



For Immediate Release

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Gildan Announces Relocation and Consolidation of U.S. Retail Distribution Centres

- U.S. \$7 million Investment in New Facility -

Montréal, Tuesday, August 22, 2006 – Gildan Activewear Inc. (GIL; TSX and NYSE) announced today that, as part of its overall plan to integrate its recent acquisition of Kentucky Derby Hosiery, it is investing approximately U.S. \$7 million in a state-of-the-art 400,000 square feet retail distribution centre in a leased building in Martinsville, Va. The new facility is located approximately 15 miles from Gildan’s distribution centre in Eden, N.C.

The installation of equipment in this facility, together with associated warehouse management information systems, is expected to be completed by the end of the second quarter of Gildan’s 2007 fiscal year. Gildan plans to close Kentucky Derby Hosiery’s existing distribution centres at multiple sites in Danville, Va. and Mt. Airy, N.C. during the first half of fiscal 2007, and offer employment at the new facility to all of Kentucky Derby Hosiery’s existing employees currently based at these locations.

The relocation and consolidation of the retail distribution centres will result in improved operating efficiencies and lower transportation costs, as well as faster customer response times. In addition, it will provide additional capacity for future growth in retail sales as Gildan implements its strategy to position itself as a full product-line supplier of athletic socks, underwear and activewear for the mass-market retail channel. The cost reduction benefits from this new initiative were taken into account in the EPS accretion of approximately U.S. \$0.30 per share previously projected by Gildan from the overall acquisition of Kentucky Derby Hosiery, once the integration process has been completed. Restructuring costs due to the rationalization of the distribution centres are expected to be negligible.

As a result of the investment in the Martinsville facility to support the acceleration of Gildan’s retail plans, the Eden distribution centre will be fully dedicated to providing the capacity required for Gildan’s anticipated further growth in the wholesale distribution channel.

Profile

Gildan is a vertically-integrated marketer and manufacturer of quality branded basic apparel. The Company is the leading supplier of activewear for the wholesale imprinted sportswear market in the U.S. and Canada, and also a leading supplier to this market in Europe. The Company sells T-shirts, sport shirts and sweatshirts in large quantities to wholesale distributors as undecorated “blanks”, which are subsequently decorated by screenprinters with designs and logos. Consumers ultimately purchase the Company’s products, with the Gildan label, in venues such as sports, entertainment and corporate events, and travel and tourism destinations. Other end-uses include work uniforms and similar applications to convey individual, group and team identity. In addition to continuing its growth within the wholesale channel, Gildan is implementing a major new growth initiative to sell athletic socks, underwear and activewear to mass-market retailers in North America.

Certain statements included in this press release may constitute “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and Canadian securities legislation and regulations. Such forward-looking statements involve assumptions and known and unknown risks, uncertainties and other factors which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. You should not place undue reliance on these forward-looking statements, which are made only as of the date of this press release. We refer you to the Company’s filings with the U.S. Securities and Exchange Commission and Canadian securities regulatory authorities for a more complete discussion of risks and other factors that may affect the Company’s future results.