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

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended April 2, 2011

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission File Number 1-15583

DELTA APPAREL, INC.
(Exact name of registrant as specified in its charter)

GEORGIA	**58-2508794**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
322 South Main Street **Greenville, SC**	**29601**
(Address of principal executive offices)	(Zip Code)

(864) 232-5200

(Registrant’s telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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 ☑ 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of a “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☑ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☑

As of April 29, 2011, there were outstanding 8,420,983 shares of the registrant’s common stock, par value of $0.01 per share, which is the only class of outstanding common or voting stock of the registrant.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Delta Apparel, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(Amounts in thousands, except share amounts and per share data)
(Unaudited)

	April 2, 2011	July 3, 2010
Assets		
Current assets:		
Cash and cash equivalents	$ 632	$ 687
Accounts receivable, net	72,877	60,991
Inventories, net	152,340	116,599
Prepaid expenses and other current assets	4,530	3,475
Deferred income taxes	3,247	3,162
Total current assets	233,626	184,914
Property, plant and equipment, net	39,516	37,694
Goodwill	16,814	17,426
Intangibles, net	7,555	8,016
Other assets	3,015	3,283
Total assets	$ 300,526	$ 251,333
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 48,059	$ 34,459
Accrued expenses	19,631	18,862
Income tax payable	517	712
Current portion of long-term debt	2,333	5,718
Total current liabilities	70,540	59,751
Long-term debt, less current maturities	93,426	62,355
Deferred income taxes	2,504	1,826
Other liabilities	29	157
Contingent consideration	—	1,530
Total liabilities	166,499	125,619
Commitments and contingencies		
Shareholders' equity:		
Preferred stock—$0.01 par value, 2,000,000 shares authorized, none issued and outstanding	—	—
Common stock —$0.01 par value, 15,000,000 shares authorized, 9,646,972 shares issued, and 8,456,736 and 8,516,293 shares outstanding as of April 2, 2011 and July 3, 2010, respectively	96	96
Additional paid-in capital	59,726	59,111
Retained earnings	84,742	75,950
Accumulated other comprehensive loss	(31)	(105)
Treasury stock —1,190,236 and 1,130,679 shares as of April 2, 2011 and July 3, 2010, respectively	(10,506)	(9,338)
Total shareholders' equity	134,027	125,714
Total liabilities and shareholders' equity	$ 300,526	$ 251,333

See accompanying Notes to Condensed Consolidated Financial Statements.

Delta Apparel, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(Amounts in thousands, except per share data)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	April 2, 2011	March 27, 2010	April 2, 2011	March 27, 2010
Net sales	$ 124,954	$ 107,942	$ 337,592	$ 298,224
Cost of goods sold	94,092	82,739	258,943	227,600
Gross profit	30,862	25,203	78,649	70,624
Selling, general and administrative expenses	22,706	20,345	65,676	59,164
Change in fair value of contingent consideration	—	—	(1,530)	—
Goodwill impairment charge	—	—	612	—
Other expense (income), net	29	(56)	180	(189)
Operating income	8,127	4,914	13,711	11,649
Interest expense, net	627	948	1,828	2,805
Income before provision for income taxes	7,500	3,966	11,883	8,844
Provision for income taxes	1,775	1,008	3,089	2,324
Net income	$ 5,725	$ 2,958	$ 8,794	$ 6,520
Basic earnings per share	$ 0.67	$ 0.35	$ 1.03	$ 0.77
Diluted earnings per share	$ 0.65	$ 0.34	$ 1.00	$ 0.76
Weighted average number of shares outstanding	8,490	8,516	8,505	8,513
Dilutive effect of stock options	249	215	247	65
Weighted average number of shares assuming dilution	8,739	8,731	8,752	8,578

See accompanying Notes to Condensed Consolidated Financial Statements.

Delta Apparel, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Amounts in thousands)
(Unaudited)

	Nine Months Ended April 2, 2011	Nine Months Ended March 27, 2010
Operating activities:		
Net income	$ 8,794	$ 6,520
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,411	5,172
Provision for deferred income taxes	593	326
Loss on disposal of property and equipment	56	56
Non-cash stock compensation	736	759
Change in the fair value of contingent consideration	(1,530)	—
Goodwill impairment charge	612	—
Changes in operating assets and liabilities, net of effect of acquisitions:		
Accounts receivable	(8,083)	(4,368)
Inventories	(29,572)	52
Prepaid expenses and other current assets	(960)	(87)
Income taxes	(196)	1,966
Other non-current assets	267	233
Accounts payable	12,991	797
Accrued expenses	441	3,842
Other liabilities	(54)	(927)
Net cash (used in) provided by operating activities	(10,494)	14,341
Investing activities:		
Purchases of property and equipment, net	(5,978)	(3,849)
Cash paid for business, net of cash acquired	(9,884)	(1,700)
Net cash used in investing activities	(15,862)	(5,549)
Financing activities:		
Proceeds from long-term debt	379,260	296,161
Repayment of long-term debt	(351,574)	(305,052)
Repurchase of common stock	(1,702)	—
Proceeds from stock options	217	—
Excess tax benefits from exercise of stock options	100	—
Net cash provided by (used in) financing activities	26,301	(8,891)
Net decrease in cash and cash equivalents	(55)	(99)
Cash and cash equivalents at beginning of period	687	654
Cash and cash equivalents at end of period	$ 632	$ 555
Supplemental cash flow information:		
Cash paid for interest	$ 1,598	$ 2,571
Cash paid for income taxes	$ 2,773	$ 301
Non-cash financing activity—issuance of common stock	$ 98	$ 118

See accompanying Notes to Condensed Consolidated Financial Statements.

DELTA APPAREL, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note A—Basis of Presentation

We prepared the accompanying interim condensed consolidated financial statements in accordance with the instructions for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. We believe these condensed consolidated financial statements reflect all adjustments (consisting of only normal recurring accruals) considered necessary for a fair presentation. Operating results for the three and nine months ended April 2, 2011 are not necessarily indicative of the results that may be expected for our fiscal year ending July 2, 2011. Although our various product lines are sold on a year-round basis, the demand for specific products or styles reflects some seasonality, with sales in our fourth fiscal quarter generally being the highest and sales in our second fiscal quarter generally being the lowest. For more information regarding our results of operations and financial position, refer to the consolidated financial statements and footnotes included in our Form 10-K for our fiscal year ended July 3, 2010, filed with the Securities and Exchange Commission ("SEC").

"Delta Apparel", the "Company", and "we", "us" and "our" are used interchangeably to refer to Delta Apparel, Inc. together with our domestic wholly-owned subsidiaries, M.J. Soffe, LLC ("Soffe"), Junkfood Clothing Company ("Junkfood"), To The Game, LLC ("To The Game"), Art Gun, LLC ("Art Gun"), TCX, LLC ("The Cotton Exchange") and our international subsidiaries, as appropriate to the context.

Certain reclassification entries have been made for fiscal year 2010 to conform to our fiscal year 2011 presentation. These reclassifications had no impact on our results of operations or financial position.

Note B—Accounting Policies

Our accounting policies are consistent with those described in our Significant Accounting Policies in our Form 10-K for our fiscal year ended July 3, 2010, filed with the Securities and Exchange Commission.

Note C—New Accounting Standards

In June 2009, the Financial Accounting Standards Board ("FASB") issued Codification No. 810-10, *Consolidation of Variable Interest Entities* ("ASC 810-10"), and issued Accounting Standards Update ("ASU") No. 2009-17, *Consolidations: Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities* ("ASU 2009-17"), to improve financial reporting by enterprises involved with variable interest entities. They require an entity to qualitatively assess the determination of the primary beneficiary of a variable interest entity ("VIE") based on whether the entity (1) has the power to direct the activities of the VIE that most significantly impact the entity's economic performance and (2) has the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. They also require an ongoing reconsideration of the primary beneficiary, and amend the events that trigger a reassessment of whether an entity is a VIE. Enhanced disclosures are also required to provide information about an entity's involvement in a VIE. ASC 810-10 and ASU 2009-17 are effective for annual reporting beginning after November 15, 2009. We adopted ASC 810-10 and ASU 2009-17 as of July 4, 2010, and the adoption had no impact on our financial position and results of operations.

In December 2010, the FASB issued ASU 2010-28, *Intangibles — Goodwill and Other (Topic 350): When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts* ("ASU 2010-28"). ASU 2010-28 modifies Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, an entity must consider whether there are any adverse qualitative factors indicating an impairment may exist. ASU 2010-28 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. ASU 2010-28 is therefore effective for our fiscal year ending June 30, 2012 and we are currently evaluating the impact on our financial position, results of operations and cash flows.

In December 2010, the FASB issued ASU No. 2010-29, *Business Combinations (Topic 805) — Disclosure of Supplementary Pro Forma Information for Business Combinations* ("ASU 2010-29"). This standard update clarifies that, when presenting comparative financial statements, SEC registrants should disclose revenue and earnings of the combined entity as though the current period business combinations had occurred as of the beginning of the comparable prior annual reporting period only. The update also expands the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. ASU 2010-29 is effective prospectively for material (either on an individual or aggregate basis) business combinations entered into in fiscal years beginning on or after December 15, 2010 with early adoption permitted. ASU 2010-29 is therefore effective for acquisitions made after the beginning of our fiscal year ending June 30, 2012. We expect that ASU 2010-29 may impact our disclosures for any future business combinations, but the effect will depend on acquisitions that may be made in the future.

Note D—Inventories

Inventories, net of reserves, consist of the following (in thousands):

	April 2, 2011	July 3, 2010
Raw materials	$ 18,296	$ 10,604
Work in process	25,301	21,277
Finished goods	108,743	84,718
	$ 152,340	$ 116,599

Raw materials include finished yarn and direct materials for the basics segment and include direct embellishment materials and undecorated garments and headwear for the branded segment.

Note E—Debt

On September 21, 2007, Delta Apparel, Junkfood and Soffe entered into a Third Amended and Restated Loan and Security Agreement (the "Amended Loan Agreement") with Wells Fargo Bank, National Association, successor by merger to Wachovia Bank, National Association, as Agent, and the financial institutions named in the Amended Loan Agreement as Lenders. The Amended Loan Agreement provided us with a $100 million credit line (subject to borrowing base limitations based on the value and type of collateral provided) that matures on September 12, 2012. To The Game, Art Gun and The Cotton Exchange have subsequently been added as co-borrowers under the Amended Loan Agreement. On March 30, 2009, we invoked the accordion feature in the Amended Loan Agreement, increasing the maximum line of credit from $100 million to $110 million and adding PNC Bank, National Association to the syndicate of lenders under the facility with a $10 million commitment. On December 1, 2010, The CIT Group/Commercial Services, Inc. was removed from our syndicate of lenders. The rights and obligations of The CIT Group/Commercial Services, Inc.'s $20 million commitment was assigned to existing lenders with Wells Fargo Bank, National Association taking an additional $15 million commitment and PNC Bank, National Association taking an additional $5 million commitment.

The credit facility is secured by a first-priority lien on substantially all of the real and personal property of Delta Apparel, Junkfood, Soffe, To The Game, Art Gun, and The Cotton Exchange. All loans under the credit agreement bear interest at rates based on either an adjusted LIBOR rate plus an applicable margin or a bank's prime rate plus an applicable margin. The facility requires monthly installment payments of approximately $0.2 million in connection with fixed asset amortizations, and these amounts reduce the amount of availability under the facility. Annual facility fees are 0.25% of the amount by which $110 million exceeds the average daily principal balance of the outstanding loans and letters of credit accommodations and are charged monthly based on the principal balances during the immediately preceding month.

At April 2, 2011, we had $84.9 million outstanding under our credit facility at an average interest rate of 1.7% and had the ability to borrow an additional $23.4 million. Our credit facility includes the financial covenant that if the amount of availability falls below $10 million, our Fixed Charge Coverage Ratio ("FCCR") (as defined in the Amended Loan Agreement) for the preceding 12 month period must not be less than 1.1 to 1.0, and otherwise includes customary conditions to funding, covenants, and events of default.

Proceeds of the loans under the Amended Loan Agreement may be used for general operating, working capital, other corporate purposes, and to finance fees and expenses under the facility. Our credit facility contains limitations on, or prohibitions of, cash dividends. We are allowed to make cash dividends in amounts such that the aggregate amount paid to shareholders since May 16, 2000 does not exceed twenty-five percent (25%) of our cumulative net income calculated from May 16, 2000 to the date of determination. At April 2, 2011, there was $16.9 million of retained earnings free of restrictions for the payment of dividends.

The credit facility contains a subjective acceleration clause and a "springing" lockbox arrangement (as defined in ASC 470, *Debt*), whereby remittances from customers will be forwarded to our general bank account and will not reduce the outstanding debt until and unless a specified event or an event of default occurs. Pursuant to ASC 470, we classify borrowings under the facility as non-current debt.

In the third quarter of fiscal year 2011, we renegotiated our loan agreement with Banco Ficohsa, a Honduran bank. Proceeds from the new loan agreement were used to extinguish the existing loan indebtedness and resulted in no gain or loss being recorded upon extinguishment. The debt facility is secured by a first-priority lien on the assets of our Honduran operations and the loan is not guaranteed by the U.S. Company. The installment loan portion of the agreement carries a fixed interest rate of 7% for a term of seven years and is denominated in U.S. dollars. During the first 12 months of the term, the loan requires only monthly interest payments with no principal payments. Beginning in April 2012, ratable monthly principal payments and interest payments are due through the end of the term. As of April 2, 2011, we had $5.8 million outstanding on this loan which was classified as noncurrent. The revolving credit facility has a 7% fixed interest rate with an ongoing 18-month term and is denominated in U.S. dollars. The revolving credit facility requires minimum payments of $1.7 million during each 6 month period of the 18-month term; however, the agreement permits additional drawdowns to the extent payments are made and the Honduran operations remain in good financial condition. As of April 2, 2011, we had $5.0 million outstanding on this loan which was also classified as noncurrent.

Note F—Selling, General and Administrative Expense

We include in selling, general and administrative expenses, costs incurred subsequent to the receipt of finished goods at our distribution facilities, such as the cost of stocking, warehousing, picking and packing, and shipping goods for delivery to our customers. Distribution costs included in selling, general and administrative expenses totaled $3.5 million for both the third quarter of fiscal years 2011 and 2010. Distribution costs included in selling, general and administrative expenses totaled $10.4 million and $10.0 million for the first nine months of fiscal years 2011 and 2010, respectively. In addition, selling, general and administrative expenses include costs related to sales associates, administrative personnel cost, advertising and marketing expenses, royalty payments on licensed products and other general and administrative expenses.

Note G—Stock Options and Incentive Stock Awards

On November 11, 2010, the shareholders of the Company approved the Delta Apparel, Inc. 2010 Stock Plan (“2010 Stock Plan”). We will not be granting additional awards under either the Delta Apparel Stock Option Plan or the Delta Apparel Incentive Stock Award Plan. Instead, all future stock awards will be granted under the 2010 Stock Plan. The aggregate number of shares of common stock that may be delivered under the 2010 Stock Plan is 500,000 plus any shares of common stock subject to outstanding awards under the prior plans that are subsequently forfeited or terminated for any reason before being exercised. We account for these plans pursuant to FASB Codification No. 718, *Compensation — Stock Compensation* (“ASC 718”), Securities and Exchange Commission Staff Accounting Bulletin No. 107 (“SAB 107”), and the Securities and Exchange Commission Staff Accounting Bulletin No. 110 (“SAB 110”).

Delta Apparel, Inc. 2010 Stock Plan (“2010 Stock Plan”)
During the quarter ended April 2, 2011, we granted options for the purchase of up to 50,000 shares of common stock as authorized under the 2010 Stock Plan. These options vest 50% on July 2, 2011 and 50% on June 30, 2012.

For the three months ending April 2, 2011, we expensed $64 thousand in connection with our 2010 Stock Plan, $0.1 million of total unrecognized compensation cost related to non-vested stock options as of April 2, 2011 which is expected to be recognized over a period of 1.25 years. Stock compensation expense is included in the cost of sales and selling, general and administrative expense line items of our consolidated statements of operations over the vesting periods.

Delta Apparel Stock Option Plan (“Option Plan”)
We expensed $43 thousand and $0.1 million during the third quarter of fiscal years 2011 and 2010, respectively, in connection with our Option Plan. During the first nine months of fiscal years 2011 and 2010, we expensed $0.1 million and $0.2 million, respectively. As of April 2, 2011, there was $0.2 million of total unrecognized compensation cost related to non-vested stock options under the Option Plan, which is expected to be recognized over a period of 1.25 years. Stock compensation expense is included in the cost of sales and selling, general and administrative expense line items of our consolidated statements of operations on a straight-line basis over the vesting periods of each grant. During the quarter ended April 2, 2011, no vested options were exercised.

Delta Apparel Incentive Stock Award Plan (“Award Plan”)
For the third quarter of fiscal years 2011 and 2010, we expensed $0.5 million and $0.6 million, respectively, in connection with our Award Plan. In each of the periods during the first nine months of fiscal years 2011 and 2010, we expensed $1.2 million. The compensation expense includes the cost associated with the tax-assistance component of the awards, which is included in accrued liabilities until the vesting of the awards. Stock compensation expense is included in the cost of sales and selling, general and administrative expense line items of our consolidated statements of operations over the vesting periods.

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Note H—Purchase Contracts

We have entered into agreements, and have fixed prices, to purchase yarn, natural gas, finished fabric and finished apparel and headwear products. At April 2, 2011, minimum payments under these contracts were as follows (in thousands):

Yarn	$ 34,343
Natural gas	342
Finished fabric	2,658
Finished products	20,395
	$ 57,738

Note I—Segment Reporting

We operate our business in two distinct segments: basics and branded. Prior to the second quarter of fiscal year 2011, these segments were named activewear and retail-ready. When the names were changed, there was no change in terms of how the reporting units operate or are reviewed by our chief operating decision maker ("CODM"). Although the two segments are similar in their production processes and regulatory environment, they are distinct in their economic characteristics, products and distribution methods.

The branded segment is comprised of our business units primarily focused on more specialized apparel garments and headwear to meet consumer preferences and fashion trends and includes Soffe (which includes the The Cotton Exchange as the bookstore division of Soffe), Junkfood, To The Game and Art Gun. These branded embellished and unembellished products are sold through specialty and boutique shops, upscale and traditional department stores, mid-tier retailers, sporting goods stores, college bookstores and to the U.S. military. Products in this segment are marketed under our primary brands of Soffe®, Intensity Athletics®, The Cotton Exchange®, Junk Food®, and The Game® as well as other labels. The results of The Cotton Exchange and Art Gun have been included in the branded segment since their acquisition on July 12, 2010 and December 28, 2009, respectively.

The basics segment is comprised of our business units primarily focused on garment styles that are characterized by low fashion risk and includes our Delta Catalog and FunTees businesses. Within the Delta Catalog business, we market, distribute and manufacture unembellished knit apparel under the brands of Delta Pro Weight®, Delta Magnum Weight®, Quail Hollow®, Healthknit® and FunTees®. These products are primarily sold to screen printing and ad specialty companies. We also manufacture products under private labels for retailers, corporate industry programs, sports licensed apparel marketers and major branded sportswear companies. Typically these products are sold decorated and ready for the retail shelf. The majority of the private label goods are sold through the FunTees business.

Our CODM and management evaluate performance and allocate resources based on profit or loss from operations before interest, income taxes and special charges ("Segment Operating Income (Loss)"). Our Segment Operating Income (Loss) may not be comparable to similarly titled measures used by other companies. Intercompany transfers between operating segments are transacted at cost and have been eliminated within the segment amounts shown in the following table .

Information about our operations as of and for the three and nine months ended April 2, 2011 and March 27, 2010, by operating segment, is as follows (in thousands):

	Basics	Branded	Consolidated
Three months ended April 2, 2011:			
Net sales	$ 70,632	$ 54,322	$ 124,954
Segment operating income	6,593	1,534	8,127
Segment assets	149,086	151,440	300,526
Purchases of property and equipment	1,106	1,067	2,173
Three months ended March 27, 2010:			
Net sales	$ 61,685	$ 46,257	$ 107,942
Segment operating income	1,368	3,546	4,914
Segment assets	140,291	120,431	260,722
Purchases of property and equipment	1,092	577	1,669

DELTA APPAREL, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)

	Basics	Branded	Consolidated
Nine months ended April 2, 2011:			
Net sales	$ 176,400	$ 161,192	$ 337,592
Segment operating income	8,116	5,595	13,711
Purchases of property and equipment	3,345	2,633	5,978
Nine months ended March 27, 2010:			
Net sales	$ 154,209	$ 144,015	$ 298,224
Segment operating (loss) income	(355)	12,004	11,649
Purchases of property and equipment	2,503	1,352	3,855

The following table reconciles the segment operating income to the consolidated income before provision for income taxes (in thousands):

	Three Months Ended		Nine Months Ended	
	April 2, 2011	March 27, 2010	April 2, 2011	March 27, 2010
Segment operating income	$ 8,127	$ 4,914	$ 13,711	$ 11,649
Unallocated interest expense	627	948	1,828	2,805
Consolidated income before taxes	$ 7,500	$ 3,966	$ 11,883	$ 8,844

Note J—Income Taxes

Our effective income tax rate for the three months ended April 2, 2011 was 23.7%, compared to an effective tax rate of 25.4% for the same period in the prior year. The decrease is due to having a higher percentage of pre-tax earnings in foreign tax-free locations compared to earnings in the United States and foreign taxable locations. During the current quarter, we further developed our tax planning strategies, allowing us to keep more profits in Honduras, a tax-free zone, reducing our overall effective tax rate. Our effective income tax rate for the nine months ended April 2, 2011 was 26.0%, compared to an effective tax rate of 26.3% for the same period in the prior year. We now expect our fiscal year 2011effective tax rate to be 26.0%.

We file income tax returns in the U.S. federal jurisdiction and various state, local and foreign jurisdictions. With few exceptions, we are no longer subject to U.S. federal, state, local or non-U.S. income tax examinations by tax authorities for our tax years before 2007. However, net operating loss carryforwards remain subject to examination to the extent they are carried forward and impact a year that is open to examination by tax authorities.

Note K—Derivatives

From time to time, we may use interest rate swaps or other instruments to manage our interest rate exposure and reduce the impact of future interest rate changes. These financial instruments are not used for trading or speculative purposes. On April 1, 2011, our $15 million interest rate swap agreement at 1.57% matured. The outstanding financial instruments as of April 2, 2011 are as follows:

	Effective Date	Notional Amount	LIBOR Rate	Maturity Date
Interest Rate Swap	March 1, 2010	$15 million	1.11%	September 1, 2011

We account for derivatives under FASB Codification No. 815, *Derivatives and Hedging* (“ASC 815”). ASC 815 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and hedging activities. It requires the recognition of all derivative instruments as either assets or liabilities in the consolidated balance sheets and measurement of those instruments at fair value. We have assessed this agreement and concluded that the swap agreement matches the exact terms of the underlying debt to which it is related and therefore is considered a perfectly effective hedge. Therefore, changes in the derivative’s fair values is deferred and recorded as a component of accumulated other comprehensive loss. As of April 2, 2011, the fair value of the interest rate swap agreement resulted in an accumulated other comprehensive loss, net of taxes, of $31 thousand.

FASB Codification No. 820, *Fair Value Measurements and Disclosures* (“ASC 820”), defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Assets and liabilities measured at fair value are

DELTA APPAREL, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

grouped in three levels. The levels prioritize the inputs based on reliability used to measure the fair value of the assets or liabilities. These levels are:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs other than quoted prices that are observable for assets and liabilities, either directly or indirectly. These inputs include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in market that are less active.
- Level 3 — Unobservable inputs for assets or liabilities reflecting the reporting entity's own assumptions.

The following financial liabilities are measured at fair value on a recurring basis (in thousands):

		Fair Value Measurements Using		
Period Ended	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Interest rate swap				
April 2, 2011	$ 50	—	$ 50	—
July 3, 2010	$ 171	—	$ 171	—
Contingent consideration				
April 2, 2011	$ —	—	—	$ —
July 3, 2010	$ 1,530	—	—	$ 1,530

The fair value of the interest rate swaps were derived from discounted cash flow analyses based on the terms of the contract and the forward interest rate curve adjusted for our credit risk. We used the projected cash flows, discounted as necessary, to estimate the fair value of the contingent consideration for Art Gun, which was acquired on December 28, 2009. Accordingly, the fair value measurement for contingent consideration falls in level 3 of the fair value hierarchy and is remeasured at the end of each reporting period. Additionally, we remeasured the Art Gun goodwill to fair value in the period ended January 1, 2011. See Note P—Goodwill and Contingent Consideration for further discussion.

We adopted the provisions of the fair value measurement accounting and disclosure guidance related to nonfinancial assets and liabilities recognized at fair value on a nonrecurring basis for the acquisition of The Cotton Exchange on July 12, 2010. These assets and liabilities were measured at fair value upon acquisition and will be evaluated on a nonrecurring and as needed basis as part of our impairment assessments and as circumstances require. The fair value measurement was made using the income approach and falls in level 3 of the fair value hierarchy.

The following table summarizes the fair value and presentation in the consolidated balance sheets for derivatives as of April 2, 2011 and July 3, 2010 (in thousands).

	April 2, 2011	July 3, 2010
Accrued expenses	$ 50	$ 105
Deferred tax liabilities	(19)	(66)
Other liabilities	—	66
Accumulated other comprehensive loss	$ 31	$ 105

Changes in the derivative's fair value is deferred and recorded as a component of accumulated other comprehensive loss ("AOCL") until the underlying transaction is recorded. When the hedged item affects income, gains or losses are reclassified from AOCL to the Condensed Consolidated Statements of Operations as interest income/expense. Any ineffectiveness in our hedging relationships, of which there currently is none, would be recognized immediately in the Condensed Consolidated Statement of Operations. The change in fair value recognized in accumulated other comprehensive loss resulted in a gain, net of taxes, of $74 thousand and $0.4 million for the nine months ended April 2, 2011 and March 27, 2010, respectively.

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Note L—Legal Proceedings

At times we are party to various legal claims, actions and complaints. We believe that, as a result of legal defenses, insurance arrangements, and indemnification provisions with parties believed to be financially capable, such actions should not have a material effect on our operations, financial condition, or liquidity.

Note M—The Cotton Exchange Acquisition

On June 11, 2010, we formed a new North Carolina limited liability company, TCX, LLC ("The Cotton Exchange"), as a wholly-owned subsidiary of M.J. Soffe, LLC. Pursuant to an Asset Purchase Agreement dated July 5, 2010, on July 12, 2010, The Cotton Exchange acquired substantially all of the net assets of HPM Apparel, Inc. d/b/a The Cotton Exchange, including accounts receivable, inventory, and fixed assets, and assumed certain liabilities. The results of The Cotton Exchange's operations have been included in the consolidated financial statements since the acquisition date. The total purchase price, which included a post-closing working capital adjustment, was $9.9 million. We financed the cash purchase price under our existing revolving credit facility.

We accounted for the acquisition of The Cotton Exchange pursuant to ASC 805, *Business Combinations,* with the purchase price allocated based upon fair value. No goodwill was recorded on our financial statements in connection with this acquisition. We have finalized the valuation for the assets acquired and liabilities assumed and have determined the final allocation of the purchase price.

Note N—Repurchase of Common Stock

Our Board of Directors has authorized our management to use up to $15.0 million to repurchase Delta Apparel stock in open market transactions under our Stock Repurchase Program. During the three months ended April 2, 2011, we purchased 48,100 shares of our common stock for a total cost of $0.6 million. During the nine months ended April 2, 2011, we purchased 123,224 shares of our common stock for a total cost of $1.7 million. Since the inception of the Stock Repurchase Program, we have purchased 1,147,995 shares of our common stock for an aggregate of $10.8 million. All purchases were made at the discretion of our management. As of April 2, 2011, $4.2 million remained available for future purchases under our Stock Repurchase Program, which does not have an expiration date.

The following table summarizes the purchases of our common stock for the quarter ended April 2, 2011:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Dollar Value of Shares that May Yet Be Purchased Under the Plans
January 2 to February 5, 2011	11,528	$ 12.75	11,528	$4.7 million
February 6 to March 5, 2011	9,352	$ 13.03	9,352	$4.6 million
March 6 to April 2, 2011	27,220	$ 13.71	27,220	$4.2 million
Total	48,100	$ 13.35	48,100	$4.2 million

Note O—License Agreements

We have entered into license agreements that provide for royalty payments on net sales of licensed products as set forth in the agreements. These license agreements are within our branded segment. We have incurred royalty expense (included in selling, general and administrative expenses) of approximately $2.2 million for the third quarter of fiscal years 2011 and 2010. Royalty expense for the first nine months of fiscal years 2011 and 2010 was approximately $9.4 million for both years.

Based on minimum sales requirements, future minimum royalty payments required under these existing license agreements are (in thousands):

Fiscal Year	
2011	$ 558
2012	2,178
2013	1,763
2014	1,795
2015	1,615
2016	638
	$ 8,547

DELTA APPAREL, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)

Note P—Goodwill and Contingent Consideration

At the end of each reporting period, we are required to remeasure the fair value of the contingent consideration related to the Art Gun acquisition in accordance with FASB Codification No. 805, *Business Combinations (“ASC 805”)*. Based on the operating results and projections, the fair value of the contingent consideration was analyzed and considered to be de minimis, resulting in a $1.5 million favorable adjustment recorded in the fiscal quarter ended January 1, 2011. The change in fair value of the contingent consideration created an indicator of impairment of the goodwill associated with Art Gun. In accordance with FASB Codification No. 350, *Intangibles — Goodwill and Other*, we performed an interim impairment test of goodwill as of the end of the second quarter of fiscal year 2011. Under the first step of the impairment analysis for Art Gun, we considered both the income approach, which estimates the fair value based on the future discounted cash flows, and the market approach, which estimates the fair value based on comparable market prices. The results of step one indicated that the carrying value of the Art Gun reporting unit exceeded its fair value. The second step required us to allocate the estimated fair value of the reporting unit to the estimated fair value of the reporting unit’s net assets, with any fair value in excess of amounts allocated to such net assets representing the implied fair value of goodwill for that reporting unit. If the carrying value of the goodwill exceeds its fair value, the carrying value is written down by an amount equal to such excess. The results of step two indicated that the goodwill at Art Gun was fully impaired, resulting in a $0.6 million impairment charge recorded in the fiscal quarter ended January 1, 2011, which is included in our branded segment. The change in contingent consideration and goodwill impairment charge resulted in a net favorable adjustment of $0.9 million. During the third quarter ended April 2, 2011, the fair value of the contingent consideration was remeasured and still considered to be de minimis based on Art Gun’s current operating results and projections.

We completed our annual test of goodwill on the first day of our third fiscal quarter using our actual results through the last day of our second fiscal quarter. Based our valuation, it does not appear that there is any impairment in the goodwill of Junkfood, the only remaining goodwill recorded on our financial statements.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

FORWARD LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by or on behalf of the Company. We may from time to time make written or oral statements that are “forward-looking,” including statements contained in this report and other filings with the Securities and Exchange Commission (the “SEC”), in our press releases, in oral statements, and in other reports to our shareholders. All statements, other than statements of historical fact, which address activities, events or developments that we expect or anticipate will or may occur in the future are forward-looking statements. The words “estimate”, “project”, “forecast”, “anticipate”, “expect”, “intend”, “believe” and similar expressions, and discussions of strategy or intentions, are intended to identify forward-looking statements.

The forward-looking statements in this Quarterly Report are based on our expectations and are necessarily dependent upon assumptions, estimates and data that we believe are reasonable and accurate but may be incorrect, incomplete or imprecise. Forward-looking statements are also subject to a number of business risks and uncertainties, any of which could cause actual results to differ materially from those set forth in or implied by the forward-looking statements. The risks and uncertainties include, among others:

- the uncertainty of raw material, transportation and energy prices;
- the general U.S. and international economic conditions, including market conditions;
- the ability to grow, achieve synergies and realize the expected profitability of recent acquisitions;
- changes in consumer confidence, consumer spending, and demand for apparel products;
- the ability of our brands and products to meet consumer preferences within the prevailing retail environment;
- the financial difficulties encountered by our customers and higher credit risk exposure;
- the ability to obtain and renew our significant license agreements;
- the competitive conditions in the apparel and textile industries;
- changes in environmental, tax, trade, employment and other laws and regulations;
- any restrictions on our ability to borrow capital or obtain financing;
- changes in our information systems related to our business operations;
- any significant interruptions with our distribution network;
- changes in the economic, political and social stability at our offshore locations; and
- the relative strength of the United States dollar as against other currencies.

A detailed discussion of significant risk factors that have the potential to cause actual results to differ materially from our expectations is described under the subheading “Risk Factors” in our Form 10-K for our fiscal year ended July 3, 2010 filed with the SEC and are beyond our control. Accordingly, any forward-looking statements do not purport to be predictions of future events or circumstances and may not be realized.

We do not undertake publicly to update or revise the forward-looking statements even if it becomes clear that any projected results will not be realized.

BUSINESS OUTLOOK

We continued to experience strong demand for our products in a difficult retail environment and expect fiscal year 2011 will be our ninth consecutive year of record revenues. Revenues during the first nine months of fiscal year 2011 increased nearly 13% as a result of our acquisition of The Cotton Exchange and organic sales growth of 7.6%. This organic sales growth was attributed to both our basics and branded business segments.

Our basics business performed well during the third quarter as the market demand continues to be strong for our undecorated products and our private label programs. Average selling prices have increased in the marketplace driven by higher cotton costs, energy costs and wage inflation. We expect the demand to remain high for our basics products in the fourth quarter as we believe we are well positioned to service our customers' needs. Based on the higher average selling prices and improved manufacturing performance, profitability has improved significantly in the basics business compared to the prior fiscal year.

During the third quarter, demand for our branded products remained strong led by organic growth across all distribution channels in our Soffe business. We made considerable progress in our integration of The Cotton Exchange and expect to benefit from the cost savings from our vertical manufacturing platform and administrative synergies starting this fall. The new Salt Life collection has strong brand recognition in Florida and is receiving interest from retailers outside Florida as well. In March we launched a new Salt Life e-commerce website, www.saltlife.com, which we expect will continue to grow the brand recognition with consumers. Sales of our Junkfood branded product have been below our expectations. We have focused on building the brand and developing new sales programs, including being the official t-shirt supplier for Coca-Cola's anniversary edition, gaining additional order placements with The Gap and negotiating new license agreements, all of which should help continue to build the Junkfood branded business in the future.

We continued to operate our manufacturing facilities at capacity during the third quarter. Our fabric production continues to increase at our Ceiba textiles facility with the new equipment added during the first quarter. We are also currently installing additional dye equipment which should increase production by our fiscal year end. The additional capacity should allow us to leverage our fixed costs and capitalize on productivity gains, while also giving us the opportunity to increase sales between $15-$18 million on an annual basis. In addition, we are also evaluating current alternatives to further expand production capacity in our Ceiba textile facility in order to meet future anticipated demand.

As we begin our fourth quarter of fiscal year 2011, we believe the overall demand for our products remains strong. While the unprecedented appreciation in cotton costs continues to add risk to our business, we have been successful in passing some of these costs along through price increases. We are also experiencing higher energy and wage costs, which will need to be considered as we plan our business for the upcoming year. We are strategically planning to minimize our inventories and expect to end the year with lower inventory units than in fiscal year 2010 in order to reduce our exposure to the current higher cotton costs. Our management teams will remain focused on these risk factors to help maintain our competitive edge in the market.

Based on the strong operating results for the third quarter, we have raised our earnings expectations for fiscal year 2011. We are now developing our plans for fiscal year 2012 and anticipate continued sales growth for both our basics and branded segments, driven primarily from higher average selling prices rather than volume growth. We expect the higher cotton and other input costs in 2012 may lower our gross margins by approximately 200 basis points but we believe we can partially offset these higher costs with further leveraging of our general and administrative costs. In January of 2010, we introduced our three-year goals of $500 million in revenue and earnings of $3.00 per share by fiscal year 2013 and based on our current outlook we expect to continue to make progress toward these goals in fiscal year 2012. We believe we are well positioned for the future and look forward to the further growth of our Company.

EARNINGS GUIDANCE

Based on the strong third quarter results and solid outlook for the fourth quarter, we raised our full year sales and earnings guidance for fiscal year 2011. We now expect earnings to be in the range of $1.85 to $1.95 per diluted share from our previous guidance of $1.55 to $1.70 per diluted share. This would be an increase of between 32% and 39% over earnings of $1.40 per diluted share in fiscal 2010. Full year 2011 sales are now expected to be $465 to $475 million, up $10 million from our previous guidance range and sales growth of 10% to 12% from the prior year. The 2010 fiscal year was a 53-week year while fiscal year 2011 is a 52-week year. We further developed our tax planning during the quarter and now expect our effective tax rate to be 26% for fiscal year 2011 compared to our previous expectation of 30%.

We remain concerned about the challenging economic conditions which, coupled with the higher prices driven from the volatile cotton market, could continue to impact consumer demand for apparel. In determining our expectations for fiscal year 2011, we believe we have taken into consideration these heightened risk factors.

RESULTS OF OPERATIONS

Net sales for the quarter ended April 2, 2011 were $125.0 million, an increase of 15.8% compared to the quarter ended March 27, 2010. Both segments contributed to the increase with a 14.5% increase in our basics segment and a 17.5% increase in our branded segment. Branded segment sales improved to $54.3 million for the third quarter of fiscal year 2011 compared to $46.2 million for the same period of the prior year due to organic growth of 9.9% as well as revenue from The Cotton Exchange, which we acquired on July 12, 2010. Higher sales of Soffe® apparel and The Game® headwear, coupled with the new Salt Life® collection, drove the organic sales growth during the quarter. Sales within the basics segment increased to $70.6 million for the quarter ended April 2, 2011 compared to $61.7 million in the same period in the prior year, driven from an increase in average selling prices of 19.6% partially offset by a slight decline in units sold.

Our net sales for the first nine months of fiscal year 2011 grew 13.2% to $337.6 million, an increase of $39.4 million over the same period of fiscal year 2010. Both the basics and branded segments contributed to the growth with sales increases of $22.2 million and $17.2 million, respectively. The revenue growth in the basics segment was all organic, while the branded segment had organic sales growth along with the addition of The Cotton Exchange which we acquired during the first quarter of fiscal year 2011.

Gross margins improved 130 basis points during the third quarter of fiscal year 2011 compared to the same period of the prior year. The increase in gross profit as a percentage of sales was driven primarily from higher average selling prices within our basics segment combined with efficiencies gained from our manufacturing platform. This was partially offset by a decline in our branded segment margins due to lower sales of our vintage licensed products and higher operational expenses associated with Salt Life® and the digital printing business. Gross margins for the first nine months of fiscal year 2011 were 23.3% compared to 23.7% in the same period in the prior year. Our gross margins may not be comparable to other companies, since some companies include costs related to their distribution network in cost of goods sold and we exclude a portion of those costs from gross margin and instead include them in selling, general and administrative expenses.

For the quarter ended April 2, 2011, selling, general and administrative expenses, including the provision for bad debts, were $22.7 million or 18.2% of sales compared to $20.3 million or 18.8% of sales for the quarter ended March 27, 2010. Selling, general and administrative expenses as a percent of sales decreased as we leveraged our fixed costs on higher revenue. For the first nine months of fiscal year 2011 our selling, general and administrative expenses were $65.7 million, or 19.5% of sales, compared to $59.2 million, or 19.8% of sales, for the first nine months of fiscal year 2010.

Operating income for the third quarter of fiscal year 2011 was $8.1 million, an increase of $3.2 million from the third quarter of the prior year. For the first nine months of fiscal year 2011, operating income was $13.7 million, a $2.1 million increase compared to the same period of the prior year. Fiscal year 2011 included a non-cash net favorable adjustment of $0.9 million related to the valuation of the Art Gun contingent consideration and goodwill.

Net interest expense for the third quarter of fiscal year 2011 was $0.6 million, a reduction of $0.3 million compared to the third quarter of fiscal year 2010. The decrease in net interest expense was primarily due to the lower average interest rates in fiscal year 2011 driven from the expiration of interest rate swap and collar agreements in fiscal year 2010. For the first nine months of fiscal year 2011, net interest expense declined by $1.0 million to $1.8 million compared to $2.8 million for the first nine months of fiscal year 2010.

Our effective income tax rate for the three months ended April 2, 2011 was 23.7%, compared to an effective tax rate of 25.4% for the same period in the prior year. The decrease is due to having a higher percentage of pre-tax earnings in foreign tax-free locations compared to earnings in the United States and foreign taxable locations. During the current quarter, we further developed our tax planning strategies, allowing us to keep more profits in Honduras, a tax-free zone, reducing our overall effective tax rate. Our effective income tax rate for the nine months ended April 2, 2011 was 26.0%, compared to an effective tax rate of 26.3% for the same period in the prior year. We now expect our fiscal year 2011effective tax rate to be 26.0%.

Accounts receivable as of April 2, 2011 was $72.9 million, an increase of $11.9 million from July 3, 2010. The increase in accounts receivable was primarily due to higher sales during the third quarter of fiscal year 2011 slightly offset by an improvement in our days sales outstanding.

Inventories increased $35.7 million from July 3, 2010 to $152.3 million on April 2, 2011 due to the normal build of inventory associated with the seasonality of our business and the additional inventory associated with our recent acquisitions and licensed brands. In addition, higher raw material costs have also increased our investment in inventory in fiscal year 2011. We anticipate our inventory units will be lower at fiscal 2011 year end compared to the prior year; however, the higher cotton costs will increase our investment in the inventory by approximately $20 million.

Capital expenditures for the first nine months of fiscal year 2011 were $6.0 million compared to $3.9 million in expenditures for the first nine months of fiscal year 2010. Expenditures during fiscal year 2011 were primarily to increase capacity and lower costs in our textile facilities and adding new digital printing machines associated with the start-up of Art Gun. Total capital expenditures are expected to be approximately $8.0 million in fiscal year 2011.

LIQUIDITY AND CAPITAL RESOURCES

Our primary cash needs are for working capital and capital expenditures. In addition, we may continue to use cash to fund share repurchases under our Stock Repurchase Program or to pay dividends. Refer to Note E—Debt and Note K—Derivatives for additional discussion regarding our external liquidity resources.

Operating Cash Flows

Operating activities used $10.5 million in cash for the first nine months of fiscal year 2011 compared to $14.3 million in cash provided by operating activities in the first nine months of fiscal year 2010. The decrease in operating cash flow during fiscal year 2011 compared to the prior year resulted primarily from higher working capital driven from higher raw material costs in inventory and increased sales. This increase was partially offset by higher accounts payable due to improved cash management and higher raw material costs.

Investing Cash Flows

Capital expenditures for the first nine months of fiscal year 2011 were $6.0 million compared to $3.8 million for the first nine months of the prior year. Expenditures for the first nine months of fiscal year 2011 were primarily from adding new digital printing machines associated with the start-up of Art Gun and from continuing to increase capacity and lower costs in our textile facilities. During the first quarter of fiscal year 2011, we acquired The Cotton Exchange for $9.9 million (See Note M—The Cotton Exchange Acquisition). During the first nine months of fiscal year 2010, we made the final payment of $0.7 million associated with the acquisition of To The Game, LLC and completed the acquisition of Art Gun for $1.0 million.

Financing Activities

For the first nine months of fiscal year 2011, cash provided by financing activities was $26.3 million compared to $8.9 million of cash used by financing activities during the first nine months of fiscal year 2010. During the first nine months of fiscal year 2011, the cash provided by our financing activities was used to fund the acquisition of The Cotton Exchange and higher working capital needs. During the first nine months of fiscal year 2010, we used the cash from our operating activities, net of our investing activities, to reduce our debt outstanding under our revolving credit facility and to make principal payments on our loan with Banco Ficohsa.

We believe that our credit facility should be sufficient to satisfy our foreseeable working capital needs, and that the cash flow generated by our operations and funds available under our credit line should be sufficient to service our debt payment requirements, to satisfy our day-to-day working capital needs and to fund our planned capital expenditures. Any material deterioration in our results of operations, however, may result in our losing the ability to borrow under our revolving credit facility and to issue letters of credit to suppliers or may cause the borrowing availability under our facility to be insufficient for our needs. We have started negotiations for a new U.S. revolving credit facility which we expect to complete before the end of the fiscal year. We expect the new credit facility will give us additional flexibility to continue our growth strategies into the future.

PURCHASES BY DELTA APPAREL OF ITS OWN SHARES

Our Board of Directors has authorized our management to use up to $15.0 million to repurchase Delta Apparel stock in open market transactions under our Stock Repurchase Program. As of April 2, 2011, $4.2 million remained available for future purchases. See Note N—Repurchase of Common Stock.

CRITICAL ACCOUNTING POLICIES

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which were prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The preparation of our consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. We base our estimates and judgments on historical experience and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The most significant estimates and assumptions relate to revenue recognition, accounts receivable and related reserves, inventory and related reserves, the carrying value of goodwill, stock-based compensation and the accounting for income taxes.

The detailed Significant Accounting Policies are included in Note 2 to the Audited Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended July 3, 2010, and there have been no changes in those policies since the filing of that Annual Report.

ENVIRONMENTAL AND REGULATORY MATTERS

We are subject to various federal, state and local environmental laws and regulations concerning, among other things, wastewater discharges, storm water flows, air emissions and solid waste disposal. Our plants generate very small quantities of hazardous waste, which are either recycled or disposed of off-site. Most of our plants are required to possess one or more environmental permits, and we believe that we are currently in compliance with the requirements of those permits.

The environmental rules applicable to our business are becoming increasingly stringent and we incur capital and other expenditures annually to achieve compliance with environmental standards. We currently do not expect that the amount of expenditures required to comply with environmental laws will have a material adverse affect on our operations, financial condition or liquidity. There can be no assurance, however, 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 expenditures. Similarly, while we are not currently aware of any violations, the extent of our liability, if any, for past failures to comply with laws, regulations or permits applicable to our operations cannot be determined and could have a material adverse effect on our operations, financial condition and liquidity.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

COMMODITY RISK SENSITIVITY

We have a supply agreement with Parkdale America, LLC ("Parkdale") to supply our yarn requirements until December 31, 2011. Under the supply agreement, we purchase from Parkdale all of our yarn requirements for use in our manufacturing operations, excluding yarns that Parkdale does not manufacture or cannot manufacture due to temporary capacity constraints. The purchase price of yarn is based upon the cost of cotton plus a fixed conversion cost. Thus, we are subject to the commodity risk of cotton prices and cotton price movements, which could result in unfavorable yarn pricing for us. We fix the cotton prices as a component of the purchase price of yarn with Parkdale, pursuant to the supply agreement, in advance of the shipment of finished yarn from Parkdale. Prices are set according to prevailing prices, as reported by the New York Cotton Exchange, at the time we elect to fix specific cotton prices.

Yarn with respect to which we had fixed cotton prices at April 2, 2011 was valued at $34.3 million, and was scheduled for delivery between April 2011 and December 2011. At April 2, 2011, a 10% decline in our underlying fixed cotton price in yarn would have had a negative impact of approximately $2.8 million on the value of the yarn. At July 3, 2010, a 10% decline in our underlying fixed cotton price in yarn would have had a negative impact of approximately $2.4 million on the value of the yarn. The impact of a 10% decline in the market price of the cotton covered by our fixed price yarn would have been greater at April 2, 2011 compared to July 3, 2010 due primarily to the higher fixed cotton prices partially offset by significantly lower commitments.

We may use derivatives, including cotton option contracts, to manage our exposure to movements in commodity prices. We do not designate our cotton option contracts as hedge instruments upon inception. Accordingly, we mark to market changes in the fair market value of the options in cost of sales in the statements of operations. We did not own any cotton option contracts on April 2, 2011.

If Parkdale's operations are disrupted and it is not able to provide us with our yarn requirements, we may need to obtain yarn from alternative sources. Although alternative sources are presently available, we may not be able to enter into arrangements with substitute suppliers on terms as favorable as our current terms with Parkdale. In addition, the cotton futures we have fixed with Parkdale may not be transferable to alternative yarn suppliers. Because there can be no assurance that we would be able to pass along our higher cost of yarn to our customers, this could have a material adverse effect on our results of operations.

INTEREST RATE SENSITIVITY

Our credit agreement provides that outstanding amounts bear interest at variable rates. If the amount of outstanding indebtedness at April 2, 2011 under the revolving credit facility had been outstanding during the entire three months ended April 2, 2011 and the interest rate on this outstanding indebtedness were increased by 100 basis points, our interest expense would have increased by approximately $0.2 million, or 33.9% of actual interest expense, during the quarter. This compares to what would have been an increase of $0.6 million, or 17.4% of actual interest expense, for fiscal year 2010, or an average of $0.2 million per quarter, based on the outstanding indebtedness at July 3, 2010. Although the dollar amount of the increase is consistent between the third quarter of 2011 and the quarterly average during fiscal year 2010, the higher percentage increase in the third quarter of fiscal year 2011 is due to the actual interest expense in the quarter being lower than the quarterly average interest expense in fiscal year 2010. The actual change in interest expense resulting from a change in interest rates would depend on the magnitude of the increase in rates and the average principal balance outstanding.

Derivatives

From time to time, we may use interest rate swaps or other instruments to manage our interest rate exposure and reduce the impact of future interest rate changes as described in Note K—Derivatives.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are our controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information that we are required to disclose in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of April 2, 2011 and, based on the evaluation of these controls and procedures, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at the evaluation date.

Changes in Internal Control Over Financial Reporting

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated whether any change in our internal control over financial reporting occurred during the third quarter of fiscal year 2011. Based on that evaluation, we have concluded that there has been no change in our internal control over financial reporting during the third quarter of fiscal year 2011 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. We are currently evaluating the internal control over financial reporting at TCX, LLC and are taking action to strengthen the internal control over financial reporting at TCX, LLC during the current fiscal year.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

See Note L—Legal Proceedings in Item 1, which is incorporated herein by reference.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Repurchases of Common Stock

See Note N—Repurchase of Common Stock and Note E—Debt, in Item 1, which is incorporated herein by reference.

Item 6. Exhibits

Exhibits

10.2.2	Exhibits and Schedules to the Third Amended and Restated Loan and Security Agreement dated as of September 21, 2007 among Delta Apparel, Inc., Junkfood Clothing Company, M. J. Soffe, LLC, Wells Fargo Bank, National Association, successor by merger to Wachovia Bank, National Association, as Agent, and the financial institutions named therein as Lenders.
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

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

DELTA APPAREL, INC.
(Registrant)

Date May 5, 2011

By: /s/ Deborah H. Merrill
Deborah H. Merrill
Vice President, Chief Financial
Officer and Treasurer

Exhibit 10.2.2

EXHIBIT A
to
THIRD AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

ASSIGNMENT AND ACCEPTANCE AGREEMENT

This ASSIGNMENT AND ACCEPTANCE AGREEMENT (this "Assignment and Acceptance") dated as of __________, 200_ is made between __________ (the "Assignor") and __________ (the "Assignee").

WITNESSETH:

WHEREAS, Wachovia Bank, National Association, in its capacity as agent pursuant to the Loan Agreement (as hereinafter defined) acting for and on behalf of the financial institutions which are parties thereto as lenders (in such capacity, "Agent"), and the financial institutions which are parties to the Loan Agreement as lenders (individually, each a "Lender" and collectively, "Lenders") have entered or are about to enter into financing arrangements pursuant to which Agent and Lenders may make loans and advances and provide other financial accommodations to Delta Apparel, Inc., M.J. Soffe Co. and Junkfood Clothing Company (collectively, "Borrowers") as set forth in the Third Amended and Restated Loan and Security Agreement, dated September _____, 2007, by and among Borrowers, Agent and Lenders (as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, the "Loan Agreement"), and the other agreements, documents and instruments referred to therein or at any time executed and/or delivered in connection therewith or related thereto (all of the foregoing, together with the Loan Agreement, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, being collectively referred to herein as the "Financing Agreements");

WHEREAS, as provided under the Loan Agreement, Assignor committed to making Loans (the "Committed Loans") to Borrowers in an aggregate amount not to exceed $100,000,000 (the "Commitment");

WHEREAS, Assignor wishes to assign to Assignee [part of the] [all] rights and obligations of Assignor under the Loan Agreement in respect of its Commitment in an amount equal to $__________ (the "Assigned Commitment Amount") on the terms and subject to the conditions set forth herein and Assignee wishes to accept assignment of such rights and to assume such obligations from Assignor on such terms and subject to such conditions;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein, the parties hereto agree as follows:

1. Assignment and Acceptance.

(a) Subject to the terms and conditions of this Assignment and Acceptance, Assignor hereby sells, transfers and assigns to Assignee, and Assignee hereby purchases, assumes and undertakes from Assignor, without recourse and without representation or warranty (except as provided in this Assignment and Acceptance) an interest in (i) the Commitment and each of the Committed Loans of Assignor and (ii) all related rights, benefits, obligations, liabilities and indemnities of the Assignor under and in connection with the Loan Agreement and the other Financing Agreements, so that after giving effect thereto, the Commitment of Assignee shall be as set forth below and the Pro Rata Share of Assignee shall be (__________%) percent.

(b) With effect on and after the Effective Date (as defined in Section 5 hereof), Assignee shall be a party to the Loan Agreement and succeed to all of the rights and be obligated to perform all of the obligations of a Lender under the Loan Agreement, including the requirements concerning confidentiality and the payment of indemnification, with a Commitment in an amount equal to the Assigned Commitment Amount. Assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Loan Agreement are required to be performed by it as a Lender. It is the intent of the parties hereto that the Commitment of Assignor shall, as of the Effective Date, be reduced by an amount equal to the Assigned Commitment Amount and Assignor shall relinquish its rights and be released from its obligations under the Loan Agreement to the extent such obligations have been assumed by Assignee; provided, that, Assignor shall not relinquish its rights under Sections 2.1, 6.4, 6.8 and 6.9 of the Loan Agreement to the extent such rights relate to the time prior to the Effective Date.

(c) After giving effect to the assignment and assumption set forth herein, on the Effective Date Assignee's Commitment will be $__________.

(d) After giving effect to the assignment and assumption set forth herein, on the Effective Date Assignor's Commitment will be $__________ (as such amount may be further reduced by any other assignments by Assignor on or after the date hereof).

2. Payments.

(a) As consideration for the sale, assignment and transfer contemplated in Section 1 hereof, Assignee shall pay to Assignor on the Effective Date in immediately available funds an amount equal to $__________, representing Assignee's Pro Rata Share of the principal amount of all Committed Loans.

(b) Assignee shall pay to Agent the processing fee in the amount specified in Section 13.7(a) of the Loan Agreement.

3. Reallocation of Payments. Any interest, fees and other payments accrued to the Effective Date with respect to the Commitment, Committed Loans and outstanding Letters of Credit shall be for the account of Assignor. Any interest, fees and other payments accrued on and after the Effective Date with respect to the Assigned Commitment Amount shall be for the account of Assignee. Each of Assignor and Assignee agrees that it will hold in trust for the other party any interest, fees and other amounts which it may receive to which the other party is entitled pursuant to the preceding sentence and pay to the other party any such amounts which it may receive promptly upon receipt.

4. Independent Credit Decision. Assignee acknowledges that it has received a copy of the Loan Agreement and the Schedules and Exhibits thereto, together with copies of the most recent financial statements of Borrowers and their Subsidiaries, and such other documents and information as it has deemed appropriate to make its own credit and legal analysis and decision to enter into this Assignment and Acceptance and agrees that it will, independently and without reliance upon Assignor, Agent or any Lender and based on such documents and information as it shall deem

appropriate at the time, continue to make its own credit and legal decisions in taking or not taking action under the Loan Agreement.

5. Effective Date; Notices.

(a) As between Assignor and Assignee, the effective date for this Assignment and Acceptance shall be __________, 20 __________ (the "Effective Date"); provided, that, the following conditions precedent have been satisfied on or before the Effective Date:

(i) this Assignment and Acceptance shall be executed and delivered by Assignor and Assignee;

(ii) the consent of Agent as required for an effective assignment of the Assigned Commitment Amount by Assignor to Assignee shall have been duly obtained and shall be in full force and effect as of the Effective Date;

(iii) written notice of such assignment, together with payment instructions, addresses and related information with respect to Assignee, shall have been given to Administrative Borrower and Agent; Assignee shall pay to Assignor all amounts due to Assignor under this Assignment and Acceptance; and

(iv) the processing fee referred to in Section 2(b) hereof shall have been paid to Agent.

(b) Promptly following the execution of this Assignment and Acceptance, Assignor shall deliver to Administrative Borrower and Agent, for acknowledgment by Agent, a Notice of Assignment in the form attached hereto as Schedule 1.

6. [Agent. [INCLUDE ONLY IF ASSIGNOR IS AN AGENT]

(a) Assignee hereby appoints and authorizes Assignor in its capacity as Agent to take such action as agent on its behalf to exercise such powers under the Loan Agreement as are delegated to Agent by Lenders pursuant to the terms of the Loan Agreement.

(b) Assignee shall assume no duties or obligations held by Assignor in its capacity as Agent under the Loan Agreement.]

7. Withholding Tax. Assignee (a) represents and warrants to Assignor, Agent and Borrowers that under applicable law and treaties no tax will be required to be withheld by Assignee, Agent or Borrowers with respect to any payments to be made to Assignee hereunder or under any of the Financing Agreements, (b) agrees to furnish (if it is organized under the laws of any jurisdiction other than the United States or any State thereof) to Agent and Borrowers, prior to the time that Agent or Borrowers are required to make any payment of principal, interest or fees hereunder, duplicate executed originals of either U.S. Internal Revenue Service Form W-8BEN or W-8ECI, as applicable (wherein Assignee claims entitlement to the benefits of a tax treaty that provides for a complete exemption from U.S. federal income withholding tax on all payments hereunder) and agrees to provide new such Forms upon the expiration of any previously delivered form or comparable statements in accordance with applicable U.S. law and. regulations and amendments thereto, duly executed and completed by Assignee, and (c) agrees to comply with all applicable U.S. laws and regulations with regard to such withholding tax exemption.

8. Representations and Warranties.

(a) Assignor represents and warrants that (i) it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any security interest, lien, encumbrance or other adverse claim, (ii) it is duly organized and existing and it has the full power and authority to take, and has taken, all action necessary to execute and deliver this Assignment and Acceptance and any other documents required or permitted to be executed or delivered by it in connection with this Assignment and Acceptance and to fulfill its obligations hereunder, (iii) no notices to, or consents, authorizations or approvals of, any Person are required (other than any already given or obtained) for its due execution, delivery and performance of this Assignment and Acceptance, and apart from any agreements or undertakings or filings required by the Loan Agreement, no further action by, or notice to, or filing with, any Person is required of it for such execution, delivery or performance, and (iv) this Assignment and Acceptance has been duly executed and delivered by it and constitutes the legal, valid and binding obligation of Assignor, enforceable against Assignor in accordance with the terms hereof, subject, as to enforcement, to bankruptcy, insolvency, moratorium, reorganization and other laws of general application relating to or affecting creditors' rights and to general equitable principles.

(b) Assignor makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Loan Agreement or any of the other Financing Agreements or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Agreement or any other instrument or document furnished pursuant thereto. Assignor makes no representation or warranty in connection with, and assumes no responsibility with respect to, the solvency, financial condition or statements of Borrowers, Guarantors or any of their respective Affiliates, or the performance or observance by Borrowers, Guarantors or any other Person, of any of their respective obligations under the Loan Agreement or any other instrument or document furnished in connection therewith.

(c) Assignee represents and warrants that (i) it is duly organized and existing and it has full power and authority to take, and has taken, all action necessary to execute and deliver this Assignment and Acceptance and any other documents required or permitted to be executed or delivered by it in connection with this Assignment and Acceptance and to fulfill its obligations hereunder, (ii) no notices to, or consents, authorizations or approvals of, any Person are required (other than any already given or obtained) for its due execution, delivery and performance of this Assignment and Acceptance, and apart from any agreements or undertakings or filings required by the Loan Agreement, no further action by, or notice to, or filing with, any Person is required of it for such execution, delivery or performance, and (iii) this Assignment and Acceptance has been duly executed and delivered by it and constitutes the legal, valid and binding obligation of Assignee, enforceable against Assignee in accordance with the terms hereof, subject, as to enforcement, to bankruptcy, insolvency, moratorium, reorganization and other laws of general application relating to or affecting creditors' rights to general equitable principles.

9. Further Assurances. Assignor and Assignee each hereby agree to execute and deliver such other instruments, and take such other action, as either party may reasonably request in connection with the transactions contemplated by this Assignment and Acceptance, including the delivery of any notices or other documents or instruments to Borrowers or Agent, which may be required in connection with the assignment and assumption contemplated hereby.

10. Miscellaneous

(a) Any amendment or waiver of any provision of this Assignment and Acceptance shall be in writing and signed by the parties hereto. No failure or delay by either party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof and any waiver of any breach of the provisions of this Assignment and Acceptance shall be without prejudice to any rights with respect to any other for further breach thereof.

(b) All payments made hereunder shall be made without any set-off or counterclaim.

(c) Assignor and Assignee shall each pay its own costs and expenses incurred in connection with the negotiation, preparation, execution and performance of this Assignment and Acceptance.

(d) This Assignment and Acceptance may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

(e) THIS ASSIGNMENT AND ACCEPTANCE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF GEORGIA. Assignor and Assignee each irrevocably submits to the non-exclusive jurisdiction of any State or Federal court sitting in Fulton County, Georgia over any suit, action or proceeding arising out of or relating to this Assignment and Acceptance and irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such Georgia State or Federal court. Each party to this Assignment and Acceptance hereby irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding.

(f) TO THE EXTENT PERMITTED BY APPLICABLE LAW, ASSIGNOR AND ASSIGNEE EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS ASSIGNMENT AND ACCEPTANCE, THE LOAN AGREEMENT, ANY OF THE OTHER FINANCING AGREEMENTS OR ANY RELATED DOCUMENTS AND AGREEMENTS OR ANY COURSE OF CONDUCT, COURSE OF DEALING, OR STATEMENTS (WHETHER ORAL OR WRITTEN).

IN WITNESS WHEREOF, Assignor and Assignee have caused this Assignment and Acceptance to be executed and delivered by their duly authorized officers as of the date first above written.

[ASSIGNOR]

By: ______________________________
Title: ______________________________

[ASSIGNEE]

By: ______________________________
Title: ______________________________

SCHEDULE 1

NOTICE OF ASSIGNMENT AND ACCEPTANCE

__________, 20__________

Attn:__________

Re: Delta Apparel, Inc., M.J. Soffe Co. and Junkfood Clothing Company

Ladies and Gentlemen:

Wachovia Bank, National Association, in its capacity as agent pursuant to the Loan Agreement (as hereinafter defined) acting for and on behalf of the financial institutions which are parties thereto as lenders (in such capacity, “Agent”), and the financial institutions which are parties to the Loan Agreement as lenders (individually, each a “Lender” and collectively, “Lenders”) have entered or are about to enter into financing arrangements pursuant to which Agent and Lenders may make loans and advances and provide other financial accommodations to Delta Apparel, Inc., M.J. Soffe Co. and Junkfood Clothing Company (collectively, “Borrowers”) as set forth in the Third Amended and Restated Loan and Security Agreement, dated September __, 2007, by and among Borrowers, Agent and Lenders (as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, the “Loan Agreement”), and the other agreements, documents and instruments referred to therein or at any time executed and/or delivered in connection therewith or related thereto (all of the foregoing, together with the Loan Agreement, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, being collectively referred to herein as the “Financing Agreements”). Capitalized terms not otherwise defined herein shall have the respective meanings ascribed thereto in the Loan Agreement.

1. We hereby give you notice of, and request your consent to, the assignment by __________ (the “Assignor”) to __________ (the “Assignee”) such that after giving effect to the assignment Assignee shall have an interest equal to __________ (_%) percent of the total Commitments pursuant to the Assignment and Acceptance Agreement attached hereto (the “Assignment and Acceptance”). We understand that the Assignor’s Commitment shall be reduced by $__________, as the same may be further reduced by other assignments on or after the date hereof.

2. Assignee agrees that, upon receiving the consent of Agent to such assignment, Assignee will be bound by the terms of the Loan Agreement as fully and to the same extent as if Assignee were the Lender originally holding such interest under the Loan Agreement.

3. The following administrative details apply to Assignee:

(A) Notice address: ______________________

Assignee name: ______________________

Address: ______________________

____

____

Attention: ______________________

Telephone: ______________________

Telecopier: ______________________

(B) Payment instructions: ______________________

Account No.: ______________________

At: ______________________

Reference: ______________________

Attention: ______________________

4. You are entitled to rely upon the representations, warranties and covenants of each of Assignor and Assignee contained in the Assignment and Acceptance.

IN WITNESS WHEREOF, Assignor and Assignee have caused this Notice of Assignment and Acceptance to be executed by their respective duly authorized officials, officers or agents as of the date first above mentioned.

Very truly yours,

[NAME OF ASSIGNOR]

By: ______________________

Title: ______________________

[NAME OF ASSIGNEE]

By: ______________________

Title: ______________________

ACKNOWLEDGED AND ASSIGNMENT
CONSENTED TO:

AGENT:

WACHOVIA BANK, NATIONAL ASSOCIATION,
as Agent

By: ______________________________

Title: ______________________________

BORROWERS*:

DELTA APPAREL, INC.

By: ______________________________

Title: ______________________________

M.J. SOFFE CO.

By: ______________________________
Title: ______________________________

JUNKFOOD CLOTHING COMPANY

By: ______________________________
Title: ______________________________

---

* No signature of Borrowers required if a Default or Event of Default exists.

<u>EXHIBIT B</u>

PRICING GRID

For the period after the Closing Date until Borrowers deliver the required financial statements and compliance certificate for the fiscal quarter ending December 29, 2007, the applicable margin for Prime Rate Loans will be 0% and the applicable margin for Eurodollar Rate Loans will be 1.75%. Thereafter, the applicable margin will be increased or decreased on a quarterly basis, based upon the following pricing grid:

Level	When Average Alternate Excess Availability or Fixed Charge Coverage Ratio Is:	Applicable Prime Rate Margin	Applicable Eurodollar Rate Margin
Level 1	≥ \$35,000,000 or >2.5:1	-.50%	1.25%
Level 2	≥ \$25,000,000 < \$35,000,000 or ≥ 2.0:1 and less than 2.5:1	-.25%	1.50%
Level 3	>15,000,000 <\$25,000,000 or ≥ 1.5:1 and less than 2.0:1	0%	1.75%
Level 4	≤ 15,000,000 or less than 1.5:1	.25%	2.00%

At any time that an Event of Default exists, the applicable margin shall be adjusted immediately to the margin applicable for Level 4. For the avoidance of doubt, Borrowers shall be entitled to the Level most favorable to Borrowers in which either the Average Alternate Excess Availability or Fixed Charge Coverage Ratio test is met for such Level.

The term “Average Alternate Excess Availability” shall mean, at any time, the average of the aggregate amount of the Alternate Excess Availability of Borrowers, as calculated by Agent, for the immediately preceding calendar quarter for which Agent has received Borrowers’ financial statements and compliance certificate as required by **Section 9.6** of the Agreement.

The applicable margin shall be calculated and established once each fiscal quarter, effective as of the first day of such calendar quarter following Agent’s receipt of the required financial statements and compliance certificate, and shall remain in effect until adjusted thereafter as of the first day of a subsequent calendar quarter.

In the event that any financial statement or compliance certificate delivered by Borrowers for any period is shown to be inaccurate (whether such inaccuracy is discovered at any time during the effectiveness of Credit Facility or up to six months thereafter), and such inaccuracy, if corrected, would have led to the application of a higher applicable margin for any period than the applicable margin applied for such period, then (i) Borrowers shall immediately deliver to Agent a correct compliance certificate for such period, (ii) the applicable margin for such period shall be deemed to be the applicable margin that would have been in effect for such period had the financial statement or compliance certificate delivered by Borrowers not contained the inaccuracy, and (iii) Borrowers shall immediately pay to Agent the accrued additional interest owing as a result of such increased applicable margin for such period. Neither the recalculation of the applicable margin for such a period, nor the payment by Borrowers of the accrued additional interest required, shall limit the rights of Agent and Lenders with respect to their ability to charge interest at the Default Rate or to declare any Event of Default or exercise any of their remedies during the existence of such an Event of Default.

<u>EXHIBIT C</u>

FORM OF GUARANTEE

[intentionally left blank – no document was provided by lenders]

EXHIBIT D

INFORMATION CERTIFICATE

INFORMATION CERTIFICATE
OF
DELTA APPAREL, INC.
M.J. SOFFE CO.
AND
JUNKFOOD CLOTHING COMPANY

Dated: September 21, 2007

Wachovia Bank, National Association
171 17th Street
4th Floor
Atlanta, Georgia 30363

In connection with certain financing (the “Financing”) provided or to be provided by you as collateral and administrative agent (together with your successors in such capacity, “Agent”) and, together with certain other financial institutions, as lenders (collectively “Lenders”), the undersigned Delta Apparel, Inc. (“Delta”), M.J. Soffe Co. (“Soffe”) and Junkfood Clothing Company (“Junkfood” and, together with Delta and Soffe, the “Companies”) each represents and warrants to Lender the following information about such Company, its organizational structure and other matters of interest to Lender:

1. The full and exact name of the Company as set forth in its certificate of incorporation is as follows:

   Delta: Delta Apparel, Inc.

   Soffe: M. J. Soffe Co.

   Junkfood: Junkfood Clothing Company

   The Companies use and own the following trade name(s) in the operation of their business (e.g. billing, advertising, etc.):

   Delta: Delta Apparel, Quail Hollow, Fun Tees*

   Soffe: Soffe, Intensity Athletics*

   Junkfood: Junkfood, Junkfood Clothing Company

   * names of divisions of Delta/Soffe

2. The Companies are registered organizations of the following type:.

   Delta: corporation

   Soffe: corporation

Junkfood: corporation

3. The Companies were organized on the following dates and under the laws of the following states, and each Company is in good standing under laws of the state of its organization.

	Date	State
Delta:	December 10, 1999	Georgia
Soffe:	September 26, 2003	North Carolina
Junkfood:	July 13, 2005	Georgia

4. The organizational identification number of each Company issued by its jurisdiction of organization is as follows:

Delta:	K950538
Soffe:	0692669
Junkfood:	0548727

5. The Federal Employer Identification Number of the Companies are as follows:

Delta:	58-2508794
Soffe:	20-0262056
Junkfood:	20-3214619

6. The Company is duly qualified and authorized to transact business as a foreign organization in the following states and is in good standing in such states except as provided below:

Delta:	Alabama, California, Florida, North Carolina, New Jersey, New York, South Carolina, Tennessee
Soffe:	California, Michigan, and New Jersey
Junkfood:	California

7. Since its date of organization, the names as set forth in each Company's organizational documentation as filed of record with the applicable state authority has been changed as follows:

Soffe changed its name from MJS Acquisition Company on October 3, 2003.

8. Since the date of organization, the Companies have made or entered into the following mergers or acquisitions:

Delta Consolidated Corporation merged into Delta as part of the Delta Woodside Industries reorganization in 2000.

Delta formed Soffe (which was named MJS Acquisition Company) to acquire all of the outstanding stock of M. J. Soffe Co. (which was merged into Soffe as part of that acquisition), and that acquisition was consummated on October 3, 2003.

Delta received 2,496 of the 2,500 issued and outstanding shares of the stock of Delta Apparel Honduras, S.A. as a contribution to capital in connection with the reorganization (four directors of Delta each own one share of the stock of Delta Apparel Honduras).

Delta organized Delta Cortes, S.A. and owns 2,499 of the 2,500 issued and outstanding shares of its stock (Robert W. Humphreys owns one share of the stock of Delta Cortes, S.A.)

Delta organized Delta Campeche, S.A. de C.V. and owns 49 of the 50 issued and outstanding shares of its stock (Robert W. Humphreys owns one share of the stock of Delta Campeche, S.A. de C.V.).

On June 30, 1998, Soffe organized and became the sole member of SAIM. On October 20, 1998, SAIM acquired a 50% membership interest in each of Agencias 7000 S.A. and Soha Textiles, S.A., both Costa Rican corporations. SAIM was dissolved on July 16, 2007. Agencias 7000 S.A. and Soha Textiles, S.A. have also been dissolved.

Delta formed Junkfood to acquire substantially all of the assets of Liquid Blaino Designs, Inc. d/b/a Junkfood. The closing of the asset purchase transaction occurred on August 22, 2005.

On October 3, 2005, Soffe acquired substantially all of the assets of Intensity Athletics Inc.

On October 2, 2006, Delta acquired substantially all of the assets of Fun-Tees, Inc. (the “Fun-Tees Acquisition”).

In connection with the Fun-Tees Acquisition, Delta acquired from Fun-Tees, Inc. all of the membership interests in Textiles La Paz, LLC and 99.9% of the participation interests in Campeche Sportswear, S. de R.L. de C.V. (Robert H. Humphreys owns a 0.1% participation interest in Campeche Sportswear, S. de R.L. de C.V.).

Delta Apparel Honduras, S.A. owns a 99% interest in Ceiba Textiles, S de R.L. (Robert H. Humphreys owns a 1% interest). Delta Apparel Honduras, S.A. also owns a 15% interest in Green Valley Industrial Park, S.A.

Delta is in the process of organizing and acquiring a 99% interest in Atled Holding Company Honduras, S de R.L. (Robert H. Humphreys will own a 1% interest in Atled

Holding Company Honduras, S de R.L.). Atled Holding Company is in the process of organizing and acquiring a 99% interest in La Paz Honduras, S de R.L. (Robert H. Humphreys will own a 1% interest in La Paz Honduras, S de R.L.).

9. The chief executive office and mailing address of each Company is located at the address set forth on part 1 of Schedule 8.2 hereto.

10. The books and records of the Companies pertaining to accounts, contract rights, inventory, and other assets are located at the addresses specified on part 2 of Schedule 8.2 hereto.

11. The Companies have other places of business and/or maintain inventory or other assets only at the addresses (indicate whether locations are owned, leased or operated by third parties and if leased or operated by third parties, their name and address) set forth on part 3 of Schedule 8.2 hereto.

12. Other than set forth on part 3 of Schedule 8.2, there are no places of business or other locations of any assets used by the Companies during the last four (4) months, except for 1201 Abiline Place, Knoxville, TN 37917 (Knoxville Distribution Center).

13. There are no judgments or litigation pending by or against any Company, its subsidiaries and/or affiliates (excluding Delta Apparel Honduras, S.A., Delta Cortes, S.A., Delta Campeche, S.A. de C.V., Campeche Sportswear, S de R.L. de C.V., Textiles La Paz, LLC, and Ceiba Textiles, S de R.L.) or any of its officers/principals, except as set forth on Schedule 8.6 hereto.

14. Each Company is affiliated with, or has ownership in, the corporations (including subsidiaries) and other organizations set forth on Schedule 8.13 hereto.

15. The names of the stockholders (or members or partners, including general partners and limited partners) of the Companies and their holdings are as set forth on Schedule 8.13 hereto.

16. No Company has any chattel paper (whether tangible or electronic) or instruments as of the date hereof, except for the Junkfood Seller Note.

17. There is no provision in the certificate of incorporation or by-laws of any Company (as applicable) or the other organizational documents of any Company, or in the laws of the State of its organization, requiring any vote or consent of it shareholders, members or other holders of the equity interests therein to borrow or to authorize the mortgage or pledge of or creation of a security interest in any assets of such Company or any of its subsidiaries. Such power is vested exclusively in its Board of Directors.

18. The officers of each Company and their respective titles are as follows:

Delta:

Robert W. Humphreys	President and Chief Executive Officer
Deborah H. Merrill	Vice President, Chief Financial Officer, and Treasurer
Martha M. Watson	Vice President and Secretary
David Palmer	Vice President and Assistant Treasurer

Soffe:

James F. Soffe	Chief Executive Officer
Kenneth D. Spires	President
Deborah H. Merrill	Vice President, Chief Financial Officer, and Treasurer
Anthony M. Cimaglia	Vice President of Operations
Keith Bilyeu	Vice President of Finance
Robert W. Humphreys	Vice President
Martha M. Watson	Vice President and Secretary

Junkfood:

Natalie Grof	Chief Executive Officer
Blaine Halvorson	President
Deborah H. Merrill	Vice President, Chief Financial Office and Treasurer
Robert W. Humphreys	Vice President
Martha M. Watson	Vice President and Secretary

The following will have signatory powers as to all transactions of each Company with Lender:

Delta:

Robert W. Humphreys
Deborah H. Merrill
Martha M. Watson
David R. Palmer

Soffe:

Robert W. Humphreys
Deborah H. Merrill
Martha M. Watson
David R. Palmer
Kenneth D. Spires
Keith Bilyeu

Junkfood:

Robert W. Humphreys
Deborah H. Merrill
Martha M. Watson

19. The members of the Board of Directors of each Company are:

    Delta: David S. Fraser, William F. Garrett, Elizabeth J. Gatewood, Robert W. Humphreys, Dr. Max Lennon, E. Erwin Maddrey, II, Philip J. Mazzilli, Jr., Buck A. Mickel and David Peterson

    Soffe: Robert W. Humphreys, E. Erwin Maddrey, II and Buck A. Mickel

    Junkfood: Robert W. Humphreys, E. Erwin Maddrey, II, Buck A. Mickel, Natalie Grof, and Blaine Halvorson

20. At the present time, there are no delinquent taxes due (including, but not limited to, all payroll taxes, personal property taxes, real estate taxes or income taxes).

21. Certified Public Accountants for the Companies is the firm of:

    Name: Ernst & Young LLP
    Address: Atlanta, Georgia
    Partner Handling Relationship: Nick Franz
    Were statements uncertified for any fiscal year?: No

The foregoing gives effect to the closing of the transactions contemplated by the Third Amended and Restated Loan and Security Agreement dated September 21, 2007, among Agent, Lenders and the Companies. Agent and Lenders shall be entitled to rely upon the foregoing in all respects and the undersigned is duly authorized to execute and deliver this Information Certificate on behalf of the Companies.

Very truly yours,

DELTA APPAREL, INC.

By: Deborah H Merrill

Name: Deborah H. Merrill
Title: Vice President, CFO and Treasurer

M. J. SOFFE CO.

By: Deborah H Merrill

Name: Deborah H. Merrill
Title: Vice President, CFO and Treasurer

JUNKFOOD CLOTHING COMPANY

By: Deborah H Merrill

Name: Deborah H. Merrill
Title: Vice President

SCHEDULE 8.2
to
INFORMATION CERTIFICATE

Locations

A. Part 1 — Chief Executive Office

Delta:	2750 Premiere Parkway, Suite 100, Duluth, Georgia 30097
Soffe:	One Soffe Drive, Fayetteville, NC 28312
Junkfood:	2750 Premiere Parkway, Suite 100, Duluth, Georgia 30097

B. Part 2 — Location of Books and Records

In addition to the locations listed in part 1, the Companies have books and records in the following locations:

Delta:

(1) Maiden Plant, P.O. Box 37, 100 West Pine Street, Maiden, NC 28650 — maintains accounts payable and payroll records related to the plant and its operations.

(2) 245 Manor Avenue, Concord, NC 28025 — maintains sales, accounts payable, accounts receivable, inventory, and payroll records related to FunTees division.

Payroll records are also kept at Delta’s distribution centers in Cranberry, New Jersey, Santa Fe Springs, California, Clinton, Tennessee and Miramar, Florida.

Soffe: One Soffe Drive , Fayetteville, NC 28312

Payroll records are also kept at Soffe’s distribution center in Santa Fe Springs, California.

Junkfood: 11725 Mississippi Avenue, Los Angeles California

C. Part 3 — Locations of Inventory, Equipment and Other Assets

Delta:

Address	Owned/Leased/ Third Party1*	Name/Address of Lessor or Third Party, as Applicable
Greenville Executive Offices 322 South Main Street Greenville SC 29601	Leased	The Peace Center for the Performing Arts 101 West Broad Street Greenville, SC 29601
Duluth Executive Offices 2750 Premiere Parkway Suite 100 Duluth, GA 30097	Leased	Duke Realty LP 75 Remittance Drive, Suite 3205 Chicago, IL
FunTees Executive Office 245 Manor Avenue Concord, NC 28025	Leased	Funco, Inc. 3496 Milford Court Concord, NC 28027
Maiden Plant P.O. Bx 37 100 West Pine Street Maiden, NC 28650	Owned	
Fayette Plant 1015 Temple Avenue South, Fayette, AL 35555	Owned	
Clinton Distrobution Center 370 JD Yarnell Industrial Parkway Clinton, TN 37716	Owned	
New Jersey Distribution Center Cranbury Business Park Building #5 5 Santa Fe Way Cranberry, NJ 08512	Leased	Prologis Management, Inc. P.O. Box 198267 Atlanta, GA 30384-8267

1 Indicate in this column next to applicable address whether the location is owned by the Company, leased by the Company or owned and operated by a third party (e.g., warehouse, processor, consignee, etc.)

Address	Owned/Leased/ Third Party1*	Name/Address of Lessor or Third Party, as Applicable
Florida Distribution Center 11500 Miramar Parkway Suite 100 Miramar, FL 33025	Leased	Industrial Property Fund VI, LLC P.O. Box 404685 Atlanta, GA 30384-4685
California Distribution Center 13220 Orden Drive Santa Fe Springs, CA 90670	Leased	Golden Springs Development Company, LLC 13116 Imperial Highway Santa Fe Springs, CA 90670
Alabama Distribution Center 110 North Bypass Andalusia, Alabama	Leased	Andala Enterprises, Inc. P.O. Box 9414 Pensacola, FL 32513
New York Sales Offices 1431 Broadway New York, NY 10018	Leased	G&S Realty 1, LLC 450 7th Avenue – Penthouse New York, NY 10123-0101
FunTees Design 2583 Armentrout Drive Concord, NC	Leased	The Glass Interests, LLC P.O. Box 442 Concord, NC 28026
FunTees Samples Andrews Street, Plant 10 Concord, NC	Leased	DPM of the Carolinas, LLC 484 Cabarrus Avenue Concord, NC 28027
Honduras Plant (approx. 70,000 square feet) Zip Buena Vista Carretera a Tegucigalapa Villanueva, Cortes Honduras, C.A.	Leased	ZIP Buena Vista, S.A. Carretera a Tegucigalpa Edificio Administrative Villanueva, Cortes, Honduras
Honduras Plant (approx. 52,000 square feet) Zip Buena Vista Carretera a Tegucigalapa Villanueva, Cortes Honduras, C.A.	Leased	ZIP Buena Vista, S.A. Carretera a Tegucigalpa Edificio Administrative Villanueva, Cortes, Honduras

Address	Owned/Leased/ Third Party1*	Name/Address of Lessor or Third Party, as Applicable
Mexico Plant (Delta Campeche) Barretera Federal 180 Clonia El Molon Tramo Campeche-Bhamtocon, Seybatlaya, Campeche Mexico	Leased	Consorcion de Servicios de Campeche, S.A. de C.V. Carretera antg a Hampolol K.M. 4.5 Colonia Fidel Velazquez San Francisco de Campeche Campeche Mexico
Mexico Plant (Campeche Sportswear) Carretera antg a Hampolot KM 4.5 Colonie Fidel Velazquez San Francisco de Campeche Campeche Mexico	Leased	Consorcion de Servicios de Campeche, S.A. de C.V. Carretera antg a Hampolol K.M. 4.5 Colonia Fidel Velazquez San Francisco de Campeche Campeche Mexico
El Salvador Plant (Textiles La Paz) Km 461/2 Carretera a La Herradura, Zona Franca El Pedregal Rosario, La Paz, El Salvador	Leased	Zona Franca de Exportacion el Pedregal, S.A. Km 46 ½ Carretera a La Herradura Zona Franca El Pedregel El Rosario La Paz, El Salvador
Ceiba Textiles Plant Green Valley Industrial Park Kilometro 26 Carretera de Occidente Quimistan Santa Barbara, Honduras	Leased	Green Valley Industrial Park S.A. de C.V. Edificio Administrativo Kilometro 26 Carretera de Occidente Quimistan Santa Barbara, Honduras

Address	Owned/Leased/ Third Party1*	Name/Address of Lessor or Third Party, as Applicable
Amitex Zona Franca San Marco Edificio No. 5 San Marco, San Salvador, El Salvador	Contractor	
Fashion Knits S.A. de C.V. Calle 3 S/N X 20 Y 22 Rumbo Petac Halacho, Yucatan, Mexico	Contractor	
Advance Print Works, S.A. de C.V. Calle Hecelchacanillo S/N Intl Entre Av.Governadores Y Calle Tamaulipas Col. Santa Ana CP.24050 Campeche, Campeche, Mexico	Contractor	

Soffe:

Address	Owned/Leased/Third Party	Name/Address of Lessor or Third Party, as Applicable
Fayetteville Executive Offices and Plant One Soffe Drive Fayetteville, NC 28312	Owned	
Maintenance Shop 713 Dunn Road Fayetteville, NC 28312	Owned	
Warehouse 824-826 Shannon Drive Fayetteville, NC 28303	Leased	Dorothy McAllister P.O. Box 1610 Pinehurst, NC 28374
Rowland Plant 13750 US 301 South Rowland, NC	Owned	
Distribution Center	Leased	Middle Road Properties

Address	Owned/Leased/Third Party	Name/Address of Lessor or Third Party, as Applicable
1030 Fort Worth Avenue Fayetteville, NC 28312		One Soffe Drive Fayetteville, NC 28312
Lansing Distribution Center 919 Filley Street Lansing, MI 48906	Leased	Spadafore Distributing Company 635 Filley Street Lansing, MI 48906
California Distribution Center 13220 Orden Drive Santa Fe Springs, CA 90670	Leased	Golden Springs Development Company, LLC 13116 Imperial Highway Santa Fe Springs, CA 90670
New Jersey Distribution Center Cranbury Business Park Building #5 5 Santa Fe Way Cranberry, NJ 08512	Leased	Prologis Management, Inc. P.O. Box 198267 Atlanta, GA 30384-8267
Florida Distribution Center 11500 Miramar Parkway Suite 100 Miramar, FL 33025	Leased	Industrial Property Fund VI, LLC P.O. Box 404685 Atlanta, GA 30384-4685
Navy Exchange Building 3503 Mississippi Street MF Recruit Store Great Lakes, IL 60088	Third Party [assigned space in warehouse on United States owned naval base]	
Soffe Outlet Store 49JR Road Queens Square Shopping Center Selma, NC 27576	Leased	Abdalla Building Partnership c/o Carolina Apparel PO Box 249 Selma, NC 27576
All Star Lettering Co. 13220 Orden Drive Santa Fe Springs, CA 90670	Decoration Contractor	
Amitex Zona Franca San Marcas Edificio No. 5 San Marcos,	Contractor	

Address	Owned/Leased/Third Party	Name/Address of Lessor or Third Party, as Applicable
El Salvador, C.A.		
Apple Tree Zona Franca San Marco Edificio, San Salvador El Salvador, CA	Contractor	
AMBAR Industries. Ltd. Zona Franca La Vega La Vega Domincan Republic	Contractor	
AMBAR Industries, Ltd. 5901 Miami Lakes Drive East Miami Lakes, FL 33104-6140	Contractor	
Chi Fung, S.A. de C.V. Carretera Troncol Del Norte Km 12.5 Apopa, San Salvador El Salvador	Contractor	
Hermonos Textiles Zona Franca San Marco San Salvador	Contractor	

Junkfood:

Address	Owned/Leased/ Third Party*	Name/Address of Lessor or Third Party, as Applicable
11725 and 11727 Mississippi Avenue, Los Angeles California	Leased	Mississippi Associates, Ltd. 433 N. Camden Drive, Suite 82- Beverly Hills, CA 90210
Suite 314, 525 5th Avenue, NY NY	Leased	525 Building Co., LLC c/o Olmstead Properties 575 8th Avenue #2400 New York, NY 10018
3280 Industry Drive, Signal Hill, CA 90755.	Third Party	Oceanaire Sportswear Inc. (screen printer)

SCHEDULE 8.6
to
INFORMATION CERTIFICATE

Pending Litigation

No Company makes any representation regarding any judgments or litigation pending or against its officers or principals except judgments or litigation involving such individuals in their official capacity as officers or principals of such Company.

Delta and Soffe:

On May 17, 2006, adversary proceedings were filed in U.S. Bankruptcy Court for the Eastern District of North Carolina against both Delta Apparel, Inc. and M. J. Soffe Co. in which the bankruptcy trustee, on behalf of the debtor National Gas Distributors, LLC, alleges that Delta and Soffe each received avoidable "transfers" of property from the debtor. The amount of the claim is approximately $0.7 million plus interest against Delta, and approximately $0.2 million plus interest against Soffe. We contend that the claims of the trustee have no merit, and have filed counterclaims, totaling approximately $0.4 million, in the adversary proceedings.

Delta:

Rafael Olay filed suit in Miami-Dade County, Florida against Delta alleging that he was injured when he slipped on an exit ramp while exiting Delta's distribution center in Florida. Mr. Olay is a truck driver for Dynasty Apparel Industries, Inc. and was picking up boxes of clothing at the distribution center on the date of the accident. He alleges that the exit ramp had a build up of grease or oil and that Delta was negligent in that it knew or should have known about a hazardous condition and failed to warn of or correct the condition. Delta's insurance company is handling this lawsuit.

Yesenia Castillo has filed a complaint with the EEOC against Delta alleging discrimination based on sex and national origin (EEOC charge no 430-2007-01340). Delta has submitted a position statement with the EEOC and has also responded to the EEOC's request for information.

Nicholas Crespo filed a complaint against Delta on May 17, 2007 in Catawba County, North Carolina alleging wrongful discharge, violation of the North Carolina Wage and Hour Act, and breach of contract. Delta has removed the case to the United States Discourt Court for the Western District of North Carolina.

Soffe:

Soffe has received an e-mail communication from D'Andrea Brothers LLC, which claims to have a registered trademark for "Hooah". D' Andrea Brothers LLC alleges that Soffe's use of the word "Hooah" on its shirts infringes its trademark and has demanded that Soffe discontinue its use or pay royalties. Soffe intends to stop production of the shirts that incorporate the word "Hooah".

Soffe has received an e-mail communication from Gregory James seeking compensation for ideas he shared with Soffe with regard to an advertising campaign by Soffe in search of “The Next Face of Soffe.”

Junkfood:

None.

SCHEDULE 8.13
to
INFORMATION CERTIFICATE

Subsidiaries; Affiliates; Capitalization

A. Subsidiaries (More than 50% owned by Company)

Delta:

Name	Jurisdiction of Incorporation	Percentage Owned
M. J. Soffe Co.	North Carolina	100%
Junkfood Clothing Company	Georgia	100%
Delta Apparel Honduras, S.A.	Honduras	100%*
Delta Cortes, S.A.	Honduras	100%*
Delta Campeche, S.A. de C.V.	Mexico	100%*
Textiles La Paz, LLC	North Carolina	100%
Campeche Sportswear, S. de R.L. de C.V.	Mexico	100%*
Ceiba Textiles, S de R.L.	Honduras	100%*

* See paragraph 8 of this Information Certificate.

Delta is in the process of organizing Atled Holding Company Honduras, S de R.L. and La Paz Honduras, S de R.L. as Honduran companies.

B. Affiliates

Delta Apparel Honduras, S.A. has a 15% interest in Green Valley Industrial Park, S.A.

Delta is a publicly traded corporation. Persons who, to Delta's knowledge, beneficially own more than 5% of the issued and outstanding stock are identified in Delta's proxy statement filed on September 14, 2007 under the table entitled "Stock Ownership of Principal Shareholders and Management". From time to time, persons may acquire beneficial ownership of more than 5% of Delta's outstanding capital stock and such persons are required to make filings with the Securities and Exchange Commission to disclose such ownership of Delta's capital stock.

C. Capitalization

Delta is a publicly traded corporation. See Section B. ("Affiliates") above.

Each of Soffe and Junkfood is wholly owned by Delta.

Karims Group owns 51%, Parkdale Mills, Inc. owns 24% and Elbatex owns 10% of Green Valley Industrial Park, S.A.

See paragraph 8 of this Information Certificate.

SCHEDULE 1.21
to
THIRD AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

Commitments

	Name of Lender	Commitment
1.	Wachovia Bank, National Association	$60,000,000
2	The CIT Group/Commercial Services, Inc.	$20,000,000
3.	IDB Bank	$20,000,000

Schedule 1.24
Customs Brokers

Smith Logistics International
10800 Northwest 97th Street
Suite 102
Miami, FL 33178
Contact: Igort Delhaya
Telephone 305 953 4100

Page and Jones
52 N. Jackson Street
POB 2167
Mobile, AL
Telephone 251-432-1646

US Customs and Trade Services
10801 N.W. 97th Street Suite 1
Miami, FL 33178
Telephone 305-477-7096

Schedule 1.47
Excluded Real Property

None.

Schedule 1.89
Permitted Holders

None.

Schedule 8.2

Chief Executive Office; Collateral Locations

Schedule 8.2 to the Information Certificate is incorporated by reference herein.

Schedule 8.4
Existing Liens

Delta:

1. Security interest granted to Gaston County Dyeing Machine Company securing a Gaston County Millennium Dyeing Machine.

2. Security interest in favor of Vanguard Supreme securing Circular Knitting Machine.

3. Security interest in favor of Inter-Tel Leasing Inc. securing Access Telephone System.

4. Security interest in favor of Thompson Tractor Co., Inc. securing Caterpillar GCI 5K Lift Truck.

5. Security interests in favor of Tubular Textile LLC and FB Commercial Finance, Inc. securing lease of 40” Paknit II Folding Compactor

6. Notice filings for (or, if the underlying leases are deemed to be sales, liens on) certain equipment and/or software leased by Delta from Fab-Con Machinery Development Corp., Citicorp Leasing, Inc., IBM Credit LLC, Inter-Tel Leasing Inc., GE Capital,, Minolta Business Systems, Konica Minolta Business Solutions USA, Inc.

7. Security interest of Thies Corporation in a Luft Roto Plus 2 Port Fabric Dyeing Machine

8. Security interest of Sclavos International in a Sclavos Athena High Temperature Fabric Dyeing Machine

Soffe:

Name and Address of Secured Party	Description of Collateral	File No. of Financing Statement/Jurisdiction (Optional)
Canon Financial Services, Inc. 200 Commerce Square Blvd. Burlington, NJ 08016	Equipment Lease	99-5025/Cumberland County Registrar of Deeds
Canon Financial Services, Inc. 200 Commerce Square Blvd. Burlington, NJ 08016	Equipment Lease	19990080369/North Carolina Secretary of State

In addition, pursuant to Contract No. 26575 dated May 1, 2003 and amended May 28, 2003 between Soffe and Cheraw Yarn Mills, Inc., Soffe granted to Cheraw Yam Mills, Inc. a security interest in all goods sold by Cheraw Yarn Mills, Ins. to Soffe pursuant to the contract.

Pursuant to two Sales Contracts dated October 2, 2001 between Soffe and Gaston County Dyeing Machine Company, Soffe granted to Gaston County Dyeing Machine Company a security interest in all goods sold by Gaston County Dyeing Machine Company to Soffe pursuant to the contracts.

Junkfood:

Factor Primary Collateral, as defined in the Factor Intercreditor Agreement.

Junkfood has the following existing lien with Continental Business Credit:

Name and Address of Secured Party	Description of Collateral	File No. of Financing Statement/Jurisdiction (Optional)
Continental Business Credit, Inc. 21031 Ventura Boulevard, Suite 900 Woodland Hills, CA 91364	All now existing and future accounts purchased by Junkfood, instruments, chattel paper, etc.; unpaid seller's rights; rights to any inventory the sale of which creates Accounts; reserves and credit balances; cash and non-cash proceeds of Accounts, etc. –blanket filing	GA #060200608281 filed on July 3, 2006.

Schedule 8.7
Permits

1. Wastewater Treatment NPDES Permit No. NC0006190, expires May 31, 2011.

2. Permit No. WQ0006984, Land Application of Wastewater Residuals, expires September 30, 2009.

3. Air Permit No. 03922R14, expires September 30, 2010

4. Underground Storage Tank Oeprating Permit; Certificate No. 2007001790, Expires 12/31/2007

5. Air Discharge Permit # 06997R06, expires September 30, 2010

6. Water Use Permit # 2113RF, expires June 30, 2008

Schedule 8.9
Environmental Matters

Delta is not in compliance with the 1,000,000 gallon per day effluent flow limit under its NPDES permit relating to its Maiden Plant. Delta informed the North Carolina DWQ Compliance Section of this limit violation by letter dated June 18, 2007.

Soffe's Fayetteville Plant does not have storm water discharge permit. Soffe intends to erect a containment wall around the waste water tank at that facility and then apply for a storm water discharge permit.

Schedule 8.11
Bank Accounts

The Companies maintain the following deposit accounts with Wachovia Bank, National Association:

Delta
Collection Account
*

Junkfood
Collection Account
*

Soffe
Collection Account
*

Delta
Disbursement Account
*

Delta
Payroll Account
*

Delta
Accounts Payable
*

Junkfood
Disbursement Acct
*

Soffe
Accounts Payable
*

Delta (FunTees)
Benefit Account
*

Delta (FunTees)
Division Account
*

* Portions of this exhibit have been omitted pursuant to a request for confidential information and have been filed separately with the Securities and Exchange Commission.

NC Factory Account
*

Employees Benefit Acct
*

* Portions of this exhibit have been omitted pursuant to a request for confidential information and have been filed separately with the Securities and Exchange Commission.

Schedule 8.12
Intellectual Property

Delta:

Trademarks

DELTA EST. 1903 (Reg. No. 2,294,154)	PTO registration	Nov. 23, 1999
HEALTHKNIT (Reg. No. 1,955,069)	PTO registration	Feb. 6, 1996
ROYAL FIRST CLASS (Reg. No. 1,405,930)	PTO registration	Aug. 19, 1986
PRO WEIGHT (Reg. No. 1,463,625)	PTO registration	Nov. 3, 1987
HEALTHKNIT (Reg. No. 644,790)	PTO registration	Apr. 30, 1957
HEALTHKNIT (Reg. No. 543,705)	PTO registration	June 12, 1951
QUAIL HOLLOW (Reg. No. 936,138)†	PTO registration	June 20, 1972
MAGNUM WEIGHT (App. No. 76/611,106)	PTO application	Nov. 29, 2005
FUN TEES (Reg. No. 1911515)	PTO registration	August 15, 1995

† Listed on U.S. PTO website as being registered to another entity (Chadbourn, Inc.)

Domain Names

www.deltaapparel.com
www.funtees.com
http://campechesportswear.com

Soffe:

Trademarks

1. Owned

Trademark	Registration Number	Registration Date	Expiration Date
SOFFE (Word Mark)	1743249	Clothing, namely jackets, jerseys, tee shirts, shorts, sweat pants, sweatshirts, and sweat suits	1/29/1992 (renewed)

Trademark	Registration Number	Registration Date	Expiration Date
SOFFE DRI (Design plus Words)	77012671	Approved for publication 8/23/07	
SOFFE DRI COTTON (Design plus Words))	3053916	January 23, 2006	
SOFFE DRI SWEATS (Design plus Words)	77012801	Approved for publication 8/23/07	
SOFFE (Design plus Words)	3053916	January 31, 2006	

Trademark Application	Application/Serial Number	Application Date
Cape Fear Trading Company (ITU Application)	76271105	June 14, 2001 The final review before registration has been completed for this Intent to Use application and it will register in due course as of 9/19/2007.

Domain Names

www.soffe.com
www.mjsoffe.com

2. Licensed

The following is a list of colleges and universities that have licensed trademarks to Soffe. Trademark licenses for approximately 40 of these colleges and universities were granted to Soffe by Licensing Resource Group pursuant to the Licensing Resource Group Standard Licensing Agreement dated August 16, 1996, as amended. Trademark licenses for approximately 130 of these colleges and universities were granted to Soffe by The Collegiate Licensing Company pursuant to the License Agreement to Use Licensed Indicia of Member Universities dated May 17, 1995, as amended. The remaining trademark licenses were granted to Soffe pursuant to individual agreements with the applicable college or university.

Alabama at Birmingham
Alabama Express
Alabama at Tuscaloosa
Alaska at Anchorage, University of
Appalachian State University
Arizona State University
Arizona, University of
Arkansas at Fayetteville, University of
Arkansas at Monticello, University of
Auburn University
Ball State University
Baylor University
Belmont University Bkst/NACS
Bemidji State University
Boise State
Boston College
Boston University
Bowling Green State
Bradley University
Brigham Young University
Brown University*
Bucknell Univ. Bookstore
Cal State at Long Beach
California at Berkeley, University of
California at Davis, University of
California State at Chico
California State at Fullerton
California State at Long Beach
Campbell University
Carnegie Mellon University
Carroll College Bookstore
Central Florida, University of
Central Missouri State
Central Washington University*

Charleston, College of
Cincinnati, University of
Citadel
Clarion University of PA
Clemson University
Coastal Carolina University
Colgate University
Colorado State University
Colorado, University of
Concordia College
Connecticut, University of
Cornell University
Creighton University
Dayton, University of
Delaware, University of
Denison University
Drake University
Duke University
East Carolina University
Eastern Washington Univ. Bkst.
Florida A&M
Florida Gulf Coast
Florida International University
Foundation
Florida State University
Florida, University of
Florida, University of (Gator Head)
Fresno State University
Georgetown College (Kentucky)
Georgia Southern College
Georgia Tech
Georgia Athletic Association
Gonzaga University
Grand Valley State University
Harvard University
Howard University
Idaho State
Illinois State University
Illinois, University of
Indiana University of
Indiana University Research & Tech
Pennsylvania
Iowa State
Iowa, University of*
IUPUI
Ivy Tech State College
Ivy Tech State (not bkst)
Jackson State University
Jacksonville State University
James Madison University
Kansas State University
Kansas, University of
Kent State University
Kentucky, University of
Kenyon College Bookstore
Kutztown University
Lafayette College
Lehigh University
Lincoln University
Louisiana at Lafayette,
University of
Louisiana at Monroe
Louisiana State University
Louisiana Tech University
Louisville, University of
Loyola College (Baltimore, MD)
Loyola University at New Orleans*

Loyola University (Chicago, IL)
Maine, University of
Marquette University
Marshall University
Maryland at Baltimore,
University of
Maryland, University of
McNeese State University
Memphis, University of
Miami University of Ohio
Miami, University of
Michigan State University
Michigan Technology
University*
Michigan, University of
Middle Tennessee State
Minnesota at Minneapolis,
University of
Minnesota at Moorhead,
University of*
Minnesota State University at
Mankato
Mississippi State University*
Mississippi Valley State
University*
Mississippi, University of
Missouri at Columbia,
University of
Missouri Western State College
Missouri-Kansas City
Montana State
Montana State at Billings
Montana, University of
Morehead State University
(Kentucky)
Murray State University
Nebraska at Omaha, University of
Nebraska, University of
Nevada at Las Vegas, University of
Nevada at Reno, University of
New Hampshire, University of
New Mexico State
New Mexico, University of
New Orleans, University of
New York University
North Alabama, University of
North Carolina at Charlotte
North Carolina Central
University
North Carolina at Greensboro
North Carolina at Wilmington
North Carolina A&T, University of
North Carolina State University
North Carolina, University of
North Dakota State
North Dakota State College of
Science
North Dakota, University of
North Dakota, University of
(New Sioux)
North Texas, Univ of
Northern Arizona University
Northern Colorado, University of
Northern Illinois University
Northern Iowa, University of
Northwest Missouri State Univ
Northwestern State University
Northwestern University
Notre Dame, University of
Ohio State University
Ohio University

Oklahoma State University
Oklahoma, University of
Oregon State University
Oregon, University of
Penn State University
Pennsylvania, University of
Pittsburgh State University
Pittsburgh (PA), University of
Portland State University
Presbyterian College (PERF GRX)
Princeton University
Purdue University
Rice University
Richmond, University of
Rutgers University
Saint Louis University
San Diego State University
Slippery Rock University
South Alabama, University of
South Carolina, University of
South Dakota at Vermillion,
University of
San Francisco State University
San Jose State University
Sinclair Community College
South Dakota State University
South Florida, University of
Southeast Missouri State University
Southern Arkansas
Southern California, University of
Southern Illinois, University of
Southern Mississippi, University of
Southern University (Baton Rouge)
Southern Utah University
Southwest Missouri State University
St. Cloud State University
Stanford University
State University of NY at
Buffalo
State University of NY at
Fredonia
Stephen F. Austin University
Syracuse University
Tennessee at Knoxville,
University of
Tennessee Lady Vols
Tennessee State University
Texas at Austin, University of
Texas at El Paso, University of
Texas A&M University
Texas A&M University-Corpus Christi
Texas A&M University-Commerce
Texas at Brownsville
Texas at Dallas, Univ of
Taxas at Tyler, Univ of
Texas State Tech College
Texas State University
Texas Tech University
Toledo, University of
Troy State University
Tulsa, University of
UCLA
UIC Flames
UNC at Pembroke
University of North Carolina at
Asheville
University of Evansville

University of Georgia Bookstore
University of Montana-Western
University of West Georgia
Utah Valley State College Bookstore
US Air Force Academy
US Army Accessions Command
US Military Academy at West Point
US Naval Academy
Utah, State University
Utah, University of
Valdosta State University
Vanderbilt University
Vermont, University of
Villanova University
Virginia State University
Virginia Tech
Virginia, University of
Wake Forest University
Washburn University
Washington State University
Washington University (St. Louis)
Washington, University of
West Point Crest, The
West Texas A&M University
West Virginia University
Western Carolina University
Western Kentucky, University of
Western Michigan
Western Washington University
Wichita State University
William & Mary, College of
Wisconsin at Green Bay, University of
Wisconsin at Madison, University of
Wisconsin at River Falls, University of
Wright State University
Wyoming, University of
Xavier University
Youngstown State University

Soffe has also been granted trademark licenses from the following licensors:

Airforce Nascar
Army of One Nascar
Black Ink Design
CLC
Licensing Resource Group
Ora McMillan
Richard B. Davies
Garigo Productions
David Deal
Diann Wall-Wilson
Dick Kramer Studios Inc.
Fabcom-Gulwing Machine
Margaret Hook
Kathi Hayes McCrainie
No Distractions
No Hair Sportswear LLC
Casey Martinez
NCAA Championship Women's Volleyball
NCAA Football Champions
NCAA Championship Basketball
No Distractions
Screenprint USA Inc.
Solana Graphic Design Studio
Stephen F Austin
White House Commission on Remembrance

Domain Name

www.soffe.com

Junkfood:

Trademarks/Trade Names

Mark/Name	Country	Application #	Registration #
Junk Food	United States	75/800,195	2,589,059
Junk Food	Canada		TMA685907
Junk Food	United States	78/218,446	
Junk Food Gourmet	United States	78/560,398	
Sweet N' Sour	Canada	1162534	TMA666948
Vitamin T	Canada	1162536	Abandoned 5/29/06
Vitamin T	United States	76/383,769	2,863,263
Junk Mail (standard character mark)	United States	78995344	3286389 (registered 8/28/07)
Sweet and Sour (Design plus Words)	United States	78828746	Opposition period completed, a Notice of Allowance has been issued as of 5/22/2007

Domain Names

junkfoodforever.com
junkfoodclothing.com

Schedule 8.15
Labor Matters

None.

Schedule 8.17
Material Contracts

1. Amended and Restated Stock Purchase Agreement dated as of October 3, 2003 among Delta Apparel, Inc., MJS Acquisition Company, M. J. Soffe Co., James F. Soffe, John D. Soffe, and Anthony M. Cimaglia, as amended by First Amendment dated as of November 10, 2004.

2. Asset Purchase Agreement dated as of August 22, 2005 among Delta Apparel, Inc., Junkfood Clothing Company, Liquid Blaino Designs, Inc., d/b/a Junkfood Clothing, Natalie Grof, and Blaine Halvorson.

3. Asset Purchase Agreement dated as of August 17, 2006 among Delta Apparel, Inc., FunTees, Inc., Henry T. Howe, James C. Poag, Jr., Beverly H. Poag, Lewis G. Reid, Jr., Kurt R. Rawald, Larry L. Martin, Jr., Julius D. Cline and Marcus F. Weibel.

4. Industrial Lease Agreement dated as of October 3, 2003 between M. J. Soffe Co. and Middle Road Properties, LLC.

5. Yarn Supply Agreement dated as of January 5, 2005 between Delta Apparel, Inc. and Parkdale Mills, LLC.

6. Factoring Agreement dated as of August 6, 2007 between Junkfood Clothing Company and The CIT Group/Commercial Services, Inc.

Schedule 9.9
Existing Indebtedness

1. The Junkfood Seller Note.

2. Potential earn-out payments to sellers in connection with the Junkfood Acquisition.

3. The Junkfood Seller Guaranty.

4. Obligations pursuant to the ISDA Master Agreement dated as of December 27, 2006 between Wachovia Bank, National Association and Delta, Rate Collar Transaction Confirmation dated April 2, 2007, and Swap Transaction Confirmation dated April 2, 2007.

5. Delta Apparel Honduras, S.A. may be liable for Indebtedness of Ceiba Textiles, S de R.L. as a result of its ownership of a 15% equity interest in Ceiba Textiles, S de R.L.

Schedule 9.10

Loans, Investments, Guarantees, Etc.

See Schedule 9.9.

Schedule 9.12
Transactions with Affiliates

Ceiba Textiles, S de R.L leases property in Green Valley Industrial Park from Green Valley Industrial Park, S.A.

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert W. Humphreys, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delta Apparel, 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 registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) 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 13a-15(f) and 15d-15(f)) for the registrant 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 registrant, 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 registrant'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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant'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 registrant'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 registrant's internal control over financial reporting.

Date: May 5, 2011	/s/ Robert W. Humphreys
	Chairman and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13a-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Deborah H. Merrill, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delta Apparel, 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 registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) 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 13a-15(f) and 15d-15(f)) for the registrant 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 registrant, 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 registrant'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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant'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 registrant'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 registrant's internal control over financial reporting.

Date: May 5, 2011

/s/ Deborah H. Merrill
Vice President, Chief Financial
Officer and Treasurer

EXHIBIT 32.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

For purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Robert W. Humphreys, the Chief Executive Officer of Delta Apparel, Inc. (the "Company"), hereby certifies that to the best of his knowledge:

1. The Quarterly Report on Form 10-Q for the quarterly period ended April 2, 2011 of the Company, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 5, 2011

/s/ Robert W. Humphreys
Robert W. Humphreys
Chairman and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Delta Apparel, Inc. and will be retained by Delta Apparel, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

For purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Deborah H. Merrill, the Chief Financial Officer of Delta Apparel, Inc. (the "Company"), hereby certifies that to the best of her knowledge:

1. The Quarterly Report on Form 10-Q for the quarterly period ended April 2, 2011 of the Company, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: May 5, 2011

/s/ Deborah H. Merrill
Deborah H. Merrill
Vice President, Chief Financial Officer
and Treasurer

A signed original of this written statement required by Section 906 has been provided to Delta Apparel, Inc. and will be retained by Delta Apparel, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.