ARVIND WORLDWIDE INC.

FINANCIAL STATEMENTS

For the year ended March 31, 2012
## ARVIND WORLDWIDE INC.

For the year ended March 31, 2012

### Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Accountants’ Review Report</td>
<td>1</td>
</tr>
<tr>
<td>Financial Statements</td>
<td></td>
</tr>
<tr>
<td>Balance Sheet</td>
<td>2</td>
</tr>
<tr>
<td>Statement of Income and Accumulated Deficit</td>
<td>3</td>
</tr>
<tr>
<td>Statement of Cash Flows</td>
<td>4</td>
</tr>
<tr>
<td>Notes to Financial Statements</td>
<td>5</td>
</tr>
<tr>
<td>Supplementary Information</td>
<td></td>
</tr>
<tr>
<td>Statement of Operating Expenses</td>
<td>9</td>
</tr>
</tbody>
</table>
INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors and Stockholder of Arvind Worldwide Inc.:

We have reviewed the accompanying balance sheet of Arvind Worldwide Inc. as of March 31, 2012, and the related statements of income and accumulated deficit and cash flows for the year then ended. A review includes primarily applying analytical procedures to management’s financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The information included in the accompanying supplementary information is presented only for purposes of additional analysis and has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

April 23, 2012
ARVIND WORLDWIDE INC.

For the year ended March 31, 2012

Contents

Independent Accountants’ Review Report 1

Financial Statements

Balance Sheet 2
Statement of Income and Accumulated Deficit 3
Statement of Cash Flows 4
Notes to Financial Statements 5

Supplementary Information

Statement of Operating Expenses 9
INDEPENDENT ACCOUNTANTS’ REVIEW REPORT

To the Board of Directors and Stockholder of
Arvind Worldwide Inc.:

We have reviewed the accompanying balance sheet of Arvind Worldwide Inc. as of March 31, 2012, and the related statements of income and accumulated deficit and cash flows for the year then ended. A review includes primarily applying analytical procedures to management’s financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The information included in the accompanying supplementary information is presented only for purposes of additional analysis and has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

April 23, 2012
ARVIND WORLDWIDE INC.

BALANCE SHEET

March 31, 2012

ASSETS

Current assets
  Cash $115,842
  Marketing support services receivable 609,798
  Prepaid expenses and taxes 62,505
  Other current assets 3,765

$791,910

Property and equipment, net of accumulated
depreciation of $476,079

10,153

Other assets
  Deposits 88,345
  Deferred income taxes 124,000

212,345

$1,014,408

LIABILITIES AND STOCKHOLDER’S EQUITY

Current liabilities
  Accrued expenses $114,365
  Loans payable 450,000

$564,365

Stockholder’s equity
  Common stock, no par value;
  1,500 shares authorized,
  500 shares issued and outstanding 500,000
  Accumulated deficit (49,957)

450,043

$1,014,408

See accountants’ review report and notes to financial statements.
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing support services income</td>
<td>$1,628,648</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>1,522,101</td>
</tr>
<tr>
<td>Income before provision for income taxes</td>
<td>106,547</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>39,415</td>
</tr>
<tr>
<td>Net income</td>
<td>67,132</td>
</tr>
<tr>
<td>Accumulated deficit – beginning</td>
<td>(117,089)</td>
</tr>
<tr>
<td>Accumulated deficit – end</td>
<td>$(49,957)</td>
</tr>
</tbody>
</table>

See accountants' review report and notes to financial statements.
ARVIND WORLDWIDE INC.

STATEMENT OF CASH FLOWS

For the year ended March 31, 2012

Cash flows from operating activities

    Net income $ 67,132

    Adjustments to reconcile net income to net cash used in operating activities

        Depreciation $ 27,079
        Deferred income taxes (4,000)
        Deferred lease liability (2,876)

    Changes in assets and liabilities

        Marketing support services receivable (79,746)
        Prepaid expenses and taxes (6,573)
        Accrued expenses (13,576)
        Other current assets (3,765)

    Net cash used in operating activities (83,457)

Cash flows from investing activities

    Capital expenditures (1,733)

    Net decrease in deposits 45,413

    Net cash provided by investing activities 43,680

Cash flows from financing activities

    Net change in cash 27,355

Cash at beginning 88,487

Cash at end $115,842

Supplemental disclosure of cash flows information

    Cash paid for interest $
    Cash paid for income taxes $ 62,034

See accountants' review report and notes to financial statements.
ARVIND WORLDWIDE INC.

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

Note 1  Description of company’s business

Arvind Worldwide Inc. (the “Company”) is a wholly owned subsidiary of The Arvind Mills Limited (the “Parent”). The Company was incorporated on February 24, 1993 in Delaware. The Company provides marketing support services to customers located in the United States of America.

Note 2  Summary of significant accounting policies

Basis of accounting
The Company’s accounting policies are in accordance with accounting principles generally accepted in the United States of America. Outlined below are those policies considered particularly significant.

Use of estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that could affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Concentration of credit risk
Financial instruments, which potentially subject the Company to significant concentrations of credit risk, include cash. The Company holds no collateral for these financial instruments. The Company maintains cash in financial institutions that are insured by the Federal Deposit Insurance Corporation up to specified amount. Such cash balances at times may exceed these limits.

Property, plant and equipment
Property, plant and equipment are reflected at cost. Depreciation is provided using the straight-line or an accelerated method over the estimated useful lives of the assets. Repairs and maintenance are expensed when incurred.

Long-lived assets
The Company periodically evaluates the carrying value of long-lived assets to be held and used whenever events and circumstances indicate that the carrying value of the asset may no longer be recoverable. An impairment loss, measured based on the fair value of the asset, is recognized if expected future undiscounted cash flows are less than the carrying value of the assets.
ARVIND WORLDWIDE INC.

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

Note 2

Summary of significant accounting policies (continued)

Revenue recognition
The Company recognizes revenue from services when the services are rendered.

Advertising and promotional expenses
Advertising and promotional expenses are expensed during the year in which they are incurred.

Income taxes
The Company provides for income taxes based on differences between the financial statement and tax bases of assets and liabilities at enacted rates in effect in the years in which the differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company evaluates all significant tax positions. As of March 31, 2012, the Company does not believe it has any uncertain tax positions that would qualify for either recognition or disclosure in the financial statements.

Subsequent events
The Company has evaluated subsequent events through April 23, 2012 which is the date the financial statements were available to be issued.

New authoritative accounting pronouncements
The Company does not anticipate the adoption of other recently issued accounting pronouncements to have a significant impact on the Company’s financial statements.

Note 3

Property and equipment

At March 31, 2012, property and equipment consisted of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and fixtures</td>
<td>$ 34,637</td>
</tr>
<tr>
<td>Equipment</td>
<td>61,010</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>$ 390,585</td>
</tr>
<tr>
<td></td>
<td>486,232</td>
</tr>
<tr>
<td>Less: accumulated depreciation</td>
<td>476,079</td>
</tr>
<tr>
<td></td>
<td>$ 10,153</td>
</tr>
</tbody>
</table>
Note 4 Loans payable

At March 31, 2012, the Company had outstanding loans payable to a related party of $450,000. The loans are due on a demand basis, bearing no interest.

Note 5 Retirement plan

The Company has established a defined contribution retirement plan, which provides for contributions to be made by the Company on behalf of each eligible employee. For the year ended March 31, 2012, the Company’s contributions to this plan amounted to $4,449.

Note 6 Income taxes

For the year ended March 31, 2012, the net provision for income taxes of $39,415 consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>State and local</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>$23,388</td>
<td>$43,415</td>
</tr>
<tr>
<td>Deferred</td>
<td>(9,000)</td>
<td>(4,000)</td>
</tr>
<tr>
<td></td>
<td>$28,388</td>
<td>$39,415</td>
</tr>
</tbody>
</table>

At March 31, 2012, the significant component of deferred income taxes was the difference between the book and tax bases of property and equipment.

Note 7 Related party transactions and balances

In the ordinary course of business, the Company had the following related party transactions and balances:

<table>
<thead>
<tr>
<th>Product/service</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing support services income</td>
<td>$1,628,648</td>
</tr>
<tr>
<td>Marketing support services receivable</td>
<td>$ 609,798</td>
</tr>
<tr>
<td>Loans payable</td>
<td>$ 450,000</td>
</tr>
</tbody>
</table>
Note 8  Commitments and contingencies

Leases

The Company is obligated under various operating leases for the rental of office and showroom premises through May 31, 2014. For the year ended March 31, 2012, rent expense amounted to $201,904.

At March 31, 2012, the future minimum rental payments were as follows:

- March 31, 2013: $206,125
- March 31, 2014: 183,329
- May 31, 2014: 27,407
- $416,861

Guarantees

The Company has guaranteed payment for License and Technical Know-How Agreements entered into by the Parent on various dates. These agreements expire on various dates to December 31, 2022 and require payments to be computed at specified percentages of nets sales, as defined.

For the year ended March 31, 2012, the minimum payments due under these agreements were $725,334. The Company is required to make payments under these agreements only in the event of a default by a primary obligor. At March 31, 2012, the Company does not anticipate any exposure on these guarantees.

At March 31, 2012, the future minimum payments required under these agreements were as follows:

- March 31, 2013: $1,056,533
- March 31, 2014: 1,371,813
- March 31, 2015: 1,671,865
- March 31, 2016: 2,020,529
- March 31, 2017: 2,396,580
- Thereafter: $10,152,395
- $18,669,715
SUPPLEMENTARY INFORMATION
ARVIND WORLDWIDE INC.

STATEMENT OF OPERATING EXPENSES

For the year ended March 31, 2012

Operating expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$601,231</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>44,647</td>
</tr>
<tr>
<td>Pension plan contributions</td>
<td>4,449</td>
</tr>
<tr>
<td>Payroll processing charges</td>
<td>11,619</td>
</tr>
<tr>
<td>Rent and utilities</td>
<td>224,834</td>
</tr>
<tr>
<td>Telephone</td>
<td>19,707</td>
</tr>
<tr>
<td>Insurance</td>
<td>120,540</td>
</tr>
<tr>
<td>Travel and entertainment</td>
<td>219,602</td>
</tr>
<tr>
<td>Trade shows</td>
<td>9,340</td>
</tr>
<tr>
<td>Office supplies and expenses</td>
<td>13,852</td>
</tr>
<tr>
<td>Computer supplies and expenses</td>
<td>5,306</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>1,390</td>
</tr>
<tr>
<td>Sampling and designing charges</td>
<td>10,463</td>
</tr>
<tr>
<td>Professional fees</td>
<td>21,274</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>9,512</td>
</tr>
<tr>
<td>Postage and delivery</td>
<td>16,578</td>
</tr>
<tr>
<td>Printing and stationery</td>
<td>3,847</td>
</tr>
<tr>
<td>Equipment rental</td>
<td>2,582</td>
</tr>
<tr>
<td>License fees</td>
<td>154,249</td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,522,101</strong></td>
</tr>
</tbody>
</table>

*See accountants’ review report and notes to financial statements.*