

Willis & Adams International

1 April 2013

Mr Chad Simon
Chair, Audit Committee
PO Box 787
Europolis

Dear Mr Simon

The purpose of this letter is to confirm our understanding of the terms of our engagement as independent auditors of EarthWear Clothiers (the 'Company').

The Objective and Scope of the Audit

You have requested that we audit the financial statements of EarthWear Clothiers, which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

Our Responsibilities and Limitations

We will conduct our audit in accordance with International Standards on Auditing (ISAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with ISAs.

In making our risk assessments, we consider internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during the audit.

Management's Responsibilities

Our audit will be conducted on the basis that management acknowledges and understands that it has responsibility:

- (a) For the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards;
- (b) For such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to error or fraud; and

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(c) To provide us with:

- (i) Access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- (ii) Additional information that we may request from management for the purpose of the audit; and
- (iii) Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit.

We look forward to full cooperation from your staff during our audit.

Fees

Our fees are based on the time required by the individuals assigned to the engagement plus out-of-pocket expenses. Individual hourly rates vary according to the degree of responsibility involved and the experience and skill required. We estimate our fees for this audit of the financial statements will be €950,000, exclusive of out-of-pocket expenses. This estimate takes into account the agreed-upon level of preparation and assistance from company personnel; we will advise management should this not be provided or should any other circumstances arise which may cause actual time to exceed that estimate. Invoices rendered are due and payable upon receipt.

Reporting

We form an opinion on the financial statements based on conclusions drawn from the audit evidence obtained. We expect to issue an audit report expressing an unmodified opinion that the financial statements are prepared, in all material respects, in accordance with International Financial Reporting Standards. The form and content of our report may need to be amended in the light of our audit findings.

This engagement letter reflects the entire agreement between us relating to the services covered by this letter. It replaces and supersedes any previous proposals, correspondence and understandings, whether written or oral. The agreements of EarthWear Clothiers and Willis & Adams International contained in this engagement letter will be effective for future years unless it is terminated, amended or superseded.

If you have any questions, please contact us.

Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

Very truly yours,

Willis & Adams International

M. J. Willis

M. J. Willis, Partner

Acknowledged and agreed on behalf of EarthWear Clothiers by

Chad Simon

Chair, Audit Committee

3 April 2013