, Canada	President and Chief Executive Officer of the Company	May 1984
William D. Anderson Toronto, Ontario, Canada	Chairman of the Board of the Company and Corporate Director	May 2006
Russell Goodman[1][3] Mont Tremblant, Québec, Canada	Corporate Director	December 2010
Russ Hagey[1][3] San Francisco, California, United States	Senior Partner and Worldwide Chief Talent Officer of Bain & Company, Inc. (management consulting)	November 2013
George Heller[2][3] Toronto, Ontario, Canada	Corporate Director	December 2009
Sheila O’Brien [1][3] Calgary, Alberta, Canada	Corporate Director, business advisor and President of Belvedere 1 Investments Ltd. (private investment company)	June 2005
Pierre Robitaille[1][2] St-Lambert, Québec, Canada	Corporate Director	February 2003

Name and Municipality of Residence	Principal Occupation	Director Since
James R. Scarborough[2][3] Wolfeboro, New Hampshire, United States	Corporate Director	December 2009
Gonzalo F. Valdes-Fauli[1][2] Key Biscayne, Florida, United States	Corporate Director Chairman of BroadSpan Capital LLC (investment banking firm)	October 2004

Member of the Audit and Finance Committee.

(1)

Member of the Corporate Governance and Social Responsibility Committee.

(2)

Member of the Compensation and Human Resources Committee.

(3)

Listed below is certain information about the executive officers of Gildan in office as of the date hereof.

Name and Municipality of Residence	Position Held Within the Company and Principal Occupation
Glenn J. Chamandy [1] Westmount, Québec, Canada	President, Chief Executive Officer and Director
Laurence G. Sellyn [1] Beaconsfield, Québec, Canada	Executive Vice-President, Chief Financial and Administrative Officer
Michael R. Hoffman St. James, Barbados	President, Printwear
Benito A. Masi Panama City, Panama	Executive Vice-President, Manufacturing
Eric R. Lehman Charleston, South Carolina, United States	President, Branded Apparel

(1) Officer of the Company.

Glenn J. Chamandy is one of the founders of the Company and has devoted his entire career to building Gildan into an industry leader. Mr. Chamandy has been involved in various textile and apparel businesses for over thirty years. Prior to being appointed President and Chief Executive Officer in 2004, the position which he holds to this day, he served as a Co- Chief Executive Officer and Chief Operating Officer of Gildan.

William D. Anderson has had a career as a business leader in Canada spanning over thirty years. Mr. Anderson joined the Bell Canada organization in 1992, where from 1998 to 2001, he served as Chief Financial Officer of BCE Inc., Canada's largest telecommunications company. From 2001 to 2005, Mr. Anderson served as President of BCE Ventures, the strategic investment unit of BCE Inc. and, from 2001 to 2007, he was the Chairman and Chief Executive Officer of Bell Canada International Inc., a subsidiary of BCE Inc. formed to invest in telecommunications operations outside Canada. Prior to joining the Bell Canada organization, Mr. Anderson was in public practice for nearly twenty years with the accounting firm KPMG LLP, where he was a partner for eleven years. Mr. Anderson also serves on the Board of Directors of TransAlta Corporation, a power generation and energy marketing firm, where he is a member of the Audit and Risk Committee and the Governance and Environment Committee. He also serves on the Board of Directors of Sun Life Financial Inc., an international financial services organization, where he also is the Chairman of the Audit and Conduct Review Committee as well as a member of the Risk Review Committee. Mr. Anderson was educated at the University of Western Ontario and is a Fellow of the Institute of Chartered Accountants of Ontario and a Fellow of the Institute of Corporate Directors.

Russell Goodman is a corporate director. From 1998 to June 2011, Mr. Goodman was a partner of PricewaterhouseCoopers LLP, where he was a member of the Americas' and Canadian Leadership teams for three and ten years, respectively. During that period, he served as Managing Partner of Project Finance and Privatization for the Americas, Global Leader for Transportation Services, Managing Partner of the Montréal office, and Canadian Managing Partner of the Private Equity and Transactions businesses. Mr. Goodman is a member of the Board of Directors and a member of the Audit Committee of Metro Inc., a leader in the grocery and pharmacy

sectors in Québec and Ontario. He is a member of the Board of Directors, Chairman of the Audit Committee and a member of the Compensation Committee of Whistler Blackcomb Holdings Inc., North America's largest ski resort. He is a member of the Board of Directors and Chairman of the Audit Committee of Northland Power Inc., a leading Canadian and international independent power producer, and is also a member of the Board of Directors of Forth Ports Limited, which owns and operates sea and container ports in the United Kingdom. Mr. Goodman is also a member of the Independent Review Committee of Investors Group Funds. In addition, he serves on a number of not-for-profit boards, including the Pointe-à-Callière Museum Foundation, where he is Chairman of the Board, and Centraide of Greater Montréal, where he is Vice-Chairman. He previously served as President of the Canadian Club of Montréal. He is a Fellow of the Order of Chartered Professional Accountants of Quebec and is certified by the Institute of Corporate Directors. Mr. Goodman was educated at McGill University.

Russ Hagey is a Senior Partner and the Worldwide Chief Talent Officer of Bain & Company, Inc., one of the world's leading management consulting firms. He joined the firm in 1982 and has worked in its San Francisco, Los Angeles, Zurich, and Amsterdam offices. As Chief Talent Officer, Mr. Hagey oversees Bain's recruiting, professional development, training, and human resources functions for nearly 6,000 global professionals and staff across 51 offices in 32 countries. He also has client leadership responsibilities in the areas of consumer products and health-care services. Mr. Hagey holds a Master of Business Administration from the Stanford Graduate School of Business and earned his Bachelor of Arts in economics from the University of California at Los Angeles. He also serves on a number of community and not-for-profit boards.

George Heller has had a career as a business leader in the retail sector that spans over forty years. From 1999 to 2006, Mr. Heller served as President and Chief Executive Officer of the Hudson's Bay Company, Canada's largest diversified general merchandise retailer, operating more than 600 retail outlets in Canada under four banners: the Bay, Zellers, Home Outfitters and Fields. Prior to that, Mr. Heller was President and Chief Executive Officer of Zellers, the mass merchandise retailer of the Hudson's Bay Company and a leading Canadian mass merchandise department store. Mr. Heller has also held a number of other key positions in the retail industry, including as President and Chief Executive Officer of Kmart Canada, discount department stores, President, North America & Europe of Bata Industries Ltd., an international footwear manufacturer, and Executive Vice-President of Woodwards Department Stores, a department store chain. Mr. Heller also served as President and Chief Executive Officer of the Victoria Commonwealth Games and was the President and a member of the Board of Directors of the Commonwealth Games of Canada Foundation, a fundraising organization for amateur athletes. Mr. Heller also serves on the Board of the Asia Pacific Foundation of Canada, a not-for-profit think-tank on Canada's relations with Asia, where he is Chair of the Investment Committee. Mr. Heller has acted since 2008 as Honorary Consul General of Thailand and as Honorary Trade Advisor to the Government of Thailand since 2000. Mr. Heller has received Honorary Doctorates from Ryerson University and the University of Victoria.

Sheila O'Brien is a business advisor, corporate director and President of Belvedere 1 Investments Ltd. She has over thirty years' experience in the oil and gas, pipeline and petrochemical sectors in Canada, the United States and Europe. She has held executive positions in the areas of human resources, investor relations, public affairs and government relations with Amoco International, Petro-Canada and Nova Chemicals Corporation. She created and implemented an innovative workforce restructuring program based on the dignity of the employee, which was designated a Worldwide Best Practice by Watson Wyatt International Consultancy. In addition, she has been active in the not-for-profit sector, having served on over 25 boards of directors, dealing primarily with human rights, women's rights and giving voice to marginalized members of society, and is the founder of several enduring community events celebrating the accomplishments of women. She was invested in the Order of Canada in 1998 and was awarded the Diamond Jubilee Medal in 2012 for community service. She has served on the boards of directors of TransForce Income Fund, Canada's largest trucking enterprise, publicly-traded and headquartered in Montréal, Skye Resources, a Vancouver-based, publicly-traded nickel mining company with assets in Guatemala, CFM Majestic, a Mississauga-based publicly-traded fireplace manufacturing company, and Advantage Oil & Gas Ltd., an Alberta-based publicly-traded oil and natural gas company. She currently serves on the Board of Directors of Alberta Energy Regulator, a regulatory body with a mandate to provide for the

environmentally responsible development of Alberta's energy resources, as well as PPP Canada, a federal crown corporation with a mandate to improve the delivery of public infrastructure. Ms. O'Brien is a graduate of the MTC program at the University of Western Ontario, and completed a one-year sabbatical on creativity and innovation at various U.S. schools in 1990.

Pierre Robitaille is a corporate director. Mr. Robitaille previously pursued his career at SNC-Lavalin Group Inc., a global engineering and construction firm, where he was Executive Vice-President and Chief Financial Officer from 1990 to 1998. Prior to this, Mr. Robitaille was in public practice for more than twenty years with the public accounting and management consulting firm Ernst & Whinney, where he held the positions of Managing Partner of the Montréal office, President of the firm in Quebec, and member of its national Board of Directors. Mr. Robitaille is a Fellow member of the Quebec Order of Chartered Professional Accountants. He was educated at HEC Montréal and McGill University Business School. Mr. Robitaille is a member of the Board of Governors of HEC Montréal.

James R. Scarborough has had a career as a business leader in the retail industry that spans over forty years. Mr. Scarborough retired in June 2010 as Chairman of the Board of Stage Stores, Inc., a U.S. based specialty department store retailer that operates over 850 department stores in forty states under five banners: Bealls, Goody's, Palais Royal, Peebles, and Stage. Mr. Scarborough joined Stage Stores in 2000 as its President and Chief Executive Officer, and held this position until his retirement in 2008. Mr. Scarborough previously held other senior positions in the retail sector, including as President and Chief Executive Officer of Busy Body, Inc., a specialty retailer of premium fitness equipment, President and Chief Executive Officer of Seattle Lighting, Inc., a supplier of lighting fixtures to the homebuilder, commercial and retail markets, as well as President and Chief Operating Officer of Enstar Specialty Retail, Inc., a footwear and women's apparel retailer, and its subsidiary AMRET, Inc. Mr. Scarborough began his retail career in 1972, at Filene's of Boston, formerly a division of Federated Department Stores. Mr. Scarborough was educated at St. Michael's College in Vermont, United States.

Gonzalo F. Valdes-Fauli is Chairman of the Board of BroadSpan Capital LLC, an investment banking firm specializing in financial advisory services. Mr. Valdes-Fauli retired from Barclays Bank PLC, a major UK-based global bank, in 2001, where he held the position of Vice-Chairman, Barclays Capital, and Group Chief Executive Officer, Latin America. Mr. Valdes-Fauli also serves on the Board of Directors of Blue Cross Shield of Florida, a health insurance provider, and was Chairman of the Board of Republic Bank of Dominican Republic, a financial services provider, until November 2007. He is Trustee Emeritus of the University of Miami and Spring Hill College in Mobile, Alabama. Mr. Valdes-Fauli holds a Master's Degree in international finance from Thunderbird Graduate School for International Management.

Laurence G. Sellyn was appointed to the position of Executive Vice-President, Chief Financial and Administrative Officer of the Company in November 2005. He joined Gildan as Executive Vice-President, Finance and Chief Financial Officer of the Company in April 1999. 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. Mr. Sellyn is a Fellow of the Institute of Chartered Accountants of England and Wales and a graduate of Oxford University. Mr. Sellyn is on the Advisory Board of Héritage Montréal, and acts as Co-Chairman of their fundraising campaign.

Michael R. Hoffman joined Gildan in October 1997. He served as Vice-President, Sales and Marketing for the international division until his appointment as President of Printwear in February 2001. Prior to joining Gildan, Mr. Hoffman was employed by Fruit of the Loom, Inc., where he last served as Divisional Vice-President of the Activewear Division.

Benito A. Masi has been involved in apparel manufacturing in North America for over twenty-five years. He joined Gildan in 1986, and since then has held various positions in the Company. He was appointed Vice-

President, Apparel Manufacturing in February 2001 and his title was changed to Vice-President, Corporate Apparel Operations in September 2003. In August 2004, he was appointed Executive Vice-President, Apparel Manufacturing and was appointed Executive Vice-President, Manufacturing in January 2005.

Eric R. Lehman joined Gildan in December 2006 as Executive Vice-President, Supply Chain. In November 2008, Mr. Lehman's responsibilities were expanded to include information technology and operational excellence and his title changed to Executive Vice-President, Supply Chain, Information Technology and Operational Excellence until his appointment as President of Branded Apparel in January 2011. He has over twenty years of experience in the supply chain function with major national apparel brands. Prior to joining Gildan, Mr. Lehman was employed by Russell Corporation, where he last served as Vice-President of Supply Chain. Prior to that, he held senior supply chain planning positions at both Fruit of the Loom, Inc. and the Hanes Division of Sara Lee Corporation.

As at December 4, 2014, the executive officers and directors of the Company as a group own 6,304,998 Common Shares, which represents 5.15% of the voting rights attached to all Common Shares.

8. AUDIT AND FINANCE COMMITTEE DISCLOSURE

8.1 Mandate of the Audit and Finance Committee

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

8.2 Composition of the Audit and Finance Committee

The Audit and Finance Committee is composed of five independent and financially literate directors, as such terms are defined under Canadian and U.S. securities laws and regulations, and in accordance with the NYSE Corporate Governance Standards. Their education and experience relevant to the performance of their responsibilities as members of the Audit and Finance Committee are as follows:

Russell Goodman – Mr. Goodman is the Chairman of the Audit and Finance Committee and a corporate director. He was previously a senior partner of PricewaterhouseCoopers LLP, where he served successively as Managing Partner of Project Finance and Privatization for the Americas, Managing Partner of the Montréal office, and Canadian Managing Partner of the Transactions business. Prior to this, Mr. Goodman served for twenty-one years with Price Waterhouse LLP, including eleven years as a partner. Mr. Goodman is a member of the board of directors and a member of the Audit Committee of Metro Inc. He is Chair of the Audit Committee and a member of the Compensation Committee of Whistler Blackcomb Holdings Inc. He is the Chairman of the Audit Committee of Northland Power Inc., a leading Canadian and international independent power producer. Mr. Goodman is also a member of the board of directors of Forth Ports Limited, as well, a member of the Independent Review Committee of Investors Group Mutual Funds and serves on a number of advisory and not-for-profit boards. Mr. Goodman is a Fellow of the Order of Chartered Professional Accountants of Quebec, a Certified Fraud Examiner, and is certified by the Institute of Corporate Directors. The Company's Board has determined, in light of Mr. Goodman's extensive knowledge and experience as well as his ability to devote the time required to serve on the Board and its committees, that this simultaneous service does not impair his ability to function as the Chairman of the Company's Audit and Finance Committee.

Russ Hagey – Mr. Hagey is a Senior Partner and the Worldwide Chief Talent Officer of Bain & Company, Inc., one of the world's leading management consulting firms. He joined the firm in 1982 and has worked in its San Francisco, Los Angeles, Zurich, and Amsterdam offices. As Chief Talent Officer, Mr. Hagey oversees Bain's recruiting, professional development, training, and human resources functions for nearly 6,000 global professionals and staff across 51 offices in 32 countries. He also has client leadership responsibilities in the areas of consumer products and health-care services. Mr. Hagey holds a Master of Business Administration from the Stanford Graduate School

of Business and earned his Bachelor of Arts in economics from the University of California at Los Angeles. He also serves on a number of community and not-for-profit boards.

Sheila O'Brien – Ms. O'Brien is a business advisor, corporate director and President of Belvedere 1 Investments Ltd. She has over thirty years' experience in the oil and gas, pipeline and petrochemical sectors in Canada, the United States and Europe. She has held executive positions in the areas of human resources, investor relations, public affairs and government relations with Amoco International, Petro-Canada and Nova Chemicals Corporation. Ms. O'Brien has served on the Boards of Directors of TransForce Income Fund, Canada's largest trucking enterprise, publicly-traded and headquartered in Montréal, Skye Resources, a Vancouver-based, publicly-traded nickel mining company with assets in Guatemala and CFM Majestic, a Mississauga-based publicly-traded fireplace manufacturing company. She currently serves on the Board of Directors of Alberta Energy Regulator, a regulatory body with a mandate to provide for the environmentally responsible development of Alberta's energy resources as well as PPP Canada, a federal crown corporation with a mandate to improve the delivery of public infrastructure.

Pierre Robitaille – Mr. Robitaille is a corporate director. Mr. Robitaille previously pursued his career at SNC-Lavalin Group Inc., a global engineering and construction firm, where he was Executive Vice-President and Chief Financial Officer from 1990 to 1998. Prior to this, Mr. Robitaille was in public practice for more than twenty years with the public accounting and management consulting firm Ernst & Whinney, where he held the positions of Managing Partner of the Montréal office, President of the firm in Quebec, and member of its national Board of Directors. Mr. Robitaille is a Fellow member of the Quebec Order of Chartered Professional Accountants. He was educated at HEC Montréal and McGill University Business School. Mr. Robitaille is a member of the Board of Governors of HEC Montréal.

Gonzalo F. Valdes-Fauli – Mr. Valdes-Fauli is a corporate director. He retired from Barclays Bank PLC in 2001, where he held the position of Vice-Chairman, Barclays Capital, and served as Group Chief Executive Officer of Barclays Bank Latin America from 1988 to 2001. Mr. Valdes-Fauli is Chairman of BroadSpan Capital LLC, and served as Chairman of the Board of Republic Bank of Dominican Republic until November 2007. Mr. Valdes-Fauli has more than thirty years of experience in finance and holds a Master's Degree in international finance from Thunderbird Graduate School for International Management.

8.3 Pre-Approval of Non-Audit Services

In accordance with the Code of Ethics of the *Ordre des comptables professionnels agréés du Québec (CPA)* independence standards for auditors, the *Sarbanes-Oxley Act of 2002* and rules of the U.S. Securities and Exchange Commission, the Company is restricted from engaging its external auditor to provide certain non-audit services to the Company and its subsidiaries, including bookkeeping or other services related to the accounting records or financial statements, information technology services, valuation services, actuarial services, internal audit services, corporate finance services, management functions, human resources functions, legal services and expert services unrelated to the audit. The Company does engage its external auditor from time to time to provide certain non-audit services other than the restricted services. All non-audit services must be specifically pre-approved by the Audit and Finance Committee.

8.4 External Auditor Service Fees

The aggregate fees billed by KPMG LLP ("**KPMG**"), the Company's external auditor, for various audit-related and non-audit services rendered for the fiscal years 2014 and 2013 were as follows:

Audit Fees — The aggregate audit fees billed by KPMG were Cdn$2,199,000 for fiscal 2014 and Cdn$1,943,000 for fiscal 2013. These services consisted of professional services rendered for the annual audit of the Company's consolidated financial statements and the quarterly reviews of the Company's interim financial statements, consultation concerning financial reporting and accounting standards, and services provided in connection with

statutory and regulatory filings or engagements. The fees for the annual audit of the Company's consolidated financial statements include fees relating to KPMG's audit of the effectiveness of the Company's internal control over financial reporting.

Audit-Related Fees — The aggregate audit-related fees billed by KPMG were Cdn$386,000 for fiscal 2014 and Cdn$264,000 for fiscal 2013. These services consisted of due diligence services relating to business acquisitions and also translation services in both years. Such due diligence services related primarily to financial accounting and internal control issues.

Tax Fees — The aggregate tax fees billed by KPMG were Cdn$668,000 for fiscal 2014 and Cdn$570,000 for fiscal 2013. These services consisted of tax compliance, including assistance with the preparation and review of tax returns, the preparation of annual transfer pricing studies and tax advisory services relating to domestic and international taxation.

All Other Fees — The aggregate fees billed by KPMG for all other professional services rendered were nil for both fiscal 2014 and fiscal 2013.

9. LEGAL PROCEEDINGS

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

10. TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar of the Company is Computershare Investor Services Inc. having offices in Montréal and Toronto at which the register of transfer of the Common Shares is held. The co-transfer agent and co-registrar of the Company is Computershare Trust Company, N.A., having an office in Golden, Colorado.

11. MATERIAL CONTRACTS

Other than the agreements entered into during the normal course of business, the only material agreements entered into in fiscal 2014, or before fiscal 2014 and which are still in force, are the following:

- The Shareholder Rights Plan Agreement approved by the Board of Directors on December 1, 2010, ratified by the Company's shareholders at the annual shareholders' meeting on February 9, 2011 and which was subsequently submitted to the Company's shareholder for renewal at the annual shareholders meeting on February 6, 2014. This agreement was filed through SEDAR on December 3, 2010.

12. INTERESTS OF EXPERTS

KPMG, the external auditor of the Company, reported on the 2014 Financial Statements, which were filed with the securities regulatory authorities. KPMG LLP have confirmed that they are independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations and also that they are independent accountants with respect to the Company under all relevant U.S. professional and regulatory standards.

13. FORWARD – LOOKING STATEMENTS

Certain statements included in the 2014 Annual MD&A constitute “forward-looking statements” within the meaning of the U.S. *Private Securities Litigation Reform Act of 1995* and Canadian securities legislation and regulations, and are subject to important risks, uncertainties and assumptions. This forward-looking information includes, amongst others, information with respect to our objectives and the strategies to achieve these objectives, as well as information with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. In particular, information appearing under the headings “Economic environment and business outlook”, “Strategy and Objectives” and “Outlook” contain forward looking statements. Forward-looking statements generally can be identified by the use of conditional or forward-looking terminology such as “may”, “will”, “expect”, “intend”, “estimate”, “project”, “assume”, “anticipate”, “plan”, “foresee”, “believe” or “continue” or the negatives of these terms or variations of them or similar terminology. We refer you to the Company’s filings with the Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission, as well as the risks described under the “Financial risk management”, “Critical accounting estimates and judgments” and “Risks and uncertainties” sections of the 2014 Annual MD&A for a discussion of the various factors that may affect the Company’s future results. Material factors and assumptions that were applied in drawing a conclusion or making a forecast or projection are also set out throughout this document.

Forward-looking information is inherently uncertain and the results or events predicted in such forward-looking information may differ materially from actual results or events. Material factors, which could cause actual results or events to differ materially from a conclusion, forecast or projection in such forward-looking information, include, but are not limited to:

- our ability to implement our growth strategies and plans, including achieving market share gains, obtaining and successfully introducing new sales programs, increasing capacity, implementing cost reduction initiatives and completing and successfully integrating acquisitions;
- the intensity of competitive activity and our ability to compete effectively;
- adverse changes in general economic and financial conditions globally or in one or more of the markets we serve;
- our reliance on a small number of significant customers;
- the fact that our customers do not commit contractually to minimum quantity purchases;
- our ability to anticipate, identify or react to changes in consumer preferences and trends;
- our ability to manage production and inventory levels effectively in relation to changes in customer demand;
- fluctuations and volatility in the price of raw materials used to manufacture our products, such as cotton, polyester fibres, dyes and other chemicals;
- our dependence on key suppliers and our ability to maintain an uninterrupted supply of raw materials and finished goods;
- the impact of climate, political, social and economic risks in the countries in which we operate or from which we source production;
- disruption to manufacturing and distribution activities due to such factors as operational issues, disruptions in transportation logistic functions, labour disruptions, political or social instability, bad weather, natural disasters, pandemics and other unforeseen adverse events;

- changes to international trade legislation that the Company is currently relying on in conducting its manufacturing operations or the application of safeguards thereunder;
- factors or circumstances that could increase our effective income tax rate, including the outcome of any tax audits or changes to applicable tax laws or treaties;
- compliance with applicable environmental, tax, trade, employment, health and safety, anti-corruption, privacy and other laws and regulations in the jurisdictions in which we operate;
- our significant reliance on computerized information systems for our business operations, including our JD Edwards Enterprise Resource Planning (ERP) system which is currently being upgraded to the latest system release, Enterprise One;
- adverse changes in third party licensing arrangements and licensed brands;
- our ability to protect our intellectual property rights;
- changes in our relationship with our employees or changes to domestic and foreign employment laws and regulations;
- negative publicity as a result of actual, alleged or perceived violations of labour and environmental laws or international labour standards, or unethical labour or other business practices by the Company or one of its third-party contractors;
- our dependence on key management and our ability to attract and/or retain key personnel;
- changes to and failure to comply with consumer product safety laws and regulations;
- changes in accounting policies and estimates;
- exposure to risks arising from financial instruments, including credit risk, liquidity risk, foreign currency risk and interest rate risk, as well as risks arising from commodity prices;
- the adverse impact of any current or future legal and regulatory actions; and
- an actual or perceived breach of data security.

These factors 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. Forward-looking statements do not take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made, may have on the Company's business. For example, they do not include the effect of business dispositions, acquisitions, other business transactions, asset write-downs, asset impairment losses or other charges announced or occurring after forward-looking statements are made. The financial impact of such transactions and non-recurring and other special items can be complex and necessarily depends on the facts particular to each of them.

There can be no assurance that the expectations represented by our forward-looking statements will prove to be correct. The purpose of the forward-looking statements is to provide the reader with a description of management's expectations regarding the Company's future financial performance and may not be appropriate for other purposes. Furthermore, unless otherwise stated, the forward-looking statements contained in this report are made as of the date hereof, 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 unless required by applicable legislation or regulation. The forward-looking statements contained in this report are expressly qualified by this cautionary statement.

14. ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under the Company's equity compensation plans is contained in the management proxy circular for its most recent annual meeting of security holders that involve the election of directors. Additional financial information is provided in the 2014 Financial Statements and the 2014 Annual MD&A for its most recently completed financial year, both of which are incorporated herein by reference.

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

600 de Maisonneuve Boulevard West, 33rd Floor
Montréal, Québec
H3A 3J2
Telephone: (514) 735-2023

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

APPENDIX A - MANDATE OF THE AUDIT AND FINANCE COMMITTEE

The following description of the mandate of the Audit and Finance Committee of the Company complies with applicable Canadian laws and regulations, such as the rules of the Canadian Securities Administrators, and with the disclosure and listing requirements of the Toronto Stock Exchange (collectively, the "**Canadian Corporate Governance Standards**"), as they exist on the date hereof. In addition, this mandate complies with applicable U.S. laws, such as the *Sarbanes-Oxley Act of 2002*, and rules and regulations adopted thereunder, and with the New York Stock Exchange's corporate governance standards (collectively, the "**US Corporate Governance Standards**"), as they exist on the date hereof. The mandate of the Audit and Finance Committee of the Company (the "**Audit Committee**") shall be reviewed annually by the Board in order to ensure on-going compliance with such standards.

1. Membership and Quorum

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

2. Frequency and Timing of Meetings

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

3. Mandate

The responsibilities of the Audit Committee include the following:

(a) Overseeing financial reporting

- monitoring the integrity and quality of the Company's accounting and financial reporting process, disclosure controls and procedures, and systems of internal control, through independent discussions with management, the external auditors and the internal auditors;
- reviewing, with management and the external auditors, the annual audited consolidated financial statements of the Company and accompanying information, including the report of the auditors thereon to be included in the Annual Report of the Company, the Company's MD&A disclosure and annual earnings press release, prior to their release, filing and distribution;
- reviewing, with management and the external auditors, quarterly consolidated financial statements of the Company and accompanying information, including the Company's MD&A disclosure and quarterly earnings press release, prior to their release, filing and distribution;
- reviewing, with management and where appropriate, the external auditors, the financial information contained in prospectuses, offering memoranda, Annual Information Forms, Management Proxy Circulars, Forms 6-K (including Supplemental Disclosure) and 40-F and any other document required to be disclosed or filed by the Company before their public disclosure or filing with regulatory authorities in Canada or the United States of America;
- reviewing, with management, the type, presentation, controls and processes relating to financial information to be included in earnings press releases and other documents required to be filed with regulatory authorities in Canada or the United States of America (including earnings guidance and other material forward-looking information, as well as any use of pro-forma or non-GAAP information);
- reviewing, with management, that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements, such as annual reports and investor presentations, and periodically assessing the adequacy of those procedures;
- reviewing, with the external auditors and management, the quality, appropriateness and disclosure of the Company's accounting principles and policies, underlying assumptions and reporting practices, and any proposed changes thereto;
- reviewing any analysis or other written communications prepared by management or external auditors setting forth significant financial reporting issues, including the method used to account for significant unusual transactions or events and disclosures relating thereto, critical accounting estimates and judgments made in connection with the preparation of the financial statements, the analyses of the effect of alternative

acceptable accounting policy choices, and the disclosure of sensitive matters such as related party transactions;

- reviewing the external auditors' quarterly review engagement report;
- overseeing the procedures to review management certifications filed with applicable securities regulators;
- reviewing the potential impact of any litigation, claim or other contingency and any regulatory or accounting initiatives that could have a material effect upon the financial position or operating results of the Company and the appropriateness of the disclosure thereof in the documents reviewed by the Audit Committee;
- overseeing the procedures to monitor the public disclosure of information by the Company;
- reviewing the Company's disclosure policy on a regular basis;
- reviewing the results of the external audit, any significant problems encountered in performing the audit, and management's response and/or action plan related to any Management Letter issued by the external auditors and any significant recommendations contained therein.

(b) Monitoring risk management and internal controls

- receiving periodically management's report assessing the adequacy and effectiveness of the Company's disclosure controls and procedures;
- receiving periodically management's reports assessing the adequacy and effectiveness of the Company's systems of internal control over financial reporting and reviewing the report of the auditors thereon;
- reviewing insurance coverage (annually and as may otherwise be appropriate);
- overseeing the processes in place to identify business risks and opportunities and overseeing the implementation of processes to manage these risks and opportunities;
- reviewing the Company's policies and parameters regarding hedging activity and derivatives contracts entered into by management in order to address risks associated with foreign exchange fluctuations, commodity prices, interest rates and any other risks where the Company enters into derivatives contracts;
- assisting the Board with the oversight of the Company's compliance with, and reviewing the Company's processes for complying with, applicable legal and regulatory requirements;
- overseeing the confidential, anonymous procedures for the receipt, retention and treatment of complaints or concerns received by the Company regarding accounting, internal accounting controls or auditing matters or employee concerns regarding accounting or auditing matters;

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

(c) Monitoring internal auditors

- ensuring that the head of internal audit has a functional reporting relationship with the Audit Committee;
- overseeing the access by internal auditors to all levels of management in order to carry out their duties;
- regularly monitoring the internal audit function's performance, its responsibilities, staffing and budget;
- approving the appointment and termination of the Company's chief internal auditor;
- ensuring the ongoing accountability of the internal audit function to the Audit Committee and to the Board.

(d) Monitoring external auditors

- recommending the retention and, if appropriate, the removal of external auditors (both subject to shareholder approval), their compensation, as well as evaluating and monitoring their qualifications, performance and independence;
- overseeing all relationships between the external auditors and the Company including, determining which non-audit services the external auditors are prohibited from providing, approving, or pre-approving policies defining audit and permitted non-audit services provided by the external auditors, overseeing the disclosure of all audit and permitted non-audit services provided by the external auditors, and reviewing the total amount of fees paid by the Company to the external auditors for all audit and non-audit services;
- overseeing the direct reporting and accountability of the external auditors to the Audit Committee and to the Board;
- directly overseeing the work of the external auditors, including the resolution of any disagreement between them and management regarding accounting and financial reporting;
- discussing with the external auditors the quality and not just the acceptability of the Company's accounting principles, including (i) critical accounting policies and practices used, (ii) alternative treatments of financial information that have been discussed with management, the ramification of their use and the treatment preferred by the external auditors, as well as (iii) other material written communications between the Company and the external auditors with respect thereto;
- reviewing at least annually, representations by the external auditors describing their internal quality-control procedures, as well as significant results arising from regulatory and professional quality-control examinations;

- reviewing at least annually, the external auditors' representations as to independence and holding discussions with the external auditors as to any relationship or services that may impact their objectivity or independence;

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

- overseeing the rotation of lead, concurring and other audit partners, to the extent required by Canadian and U.S. securities law standards.

(e) Reviewing financings

- reviewing the adequacy of the Company's financing, including terms and conditions of all new material financing arrangements.

(f) Evaluating the performance of the Audit Committee

- overseeing the existence of processes to annually evaluate the performance of the Audit Committee.

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

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

The internal auditors and the external auditors will have at all times a direct line of communication with the Audit Committee. In addition, each meets separately with the Audit Committee, without management, at least once a quarter, during which the Company's financial statements and control environment must be discussed. Furthermore, at least once a quarter, and more frequently as required, the Audit Committee meets separately with management. Finally, at each regularly-scheduled and special meeting, the Audit Committee meets without management or any non-independent directors present.

The Audit Committee reports annually to the Board on the adequacy of its mandate. In addition, the chair of the Audit Committee reports regularly to the Board on the business of the Audit Committee.

Nothing contained in the above mandate is intended to transfer to the Audit Committee the Board's responsibility to ensure the Company's compliance with applicable laws or regulations or to expand applicable standards of liability under statutory or regulatory requirements for the directors or the members of the Audit Committee. Even though the Audit Committee has a specific mandate and its members may have financial experience, they do not have the obligation to act as auditors or to

perform auditing, or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Such matters are the responsibility of management, the internal auditors and the external auditors. Members of the Audit Committee are entitled to rely, absent knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, and (iii) representations made by management as to the non-audit services provided to the Company by the external auditors. The Audit Committee's oversight responsibilities are not established to provide an independent basis to determine that (i) management has maintained appropriate accounting and financial reporting principles or appropriate internal controls and procedures, or (ii) the Company's financial statements have been prepared and, if applicable, audited in accordance with generally accepted accounting principles.

* * * * * * *

A. Undertaking

Gildan Activewear Inc. (the "**Registrant**" or "**Company**") 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 such securities.

B. Consent to Service of Process

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

C. Evaluation of disclosure controls and procedures

Our disclosure controls and procedures (as such term is defined in the Securities Exchange Act of 1934 (the " **Exchange Act**"), as amended, Rules 13a-15(e) and 15d-15(e)) are designed to ensure that information required to be disclosed in our reports filed with the SEC is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

An evaluation was carried out under the supervision of, and with the participation of, our management, including our principal executive officer and our principal financial officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 40-F. For the year ended October 5, 2014, management's evaluation of the effectiveness of its disclosure controls and procedures excluded the disclosure controls and procedures of the acquired business of Doris Inc. ("**Doris**"), acquired by the Registrant on July 7, 2014, the results of which are included in the audited annual consolidated financial statements of the Registrant for the year ended October 5, 2014, to the extent Doris' disclosure controls and procedures are subsumed by internal control over financial reporting. The consolidated results of the Registrant for the year ended October 5, 2014 included net sales of $21.0 million and net earnings of $3.2 million relating to Doris' results of operations since the date of acquisition. Doris accounted for $131.3 million of total assets, in the Company's audited consolidated statement of financial position as at October 5, 2014.

Based on that evaluation, which excluded Doris' disclosure controls and procedures, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of the end of such period.

D. Management's annual report on internal control over financial reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act.

Our internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Under the supervision and with the participation of our principal executive officer and our principal financial officer, management conducted an evaluation of the effectiveness of our internal control over financial reporting, as of October 5, 2014, based on the framework set forth in *Internal Control-Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, which excluded Doris' internal control over financial reporting, our principal executive officer and our principal financial officer concluded that our internal control over financial reporting was effective as of that date.

E. Attestation report of the registered public accounting firm.

KPMG LLP ("**KPMG**"), an independent registered public accounting firm, that audited and reported on our financial statements attached as Exhibit 99.2 to this Annual Report on Form 40-F, has issued an attestation report on the effectiveness of our internal control over financial reporting as of October 5, 2014. The attestation report is included on page 3 of the financial statements attached as Exhibit 99.2 to this Annual Report on Form 40-F.

F. Changes in internal controls over financial reporting.

There have been no changes during fiscal year 2014 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

The design of any system of controls and procedures is based in part upon certain assumptions about the likelihood of certain events. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

G. Audit Committee Financial Experts

The Registrant's board of directors has determined that it has at least three (3) audit committee financial experts serving on its Audit and Finance Committee. Mr. Russell Goodman, Mr. Pierre Robitaille, and Mr. Gonzalo F. Valdes-Fauli have been determined to be such audit committee financial experts and are independent, as that term is defined by the New York Stock Exchange's listing standards applicable to the Registrant. The SEC has indicated that the designation of Mr. Goodman, Mr. Robitaille, and Mr. Valdes-Fauli as audit committee financial experts does not make Mr. Goodman, Mr. Robitaille, and Mr. Valdes-Fauli "experts" for any purpose , impose any duties, obligations or liability on Mr. Goodman, Mr. Robitaille and Mr. Valdes-Fauli that are greater than those imposed on members of the Audit and Finance 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 and Finance Committee.

H. Code of Ethics

The Registrant has adopted a Code of Ethics and Code of Conduct (the " **Code of Ethics**") that applies to all employees and officers, including its principal executive officer, principal financial officer and principal accounting officer. The Code of Ethics is available at the Registrant's website, http://www1.gildan.com/corporate/IR/corporateGovernance.cfm, and is available, without charge, in print to any shareholder who requests it.

I. Principal Accountant Fees and Services

In addition to retaining 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 2014. The aggregate fees billed for professional services by KPMG for each of the last two (2) fiscal years, were as follows:

Audit Fees — The aggregate audit fees billed by KPMG were Cdn$2,199,000 for fiscal 2014 and Cdn$1,943,000 for fiscal 2013. These services consisted of professional services rendered for the annual audit of the Company's consolidated financial statements and the quarterly reviews of the Company's interim financial statements, consultation concerning financial reporting and accounting standards and services provided in connection with statutory and regulatory filings or engagements. The fees for the annual audit of the Company's consolidated financial statements include fees relating to KPMG's audit of the effectiveness of the Company's internal control over financial reporting.

Audit-Related Fees — The aggregate audit-related fees billed by KPMG were Cdn$386,000 for fiscal 2014 and Cdn$264,000 for fiscal 2013. These services consisted of due diligence services relating to business acquisitions and also translation services in both years. Such due diligence services related primarily to financial accounting and internal control issues.

Tax Fees — The aggregate tax fees billed by KPMG were Cdn$668,000 for fiscal 2014 and Cdn$570,000 for fiscal 2013. These services consisted of tax compliance, including assistance with the preparation and review of tax returns, the preparation of annual transfer pricing studies and tax advisory services relating to domestic and international taxation.

All Other Fees — The aggregate fees billed by KPMG for all other professional services rendered were nil for both fiscal 2014 and fiscal 2013.

All fees billed to the Registrant by KPMG in fiscal 2014 were pre-approved by the Registrant's Audit and Finance Committee pursuant to the procedures and policies set forth in the Audit and Finance Committee mandate and pursuant to applicable legislation. The mandate of the Audit and Finance Committee is available on the Registrant's Internet website at www1.gildan.com/corporate/IR/corporateGovernance.cfm.

In fiscal 2014 and fiscal 2013, the Company's Audit and Finance Committee did not approve any audit-related, tax or other services pursuant to paragraph (c) (7) (i) (C) of Rule 2-01 of Regulation S-X.

J. Off-Balance Sheet Arrangements

Operating Leases and Commitments

The Registrant has no commitments that are not reflected in its balance sheets except for purchase obligations, minimum annual lease payments under operating leases which are primarily for premises, and minimum royalty payments, which are included in the table of contractual obligations on page 33 of its Management's Discussion and Analysis (see Exhibit 99.1) (the "**MD&A**"). As disclosed in Note 24(b) to the Registrant's Consolidated Financial Statements (see Exhibit 99.2), the Registrant has issued financial guarantees, irrevocable standby letters of credit and surety bonds primarily from various servicing agreements amounting to $38.4 million at October 5, 2014.

K. Tabular Disclosure of Contractual Obligations

See page 33 of Exhibit 99.1.

L. 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/corporate/IR/corporateGovernance.cfm, and are available in print to any shareholder who requests them.

M. Identification of the Audit Committee

The Registrant has a separately-designated standing audit committee, known as the Audit and Finance Committee, established in accordance with Section 3(a)(58)(A) of the Exchange Act. The members of the Registrant's Audit and Finance Committee are Mr. Russell Goodman, Mr. Russ Hagey, Ms. Sheila O'Brien, Mr. Pierre Robitaille, and Mr. Gonzalo F. Valdez-Fauli. Please refer to the section 8 of our Annual Information Form entitled "Audit and Finance Committee Disclosure", included herein, for additional information.

N. Summary of Significant Differences from NYSE Corporate Governance Rules

The Registrant is committed to adopting and adhering to corporate governance practices that either meet or exceed applicable Canadian and U.S. corporate governance standards. As a Canadian reporting issuer with securities listed on the Toronto Stock Exchange (TSX) and the New York Stock Exchange (NYSE), the Registrant complies with all applicable rules adopted by the Canadian Securities Administrators as well as the rules of the U.S. Securities and Exchange Commission giving effect to the provisions of the U.S. Sarbanes-Oxley Act of 2002.

Although many of the NYSE Corporate Governance Standards do not apply to the Registrant, it nevertheless voluntarily complies with most of the NYSE Standards. In fact, the Registrant's corporate governance practices differ significantly in only one respect from those required of U.S. domestic issuers under the NYSE Standards, which is with respect to the approval of equity compensation plans. The NYSE Standards require shareholder approval of all equity compensation plans and material revisions to such plans, regardless of whether the securities to be delivered under such plans are newly issued or purchased on the open market, subject to a few limited exceptions. The TSX Rules, however, do not require shareholder approval in all those circumstances. Hence, only the creation or material amendments to equity compensation plans that provide for new issuances of securities are subject to shareholder approval. The Registrant has in place plans which did not require the approval of its shareholders under the TSX Rules but which could have required the approval of its shareholders under the NYSE Standards as applicable to U.S. domestic issuers.

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: December 9, 2014

GILDAN ACTIVEWEAR INC.

Name: /s/ Lindsay Matthews
Title: Vice-President, General Counsel and Corporate Secretary

EXHIBIT INDEX

Exhibit No.	Description
99.1	Management's Discussion and Analysis of the Registrant for the year ended October 5, 2014
99.2	Audited comparative consolidated financial statements of the Registrant as at and for the year ended October 5, 2014
99.3	Consent of KPMG LLP
99.4	Officers' Certifications Required by Rule 13a-14(a) or Rule 15d-14(a)
99.5	Officers' Certifications Required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code



2014 REPORT TO SHAREHOLDERS

December 9, 2014

TABLE OF CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

1.0	**PREFACE**		3
2.0	**CAUTION REGARDING FORWARD-LOOKING STATEMENTS**		3
3.0	**OUR BUSINESS**		5
	3.1	Recent developments	
	3.2	Overview	
	3.3	Our operating segments	
	3.4	Our operations	
	3.5	Competitive environment	
4.0	**STRATEGY AND OBJECTIVES**		10
5.0	**OPERATING RESULTS**		13
	5.1	Non-GAAP financial measures	
	5.2	Business acquisitions	
	5.3	Selected annual information	
	5.4	Consolidated operating review	
	5.5	Segmented operating review	
	5.6	Summary of quarterly results	
	5.7	Fourth quarter results	
6.0	**FINANCIAL CONDITION**		24
7.0	**CASH FLOWS**		26
8.0	**LIQUIDITY AND CAPITAL RESOURCES**		27
9.0	**LEGAL PROCEEDINGS**		30
10.0	**OUTLOOK**		30
11.0	**FINANCIAL RISK MANAGEMENT**		30
12.0	**CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**		35
13.0	**ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS NOT YET APPLIED**		37
14.0	**RELATED PARTY TRANSACTIONS**		39
15.0	**DISCLOSURE CONTROLS AND PROCEDURES**		40
16.0	**INTERNAL CONTROL OVER FINANCIAL REPORTING**		40
17.0	**RISKS AND UNCERTAINTIES**		41
18.0	**DEFINITION AND RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**		50
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING			52
AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS			53
NOTES TO AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS			59

1.0 PREFACE

1.1 Definitions

In this annual Management's Discussion and Analysis (MD&A), "Gildan", the "Company", or the words "we", "us", and "our" refer, depending on the context, either to Gildan Activewear Inc. or to Gildan Activewear Inc. together with its subsidiaries.

1.2 Date and approval by the Board of Directors

In preparing this MD&A, we have taken into account all information available to us up to December 9, 2014, the date of this MD&A. The audited annual consolidated financial statements and this MD&A were reviewed by Gildan's Audit and Finance Committee and were approved and authorized for issuance by our Board of Directors.

1.3 Accounting framework

All financial information contained in this annual MD&A and in the audited annual consolidated financial statements has been prepared in accordance with International Financial Reporting Standards (IFRS), except for certain information discussed in the section entitled "Definition and reconciliation of non-GAAP financial measures" in this annual MD&A.

1.4 Additional information

Additional information about Gildan, including our 2014 Annual Information Form, is available on our website at www.gildan.com, on the SEDAR website at www.sedar.com, and on the EDGAR section of the U.S. Securities and Exchange Commission website (which includes the Annual Report on Form 40-F) at www.sec.gov.

This annual MD&A comments on our operations, financial performance and financial condition as at and for the years ended October 5, 2014 and September 29, 2013. All amounts in this MD&A are in U.S. dollars, unless otherwise noted. For a complete understanding of our business environment, trends, risks and uncertainties and the effect of accounting estimates on our results of operations and financial condition. This MD&A should be read in conjunction with Gildan's audited annual consolidated financial statements for the year ended October 5, 2014 and the related notes when reading this MD&A.

2.0 CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements included in this MD&A constitute "forward-looking statements" within the meaning of the U.S. *Private Securities Litigation Reform Act of 1995* and Canadian securities legislation and regulations, and are subject to important risks, uncertainties and assumptions. This forward-looking information includes, amongst others, information with respect to our objectives and the strategies to achieve these objectives, as well as information with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. In particular, information appearing under the headings "Strategy and objectives" and "Outlook" contain forward looking statements. Forward-looking statements generally can be identified by the use of conditional or forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "project", "assume", "anticipate", "plan", "foresee", "believe" or "continue" or the negatives of these terms or variations of them or similar terminology. We refer you to the Company's filings with the Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission, as well as the risks described under the "Financial risk management", "Critical accounting estimates and judgments" and "Risks and uncertainties" sections of this MD&A for a discussion of the various factors that may affect the Company's future results. Material factors and assumptions that were applied in drawing a conclusion or making a forecast or projection are also set out throughout this document.

Forward-looking information is inherently uncertain and the results or events predicted in such forward-looking information may differ materially from actual results or events. Material factors, which could cause

actual results or events to differ materially from a conclusion, forecast or projection in such forward-looking information, include, but are not limited to:

- our ability to implement our growth strategies and plans, including achieving market share gains, obtaining and successfully introducing new sales programs, increasing capacity, implementing cost reduction initiatives and completing and successfully integrating acquisitions;
- the intensity of competitive activity and our ability to compete effectively;
- adverse changes in general economic and financial conditions globally or in one or more of the markets we serve;
- our reliance on a small number of significant customers;
- the fact that our customers do not commit contractually to minimum quantity purchases;
- our ability to anticipate, identify or react to changes in consumer preferences and trends;
- our ability to manage production and inventory levels effectively in relation to changes in customer demand;
- fluctuations and volatility in the price of raw materials used to manufacture our products, such as cotton, polyester fibres, dyes and other chemicals;
- our dependence on key suppliers and our ability to maintain an uninterrupted supply of raw materials and finished goods;
- the impact of climate, political, social and economic risks in the countries in which we operate or from which we source production;
- disruption to manufacturing and distribution activities due to such factors as operational issues, disruptions in transportation logistic functions, labour disruptions, political or social instability, bad weather, natural disasters, pandemics and other unforeseen adverse events;
- changes to international trade legislation that the Company is currently relying on in conducting its manufacturing operations or the application of safeguards thereunder;
- factors or circumstances that could increase our effective income tax rate, including the outcome of any tax audits or changes to applicable tax laws or treaties;
- compliance with applicable environmental, tax, trade, employment, health and safety, anti-corruption, privacy and other laws and regulations in the jurisdictions in which we operate;
- our significant reliance on computerized information systems for our business operations, including our JD Edwards Enterprise Resource Planning (ERP) system which is currently being upgraded to the latest system release, Enterprise One;
- adverse changes in third party licensing arrangements and licensed brands;
- our ability to protect our intellectual property rights;
- changes in our relationship with our employees or changes to domestic and foreign employment laws and regulations;
- negative publicity as a result of actual, alleged or perceived violations of labour and environmental laws or international labour standards, or unethical labour or other business practices by the Company or one of its third-party contractors;
- our dependence on key management and our ability to attract and/or retain key personnel;
- changes to and failure to comply with consumer product safety laws and regulations;
- changes in accounting policies and estimates;
- exposure to risks arising from financial instruments, including credit risk, liquidity risk, foreign currency risk and interest rate risk, as well as risks arising from commodity prices;
- the adverse impact of any current or future legal and regulatory actions; and
- an actual or perceived breach of data security.

These factors 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. Forward-looking statements do not take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made, may have on the Company's business. For example, they do not include the effect of business dispositions, acquisitions, other business transactions, asset write-downs, asset impairment losses or other charges announced or occurring after forward-looking statements are made. The financial impact of such

transactions and non-recurring and other special items can be complex and necessarily depends on the facts particular to each of them.

There can be no assurance that the expectations represented by our forward-looking statements will prove to be correct. The purpose of the forward-looking statements is to provide the reader with a description of management's expectations regarding the Company's future financial performance and may not be appropriate for other purposes. Furthermore, unless otherwise stated, the forward-looking statements contained in this report are made as of the date hereof, 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 unless required by applicable legislation or regulation. The forward-looking statements contained in this report are expressly qualified by this cautionary statement.

3.0 OUR BUSINESS

3.1 Recent developments

- The Company announced that it will be transitioning to a new fiscal year-end in 2015. As a result of this transition, the Company's year-end will take place on the Sunday closest to December 31, rather than the first Sunday following September 28. The change in year-end recognizes that the seasonality of the overall consolidated sales revenues for the Company is changing due to the increasing importance of the Branded Apparel segment. The Company's business planning cycle is becoming more aligned with the calendar year, and this change will provide better visibility on retail program placements and cotton fixations. In addition, the change in year-end will be better aligned with Gildan's industry comparables.

  For purposes of its regulatory filings, the Company will report results for the 15-month transition period of October 6, 2014 through January 3, 2016. The Company's first 12-month fiscal year on a calendar basis will begin on January 4, 2016 and end on January 1, 2017. The Company has provided supplemental financial information on its website containing recast financial information for 2011 to 2013 on a calendar-year basis. Readers are cautioned, however, that it may not be appropriate to use such information for any other purpose. Recast consolidated financial statements for 2014 on a calendar-year basis will be available on the Company's website following the Company's earnings release for the quarter ending January 4, 2015.

- The Company has decided to take major strategic pricing actions in Printwear to reinforce its leadership position in the industry. The Company has decided to significantly lower base selling prices and reduce and simplify its discount structure, in order to be responsive to distributors and enhance their ability and visibility to plan their business. In addition, these strategic pricing actions are expected to stimulate end-use demand and drive unit sales volume and earnings growth in calendar 2015 and beyond. The Company has historically followed a strategy to continue to invest in low-cost manufacturing capacity and cost reduction projects and pass through a portion of the resulting cost reductions into lower selling prices. The selling price reductions reflect the pass through of a portion of the expected cost savings from the Company's investments in new yarn-spinning facilities, in order to drive further growth and market penetration. The price reductions also reflect the further reduction in the price of cotton futures in recent months.

  The Company will be applying the benefit of the reduction in selling prices announced on December 3, 2014 to existing distributor inventories in the form of a distributor inventory devaluation discount projected to be approximately $45 million, which will be reflected as a deduction from net sales in the 3-month period ending January 4, 2015.

  The projected financial impact of the reduction in selling prices and the distributor inventory devaluation discount is included in a detailed discussion of management's expectations as to its outlook for fiscal 2015, which is contained in its fourth quarter earnings results press release dated December 4, 2014 under the sections entitled "Outlook for the 3-Month Period Ending January 4, 2015" and "Outlook for the 12-Months Ending January 3, 2016".

- On December 4, 2014, the Company announced the initiation of a normal course issuer bid (NCIB) to purchase for cancellation up to 6.1 million common shares, and a 20% increase in the amount of the current quarterly dividend. In addition, subsequent to the fiscal year-end, the Company also increased its bank credit facility from $800 million to $1 billion with an extension of the maturity date, in order to provide the Company with financing flexibility to initiate the NCIB while at the same time pursue potential future acquisition opportunities. These developments are described in more detail in the discussion of "Liquidity and capital resources" in section 8 of this MD&A.

- As previously disclosed in our interim Management's Discussion and Analysis dated July 30, 2014, on July 7, 2014, the Company acquired substantially all of the operating assets and assumed certain liabilities of Doris Inc. (Doris) for cash consideration of $101.7 million, plus additional contingent payments of up to $9.4 million, payable based on the achievement of targets for growth in sales revenues for a three-year period from the date of the acquisition. The acquisition was financed by the utilization of the Company's revolving long-term bank credit facility. Doris is a marketer and manufacturer of branded sheer hosiery, legwear and shapewear products to retailers in Canada and the United States. See section 5.2.1 of this MD&A for more information.

3.2 Overview

Gildan is a leading supplier of quality branded basic family apparel, including T-shirts, fleece, sport shirts, underwear, socks, hosiery, and shapewear. We sell our products under a diversified portfolio of company-owned brands, including the Gildan®, Gold Toe® and Anvil® brands and brand extensions, as well as the recently acquired Secret®, Silks® and Therapy Plus™ brands. The Company also has licensing arrangements for the Under Armour®, Mossy Oak® and New Balance® brands. We distribute our products in printwear markets in the U.S. and Canada, as well as in Europe, Asia-Pacific and Latin America. We also market our products to a broad spectrum of retailers primarily in the U.S. and Canada. The Company also manufactures for select leading global athletic and lifestyle consumer brands.

Gildan owns and operates vertically-integrated, large-scale manufacturing facilities which are primarily located in Central America and the Caribbean Basin and are strategically positioned to efficiently service the quick replenishment needs of its customers in the printwear and retail markets. Gildan has over 43,000 employees worldwide and is committed to industry-leading labour and environmental practices at all of its facilities.

3.3 Our operating segments

The Company manages and reports its business under two operating segments, Printwear and Branded Apparel, each of which is a reportable segment for financial reporting purposes. Each segment has its own management that is accountable and responsible for the segment's operations, results and financial performance. These segments are principally organized by the major customer markets they serve. The following summary describes the operations of each of the Company's operating segments:

3.3.1 Printwear segment

The Printwear segment, headquartered in Christ Church, Barbados, designs, manufactures, sources, markets and distributes undecorated activewear products in large quantities primarily to wholesale distributors in printwear markets in over 30 countries across North America, Europe, Asia-Pacific and Latin America. Through our Printwear segment, we sell mainly activewear products consisting of undecorated or "blank" T-shirts, fleece and sport shirts which are marketed primarily under our own brands, Gildan®, Gildan Performance™ and Anvil®. Through a license arrangement we also sell performance activewear products under the New Balance® brand. Wholesale distributors sell our products to screenprinters and embroiderers, who decorate the products with designs and logos and sell the imprinted activewear to a highly diversified range of end-use markets, including educational institutions, athletic dealers, event merchandisers, promotional product distributors, charity organizations, entertainment promoters, travel and tourism venues and retailers. Our activewear products are used in a variety of daily activities by individuals, including work and school uniforms and athletic team wear, and for various other purposes to convey individual, group and team identity.

3.3.2 Branded Apparel segment

The Branded Apparel segment, headquartered in Charleston, South Carolina, designs, manufactures, sources, markets and distributes branded family apparel, which includes athletic, casual and dress socks, underwear and activewear products, primarily to U.S. retailers. More recently, with the acquisition of Doris, the Company's product-line has been expanded to include branded sheer hosiery, legwear and shapewear products which are sold to retailers in Canada and the United States. We market our products primarily under our company-owned and licensed brands, as well as select national retailers' brands. Although the main focus of the Company's growth strategy is the continued development of its company-owned brands, the Company is also pursuing the opportunity to grow its sales as a supply chain partner to select targeted global consumer brands, including major sportswear and family entertainment brands for which we manufacture and decorate products.

The following table summarizes the current retail distribution of various product categories under Company-owned and licensed brands:

Brand	Primary products	Retail distribution channels
Gildan®	Socks, underwear, activewear	Mass-market, regional department stores, craft channel
Gildan Platinum™	Socks, underwear	Department stores, major national chain
Smart Basics™	Socks, activewear	Dollar store channel
Gold Toe®	Socks, activewear	Department stores, national chains, price clubs
G®	Socks, underwear, activewear	Department stores, national chains
PowerSox®	Athletic socks	Sports specialty, national chains, department stores
GT a Gold Toe brand®	Socks	Mass-market
Silvertoe®	Socks	National chains
Signature Gold by Goldtoe™	Socks	Mass-market
All Pro®	Athletic socks	Mass-market
Under Armour® (under license agreement – exclusive in the U.S.)	Athletic socks	Sports specialty, department stores
Mossy Oak® (under license agreement – worldwide distribution rights)	Socks, activewear, underwear, loungewear, thermals	Sports specialty, national chain, mass-market, price clubs, dollar store channel
Secret® *	Sheer/pantyhose, tights/leggings, shapewear, socks	Mass-market, food and drug
Silks® *	Sheer/pantyhose, tights/leggings	Department stores, national chains, price clubs
Therapy Plus™ *	Legwear, foot solutions/socks	Mass-market, department stores
Kushyfoot® *	Legwear, foot solutions/socks	Food and drug

*Brands acquired as part of the acquisition of Doris, effective July 7, 2014 (see section 5.2). Secret® and Silks® are registered trademarks in Canada only and Kushyfoot® is only registered in the U.S.

3.4 Our operations

3.4.1 Manufacturing

The vast majority of our products are manufactured in facilities that we own and operate. Our vertically-integrated manufacturing operations include capital-intensive yarn-spinning, textile, sock, and sheer manufacturing facilities, as well as labour-intensive sewing plants. We satisfy the vast majority of our yarn requirements, which are mainly cotton-based, by sourcing from third-party U.S. yarn suppliers with which we have supply agreements, as well as from our own yarn-spinning operations in the U.S. A small portion of our yarn requirements is sourced outside of the U.S. At our yarn-spinning facilities, we convert cotton

and other fibres into yarn. In our textile plants, we convert yarn into dyed and cut fabric which is subsequently transferred for assembly into activewear and underwear garments to sewing facilities we operate in owned or leased premises. Textiles produced in our facilities in Honduras are assembled at our sewing facilities in Honduras and Nicaragua. Textiles produced at our manufacturing facility in the Dominican Republic are sewn at our sewing facilities in the Dominican Republic and third-party contractor operations in Haiti. Our facility in Bangladesh comprises both textile and sewing production. In our integrated sock manufacturing facilities, we convert yarn into finished socks. The majority of our sock production does not require sewing as the equipment used in our facilities knit the entire sock with a seamless toe closing operation.

Our manufacturing operations are primarily based out of our largest manufacturing hub in Central America and a second large hub in the Caribbean Basin, which are strategically located to efficiently service the quick replenishment requirements of our markets. In addition, we also own a small vertically-integrated manufacturing facility in Bangladesh for the production of activewear, which mainly serves our international markets. We also have screenprinting and decorating capabilities in Central America and in the U.S. to support our sales to leading global athletic and lifestyle consumer brands. During fiscal 2014, in order to expand our retail brand and product offering in Canada and the U.S., we acquired sheer hosiery operations with knitting, dyeing and packaging capabilities in a facility in Montreal, Québec. While we internally produce the majority of the products we sell, we also have sourcing capabilities to complement our large scale, vertically-integrated manufacturing.

The following table provides a summary of our manufacturing operations by geographic area:

	Canada	United States	Central America	Caribbean Basin	Asia
Yarn-spinning facilities		§ Clarkton, NC § Cedartown, GA ■ Salisbury, NC (2 facilities) (1) § Mocksville, NC (under development)			
Textile facilities			§ Honduras - Rio Nance 1 - Rio Nance 2 - Rio Nance 5 - Anvil Knitwear Honduras (AKH)	§ Dominican Republic	§ Bangladesh
Sewing facilities (2)			§ Honduras (4 facilities) § Nicaragua (3 facilities)	§ Dominican Republic (3 facilities)	§ Bangladesh
Sock / Sheer manufacturing facilities	§ Montreal, QC (3)		§ Honduras - Rio Nance 3 - Rio Nance 4		

(1) One facility is a ring-spun yarn facility which is currently being ramped-up and we completed the construction of a second facility for the production of open-end yarn, which is targeted to commence operations in the last calendar quarter of 2014.
(2) We also use the services of third-party sewing contractors, primarily in Haiti, to support textile production from the Dominican Republic.
(3) Acquired as part of the acquisition of Doris, effective July 7, 2014.

Yarn-spinning capacity expansion

During fiscal 2013, we began to execute on a significant yarn-spinning manufacturing initiative in order to support our projected sales growth and planned capacity expansion, and to continue to pursue our business model of investing in global vertically-integrated low-cost manufacturing technology and in product technology, which we believe will provide consistent superior product quality. We acquired the remaining 50% interest of a joint venture in fiscal 2013, which included two yarn-spinning facilities located in Clarkton, NC and Cedartown, GA, which were subsequently refurbished and modernized during fiscal 2014. In addition, we started to invest in new greenfield yarn-spinning facilities. A new yarn-spinning facility

in Salisbury, NC for the production of ring-spun yarn began production in the second quarter of fiscal 2014. The Company also constructed a second yarn-spinning facility in North Carolina, adjacent to the ring-spinning facility, which is expected to commence operations in the last calendar quarter of 2014. In addition, construction of a new yarn-spinning facility in Mocksville, NC is currently underway.

Textile manufacturing expansion

During fiscal 2013, we invested in the modernization and refurbishment of our Rio Nance 1 facility in order to improve the facility's capabilities and cost efficiency. Production at Rio Nance 1 restarted in the fourth quarter of fiscal 2013 and production ramp-up was essentially completed by the end of fiscal 2014. Over the last year, the Company also invested in the reconfiguration and the upgrading of equipment at the former Anvil manufacturing facility in Honduras to support its growth in more specialized performance and fashion products. During fiscal 2014 the Company announced plans for further textile capacity expansion. The Company plans to construct a new textile facility, Rio Nance 6, which will be located at the Company's Rio Nance complex in Honduras. The new Rio Nance facility is intended to support the introduction of more higher-valued products and optimize manufacturing efficiencies at the Company's other textile facilities. Development of the site for Rio Nance 6 is currently underway and the facility is expected to begin production in 2016. The Company also announced plans to construct its first facility in Costa Rica, which is strategically located for duty-free, quota-free access to the Company's major markets in the U.S. The facility will be located in the province of Guanacaste in north-western Costa Rica, close to the Company's sewing plants in Nicaragua and accessible to ports on both the eastern and western coasts of the country. The Costa Rica facility is expected to begin production in 2017.

3.4.2 Sales, marketing and distribution

Our sales and marketing offices are responsible for customer-related functions, including sales management, marketing, customer service, credit management, sales forecasting and production planning, as well as inventory control and logistics for each of their respective operating segments. Our two primary distribution centres out of which we service our printwear and retail markets are located in the U.S. In addition, during fiscal 2014, the Company essentially completed the construction of a new distribution centre in Honduras.

Printwear segment

Our sales and marketing office servicing our global printwear markets is located in Christ Church, Barbados. We distribute our activewear products for the printwear markets primarily out of our main distribution centre in Eden, NC. We also use third-party warehouses in the western United States, Canada, Mexico, Colombia, Europe and Asia to service our customers in these markets.

Branded Apparel segment

Our primary sales and marketing office for our Branded Apparel segment is located in Charleston, SC at the same location as our primary distribution centre servicing our retail customers. In addition, we service retail customers from smaller distribution centres in North Carolina, South Carolina and Canada. We also operate 51 retail stores located in outlet malls throughout the United States.

3.4.3 Employees and corporate office

We currently employ over 43,000 employees worldwide. Our corporate head office is located in Montreal, Canada.

3.5 Competitive environment

The markets for our products are highly competitive and are served by domestic and international manufacturers or suppliers. Competition is generally based upon price, with reliable quality and service also being critical requirements for success. Our competitive strengths include our expertise in building and operating large-scale, vertically-integrated, strategically-located manufacturing hubs. Our capital investments in manufacturing allow us to operate efficiently and reduce costs, offer competitive pricing, maintain consistent product quality, and a reliable supply chain, which efficiently services replenishment programs with short production/delivery cycle times. Continued investment and innovations in our

manufacturing processes have also allowed us to deliver enhanced product features, further improving the value proposition of our product offering to our customers. Consumer brand recognition and appeal are also important factors in the retail market. The Company is focused on further developing its brands and is continuing to make significant investments in advertising to support the further enhancement of its Gildan® and Gold Toe® brands. Our commitment to leading environmental and social responsibility practices is also an area of investment for the Company and an important factor for our customers.

3.5.1 Printwear segment

Our primary competitors in North America include major apparel manufacturers such as Fruit of the Loom, Inc. (Fruit of the Loom) and Russell Corporation (Russell), both subsidiaries of Berkshire Hathaway Inc. (Berkshire), as well as Hanesbrands Inc. (Hanesbrands). We also compete with smaller U.S.-based competitors, including Alstyle Apparel, a division of Ennis Corp., Delta Apparel Inc., American Apparel, Inc., Color Image Apparel, Inc., Next Level Apparel, as well as Central American and Mexican manufacturers. In addition, we compete with private label brands sold by some of our customers. Competitors in the European printwear market include Fruit of the Loom and Russell, as well as competitors that do not have integrated manufacturing operations and source products from suppliers in Asia.

3.5.2 Branded Apparel segment

In the retail channel, we compete primarily with Hanesbrands, Berkshire's subsidiaries Fruit of the Loom and Russell, Renfro Corporation, Jockey International, Inc., Kayser Roth Corporation and Spanx, Inc. In addition, we compete with brands of well-established U.S. fashion apparel and sportswear companies, as well as private label brands sold by our customers that source primarily from Asian manufacturers.

4.0 STRATEGY AND OBJECTIVES

Our growth strategy comprises the following four initiatives:

4.1 Continue to pursue additional printwear market penetration and opportunities

While we have achieved a leadership position in the U.S. and Canadian printwear channels, particularly within the basics category servicing wholesale distributors, we believe we can broaden our market opportunity by pursuing deeper penetration in the fashion basics and sports performance product categories in the North American printwear market, where our participation in these categories has not been as extensive as in the basics category. We intend to continue to leverage our vertical manufacturing platform, cost advantage and distributor reach to grow in all product categories, including basics, through product expansion and brand diversification. We also intend to continue to expand our presence in international printwear markets such as Europe, Asia-Pacific and Latin America which currently represent approximately 8% of the Company's total consolidated net sales, by expanding distribution and by leveraging our brands.

We are pursuing further market penetration in North America and internationally with our expanded portfolio of brands, each with a different brand positioning. In addition to our leading Gildan® brand, our printwear brand portfolio includes the Anvil® brand which has been repositioned to focus on contemporary ring-spun products featuring fashion fitted styles. In the sports performance category, we market our products under our Gildan Performance™ brand and the licensed New Balance® brand. Both performance brand offerings feature moisture management and anti-microbial properties to enhance long-lasting performance.

We are pursuing further sales growth through continued introduction of new products such as softer T-shirts, the expansion of our performance product lines, new styles tailored for women, enhanced sport shirts offerings and workwear assortments. New product introductions could also allow us to service certain niches of the printwear channel which we do not currently participate in.

Fiscal 2014 highlights

- We continued penetration into our targeted international markets. Sales in international markets grew by approximately 17%, with particularly strong growth in Europe and Asia-Pacific where sales in these markets increased close to 30%, and we entered new markets in Latin America.
- We significantly enhanced our Gildan® branded sport shirt product-line offering, to be launched at the start of 2015 with softer fabrics using higher-end yarns, such as combed ring spun, dual blends and sports performance fabrics and styles. We believe the updated product-line significantly enhances our competitive positioning in the uniform, workwear and sports performance categories.
- At the start of fiscal 2014 we launched the new Anvil® line, targeting a younger, more fashion-conscious consumer, featuring fashion fitted styles with ring spun yarn, to further complement the Gildan® product offering in the printwear market.
- The Anvil® product-line was further expanded to include tri-blend styles, including polyester, combed ring spun cotton and rayon, a growing fabric trend in the apparel industry. The tri-blends will be launched as part of the Anvil® product-line in 2015.

4.2 Continue penetration of retail market as a full-line supplier of branded family apparel

We intend to continue to leverage our existing core competencies, successful business model and competitive strengths to grow our sales to U.S. retailers. As in the printwear channel, success factors in penetrating the retail channel include consistent quality, competitive pricing and fast and flexible replenishment, together with a commitment to corporate social responsibility and environmental sustainability. We intend to leverage our current distribution with retailers, our manufacturing scale and expertise and our ongoing marketing investment to support the further development of company-owned and licensed brands to create additional sales growth opportunities in activewear, underwear, socks and sheer hosiery. The Company is making significant investments in advertising for the further development of its Gildan® and Gold Toe® portfolio of consumer brands.

Although we are primarily focused on further developing our company-owned brands, we are also focused on building our relationships and growing our sales as a supply chain partner to select global athletic and lifestyle brands that are increasingly looking to source from manufacturers that meet rigorous quality and social compliance criteria, with an efficient supply chain strategically located in the Western Hemisphere. Our manufacturing operations combined with our screenprinting and apparel decorating capabilities allow us to provide a more streamlined sourcing solution for these brands. We believe there is an opportunity to leverage these relationships to expand into other product categories, such as socks, performance products and underwear.

Fiscal 2014 highlights

- In just over one year of having obtained our first national Gildan® branded men's underwear program with a major mass-market retailer, the Gildan® brand was the number 3 men's underwear brand during the three-month period ended September 30, 2014 and achieved a market share of 7.5% in the month of September, according to the NPD Group's Retail Tracking Service.
- During fiscal 2014, we continued to expand shelf space with retailers and secure new program placements of Gildan®, Gold Toe® and related brand extensions for 2015 in all product categories and in various channels of retail distribution.
- Effective October 1, 2014, we extended our worldwide license for the Mossy Oak® brand for activewear, underwear and socks on an exclusive basis for a term of ten years. The previous initial license agreement was for a three-year term. We secured new programs for 2015 under the licensed Mossy Oak® brand in multiple product categories and in various channels of distribution in retail.
- During fiscal 2014, we increased our sales to global lifestyle brands and expanded into the socks category, and we secured new printed and performance activewear programs with major sportswear brands for 2015.
- We acquired Doris, a marketer and manufacturer of branded sheer hosiery, legwear and shapewear products to retailers in Canada and the United States. The acquisition provides an immediate platform for retail distribution in Canada to offer Gildan® and Gold Toe® products, and provides the opportunity to offer sheer hosiery, legwear and shapewear products to our existing U.S. customer base. In addition, the acquisition broadens the Company's retail distribution network in the United States due to Doris'

strong presence in the food and drug channel. The Company believes this acquisition also represents a first step in building a ladies intimate apparel platform over time.

4.3 Continue to increase capacity to support our planned sales growth and generate manufacturing and distribution cost reductions

We plan to continue to increase capacity to support our planned sales growth. We are continuing to seek to optimize our cost structure by adding new low-cost capacity, investing in projects for cost-reduction and further vertical-integration, as well as for additional product quality enhancement.

Fiscal 2014 highlights

- The ramp-up of the Rio Nance 1 and Anvil textile facilities in Honduras were essentially completed by the end of the fiscal year. The facilities have been reconfigured and upgraded with new equipment in order to support the Company's planned growth in underwear and in more specialized performance and fashion basic products.
- We announced plans for further textile capacity expansion, including a new textile facility in Honduras and a new textile facility in Costa Rica as described under Section 3.4.1 of this MD&A.
- We also added new sock manufacturing equipment for higher-valued sock production.
- The Company essentially doubled its underwear sewing capacity.
- We completed the refurbishment and modernization of our yarn-spinning facilities in Clarkton, NC and Cedartown, GA. We started production at our first ring-spun yarn facility in Salisbury, NC in the second quarter of fiscal 2014 and the facility is ramping up as planned. We completed the construction of a second yarn-spinning facility in Salisbury for the production of open-end yarn, which is targeted to commence operations in the last calendar quarter of 2014. Construction of a third facility at Mocksville, NC is underway.
- The Company also continued to execute its plans to reduce its reliance on high-cost fossil fuels and further reduce its impact on the environment through the investment in biomass projects as an alternate source of natural renewable energy, and other initiatives to increase the efficiency of its energy-intensive equipment and processes, which reflect the Company's commitment to environmental sustainability.
- We essentially completed the construction of a new distribution centre in the Rio Nance complex in Honduras.

4.4 Pursue complementary acquisitions

In order to enhance our organic growth, we will continue to seek complementary strategic acquisition opportunities which meet our return on investment criteria, based on our risk-adjusted cost of capital.

Fiscal 2014 highlights

- On July 7, 2014, we acquired Doris, a marketer and manufacturer of branded sheer hosiery, legwear and shapewear products to retailers in Canada and the United States. See section 5.2.1 in this MD&A for more information.

We are subject to a variety of business risks that may affect our ability to maintain our current market share and profitability, as well as our ability to achieve our short and long-term strategic objectives. These risks are described under the "Financial risk management" and "Risks and uncertainties" sections of this annual MD&A.

5.0 OPERATING RESULTS

5.1 Non-GAAP financial measures

We use non-GAAP financial measures (non-GAAP measures) to assess our operating performance. Securities regulations require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, they should not be considered in isolation. We use non-GAAP measures including adjusted net earnings, adjusted diluted EPS, adjusted EBITDA, free cash flow, total indebtedness, and net indebtedness (cash in excess of total indebtedness) to measure our performance from one period to the next without the variation caused by certain adjustments that could potentially distort the analysis of trends in our operating performance, and because we believe such measures provide meaningful information on the Company's financial condition and financial performance.

We refer the reader to section 18.0 entitled "Definition and reconciliation of non-GAAP financial measures" in this annual MD&A for the definition and complete reconciliation of all non-GAAP measures used and presented by the Company to the most directly comparable IFRS measures.

5.2 Business acquisitions

We completed one business acquisitions in fiscal 2014, and two in fiscal 2013, which are described below. The Company accounted for these acquisitions using the acquisition method in accordance with IFRS 3, Business Combinations, and the results of each acquisition have been consolidated with those of the Company from the respective dates of acquisition. The Company has determined the fair value of the assets acquired and liabilities assumed based on management's best estimate of their fair values and taking into account all relevant information available at that time. Please refer to note 5 to the 2014 audited annual consolidated financial statements for a summary of the amounts recognized for the assets acquired and liabilities assumed at the dates of acquisitions.

5.2.1 Doris

On July 7, 2014, the Company acquired substantially all of the operating assets and assumed certain liabilities of Doris for cash consideration of $101.7 million, plus additional contingent payments of up to $9.4 million, payable based on the achievement of targets for growth in sales revenues for a three-year period from the date of the acquisition. The acquisition was financed by the utilization of the Company's revolving long-term bank credit facility. Doris is a marketer and manufacturer of branded sheer hosiery, legwear and shapewear products to retailers in Canada and the United States. The acquisition immediately provides Gildan with an established sales organization and a platform for retail distribution of the Gildan® and Gold Toe® brands in Canada. In addition, the acquisition further enhances and expands the Company's consumer brand portfolio within its existing U.S. retail distribution network and further broadens the Company's retail distribution network in the United States due to Doris' strong presence in the food and drug channel. The Company believes this acquisition also represents a first step in building a ladies' intimate apparel platform over time.

The audited annual consolidated financial statements for the year ended October 5, 2014 include the results of Doris from July 7, 2014 to October 5, 2014. The results of Doris are included in the Branded Apparel segment.

5.2.2 New Buffalo

On June 21, 2013, the Company acquired substantially all of the assets and assumed certain liabilities of New Buffalo and its operating affiliate in Honduras, for cash consideration of $5.8 million, and a balance due of $0.5 million. The transaction also resulted in the effective settlement of $4.0 million of trade accounts receivable from New Buffalo prior to the acquisition. New Buffalo was a leader in screenprinting and apparel decoration, which provided high-quality screenprinting and decoration of apparel for global athletic and lifestyle brands. The rationale for the acquisition of New Buffalo was to complement the further development of the Company's relationships with the major consumer brands which it supplies, and this customer base is expected to fully utilize the capacity of the New Buffalo facilities. The Company financed

the acquisition through the utilization of its revolving long-term bank credit facility. The acquisition of New Buffalo, while strategically significant, was in itself not material to the Company's results for fiscal 2013.

The audited annual consolidated financial statements for the year ended September 29, 2013 include the results of New Buffalo from June 21, 2013 to September 29, 2013. The results of New Buffalo are included in the Branded Apparel segment.

5.2.3 CanAm

On October 29, 2012, the Company acquired the remaining 50% interest of CanAm Yarns, LLC (CanAm), a jointly-controlled entity, for cash consideration of $11.1 million. The entity was subsequently renamed Gildan Yarns, LLC (Gildan Yarns). The Company financed the acquisition through the utilization of its revolving long-term bank credit facility. At the time of the acquisition Gildan Yarns operated yarn-spinning facilities in the U.S. in Cedartown, GA and Clarkton, NC, and all of the output from these facilities was utilized by the Company in its manufacturing operations.

5.3 Selected annual information

(in $ millions, except per share amounts or otherwise indicated)	**2014**	2013	2012	**Variation 2014-2013 $**	**Variation 2014-2013 %**	Variation 2013-2012 $	Variation 2013-2012 %
Net sales	**2,360.0**	2,184.3	1,948.3	**175.7**	**8.0%**	236.0	12.1%
Gross profit	**658.7**	634.0	396.1	**24.7**	**3.9%**	237.9	60.1%
SG&A expenses	**286.0**	282.6	226.0	**3.4**	**1.2%**	56.6	25.0%
Operating income	**369.4**	342.7	155.1	**26.7**	**7.8%**	187.6	121.0%
Adjusted EBITDA(1)	**468.3**	446.8	264.8	**21.5**	**4.8%**	182.0	68.7%
Net earnings	**359.6**	320.2	148.5	**39.4**	**12.3%**	171.7	115.6%
Adjusted net earnings(1)	**362.0**	330.3	157.3	**31.7**	**9.6%**	173.0	110.0%
Basic EPS	**2.95**	2.64	1.22	**0.31**	**11.7%**	1.42	116.4%
Diluted EPS	**2.92**	2.61	1.22	**0.31**	**11.9%**	1.39	113.9%
Adjusted diluted EPS(1)	**2.94**	2.69	1.29	**0.25**	**9.3%**	1.40	108.5%
Gross margin	**27.9%**	29.0%	20.3%	**n/a**	**(1.1) pp**	n/a	8.7 pp
SG&A expenses as a percentage of sales	**12.1%**	12.9%	11.6%	**n/a**	**(0.8) pp**	n/a	1.3 pp
Operating margin	**15.7%**	15.7%	8.0%	**n/a**	**- pp**	n/a	7.7 pp
Total assets	**2,593.0**	2,043.7	1,896.4	**549.3**	**26.9%**	147.3	7.8%
Total non-current financial liabilities	**157.0**	-	181.0	**157.0**	**n/a**	(181.0)	(100.0)%
Cash dividends declared per common share	**0.432**	0.360	0.300	**0.07**	**20.0%**	0.06	20.0%

(1) See section 18.0 "Definition and reconciliation of non-GAAP financial measures" in this MD&A.
Certain minor rounding variances exist between the consolidated financial statements and this summary.

5.4 Consolidated operating review

5.4.1 Net sales

(in $ millions)	**2014**	2013	2012	**Variation 2014-2013 $**	**Variation 2014-2013 %**	Variation 2013-2012 $	Variation 2013-2012 %
Segmented net sales							
Printwear	**1,559.6**	1,468.7	1,334.3	**90.9**	**6.2%**	134.4	10.1%
Branded Apparel	**800.4**	715.6	614.0	**84.8**	**11.9%**	101.6	16.5%
Total net sales	**2,360.0**	2,184.3	1,948.3	**175.7**	**8.0%**	236.0	12.1%

Certain minor rounding variances exist between the consolidated financial statements and this summary.

Fiscal 2014 compared to fiscal 2013

The increase in consolidated net sales in fiscal 2014 compared to fiscal 2013 was primarily attributable to higher unit volumes and a more favourable product-mix in both operating segments, higher net selling prices in Printwear, and the acquisition of Doris which contributed $21.0 million.

Consolidated net sales for fiscal 2014 of $2.36 billion were below the Company's guidance provided on July 31, 2014 of net sales slightly in excess of $2.4 billion, due to lower than anticipated Branded Apparel segment sales in the fourth quarter of fiscal 2014 as discussed in more detail in Section 5.5.2 of this MD&A.

Fiscal 2013 compared to fiscal 2012

The increase in consolidated net sales in fiscal 2013 compared to fiscal 2012 was due to the acquisition of Anvil, which accounted for approximately half of the increase, combined with organic growth in Printwear unit sales volumes, including a 14% unit sales volume increase in international printwear markets despite capacity constraints which limited the Company's ability to fully capitalize on seasonal peak demand, as well as increased Branded Apparel segment sales driven by higher sales of Gildan® branded activewear and underwear to retail customers. These positive factors were partially offset by lower net selling prices for Printwear, and slightly lower sock sales primarily in the first half of the fiscal year.

5.4.2 Gross profit

(in $ millions, or otherwise indicated)	**2014**	2013	2012	**Variation 2014-2013**	Variation 2013-2012
Gross profit	**658.7**	634.0	396.1	**24.7**	237.9
Gross margin	**27.9%**	29.0%	20.3%	**(1.1) pp**	8.7 pp

Certain minor rounding variances exist between the consolidated financial statements and this summary.

Consolidated gross profit is the result of our net sales less cost of sales. Gross margin reflects gross profit as a percentage of sales. Our cost of sales includes all raw material costs, manufacturing conversion costs, including manufacturing depreciation expense, sourcing costs, inbound freight and inter-facility transportation costs, and outbound freight to customers. Cost of sales also includes the costs of purchased finished goods, costs relating to purchasing, receiving and inspection activities, manufacturing administration, third-party manufacturing services, sales-based royalty costs, insurance, inventory write-downs, and customs and duties. Our reporting of gross profit and gross margin may not be comparable to these metrics as reported by other companies, since some entities include warehousing and handling costs, and/or exclude depreciation expense, outbound freight to customers and royalty costs from cost of sales.

Fiscal 2014 compared to fiscal 2013

As a percentage of sales, gross profit declined by 110 basis points in fiscal 2014 compared to last year. The decline in gross margins primarily reflected the impact of transitional manufacturing inefficiencies, particularly in Branded Apparel, and inflationary cost increases which more than offset the benefit of lower promotional spending in Printwear. The manufacturing inefficiencies were incurred as the Company further enhanced product capabilities and expanded production capacity in sock and textile operations, and trained new sewing operators to support the Company's rapid growth in Branded Apparel sales revenues and brand penetration. Inefficiencies in fiscal 2014 also included the impact of product rework and repackaging costs to service key retail programs and mitigate the impact of capacity constraints in Branded Apparel. These factors negatively impacted gross margins in fiscal 2014 by approximately 90 basis points compared to last year. The gross margin decline also reflected higher cotton costs which negatively impacted gross margins by approximately 70 basis points in fiscal 2014 compared to last year. The impact of higher cotton costs was only partially passed through into higher net selling prices in Printwear, and selling prices for Branded Apparel were not increased in order to drive unit volume growth.

Fiscal 2013 compared to fiscal 2012

The improvement in gross margin for fiscal 2013 compared to fiscal 2012 was mainly due to significantly lower cotton costs and increased supply chain and manufacturing efficiencies due primarily to the completion of the ramp-up of Rio Nance 5 and cost reduction projects, including the biomass project at Rio Nance, as well as more favourable product-mix for Branded Apparel, all of which more than offset lower net selling prices for Printwear.

Gross margins in fiscal 2012, particularly in the first half and part of the third quarter of fiscal 2012, were significantly impacted by the negative effect of the consumption of inventory manufactured with cotton purchased at historically-high cotton price levels as a result of the rise of cotton prices which occurred in fiscal 2011. In addition, before consuming this high-cost inventory, the Company reduced selling prices at the beginning of fiscal 2012, in order to stimulate a recovery in demand in the U.S. distributor channel and reinforce the Company's industry leading position in the channel. Consequently, the Company's gross margin in fiscal 2012 was negatively impacted relative to historical levels due to the misalignment of industry selling prices and the cost of cotton in inventories being consumed.

5.4.3 Selling, general and administrative expenses

(in $ millions, or otherwise indicated)	**2014**	2013	2012	**Variation 2014-2013**	Variation 2013-2012
SG&A expenses	**286.0**	282.6	226.0	**3.4**	56.6
SG&A expenses as a percentage of sales	**12.1%**	12.9%	11.6%	**(0.8) pp**	1.3 pp

Certain minor rounding variances exist between the consolidated financial statements and this summary.

Fiscal 2014 compared to fiscal 2013

The increase in selling, general and administrative (SG&A) expenses in fiscal 2014 compared to fiscal 2013 was primarily due to the acquisition of Doris and slightly higher volume-driven distribution expenses, partially offset by lower variable compensation expenses and the favourable impact of the weaker Canadian dollar on corporate head office expenses. Lower SG&A expenses as a percentage of sales reflected the benefit of volume leverage in Branded Apparel.

Fiscal 2013 compared to fiscal 2012

The increase in SG&A expenses in fiscal 2013 compared to fiscal 2012 was due to increased marketing and advertising expenses, higher variable performance-driven compensation expenses, the impact of the acquisition of Anvil and higher volume-driven distribution costs.

5.4.4 Restructuring and acquisition-related costs

(in $ millions)	**2014**	2013	2012	**Variation 2014-2013**	Variation 2013-2012
Facility closures and relocations	**2.1**	5.9	6.0	**(3.8)**	(0.1)
Business acquisitions and changes in management structure	**1.1**	2.9	9.0	**(1.8)**	(6.1)
Restructuring and acquisition-related costs	**3.2**	8.8	15.0	**(5.6)**	(6.2)

Certain minor rounding variances exist between the consolidated financial statements and this summary.

Restructuring and acquisition-related costs are comprised of costs directly related to the closure of business locations or the relocation of business activities, changes in management structure, as well as transaction, exit and integration costs incurred pursuant to business acquisitions.

Costs related to facility closures and relocations of $2.1 million in fiscal 2014 related primarily to a loss of $1.9 million incurred on the final settlement on the wind-up of the Gold Toe defined benefit pension plan. In fiscal 2013, most of the $5.9 million in facility closure and relocation costs related to the integration of Anvil, including a charge of $2.5 million for costs related to the exit of an Anvil administrative office lease in fiscal 2013. In fiscal 2012, facility closure and relocation costs of $6.0 million consisted primarily of asset write-downs and employee termination and benefit costs incurred in connection with facilities closed in prior years.

Costs related to business acquisitions and changes in management structure of $1.1 million in fiscal 2014 related mainly to transaction costs incurred in connection with the acquisition of the net operating assets of Doris. In fiscal 2013, costs related to business acquisitions and changes in management structure of $2.9 million included a loss on business acquisition achieved in stages of $1.5 million relating to the acquisition of CanAm. In fiscal 2012, costs related to business acquisitions and changes in management

structure of $9.0 million related primarily to costs incurred, net of a purchase gain on business acquisition, pursuant to the acquisition of Anvil.

Please refer to note 18 to the 2014 annual audited consolidated financial statements for additional information related to restructuring and acquisition-related costs.

For closed facilities which are included in assets held for sale, the Company expects to incur additional carrying costs which will be accounted for as restructuring charges as incurred until all assets related to the closures are disposed. Any fair value adjustments and gains or losses on the disposal of the assets held for sale will also be accounted for as restructuring charges as incurred.

5.4.5 Operating income

(in $ millions, or otherwise indicated)	**2014**	2013	2012	**Variation 2014-2013**	Variation 2013-2012
Operating income	**369.4**	342.7	155.1	**26.7**	187.6
Operating margin	**15.7%**	15.7%	8.0%	**- pp**	7.7 pp

Certain minor rounding variances exist between the consolidated financial statements and this summary.

Fiscal 2014 compared to fiscal 2013

The increase in operating income in fiscal 2014 compared to fiscal 2013 was primarily due to higher gross profit and the acquisition of Doris partially offset by lower restructuring and acquisition-related expenses. The consolidated operating profit margin for fiscal 2014 was flat compared to last year as slightly improved operating margins in Printwear were offset by lower operating margins in Branded Apparel, which reflected the negative impact of transitional manufacturing inefficiencies that more than offset the benefit of SG&A expense volume leverage.

Fiscal 2013 compared to fiscal 2012

The increase in operating margins in fiscal 2013 compared to fiscal 2012 was due to an increase in gross profit margins. The increase in operating income reflected a significant improvement from both operating segments due primarily to increased sales, lower cotton costs, increased manufacturing efficiencies and lower restructuring and acquisition-related expenses, partially offset by higher SG&A expenses.

5.4.6 Financial expenses, net

(in $ millions)	**2014**	2013	2012	**Variation 2014-2013**	Variation 2013-2012
Interest expense on financial liabilities recorded at amortized cost	**2.1**	3.9	7.3	**(1.8)**	(3.4)
Recognition of deferred hedging loss on interest rate swaps	**-**	4.7	-	**(4.7)**	4.7
Bank and other financial charges	**3.3**	3.7	3.7	**(0.4)**	-
Interest accretion on discounted provisions	**0.3**	0.3	0.3	**-**	-
Foreign exchange (gain) loss	**(2.8)**	0.2	0.3	**(3.0)**	(0.1)
Derivative gain on financial instruments not designated for hedge accounting	**-**	(0.8)	-	**0.8**	(0.8)
Financial expenses, net	**2.9**	12.0	11.6	**(9.1)**	0.4

Certain minor rounding variances exist between the consolidated financial statements and this summary.

Fiscal 2014 compared to fiscal 2013

The decrease in net financial expenses in fiscal 2014 was due to lower interest expense as a result of lower effective interest rates on our revolving long-term bank credit facility, as well as higher foreign exchange gains in the current year mainly due to the favourable revaluation of monetary assets and liabilities denominated in foreign currencies, and the non-recurrence of the deferred hedging loss on interest rate swap contracts recognized in fiscal 2013.

Fiscal 2013 compared to fiscal 2012

The increase in net financial expenses in fiscal 2013 was mainly due to the recognition of a deferred hedging loss on interest rate swap contracts, offset by lower interest expense as a result of the reduction of amounts drawn on our revolving long-term bank credit facility.

5.4.7 Income taxes

The Company's average effective tax rate, excluding the impact of restructuring and acquisition-related costs, is calculated as follows:

(in $ millions, or otherwise indicated)	**2014**	2013	2012	**Variation 2014-2013**	Variation 2013-2012
Earnings before income taxes	**366.5**	330.7	144.1	**35.8**	186.6
Income tax expense (recovery)	**7.0**	10.5	(4.3)	**(3.5)**	14.8
Average effective income tax rate	**1.9%**	3.2%	(3.0)%	**(1.3) pp**	6.2 pp
Earnings before income taxes and restructuring and acquisition-related costs	**369.7**	339.5	159.1	**30.2**	180.4
Income tax expense excluding tax recoveries on restructuring and acquisition-related costs (1)	**7.8**	13.9	1.9	**(6.1)**	12.0
Average effective income tax rate, excluding the impact of restructuring and acquisition-related costs	**2.1%**	4.1%	1.2%	**(2.0) pp**	2.9 pp

(1) Tax recoveries on restructuring and acquisition-related costs are presented in the reconciliation of net earnings to adjusted net earnings in section 5.4.8 below.

Certain minor rounding variances exist between the consolidated financial statements and this summary.

Fiscal 2014 compared to fiscal 2013

The income tax expense of $7.0 million for fiscal 2014 included an income tax recovery of $0.8 million related to restructuring and acquisition-related costs. The average effective income tax rate, excluding the impact of restructuring and acquisition-related costs, was 2.1% in fiscal 2014, compared to 4.1% in fiscal 2013. The decrease was due primarily to an income tax recovery relating to the recognition of a deferred tax asset to the extent of the acquired deferred tax liabilities resulting from the Doris transaction.

Fiscal 2013 compared to fiscal 2012

The income tax expense of $10.5 million for fiscal 2013 included an income tax recovery of $3.4 million related to restructuring and acquisition-related costs. The average effective income tax rate, excluding the impact of restructuring and acquisition-related costs, was 4.1% in fiscal 2013, compared to 1.2% in fiscal 2012. The increase was due primarily to the improved profitability of our Branded Apparel segment.

The Company's growth plans for the Branded Apparel segment are expected to result in an increased proportion of the Company's profits earned in higher tax rate jurisdictions, and consequently, would result in an increase to the Company's overall effective income tax rate in future years.

5.4.8 Net earnings, adjusted net earnings, and earnings per share measures

(in $ millions, except per share amounts)	**2014**	2013	2012	**Variation 2014-2013**	Variation 2013-2012
Net earnings	**359.6**	320.2	148.5	**39.4**	171.7
Adjustments for:					
Restructuring and acquisition-related costs	**3.2**	8.8	15.0	**(5.6)**	(6.2)
Recognition of deferred hedging loss on interest rate swaps	**-**	4.7	-	**(4.7)**	4.7
Income tax recovery on restructuring and acquisition-related costs	**(0.8)**	(3.4)	(6.2)	**2.6**	2.8
Adjusted net earnings[1]	**362.0**	330.3	157.3	**31.7**	173.0
Basic EPS	**2.95**	2.64	1.22	**0.31**	1.42
Diluted EPS	**2.92**	2.61	1.22	**0.31**	1.39
Adjusted diluted EPS[1]	**2.94**	2.69	1.29	**0.25**	1.40

(1) See section 18.0 "Definition and reconciliation of non-GAAP financial measures" in this MD&A.
Certain minor rounding variances exist between the consolidated financial statements and this summary.

Fiscal 2014 compared to fiscal 2013

The increase in net earnings and adjusted net earnings in fiscal 2014 compared to fiscal 2013 was primarily due to higher operating income in Printwear and decreases in net financial expenses and income taxes, partially offset by lower operating income in Branded Apparel.

Adjusted diluted EPS of $2.94 for fiscal 2014 were below the Company's earnings guidance of $3.00-$3.03 per share provided on July 31, 2014 mainly as a result of lower than anticipated sales from Branded Apparel in the fourth quarter of fiscal 2014 as discussed in more detail in Section 5.5.2 in this MD&A, partially offset by lower than expected income taxes.

Fiscal 2013 compared to fiscal 2012

The increase in net earnings and adjusted net earnings in fiscal 2013 compared to fiscal 2012 was primarily due to the significant improvement in operating income from both the Printwear and Branded Apparel segments, partially offset by higher income taxes.

5.5 Segmented operating review

(in $ millions, or otherwise indicated)	**2014**	2013	Variation $	Variation %
Segmented net sales:				
Printwear	**1,559.6**	1,468.7	90.9	6.2%
Branded Apparel	**800.4**	715.6	84.8	11.9%
Total net sales	**2,360.0**	2,184.3	175.7	8.0%
Segment operating income:				
Printwear	**389.0**	364.4	24.6	6.8%
Branded Apparel	**73.2**	78.4	(5.2)	(6.6)%
Total segment operating income	**462.2**	442.8	19.4	4.4%
Corporate and other[1]	**(92.8)**	(100.1)	7.3	
Total operating income	**369.4**	342.7	26.7	7.8%

(1) Includes corporate head office expenses, restructuring and acquisition-related costs, and amortization of intangible assets.
Certain minor rounding variances exist between the financial statements and this summary.

	2014	2013	Variation
Segment operating margin:			
Printwear	**24.9%**	24.8%	0.1 pp
Branded Apparel	**9.1%**	11.0%	(1.9) pp

5.5.1 Printwear

Net sales
We achieved an increase of 6.2% in Printwear despite soft market conditions during the year, impacted in part by unseasonable weather conditions which particularly affected seasonal demand of T-shirts during the peak selling season. The increase in Printwear net sales in fiscal 2014 compared to fiscal 2013 was primarily attributable to higher unit sales driven by strong growth from international markets such as Europe and Asia-Pacific and the benefit of an extra week of shipments in fiscal 2014 compared to fiscal 2013, a more favourable product-mix, as well as higher net selling prices due to lower promotional spending. The extra week occurs every sixth year in order to realign the Company's 52-week fiscal year with the calendar year.

Printwear net sales were in line with the Company's guidance provided on July 31, 2014 of net sales slightly in excess of $1.55 billion.

Operating income
The increase in Printwear operating income in fiscal 2014 compared to fiscal 2013 was mainly due to higher sales. Printwear operating margins for fiscal 2014 of 24.9% were essentially flat compared to last year as higher cotton costs and other inflationary cost increases were largely offset by the benefit of more favourable product-mix and higher net selling prices due to lower promotional spending in the year.

5.5.2 Branded Apparel

Net sales
The increase in Branded Apparel sales in fiscal 2014 compared to fiscal 2013 reflected higher sales of Company-owned and licensed brand programs, as well as strong growth in sales to global lifestyle brands, partially offset by a decline in sales of private label programs. In addition, Branded Apparel sales included the impact of the Doris acquisition in the fourth quarter of fiscal 2014 which contributed $21.0 million of sales revenues.

Branded Apparel net sales of $800.4 million for fiscal 2014 were below the Company's guidance provided on July 31, 2014 of net sales of approximately $850 million due to lower than anticipated sales in the fourth quarter of fiscal 2014. Sales to retailers in all product categories were lower than projected due to inventory destocking by retailers, the delayed timing of fleece programs which the Company serviced in October, and weaker than anticipated market demand.

Operating income
The decline in Branded Apparel operating income in fiscal 2014 compared to fiscal 2013 was due to lower operating margins, which more than offset the contribution from the increase in sales. The decline in operating margins for Branded Apparel was primarily attributable to transitional manufacturing inefficiencies to support the introduction of new retail programs and inflationary cost increases, which negatively impacted margins by approximately 160 basis points in fiscal 2014, together with the impact of higher cotton costs, which the Company has not passed through into higher selling prices in Branded Apparel in order to drive its brand penetration and market share growth. These factors more than offset the positive impact on operating margins of increased sales volume leverage on SG&A expenses.

5.6 Summary of quarterly results

The table below sets forth certain summarized unaudited quarterly financial data for the eight most recently completed quarters in accordance with IFRS. This quarterly information is unaudited and has been prepared on the same basis as the audited annual consolidated financial statements. The operating results for any quarter are not necessarily indicative of the results to be expected for any period.

	2014				2013			
(in $ millions, except per share amounts)	**Q4**[1]	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	**666.0**	693.8	548.8	451.4	626.2	614.3	523.0	420.8
Net earnings	**122.7**	116.0	79.2	41.7	96.8	115.8	72.3	35.3
Net earnings per share								
Basic[2]	**1.01**	0.95	0.65	0.34	0.80	0.95	0.60	0.29
Diluted[2]	**1.00**	0.94	0.64	0.34	0.79	0.94	0.59	0.29
Weighted average number of shares outstanding *(in '000s)*								
Basic	**121,984**	121,792	121,610	121,672	121,555	121,446	121,365	121,455
Diluted	**123,279**	123,214	123,157	123,046	122,929	122,759	122,629	122,491

(1) Reflects the acquisition of Doris from July 7, 2014.
(2) Quarterly EPS may not add to year-to-date EPS due to rounding.
Certain minor rounding variances exist between the consolidated financial statements and this summary.

5.6.1 Seasonality and other factors affecting the variability of results and financial condition

Our results of operations for interim periods and for full fiscal years are impacted by the variability of certain factors, including, but not limited to, changes in end-use demand and customer demand, our customers' decision to increase or decrease their inventory levels, changes in our sales mix, and fluctuations in selling prices and raw material costs. While our products are sold on a year-round basis, our business experiences seasonal changes in demand which results in quarterly fluctuations in operating results. Historically, consolidated net sales have been lowest in the first fiscal quarter and highest in the second half of the fiscal year, reflecting the seasonality of our operating segments' net sales. For our Printwear segment, demand for T-shirts is lowest in the first fiscal quarter, and highest in the third quarter of each fiscal year when distributors purchase inventory for the peak Summer selling season. Demand for fleece is typically highest, in advance of the Fall and Winter seasons, in the third and fourth quarters of each fiscal year. For our Branded Apparel segment, sales are higher during the back-to-school period and the Christmas holiday selling season. Historically, our Branded Apparel segment sales have been highest in the fourth fiscal quarter.

Historically, the seasonal sales trends of our business have resulted in fluctuations in our inventory levels throughout the year, in particular a build-up of T-shirt inventory levels in the first half of the fiscal year.

Our results are also impacted by fluctuations in the price of raw materials and other input costs. Cotton and polyester fibres are the primary raw materials used in the manufacture of our products, and we also use chemicals, dyestuffs and trims which we purchase from a variety of suppliers. Cotton prices are affected by consumer demand, global supply, which may be impacted by weather conditions in any given year, speculation on the commodities market, the relative valuations and fluctuations of the currencies of producer versus consumer countries and other factors that are generally unpredictable. While we enter into contracts in advance of delivery to establish firm prices for the cotton component of our yarn requirements, our realized cotton costs can fluctuate significantly between interim and annual reporting periods. Energy costs in our results of operations are also affected by fluctuations in crude oil, natural gas and petroleum prices, which can also influence transportation costs and the cost of related items used in our business, such as polyester fibres, chemicals, dyestuffs and trims.

Business acquisitions may affect the comparability of results. As noted in the table under "Summary of quarterly results", the quarterly financial data reflects the acquisition of Doris, effective July 7, 2014. The consolidated results of the Company for fiscal 2014 include net sales of $21.0 million and net earnings of $3.2 million relating to Doris' results of operation since the date of acquisition. The acquisition of New Buffalo, effective June 21, 2013 and the acquisition of the remaining 50% interest in our yarn joint venture CanAm, effective October 29, 2012, have not materially impacted the results of the Company.

Management decisions to consolidate or reorganize operations, including the closure of facilities, may result in significant restructuring costs in an interim or annual period. In addition, the effect of asset write-downs, including provisions for bad debts and slow moving inventories, can affect the variability of our

results. The section entitled "Restructuring and acquisition-related costs" in this annual MD&A contains a discussion of costs related to the Company's restructuring activities and business acquisitions.

Our reported amounts for sales, SG&A expenses, and financial expenses/income are impacted by fluctuations in the U.S. dollar versus certain other currencies as described in the "Financial risk management" section of this annual MD&A. The Company may periodically use derivative financial instruments to manage risks related to fluctuations in foreign exchange rates.

5.7 Fourth quarter results

(in $ millions, except per share amounts or otherwise indicated)	**Q4-2014**	Q4-2013	Variation $	Variation %
Net sales	**666.0**	626.2	39.8	6.4%
Gross profit	**192.1**	176.9	15.2	8.6%
SG&A expenses	**72.2**	69.7	2.5	3.6%
Operating income	**119.4**	106.1	13.3	12.5%
Adjusted EBITDA(1)	**144.1**	132.0	12.1	9.2%
Net earnings	**122.7**	96.8	25.9	26.8%
Adjusted net earnings(1)	**122.8**	102.0	20.8	20.4%
Basic EPS	**1.01**	0.80	0.21	26.3%
Diluted EPS	**1.00**	0.79	0.21	26.6%
Adjusted diluted EPS(1)	**1.00**	0.83	0.17	20.5%
Gross margin	**28.8%**	28.2%	n/a	0.6 pp
SG&A expenses as a percentage of sales	**10.8%**	11.1%	n/a	(0.3) pp
Operating margin	**17.9%**	16.9%	n/a	1.0 pp

(1) See section 18.0 "Definition and reconciliation of non-GAAP financial measures" in this MD&A.

(in $ millions)	**Q4-2014**	Q4-2013	Variation $	Variation %
Segmented net sales:				
Printwear	**435.8**	423.9	11.9	2.8%
Branded Apparel	**230.2**	202.2	28.0	13.8%
Total net sales	**666.0**	626.1	39.9	6.4%
Segment operating income:				
Printwear	**118.9**	112.0	6.9	6.2%
Branded Apparel	**22.5**	18.1	4.4	24.3%
Total segment operating income	**141.4**	130.1	11.3	8.7%
Corporate and other(1)	**(22.0)**	(23.9)	1.9	7.9%
Total operating income	**119.4**	106.2	13.2	12.4%

(1) Includes corporate head office expenses, restructuring and acquisition-related costs, and amortization of intangible assets.

Consolidated net sales for the fourth quarter of fiscal 2014 increased by 6.4% reflecting higher sales in both operating segments.

Net sales for the Printwear segment in the fourth quarter of fiscal 2014 amounted to $435.8 million, up 2.8% from $423.9 million in the fourth quarter of fiscal 2013 primarily due to higher net selling prices in the quarter and more favourable product-mix, partially offset by weaker demand.

Net sales for Branded Apparel were $230.2 million, up 13.8% from $202.2 million in the fourth quarter of last year mainly due to increased sales of underwear and activewear and the acquisition of Doris, partially offset by lower sock sales. Sales of underwear were up by approximately 60%, in spite of a high level of promotional activity from other national brands during the back-to-school period. During the three-month period ended September 30, 2014, the Gildan® brand remained in the no.3 position in men's underwear and achieved a market share of 7.5% in the month of September, according to the NPD Group's Retail

Tracking Service. The lower sales of socks compared to last year was entirely due to lower sales of private label and our decision to exit from a licensing arrangement. Gold Toe® men's and ladies' socks continued the upward trend of gaining market share. Sales to retailers in all product categories were impacted by retailer inventory destocking.

Consolidated gross margins in the fourth quarter of fiscal 2014 were 28.8%, up from 28.3% in the fourth quarter last year. The improvement in consolidated gross margins was primarily due to more favourable product-mix in both operating segments, higher net selling prices in Printwear compared to last year and the impact of the acquisition of Doris, partially offset by the impact of inflationary cost increases and continuing transitional manufacturing inefficiencies related to the integration of new retail products. Cotton costs in the fourth quarter of fiscal 2014 were essentially comparable to cotton costs in the fourth quarter of last year.

SG&A expenses in the fourth quarter were $72.2 million, compared with $69.7 million in the fourth quarter of last year. The increase in SG&A expenses was due to the acquisition of Doris. SG&A expenses excluding the impact of the Doris acquisition were slightly down compared to last year mainly due to lower variable compensation expenses, partially offset by higher advertising expenses. Excluding the impact of Doris, SG&A expenses as a percentage of sales in the fourth quarter of fiscal 2014 were 10.5% compared to 11.1% a year ago.

Consolidated operating income in the fourth quarter increased by 12.5% driven by increases of 6.2% and 24.3% in segment operating income for Printwear and Branded Apparel, respectively, as well as lower restructuring and acquisition-related costs.

In the fourth quarter, the Printwear segment reported operating income of $118.9 million, up 6.2% compared to $112.0 million in the fourth quarter of fiscal 2013. Operating margins for Printwear were 27.3%, compared with 26.4% in the fourth quarter of last year due to higher net selling prices and more favourable product-mix.

The Branded Apparel segment reported quarterly operating income of $22.5 million, up 24.3% compared with $18.1 million in the fourth quarter of fiscal 2013. Operating margins were 9.8%, compared to 8.9% a year ago. The increase in operating margins for Branded Apparel reflected more favourable product-mix and the impact of the acquisition of Doris. These factors more than offset inflationary cost increases and the impact of continued transitional manufacturing inefficiencies incurred to support the introduction of new retail products.

Income taxes in the fourth quarter of fiscal 2014 decreased compared to the same period last year as a result of the recognition of a tax benefit following the acquisition of Doris, as well as a year-to-date true-up adjustment to the income tax provision as a result of lower than projected sales for Branded Apparel in the fourth quarter.

Consolidated net earnings for the fourth quarter of fiscal 2014 were up 26.8% compared to the fourth quarter of fiscal 2013. Adjusted net earnings were $122.8 million or $1.00 per share for the fourth fiscal quarter ended October 5, 2014, up 20.4% and 20.5% respectively compared with adjusted net earnings of $102.0 million or $0.83 per share before reflecting restructuring and acquisition-related costs and a charge for unwinding interest rate swaps in the fourth quarter of the previous year. The growth in adjusted net earnings and EPS in the fourth quarter compared to last year was due to higher sales in both operating segments, including the impact of the acquisition of Doris, combined with lower income tax and financial expenses.

The Company's adjusted EPS of $1.00 and consolidated net sales of $666.0 million for the fourth fiscal quarter were below the Company's projected adjusted EPS guidance range of $1.06–$1.09 on projected sales revenues in excess of $700 million which the Company provided on July 31, 2014, when it reported its third quarter results. The lower than previously projected sales and earnings growth in the fourth quarter was primarily due to lower than projected sales in Branded Apparel. Sales of Gildan® branded products in the quarter were up by more than 35% and the Company continued to gain market share in men's

underwear. However, sales to retailers in all product categories were lower than projected due to inventory destocking by retailers, the delayed timing of fleece programs which the Company serviced in October, and weaker than anticipated market demand. Lower than expected income taxes partially offset the impact of lower than anticipated Branded Apparel sales on net earnings.

6.0 FINANCIAL CONDITION

6.1 Current assets and current liabilities

(in $ millions)	**October 5, 2014**	September 29, 2013	Variation
Cash and cash equivalents	**65.2**	97.4	(32.2)
Trade accounts receivable	**354.3**	255.0	99.3
Income taxes receivable	**1.4**	0.7	0.7
Inventories	**779.4**	595.8	183.6
Prepaid expenses and deposits	**17.5**	15.0	2.5
Assets held for sale	**5.8**	5.8	-
Other current assets	**23.8**	11.0	12.8
Accounts payable and accrued liabilities	**(374.7)**	(289.4)	(85.3)
Total working capital	**872.7**	691.3	181.4

Certain minor rounding variances exist between the consolidated financial statements and this summary.

- The increase in trade accounts receivable (which are net of accrued sales discounts) was due to a combination of factors, including the impact of a higher numbers of days' sales outstanding, higher sales in the fourth quarter of fiscal 2014 compared to the fourth quarter of fiscal 2013, lower proportional accruals for sales discounts relating to trading accounts receivable, a lower proportion of sales in the first half of the fourth quarter of fiscal 2014 compared to the fourth quarter of fiscal 2013, and the impact of the acquisition of Doris. The increase in the numbers of days' sales outstanding was mainly as a result of an increase in seasonal fleece sales, which carry extended payment terms in accordance with industry practice.

- The increase in inventories reflects increased levels of activewear unit volumes in order to better support our planned sales growth in all of our target geographical markets, lower than forecasted shipments in Branded Apparel in the fourth quarter of fiscal 2014, increased levels of underwear unit volumes to meet increasing demands and the impact of the acquisition of Doris. In addition, raw materials and work in progress inventories increased primarily as a result of the ramp-up of Rio Nance 1, including increased production of underwear, higher dyes and chemicals inventories and higher cotton and yarn inventories due to increased production at our yarn-spinning facilities.

- The increase in other current assets is mainly due to the recognition of a firm commitment asset of $5.0 million recorded as part of a fair value hedging relationship, which will be transferred to property, plant and equipment when the hedge relationship matures and the related equipment is received.

- The increase in accounts payable and accrued liabilities is mainly due to higher production levels, higher raw material inventories, an increase in days' payable outstanding, the impact of the Doris acquisition and increased spending on capital expenditures, partially offset by lower accruals for variable compensation expenses.

- Working capital was $872.7 million as at October 5, 2014 compared to $691.3 million as at September 29, 2013. The current ratio at the end of fiscal 2014 was 3.3 compared to 3.4 at the end of fiscal 2013.

6.2 Property, plant and equipment, intangible assets and goodwill

(in $ millions)	Property, plant and equipment	Intangible assets	Goodwill
Balance, September 29, 2013	655.9	247.5	150.1
Net capital additions	296.4	6.2	-
Additions through business acquisitions	6.0	50.9	26.3
Depreciation and amortization	(84.6)	(17.2)	-
Balance, October 5, 2014	**873.7**	**287.4**	**176.4**

Certain minor rounding variances exist between the consolidated financial statements and this summary.

- Capital additions included expenditures primarily for the Company's strategy to invest in vertically-integrated yarn manufacturing, as well as expenditures for the continuing ramp-up of Rio Nance 1 including expenditures for more underwear knitting equipment to support the Company's planned growth in underwear, the reconfiguration and upgrading of the equipment at the former Anvil manufacturing facility in Honduras, new sock manufacturing equipment, a new sewing facility in the Dominican Republic, further investments in energy saving projects, and the new distribution centre in Honduras.

- Intangible assets are comprised of customer contracts and relationships, trademarks, license agreements, non-compete agreements and computer software. The increase in intangible assets reflects $50.9 million related to the acquisition of Doris, and the addition of $6.2 million of software, partially offset by amortization of $17.2 million.

- The increase in goodwill is due to the goodwill recorded in connection with the acquisition of Doris.

6.3 Other non-current assets and non-current liabilities

(in $ millions)	**October 5, 2014**	September 29, 2013	Variation
Deferred income tax assets	**-**	1.4	(1.4)
Other non-current assets	**8.1**	8.0	0.1
Long-term debt	**157.0**	-	157.0
Deferred income tax liabilities	**0.3**	-	0.3
Employee benefit obligations	**19.6**	18.5	1.1
Provisions	**17.9**	16.3	1.6

Certain minor rounding variances exist between the consolidated financial statements and this summary.

- The change in deferred income taxes of $1.7 million is primarily due to the deferred tax liabilities from the Doris acquisition, partially offset by the deferred portion of the tax provision in fiscal 2014.

- The increase in employee benefit obligations from the end of fiscal 2013 relates to an increase of $6.6 million in employee benefit obligations relating to the Company's statutory severance obligations for its active employees located in the Caribbean Basin and Central America, mostly offset by the funding of the deficit to complete the wind-up of the Gold Toe defined benefit pension plan.

- The increase in provisions is due primarily to an increase of the estimated future costs of decommissioning and site restoration for certain assets located at the Company's textile and sock facilities.

- See the section entitled "Liquidity and capital resources" in this annual MD&A for the discussion on long-term debt.

Total assets were $2,593.0 million as at October 5, 2014, compared to $2,043.7 million at the end of the previous year.

7.0 CASH FLOWS

7.1 Cash flows from operating activities

(in $ millions)	**2014**	2013	Variation
Net earnings	**359.6**	320.2	39.4
Adjustments to reconcile net earnings to cash flows from operating activities[1]	**93.6**	109.0	(15.4)
Changes in non-cash working capital balances	**(189.1)**	(2.0)	(187.1)
Cash flows from operating activities	**264.1**	427.2	(163.1)

(1) Includes $95.6 million (2013 - $95.3 million) related to depreciation and amortization.
Certain minor rounding variances exist between the consolidated financial statements and this summary.

- The decrease in operating cash flows of $163.1 million was primarily due to a higher increase in non-cash working capital balances compared with fiscal 2013, partially offset by an increase in net earnings.

- The $189.1 million change in non-cash working capital balances for fiscal 2014 was mainly due to increases in inventories and trade accounts receivable, partially offset by the increase in accounts payable and accrued liabilities, as noted in the "Financial condition" section of this annual MD&A.

- For fiscal 2013, the $2.0 million change in non-cash working capital balances was due primarily to increases in activewear inventory levels during 2013, largely offset by the increase in accounts payable and accrued liabilities as compared to fiscal 2012.

7.2 Cash flows used in investing activities

(in $ millions)	**2014**	2013	Variation
Purchase of property, plant and equipment	**(286.6)**	(162.6)	(124.0)
Purchase of intangible assets	**(6.1)**	(4.3)	(1.8)
Business acquisitions	**(101.7)**	(8.0)	(93.7)
Proceeds on disposal of assets held for sale and property, plant and equipment	**4.9**	2.8	2.1
Cash flows used in investing activities	**(389.5)**	(172.1)	(217.4)

Certain minor rounding variances exist between the consolidated financial statements and this summary.

- The increase in cash flows used in investing activities was due to higher capital spending in fiscal 2014 as well as the acquisition of Doris.

- Capital expenditures during fiscal 2014 are described in section 6.2 of this annual MD&A, and our planned capital expenditures for the next fiscal year are discussed under the "Liquidity and capital resources" section.

- Cash flows used relating to business acquisitions in fiscal 2013 related to the acquisitions of New Buffalo and CanAm.

7.3 Free cash flow

(in $ millions)	**2014**	2013	Variation
Cash flows from operating activities	**264.1**	427.2	(163.1)
Cash flows used in investing activities	**(389.5)**	(172.1)	(217.4)
Adjustment for:			
Business acquisitions	**101.7**	8.0	93.7
Free cash flow[(1)]	**(23.7)**	263.1	(286.8)

(1) See section 18.0 "Definition and reconciliation of non-GAAP financial measures" in this MD&A.

Certain minor rounding variances exist between the consolidated financial statements and this summary.

- The year-over-year decrease in free cash flow of $286.8 million in fiscal 2014 was due to the lower operating cash flows as noted above, as well as higher capital spending during fiscal 2014.

- Free cash flow for fiscal 2014 was lower than the Company's previous estimate of free cash flow of below $50 million provided on July 31, 2014 primarily as a result of higher than anticipated increases in working capital.

7.4 Cash flows used in financing activities

(in $ millions)	**2014**	2013	Variation
Increase (decrease) in amounts drawn under revolving long-term bank credit facility	**157.0**	(181.0)	338.0
Dividends paid	**(53.2)**	(43.7)	(9.5)
Proceeds from the issuance of shares	**4.3**	6.0	(1.7)
Share repurchases for future settlement of non-Treasury RSUs	**(14.5)**	(9.6)	(4.9)
Cash flows from (used in) financing activities	**93.6**	(228.3)	321.9

Certain minor rounding variances exist between the consolidated financial statements and this summary.

- Cash flows from financing activities in fiscal 2014 reflected an increase in funds drawn on our revolving long-term bank credit facility, which was used to finance the acquisition of Doris.

- The Company paid an aggregate of $53.2 million of dividends during fiscal 2014 for dividends declared in November 2013, February 2014, May 2014, and July 2014. The increase in dividends paid was as a result of a 20% increase in the amount of the quarterly dividend for fiscal 2014, approved on November 20, 2013.

- During fiscal 2014, the Company purchased $14.5 million of its common shares on the open market to be used for the partial future settlement of non-Treasury restricted share units, compared to $9.6 million for the same period last year.

8.0 LIQUIDITY AND CAPITAL RESOURCES

8.1 Long-term debt and net indebtedness (cash in excess of total indebtedness)

In recent years, we have funded our operations and capital requirements with cash generated from operations. Our primary uses of funds are to finance seasonal peak working capital requirements, capital expenditures, payment of dividends and business acquisitions. We have a committed unsecured revolving long-term bank credit facility which has been periodically utilized, primarily to fund business acquisitions in recent years, including the acquisition of Doris in the fourth quarter of fiscal 2014.

The long-term bank credit facility provides for an annual extension which is subject to the approval of the lenders, and amounts drawn under the facility bear interest at a variable bankers' acceptance or U.S. LIBOR-based interest rate plus a spread ranging from 1% to 2%, such range being a function of the total debt to EBITDA ratio (as defined in the credit facility agreement). In December 2013, the Company amended its revolving long-term bank credit facility to extend the maturity date from January 2018 to January 2019. Subsequent to the end of the fiscal year, the Company increased its bank credit facility from $800 million to $1 billion and extended the maturity date to April 2020 from January 2019, in order to provide the Company with financing flexibility to initiate the NCIB discussed in section 8.4 below while at the same time pursue potential future acquisition opportunities. The terms and conditions of the amended bank credit facility agreement are substantially unchanged.

As at October 5, 2014, $157.0 million (September 29, 2013 - nil) was drawn under the facility and the effective interest rate for fiscal 2014 was 1.2%. In addition, an amount of $7.9 million (September 29, 2013 - $7.4 million) has been committed against this facility to cover various letters of credit.

(in $ millions)	**October 5, 2014**	September 29, 2013
Long-term debt and total indebtedness [1]	**157.0**	-
Cash and cash equivalents	**(65.2)**	(97.4)
Net indebtedness (cash in excess of total indebtedness) [1]	**91.8**	(97.4)

(1) See section 18.0 "Definition and reconciliation of non-GAAP financial measures" in this MD&A.
Certain minor rounding variances exist between the consolidated financial statements and this summary.

Total indebtedness is comprised of bank indebtedness and long-term debt (including the current portion), and net indebtedness (cash in excess of total indebtedness) is calculated as total indebtedness net of cash and cash equivalents as described under the section 18 entitled "Definition and reconciliation of non-GAAP financial measures" in this annual MD&A.

As disclosed in note 11 to the 2014 audited annual consolidated financial statements, the Company is required to comply with certain covenants, including maintenance of a net debt to trailing twelve months EBITDA ratio below 3.0:1, although the long-term bank credit facility agreement provides that this limit may be exceeded in the short term under certain circumstances, as well as an interest coverage ratio of at least 3.5:1. EBITDA is defined under the credit facility agreement as net earnings before interest, income taxes, depreciation and amortization, with adjustments for certain non-recurring items. As at October 5, 2014, the Company was in compliance with all covenants.

The Company plans to spend $350 – $400 million in capital expenditures in the 15-month 2015 fiscal year. The Company is projecting capital expenditures of $100 million for the 3-month period ending January 4, 2015, primarily for the new yarn-spinning facilities which will be ramped up during calendar 2015. In addition to the continuing investments in yarn-spinning, the approximate $250 – $300 million of capital expenditures for the 12-month period ending January 3, 2016 are primarily due to expenditures relating to the Rio Nance 6 and Costa Rica facilities, as well as continuing cost reduction projects, the expansion of sewing facilities to support growth in retail, and the expansion of the Eden, NC, distribution centre.

We expect that cash flows from operating activities and the unutilized financing capacity under our revolving long-term bank credit facility will continue to provide us with sufficient liquidity for the foreseeable future to fund our organic growth strategy, including anticipated working capital and capital expenditure requirements, to fund dividends to shareholders, as well as provide us with financing flexibility to take advantage of potential acquisition opportunities which complement our organic growth strategy, and to fund the normal course issuer bid discussed in section 8.4 below.

The Company, upon approval from its Board of Directors, may issue or repay long-term debt, issue or repurchase shares, or undertake other activities as deemed appropriate under the specific circumstances.

8.2 Outstanding share data

Our common shares are listed on the New York Stock Exchange (NYSE) and the Toronto Stock Exchange (TSX) under the symbol GIL. As at November 30, 2014, there were 122,478,794 common shares issued and outstanding along with 1,245,300 stock options and 332,626 dilutive restricted share units (Treasury RSUs) outstanding. Each stock option entitles the holder to purchase one common share at the end of the vesting period at a pre-determined option price. Each Treasury RSU entitles the holder to receive one common share from treasury at the end of the vesting period, without any monetary consideration being paid to the Company. However, the vesting of at least 50% of each Treasury RSU grant is contingent on the achievement of performance conditions that are primarily based on the Company's average return on assets performance for the period as compared to the S&P/TSX Capped Consumer Discretionary Index, excluding income trusts, or as determined by the Board of Directors.

8.3 Declaration of dividend

During fiscal 2014, the Company paid dividends of $53.2 million. On December 3, 2014, the Board of Directors approved a 20% increase in the amount of the current quarterly dividend and declared a cash dividend of $0.13 per share for an expected aggregate payment of $15.9 million which will be paid on January 12, 2015 on all of the issued and outstanding common shares of the Company, rateably and proportionately to the holders of record on December 18, 2014. This dividend is an "eligible dividend" for the purposes of the Income Tax Act (Canada) and any other applicable provincial legislation pertaining to eligible dividends.

The Board of Directors consider several factors when deciding to declare quarterly cash dividends, including the Company's present and future earnings, cash flows, capital requirements and present and/or future regulatory and legal restrictions. There can be no assurance as to the declaration of future quarterly cash dividends. Although the Company's revolving long-term bank credit facility requires compliance with lending covenants in order to pay dividends, these covenants are not currently, and are not expected to be, a constraint to the payment of dividends under the Company's dividend policy.

8.4 Normal course issuer bid

The Company's Board of Directors has approved the initiation of a normal course issuer bid. The Company has received approval from the Toronto Stock Exchange (TSX) to implement a normal course issuer bid (NCIB) to purchase for cancellation up to 6.1 million common shares, representing approximately 5% of the Company's issued and outstanding common shares.

Gildan is authorized to make purchases under the NCIB during the period from December 8, 2014 to December 7, 2015 in accordance with the requirements of the TSX. Purchases will be made by means of open market transactions on both the TSX and the New York Stock Exchange (NYSE), or alternative trading systems, if eligible, or by such other means as the TSX, the NYSE or a securities regulatory authority may permit, including by private agreements under an issuer bid exemption order issued by securities regulatory authorities in Canada.

Under the NCIB, Gildan may purchase up to a maximum of 79,271 shares daily through TSX facilities, which represents 25% of the average daily trading volume on the TSX for the most recently completed six calendar months. The price to be paid by Gildan for any common shares will be the market price at the time of the acquisition, plus brokerage fees, and purchases made under an issuer bid exemption order will be at a discount to the prevailing market price in accordance with the terms of the order.

Gildan has not repurchased any of its outstanding common shares under a normal course issuer bid in the last twelve months.

9.0 LEGAL PROCEEDINGS

9.1 Claims and litigation

On October 12, 2012, Russell Brands, LLC, an affiliate of Fruit of the Loom, filed a lawsuit against the Company in the United States District Court of the Western District of Kentucky at Bowling Green, alleging trademark infringement and unfair competition and seeking injunctive relief and unspecified money damages. The litigation concerned labelling errors on certain inventory products shipped by Gildan to one of its customers. Upon being made aware of the error, the Company took immediate action to retrieve the disputed products. During the second quarter of fiscal 2013, the Company agreed to resolve the litigation by consenting to the entry of a final judgment providing for, among other things, the payment of $1.1 million.

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

10.0 OUTLOOK

A discussion of management's expectations as to our outlook for fiscal 2015 is contained in our fourth quarter earnings results press release dated December 4, 2014 under the sections entitled "Outlook for the 3-Month Period Ending January 4, 2015" and "Outlook for the 12-Months Ending January 3, 2016". The press release is available on the SEDAR website at www.sedar.com, on the EDGAR website at www.sec.gov and on our website at www.gildan.com.

11.0 FINANCIAL RISK MANAGEMENT

This section of the MD&A provides disclosures relating to the nature and extent of the Company's exposure to risks arising from financial instruments, including credit risk, liquidity risk, foreign currency risk and interest rate risk, as well as risks arising from commodity prices, and how the Company manages those risks. The disclosures under this section, in conjunction with the information in note 15 to the 2014 audited annual consolidated financial statements, are designed to meet the requirements of IFRS 7, *Financial Instruments: Disclosures*, and are therefore incorporated into, and are an integral part of, the 2014 audited annual consolidated financial statements.

The Company may periodically use derivative financial instruments to manage risks related to fluctuations in foreign exchange rates, commodity prices and interest rates. The use of derivative financial instruments is governed by the Company's Financial Risk Management Policy approved by the Board of Directors and is administered by the Financial Risk Management Committee. The Financial Risk Management Policy of the Company stipulates that derivative financial instruments should only be used to hedge or mitigate an existing financial exposure that constitutes a commercial risk to the Company, and if the derivatives are determined to be the most efficient and cost effective means of mitigating the Company's exposure to credit risk, liquidity risk, foreign currency risk and interest rate risk, as well as risks arising from commodity prices. Hedging limits, as well as counterparty credit rating and exposure limitations are defined in the Company's Financial Risk Management Policy, depending on the type of risk that is being mitigated. Derivative financial instruments are not used for speculative purposes.

At the inception of each designated hedging derivative contract, we formally designate and document the hedging relationship and our risk management objective and strategy for undertaking the hedge. Documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how we will assess whether the hedging relationship meets the hedge effectiveness requirements, including our analysis of the sources of hedge ineffectiveness and how we determine the hedge ratio.

11.1 Credit risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the Company's trade accounts receivable. The Company may also have credit risk relating to cash and cash equivalents and derivative financial instruments, which it manages by dealing only with highly-rated North American and European financial institutions. Our trade accounts receivable and credit exposure fluctuate throughout the year based on the seasonality of our sales and other factors. The Company's average trade accounts receivable and credit exposure during an interim reporting period may be significantly higher than the balance at the end of that reporting period.

The Company's credit risk for trade accounts receivable is concentrated, as the majority of its sales are to a relatively small group of wholesale distributors within the Printwear segment and mass-market and other retailers within the Branded Apparel segment. As at October 5, 2014, the Company's ten largest trade debtors accounted for 58% of trade accounts receivable, of which one wholesale customer within the Printwear segment accounted for 18% and one mass-market retailer within the Branded Apparel segment accounted for 9%. Of the Company's top ten trade debtors, five are in the Printwear segment, five are in the Branded Apparel segment and all ten are located in the United States. The remaining trade accounts receivable balances are dispersed among a larger number of debtors across many geographic areas including the United States, Canada, Europe, Mexico, Asia-Pacific, and Latin America.

Most sales are invoiced with payment terms of between 30 to 60 days. In accordance with industry practice, sales to wholesale distributors of certain seasonal products, primarily in the second half of the fiscal year, are invoiced with extended payment terms, generally not exceeding four months. From time-to-time, the Company may initiate other special incentive programs with extended payment terms.

Most of the Company's customers have been transacting with the Company or its subsidiaries for several years. Many distributors and other customers in the Printwear segment are highly-leveraged with significant reliance on trade credit terms provided by a few major vendors, including the Company, and third-party debt financing, including bank debt secured with trade accounts receivable and inventory pledged as collateral. The financial leverage of these customers may limit or prevent their ability to refinance existing indebtedness or to obtain additional financing, and could affect their ability to comply with restrictive debt covenants and meet other obligations. In December 2014, the Company announced changes to its discount structure in the Printwear segment, which is expected to result in an increase in the average trade accounts receivable balances from distributors relative to the periods prior to this announcement, with a corresponding increase in the Company's credit risk with these customers. The profile and credit quality of the Company's customers in the Branded Apparel segment varies significantly. Adverse changes in a customer's financial condition could cause us to limit or discontinue business with that customer, require us to assume more credit risk relating to that customer's future purchases or result in uncollectible trade accounts receivable from that customer. Future credit losses relating to any one of our top ten customers could be material and could result in a material charge to earnings.

The Company's extension of credit to customers involves considerable judgment and is based on an evaluation of each customer's financial condition and payment history. The Company has established various internal controls designed to mitigate credit risk, including a dedicated credit function which recommends customer credit limits and payment terms that are reviewed and approved on a quarterly basis by senior management at the Company's sales offices in Christ Church, Barbados and Charleston, SC. Where available, the Company's credit departments periodically review external ratings and customer financial statements, and in some cases obtain bank and other references. New customers are subject to a specific validation and pre-approval process. From time to time, the Company will temporarily transact with customers on a prepayment basis where circumstances warrant. While the Company's credit controls and processes have been effective in mitigating credit risk, these controls cannot eliminate credit risk in its entirety and there can be no assurance that these controls will continue to be effective, or that the Company's low credit loss experience will continue.

The Company's exposure to credit risk for trade accounts receivable by geographic area and operating segment was as follows as at:

(in $ millions)	**October 5, 2014**	September 29, 2013
Trade accounts receivable by geographic area:		
United States	**307.6**	224.7
Canada	**23.5**	5.8
Europe and other	**23.2**	24.5
Total trade accounts receivable	**354.3**	255.0
Trade accounts receivable by operating segment:		
Printwear	**187.9**	134.8
Branded Apparel	**166.4**	120.2
Total trade accounts receivable	**354.3**	255.0

The aging of trade accounts receivable balances was as follows as at:

(in $ millions)	**October 5, 2014**	September 29, 2013
Not past due	**309.2**	228.6
Past due 0-30 days	**33.8**	24.1
Past due 31-60 days	**6.1**	3.0
Past due 61-120 days	**6.3**	2.7
Past due over 121 days	**3.3**	0.3
Trade accounts receivable	**358.7**	258.7
Less allowance for doubtful accounts	**(4.4)**	(3.7)
Total trade accounts receivable	**354.3**	255.0

11.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. We rely on cash resources, debt and cash flows generated from operations to satisfy our financing requirements. We may also require access to capital markets to support our operations as well as to achieve our strategic plans. Any impediments to our ability to continue to meet the covenants and conditions contained in our revolving long-term bank credit facility as well as our ability to access capital markets, or the failure of a financial institution participating in our revolving long-term bank credit facility, or an adverse perception in capital markets of our financial condition or prospects, could have a material impact on our financing capability. In addition, our access to financing at reasonable interest rates could become influenced by the economic and credit market environment.

We manage liquidity risk through the management of our capital structure and financial leverage, as outlined in note 25 to the 2014 audited annual consolidated financial statements. In addition, we manage liquidity risk by continuously monitoring actual and projected cash flows, taking into account the seasonality of our sales and cash receipts, and the expected timing of capital expenditures. We also monitor the impact of credit market conditions in the current environment. The Board of Directors reviews and approves the Company's operating and capital budgets, as well as transactions such as the declaration of dividends, the initiation of share repurchase programs, mergers, acquisitions and other major investments or divestitures.

11.2.1 Off-balance sheet arrangements and maturity analysis of contractual obligations

In the normal course of business, we enter into contractual obligations that will require us to disburse cash over future periods. All commitments have been reflected in our consolidated statements of financial position except for purchase obligations, minimum annual lease payments under operating leases which are primarily for premises, and minimum royalty payments, which are included in the table of contractual obligations that follows. The following table sets forth the maturity of our contractual obligations by period for the following items as at October 5, 2014.

(in $ millions)	**Carrying amount**	Contractual cash flows	Less than 1 fiscal year	1 to 3 fiscal years	4 to 5 fiscal years	More than 5 fiscal years
Accounts payable and accrued liabilities	**374.7**	374.7	374.7	-	-	-
Long-term debt	**157.0**	157.0	-	-	157.0	-
Purchase obligations	**-**	491.6	488.4	3.2	-	-
Operating leases and other obligations	**-**	105.8	32.0	58.3	12.7	2.8
Total contractual obligations	**531.7**	1,129.1	895.1	61.5	169.7	2.8

As disclosed in note 24 to our 2014 audited annual consolidated financial statements, we have granted financial guarantees, irrevocable standby letters of credit and surety bonds to third parties to indemnify them in the event the Company and some of its subsidiaries do not perform their contractual obligations. As at October 5, 2014, the maximum potential liability under these guarantees was $38.4 million, of which $10.0 million was for surety bonds and $28.4 million was for financial guarantees and standby letters of credit.

11.3 Foreign currency risk

The majority of the Company's cash flows and financial assets and liabilities are denominated in U.S. dollars, which is the Company's functional and reporting currency. Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than U.S. dollars, primarily for sales and distribution expenses for customers outside of the United States, certain equipment purchases, and head office expenses in Canada. The Company's exposure relates primarily to changes in the U.S. dollar versus the Canadian dollar, the Pound sterling, the Euro, the Australian dollar, the Mexican peso, the Chinese yuan and the Swiss franc exchange rates. For the Company's foreign currency transactions, fluctuations in the respective exchange rates relative to the U.S. dollar will create volatility in the Company's cash flows, in the reported amounts for sales and SG&A expenses in its consolidated statement of earnings and comprehensive income, and for property, plant and equipment in its consolidated statement of financial position, both on a period-to-period basis and compared with operating budgets and forecasts. Additional earnings variability arises from the translation of monetary assets and liabilities denominated in currencies other than the U.S. dollar at the rates of exchange at each reporting dates, the impact of which is reported as a foreign exchange gain or loss and included in financial expenses (net) in the statement of earnings and comprehensive income.

The Company also incurs a portion of its manufacturing costs in foreign currencies, primarily payroll costs paid in Honduran Lempiras, Dominican Pesos, Nicaraguan Cordobas, and Bangladeshi Taka. Should there be a significant change in the Lempira, Peso, Cordoba, or Taka to U.S. dollar exchange rate in the future, such change may have a significant impact on our operating results.

The Company's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows, by transacting with third parties in U.S. dollars to the maximum extent possible and practical, and holding cash and cash equivalents and incurring borrowings in U.S. dollars. The Company monitors and forecasts the values of net foreign currency cash flows, and from time-to-time will authorize the use of derivative financial instruments such as forward foreign exchange contracts, to economically hedge a portion of foreign currency cash flows, with maturities of up to three years. The Company had forward foreign exchange contracts outstanding as at October 5, 2014 consisting primarily of contracts to sell or buy Euros, sell Pounds sterling, and to buy Swiss francs in exchange for U.S. dollars. The outstanding contracts and other foreign exchange contracts that were settled during fiscal 2014 were designated as either cash flow hedges or fair value hedges and qualified for hedge accounting. The underlying risk of the foreign exchange contracts is identical to the hedged risk, and accordingly we have established a ratio of 1:1 for all foreign exchange hedges. Since the critical terms of the hedged items are closely aligned to the critical terms of the hedging instruments, we did not experience any ineffectiveness on our foreign exchange hedges. We refer the reader to note 15 to the 2014 audited annual consolidated

financial statements for details of these financial derivative contracts and the impact of applying hedge accounting.

The following tables provide an indication of the Company's significant foreign currency exposures included in the consolidated statement of financial position as at October 5, 2014 arising from financial instruments:

							October 5, 2014
(in U.S. $ millions)	**CAD**	**EUR**	**GBP**	**MXN**	**CNY**	**CHF**	**AUD**
Cash and cash equivalents	8.2	4.4	1.3	0.6	2.6	-	0.3
Trade accounts receivable	23.4	6.9	2.1	4.5	1.9	-	3.2
Other current assets	0.6	1.6	0.6	-	0.3	-	-
Accounts payable and accrued liabilities	(25.8)	(9.6)	(0.8)	(0.4)	(0.1)	(0.3)	-

Based on the Company's foreign currency exposures arising from financial instruments noted above, and the impact of outstanding derivative financial instruments designated as effective hedging instruments, varying the foreign exchange rates to reflect a 5 percent strengthening of the U.S. dollar would have increased (decreased) net earnings and other comprehensive income as follows, assuming that all other variables remained constant:

							For the year ended October 5, 2014
(in U.S. $ millions)	**CAD**	**EUR**	**GBP**	**MXN**	**CNY**	**CHF**	**AUD**
Impact on net earnings before income taxes	(0.3)	(0.2)	(0.2)	(0.2)	(0.2)	-	(0.2)
Impact on other comprehensive income before income taxes	-	0.4	0.2	-	-	-	-

An assumed 5 percent weakening of the U.S. dollar during the year ended October 5, 2014 would have had an equal but opposite effect on the above currencies to the amounts shown above, assuming that all other variables remain constant.

11.4 Commodity risk

The Company is subject to the commodity risk of cotton prices and cotton price movements, as the majority of its products are made of 100% cotton or blends of cotton and synthetic fibres. The Company purchases cotton from third party merchants and cotton-based yarn from third party yarn manufacturers. The Company assumes the risk of cotton price fluctuations for these yarn purchases. The Company enters into contracts, up to eighteen months in advance of future delivery dates, to establish fixed prices for its cotton and cotton-based yarn purchases in order to reduce the effects of fluctuations in the cost of cotton used in the manufacture of its products. These contracts are not used for trading purposes, and are not considered to be financial instruments that would need to be accounted for at fair value in the Company's consolidated financial statements. Without taking into account the impact of fixed price contracts, a change of $0.01 per pound in cotton prices would affect the Company's annual raw material costs by approximately $4 million, based on current production levels.

In addition, fluctuations in crude oil or petroleum prices affect our energy consumption costs and can also influence transportation costs and the cost of related items used in our business, including the raw materials we use to manufacture our products such as polyester fibers, chemicals, dyestuffs and trims. We generally purchase these raw materials at market prices.

The Company has the ability to enter into derivative financial instruments, including futures and option contracts, to manage its exposure to movements in commodity prices. Such contracts are accounted for at fair value in the consolidated financial statements in accordance with the accounting standards applicable to financial instruments. During fiscal 2014, the Company entered into commodity option contracts outstanding as described in note 15 to the 2014 audited annual consolidated financial statements. The underlying risk of the commodity option contracts is identical to the hedged risk, and accordingly we have

established a ratio of 1:1 for all commodity option hedges. Due to a strong correlation between commodity future contract prices and our purchased cost, we did not experience any ineffectiveness on our hedges. We refer the reader to note 15 to the 2014 audited annual consolidated financial statements for details of these derivative contracts and the impact of applying hedge accounting.

11.5 Interest rate risk

The Company's interest rate risk is primarily related to the Company's revolving long-term bank credit facility, for which amounts drawn are primarily subject to LIBOR rates in effect at the time of borrowing, plus a margin. Although LIBOR-based borrowings under the credit facility can be fixed for periods of up to six months, the Company generally fixes rates for periods of one to three months. The interest rates on amounts drawn on this facility and on any future borrowings will vary and are unpredictable. Increases in interest rates on new debt issuances may result in a material increase in financial charges.

The Company has the ability to enter into derivative financial instruments that would effectively fix its cost of current and future borrowings for an extended period of time. During fiscal 2014, the Company did not enter into any derivative financial instruments to hedge its interest rate exposure on its borrowings under the revolving long-term bank credit facility.

Based on the value of interest-bearing financial instruments during the year ended October 5, 2014, an assumed 0.5 percentage point increase in interest rates during such period would have decreased net earnings before income taxes by $0.8 million. An assumed 0.5 percentage point decrease in interest rates would have had an equal but opposite effect on net earnings before income taxes, assuming that all other variables remain constant.

12.0 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Our significant accounting policies are described in note 3 to our 2014 audited annual consolidated financial statements. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

12.1 Critical judgments in applying accounting policies

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

Determination of cash-generating units (CGUs)
The identification of CGUs and grouping of assets into the respective CGUs is based on currently available information about actual utilization experience and expected future business plans. Management has taken into consideration various factors in identifying its CGUs. These factors include how the Company manages and monitors its operations, the nature of each CGU's operations and the major customer markets they serve. As such, the Company has identified its CGUs for purposes of testing the recoverability and impairment of non-financial assets to be Printwear, Branded Apparel and Yarn-Spinning.

Income taxes
The Company's income tax provisions and income tax assets and liabilities are based on interpretations of applicable tax laws, including income tax treaties between various countries in which the Company operates as well as underlying rules and regulations with respect to transfer pricing. These interpretations involve judgments and estimates and may be challenged through government taxation audits that the Company is regularly subject to. New information may become available that causes the Company to

change its judgment regarding the adequacy of existing income tax assets and liabilities; such changes will impact net earnings in the period that such a determination is made.

12.2 Key sources of estimation uncertainty

Key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are as follows:

Allowance for doubtful accounts
The Company makes an assessment of whether accounts receivable are collectable, which considers the credit-worthiness of each customer, taking into account each customer's financial condition and payment history, in order to estimate an appropriate allowance for doubtful accounts. Furthermore, these estimates must be continuously evaluated and updated. The Company is not able to predict changes in the financial condition of its customers, and if circumstances related to its customers' financial condition deteriorate, the estimates of the recoverability of trade accounts receivable could be materially affected and the Company may be required to record additional allowances. Alternatively, if the Company provides more allowances than needed, a reversal of a portion of such allowances in future periods may be required based on actual collection experience.

Inventory valuation
The Company regularly reviews inventory quantities on hand and records a provision for those inventories no longer deemed to be fully recoverable. The cost of inventories may no longer be recoverable if those inventories are slow moving, discontinued, damaged, if they have become obsolete, or if their selling prices or estimated forecast of product demand decline. If actual market conditions are less favorable than previously projected, or if liquidation of the inventory which is no longer deemed to be fully recoverable is more difficult than anticipated, additional provisions may be required.

Business combinations
Business combinations are accounted for in accordance with the acquisition method. On the date that control is obtained, the identifiable assets, liabilities and contingent liabilities of the acquired company are measured at their fair value. Depending on the complexity of determining these valuations, the Company uses appropriate valuation techniques which are generally based on a forecast of the total expected future net discounted cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the related assets and the discount rate applied as it would be assumed by a market participant.

Recoverability and impairment of non-financial assets
The calculation of value in use for purposes of measuring the recoverable amount of non-financial assets involves the use of significant assumptions and estimates with respect to a variety of factors, including expected sales, gross margins, SG&A expenses, capital expenditures, cash flows and the selection of an appropriate discount rate, all of which are subject to inherent uncertainties and subjectivity. The assumptions are based on annual business plans and other forecasted results as well as discount rates which are used to reflect market based estimates of the risks associated with the projected cash flows, based on the best information available as of the date of the impairment test. Changes in circumstances, such as technological advances, adverse changes in third party licensing arrangements, changes to the Company's business strategy, and changes in economic conditions can result in actual useful lives and future cash flows differing significantly from estimates and could result in increased charges for amortization or impairment. Revisions to the estimated useful lives of finite life non-financial assets or future cash flows constitute a change in accounting estimate and are applied prospectively. There can be no assurance that the estimates and assumptions used in the impairment tests will prove to be accurate predictions of the future. If the future adversely differs from management's best estimate of key economic assumptions, and if associated cash flows materially decrease, the Company may be required to record material impairment charges related to its non-financial assets.

Measurement of the estimate of expected costs for decommissioning and site restoration
The measurement of the provision for decommissioning and site restoration costs requires assumptions to be made including expected timing of the event which would result in the outflow of resources, the range of possible methods of decommissioning and site restoration, and the expected costs that would be incurred to settle any decommissioning and site restoration liabilities. The Company has measured the provision using the present value of the expected expenditures which requires assumptions on the discount rate to use. Revisions to any of the assumptions and estimates used by management may result in changes to the expected expenditures to settle the liability which would require adjustments to the provision which may have an impact on the operating results of the Company in the period the change occurs.

Income taxes
The Company has unused available tax losses and deductible temporary differences in certain jurisdictions. The Company recognizes deferred income tax assets for these unused tax losses and deductible temporary differences only to the extent that, in management's opinion, it is probable that future taxable profit will be available against which these available tax losses and temporary differences can be utilized. The Company's projections of future taxable profit involve the use of significant assumptions and estimates with respect to a variety of factors, including future sales and operating expenses. There can be no assurance that the estimates and assumptions used in our projections of future taxable income will prove to be accurate predictions of the future, and in the event that our assessment of the recoverability of these deferred tax assets changes in the future, a material reduction in the carrying value of these deferred tax assets could be required, with a corresponding charge to net earnings.

13.0 ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS NOT YET APPLIED

13.1 Accounting policies

The Company's audited consolidated financial statements for fiscal 2014 were prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB), using the same accounting policies as those applied in its 2013 audited annual consolidated financial statements, except as noted below.

On September 30, 2013, the Company adopted the following new or amended accounting standards:

(i) IFRS 10, Consolidated Financial Statements replaces SIC-12, Consolidation - Special Purpose Entities and parts of IAS 27, Consolidated and Separate Financial Statements. The new standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included in a company's consolidated financial statements. The standard provides additional guidance to assist in the determination of control where it is difficult to assess. The adoption of IFRS 10 did not have an impact on the Company's consolidated financial statements.

(ii) IFRS 11, Joint Arrangements supersedes IAS 31, Interests in Joint Ventures and SIC-13, Jointly Controlled Entities - Non-monetary Contributions by Venturers. IFRS 11 focuses on the rights and obligations of a joint arrangement, rather than its legal form as was the case under IAS 31. The adoption of IFRS 11 did not have an impact on the Company's consolidated financial statements.

(iii) IFRS 12, Disclosure of Interests in Other Entities is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The required disclosures are provided in note 3(a)(ii) and note 23 in the Company's 2014 audited annual consolidated financial statements.

(iv) IFRS 13, Fair Value Measurement improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The adoption of IFRS 13 did not result in any measurement adjustments or changes to our valuation techniques to determine fair value. The required disclosures are provided in note 15 in the Company's 2014 audited annual consolidated financial statements.

(v) IAS 19 (Revised), Employee Benefits requires, among other changes, entities to compute the financing cost component of defined benefit plans by applying the discount rate used to measure post-employment benefit obligations to the net post-employment benefit obligations (usually, the present value of defined benefit obligations less the fair value of plan assets). Furthermore, the amendments to IAS 19 (Revised) enhance the disclosure requirements for defined benefit plans, providing additional information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans. The adoption of the amendments to IAS 19 (Revised) did not have an impact on the Company's consolidated financial statements.

In addition, on March 31, 2014, the Company early adopted IFRS 9, Financial Instruments (2013). This standard establishes principles for the financial reporting classification of financial assets and financial liabilities. This standard also incorporates a new hedging model which increases the scope of hedged items eligible for hedge accounting and removes the requirements for quantitative thresholds when calculating hedge effectiveness, allowing flexibility in how an economic relationship is demonstrated. This new standard also increases required disclosures about an entity's risk management strategy, cash flows from hedging activities and the impact of hedge accounting on the consolidated financial statements.

IFRS 9 (2013) uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 (2013) is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9 (2013).

IFRS 9 (2013) does not require restatement of comparative periods. The adoption of IFRS 9 (2013) did not result in any measurement adjustments to our financial assets and financial liabilities, and did not result in any changes in the eligibility for hedge accounting and the accounting for the derivative financial instruments designated as effective hedging instruments at the transition date. We have reviewed our significant accounting policies for financial instruments, derivative financial instruments and hedging relationships to align them with IFRS 9 (2013).

The following summarizes the classification and measurement changes for the Company's non-derivative financial assets and financial liabilities as a result of the adoption of IFRS 9 (2013).

	Category under IAS 39	**Category under IFRS 9**
Financial assets:		
Cash and cash equivalents	Loans and receivables	**Amortized cost**
Trade accounts receivable	Loans and receivables	**Amortized cost**
Other current assets	Loans and receivables	**Amortized cost**
Long-term non-trade receivables included in other non-current assets	Loans and receivables	**Amortized cost**
Financial liabilities:		
Accounts payable and accrued liabilities	Other financial liabilities	**Amortized cost**
Long-term debt - bearing interest at variable rates	Other financial liabilities	**Amortized cost**

As at March 31, 2014 and September 29, 2013, the Company had derivative financial assets and derivative financial liabilities designated as effective hedging instruments, measured at fair value, included in other current assets and accounts payable and accrued liabilities. The accounting for our financial instruments and the line item in which they are included in the consolidated statement of financial position were unaffected by the adoption of IFRS 9 (2013) upon transition.

13.2 New accounting standards and interpretations not yet applied

The following new accounting standards are not effective for the year ended October 5, 2014, and have not been applied in preparing the audited annual consolidated financial statements.

Levies
In May 2013, the IASB released IFRIC 21, Levies, which provides guidance on accounting for levies in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets. The interpretation defines a levy as an outflow of resources from an entity imposed by a government in accordance with legislation, other than income taxes within the scope of IAS 12, Income Taxes, and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recorded before the specified minimum threshold is reached. IFRIC 21 will be effective for the Company's fiscal year beginning on October 6, 2014, and is to be applied retrospectively. The Company is currently assessing the impact of the adoption of this interpretation on its consolidated financial statements.

Revenues from contracts with customers
In May 2014, the IASB released IFRS 15, Revenue from Contracts with Customers, which establishes principles for reporting and disclosing the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled to in exchange for those goods and services.

IFRS 15 provides a single model in order to depict the transfer of promised goods or services to customers, and supersedes IAS 11, Construction Contracts, IAS 18, Revenue, and a number of revenue-related interpretations (IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue - Barter Transactions Involving Advertising Service). IFRS 15 will be effective for the Company's fiscal year beginning on January 2, 2017, with earlier application permitted. The Company is currently assessing the impact of the adoption of this standard on its consolidated financial statements.

Financial Instruments
In July 2014, the IASB issued the complete IFRS 9 (2014), Financial Instruments. IFRS 9 (2014) differs in some regards from IFRS 9 (2013) which the Company early adopted effective March 31, 2014. IFRS 9 (2014) includes updated guidance on the classification and measurement of financial assets. The final standard also amends the impairment model by introducing a new expected credit loss model for calculating impairment, and new general hedge accounting requirements. The mandatory effective date of IFRS 9 (2014) is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The Company is currently assessing the impact of the adoption of this standard on its consolidated financial statements.

14.0 RELATED PARTY TRANSACTIONS

Prior to the acquisition of the remaining 50% interest of CanAm on October 29, 2012, we purchased a portion of our yarn requirements from CanAm, which was a jointly-controlled entity over which the Company exercised joint control. The purchase of yarn from CanAm was in the normal course of operations and was measured at the exchange amounts, which is the amount of consideration established and agreed to by the related parties. Total yarn purchases made by the Company from CanAm in fiscal 2013 were $1.4 million.

The Company leases manufacturing, warehouse and office space from certain officers of subsidiaries of the Company under operating leases. The payments made on these leases were in accordance with the terms of the lease agreements established and agreed to by the related parties, which amounted to $0.7 million for fiscal 2014 (2013 - $0.3 million). There were no amounts owing as at October 5, 2014 and September 29, 2013.

15.0 DISCLOSURE CONTROLS AND PROCEDURES

As stated in the Canadian Securities Administrators' National Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings* and Rules 13a-15(e) and 15d-15(e) under the *U.S. Securities Exchange Act of 1934*, disclosure controls and procedures means controls and other procedures of an issuer that are designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by an issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the issuer's management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure.

An evaluation was carried out under the supervision of, and with the participation of, our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as at October 5, 2014. For the year ended October 5, 2014, management's evaluation of the effectiveness of its disclosure controls and procedures excluded the disclosure controls and procedures of the acquired business of Doris Inc., which was acquired by the Company in an acquisition consummated on July 7, 2014, the results of which are included in the audited annual consolidated financial statements of the Company for the year ended October 5, 2014, to the extent Doris' disclosure controls and procedures are subsumed by internal control over financial reporting. The consolidated results of the Company for the year ended October 5, 2014 included net sales of $21.0 million and net earnings of $3.2 million relating to Doris' results of operations since the date of acquisition. Doris accounted for $131.3 million of total assets in the Company's audited consolidated statement of financial position as at October 5, 2014. Based on that evaluation, which excluded Doris' disclosure controls and procedures, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of such period.

16.0 INTERNAL CONTROL OVER FINANCIAL REPORTING

16.1 Management's annual report on internal control over financial reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13(a)-15(f) and 15(d)-15(f) under the *U.S. Securities Exchange Act of 1934* and under National Instrument 52-109.

Our internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards, and that our receipts and expenditures are being made only in accordance with authorization of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, management conducted an evaluation of the effectiveness of our internal control over financial reporting, as at October 5, 2014, based on the framework set forth in *Internal Control-Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). For the year ended October 5, 2014, management's evaluation of internal control over financial reporting excluded the internal control over financial reporting of the acquired business of Doris Inc., which was acquired by the Company in an acquisition consummated on July 7, 2014, the results of which are included in the audited annual consolidated financial statements of the Company for the year ended October 5, 2014. Based on that evaluation under this framework, which excluded Doris' internal control over financial reporting, our Chief Executive Officer and our Chief Financial Officer concluded that our internal control over financial reporting was effective as of that date.

16.2 Attestation report of independent registered public accounting firm

KPMG LLP, an independent registered public accounting firm, which audited and reported on our financial statements in this Report to Shareholders, has issued an unqualified attestation report on the effectiveness of our internal control over financial reporting as at October 5, 2014.

16.3 Changes in internal control over financial reporting

There have been no changes during fiscal 2014 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

The design of any system of controls and procedures is based in part upon certain assumptions about the likelihood of certain events. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

17.0 RISKS AND UNCERTAINTIES

In addition to the risks previously described under the sections "Financial risk management", "Critical accounting estimates and judgments", and thos described elsewhere in this annual MD&A, this section describes the principal risks that could have a material and adverse effect on our financial condition, results of operations or business, cash flows or the trading price of our common shares, as well as cause actual results to differ materially from our expectations expressed in or implied by our forward-looking statements. The risks listed below are not the only risks that could affect the Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our financial condition, results of operations, cash flows or business.

Our ability to implement our strategies and plans

The growth of our business depends on the successful execution of our key strategic initiatives, which are described in section 4.0 of this MD&A. We may not be able to successfully implement our growth strategy in the future. We may not be successful in increasing our penetration in the North American and international markets as success factors may be different and economic returns may be lower in new market channels and new geographical markets which the Company enters. In addition, we may not be successful in further developing our company-owned brands and obtaining and successfully introducing new programs in the U.S. retail channel, including increasing our sales of underwear and activewear to retailers, or achieving targeted levels of profitability in our Branded Apparel segment. Failure to successfully develop new business in new market channels or new geographical markets may limit our opportunities for growth. Also, there can be no assurance that we do not encounter operational issues that may affect or disrupt our current production or supply chain or delay the ramp-up of new facilities. In addition, we may not be successful in adding new low-cost capacity to support our planned sales growth, in executing on furthering our vertical integration into yarn-spinning, or in achieving targeted manufacturing and distribution cost reductions. Our ability to generate cash flows from operations will depend on the success we have in executing our key strategic initiatives, which in turn will ultimately impact our ability to reinvest cash flows or distribute cash flows to our shareholders. We may be unable to identify acquisition

targets, successfully integrate a newly acquired business, or achieve expected synergies from such integration.

Our ability to compete effectively

The markets for our products are highly competitive. Competition is generally based upon price, with reliable quality and service also being critical requirements for success. Our competitive strengths include our expertise in building and operating large-scale, vertically-integrated, strategically-located manufacturing hubs which has allowed us to operate efficiently and reduce costs, offer competitive pricing, and a reliable supply chain. There can be no assurance that we will be able to maintain our low cost manufacturing and distribution structure, and remain competitive in the areas of price, quality, service, and marketing. In addition, there can be no assurance that the level and intensity of competition will not increase, or that competitors will not improve their competitive position relative to Gildan's. Any changes in our ability to compete effectively in the future may result in the loss of customers to competitors, reduction in customer orders or shelf space, lower prices, the need for additional customer price incentives and other forms of marketing support to our customers, all of which could have an adverse effect on our profitability if we are unable to offset such negative impact with new business or cost reductions.

Our ability to integrate acquisitions

The Company's strategic opportunities include potential complementary acquisitions that could support, strengthen or expand our business. The integration of newly acquired businesses may prove to be more challenging, take more time than originally anticipated and result in significant additional costs and/or operational issues, all of which could adversely affect our financial condition and results of operations. In addition, we may not be able to fully realize expected synergies and other benefits.

Adverse changes in general economic conditions

General economic and financial conditions, globally or in one or more of the markets we serve, may adversely affect our business. If there is a decline in economic growth and in consumer and commercial activity, and/or if adverse financial conditions exist in the credit markets, as in the case of the global credit crisis in 2008 and 2009, this may lead to lower demand for our products resulting in sales volume reductions and lower selling prices, and may cause us to operate at levels below our optimal production capacity, which would result in higher unit production costs, all of which could adversely affect our profitability and reduce cash flows from operations. Weak economic and financial conditions could also negatively affect the financial condition of our customers, which could result in lower sales volumes and increased credit risk. The nature and extent of the Company's credit risks are described under the section "Financial risk management".

Our reliance on a small number of significant customers

We rely on a small number of customers for a significant portion of our total sales. In fiscal 2014 our largest and second largest customers accounted for 17.7% and 10.7% (2013 – 17.9% and 11.3%) of total sales respectively, and our top ten customers accounted for 56.6% (2013 – 57.5%) of total sales. We expect that these customers will continue to represent a significant portion of our sales in the future.

Future sales volumes and profitability could be adversely affected should one or more of the following events occur:

- a significant customer substantially reduces its purchases or ceases to buy from us, or Gildan elects to reduce its volume of business with or cease to sell to a significant customer, and we cannot replace that business with sales to other customers on similar terms;
- a large customer exercises its purchasing power to negotiate lower prices or to require Gildan to incur additional service and other costs;
- further industry consolidation leads to greater customer concentration and competition; and
- a large customer encounters financial difficulties and is unable to meet its financial obligations.

Our customers do not commit to purchase minimum quantities

Our contracts with our customers do not require them to purchase a minimum quantity of our products or commit to minimum shelf space allocation fo our products. If any of our customers experience a significant business downturn or fail to remain committed to our products, they may reduce or discontinue purchases from us. Although we have maintained long-term relationships with many of our wholesale distributor and retail customers, there can be no assurance that historic levels of business from any of our customers will continue in the future.

Our ability to anticipate, identify or react to evolving consumer preferences and trends

While we currently focus on basic products, the apparel industry, particularly within the retail channel, is subject to evolving consumer preferences and trends. Our success may be negatively impacted by changes in consumer preferences which do not fit with Gildan's core competency of marketing and large-scale manufacturing of basic apparel products. If we are unable to successfully anticipate, identify or react to changing styles or trends or misjudge the market for our products, our sales could be negatively impacted and we may be faced with unsold inventory which could adversely impact our profitability. In addition, when introducing new products for our customers we may incur additional costs and transitional manufacturing inefficiencies as we ramp-up production or upgrade manufacturing capabilities to support such customer programs, which could adversely impact our profitability.

Our ability to manage production and inventory levels effectively in relation to changes in customer demand

Demand for our products may vary from year to year. We aim to appropriately balance our production and inventory with our ability to meet market demand. Based on discussions with our customers and internally generated projections reflecting our analysis of factors impacting industry demand, we produce and carry finished goods inventory to meet the expected demand for delivery of specific product categories. If, after producing and carrying inventory in anticipation of deliveries, demand is significantly less than expected, we may have to carry 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 lower production levels, resulting in lower plant and equipment utilization and lower absorption of fixed operating costs. Alternatively, we are also exposed to loss of sales opportunities and market share, if we produce insufficient inventory to satisfy our customers' demand for specific product categories as a result of underestimating market demand or not meeting production targets, in which case our customers could seek to fulfill their product needs from competitors and reduce the amount of business they do with us.

Fluctuations and volatility in the price of raw materials used to manufacture our products

Cotton and polyester fibers are the primary raw materials used in the manufacture of our products. We also use chemicals, dyestuffs and trims which we purchase from a variety of suppliers. The price of cotton fluctuates and is affected by consumer demand, global supply, which may be impacted by weather conditions in any given year, speculation in the commodities market, the relative valuations and fluctuations of the currencies of producer versus consumer countries and other factors that are generally unpredictable and beyond our control. In addition, fluctuations in crude oil or petroleum prices affect our energy consumption costs and can also influence transportation costs and the cost of related items used in our business, such as polyester fibers, chemicals, dyestuffs and trims. As discussed under the heading entitled "Commodity risk" in the "Financial risk management" section of this annual MD&A, the Company purchases cotton and polyester fibers through its yarn-spinning facilities, and also purchases processed cotton yarn and blended yarn from outside vendors, at prices that are correlated with the price of cotton and polyester fibers. The Company may enter into contracts up to eighteen months in advance of future delivery dates to establish fixed prices for cotton and cotton yarn purchases and reduce the effect of price fluctuations in the cost of cotton used in the manufacture of its products. For future delivery periods where such fixed price contracts have been entered into, the Company will be protected against cotton price increases but would not be able to benefit from cotton price decreases. Conversely, in the event that we have not entered into sufficient fixed priced contracts for cotton or have not made other arrangements to lock in the price of cotton yarn in advance of delivery, we will not be protected against cotton price increases, but will be in a position to benefit from any cotton price decreases. A significant increase in raw

material costs, particularly cotton costs, could have a material adverse effect on our business, results of operations and financial condition, if the increase or part of the increase is not mitigated through additional manufacturing and distribution cost reductions and/or higher selling prices, or if resulting selling price increases adversely impact demand for the Company's products. In addition, when the Company fixes its cotton costs for future delivery periods and the cost of cotton subsequently decreases significantly for that delivery period, the Company may need to reduce selling prices, which could adversely impact the Company's results of operations.

Our dependence on key suppliers

Our ability to meet our customers' needs depends on our ability to maintain an uninterrupted supply of raw materials and finished goods from third party suppliers. More specifically, we source cotton and cotton-based yarns primarily from a limited number of outside suppliers. In addition, a substantial portion of the products sold under the Gold Toe® portfolio of brands and other licensed brands are purchased from a number of third party suppliers. Our business, financial condition or results of operations could be adversely affected if there is a significant change in our relationship with any of our principal suppliers of yarn or finished goods, or if any of these key suppliers have difficulty sourcing cotton fibers and other raw materials, experience production disruptions, fail to maintain production quality, experience transportation disruptions or encounter financial difficulties. These events can result in lost sales, cancellation charges or excessive markdowns, all of which can adversely affect our business, financial condition or results of operations.

Climate, political, social and economic risks in the countries in which we operate or from which we source production

The majority of our products are manufactured in Central America, primarily in Honduras and the Caribbean Basin, and to a lesser extent in Bangladesh, as described in the section entitled "Our operations". We also purchase significant volumes of socks from third party suppliers in Asia. Some of the countries in which we operate or source from have experienced political, social and economic instability in the past, and we cannot be certain of their future stability. In addition, most of our facilities are located in geographic regions that are exposed to the risk of, and have experienced in the past, hurricanes, floods and earthquakes, and any such events in the future could have a material adverse impact on our business.

The following conditions or events could disrupt our supply chain, interrupt production at our facilities or those of our suppliers, materially increase our cost of sales and other operating expenses, result in material asset losses, or require additional capital expenditures to be incurred:

- fires, pandemics, extraordinary weather conditions or natural disasters, such as hurricanes, tornadoes, floods, tsunamis, typhoons and earthquakes;
- political instability, social and labour unrest, war or terrorism;
- disruptions in shipping and freight forwarding services; and
- interruptions in the availability of basic services and infrastructure, including power and water shortages.

Our insurance programs do not cover every potential loss associated with our operations, including potential damage to assets, lost profits and liability that could result from the aforementioned conditions or events. In addition, our insurance may not fully cover the consequences resulting from a loss event, due to insurance limits, sub-limits or policy exclusions. Any occurrence not fully covered by insurance could have an adverse effect on our business.

We rely on certain international trade agreements and preference programs and are subject to evolving international trade regulations

As a multinational corporation, we are affected by international trade legislation, bilateral and multilateral trade agreements and trade preference programs in the countries in which we operate, source and sell products. Although the textile and apparel industries of developed countries such as Canada, the United States and the European Union have historically received a relatively higher degree of trade protection than other industries, trade liberalization has diminished this protection in recent years. In order to remain

globally competitive, we have situated our manufacturing facilities in strategic locations to leverage the benefits of a number of trade liberalization measures, providing us duty free access to many of our markets. Such measures are advantageous because of the otherwise generally high duty rates that apply to apparel products in many countries. The United States has implemented several free trade agreements and trade preference programs to enhance trade with certain countries. The Company relies on a number of preferential trade programs which provide duty free access to the U.S. market for goods meeting specified rules of origin, including the *Caribbean Basin Trade Partnership Act,* the *Dominican Republic – Central America – United States Free Trade Agreement* (CAFTA-DR) and the *Haitian Hemispheric Opportunity through Partnership Encouragement* (HOPE). The Company relies on similar arrangements to access the European Union, Canada and other markets. Changes to trade agreements or trade preference programs that the Company currently relies on may negatively impact our global competitive position. The likelihood that the agreements and preference programs around which we have built our manufacturing supply chain will be modified, repealed, or allowed to expire, and the extent of the impact of such changes on our business, cannot be determined with certainty.

Most trade agreements provide for the application of special safeguards in the form of reinstatement of normal duties if increased imports constitute a substantial cause of serious injury, or threat thereof, to a domestic industry. The likelihood that a safeguard will be adopted and the extent of its impact on our business cannot be determined with certainty.

In 2014, the United States continued free trade negotiations with a group of countries under the umbrella of the Trans-Pacific Partnership (TPP). Countries participating in the TPP negotiations at this time are Australia, Brunei, Canada, Chile, Mexico, Malaysia, New Zealand, Peru, Singapore, Japan and Vietnam. The United States' entry into new free trade agreements may negatively affect our competitive position in the United States. Overall, new agreements or arrangements that further liberalize access to our key developed country markets from countries where our competitors make products could potentially impact our competiveness in those markets negatively. The likelihood that any such agreements, measures or programs will be adopted, modified, repealed, or allowed to expire, and the extent of the impact of such changes on our business, cannot be determined with certainty.

In addition, the Company is subject to customs audits as well as valuation and origin verifications in the various countries in which it operates. Although we believe that our customs compliance programs are effective at ensuring the eligibility of all goods manufactured for the preferential treatment claimed upon importation, we cannot predict the outcome of any governmental audit or inquiry. In 2014, the Company activated the second of two U.S. foreign trade zones (FTZs) that it operates. The FTZs enhance efficiencies in the customs entry process and allow for the avoidance of duty on certain goods distributed internationally. FTZs are highly regulated operations and while the Company believes it has adequate systems and controls in place to manage the regulatory requirements associated with FTZs, we cannot predict the outcome of any governmental audit or examination of the FTZs.

In recent years, governmental bodies have responded to the increased threat of terrorist activity by requiring greater levels of inspection of imported goods and imposing security requirements on importers, carriers and others in the global supply chain. These added requirements can sometimes cause delays and increase costs in bringing imported goods to market. We believe we have effectively addressed these requirements in order to maximize velocity in our supply chain, but changes in security requirements or tightening of security procedures, for example, in the aftermath of a terrorist incident, could cause delays in our goods reaching the markets in which we distribute our products.

Textile and apparel articles are generally not subject to specific export restrictions or licensing requirements in the countries where we manufacture and distribute goods. However, the creation of export licensing requirements, imposition of restrictions on export quantities or specification of minimum export pricing and/or export prices or duties could potentially have an adverse impact on our business. In addition, unilateral and multilateral sanctions and restrictions on dealings with certain countries and persons are unpredictable, yet continue to emerge and evolve in response to international economic and political events, and could impact our trading relationships with vendors or customers.

Factors or circumstances that could increase our effective income tax rate

The Company benefits from a low overall effective corporate tax rate as the majority of its profits are earned and the majority of its sales, marketing and manufacturing operations are carried out in low tax rate jurisdictions in Central America and the Caribbean Basin. The Company's income tax filing positions and income tax provisions are based on interpretations of applicable tax laws, including income tax treaties between various countries in which the Company operates as well as underlying rules and regulations with respect to transfer pricing. These interpretations involve judgments and estimates and may be challenged through government taxation audits that the Company is regularly subject to. Although the Company believes its tax filing positions are sustainable, we cannot predict with certainty the outcome of any audit undertaken by taxation authorities in any jurisdictions in which we operate, and the final result may vary compared to the estimates and assumptions used by management in determining the Company's consolidated income tax provision and in valuing its income tax assets and liabilities. Depending on the ultimate outcome of any such audit, there may be a material adverse impact on the Company's financial condition, results of operations and cash flows. In addition, if the Company were to receive a tax reassessment by a taxation authority prior to the ultimate resolution of an audit, the Company could be required to submit an advance deposit on the amount reassessed.

The Company's overall effective income tax rate may also be adversely affected by the following: changes to current domestic laws in the countries in which the Company operates; changes to the income tax treaties the Company currently relies on; an increase in income and withholding tax rates; changes to free trade and export processing zone rules in certain countries where the Company is currently not subject to income tax; changes to guidance regarding the interpretation and application of domestic laws, free trade and export processing zones and income tax treaties; increases in the proportion of the Company's overall profits being earned in higher tax rate jurisdictions due to changes in the locations of the Company's operations; and changes in the mix of profits between operating segments; or other factors.

We have not recognized a deferred income tax liability for the undistributed profits of our subsidiaries, as we currently have no intention to repatriate these profits. If our expectations or intentions change in the future, we could be required to recognize a charge to earnings for the tax liability relating to the undistributed profits of our subsidiaries, which could also result in a corresponding cash outflow in the years in which the earnings would be repatriated. As at October 5, 2014, the estimated income tax liability that would result in the event of a full repatriation of these undistributed profits is approximately $43 million.

Compliance with environmental, health and safety regulations

We are subject to various federal, state and local environmental and occupational health and safety laws and regulations in the different jurisdictions in which we operate, concerning, among other things, wastewater discharges, storm water flows, and solid waste disposal. Our manufacturing plants generate small quantities of hazardous waste, which are either recycled or disposed of by licensed waste management companies. Through our Corporate Environmental Policy, Environmental Code of Practice and Environmental Management System, we seek not only to comply with applicable laws and regulations, but also to reduce our environmental footprint through waste prevention, recovery and treatment. Although we believe that we are currently in compliance in all material respects with the regulatory requirements of those jurisdictions in which our facilities are located, the extent of our liability, if any, for past failures to comply with laws, regulations and permits applicable to our operations cannot be reasonably determined. During fiscal 2013, Gildan was notified that a Gold Toe Moretz subsidiary has been identified as one of numerous "potentially responsible parties" at a certain waste disposal site undergoing an investigation by the Pennsylvania Department of Environmental Protection under the Pennsylvania Hazardous Sites Cleanup Act and the Solid Waste Management Act. As a result of activities alleged to have occurred during the 1980's, Gildan could be liable to contribute to the costs of any investigation or cleanup action which the site may require, although to date we have insufficient information from the authorities as to the potential costs of the investigation and cleanup or to reasonably estimate Gildan's share of liability for any such costs, if any.

In line with our commitment to the environment, as well as to the health and safety of our employees, we incur capital and other expenditures each year that are aimed at achieving compliance with current environmental standards. For fiscal 2014, the requirements with regard to environmental protection did not have a significant financial or operational impact on the Company's capital expenditures, earnings and competitive position. Although we do not expect that the amount of these expenditures in the future will have a material impact on our operations, financial condition or liquidity, there can be no assurance that future changes in federal, state or local regulations, interpretations of existing regulations or the discovery of currently unknown problems or conditions will not require substantial additional environmental remediation expenditures or result in a disruption to our supply chain that could have a material adverse effect on our business.

Our significant reliance on our information systems for our business operations

We place significant reliance on our information systems, including our JD Edwards Enterprise Resource Planning (ERP) system. We are in the process of upgrading our ERP system to the current release. We depend on our information systems to purchase raw materials and supplies, schedule and manage production, process transactions, summarize results, respond to customer inquiries, manage inventories and ship goods on a timely basis to our customers. There can be no assurance that we will not experience operational problems with our information systems as a result of system failures, viruses, security and cyber security breaches, disasters or other causes, or in connection with the implementation of the upgrade to our ERP system. In addition, there can be no assurance that we will be able to timely modify or adapt our systems to meet evolving requirements for our business. Any material disruption or slowdown of our systems could cause operational delays and other impacts that could have a material adverse effect on our business.

Adverse changes in third party licensing arrangements and licensed brands

A number of products are designed, manufactured, sourced and sold under trademarks that we license from third parties, under contractual licensing relationships that are subject to periodic renewal. Because we do not control the brands licensed to us, our licensors could make changes to their brands or business models that could result in a significant downturn in a brand's business, adversely affecting our sales and results of operations. If any licensor fails to adequately maintain or protect their trademarks, engages in behaviour with respect to the licensed marks that would cause us reputational harm, or if any of the brands licensed to us violates the trademark rights of a third party or are deemed to be invalid or unenforceable, we could experience a significant downturn in that brand's business, adversely affecting our sales and results of operations, and we may be required to expend significant amounts on public relations, advertising, legal and other related costs. In addition, if any of these licensors chooses to cease licensing these brands to us in the future, our sales and results of operations would be adversely affected.

Our ability to protect our intellectual property rights

Our trademarks are important to our marketing efforts and have substantial value. We aggressively protect these trademarks from infringement and dilution through appropriate measures, including court actions and administrative proceedings; however, the actions we have taken to establish and protect our trademarks and other intellectual property may not be adequate. We cannot be certain that others will not imitate our products or infringe our intellectual property rights. Infringement or counterfeiting of our products could diminish the value of our brands or otherwise adversely affect our business. In addition, unilateral actions in the United States or other countries, such as changes to or the repeal of laws recognizing trademark or other intellectual property rights, could have an impact on our ability to enforce those rights.

From time to time we are involved in opposition and cancellation proceedings with respect to our intellectual property, which could affect its validity, enforceability and use. The value of our intellectual property could diminish if others assert rights in, or ownership of, or oppose our applications to register, our trademarks and other intellectual property rights. In some cases, there may be trademark owners who have prior rights to our trademarks or to similar trademarks, which could harm our ability to sell products under or register such trademarks. In addition, we have registered trademarks in certain foreign jurisdictions and the laws of foreign countries may not protect our intellectual property rights to the same

extent as do the laws of the United States or Canada. We do not own trademark rights to all of our brands in all jurisdictions, which may limit the future sales growth of certain branded products in such jurisdictions. Furthermore, actions we have taken to protect our intellectual property rights may not be adequate to prevent others from seeking to invalidate our trademarks or block sales of our products as a violation of the trademarks and intellectual property rights of others.

In some cases, litigation may be necessary to protect our trademarks and other intellectual property rights, to enforce our rights or defend against claims by third parties alleging that we infringe, dilute, misappropriate or otherwise violate third party trademark or other intellectual property rights. Any litigation or claims brought by or against us, whether with or without merit, and whether successful or not, could result in substantial costs and diversion of our resources, which could adversely affect our business, financial condition, results of operation and cash flows. Any intellectual property litigation claims against us could result in the loss or compromise of our intellectual property rights, could subject us to significant liabilities, require us to seek licenses on unfavorable terms, if available at all, and/or require us to rebrand our products and services, any of which could adversely affect our business, financial condition, results of operations and cash flows.

Changes in our relationship with our employees or changes to domestic and foreign employment regulations

We employ approximately 43,000 employees worldwide. As a result, changes in domestic and foreign laws governing our relationships with our employees, including wage and human resources laws and regulations, fair labour standards, overtime pay, unemployment tax rates, workers' compensation rates and payroll taxes, would likely have a direct impact on our operating costs. The vast majority of our employees are employed outside of Canada and the United States. A significant increase in wage rates in the countries in which we operate could have a material impact on our operating costs.

The Company has historically been able to operate in a productive manner in all of its manufacturing facilities without experiencing significant labour disruptions, such as strikes or work stoppages. Some of our employees are members of labour organizations, specifically, the Company is party to collective bargaining agreements at three of its sewing facilities in Nicaragua and one sewing facility in Honduras. In connection with its textile operations in the Dominican Republic, the Company was previously a party to a collective bargaining agreement with a union registered with the Dominican Ministry of Labor, covering approximately 900 employees. The collective bargaining agreement was terminated in February 2011 upon the mutual consent of the Company and the union, although the union is still claiming to represent a majority of the factory workers. A second union is also claiming that it represents the majority of the workers at the plant and the matter is now before the Dominican Republic Labor Court. Notwithstanding the termination of the agreement, the Company is continuing to provide all of the benefits to the employees covered by the original agreement. If labour relations were to change or deteriorate at any of our facilities or any of our third-party contractors' facilities, this could adversely affect the productivity and cost structure of the Company's manufacturing operations.

Negative publicity as a result of violation in local labour laws or international labour standards, unethical labour and other business practices

We are committed to ensuring that all of our operations comply with our strict internal Code of Conduct, local and international laws, and the codes and principles to which we subscribe, including those of Worldwide Responsible Accredited Production (WRAP) and the Fair Labor Association (FLA). While the majority of our manufacturing operations are conducted through company-owned facilities, we also utilize third-party contractors, which we do not control, to complement our vertically-integrated production. If one of our own manufacturing operations or one of our third-party contractors or sub-contractors violates or is accused of violating local or international labour laws or other applicable regulations, or engages in labour or other practices that would be viewed, in any market in which our products are sold, as unethical, we could suffer negative publicity which could harm our reputation and result in a loss of sales.

Our dependence on key management and our ability to attract and/or retain key personnel

Our success depends upon the continued contributions of our key management, some of whom have unique talents and experience and would be difficult to replace in the short term. The loss or interruption of the services of a key executive could have a material adverse effect on our business during the transitional period that would be required to restructure the organization or for a successor to assume the responsibilities of the key management position. Our future success will also depend on our ability to attract and retain key managers, sales people and other personnel. We may not be able to attract or retain these employees, which could adversely affect our business.

Product safety regulation

We are subject to consumer product safety laws and regulations that could affect our business. In the United States, we are subject to the *Consume Product Safety Act*, as amended by the *Consumer Product Safety Improvement Act* of 2008, the *Federal Hazardous Substances Act*, the *Flammable Fabrics Act*, the *Toxic Substances Control Act*, and rules and regulations promulgated pursuant to these statutes. Such laws provide for substantial penalties for non-compliance. These statutes and regulations include requirements for testing and certification for flammability of wearing apparel, for lead content and lead in surface coatings in children's products, and for phthalate content in child care articles, including plasticized components of children's sleepwear. We are also subject to similar laws and regulations, and to additional warning and reporting requirements, in the various individual states in which our products are sold.

In Canada, we are subject to similar laws and regulations, the most significant of which are the *Hazardous Products Act* and the *Canada Consumer Product Safety Act* (CCPSA), which applies to manufacturers, importers, distributors, advertisers, and retailers of consumer products. The CCPSA bans apparel treated with certain flame retardants and requires compliance with children sleepwear regulations and regulations governing flammability of other apparel and phthalate content in child articles (not including sleepwear).

In the European Union, we are also subject to product safety regulations, the most significant of which are imposed pursuant to the *General Product Safety Directive*. We are also subject to similar laws and regulations in the other jurisdictions in which our products are sold.

Compliance with existing and future product safety laws and regulations and enforcement policies may require that we incur capital and other costs, which may be significant. Non-compliance with applicable product safety laws and regulations may result in substantial fines and penalties, costs related to the recall, replacement and disposal of non-compliant products, as well as negative publicity which could harm our reputation and result in a loss of sales. Our customers may also require us to meet existing and additional consumer safety requirements, which may result in our inability to provide the products in the manner required. Although we believe that we are in compliance in all material respects with applicable product safety laws and regulations in the jurisdictions in which we operate, the extent of our liability, if any, for past failure to comply with laws, regulations and permits applicable to our operations cannot be reasonably determined.

Litigation and/or regulatory actions

Our business involves the risk of legal and regulatory actions regarding such matters as product liability, employment practices, patent and trademark infringement, bankruptcies and other claims. Due to the inherent uncertainties of litigation or regulatory actions in both domestic and foreign jurisdictions, we cannot accurately predict the ultimate outcome of any such proceedings. These proceedings could cause us to incur costs and may require us to devote resources to defend against these claims and could ultimately result in a loss against these claims or other remedies such as product recalls, which could adversely affect our financial condition and results of operations.

As part of the regulatory and legal environments in which we operate, Gildan is subject to anti-bribery laws that prohibit improper payments directly or indirectly to government officials, authorities or persons defined in those anti-bribery laws in order to obtain business or other improper advantages in the conduct of business. Failure by our employees, subcontractors, suppliers, agents and/or partners to comply with anti-

bribery laws could impact Gildan in various ways that include, but are not limited to, criminal, civil and administrative legal sanctions, negative publicity, and could have a significant adverse impact on Gildan's results.

Data security and privacy breaches

Our business involves the regular collection and use of sensitive and confidential information regarding customers and employees. These activities are highly regulated and privacy and information security laws are complex and constantly changing. Non-compliance with these laws and regulations can lead to legal liability. Furthermore, despite the security measures we have in place, any actual or perceived information security breach, whether due to "cyber attack", computer viruses or human error, could lead to damage to our reputation and a resulting material adverse effect on our financial condition and results of operations.

18.0 DEFINITION AND RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

We use non-GAAP financial measures (non-GAAP measures) to assess our operating performance and financial condition. The terms and definitions of the non-GAAP measures used in this report and a reconciliation of each non-GAAP measure to the most directly comparable IFRS measure are provided below. The non-GAAP measures are presented on a consistent basis for all periods presented in this MD&A. In fiscal 2013, we amended our definition of adjusted net earnings and adjusted diluted EPS as described below. This change did not affect these measures for prior years. These non-GAAP measures do not have any standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Accordingly, they should not be considered in isolation.

Adjusted net earnings and adjusted diluted EPS

Adjusted net earnings is calculated as net earnings before restructuring and acquisition-related costs, net of related income tax recoveries. In fiscal 2013, adjusted net earnings also excluded the recognition of a deferred hedging loss on interest rate swaps that were unwound in the fourth quarter of fiscal 2013, as described under the heading entitled "Financial expenses, net" in section 5.4.6 of this MD&A. Adjusted diluted EPS is calculated as adjusted net earnings divided by the diluted weighted average number of common shares outstanding. Management uses adjusted net earnings and adjusted diluted EPS to measure our performance from one period to the next, without the variations caused by the impacts of the items described above. We exclude these items because they affect the comparability of our financial results and could potentially distort the analysis of trends in our business performance. Excluding these items does not imply they are necessarily non-recurring.

(in $ millions, except per share amounts)	**Q4-2014**	Q4-2013	**2014**	2013
Net earnings	**122.7**	96.8	**359.6**	320.2
Adjustments for:				
Restructuring and acquisition-related costs	**0.5**	1.1	**3.2**	8.8
Recognition of deferred hedging loss on interest rate swaps	**-**	4.7	**-**	4.7
Income tax recovery on restructuring and acquisition-related costs	**(0.4)**	(0.6)	**(0.8)**	(3.4)
Adjusted net earnings	**122.8**	102.0	**362.0**	330.3
Basic EPS	**1.01**	0.80	**2.95**	2.64
Diluted EPS	**1.00**	0.79	**2.92**	2.61
Adjusted diluted EPS	**1.00**	0.83	**2.94**	2.69

Certain minor rounding variances exist between the consolidated financial statements and this summary.

Adjusted EBITDA

Adjusted EBITDA is calculated as earnings before financial expenses, income taxes and depreciation and amortization and excludes the impact of restructuring and acquisition-related costs. We use adjusted EBITDA, among other measures, to assess the operating performance of our business. We also believe this measure is commonly used by investors and analysts to measure a company's ability to service debt and to meet other payment obligations, or as a common valuation measurement. We exclude depreciation and amortization expenses, which are non-cash in nature and can vary significantly depending upon accounting methods or non-operating factors such as historical cost. Excluding these items does not imply they are necessarily non-recurring.

(in $ millions)	**Q4-2014**	Q4-2013	**2014**	2013
Net earnings	**122.7**	96.8	**359.6**	320.2
Restructuring and acquisition-related costs	**0.5**	1.1	**3.2**	8.8
Depreciation and amortization	**24.3**	24.7	**95.6**	95.3
Financial expenses, net	**1.6**	6.7	**2.9**	12.0
Income tax (recovery) expense	**(5.0)**	2.7	**7.0**	10.5
Adjusted EBITDA	**144.1**	132.0	**468.3**	446.8

Certain minor rounding variances exist between the consolidated financial statements and this summary.

Free cash flow

Free cash flow is defined as cash from operating activities including net changes in non-cash working capital balances, less cash flow used in investing activities excluding business acquisitions. We consider free cash flow to be an important indicator of the financial strength and performance of our business, because it shows how much cash is available after capital expenditures to repay debt and to reinvest in our business, to pursue business acquisitions, and/or to redistribute to our shareholders. We believe this measure is commonly used by investors and analysts when valuing a business and its underlying assets.

(in $ millions)	**2014**	2013
Cash flows from operating activities	**264.1**	427.2
Cash flows used in investing activities	**(389.5)**	(172.1)
Adjustment for:		
Business acquisitions	**101.7**	8.0
Free cash flow	**(23.7)**	263.1

Certain minor rounding variances exist between the consolidated financial statements and this summary.

Total indebtedness and net indebtedness (cash in excess of total indebtedness)

Total indebtedness is defined as the total bank indebtedness and long-term debt (including any current portion), and net indebtedness (cash in excess of total indebtedness) is calculated as total indebtedness net of cash and cash equivalents. We consider total indebtedness and net indebtedness (cash in excess of total indebtedness) to be important indicators of the financial leverage of the Company.

(in $ millions)	**October 5, 2014**	September 29, 2013
Long-term debt and total indebtedness	**157.0**	-
Cash and cash equivalents	**(65.2)**	(97.4)
Net indebtedness (cash in excess of total indebtedness)	**91.8**	(97.4)

Certain minor rounding variances exist between the consolidated financial statements and this summary.

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 International Financial Reporting Standards and, where appropriate, reflect management's best estimates and judgments. Where alternative accounting methods exist, management has chosen those methods deemed most appropriate in the circumstances. Management is responsible for the accuracy, integrity and objectivity of the consolidated financial statements within reasonable limits of materiality, and for maintaining a system of internal controls over financial reporting as described in "Management's annual report on internal control over financial reporting" included in Management's Discussion and Analysis for the year ended October 5, 2014. Management is also responsible for the preparation and presentation of other financial information included in the 2014 Annual Report and its consistency with the consolidated financial statements.

The Audit and Finance Committee, which is appointed annually by the Board of Directors and comprised exclusively of independent directors, meets with management as well as with the independent auditors and internal 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 Audit and Finance Committee considers, for review by the Board of Directors and approval by the shareholders, the engagement or reappointment of the independent auditors.

The consolidated financial statements have been independently audited by KPMG LLP, on behalf of the shareholders, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Their report outlines the nature of their audit and expresses their opinion on the consolidated financial statements of the Company. In addition, our auditors have issued an attestation report on the Company's internal controls over financial reporting as at October 5, 2014. KPMG LLP has direct access to the Audit and Finance Committee of the Board of Directors.

(S) Glenn J. Chamandy
Glenn J. Chamandy
President and Chief Executive Officer

(S) Laurence G. Sellyn
Laurence G. Sellyn
Executive Vice-President,
Chief Financial and Administrative Officer

December 9, 2014

INDEPENDENT AUDITORS' REPORT OF REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of Gildan Activewear Inc.:

We have audited the accompanying consolidated financial statements of Gildan Activewear Inc. (the "Company"), which comprise the consolidated statements of financial position as at October 5, 2014 and September 29, 2013, the consolidated statements of earnings and comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Gildan Activewear Inc. as at October 5, 2014 and September 29, 2013, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as at October 5, 2014, based on criteria established in *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated December 3, 2014 expressed an unqualified (unmodified) opinion on the effectiveness of the Company's internal control over financial reporting.

KPMG LLP*

Montréal, Canada
December 3, 2014

*CPA auditor, CA, public accountancy permit No. A110592

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG Canada provides services to KPMG LLP.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Gildan Activewear Inc.:

We have audited Gildan Activewear Inc.'s internal control over financial reporting as at October 5, 2014, based on the criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Gildan Activewear Inc.'s Management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting as presented in the section entitled "Management's Annual Report on Internal Control over Financial Reporting" included in Management's Discussion and Analysis for the year ended October 5, 2014. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of Management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Gildan Activewear Inc. maintained, in all material respects, effective internal control over financial reporting as of October 5, 2014, based on criteria established in *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Gildan Activewear Inc. acquired Doris Inc. ("Doris") during 2014 and Management excluded from its assessment of the effectiveness of internal control over financial reporting as of October 5, 2014 Doris' internal control over financial reporting associated with total assets of $131.3 million and total net sales of $21.0 million included in the consolidated financial statements of Gildan Activewear Inc. as at and for the year ended October 5, 2014. Our audit of internal control over financial reporting of Gildan Activewear Inc. also excluded the evaluation of the internal control over financial reporting of Doris.

We also have audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated statements of financial position of Gildan Activewear Inc. as at October 5, 2014 and September 29, 2013 and the related consolidated statements of earnings and comprehensive income, changes in equity and cash flows for the years then ended, and our report dated December 3, 2014 expressed an unqualified (unmodified) opinion on those consolidated financial statements.

KPMG LLP*

Montréal, Canada
December 3, 2014

*CPA auditor, CA, public accountancy permit No. A110592

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GILDAN ACTIVEWEAR INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in thousands of U.S. dollars)

	October 5, 2014	September 29, 2013
Current assets:		
Cash and cash equivalents (note 6)	**$ 65,163**	$ 97,368
Trade accounts receivable (note 7)	**354,265**	255,018
Income taxes receivable	**1,439**	700
Inventories (note 8)	**779,407**	595,794
Prepaid expenses and deposits	**17,507**	14,959
Assets held for sale (note 18)	**5,839**	5,839
Other current assets	**23,784**	11,034
Total current assets	**1,247,404**	980,712
Non-current assets:		
Property, plant and equipment (note 9)	**873,726**	655,869
Intangible assets (note 10)	**287,353**	247,537
Goodwill (note 10)	**176,445**	150,099
Deferred income taxes (note 19)	**-**	1,443
Other non-current assets	**8,116**	7,991
Total non-current assets	**1,345,640**	1,062,939
Total assets	**$ 2,593,044**	$ 2,043,651
Current liabilities:		
Accounts payable and accrued liabilities	**$ 374,671**	$ 289,414
Total current liabilities	**374,671**	289,414
Non-current liabilities:		
Long-term debt (note 11)	**157,000**	-
Deferred income taxes (note 19)	**349**	-
Employee benefit obligations (note 12)	**19,565**	18,486
Provisions (note 13)	**17,926**	16,325
Total non-current liabilities	**194,840**	34,811
Total liabilities	**569,511**	324,225
Commitments, guarantees and contingent liabilities (note 24)		
Equity:		
Share capital	**124,595**	107,867
Contributed surplus	**20,778**	28,869
Retained earnings	**1,885,892**	1,583,346
Accumulated other comprehensive income	**(7,732)**	(656)
Total equity attributable to shareholders of the Company	**2,023,533**	1,719,426
Total liabilities and equity	**$ 2,593,044**	$ 2,043,651

See accompanying notes to consolidated financial statements.

On behalf of the Board of Directors:

(S) Glenn J. Chamandy
Glenn J. Chamandy
Director

(S) Russell Goodman
Russell Goodman
Director

GILDAN ACTIVEWEAR INC.
CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME
Years ended October 5, 2014 and September 29, 2013
(in thousands of U.S. dollars, except per share data)

		2014		2013
Net sales	**$**	**2,359,994**	$	2,184,303
Cost of sales		**1,701,311**		1,550,266
Gross profit		**658,683**		634,037
Selling, general and administrative expenses (note 17(a))		**286,015**		282,563
Restructuring and acquisition-related costs (note 18)		**3,247**		8,788
Operating income		**369,421**		342,686
Financial expenses, net (note 15(c))		**2,897**		12,013
Equity earnings in investment in joint venture		**-**		(46)
Earnings before income taxes		**366,524**		330,719
Income tax expense (note 19)		**6,972**		10,541
Net earnings		**359,552**		320,178
Other comprehensive income (loss), net of related income taxes				
Cash flow hedges (note 15(d))		**(7,076)**		6,419
Actuarial (loss) gain on employee benefit obligations (note 12)		**(3,614)**		436
		(10,690)		6,855
Comprehensive income	**$**	**348,862**	$	327,033
Earnings per share:				
Basic (note 20)	**$**	**2.95**	$	2.64
Diluted (note 20)	**$**	**2.92**	$	2.61

See accompanying notes to consolidated financial statements.

GILDAN ACTIVEWEAR INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Years ended October 5, 2014 and September 29, 2013
(in thousands or thousands of U.S. dollars)

	Share capital		Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings	Total equity
	Number	Amount				
Balance, September 30, 2012	121,386	$ 101,113	$ 25,579	$ (7,075)	$ 1,306,724	$ 1,426,341
Share-based compensation	-	-	8,179	-	-	8,179
Shares issued under employee share purchase plan	24	927	-	-	-	927
Shares issued pursuant to exercise of stock options	195	6,955	(1,779)	-	-	5,176
Shares issued or distributed pursuant to vesting of restricted share units	299	8,493	(8,493)	-	-	-
Share repurchases for future settlement of non-Treasury RSUs (note 14(e))	(278)	(9,621)	5,114	-	-	(4,507)
Dividends declared	-	-	269	-	(43,992)	(43,723)
Transactions with shareholders of the Company recognized directly in equity	240	6,754	3,290	-	(43,992)	(33,948)
Cash flow hedges (note 15(d))	-	-	-	6,419	-	6,419
Actuarial gain on employee benefit obligations (note 12)	-	-	-	-	436	436
Net earnings	-	-	-	-	320,178	320,178
Comprehensive income	-	-	-	6,419	320,614	327,033
Balance, September 29, 2013	121,626	$ 107,867	$ 28,869	$ (656)	$ 1,583,346	$ 1,719,426
Share-based compensation	-	-	10,099	-	-	10,099
Shares issued under employee share purchase plan	21	1,117	-	-	-	1,117
Shares issued pursuant to exercise of stock options	118	4,617	(1,310)	-	-	3,307
Shares issued or distributed pursuant to vesting of restricted share units	859	25,475	(25,475)	-	-	-
Share repurchases for future settlement of non-Treasury RSUs (note 14(e))	(300)	(14,481)	8,383	-	-	(6,098)
Dividends declared	-	-	212	-	(53,392)	(53,180)
Transactions with shareholders of the Company recognized directly in equity	698	16,728	(8,091)	-	(53,392)	(44,755)
Cash flow hedges (note 15(d))	-	-	-	(7,076)	-	(7,076)
Actuarial loss on employee benefit obligations (note 12)	-	-	-	-	(3,614)	(3,614)
Net earnings	-	-	-	-	359,552	359,552
Comprehensive income	-	-	-	(7,076)	355,938	348,862
Balance, October 5, 2014	**122,324**	**$ 124,595**	**$ 20,778**	**$ (7,732)**	**$ 1,885,892**	**$ 2,023,533**

See accompanying notes to consolidated financial statements.

GILDAN ACTIVEWEAR INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended October 5, 2014 and September 29, 2013
(in thousands of U.S. dollars)

		2014		2013
Cash flows from (used in) operating activities:				
Net earnings	**$**	**359,552**	$	320,178
Adjustments to reconcile net earnings to cash flows from operating activities (note 22(a))		**93,629**		109,023
		453,181		429,201
Changes in non-cash working capital balances:				
Trade accounts receivable		**(90,549)**		2,986
Income taxes		**(628)**		(392)
Inventories		**(149,231)**		(38,092)
Prepaid expenses and deposits		**(1,863)**		(1,098)
Other current assets		**(8,144)**		(1,896)
Accounts payable and accrued liabilities		**61,334**		36,447
Cash flows from operating activities		**264,100**		427,156
Cash flows from (used in) investing activities:				
Purchase of property, plant and equipment		**(286,553)**		(162,643)
Purchase of intangible assets		**(6,150)**		(4,315)
Business acquisitions (note 5)		**(101,732)**		(8,027)
Proceeds on disposal of assets held for sale and property, plant and equipment		**4,894**		2,849
Cash flows used in investing activities		**(389,541)**		(172,136)
Cash flows from (used in) financing activities:				
Increase (decrease) in amounts drawn under revolving long-term bank credit facility		**157,000**		(181,000)
Dividends paid		**(53,180)**		(43,723)
Proceeds from the issuance of shares		**4,316**		6,014
Share repurchases for future settlement of non-Treasury RSUs (note 14(e))		**(14,481)**		(9,621)
Cash flows from (used in) financing activities		**93,655**		(228,330)
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currencies		**(419)**		268
Net (decrease) increase in cash and cash equivalents during the year		**(32,205)**		26,958
Cash and cash equivalents, beginning of year		**97,368**		70,410
Cash and cash equivalents, end of year	**$**	**65,163**	$	97,368
Cash paid during the year (included in cash flows from operating activities):				
Interest	**$**	**2,108**	$	4,278
Income taxes		**10,704**		9,340

Supplemental disclosure of cash flow information (note 22)

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended October 5, 2014 and September 29, 2013
(Tabular amounts in thousands or thousands of U.S. dollars except per share data, unless otherwise indicated)

1. REPORTING ENTITY:

Gildan Activewear Inc. (the "Company") is domiciled in Canada and is incorporated under the *Canada Business Corporations Act*. Its principal business activity is the manufacture and sale of activewear, socks and underwear. The Company's fiscal year ends on the first Sunday following September 28 of each year. Beginning in fiscal 2015, the Company's fiscal year will end on the Sunday closest to December 31 of each year. As a result, fiscal 2015 will be a transition year, and will include 15 months of operations, beginning on October 6, 2014 and ending on January 3, 2016.

The address of the Company's registered office is 600 de Maisonneuve Boulevard West, Suite 3300, Montreal, Quebec. The consolidated financial statements for the years ended October 5, 2014 and September 29, 2013 include the accounts of the Company and its subsidiaries. The Company is a publicly listed entity and its shares are traded on the Toronto Stock Exchange and New York Stock Exchange under the symbol GIL.

2. BASIS OF PREPARATION:

(a) Statement of compliance:
The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements for the fiscal year ended October 5, 2014 were authorized for issuance by the Board of Directors of the Company on December 3, 2014.

(b) Basis of measurement:
The consolidated financial statements have been prepared on the historical cost basis except for the following items in the consolidated statements of financial position:

- Derivative financial instruments which are measured at fair value;
- Assets held for sale which are stated at the lower of carrying amount and fair value less costs to sell;
- Liabilities for cash-settled share-based payment arrangements which are measured at fair value;
- Employee benefit obligations related to defined benefit plans which are measured as the net total of the fair value of plan assets and the present value of the defined benefit obligations;
- Provisions for decommissioning, site restoration costs and onerous contracts which are measured at the present value of the expenditures expected to be required to settle the obligation;
- Contingent consideration in connection with a business combination which is measured at fair value; and
- Identifiable assets acquired and liabilities assumed in connection with a business combination which are initially measured at fair value.

The functional and presentation currency of the Company and all its subsidiaries is the U.S. dollar.

(c) Initial application of new or amended accounting standards:
On September 30, 2013, the Company adopted the following new or amended accounting standards.

(i) IFRS 10, Consolidated Financial Statements replaces SIC-12, Consolidation - Special Purpose Entities and parts of IAS 27, Consolidated and Separate Financial Statements. The new standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included in a company's consolidated financial statements. The standard provides additional guidance to assist in the determination of control where it is difficult to assess. The adoption of IFRS 10 did not have an impact on the Company's consolidated financial statements.

(ii) IFRS 11, Joint Arrangements supersedes IAS 31, Interests in Joint Ventures and SIC-13, Jointly Controlled Entities - Non-monetary Contributions by Venturers. IFRS 11 focuses on the rights and obligations of a joint arrangement, rather than its legal form as was the case under IAS 31. The adoption of IFRS 11 did not have an impact on the Company's consolidated financial statements.

2. BASIS OF PREPARATION (continued):

(c) Initial application of new or amended accounting standards (continued):

(iii) IFRS 12, Disclosure of Interests in Other Entities is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The required disclosures are provided in note 3(a)(ii) and note 23 in these consolidated financial statements.

(iv) IFRS 13, Fair Value Measurement improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The adoption of IFRS 13 did not result in any measurement adjustments or changes to our valuation techniques to determine fair value. The required disclosures are provided in note 15 to these consolidated financial statements.

(v) IAS 19 (Revised), Employee Benefits requires, among other changes, entities to compute the financing cost component of defined benefit plans by applying the discount rate used to measure post-employment benefit obligations to the net post-employment benefit obligations (usually, the present value of defined benefit obligations less the fair value of plan assets). Furthermore, the amendments to IAS 19 (Revised) enhance the disclosure requirements for defined benefit plans, providing additional information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans. The adoption of the amendments to IAS 19 (Revised) did not have an impact on the Company's consolidated financial statements.

In addition, on March 31, 2014, the Company early adopted IFRS 9, Financial Instruments (2013). This standard establishes principles for the financial reporting classification of financial assets and financial liabilities. This standard also incorporates a new hedging model which increases the scope of hedged items eligible for hedge accounting and removes the requirements for quantitative thresholds when calculating hedge effectiveness, allowing flexibility in how an economic relationship is demonstrated. This new standard also increases required disclosures about an entity's risk management strategy, cash flows from hedging activities and the impact of hedge accounting on the consolidated financial statements.

IFRS 9 (2013) uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 (2013) is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9 (2013).

IFRS 9 (2013) does not require restatement of comparative periods. The adoption of IFRS 9 (2013) did not result in any measurement adjustments to our financial assets and financial liabilities, and did not result in any changes in the eligibility for hedge accounting and the accounting for the derivative financial instruments designated as effective hedging instruments at the transition date. We have reviewed our significant accounting policies for financial instruments, derivative financial instruments, and hedging relationships to align them with IFRS 9 (2013).

The following summarizes the classification and measurement changes for the Company's non-derivative financial assets and financial liabilities as a result of the adoption of IFRS 9 (2013).

	Category under IAS 39	**Category under IFRS 9**
Financial assets:		
Cash and cash equivalents	Loans and receivables	**Amortized cost**
Trade accounts receivable	Loans and receivables	**Amortized cost**
Other current assets	Loans and receivables	**Amortized cost**
Long-term non-trade receivables included in other non-current assets	Loans and receivables	**Amortized cost**
Financial liabilities:		
Accounts payable and accrued liabilities	Other financial liabilities	**Amortized cost**
Long-term debt - bearing interest at variable rates	Other financial liabilities	**Amortized cost**

2. BASIS OF PREPARATION (continued):

(c) Initial application of new or amended accounting standards (continued):

As at March 31, 2014 and September 29, 2013, the Company had derivative financial assets and derivative financial liabilities designated as effective hedging instruments, measured at fair value, included in other current assets and accounts payable and accrued liabilities. The accounting for our financial instruments and the line item in which they are included in the consolidated statement of financial position were unaffected by the adoption of IFRS 9 (2013) upon transition.

3. SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

(a) Basis of consolidation:

(i) Business combinations:

Business combinations are accounted for using the acquisition method. Accordingly, the consideration transferred for the acquisition of a business is the fair value of the assets transferred, and any debt and equity interests issued by the Company on the date control of the acquired company is obtained. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability that is a financial instrument is remeasured at fair value, with any resulting gain or loss recognized in the consolidated statement of earnings and comprehensive income. Acquisition-related costs, other than those associated with the issue of debt or equity securities, are expensed as incurred and are included in restructuring and acquisition-related costs in the consolidated statement of earnings and comprehensive income. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are generally measured initially at their fair values at the acquisition date. The Company recognizes any non-controlling interest in an acquired company either at fair value or at the non-controlling interest's proportionate share of the acquired company's net identifiable assets. The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred and non-controlling interest recognized is less than the fair value of the net assets of the business acquired, a purchase gain is recognized immediately in the consolidated statement of earnings and comprehensive income.

(ii) Subsidiaries:

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are aligned with the policies adopted by the Company. Intragroup transactions, balances and unrealized gains or losses on transactions between group companies are eliminated.

The Company's principal subsidiaries, their jurisdiction of incorporation, and the Company's percentage ownership share of each are as follows:

Subsidiary	Jurisdiction of Incorporation	Ownership percentage
Gildan Activewear SRL	Barbados	100%
Gildan USA Inc.	Delaware	100%
Gildan Yarns, LLC	Delaware	100%
Gildan Honduras Properties, S. de R.L.	Honduras	100%
Gildan Apparel (Canada) LP	Ontario	100%
Gildan Hosiery Rio Nance, S. de R.L.	Honduras	100%
Gildan Mayan Textiles, S. de R.L.	Honduras	100%
Gildan Apparel USA Inc.	Delaware	100%
Gildan Activewear Honduras Textile Company, S. de R.L.	Honduras	100%
Gildan Activewear (UK) Limited	United Kingdom	100%
A.K.H., S. de R. L.	Honduras	100%

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

(a) Basis of consolidation (continued):

The Company has no other subsidiaries representing individually more than 10% of the total consolidated assets and 10% of the consolidated net sales of the Company, or in the aggregate more than 20% of the total consolidated assets and the consolidated net sales of the Company as at and for the year ended October 5, 2014.

(iii) Investment in a joint venture:

Investments in jointly controlled entities are accounted for using the equity method. Under the equity method of accounting, the investment in a joint venture is initially recognized in the consolidated statement of financial position at cost and subsequently adjusted to recognize the Company's share of the post-acquisition earnings in the consolidated statement of earnings and comprehensive income. Dividends received from an equity accounted investee are deducted from the carrying amount of the investment when the dividends are declared. Unrealized gains on transactions between the Company and the joint venture are eliminated to the extent of the Company's interest in the joint venture. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint venture are modified where necessary to ensure consistency with the policies adopted by the Company.

The Company's previous investment in a yarn spinning joint venture with Frontier Spinning Mills, Inc., CanAm Yarns, LLC ("CanAm") was considered a jointly controlled entity over which the Company exercised joint control, until the Company acquired the remaining 50% interest on October 29, 2012.

(b) Foreign currency translation:

Monetary assets and liabilities of the Company's Canadian and foreign operations denominated in currencies other than the U.S. dollar are translated using exchange rates in effect at the reporting date. Non-monetary assets and liabilities denominated in currencies other than U.S. dollars are translated at the rates prevailing at the respective transaction dates. Income and expenses denominated in currencies other than U.S. dollars are translated at average rates prevailing during the year. Gains or losses on foreign exchange are recorded in net earnings, and presented in the statement of earnings and comprehensive income within financial expenses.

(c) Cash and cash equivalents:

The Company considers all liquid investments with maturities of three months or less from the date of purchase to be cash equivalents.

(d) Trade accounts receivable:

Trade accounts receivable consist of amounts due from our normal business activities. An allowance for doubtful accounts is maintained to reflect expected credit losses. Bad debts are provided for based on collection history and specific risks identified on a customer-by-customer basis. Uncollected accounts are written off through the allowance for doubtful accounts.

(e) Inventories:

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is based on the first-in, first-out principle. Inventory costs include the purchase price and other costs directly related to the acquisition of raw materials and spare parts held for use in the manufacturing process, and the cost of purchased finished goods. Inventory costs also include the costs directly related to the conversion of materials to finished goods, such as direct labour, and a systematic allocation of fixed and variable production overhead, including manufacturing depreciation expense. The allocation of fixed production overheads to the cost of inventories is based on the normal capacity of the production facilities. Normal capacity is the average production expected to be achieved during the fiscal year, under normal circumstances. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Raw materials, work in progress and spare parts inventories are not written down if the finished products in which they will be incorporated are expected to be sold at or above cost.

(f) Assets held for sale:

Non-current assets which are classified as assets held for sale, are reported in current assets in the statement of financial position, when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. Assets held for sale are stated at the lower of their carrying amount and fair value less costs to sell.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

(g) Property, plant and equipment:

Property, plant and equipment are initially recorded at cost, and are subsequently carried at cost less any accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment includes expenditures that are directly attributable to the acquisition or construction of an asset. The cost of self-constructed assets includes the cost of materials and direct labour, site preparation costs initial delivery and handling costs, installation and assembly costs, and any other costs directly attributable to bringing the assets to the location and condition necessary for the assets to be capable of operating in the manner intended by management. The cost of property, plant and equipment also includes, when applicable, the initial present value estimate of the costs of decommissioning or dismantling and removing the asset and restoring the site on which it is located at the end of its useful life, and any applicable borrowing costs, and is amortized over the remaining life of the underlying asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of other equipment. Subsequent costs are included in an asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits are present and the cost of the item can be measured reliably. When property, plant and equipment are replaced, they are fully written down. Gains and losses on the disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in the statement of earnings and comprehensive income.

Land is not depreciated. The cost of property, plant and equipment less its residual value, if any, is depreciated on a straight-line basis over the following estimated useful lives:

Asset	Useful life
Buildings and improvements	5 to 40 years
Manufacturing equipment	3 to 10 years
Other equipment, including aircraft	2 to 25 years

Significant components of plant and equipment which are identified as having different useful lives are depreciated separately over their respective useful lives. Depreciation methods, useful lives and residual values, if applicable, are reviewed and adjusted, if appropriate, on a prospective basis at the end of each fiscal year.

Assets not yet utilized in operations include expenditures incurred to date for plant constructions or expansions which are still in process and equipment not yet placed into service as at the reporting date. Depreciation on these assets commences when the assets are available for use.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of the asset. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. Capitalization of borrowing costs ceases when the asset is completed and ready for its intended use. All other borrowing costs are recognized as financial expenses in the consolidated statement of earnings and comprehensive income as incurred. The Company had no capitalized borrowing costs as at October 5, 2014 and September 29, 2013.

(h) Intangible assets:

Definite life intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets include identifiable intangible assets acquired in a business combination, and consist of customer contracts and customer relationships, license agreements, and trademarks. Intangible assets also include computer software that is not an integral part of the related hardware. Indefinite life intangible assets represent intangible assets which the Company controls, which have no contractual or legal expiration date, and therefore are not amortized as there is no foreseeable time limit to their useful economic life. An assessment of indefinite life intangible assets is performed annually to determine whether events and circumstances continue to support an indefinite useful life, and any change in the useful life assessment from indefinite to finite is accounted for as a change in accounting estimate on a prospective basis. Intangible assets with finite lives are amortized on a straight-line basis over the following estimated useful-lives:

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

(h) Intangible assets (continued):

Asset	Useful life
Customer contracts and customer relationships	7 to 20 years
License agreements	7 to 10 years
Computer software	4 to 7 years

Trademarks are not amortized as they are considered to be indefinite life intangible assets.

The costs of information technology projects that are directly attributable to the design and testing of identifiable and unique software products, including internally developed computer software are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use it;
- there is an ability to use the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use the software product are available; and
- the expenditures attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognized as an expense in the consolidated statement of earnings and comprehensive income as incurred.

(i) Goodwill:

Goodwill is measured at cost less accumulated impairment losses, if any. Goodwill arises on business combinations and is measured as the excess of the consideration transferred and the recognized amount of the non-controlling interest in the acquired business, if any, over the fair value of identifiable assets acquired and liabilities assumed of an acquired business.

(j) Impairment of non-financial assets:

Non-financial assets that have an indefinite useful life such as goodwill and trademarks are not subject to amortization and are therefore tested annually for impairment or more frequently if events or changes in circumstances indicate that the asset might be impaired. Assets that are subject to amortization are assessed at the end of each reporting period as to whether there is any indication of impairment, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's value in use and fair value less costs to sell. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case assets are grouped at the lowest levels for which there are separately identifiable cash inflows (i.e. cash-generating units or CGUs).

In assessing value in use, the estimated future cash flows expected to be derived from the asset or CGU by the Company are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset and or the CGU. In assessing a CGU's fair value less costs to sell, the Company uses the best information available to reflect the amount that the Company could obtain, at the time of the impairment test, from the disposal of the asset or CGU in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

For the purpose of testing goodwill for impairment, goodwill acquired in a business combination is allocated to a CGU or a group of CGUs that is expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquired company are assigned to those CGUs. Impairment losses recognized are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. Impairment losses are recognized in the statement of earnings and comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

(j) Impairment of non-financial assets (continued):

Reversal of impairment losses
A goodwill impairment loss is not reversed. Impairment losses on non-financial assets other than goodwill recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(k) Financial instruments:
The Company initially recognizes financial assets on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. On initial recognition, the Company classifies its financial assets as subsequently measured at either amortized cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets
Financial assets are classified into the following categories, and depend on the purpose for which the financial assets were acquired.

(i) Financial assets measured at amortized cost
A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment loss, if:
- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and/or interest.

The Company currently classifies its cash and cash equivalents, trade accounts receivable, certain other current assets (excluding derivative financial instruments designated as effective hedging instruments), and long-term non-trade receivables as financial assets measured at amortized cost. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

(ii) Financial assets measured at fair value
These assets are measured at fair value and changes therein, including any interest or dividend income, are recognized in profit or loss. However, for investments in equity instruments that are not held for trading, the Company may elect at initial recognition to present gains and losses in other comprehensive income. For such investments measured at fair value through other comprehensive income, gains and losses are never reclassified to profit or loss, and no impairment is recognized in profit or loss. Dividends earned from such investments are recognized in profit or loss, unless the dividend clearly represents a repayment of part of the cost of the investment. The Company currently has no significant financial assets measured at fair value.

Financial liabilities
Financial liabilities are classified into the following categories.

(iii) Financial liabilities measured at amortized cost
A financial liability is subsequently measured at amortized cost, using the effective interest method. The Company currently classifies accounts payable and accrued liabilities (excluding derivative financial instruments designated as effective hedging instruments), and long-term debt which bears interest at variable rates, as financial liabilities measured at amortized cost.

(iv) Financial liabilities measured at fair value
Financial liabilities at fair value are initially recognized at fair value and are re-measured at each reporting date with any changes therein recognized in net earnings. The Company currently classifies its contingent consideration in connection with a business acquisition as a financial liability measured at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

(k) Financial instruments (continued):

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Fair value of financial instruments
Financial instruments measured at fair value use the following fair value hierarchy to prioritize the inputs used in measuring fair value:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data.

Impairment of financial assets
The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated statement of earnings and comprehensive income.

(l) Derivative financial instruments and hedging relationships:
The Company enters into derivative financial instruments to hedge its market risk exposures. On initial designation of the hedge, the Company formally documents the relationship between the hedging instruments and hedged items, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Company makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be effective in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated. For a cash flow hedge of a forecasted transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net earnings.

Derivatives are recognized initially at fair value, and attributable transaction costs are recognized in net earnings as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

(l) Derivative financial instruments and hedging relationships (continued):

Cash flow hedges
When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction that could affect net earnings, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in accumulated other comprehensive income as part of equity. The amount recognized in other comprehensive income is removed and included in net earnings under the same line item in the consolidated statement of earnings and comprehensive income as the hedged item, in the same period that the hedged cash flows affect net earnings. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in net earnings. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in other comprehensive income remains in accumulated other comprehensive income until the forecasted transaction affects profit or loss. If the forecasted transaction is no longer expected to occur, then the balance in accumulated other comprehensive income is recognized immediately in net earnings.

When the hedged item is a non-financial asset, the amount recognized in other comprehensive income is transferred to net earnings in the same period that the hedged item affects net earnings.

Fair value hedges
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in net earnings, together with any changes in the fair value of the hedged asset, liability or firm commitment that are attributable to the hedged risk. The change in fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the statement of earnings and comprehensive income or in the statement of financial position caption relating to the hedged item. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively.

Embedded derivatives
Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Other derivatives
When a derivative financial instrument is not designated in a qualifying hedge relationship, all changes in its fair value are recognized immediately in net earnings.

(m) Accounts payable and accrued liabilities:
Accounts payable and accrued liabilities are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Accounts payable and accrued liabilities are classified as current liabilities if payment is due within one year, otherwise, they are presented as non-current liabilities.

(n) Long-term debt:
Long-term debt is recognized initially at fair value, and is subsequently carried at amortized cost. Initial facility fees are deferred and treated as an adjustment to the instrument's effective interest rate and recognized as an expense over the instrument's estimated life if it is probable that the facility will be drawn down. However, if it is not probable that a facility will be drawn down for its entire term, then the fees are considered service fees and are deferred and recognized as an expense on a straight-line basis over the commitment period.

The Company classifies its existing revolving long-term bank credit facility as a non-current liability on the basis that the Company has the discretion to refinance or rollover amounts drawn under the facility for at least twelve months following the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

(o) Employee benefits:

Short-term employee benefits
Short-term employee benefits include wages, salaries, commissions, compensated absences and bonuses. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. Short-term employee benefit obligations are included in accounts payable and accrued liabilities.

Defined contribution plans
The Company offers group defined contribution plans to eligible employees whereby the Company matches employees' contributions up to a fixed percentage of the employee's salary. Contributions by the Company to trustee-managed investment portfolios or employee associations are expensed as incurred. Benefits are also provided to employees through defined contribution plans administered by the governments in the countries in which the Company operates. The Company's contributions to these plans are recognized in the period when services are rendered.

Defined benefit plans
The Company maintained a funded qualified defined benefit plan ("Retirement Plan") covering certain employees of Gold Toe. The Retirement Plan was frozen on January 1, 2007, and as such no additional employees became participants in the Retirement Plan and existing participants in the Retirement Plan ceased accruing any additional benefits after that date. The Retirement Plan termination was approved in the fourth quarter of fiscal 2013, and the final wind-up took place in the fourth quarter of fiscal 2014. The pension obligation was actuarially determined using the projected benefit method to determine plan obligations and related periodic costs.

The Company also maintains a liability for statutory severance and pre-notice benefit obligations for active employees located in the Caribbean Basin and Central America which is payable to the employees in a lump sum payment upon termination of employment. The liability is based on management's best estimates of the ultimate costs to be incurred to settle the liability and is based on a number of assumptions and factors, including historical trends, actuarial assumptions and economic conditions.

Liabilities related to defined benefit plans are included in employee benefit obligations in the consolidated statement of financial position. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly to other comprehensive income in the period in which they arise, and are immediately transferred to retained earnings without reclassification to net earnings in a subsequent period.

(p) Provisions:
Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as financial expense.

Decommissioning and site restoration costs
The Company recognizes decommissioning and site restoration obligations for future removal and site restoration costs associated with the restoration of certain property and plant should it decide to discontinue some of its activities.

Onerous contracts
A provision for onerous contracts is recognized if the unavoidable costs of meeting the obligations specified in a contractual arrangement exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the lower of the cost of fulfilling the contract and the expected cost of terminating the contract.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

(q) Share capital:
Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

When the Company repurchases its own shares, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such common shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(r) Dividends declared:
Dividends declared to the Company's shareholders are recognized as a liability in the consolidated statement of financial position in the period in which the dividends are approved by the Company's Board of Directors.

(s) Revenue recognition:
Revenue is recognized upon shipment of products to customers, since title passes upon shipment, and to the extent that the selling price is fixed or determinable. At the time of sale, estimates are made for customer price discounts and volume rebates based on the terms of existing programs. Sales are recorded net of these program costs and estimated sales returns, which are based on historical experience, current trends and other known factors, and exclude sales taxes. New sales incentive programs which relate to sales made in a prior period are recognized at the time the new program is introduced.

(t) Cost of sales and gross profit:
Cost of sales includes all raw material costs, manufacturing conversion costs, including manufacturing depreciation expense, sourcing costs, inbound freight and inter-facility transportation costs, and outbound freight to customers. Cost of sales also includes the cost of purchased finished goods, costs relating to purchasing, receiving and inspection activities, manufacturing administration, third-party manufacturing services, sales-based royalty costs, insurance, inventory write-downs, and customs and duties. Gross profit is the result of net sales less cost of sales. The Company's gross profit may not be comparable to gross profit as reported by other companies, since some entities include warehousing and handling costs, and/or exclude depreciation expense, outbound freight to customers and royalty costs from cost of sales.

(u) Selling, general and administrative expenses:
Selling, general and administrative ("SG&A") expenses include warehousing and handling costs, selling and administrative personnel costs, co-op advertising and marketing expenses, costs of leased non-manufacturing facilities and equipment, professional fees, non-manufacturing depreciation expense, and other general and administrative expenses. SG&A expenses also include bad debt expense and amortization of intangible assets.

(v) Product introduction expenditures:
Product introduction expenditures are one-time fees paid to retailers to allow the Company's products to be placed on store shelves. These fees are recognized as a reduction in revenue. If the Company receives a benefit over a period of time and the fees are directly attributable to the product placement, and certain other criteria are met, these fees are recorded as an asset and are amortized as a reduction of revenue over the term of the arrangement. The Company evaluates the recoverability of these assets on a quarterly basis.

(w) Restructuring and acquisition-related costs:
Restructuring and acquisition-related costs are expensed when incurred, or when a legal or constructive obligation exists. Restructuring and acquisition-related costs are comprised of costs directly related to the closure of business locations or the relocation of business activities, changes in management structure, as well as transaction and integration costs incurred pursuant to business acquisitions. The nature of expenses included in restructuring and acquisition-related costs include: severance and termination benefits, including the termination of employee benefit plans; gains or losses from the re-measurement and disposal of assets held for sale; facility exit and closure costs; costs incurred to eliminate redundant business activities pursuant to business acquisitions; legal, accounting and other professional fees (excluding costs of issuing debt or equity) directly incurred in connection with a business acquisition; purchase gains on business acquisitions; losses on business acquisitions achieved in stages; contingent amounts payable to selling shareholders under their employment agreements pursuant to a business acquisition; and the remeasurement of liabilities related to contingent consideration incurred in connection with a business acquisition.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

(x) Cotton and cotton-based yarn procurements:

The Company contracts to buy cotton and cotton-based yarn with future delivery dates at fixed prices in order to reduce the effects of fluctuations in the prices of cotton used in the manufacture of its products. These contracts are not used for trading purposes and are not considered to be financial instruments as they are entered into for purchase and receipt in accordance with the Company's expected usage requirements, and therefore are not measured at fair value. The Company commits to fixed prices on a percentage of its cotton and cotton-based yarn requirements up to eighteen months in the future. If the cost of committed prices for cotton and cotton-based yarn plus estimated costs to complete production exceed current selling prices, a loss is recognized for the excess as a charge to cost of sales.

(y) Government assistance:

Government assistance is recognized only when there is reasonable assurance the Company will comply with all related conditions for receipt of the assistance. Government assistance, including grants and tax credits, related to operating expenses is accounted for as a reduction to the related expenses. Government assistance, including monetary and non-monetary grants and tax credits related to the acquisition of property, plant and equipment, is accounted for as a reduction of the cost of the related property, plant and equipment, and is recognized in net earnings using the same methods, periods and rates as for the related property, plant and equipment. The amount of government assistance recognized in fiscal 2014 and fiscal 2013 was not significant.

(z) Financial expenses (income):

Financial expenses (income) include: interest expense on borrowings, including realized gains and/or losses on interest rate swaps designated for hedge accounting; bank and other financial charges; interest income on funds invested; accretion of interest on discounted provisions; net foreign currency losses and/or gains; and losses and/or gains on financial derivatives that do not meet the criteria for effective hedge accounting.

(aa) Income taxes:

Income tax expense is comprised of current and deferred income taxes, and is included in net earnings except to the extent that it relates to a business acquisition, or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date, for all temporary differences caused when the tax bases of assets and liabilities differ from those reported in the financial statements. The Company recognizes deferred income tax assets for unused tax losses, and deductible temporary differences only to the extent that, in management's opinion, it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are derecognized to the extent that it is no longer probable that the related tax benefit will be realized. Deferred income tax is provided on temporary differences arising on the Company's investments in subsidiaries, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

In determining the amount of current and deferred income taxes, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. Provisions for uncertain tax positions are measured at the best estimate of the amounts expected to be paid upon ultimate resolution. The Company periodically reviews and adjusts its estimates and assumptions of income tax assets and liabilities as circumstances warrant, such as changes to tax laws, administrative guidance, change in management's assessment of the technical merits of its positions, due to new information, and the resolution of uncertainties through either the conclusion of tax audits or expiration of prescribed time limits within relevant statutes.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

(bb) 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 using the weighted average number of common shares outstanding for the period adjusted to include the dilutive impact of stock options and restricted share units. The number of additional shares is calculated by assuming that all common shares held in trust for the purpose of settling Non-treasury restricted share units have been delivered, all dilutive outstanding options are exercised and all dilutive outstanding Treasury restricted share units have vested, and that the proceeds from such exercises, as well as the amount of unrecognized share-based compensation which is considered to be assumed proceeds, are used to repurchase common shares at the average share price for the period. For Treasury restricted share units, only the unrecognized share-based compensation is considered assumed proceeds since there is no exercise price paid by the holder.

(cc) Share based payments:

Stock options and Treasury restricted share units

Stock options and Treasury restricted share units are equity settled share based payments, which are measured at fair value at the grant date. For stock options, the compensation cost is measured using the Black-Scholes option pricing model, and is expensed over the award's vesting period. For Treasury restricted share units, compensation cost is measured at the fair value of the underlying common share, and is expensed over the award's vesting period. Compensation expense is recognized in net earnings with a corresponding increase in contributed surplus. Any consideration paid by plan participants on the exercise of stock options is credited to share capital. Upon the exercise of stock options and the vesting of Treasury restricted share units, the corresponding amounts previously credited to contributed surplus are transferred to share capital. Stock options and Treasury restricted share units that are dilutive and meet the non-market performance conditions as at the reporting date are considered in the calculation of diluted earnings per share, as per note 3(bb) to these consolidated financial statements.

Non-Treasury restricted share units expected to be settled in cash

Non-Treasury restricted share units are expected to be settled in cash, except to the extent that common shares have been purchased on the open market and held in a trust for the purpose of settling the Non-Treasury restricted share units in shares in lieu of cash. Non-Treasury restricted share units expected to be settled in cash are accounted for as cash settled awards, with the recognized compensation expense included in accounts payable and accrued liabilities. Compensation expense is initially measured at fair value at the grant date and is recognized in net earnings over the vesting period. The liability is remeasured at fair value, based on the market price of the Company's common shares, at each reporting date. Remeasurements during the vesting period are recognized immediately to net earnings to the extent that they relate to past services, and recognition is amortized over the remaining vesting period to the extent that they relate to future services. The cumulative compensation cost that will ultimately be recognized is the fair value of the Company's shares at the settlement date.

Non-Treasury restricted share units expected to be settled in common shares

Non-Treasury restricted share units are expected to be settled in common shares only when common shares have been purchased on the open market and held in a trust for the purpose of settling a corresponding amount of non-Treasury restricted share units in common shares in lieu of cash. At the time common shares are purchased on the open market and designated for future settlement of a corresponding amount of non-Treasury restricted share units, any accumulated accrued compensation expense previously credited to accounts payable and accrued liabilities for such non-Treasury restricted share units is transferred to contributed surplus, and compensation expense continues to be recognized over the remaining vesting period, based on the purchase cost of the common shares that are held in trust, with a corresponding increase to contributed surplus. In addition, the common shares purchased by the trust are considered as being temporarily held in treasury, as described in note 14(e) to these consolidated financial statements. Upon delivery of the common shares for settlement of vesting non-Treasury restricted share units, the corresponding amounts in contributed surplus representing the accumulated accrued compensation expense are transferred to share capital.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

(cc) Share based payments (continued):

Estimates for forfeitures and performance conditions
The measurement of compensation expense for stock options, Treasury restricted share units and non-Treasury restricted share units is net of estimated forfeitures. For the portion of Treasury restricted share units and Non-Treasury restricted share units that are issuable based on non-market performance conditions, the amount recognized as an expense is adjusted to reflect the number of awards for which the related service and performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Deferred share unit plan
The Company has a deferred share unit plan for independent members of the Company's Board of Directors, who receive a portion of their compensation in the form of deferred share units ("DSUs"). These DSUs are cash settled awards, and are initially recognized in net earnings based on fair value at the grant date. The DSU obligation is included in accounts payable and accrued liabilities and is re-measured at fair value, based on the market price of the Company's common shares, at each reporting date.

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

(dd) Leases:
Leases in which a significant portion of the risks and rewards of ownership are not assumed by the Company are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to net earnings on a straight-line basis over the lease term.

Leases of property, plant and equipment where the Company has substantially all of the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Determining whether an arrangement contains a lease
At inception of an arrangement where the Company receives the right to use an asset, the Company determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfillment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Company the right to control the use of the underlying asset.

(ee) Use of estimates and judgments:
The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

***Critical judgments in applying accounting policies*:**

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

Determination of cash generating units (CGUs)
The identification of CGUs and grouping of assets into the respective CGUs is based on currently available information about actual utilization experience and expected future business plans. Management has taken into consideration various factors in identifying its CGUs. These factors include how the Company manages and monitors its operations, the nature of each CGU's operations and the major customer markets they serve. As such, the Company has identified its CGUs for purposes of testing the recoverability and impairment of non-financial assets to be Printwear, Branded Apparel and Yarn-Spinning.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

(ee) Use of estimates and judgments (continued):

Income taxes
The Company's income tax provisions and income tax assets and liabilities are based on interpretations of applicable tax laws, including income tax treaties between various countries in which the Company operates as well as underlying rules and regulations with respect to transfer pricing. These interpretations involve judgments and estimates and may be challenged through government taxation audits that the Company is regularly subject to. New information may become available that causes the Company to change its judgment regarding the adequacy of existing income tax assets and liabilities; such changes will impact net earnings in the period that such a determination is made.

Key sources of estimation uncertainty

Key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are as follows:

Allowance for doubtful accounts
The Company makes an assessment of whether accounts receivable are collectable, which considers the credit-worthiness of each customer, taking into account each customer's financial condition and payment history in order to estimate an appropriate allowance for doubtful accounts. Furthermore, these estimates must be continuously evaluated and updated. The Company is not able to predict changes in the financial condition of its customers, and if circumstances related to its customers' financial condition deteriorate, the estimates of the recoverability of trade accounts receivable could be materially affected and the Company may be required to record additional allowances. Alternatively, if the Company provides more allowances than needed, a reversal of a portion of such allowances in future periods may be required based on actual collection experience.

Inventory valuation
The Company regularly reviews inventory quantities on hand and records a provision for those inventories no longer deemed to be fully recoverable. The cost of inventories may no longer be recoverable if those inventories are slow moving, discontinued, damaged, if they have become obsolete, or if their selling prices or estimated forecast of product demand decline. If actual market conditions are less favorable than previously projected, or if liquidation of the inventory which is no longer deemed to be fully recoverable is more difficult than anticipated, additional provisions may be required.

Business combinations
Business combinations are accounted for in accordance with the acquisition method. On the date that control is obtained, the identifiable assets, liabilities and contingent liabilities of the acquired company are measured at their fair value. Depending on the complexity of determining these valuations, the Company uses appropriate valuation techniques which are generally based on a forecast of the total expected future net discounted cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the related assets and the discount rate applied as it would be assumed by a market participant.

Recoverability and impairment of non-financial assets
The calculation of value in use for purposes of measuring the recoverable amount of non-financial assets involves the use of significant assumptions and estimates with respect to a variety of factors, including expected sales, gross margins, SG&A expenses, capital expenditures, working capital requirements, cash flows and the selection of an appropriate discount rate, all of which are subject to inherent uncertainties and subjectivity. The assumptions are based on annual business plans and other forecasted results as well as discount rates which are used to reflect market based estimates of the risks associated with the projected cash flows, based on the best information available as of the date of the impairment test. Changes in circumstances, such as technological advances, changes to the Company's business strategy, adverse changes in third party licensing arrangements, and changes in economic conditions can result in actual useful lives and future cash flows differing significantly from estimates and could result in increased charges for amortization or impairment. Revisions to the estimated useful lives of finite life non-financial assets or future cash flows constitute a change in accounting estimate and are applied prospectively. There can be no assurance that the estimates and assumptions used in the impairment tests will prove to be accurate predictions of the future. If the future adversely differs from management's best estimate of key economic assumptions, and if associated cash flows materially decrease, the Company may be required to record material impairment charges related to its non-financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

(ee) Use of estimates and judgments (continued):

Measurement of the estimate of expected costs for decommissioning and site restoration
The measurement of the provision for decommissioning and site restoration costs requires assumptions to be made including expected timing of the event which would result in the outflow of resources, the range of possible methods of decommissioning and site restoration, and the expected costs that would be incurred to settle any decommissioning and site restoration liabilities. The Company has measured the provision using the present value of the expected costs which requires assumptions on the discount rate to use. Revisions to any of the assumptions and estimates used by management may result in changes to the expected expenditures to settle the liability which would require adjustments to the provision which may have an impact on the operating results of the Company in the period the change occurs.

Income taxes
The Company has unused available tax losses and deductible temporary differences in certain jurisdictions. The Company recognizes deferred income tax assets for these unused tax losses and deductible temporary differences only to the extent that, in management's opinion, it is probable that future taxable profit will be available against which these available tax losses and temporary differences can be utilized. The Company's projections of future taxable profit involve the use of significant assumptions and estimates with respect to a variety of factors, including future sales and operating expenses. There can be no assurance that the estimates and assumptions used in our projections of future taxable income will prove to be accurate predictions of the future, and in the event that our assessment of the recoverability of these deferred tax assets changes in the future, a material reduction in the carrying value of these deferred tax assets could be required, with a corresponding charge to net earnings.

4. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET APPLIED:

Levies
In May 2013, the IASB released IFRIC 21, Levies, which provides guidance on accounting for levies in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets. The interpretation defines a levy as an outflow of resources from an entity imposed by a government in accordance with legislation, other than income taxes within the scope of IAS 12, Income Taxes, and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recorded before the specified minimum threshold is reached. IFRIC 21 will be effective for the Company's fiscal year beginning on October 6, 2014, and is to be applied retrospectively. The Company is currently assessing the impact of the adoption of this interpretation on its consolidated financial statements.

Revenues from contracts with customers
In May 2014, the IASB released IFRS 15, Revenue from Contracts with Customers, which establishes principles for reporting and disclosing the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled to in exchange for those goods and services.

IFRS 15 provides a single model in order to depict the transfer of promised goods or services to customers, and supersedes IAS 11, Construction Contracts, IAS 18, Revenue, and a number of revenue-related interpretations (IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue - Barter Transactions Involving Advertising Service). IFRS 15 will be effective for the Company's fiscal year beginning on January 2, 2017, with earlier application permitted. The Company is currently assessing the impact of the adoption of this standard on its consolidated financial statements.

Financial Instruments
In July 2014, the IASB issued the complete IFRS 9 (2014), Financial Instruments. IFRS 9 (2014) differs in some regards from IFRS 9 (2013) which the Company early adopted effective March 31, 2014. IFRS 9 (2014) includes updated guidance on the classification and measurement of financial assets. The final standard also amends the impairment model by introducing a new expected credit loss model for calculating impairment, and new general hedge accounting requirements. The mandatory effective date of IFRS 9 (2014) is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The Company is currently assessing the impact of the adoption of this standard on its consolidated financial statements.

5. BUSINESS ACQUISITIONS:

Doris Inc.

On July 7, 2014, the Company acquired substantially all of the operating assets and assumed certain liabilities of Doris Inc. ("Doris") for cash consideration of $101.7 million, plus additional contingent payments of up to $9.4 million, payable based on the achievement of targets for growth in sales revenues for a three-year period from the date of the acquisition. The acquisition was financed by the utilization of the Company's revolving long-term bank credit facility. Doris is a marketer and manufacturer of branded sheer hosiery, legwear and shapewear products to retailers in Canada and the United States. The acquisition immediately provides Gildan with an established sales organization and a platform for retail distribution of the Gildan® and Gold Toe® brands in Canada. In addition, the acquisition further enhances and expands the Company's consumer brand portfolio within its existing U.S. retail distribution network and further broadens the Company's retail distribution network in the United States due to Doris' strong presence in the food and drug channel. The Company believes this acquisition also represents a first step in building a ladies' intimate apparel platform over time.

The Company accounted for the acquisition using the acquisition method in accordance with IFRS 3, Business Combinations. The Company has determined the fair value of the assets acquired and liabilities assumed based on management's preliminary best estimate of their fair values and taking into account all relevant information available at that time. The Company has not yet finalized the assessment of the estimated fair values of inventories acquired, and the related income tax effects, which the Company expects to finalize by the end of the second quarter of fiscal 2015. Goodwill is attributable primarily to Doris' assembled workforce, expected synergies, and management reputation and expertise, which were not recorded separately since they did not meet the recognition criteria for identifiable intangible assets. Goodwill recorded in connection with this acquisition is partially deductible for tax purposes.

The following table summarizes the amounts recognized for the assets acquired and liabilities assumed at the date of acquisition:

Assets acquired:		
Trade accounts receivable	$	10,504
Inventories		28,214
Other current assets		685
Property, plant and equipment		5,951
Intangible assets (i)		50,892
		96,246
Liabilities assumed:		
Accounts payable and accrued liabilities		(9,570)
Deferred income taxes		(4,890)
		(14,460)
Goodwill		26,346
Net assets acquired at fair value		108,132
Cash consideration paid at closing		101,732
Fair value of contingent consideration		6,400
	$	108,132

(i) The intangible assets acquired are comprised of customer relationships in the amount of $33.0 million, which are being amortized on a straight line basis over their estimated useful lives of twenty years, license agreements in the amount of $2.3 million, which are being amortized on a straight line basis over their estimated useful lives of ten years and trademarks in the amount of $15.6 million, which are not being amortized as they are considered to be indefinite life intangible assets.

The fair value of acquired trade accounts receivable was $10.5 million. Gross contractual amounts receivable were $10.7 million and the best estimate at the date of acquisition of the contractual cash flows not expected to be collected amounted to $0.2 million.

5. BUSINESS ACQUISITIONS (continued):

Doris Inc. (continued)

The contingent consideration at the date of acquisition is comprised of a holdback of $9.4 million, payable based on the achievement of targets for growth in sales revenues for a three-year period from the date of the acquisition. The contingent consideration is classified as a financial liability and is included in accounts payable and accrued liabilities. The contingent consideration was initially measured at fair value, and is re-measured at fair value at each reporting date through net earnings, within restructuring and acquisition-related costs. Fair value has been estimated based on the best estimate of the probability of the revenue targets being achieved, as well as using a discount rate which is based on the risk associated with the revenue targets being met. The discount rate applied to the contingent consideration was 13.5%.

A significant increase (decrease) in the best estimate of the probability of the revenue targets being achieved would result in a higher (lower) fair value of the contingent consideration, while a significant increase (decrease) in the discount rate would result in lower (higher) fair value of the consideration. As at October 5, 2014, management's best estimate is that it is probable that the revenue targets will be achieved, and the fair value of the contingent consideration of $6.0 million as at October 5, 2014 reflects this assumption. There has been no significant change in the fair value of the contingent consideration since the acquisition date.

The consolidated results of the Company for fiscal 2014 include net sales of $21.0 million and net earnings of $3.2 million relating to Doris' results of operation since the date of acquisition. The results of Doris are included in the Branded Apparel segment.

If the acquisition of Doris is accounted for on a pro forma basis as if it had occurred at the beginning of the Company's fiscal year, the Company's consolidated net sales and net earnings for the year ended October 5, 2014 would have been $2,428.8 million and $364.3 million, respectively. These pro forma figures have been estimated based on the results of Doris' operations prior to being purchased by the Company, adjusted to reflect the fair value adjustments, which arose on the date of acquisition, as if the acquisition occurred on September 30, 2013, and should not be viewed as indicative of the Company's future results.

New Buffalo Shirt Factory Inc.

On June 21, 2013, the Company acquired substantially all of the assets and assumed certain liabilities of New Buffalo Shirt Factory Inc. ("New Buffalo") and its operating affiliate in Honduras, for cash consideration of $5.8 million, and a balance due of $0.5 million. The transaction also resulted in the effective settlement of $4.0 million of trade accounts receivable from New Buffalo prior to the acquisition. New Buffalo was a leader in screenprinting and apparel decoration, which provided high-quality screenprinting and decoration of apparel for global athletic and lifestyle brands. The rationale for the acquisition of New Buffalo was to complement the further development of the Company's relationships with the major consumer brands which it supplies. The Company financed the acquisition through the utilization of its revolving long-term bank credit facility.

The Company accounted for this acquisition using the acquisition method in accordance with IFRS 3, Business Combinations. The Company determined the fair value of the assets acquired and liabilities assumed based on management's best estimate of their fair values and taking into account all relevant information available at that time. Goodwill is attributable primarily to New Buffalo's assembled workforce, and management reputation and expertise, which were not recorded separately since they did not meet the recognition criteria for identifiable intangible assets. Goodwill recorded in connection with this acquisition is fully deductible for tax purposes. The fair value of acquired trade accounts receivable was $5.5 million. Gross contractual amounts receivable were $5.6 million and the best estimate at the date of acquisition of the contractual cash flows not expected to be collected amounted to $0.1 million.

The results of New Buffalo are included in the Branded Apparel segment.

CanAm Yarns, LLC

On October 29, 2012, the Company acquired the remaining 50% interest of CanAm Yarns, LLC ("CanAm"), its jointly-controlled entity, for cash consideration of $11.1 million. The entity was subsequently renamed Gildan Yarns, LLC ("Gildan Yarns"). The acquisition has been presented in the consolidated statement of cash flows as a cash outflow from investing activities of $2.3 million, which represents the cash consideration paid of $11.1 million, net of cash acquired of $8.8 million. The Company financed the acquisition through the utilization of its revolving long-term bank credit facility. Gildan Yarns operates yarn-spinning facilities in the U.S. in Cedartown, Georgia and Clarkton, North Carolina, and all of the output from these facilities is utilized by the Company in its manufacturing operations. The acquisition was part of the Company's strategy to increase the degree of vertical integration in yarn spinning.

5. BUSINESS ACQUISITIONS (continued):

CanAm Yarns, LLC (continued)

The Company accounted for this acquisition as a business combination achieved in stages using the acquisition method in accordance with IFRS 3, Business Combinations. The Company determined the fair value of the assets acquired and liabilities assumed based on management's best estimate of their fair values and taking into account all relevant information available at that time. Goodwill is attributable primarily to the assembled workforce of CanAm which was not recorded separately since it did not meet the recognition criteria for identifiable intangible assets. An amount of $1.1 million of goodwill recorded in connection with this acquisition is deductible for tax purposes.

Prior to the acquisition, the Company had a yarn supply agreement with CanAm which was effectively settled at the date of acquisition and resulted in a loss of $0.4 million. The settlement amount was determined by computing the fair value of the pre-existing relationship using observable market prices. At the date of acquisition, the previously held interest in CanAm was remeasured to its fair value resulting in a loss of $1.1 million. The fair value of the previously held 50% interest in CanAm was determined to be $11.1 million, being the same value as the amount disbursed to acquire the remaining 50% interest. The remeasurement of the previously held interest in CanAm, and the settlement of the pre-existing relationship are presented as a loss on business acquisition achieved in stages of $1.5 million which is included in restructuring and acquisition-related costs in the consolidated statement of earnings and comprehensive income for fiscal 2013.

The Company had a deferred income tax liability balance of $1.1 million related to its previously held interest in the underlying assets and liabilities of CanAm, which was reversed at the date of acquisition as part of the remeasurement of the previously held interest in CanAm, resulting in a gain of $1.1 million. The reversal of the deferred income tax liability was recorded as a reduction to income tax expense in the consolidated statement of earnings and comprehensive income in fiscal 2013.

In fiscal 2014 and 2013, the output of Gildan Yarns was consumed primarily by the Printwear segment.

The following table summarizes the amounts recognized for the assets acquired and liabilities assumed at the date of acquisition for both business acquisitions in fiscal 2013:

	New Buffalo	CanAm	Total
Assets acquired:			
Cash and cash equivalents	$ -	$ 8,817	$ 8,817
Trade accounts receivable	5,506	-	5,506
Inventories	2,033	2,227	4,260
Prepaid expenses and deposits	69	62	131
Other current assets	25	401	426
Property, plant and equipment	1,990	12,404	14,394
Other non-current assets	-	75	75
	9,623	23,986	33,609
Liabilities assumed:			
Accounts payable and accrued liabilities	(3,286)	(3,556)	(6,842)
Deferred income taxes	-	(914)	(914)
	(3,286)	(4,470)	(7,756)
Goodwill	3,958	2,308	6,266
Net assets acquired at fair value	$ 10,295	$ 21,824	$ 32,119
Cash consideration paid at closing	$ 5,757	$ 11,087	$ 16,844[(i)]
Fair value of the equity interest in CanAm held by the Company immediately prior to the acquisition date	-	11,087	11,087
Balance due	500	-	500
Settlement of pre-existing relationships	4,038	(350)	3,688
	$ 10,295	$ 21,824	$ 32,119

(i) The cash consideration paid has been presented in the 2013 consolidated statement of cash flows as a cash outflow from investing activities of $8.0 million, which represents the cash consideration paid of $16.8 million, net of cash acquired of $8.8 million.

6. CASH AND CASH EQUIVALENTS:

		October 5, 2014		September 29, 2013
Bank balances	**$**	**65,099**	$	96,493
Term deposits		**64**		875
	$	**65,163**	$	97,368

7. TRADE ACCOUNTS RECEIVABLE:

		October 5, 2014		September 29, 2013
Trade accounts receivable	**$**	**358,688**	$	258,685
Allowance for doubtful accounts		**(4,423)**		(3,667)
	$	**354,265**	$	255,018

The movement in the allowance for doubtful accounts in respect of trade receivables was as follows:

		2014		2013
Balance, beginning of year	**$**	**(3,667)**	$	(4,495)
Bad debt expense		**(2,420)**		(713)
Write-off of trade accounts receivable		**1,834**		1,607
Increase due to business acquisitions (note 5)		**(170)**		(66)
Balance, end of year	**$**	**(4,423)**	$	(3,667)

8. INVENTORIES:

		October 5, 2014		September 29, 2013
Raw materials and spare parts inventories	**$**	**94,946**	$	69,508
Work in progress		**52,010**		36,507
Finished goods		**632,451**		489,779
	$	**779,407**	$	595,794

The amount of inventories recognized as an expense and included in cost of sales was $1,653.2 million for fiscal 2014 (2013 - $1,508.6 million), which included an expense of $2.3 million (2013 - $6.0 million) related to the write-down of inventory to net realizable value.

9. PROPERTY, PLANT AND EQUIPMENT:

2014	Land	Buildings and improvements	Manufacturing equipment	Other equipment	Assets not yet utilized in operations	Total
Cost						
Balance, September 29, 2013	$ 39,922	$ 249,230	$ 532,557	$ 114,628	$ 114,030	$ 1,050,367
Additions	5,759	48,524	61,881	17,510	166,872	300,546
Additions through business acquisitions	-	32	5,780	139	-	5,951
Transfers	-	17,369	95,848	813	(114,030)	-
Disposals	(140)	(332)	(8,697)	(3,402)	-	(12,571)
Balance, October 5, 2014	**$ 45,541**	**$ 314,823**	**$ 687,369**	**$ 129,688**	**$ 166,872**	**$ 1,344,293**
Accumulated depreciation						
Balance, September 29, 2013	$ -	$ 72,465	$ 262,785	$ 59,248	$ -	$ 394,498
Depreciation	-	14,337	58,816	11,408	-	84,561
Disposals	-	(191)	(5,035)	(3,266)	-	(8,492)
Balance, October 5, 2014	**$ -**	**$ 86,611**	**$ 316,566**	**$ 67,390**	**$ -**	**$ 470,567**
Carrying amount, October 5, 2014	**$ 45,541**	**$ 228,212**	**$ 370,803**	**$ 62,298**	**$ 166,872**	**$ 873,726**

2013	Land	Buildings and improvements	Manufacturing equipment	Other equipment	Assets not yet utilized in operations	Total
Cost						
Balance, September 30, 2012	$ 38,936	$ 231,032	$ 532,341	$ 96,624	$ 11,769	$ 910,702
Additions	648	13,889	18,158	23,498	114,030	170,223
Additions through business acquisitions	338	4,613	9,320	123	-	14,394
Transfers	-	435	9,144	2,190	(11,769)	-
Disposals	-	(739)	(36,406)	(7,807)	-	(44,952)
Balance, September 29, 2013	$ 39,922	$ 249,230	$ 532,557	$ 114,628	$ 114,030	$ 1,050,367
Accumulated depreciation						
Balance, September 30, 2012	$ -	$ 65,168	$ 242,923	$ 50,174	$ -	$ 358,265
Depreciation	-	7,721	54,551	16,811	-	79,083
Disposals	-	(424)	(34,689)	(7,737)	-	(42,850)
Balance, September 29, 2013	$ -	$ 72,465	$ 262,785	$ 59,248	$ -	$ 394,498
Carrying amount, September 29, 2013	$ 39,922	$ 176,765	$ 269,772	$ 55,380	$ 114,030	$ 655,869

Assets not yet utilized in operations include expenditures incurred to date for plant expansions which are still in process, and equipment not yet placed into service as at the end of the reporting period.

As at October 5, 2014, there were contractual purchase obligations outstanding of approximately $203.3 million for the acquisition of property, plant and equipment compared to $125.2 million as of September 29, 2013.

10. INTANGIBLE ASSETS AND GOODWILL:

Intangible assets

2014	Customer contracts and customer relationships	Trademarks	License agreements	Computer software	Non-compete agreements	Total
Cost						
Balance, September 29, 2013	$ 133,866	$ 102,045	$ 51,000	$ 31,740	$ 1,700	$ 320,351
Additions	-	-	-	6,150	-	6,150
Additions through business acquisitions	32,965	15,627	2,300	-	-	50,892
Disposals	-	-	-	(959)	-	(959)
Balance, October 5, 2014	**$ 166,831**	**$ 117,672**	**$ 53,300**	**$ 36,931**	**$ 1,700**	**$ 376,434**
Accumulated amortization						
Balance, September 29, 2013	$ 30,451	$ -	$ 18,689	$ 21,974	$ 1,700	$ 72,814
Amortization	7,556	-	7,660	2,009	-	17,225
Disposals	-	-	-	(958)	-	(958)
Balance, October 5, 2014	**$ 38,007**	**$ -**	**$ 26,349**	**$ 23,025**	**$ 1,700**	**$ 89,081**
Carrying amount, October 5, 2014	**$ 128,824**	**$ 117,672**	**$ 26,951**	**$ 13,906**	**$ -**	**$ 287,353**

2013	Customer contracts and customer relationships	Trademarks	License agreements	Computer software	Non-compete agreements	Total
Cost						
Balance, September 30, 2012	$ 133,866	$ 102,045	$ 51,000	$ 28,105	$ 1,700	$ 316,716
Additions	-	-	-	4,315	-	4,315
Disposals	-	-	-	(680)	-	(680)
Balance, September 29, 2013	$ 133,866	$ 102,045	$ 51,000	$ 31,740	$ 1,700	$ 320,351
Accumulated amortization						
Balance, September 30, 2012	$ 23,299	$ -	$ 11,087	$ 21,109	$ 1,240	$ 56,735
Amortization	7,152	-	7,602	1,541	460	16,755
Disposals	-	-	-	(676)	-	(676)
Balance, September 29, 2013	$ 30,451	$ -	$ 18,689	$ 21,974	$ 1,700	$ 72,814
Carrying amount, September 29, 2013	$ 103,415	$ 102,045	$ 32,311	$ 9,766	$ -	$ 247,537

The carrying amount of internally-generated assets within computer software was $6.9 million as at October 5, 2014 and $4.3 million as at September 29, 2013. Included in computer software as at October 5, 2014 is $5.1 million of assets not yet utilized in operations.

10. INTANGIBLE ASSETS AND GOODWILL (continued):

Goodwill

		2014		2013
Balance, beginning of period	$	**150,099**	$	143,833
Goodwill acquired (note 5)		**26,346**		6,266
Balance, end of period	$	**176,445**	$	150,099

Recoverability of cash-generating units

Goodwill acquired through business acquisitions and trademarks with indefinite useful lives have been allocated to CGUs that are expected to benefit from the synergies of the acquisition, as follows:

		October 5, 2014		September 29, 2013
Branded Apparel				
Goodwill	**$**	**170,649**	$	144,303
Trademarks		**112,972**		97,345
		283,621		241,648
Printwear				
Goodwill		**5,796**		5,796
Trademarks		**4,700**		4,700
	$	**10,496**	$	10,496

In assessing whether goodwill and indefinite life intangible assets are impaired, the carrying amount of the CGUs (including goodwill and indefinite life intangible assets) are compared to their recoverable amount. The recoverable amounts of CGUs are based on the higher of the value in use and fair value less costs to sell. The Company performed the annual impairment review for goodwill and indefinite life intangible assets as at October 5, 2014, and the estimated recoverable amounts exceeded the carrying amounts of the CGUs and as a result, there was no impairment identified.

Recoverable amount – Branded Apparel
The Company determined the recoverable amount of the Branded Apparel CGU based on the greater of the fair value less costs of disposal calculation and the value in use calculation. The fair value of the Branded Apparel CGU was based on an earnings multiple applied to forecasted earnings, while the value in use calculation was assessed using cash flow projections, which takes into account financial budgets and forecasts approved by senior management covering a five-year period with a terminal value calculated by discounting the final year in perpetuity. The key assumptions for the value in use calculation include estimated sales volumes, selling prices and input costs, as well as discount rates which are based on estimates of the risks associated with the projected cash flows based on the best information available as of the date of the impairment test. The pre-tax discount rate applied to cash flow projections was 14.7%. A growth rate of 2%, which does not exceed the historical and industry average growth rates, was used to calculate the terminal value. The Company determined that no reasonably possible change in the key assumptions used in determining the recoverable amount would have resulted in any impairment of goodwill or indefinite life intangible assets.

11. LONG-TERM DEBT:

The Company has a committed unsecured revolving long-term bank credit facility of $800 million. The facility provides for an annual extension which is subject to the approval of the lenders, and amounts drawn under the facility bear interest at a variable bankers' acceptance or U.S. LIBOR-based interest rate plus a spread ranging from 1% to 2%, such range being a function of the total debt to EBITDA ratio (as defined in the credit facility agreement). In December 2013, the Company amended its revolving long-term bank credit facility to extend the maturity date from January 2018 to January 2019. As at October 5, 2014, $157.0 million (September 29, 2013 - nil) was drawn under the facility, and the effective interest rate for fiscal 2014 was 1.2% (2013 - 2.4%). In addition, an amount of $7.9 million (September 29, 2013 - $7.4 million) has been committed against this facility to cover various letters of credit as described in note 24. The revolving long-term bank credit facility requires the Company to comply with certain covenants including maintenance of financial ratios. The Company was in compliance with all of these covenants as at October 5, 2014.

Subsequent to year-end, in December 2014, the Company amended its revolving long-term bank credit facility to increase the facility to $1 billion from $800 million, and to extend the maturity date to April 2020 from January 2019.

12. EMPLOYEE BENEFIT OBLIGATIONS:

		October 5, 2014		September 29, 2013
Defined benefit pension plan	**$**	**-**	$	5,776
Statutory severance obligation		**17,556**		10,935
Defined contribution plan		**2,009**		1,775
	$	**19,565**	$	18,486

(a) Defined benefit pension plan:

The Company's funded qualified defined benefit pension plan ("Retirement Plan") covering certain employees of Gold Toe filed for termination in October 2012. The termination was approved in the fourth quarter of fiscal 2013, and the final wind-up took place in the first quarter of fiscal 2014. As the termination took place early in fiscal 2014, there were no significant movements in the benefit obligation or in the fair value of the plan assets, except for the employer contributions made as part of the settlement of the plan.

The funded status of the Company's Retirement Plan was as follows:

		2014		2013
Benefit obligation, beginning of year	**$**	**8,807**	$	9,571
Interest cost		**-**		315
Actuarial gain		**-**		(529)
Settlement loss		**1,898**		-
Benefits paid		**(57)**		(550)
Plan settlements		**(10,648)**		-
Benefit obligation, end of year	**$**	**-**	$	8,807
Fair value of plan assets, beginning of year	**$**	**3,031**	$	3,700
Employer contributions		**7,674**		-
Plan settlements		**(10,648)**		-
Expected return on plan assets		**-**		101
Actuarial loss		**-**		(220)
Benefits paid		**(57)**		(550)
Fair value of plan assets, end of year	**$**	**-**	$	3,031
Plan deficit / defined benefit pension liability, end of year	**$**	**-**	$	5,776

12. EMPLOYEE BENEFIT OBLIGATIONS (continued):

(a) Defined benefit pension plan (continued):

The net periodic pension expense of the Company's Retirement Plan for the year ended October 5, 2014 of $1.9 million related to the loss incurred on the final settlement on the wind-up of the Retirement Plan, and was recorded in restructuring and acquisition-related costs. The net periodic pension expense of the Company's Retirement Plan for the year ended September 29, 2013 of $0.2 million included interest costs of $0.3 million, offset by an expected return on plan assets of $0.1 million.

(b) Statutory severance obligation:

		2014		2013
Benefit obligation, beginning of year	**$**	**10,935**	$	12,246
Service cost		**9,312**		8,242
Interest cost		**5,232**		3,650
Actuarial loss (gain)		**3,614**		(127)
Foreign exchange gain		**(880)**		(1,195)
Benefits paid		**(10,657)**		(11,881)
Benefit obligation, end of year	**$**	**17,556**	$	10,935

Significant assumptions for the calculation of the statutory severance obligation included the use of a discount rate of between 10% and 12% and rates of compensation increases between 5% and 8%.

(c) Defined contribution plan:

During fiscal 2014, defined contribution expenses were $2.4 million (2013 - $2.3 million).

(d) Actuarial losses recognized in other comprehensive income:

The cumulative amount of actuarial losses recognized in other comprehensive income as at October 5, 2014 was $6.8 million (September 29, 2013 - $3.2 million) which have been reclassified to retained earnings in the period in which they were recognized.

13. PROVISIONS:

		Decommissioning and site restoration costs		Lease exit costs		**Total**
Balance, September 29, 2013	$	13,853	$	2,472	**$**	**16,325**
Provisions made during the year		1,968		-		**1,968**
Provisions utilized during the year		-		(690)		**(690)**
Accretion of interest		323		-		**323**
Balance, October 5, 2014	$	16,144	$	1,782	**$**	**17,926**

Provisions include estimated future costs of decommissioning and site restoration for certain assets located at the Company's textile and sock facilities and a distribution centre in the U.S. for which the timing of settlement is uncertain, but has been estimated to be in excess of twenty years. The lease exit costs relate to the exit of an Anvil administrative office lease.

14. EQUITY:

(a) Shareholder rights plan:

The Company has a shareholder rights plan which provides the Board of Directors and the shareholders with additional time to assess any unsolicited take-over bid for the Company and, where appropriate, pursue other alternatives for maximizing shareholder value.

(b) Accumulated other comprehensive income ("AOCI"):

Accumulated other comprehensive income includes the changes in the fair value of the effective portion of qualifying cash flow hedging instruments outstanding at the end of the period.

(c) Share capital:

Authorized:
Common shares, authorized without limit as to number and without par value. First preferred shares, without limit as to number and without par value, issuable in series and non-voting. Second preferred shares, without limit as to number and without par value, issuable in series and non-voting. As at October 5, 2014 and September 29, 2013 none of the first and second preferred shares were issued.

Issued:
As at October 5, 2014, there were 122,324,407 common shares (September 29, 2013 - 121,626,076) issued and outstanding, which are net of 146,769 common shares (September 29, 2013 - 282,761) that have been purchased and are held in trust as described in note 14(e).

(d) Normal course issuer bid:

On December 3, 2014, the Board of Directors of the Company approved the initiation of a normal course issuer bid ("NCIB") to purchase for cancellation up to 6.1 million common shares, representing approximately 5% of the Company's total issued and outstanding common shares as of November 30, 2014. The Company is authorized to make purchases under the NCIB over the 12-month period beginning December 8, 2014 and ending on December 7, 2015 in accordance with the requirements of the Toronto Stock Exchange ("TSX"). Purchases will be made by means of open market transactions on both the TSX and the New York Stock Exchange ("NYSE"), or alternative trading systems, if eligible, or by such other means as the TSX, the NYSE or a securities regulatory authority may permit, including by private agreements under an issuer bid exemption order issued by securities regulatory authorities in Canada.

(e) Common shares purchased as settlement for non-Treasury RSUs:

In September 2011, the Company established a trust for the purpose of settling the vesting of non-Treasury RSUs. For non-Treasury RSUs that are to be settled in common shares in lieu of cash, the Company directs the trustee to purchase common shares of the Company on the open market to be held in trust for and on behalf of the holders of non-Treasury RSUs until they are delivered for settlement, when the non-Treasury RSUs vest. At the time the common shares are purchased, the amounts previously credited to accounts payable and accrued liabilities for the non-Treasury RSUs initially expected to be settled in cash are transferred to contributed surplus. For accounting purposes, the common shares are considered as held in treasury, and recorded as a temporary reduction of outstanding common shares and share capital. Upon delivery of the common shares for settlement of the non-Treasury RSUs, the number of common shares outstanding is increased, and the amount in contributed surplus is transferred to share capital. The common shares purchased as settlement for non-Treasury RSUs were as follows:

	2014			2013		
	Shares	**Amount**	**Average cost**	Shares	Amount	Average Cost
Balance, beginning of year	**283**	**$ 9,747**	**$ 34.44**	210	$ 5,990	$ 28.52
Purchased	**300**	**14,481**	**48.27**	278	9,621	34.61
Distributed	**(436)**	**(17,173)**	**39.39**	(205)	(5,864)	28.60
Balance, end of year	**147**	**$ 7,055**	**$ 47.99**	283	$ 9,747	$ 34.44

14. EQUITY (continued):

(f) Contributed surplus:

The contributed surplus account is used to record the initial value of equity-settled share based compensation transactions. Upon the exercise of stock options and the vesting of Treasury restricted share units, the corresponding amounts previously credited to contributed surplus are transferred to share capital.

15. FINANCIAL INSTRUMENTS:

Disclosures relating to the nature and extent of the Company's exposure to risks arising from financial instruments, including credit risk, liquidity risk, foreign currency risk and interest rate risk, as well as risks arising from commodity prices, and how the Company manages those risks, are included in the section entitled "Financial risk management" of the Management's Discussion and Analysis of the Company's operations, financial performance and financial position as at October 5, 2014 and September 29, 2013. Accordingly, these disclosures are incorporated into these consolidated financial statements by cross-reference.

(a) Financial instruments – carrying amounts and fair values:

The carrying amounts and fair values of financial assets and liabilities included in the consolidated statements of financial position are as follows:

		October 5, 2014		September 29, 2013
Financial assets				
Amortized cost:				
Cash and cash equivalents	**$**	**65,163**	$	97,368
Trade accounts receivable		**354,265**		255,018
Other current assets		**17,824**		9,931
Long-term non-trade receivables included in other non-current assets		**4,008**		3,400
Derivative financial instruments designated as effective hedging instruments included in other current assets		**920**		1,103
Financial liabilities				
Amortized cost:				
Accounts payable and accrued liabilities	**$**	**361,377**	$	287,382
Long-term debt - bearing interest at variable rates		**157,000**		-
Derivative financial instruments designated as effective hedging instruments included in accounts payable and accrued liabilities		**7,335**		2,032
Contingent consideration included in accounts payable and accrued liabilities		**5,959**		-

Short-term financial assets and liabilities
The Company has determined that the fair value of its short-term financial assets and liabilities approximates their respective carrying amounts as at the reporting dates due to the short-term maturities of these instruments, as they bear variable interest-rates or because the terms and conditions are comparable to current market terms and conditions for similar items.

Non-current assets and long-term debt
The fair values of the long-term non-trade receivables included in other non-current assets, and the Company's interest-bearing financial liabilities also approximate their respective carrying amounts because the interest rates applied to measure their carrying amount approximate current market interest rates.

15. FINANCIAL INSTRUMENTS (continued):

(a) Financial instruments – carrying amounts and fair values (continued):

Contingent consideration
The contingent consideration in connection with a business combination is payable based on the achievement of targets for growth in sales revenues for a three-year period from the date of the acquisition. The fair value measurement of the contingent consideration is determined using unobservable (Level 3) inputs. These inputs include (i) the estimated amount and timing of projected cash flows; (ii) the probability of the achievement of the factors on which the contingency is based; and (iii) the risk-adjusted discount rate used to present value the probability-weighted cash flows. Fair value has been estimated based on the best estimate of the probability of the revenue targets being achieved, as well as using a discount rate which is based on the risk associated with the revenue targets being met. The discount rate applied to the contingent consideration was 13.5%. Significant increases (decreases) in any of those inputs in isolation could result in a significantly lower (higher) fair value measurement. There has been no significant change in any of the inputs used to measure the fair value of the contingent consideration since the date of the acquisition. The contingent consideration is classified as a financial liability and is included in accounts payable and accrued liabilities.

Derivatives
The derivatives consist of foreign exchange and commodity forward and option contracts. The fair value of the forward contracts is measured using a generally accepted valuation technique which is the discounted value of the difference between the contract's value at maturity based on the rate set out in the contract and the contract's value at maturity based on the rate that the counterparty would use if it were to renegotiate the same contract at the measurement date under the same conditions. The fair value of the option contracts is measured using option pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs, including volatility estimates and option adjusted credit spreads.

The fair values of financial assets, financial liabilities and derivative financial instruments were measured using Level 2 inputs in the fair value hierarchy, with the exception of the contingent consideration which was measured using Level 3 inputs. In determining the fair value of financial assets and financial liabilities, including derivative financial instruments, the Company takes into account its own credit risk and the credit risk of the counterparties.

(b) Derivative financial instruments:

During fiscal 2014, the Company entered into foreign exchange and commodity forward option contracts in order to minimize the exposure of forecasted cash inflows and outflows in currencies other than the U.S. dollar and to manage its exposure to movements in commodity prices.

The forward foreign exchange contracts were designated as either cash flow hedges or fair value hedges, and qualified for hedge accounting. The forward foreign exchange contracts outstanding as at October 5, 2014 consisted primarily of contracts to reduce the exposure to fluctuations in Euros, Pounds sterling, and Swiss franc, against the U.S. dollar.

The commodity option contracts were designated as cash flow hedges and qualified for hedge accounting. The commodity option contracts outstanding as at October 5, 2014 consisted primarily of zero-cost collar contracts to reduce the exposure to movements in commodity prices.

For fiscal 2014, the derivatives designated as either cash flow hedges or fair value hedges were considered to be fully effective and no ineffectiveness has been recognized in net earnings, as the critical terms of the hedged items are closely aligned to the critical terms of the hedging instruments.

15. FINANCIAL INSTRUMENTS (continued):

(b) Derivative financial instruments (continued):

The following table summarizes the Company's commitments to buy and sell foreign currencies as at October 5, 2014:

				Carrying and fair value		Maturity
	Notional foreign currency amount equivalent	Average exchange rate	Notional U.S. $ equivalent	Other current assets	Accounts payable and accrued liabilities	0 to 12 months
Cash flow hedges:						
Forward foreign exchange contracts:						
Sell GBP/Buy USD	3,229	1.6668	5,382	173	-	173
Sell EUR/Buy USD	7,386	1.3693	10,114	747	-	747
Fair value hedges:						
Forward foreign exchange contracts:						
Sell USD/Buy CHF	28,854	1.1350	32,749	-	(2,397)	(2,397)
Sell USD/Buy EUR	32,375	1.3252	42,902	-	(1,832)	(1,832)
			$ 91,147	$ 920	$ (4,229)	$ (3,309)

The following table summarizes the Company's commodity option contracts outstanding as at October 5, 2014:

		Carrying and fair value	Maturity
	Notional amount (pounds)	Accounts payable and accrued liabilities	0 to 12 months
Cash flow hedges:			
Zero-cost collars	23,000	$ (3,106)	$ (3,106)

A zero-cost collar is a combination of two option contracts that limit the holder's exposure to changes in prices within a specific range. The "costless" nature of this derivative financial instrument is achieved by buying a call option (the acquisition of a right to purchase) for consideration equal to the premium received from selling a put option (the sale to the counterparty of a right to sell). The Company settled a portion of its zero-cost collar contracts designated as cash flow hedges during the fourth quarter of fiscal 2014, resulting in a loss of $5.1 million which is reflected in the statement of other comprehensive income, and will affect net earnings during fiscal 2015.

15. FINANCIAL INSTRUMENTS (continued):

(b) Derivative financial instruments (continued):

The following table summarizes the Company's hedged items as at October 5, 2014:

	Carrying amount of the hedged item		Accumulated amount of FVH adjustments on the hedged item		Line item	Change in value used for calculating hedge ineffectiveness	Cash flow hedge reserve (AOCI)
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedges:							
Foreign currency risk							
Forecast sales	-	-	-	-		$ 426	$ (426)
Forecast expenses	-	-	-	-		-	-
Commodity risk							
Forecast purchases	-	-	-	-		(8,158)	8,158
Fair value hedges:							
Foreign currency risk							
Firm commitment	$ 5,040	$ -	$ 5,040	$ -	Other current assets	(5,040)	-

No ineffectiveness was recognized in net earnings as the change in value used for calculating the ineffectiveness of the hedging instruments was the same as the change in value used for calculating the ineffectiveness of the hedged items.

(c) Financial expenses, net:

		2014		2013
Interest expense on financial liabilities recorded at amortized cost	**$**	**2,061**	$	3,899
Recognition of deferred hedging loss on interest rate swaps (i)		**-**		4,734
Bank and other financial charges		**3,299**		3,674
Interest accretion on discounted provisions		**323**		312
Foreign exchange (gain) loss		**(2,786)**		239
Derivative gain on financial instruments not designated for hedge accounting		**-**		(845)
	$	**2,897**	$	12,013

(i) During the fourth quarter of fiscal 2013, the Company concluded that the majority of the designated interest payments for which interest rate swap contracts has been entered into were no longer expected to occur, and that it was no longer economic to maintain the interest rate swaps as the borrowings under the credit facility were fully repaid at the end of fiscal 2013. Therefore, the interest rate swaps were unwound, and the corresponding deferred loss on interest rate swaps remaining in accumulated other comprehensive income of $4.7 million was recognized immediately in net earnings, under the financial expenses caption.

15. FINANCIAL INSTRUMENTS (continued):

(d) Hedging components of other comprehensive income ("OCI"):

		2014		2013
Net (loss) gain on derivatives designated as cash flow hedges				
Foreign currency risk	**$**	**(1,307)**	$	1,168
Commodity price risk		**(8,158)**		-
Income taxes		**95**		(12)
Amounts reclassified from OCI to net earnings, related to foreign currency risk, and included in:				
Net sales		**3,272**		469
Cost of sales		**-**		(321)
Selling, general and administrative expenses		**113**		-
Financial expenses, net		**(67)**		5,110
Income taxes		**(33)**		5
Amounts reclassified from OCI to property, plant and equipment, related to foreign currency risk		**(991)**		-
Hedging loss	**$**	**(7,076)**	$	6,419

The change in the time value element of option contracts designated as cash flow hedges to reduce the exposure in movements of commodity prices was not significant for fiscal 2014. No amounts were reclassified to net earnings in fiscal 2014 related to commodity price risk.

The change in forward element of derivatives designated as cash flow and fair value hedges to reduce foreign currency risk was not significant for fiscal 2014.

As at October 5, 2014, approximately $7.1 million of net losses presented in accumulated other comprehensive income are expected to be reclassified to net earnings within the next twelve months.

16. SHARE-BASED COMPENSATION:

(a) Employee share purchase plans:

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, common shares of the Company at a price of 90% of the then current share price as defined in the plans. Employees purchasing shares under the plans subsequent to January 1, 2008 must hold the shares for a minimum of two years. The Company has reserved 2,500,000 common shares for issuance under the plans. As at October 5, 2014, a total of 340,873 shares (September 29, 2013 - 319,712) were issued under these plans. Included as compensation costs in selling, general and administrative expenses is $0.1 million (2013 - $0.1 million) relating to the employee share purchase plans.

(b) Stock options and restricted share units:

The Company's Long-Term Incentive Plan (the "LTIP") includes stock options and restricted share units. The LTIP allows the Board of Directors to grant stock options, dilutive restricted share units ("Treasury RSUs") and non-dilutive restricted share units ("non-Treasury RSUs") to officers and other key employees of the Company and its subsidiaries. On February 2, 2006, the shareholders of the Company approved an amendment to the LTIP to fix at 6,000,316 the number of common shares that are issuable pursuant to the exercise of stock options and the vesting of Treasury RSUs. As at October 5, 2014, 1,981,468 common shares remained authorized for future issuance under this plan.

16. SHARE-BASED COMPENSATION:

(b) Stock options and restricted share units:

The exercise price payable for each common share covered by a stock option is determined by the Board of Directors at the date of the grant, but may not be less than the closing price of the common shares of the Company on the trading day immediately preceding the effective date of the grant. Stock options granted since fiscal 2007 vest equally beginning on the second, third, fourth and fifth anniversary of the grant date, with the exception of a special one-time award of 409,711 options which cliff vest on the fifth anniversary of the grant date, and expire no more than seven or ten years after the date of the grant.

Holders of Treasury RSUs, non-Treasury RSUs and deferred share units are entitled to dividends declared by the Company which are recognized in the form of additional equity awards equivalent in value to the dividends paid on common shares. The vesting conditions of the additional equity awards are subject to the same performance objectives and other terms and conditions as the underlying equity awards. The additional awards related to outstanding Treasury RSUs and non-Treasury RSUs expected to be settled in common shares are credited to contributed surplus when the dividends are declared, whereas the additional awards related to outstanding non-Treasury RSUs expected to be settled in cash and deferred share units are credited to accounts payable and accrued liabilities.

Outstanding stock options were as follows:

	Number		Weighted average exercise price (CA$)
Stock options outstanding, September 30, 2012	1,054	$	25.18
Changes in outstanding stock options:			
Granted	191		31.17
Exercised	(195)		27.18
Forfeited	(4)		29.72
Stock options outstanding, September 29, 2013	1,046		25.88
Changes in outstanding stock options:			
Granted	**173**		**48.43**
Exercised	**(118)**		**30.36**
Stock options outstanding, October 5, 2014	**1,101**	**$**	**28.95**

As at October 5, 2014, 680,829 outstanding options were exercisable at the weighted average exercise price of CA$23.76 (September 29, 2013 - 143,283 options at CA$29.33). For stock options exercised during fiscal 2014, the weighted average share price at the date of exercise was CA$57.75 (2013 - CA$42.21). Based on the Black-Scholes option pricing model, the grant date weighted average fair value of options granted during the twelve months ended October 5, 2014 was $20.50 (September 29, 2013 - $14.34). Expected volatilities are based on the historical volatility of Gildan's share price. The risk-free rate used is equal to the yield available on Government of Canada bonds at the date of grant with a term equal to the expected life of the options.

	2014	2013
Exercise price	**$ 48.43**	$ 31.17
Risk-free interest rate	**1.87%**	1.30%
Expected volatility	**50.65%**	54.70%
Expected life	**5.25 years**	5.25 years
Expected dividend yield	**0.77%**	0.95%

16. SHARE-BASED COMPENSATION (continued):

(b) Stock options and restricted share units (continued):

The following table summarizes information about stock options issued and outstanding and exercisable at October 5, 2014:

	Options issued and outstanding		Options exercisable
Exercise prices (CA$)	Number	Remaining contractual life (yrs)	Number
$ 20.12	43	2	43
$ 22.13	410	5	410
$ 23.49	62	1	62
$ 27.20	168	4	79
$ 28.64	51	3	36
$ 31.17	191	5	48
$ 39.39	3	0	3
$ 48.43	173	6	-
	1,101		681

A Treasury RSU represents the right of an individual to receive one common share on the vesting date without any monetary consideration being paid to the Company. With limited exceptions, all Treasury RSUs awarded to date vest within a five-year vesting period. The vesting of at least 50% of each Treasury RSU grant is contingent on the achievement of performance conditions that are primarily based on the Company's average return on assets performance for the period as compared to the S&P/TSX Capped Consumer Discretionary Index, excluding income trusts, or as determined by the Board of Directors.

Outstanding Treasury RSUs were as follows:

	Number		Weighted average fair value per unit
Treasury RSUs outstanding, September 30, 2012	884	$	23.13
Changes in outstanding Treasury RSUs:			
Granted	21		38.28
Granted for dividends declared	7		40.06
Settled through the issuance of common shares	(93)		28.38
Forfeited	(47)		30.31
Treasury RSUs outstanding, September 29, 2013	772		22.64
Changes in outstanding Treasury RSUs:			
Granted	**10**		**51.95**
Granted for dividends declared	**5**		**52.89**
Settled through the issuance of common shares	**(423)**		**21.54**
Forfeited	**(31)**		**35.29**
Treasury RSUs outstanding, October 5, 2014	**333**	**$**	**24.14**

As at October 5, 2014 and September 29, 2013, none of the awarded and outstanding Treasury RSUs were vested.

The compensation expense included in selling, general and administrative expenses and cost of sales, in respect of the options and Treasury RSUs, for fiscal 2014 was $4.9 million (2013 - $5.4 million), and the counterpart has been recorded as contributed surplus. When the underlying shares are issued to the employees, the amounts previously credited to contributed surplus are transferred to share capital.

16. SHARE-BASED COMPENSATION (continued):

(b) Stock options and restricted share units (continued):

Outstanding non-Treasury RSUs were as follows:

	2014	2013
Non-Treasury RSUs outstanding, beginning of year	**569**	529
Changes in outstanding non-Treasury RSUs:		
Granted	**169**	223
Granted for performance	**102**	38
Granted for dividends declared	**5**	6
Settled	**(443)**	(210)
Forfeited	**(18)**	(17)
Non-Treasury RSUs outstanding, end of year	**384**	569

Non-Treasury RSUs have the same features as Treasury RSUs, except that their vesting period is a maximum of three years and they can be settled in cash based on the Company's share price on the vesting date, or through the delivery of common shares purchased on the open market. The settlement amount for non-Treasury RSUs expected to be settled in cash is based on the Company's five-day average share price at the vesting date. Beginning in fiscal 2010, 100% of non-Treasury RSUs awarded to executive officers have vesting conditions that are dependent upon the financial performance of the Company relative to a benchmark group of Canadian publicly listed companies. In addition, up to two times the actual number of non-Treasury RSUs awarded to executive officers can vest if exceptional financial performance is achieved. As at October 5, 2014 and September 29, 2013, none of the outstanding non-Treasury RSUs were vested.

The compensation expense included in selling, general and administrative expenses and cost of sales, in respect of the non-Treasury RSUs, for fiscal 2014 was $13.6 million (2013 - $10.0 million). As at October 5, 2014, 213,088 non-Treasury RSUs (September 29, 2013 – 271,029) were expected to be settled in cash, for which a recognized amount of $6.1 million (September 29, 2013 - $6.3 million) is included in accounts payable and accrued liabilities, based on a fair value per non-Treasury RSU of $54.11 (September 29, 2013 - $47.01).

(c) Deferred share unit plan:

The Company has a deferred share unit plan for independent members of the Company's Board of Directors who must receive at least 50% of their annual board retainers in the form of deferred share units ("DSUs"). The value of these DSUs is based on the Company's share price at the time of payment of the retainers or fees. DSUs granted under the plan will be redeemable and the value thereof payable in cash only after the director ceases to act as a director of the Company. As at October 5, 2014, there were 135,889 (September 29, 2013 - 121,677) DSUs outstanding at a value of $7.4 million (September 29, 2013 - $5.7 million). This amount is included in accounts payable and accrued liabilities based on a fair value per deferred share unit of $54.11 (September 29, 2013 - $47.01). The DSU obligation is adjusted each quarter based on the market value of the Company's common shares. The Company includes the cost of the DSU plan in selling, general and administrative expenses, which for fiscal 2014 was $1.9 million (2013 - $2.7 million).

Changes in outstanding DSUs were as follows:

	2014	2013
DSUs outstanding, beginning of year	**122**	110
Granted	**18**	22
Granted for dividends declared	**1**	1
Redeemed	**(5)**	(11)
DSUs outstanding, end of year	**136**	122

17. SUPPLEMENTARY INFORMATION RELATING TO THE NATURE OF EXPENSES:

(a) Selling, general and administrative expenses:

		2014		2013
Selling expenses	**$**	**104,680**	$	99,666
Administrative expenses		**107,543**		115,526
Distribution expenses		**73,792**		67,371
	$	**286,015**	$	282,563

(b) Employee benefit expenses:

		2014		2013
Salaries, wages and other short-term employee benefits	**$**	**362,724**	$	310,862
Share-based payments		**18,618**		15,483
Post-employment benefits		**19,698**		16,244
	$	**401,040**	$	342,589

(c) Lease expense:

During the year ended October 5, 2014 an amount of $19.9 million was recognized in the consolidated statement of earnings and comprehensive income relating to operating leases (2013 - $19.1 million).

As at October 5, 2014, the future minimum lease payments under non-cancellable leases were as follows:

		October 5, 2014
Within 1 year	**$**	**14,893**
Between 1 and 5 years		**26,758**
More than 5 years		**2,783**
	$	**44,434**

18. RESTRUCTURING AND ACQUISITION-RELATED COSTS, AND ASSETS HELD FOR SALE:

Restructuring and acquisition-related costs are presented in the following table, and are comprised of costs directly related to the closure of business locations or the relocation of business activities, changes in management structure, as well as transaction, exit and integration costs incurred pursuant to business acquisitions.

2014		Facility closures and relocations		Business acquisitions and changes in management structure		Total
Gains on disposal of assets held for sale and property, plant and equipment	$	(345)	$	-	**$**	**(345)**
Employee termination and benefit costs		429		92		**521**
Loss on settlement on wind-up of defined benefit pension plan		1,898		-		**1,898**
Exit, relocation and other costs		100		310		**410**
Acquisition-related transaction costs		-		763		**763**
	$	2,082	$	1,165	**$**	**3,247**

18. RESTRUCTURING AND ACQUISITION-RELATED COSTS, AND ASSETS HELD FOR SALE (continued):

2013	Facility closures and relocations	Business acquisitions and changes in management structure	Total
Write-downs and losses on disposal of assets held for sale and property, plant and equipment	$ 552	$ -	$ 552
Employee termination and benefit costs	1,436	-	1,436
Net pension expense	-	214	214
Exit, relocation and other costs	3,864	1,830	5,694
Remeasurement of contingent consideration in connection with a business acquisition	-	(950)	(950)
Loss on business acquisition achieved in stages (note 5)	-	1,518	1,518
Acquisition-related transaction costs	-	324	324
	$ 5,852	$ 2,936	$ 8,788

Facility closure and relocation costs in fiscal 2014 related primarily to a loss of $1.9 million incurred on the final settlement on the wind-up of the Gold Toe defined benefit pension plan. In fiscal 2013, most of the facility closure and relocation costs related to the integration of Anvil, including a charge of $2.5 million for costs related to the exit of an Anvil administrative office lease in fiscal 2013.

Costs related to business acquisitions and changes in management structure in fiscal 2014 related mainly to transaction costs incurred in connection with the acquisition of the net operating assets of Doris. Costs related to business acquisitions and changes in management structure in fiscal 2013 included a loss on business acquisition achieved in stages of $1.5 million relating to the acquisition of CanAm.

Assets held for sale of $5.8 million as at October 5, 2014 (September 29, 2013 - $5.8 million) include property, plant and equipment primarily relating to closed facilities. The Company expects to incur additional carrying costs relating to the closed facilities, which will be accounted for as restructuring charges as incurred until all assets related to the closures are disposed. Any gains or losses on the disposal of the assets held for sale relating to closed facilities will also be accounted for as restructuring charges as incurred.

19. 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:

	2014	2013
Earnings before income taxes	**$ 366,524**	$ 330,719
Applicable tax rate	**26.9%**	26.9%
Income taxes at applicable statutory rate	**98,412**	88,801
(Decrease) increase in income taxes resulting from:		
Effect of different tax rates on earnings of foreign subsidiaries	**(89,258)**	(84,037)
Income tax (recovery) expense related to prior taxation years	**(1,597)**	25
Non-recognition of tax benefits related to tax losses and temporary differences	**-**	6,064
Effect of non-deductible expenses and other	**(585)**	(312)
Total income tax expense	**$ 6,972**	$ 10,541
Average effective tax rate	**1.9%**	3.2%

The Company's applicable statutory tax rate is the Canadian combined rate applicable in the jurisdictions in which the Company operates.

19. INCOME TAXES (continued):

The details of income tax expense are as follows:

		2014		2013
Current income taxes, includes $430 (2013 - $25) relating to prior taxation years	**$**	**10,052**	$	8,352
Deferred income taxes:				
Origination and reversal of temporary differences		**(1,053)**		(3,621)
Recognition of tax benefits relating to prior taxation years		**(2,027)**		-
Non-recognition of tax benefits related to tax losses and temporary differences		**-**		6,064
Effect of substantively enacted income tax rates changes		**-**		(254)
		(3,080)		2,189
Total income tax expense	**$**	**6,972**	$	10,541

Significant components of the Company's deferred income tax assets and liabilities relate to the following temporary differences and unused tax losses:

		October 5, 2014		September 29, 2013
Deferred tax assets:				
Non-capital losses	**$**	**62,909**	$	61,342
Non-deductible reserves and accruals		**24,999**		35,030
Property, plant and equipment		**7,335**		6,816
Other items		**6,301**		4,839
		101,544		108,027
Unrecognized deferred tax assets		**(14,954)**		(17,771)
Deferred tax assets	**$**	**86,590**	$	90,256
Deferred tax liabilities:				
Property, plant and equipment	**$**	**(4,896)**	$	(6,062)
Intangible assets		**(82,043)**		(82,751)
Deferred tax liabilities	**$**	**(86,939)**	$	(88,813)
Deferred income taxes	**$**	**(349)**	$	1,443

The details of changes to deferred income tax assets and liabilities were as follows:

		2014		2013
Balance, beginning of year, net	**$**	**1,443**	$	4,471
Recognized in the statements of earnings:				
Non-capital losses		**2,211**		(5,044)
Non-deductible reserves and accruals		**(9,853)**		2,806
Property, plant and equipment		**1,685**		2,104
Intangible assets		**5,316**		4,784
Other		**1,694**		(775)
Unrecognized deferred tax assets		**2,027**		(6,064)
		3,080		(2,189)
Business acquisitions		**(4,890)**		(914)
Other		**18**		75
Balance, end of year, net	**$**	**(349)**	$	1,443

19. INCOME TAXES (continued):

As at October 5, 2014, the Company has tax credits, capital and non-capital loss carryforwards and other taxable temporary differences available to reduce future taxable income for tax purposes representing a tax benefit of approximately $15 million, for which no deferred tax asset has been recognized (September 29, 2013 - $17.8 million), because the criteria for recognition of the tax asset was not met. The tax credits and capital and non-capital loss carryforwards expire between 2019 and 2034. The recognized deferred tax asset is supported by projections of future profitability of the Company. Following the acquisition of Doris on July 7, 2014, the Company recognized a deferred income tax recovery of $4.7 million relating to the tax benefit of a portion of its previously unrecognized tax losses, for an amount equal to the deferred income tax liabilities recorded as part of the purchase accounting for Doris. Approximately $2.0 million of the tax recovery relates to prior year tax losses.

The Company has not recognized a deferred income tax liability for the undistributed profits of subsidiaries operating in foreign jurisdictions, as the Company currently has no intention to repatriate these profits. If expectations or intentions change in the future, the Company may be subject to an additional tax liability upon distribution of these earnings in the form of dividends or otherwise. As at October 5, 2014, a deferred income tax liability of approximately $43 million would result from the recognition of the taxable temporary differences of approximately $157 million.

20. EARNINGS PER SHARE:

Reconciliation between basic and diluted earnings per share is as follows:

		2014		2013
Net earnings - basic and diluted	**$**	**359,552**	$	320,178
Basic earnings per share:				
Basic weighted average number of common shares outstanding		**121,765**		121,455
Basic earnings per share	**$**	**2.95**	$	2.64
Diluted earnings per share:				
Basic weighted average number of common shares outstanding		**121,765**		121,455
Plus dilutive impact of stock options, Treasury RSUs and common shares held in trust		**1,414**		1,253
Diluted weighted average number of common shares outstanding		**123,179**		122,708
Diluted earnings per share	**$**	**2.92**	$	2.61

Excluded from the above calculation for the year ended October 5, 2014 are 173,226 stock options (2013 - 191,088). None of the Treasury RSUs (2013 - 3,997) were deemed to be anti-dilutive.

21. DEPRECIATION AND AMORTIZATION:

		2014		2013
Depreciation of property, plant and equipment	**$**	**84,561**	$	78,897
Adjustment for the variation of depreciation of property, plant and equipment included in inventories at the beginning and end of the year		**(6,168)**		(374)
Depreciation of property, plant and equipment included in net earnings		**78,393**		78,523
Amortization of intangible assets, excluding software		**15,216**		15,214
Amortization of software		**2,009**		1,541
Depreciation and amortization included in net earnings	**$**	**95,618**	$	95,278

22. SUPPLEMENTAL CASH FLOW DISCLOSURE:

(a) Adjustments to reconcile net earnings to cash flows from operating activities:

		2014		2013
Depreciation and amortization (note 21)	$	**95,618**	$	95,278
Loss on business acquisition achieved in stages (note 5 and 18)		**-**		1,518
Restructuring charges related to assets held for sale and property, plant and equipment (note 18)		**(345)**		552
Gain on remeasurement of contingent consideration (note 18)		**-**		(950)
(Gain) loss on disposal of property, plant and equipment		**(548)**		1,002
Share-based compensation		**10,207**		8,268
Deferred income taxes (note 19)		**(3,080)**		2,189
Equity earnings in investment in joint venture		**-**		(46)
Unrealized net (gain) loss on foreign exchange and financial derivatives		**(1,783)**		428
Timing differences between settlement of financial derivatives and transfer of deferred loss in AOCI to net earnings		**(5,863)**		-
Other non-current assets		**(125)**		(2,032)
Employee benefit obligations		**(2,053)**		(467)
Provisions		**1,601**		3,283
	$	**93,629**	$	109,023

(b) Variations in non-cash transactions:

		2014		2013
Additions to property, plant and equipment included in accounts payable and accrued liabilities	$	**13,993**	$	1,754
Addition to property, plant and equipment transferred from prepaid expenses and deposits and other non-current assets		**-**		5,826
Proceeds on disposal of property, plant and equipment included in other current assets		**(79)**		-
Amounts payable relating to business acquisitions (note 5)		**(6,400)**		(500)
Settlement of pre-existing relationship (note 5)		**-**		(4,038)
Transfer from accounts payable and accrued liabilities to contributed surplus in connection with share repurchases for future settlement of non-Treasury RSUs		**8,383**		5,114
Non-cash ascribed value credited to contributed surplus for dividends attributed to Treasury RSUs		**212**		269
Non-cash ascribed value credited to share capital from shares issued or distributed pursuant to vesting of restricted share units and exercise of stock options		**26,785**		10,272

23. RELATED PARTY TRANSACTIONS:

(a) Joint ventures:

In 2013, the Company had transactions with CanAm prior to its acquisition of the remaining 50% ownership interest of CanAm as described in note 5 to these consolidated financial statements. These transactions were based on arm's length terms and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Total yarn purchases made by the Company from CanAm in 2013 were $1.4 million. The Company's share of the joint venture's loss for 2013 was $0.4 million.

(b) Key management personnel compensation:

Key management personnel includes those individuals that have authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and is comprised of the members of the executive management team and the Board of Directors. The amount for compensation expense recognized in net earnings for key management personnel was as follows:

		2014		2013
Short-term employee benefits	**$**	**5,149**	$	6,906
Post-employment benefits		**189**		129
Share-based payments		**11,909**		11,373
	$	**17,247**	$	18,408

The amounts in accounts payable and accrued liabilities for share-based compensation awards to key management personnel were as follows:

		October 5, 2014		September 29, 2013
Non-Treasury RSUs	**$**	**1,031**	$	1,857
DSUs		**6,906**		5,716
	$	**7,937**	$	7,573

(c) Other:

The Company leases manufacturing, warehouse and office space from certain officers of subsidiaries of the Company under operating leases. The payments made on these leases were in accordance with the terms of the lease agreements established and agreed to by the related parties, which amounted to $0.7 million for fiscal 2014 (2013 - $0.3 million). There were no amounts owing as at October 5, 2014 and September 29, 2013.

24. COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES:

(a) Claims and litigation

On October 12, 2012, Russell Brands, LLC, an affiliate of Fruit of the Loom, filed a lawsuit against the Company in the United States District Court of the Western District of Kentucky at Bowling Green, alleging trademark infringement and unfair competition and seeking injunctive relief and unspecified money damages. The litigation concerned labelling errors on certain inventory products shipped by Gildan to one of its customers. Upon being made aware of the error, the Company took immediate action to retrieve the disputed products. During the second quarter of fiscal 2013, the Company agreed to resolve the litigation by consenting to the entry of a final judgment providing for, among other things, the payment of $1.1 million.

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

24. COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES (continued):

(b) Guarantees:

The Company, and some of its subsidiaries, have granted financial guarantees, irrevocable standby letters of credit and surety bonds, to third parties to indemnify them in the event the Company and some of its subsidiaries do not perform their contractual obligations. As at October 5, 2014, the maximum potential liability under these guarantees was $38.4 million (September 29, 2013 - $27.0 million), of which $10.0 million was for surety bonds and $28.4 million was for financial guarantees and standby letters of credit (September 29, 2013 - $5.5 million and $21.5 million, respectively).

As at October 5, 2014, the Company has recorded no liability with respect to these guarantees, as the Company does not expect to make any payments for the aforementioned items.

25. CAPITAL DISCLOSURES:

The Company's objective in managing capital is to ensure sufficient liquidity to pursue its organic growth strategy and undertake selective acquisitions, while at the same time taking a conservative approach towards financial leverage and management of financial risk.

The Company's capital is composed of net debt and shareholders' equity. Net debt consists of interest-bearing debt less cash and cash equivalents. The Company's primary uses of capital are to finance working capital requirements, capital expenditures, payment of dividends, and business acquisitions. The Company currently funds these requirements out of its internally-generated cash flows and the periodic use of its revolving long-term bank credit facility. The Company used its revolving long-term bank credit facility primarily to fund business acquisitions in recent years, including the acquisition of Doris in the fourth quarter of fiscal 2014.

In December 2013, the Company amended its revolving long-term bank credit facility to extend the maturity date from January 2018 to January 2019. The facility provides for an annual extension which is subject to the approval of the lenders, and amounts drawn under the facility bear interest at a variable bankers' acceptance or U.S. LIBOR-based interest rate plus a spread ranging from 1% to 2%, such range being a function of the total debt to EBITDA ratio (as defined in the credit facility agreement).

Subsequent to year-end, in December 2014, the Company amended its revolving long-term bank credit facility to increase the facility to $1 billion from $800 million, and to extend the maturity date to April 2020 from January 2019.

The primary measure used by the Company to monitor its financial leverage is its ratio of net debt to earnings before financial expenses/income, taxes, depreciation and amortization, and restructuring and acquisition-related costs ("adjusted EBITDA"), which it aims to maintain at less than a maximum of 3.0:1. Net debt is defined as long-term debt less cash and cash equivalents. As at October 5, 2014 and September 29, 2013 the Company's net debt to adjusted EBITDA ratio was below 1.0:1.

In order to maintain or adjust its capital structure, the Company, upon approval from its Board of Directors, may issue or repay long-term debt, issue shares, repurchase shares, pay dividends or undertake other activities as deemed appropriate under the specific circumstances.

During fiscal 2014, the Company paid an aggregate of $53.2 million of dividends (2013 - $43.7 million) representing a quarterly dividend of $0.108 per share. On December 3, 2014 the Board of Directors declared a quarterly dividend of $0.13 per share for an expected aggregate payment of $15.9 million which will be paid on January 12, 2015 on all of the issued and outstanding common shares of the Company, rateably and proportionately to the holders of record on December 18, 2014. This dividend is an "eligible dividend" for the purposes of the Income Tax Act (Canada) and any other applicable provincial legislation pertaining to eligible dividends.

The Board of Directors will consider several factors when deciding to declare quarterly cash dividends, including the Company's present and future earnings, cash flows, capital requirements and present and/or future regulatory and legal restrictions. There can be no assurance as to the declaration of future quarterly cash dividends. Although the Company's revolving long-term bank credit facility requires compliance with lending covenants in order to pay dividends, these covenants are not currently, and are not expected to be, a constraint to the payment of dividends under the Company's dividend policy.

The Company is not subject to any capital requirements imposed by a regulator.

26. SEGMENT INFORMATION:

The Company manages and reports its business as two operating segments, Printwear and Branded Apparel, each of which is a reportable segment for financial reporting purposes. Each segment has its own management that is accountable and responsible for the segment's operations, results and financial performance. These segments are principally organized by the major customer markets they serve. The following summary describes the operations of each of the Company's operating segments:

Printwear: The Printwear segment, headquartered in Christ Church, Barbados, designs, manufactures, sources, markets and distributes undecorated activewear products in large quantities primarily to wholesale distributors in printwear markets in over 30 countries across North America, Europe, Asia-Pacific and Latin America.

Branded Apparel: The Branded Apparel segment, headquartered in Charleston, South Carolina, designs, manufactures, sources, markets and distributes branded family apparel, which includes athletic, casual and dress socks, sheer hosiery, legwear, shapewear, underwear and activewear products, primarily to U.S. and Canadian retailers.

The chief operating decision-maker assesses segment performance based on segment operating income which is defined as operating income before corporate head office expenses, restructuring and acquisition-related costs, and amortization of intangible assets, excluding software. The accounting policies of the segments are the same as those described in note 3 of these consolidated financial statements.

		2014		2013
Segmented net sales:				
Printwear	**$**	**1,559,549**	$	1,468,659
Branded Apparel		**800,445**		715,644
Total net sales	**$**	**2,359,994**	$	2,184,303
Segment operating income:				
Printwear	**$**	**389,022**	$	364,363
Branded Apparel		**73,236**		78,444
Total segment operating income	**$**	**462,258**	$	442,807
Reconciliation to consolidated earnings before income taxes:				
Total segment operating income	**$**	**462,258**	$	442,807
Amortization of intangible assets, excluding software		**(15,216)**		(15,214)
Corporate expenses		**(74,374)**		(76,119)
Restructuring and acquisition-related costs		**(3,247)**		(8,788)
Financial expenses, net		**(2,897)**		(12,013)
Equity earnings in investment in joint venture		**-**		46
Earnings before income taxes	**$**	**366,524**	$	330,719
Additions to property, plant and equipment and intangible assets (including additions from business acquisitions and transfers):				
Printwear	**$**	**185,665**	$	50,354
Branded Apparel		**116,754**		10,693
Corporate		**3,145**		25,624
Assets not yet utilized in operations, net of transfers		**57,975**		102,261
	$	**363,539**	$	188,932
Depreciation of property, plant and equipment:				
Printwear	**$**	**46,361**	$	50,759
Branded Apparel		**29,393**		25,277
Corporate		**2,639**		2,487
	$	**78,393**	$	78,523

26. SEGMENT INFORMATION (continued):

The reconciliation of total assets to segmented assets is as follows:

		October 5, 2014		September 29, 2013
Segmented assets (i):				
Printwear	**$**	**1,157,855**	$	915,253
Branded Apparel		**1,151,005**		866,067
Total segmented assets		**2,308,860**		1,781,320
Unallocated assets:				
Cash and cash equivalents		**65,163**		97,368
Income taxes receivable		**1,439**		700
Assets held for sale		**5,839**		5,839
Deferred income taxes		**-**		1,443
Assets not yet utilized in operations		**172,005**		114,030
Other - primarily corporate assets		**39,738**		42,951
Consolidated assets	**$**	**2,593,044**	$	2,043,651

(i) Segmented assets include the net carrying amounts of intangible assets and goodwill.

Property, plant and equipment, intangible assets, and goodwill, were allocated to geographic areas as follows:

		October 5, 2014		September 29, 2013
United States	**$**	**691,601**	$	534,523
Canada		**117,036**		37,544
Honduras		**408,485**		354,039
Caribbean Basin		**92,336**		98,257
Bangladesh		**19,297**		19,507
Other		**8,769**		9,635
	$	**1,337,524**	$	1,053,505

Net sales by major product group were as follows:

		2014		2013
Activewear and underwear	**$**	**1,870,892**	$	1,717,869
Socks		**489,102**		466,434
	$	**2,359,994**	$	2,184,303

Net sales were derived from customers located in the following geographic areas:

		2014		2013
United States	**$**	**2,088,938**	$	1,957,904
Canada		**84,212**		65,959
Europe and other		**186,844**		160,440
	$	**2,359,994**	$	2,184,303

26. SEGMENT INFORMATION (continued):

The Company has two customers accounting for at least 10% of total net sales.

	2014	2013
Customer A	**17.7%**	17.9%
Customer B	**10.7%**	11.3%

27. EVENTS AFTER THE REPORTING PERIOD:

On December 3, 2014, the Company announced a reduction in its base selling prices in the Printwear segment. The Company also concurrently announced that the reduction in selling prices will be applied to existing distributor inventories, which is projected to result in a distributor inventory devaluation discount of approximately $45 million, and which will be recorded as a deduction from net sales in the first quarter of fiscal 2015.

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Consent of Independent Registered Public Accounting Firm

The Board of Directors Gildan Activewear Inc.

We consent to the inclusion in this annual report on Form 40-F of:

- our Independent Auditors' Report of Registered Public Accounting Firm dated December 3, 2014 on the consolidated statement of financial position as at October 5, 2014 and September 29, 2013, the consolidated statements of earnings and comprehensive income, changes in equity and cash flows for the years ended October 5, 2014 and September 29, 2013, and notes, comprising a summary of significant accounting policies and other explanatory information;

- our Report of Independent Registered Public Accounting Firm dated December 3, 2014 on the effectiveness of the Company's internal control over financial reporting as at October 5, 2014;

each of which is contained in this annual report on Form 40-F of Gildan Activewear Inc. for the fiscal year ended October 5, 2014.

KPMG LLP

December 9, 2014

Montréal, Canada

*CPA auditor, CA, public accountancy permit No. A110592

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

I, Glenn J. Chamandy, 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13(a)-15(f) and 15(d)-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) 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

   (d) 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 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: December 9, 2014

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

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

I, Laurence G. Sellyn, 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13(a)-15(f) and 15(d)-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) 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

   (d) 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 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: December 9, 2014

/s/ Laurence G. Sellyn
Name: Laurence G. Sellyn
Title: Executive Vice-President,
Chief Financial and Administrative 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, 2014 (the "Report") with the United States Securities and Exchange Commission.

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

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the U.S. 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.

Dated: December 9, 2014

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

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

Gildan Activewear Inc. (the "Corporation") is filing its annual report on Form 40-F for the fiscal year ended October 5, 2014 (the "Report") with the United States Securities and Exchange Commission.

I, Laurence G. Sellyn, Executive Vice-President, Chief Financial and Administrative 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, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the U.S. 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.

Dated: December 9, 2014

/s/ Laurence G. Sellyn
Name: Laurence G. Sellyn
Title: Executive Vice-President,
Chief Financial and Administrative Officer