



NEW IMAGE GROUP LIMITED TARGET COMPANY STATEMENT

IN RELATION TO THE TAKEOVER OFFER BY NEW IMAGE TRUSTEE LIMITED

18 FEBRUARY 2013

THIS IS AN IMPORTANT DOCUMENT AND IT REQUIRES YOUR IMMEDIATE ATTENTION



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If you are in doubt as to how to deal with this document please seek advice from your professional advisers.

LETTER TO SHAREHOLDERS

Dear Shareholder

New Image Trustee Limited (the **Offeror**), a company owned by the Chairman and majority shareholder of New Image Group Limited (**New Image** or the **Company**) Graeme Clegg, has made a full takeover offer for all of the shares in New Image at an offer price of NZ\$0.26 per share (the **Offer**). You should have received a copy of the Offer document by post directly from the Offeror. You can also find a copy of it on the NZX website under the New Image stock code NEW.

The New Image board established a committee of the independent directors to deal with all of the Company's responsibilities during the Offer. Simmons Corporate Finance Limited (**Simmons Corporate Finance**) was appointed as an independent adviser to report on the merits of the Offer. A copy of the Simmons Corporate Finance report is included with the Target Company Statement.

The Simmons Corporate Finance report has concluded that the full underlying value of the New Image shares is in the range of \$0.35 to \$0.42 per share. The Offer price is significantly below the bottom end of this range.

The independent directors therefore recommend that you do not accept the Offer. The independent directors will not accept the Offer.

However, shareholders should carefully consider the information in the accompanying documents, and in particular should consider closely the potential outcomes discussed in the Simmons Corporate Finance report, before making a decision in response to the Offer.

The independent directors' recommendation is necessarily general in nature, and cannot take account of individual shareholders' circumstances. For this reason, we urge you to read the accompanying documents carefully, to consult a financial adviser for guidance if required, and to give close consideration to your own position before making your decision on the Offer.

If you decide not to accept the Takeover Offer you need not take any further action. If the Offeror varies the Offer price, the independent directors will provide a further recommendation to shareholders.

Yours faithfully



Max Parkin
Independent Director



Nigel Sinclair
Independent Director



FREQUENTLY ASKED QUESTIONS

Q: When do I have to make a decision about the takeover Offer?

The Offer closes at 5pm on 2 April 2013 (unless extended by the Offeror).

Q: Are there any conditions to the Offer?

Yes the Offer is subject to certain conditions. One of the main conditions of the Offer is that the Offeror receives acceptances so that it will control 90% or more of the Shares. If the conditions are not satisfied or waived before the Offer closes, the Offer will lapse, the Offeror will not purchase your Shares and you will not be paid.

Q: What happens if the Offeror gets more than 90% of New Image's Shares? Will I be forced to sell my Shares?

You do not have to accept the Offer. However if the Offeror acquires enough Shares under the Offer so that it will control 90% or more of the Shares, the Offeror becomes the 'dominant owner' of New Image and may compulsorily acquire the remaining Shares. This means you may be forced to sell your Shares for the same price set out in the Offer subject to the terms of the Takeovers Code (which include certain rights of objection, and if sufficient objections are received the price will instead be set by expert determination).

Q: What happens if the Offeror does not get more than 90% of New Image's Shares?

The Offeror requires acceptances so that it will control 90% or more of the Shares. If this is not achieved or the minimum acceptance condition waived, the Offer will lapse, the Offeror will not purchase your Shares and you will not be paid. If the Offeror waives the 90% minimum acceptance condition (and the other conditions are waived or satisfied), it will acquire all Shares in respect of acceptances it has received under the Offer.

Q: Could the Offeror acquire more than 90% of New Image's Shares after the Offer closes?

If the Offer is not successful the Offeror still has options available to it to acquire more than 90% of the Shares in New Image, such as making a further full takeover offer at the same or a different price. It may also purchase further Shares on or off-market in limited circumstances in accordance with the Takeovers Code. Until the Offeror achieves ownership of 90% or more of the Shares you will not be forced to sell your Shares.

Q: What happens if I accept the Offer and then the Offeror increases the Offer price?

Assuming the Offer is successful you will receive this higher price. Under the Takeovers Code all Shareholders must benefit under the Offer equally, even if you have already accepted a lower price.

Q: Will New Image remain listed?

The Offeror has stated that depending on the final level of acceptances, the Offeror would explore with New Image a proposal to end its listing on the NZSX. If the Offeror acquired more than 90% of the Shares of New Image under the Offer and invoked the compulsory acquisition provisions of Part 7 of the Takeovers Code to acquire all remaining Shares, New Image would ultimately become delisted from the NZSX.

Q: How will I find out if the Offer changes?

You will be notified if the Offer changes. Notice of any variation or change in the Offer must be sent by the Offeror to each Shareholder, New Image, the Takeovers Panel and the NZX. The only changes that the Offeror can make are increasing the Offer price, extending the Offer period and waiving the conditions.

Q: If I accept, when will I be paid for my Shares?

Assuming the Offer is successful, a cheque for the amount that you are entitled to under the Offer must be posted to you, or paid by electronic transfer to your nominated New Zealand bank account, no later than 7 days after the Offer becomes unconditional or the closing date (whichever is later).

Q: I am unsure what to do – should I accept the Offer?

You should read the Offer document, this Target Company Statement and the Independent Adviser's Report carefully before making any investment decision in response to the Offer. You may wish to seek advice from your legal or financial adviser.

The independent directors recommend that you **do not** accept the Offer being made by the Offeror.

TARGET COMPANY STATEMENT

by New Image Group Limited prepared pursuant to Rule 46 of the Takeovers Code in relation to a takeover offer from New Image Trustee Limited.

1. DATE

1.1 This target company statement ("**Target Company Statement**") is dated 18 February 2013.

2. OFFER

2.1 This Target Company Statement relates to a full takeover offer by New Image Trustee Limited ("**Offeror**") dated 1 February 2013 to purchase all of the fully paid ordinary shares in New Image Group Limited ("**Shares**" or "**New Image Shares**") not already held or controlled by the Offeror as at the date of the Offer for a cash price of NZ\$0.26 per Share ("**Offer**").

2.2 The terms of the Offer are set out in the Offer document, which was sent to shareholders of New Image Group Limited ("**Shareholders**") by the Offeror on 4 February 2013.

3. TARGET COMPANY

3.1 The name of the target company is New Image Group Limited ("**New Image**").

4. DIRECTORS OF NEW IMAGE

4.1 The names of the directors of New Image are:

- (a) Graeme Clegg;
- (b) Alan Stewart;
- (c) NH Chua;
- (d) Maxwell Parkin; and
- (e) Nigel Sinclair.

5. OWNERSHIP OF EQUITY SECURITIES OF NEW IMAGE

5.1 Schedule 1 to this Target Company Statement sets out:

- (a) the number, designation and percentage of the equity securities of New Image held or controlled by each director or senior officer¹ of New Image (a "**Director**" or "**Senior Officer**" respectively) and their associates; and
- (b) any other person who, to the knowledge of New Image, holds or controls 5% or more of any class of equity securities of New Image (a "**Substantial Security Holder**").

1. The Senior Officers of New Image for the purposes of this Target Company Statement are Guy Wills – General Manager – NZ, Russell Bach – General Manager – Global Development, Craig Cooper – Group Quality Manager, Matthew Stanish – General Manager Manufacturing & Supply Chain, Simon Yarrow – General Manager – Global Marketing, Jackie Herbert – New Product Development & Technical, Peng Hyang Ng – Financial Controller – Asia, and Bruce (Tsuan Yu) Huang – General Manager – Taiwan.

5.2 Other than as set out in Schedule 1, to the knowledge of New Image, no other person holds or controls 5% or more of any class of equity security of New Image.

5.3 During the two year period ending on the date of this Target Company Statement, no equity securities have been issued to Directors and Senior Officers or their associates, and no Directors or Senior Officers or their associates have obtained a beneficial interest under an employee share scheme or other remuneration arrangement.

6. TRADING IN EQUITY SECURITIES OF NEW IMAGE

6.1 Schedule 2 to this Target Company Statement sets out the number and designation of equity securities of New Image that have, during the six month period before 11 February 2013 (being the latest practicable date before the date of this Target Company Statement), been acquired or disposed of by any person referred to in paragraph 5.1 including the consideration for, and the date of, each such transaction.

6.2 Other than as set out in Schedule 2, no person referred to in Schedule 1 has, during the six month period before 11 February 2013, acquired or disposed of any equity securities of New Image.

7. ACCEPTANCE OF OFFER

7.1 The following Directors, Senior Officers, and their associates have advised that they have accepted, or intend to accept, the Offer in respect of all New Image Shares held or controlled by them as set out in Schedule 1:

- (a) Graeme Clegg;
- (b) Exotic-Corp Limited;
- (c) HWM (NZ) Holdings Limited (in respect of 11,746,229 Shares);
- (d) Alan Stewart; and
- (e) Bruce (Tsuan Yu) Huang.

8. OWNERSHIP OF EQUITY SECURITIES OF OFFEROR

8.1 Graeme Clegg holds 100 shares in the Offeror, being 100% of the shares in the Offeror.

8.2 Other than as set out in paragraph 8.1, neither New Image, nor any Director or Senior Officer, nor any associate of a Director or Senior Officer, holds or controls any equity securities of the Offeror.

9. TRADING IN EQUITY SECURITIES OF THE OFFEROR

9.1 Neither New Image, nor any Director or Senior Officer, nor any associate of a Director or Senior Officer, has acquired or disposed of any equity securities of the Offeror during the 6 month period before 11 February 2013 (being the latest practicable date before the date of this Target Company Statement).

10. ARRANGEMENTS BETWEEN THE OFFEROR AND NEW IMAGE

10.1 No agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between the Offeror (or any associate of the Offeror) and New Image (or any related company of New Image), in connection with, in anticipation of, or in response to, the Offer.

11. RELATIONSHIP BETWEEN THE OFFEROR AND DIRECTORS AND SENIOR OFFICERS OF NEW IMAGE

11.1 No agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between the Offeror (or any associate of the Offeror) and any of the Directors or Senior Officers or any directors or senior officers of any related company of New Image (including any payment or other benefit proposed to be made or given by way of compensation for loss of office, or as to their remaining in or retiring from office), in connection with, in anticipation of, or in response to, the Offer.

11.2 Graeme Clegg is the sole director and only officer of the Offeror.

11.3 The following Directors or Senior Officers are directors or senior officers of related companies of the Offeror²:

2. As Graeme Clegg is the holder of all of the shares in the Offeror, and an indirect holder of more than half the shares of New Image, New Image and its subsidiaries are related companies of the Offeror.

Director/Senior Officer	Related Company
NH Chua	New Zealand New Image (HK) Limited Wells Property Management SDN BHD
Graeme Clegg	BioActive Technologies Asia Pacific Limited BioActive Technologies International Limited Dreamweaver Charters Limited Exotic Corp Limited Food Contractors Limited Living Nature Natural Products Limited New Image Food Distribution (Shanghai) Company Limited New Image Health Sciences (SA) limited New Image International (Australia) Pty Limited New Image International (Cambodia) Co. Limited New Image International (India) Private Limited New Image International (Thailand) Co. Limited New Image International Far East (Philippines) Inc. New Image International Limited New Image International Singapore (Private) Limited New Image Natural Health Limited New Image Share Scheme Trustee Limited New Image Travel and Lifestyle Limited New Image Trustee Limited New Zealand New Image (HK) Limited New Zealand New Image Limited NZ New Image SDN BHD Primary Nutrition Limited Pt. New Image Health Sciences Symbiotics (N.Z.) Limited Vitenz International Limited

Director/Senior Officer	Related Company
Max Parkin	Primary Nutrition Limited
Nigel Sinclair	New Image International (Australia) Pty Limited
Alan Stewart	BioActive Technologies Asia Pacific Limited BioActive Technologies International Limited Food Contractors Limited Golden Dairy (HK) Limited Living Nature Limited Living Nature Natural Products Limited Living Nature North America Limited Nature's Infinite Balance Limited New Image Food Distribution (Shanghai) Company Limited New Image Health Sciences (SA) limited New Image International (Australia) Pty Limited New Image International (Cambodia) Co. Limited New Image International (India) Private Limited New Image International (Thailand) Co. Limited New Image International Far East (Philippines) Inc. New Image International Limited New Image Natural Health Limited New Image Share Scheme Trustee Limited Pt. New Image Health Sciences Symbiotics (N.Z.) Limited Vitenz International Limited

12. AGREEMENT BETWEEN NEW IMAGE, AND DIRECTORS AND SENIOR OFFICERS OF NEW IMAGE

12.1 No agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between New Image and any related company of New Image, and:

- (a) any Directors or Senior Officers (or their associates); or
- (b) or any of the directors or senior officers (or their associates) of any related company of New Image,

under which a payment or other benefit may be made or given by way of compensation for loss of office, or as to their remaining in or retiring from office in connection with, in anticipation of, or in response to, the Offer.

13. INTERESTS OF DIRECTORS AND SENIOR OFFICERS IN CONTRACTS OF OFFEROR OR RELATED COMPANY

13.1 As the sole director and shareholder of the Offeror, Graeme Clegg has an interest in all the contracts to which the Offeror (or a related company of the Offeror) is a party.

13.2 On 25 October 2012, HWM (NZ) Holdings Limited (“HWM”) and Graeme Clegg entered into an agreement, under which HWM conditionally agreed to accept a full cash takeover offer for the equity securities in New Image by Graeme Clegg or an associate (for the purposes of this Offer, the Offeror). HWM holds 11,866,551 Shares, and has agreed to accept the Offer in respect of 11,746,229 Shares. The monetary value of that interest is NZD\$3,085,303, assuming all of HWM’s equity securities are acquired under the Offer at \$0.26 per Share.

13.3 Directors or Senior Officers of New Image have interests in the following contracts with New Image or its subsidiaries (the “Group”), which are related companies of the Offeror³ :

- (a) Graeme Clegg and NH Chua both have employment agreements with the Group, and through separate entities are party to distributorship arrangements with New Image and receive commissions under the standard marketing plan that applies to all Group distributors;
- (b) the Senior Officers each have employment agreements with the Group;
- (c) the Group conducts transactions in the normal course of business with the following entities, of which Graeme Clegg is a director or a major shareholder:
 - (i) Dreamweaver Charters Limited with which the group undertakes boat charters; and
 - (ii) New Image Travel and Lifestyle Limited from which the Group received rent and income from the sale of goods;
- (d) the Group has shareholder loans of \$2,500,000 from the Clegg Family Trust of which Alan Stewart and Graeme Clegg are Trustees;
- (e) the Company has advanced \$248,000 to Graeme Clegg as an unsecured loan, of which \$200,000 remains outstanding;
- (f) the Group rents premises from the Clegg Family Trust;
- (g) the Group engages the services of Stewart Consulting Limited for tax and accounting advice of which Alan Stewart is the principal;

3. As Graeme Clegg is the holder of all of the shares in the Offeror, and an indirect holder of more than half the shares of New Image, New Image and its subsidiaries are related companies of the Offeror.

(h) the Group rents premises from Wells Property Management SDN BHD of which NH Chua is a director and shareholder; and

(i) consultancy fees are paid to GCC International Consulting Co. Ltd, a company owned by Graeme Clegg's spouse.

13.4 Other than as set out in this section 13, no Director or Senior Officer nor their respective associates, has any interest in any contract to which the Offeror (or a related company of the Offeror) is a party.

13A. INTERESTS OF SUBSTANTIAL SECURITY HOLDERS IN MATERIAL CONTRACTS OF OFFEROR OR RELATED COMPANY

13A.1 As the sole director and shareholder of the Offeror, Graeme Clegg has an interest in all the material contracts to which the Offeror (or a related company) is a party. The only relevant contract is described in paragraph 13.2. HWM also has an interest in this contract.

13A.2 Other than as set out in paragraph 13.2, no person who, to the knowledge of the Directors and Senior Officers, holds or controls 5% or more of any class of equity securities of New Image, has any interest in any material contract to which the Offeror (or any related company of the Offeror) is a party.

14. ADDITIONAL INFORMATION

14.1 In the opinion of the Directors, no additional information within the knowledge of New Image is required to make the information in the Offer document correct or not misleading.

15. RECOMMENDATION

15.1 The Directors of New Image have delegated authority to a committee of the independent Directors, Max Parkin and Nigel Sinclair ("**Committee**") to attend to matters associated with the Offer.

15.2 None of Graeme Clegg, Alan Stewart and NH Chua participated in the formulation of the recommendation by the Committee due to their respective conflicts of interest.

15.3 Simmons Corporate Finance was appointed as an independent adviser to report on the merits of the Offer. A copy of the Simmons Corporate Finance report is included in this Target Company Statement.

15.4 The Simmons Corporate Finance report has concluded that the full underlying value of the New Image shares is in the range of \$0.35 to \$0.42 per share. The Offer price is significantly below the bottom end of this range.

15.5 The Committee therefore unanimously recommend to Shareholders that they do not accept the Offer.

16. ACTIONS OF NEW IMAGE

16.1 The Offeror has informal arrangements with Graeme Clegg, its sole shareholder and director, along with Exotic-Corp Limited (also controlled by Mr Clegg), with respect to the funding of the Offer such that it has sufficient resources to complete the Offer. These informal arrangements will be formalised prior to the Offer closing.

16.2 There are no other material agreements or arrangements (whether legally enforceable or not) of New Image and its related companies entered into as a consequence of, in response to, or in connection with, the Offer.

16.3 There are no negotiations underway as a consequence of, in response to, or in connection with, the Offer that relate to or could result in:

- (a) an extraordinary transaction, such as a merger, amalgamation or reorganisation, involving New Image or any of its related companies;
- (b) the acquisition or disposition of material assets by New Image or any of its related companies;
- (c) an acquisition of equity securities by, or of, New Image or any related company of New Image; or
- (d) any material change in the issued equity securities of New Image.

17. EQUITY SECURITIES OF NEW IMAGE

17.1 New Image has 234,924,584 ordinary shares on issue, being the only class of equity securities (as defined in the Takeovers Code) New Image has on issue.

17.2 The rights of the holders of those Shares in respect of capital, distributions and voting are as follows:

- (a) the right to an equal share with other Shareholders in dividends authorised by the board of directors of New Image;
- (b) the right to an equal share with other Shareholders in the distribution of surplus assets on the liquidation of New Image; and
- (c) subject to the NZX Listing Rules, the right to cast one vote on a show of hands or the right to cast one vote for each Share held on a poll, in each case at a meeting of Shareholders on any resolution, including a resolution to:
 - (i) appoint or remove a director or auditor;
 - (ii) alter New Image's constitution;
 - (iii) approve a major transaction;
 - (iv) approve an amalgamation of New Image; and
 - (v) put New Image into liquidation.

18. FINANCIAL INFORMATION

18.1 Shareholders are entitled to obtain from New Image a copy of New Image's annual report for the period ending 30 June 2012 by making a written request to:

New Image
19 Mahunga Drive
Mangere Bridge
Auckland
or to: takeover@newimagegroup.co.nz

A copy of the annual report is also available on New Image's website www.newimagegroup.co.nz/investors/annualreports.

18.2 No half-yearly or interim reports for New Image have been produced since the annual report referred to in paragraph 18.1. New Image expects the half-yearly report for the period ended 31 December 2012 to be released to NZX and available on New Images' website on or about 28 February 2013.

18.3 There have been the following material changes in the financial or trading position, or prospects, of New Image since its 2012 annual report was prepared:

(a) On 1 February 2013 New Image announced the following results for the six months ending 31 December 2012:

- (i) the total group revenue for the half year was \$67.3 million, an increase of 90.5% on revenue of \$35.3 million for the same period last year. This was helped by a strong performance in the key Malaysian market, peaking at the start of the second quarter but reducing in subsequent months;
- (ii) New Image's indication for the full financial year ending 30 June 2013 is total annual revenue of \$110-120 million, compared with \$74.7 million the previous year;
- (iii) net profit before tax for the half year was \$7.8 million, compared with a loss of \$0.3 million for the same period last year; this is after allowing for a \$3 million provision for existing investment and stock write-offs; and
- (iv) New Image's net profit before tax expectation for the full financial year ending 30 June 2013 is in the range of \$12-14 million, compared to last year's loss of \$4.8 million.

(b) The principal assumptions on which the prospective financial information referred to in paragraph 18.3(a) are based are:

- (i) New Image's actual results for the six months to 31 December 2012 plus management's forecast for the remaining six months of the 2013 financial year;
- (ii) Prices and margins are based on current and projected views of market pricing and product input costs including raw material prices, labour and freight costs;
- (iii) Corporate and operating overheads remaining the same for the balance of the 2013 financial year;
- (iv) Any costs or expenditure relating to the Offer have not been included;
- (v) Capital expenditure is based on existing projects, adjusted for anticipated changes; and
- (vi) New Image's earnings are based on its performance for the six months to 31 December 2012 adjusted for anticipated changes for the balance of the 2013 financial year, including accounting for Malaysian sales stabilising at levels below those achieved in October 2012, and the risk of delays in increasing production capacity.

18.4 Other than as set out elsewhere in this Target Company Statement, or as contained in the Independent Adviser's Report:

(a) there have been no known material changes in the financial or trading position, or prospects, of New Image since the 30 June 2012 annual report; and

(b) there is no other information about the assets, liabilities, profitability and financial affairs of New Image that could reasonably be expected to be material to the making of a decision by Shareholders to accept or reject the Offer.

19. INDEPENDENT ADVICE ON MERITS OF OFFER

19.1 Simmons Corporate Finance was appointed by the Committee as an independent adviser to provide a report of the merits of the Offer as required by Rule 21 of the Takeovers Code. A copy of that report is attached to this Target Company Statement.

20. ASSET VALUATION

20.1 None of the information in this Target Company Statement refers to a valuation of any asset.

21. PROSPECTIVE FINANCIAL INFORMATION

21.1 The principal assumptions on which the prospective financial information referred to in paragraph 18.3(a) are based are set out in paragraph 18.3(b).

21.2 The Independent Adviser's Report contains prospective financial information in relation to New Image's 2013 budget. The principal assumptions on which the prospective information is based are set out in the Independent Adviser's Report.

21.3 Shareholders should note that, while the budget has been approved by the Directors, it was prepared for internal management purposes only and was not prepared for, or with the intention of giving, detailed public guidance. The basis of preparation may therefore differ if it had been prepared for external reporting purposes.

22. SALES OF UNQUOTED EQUITY SECURITIES UNDER OFFER

22.1 The Shares are quoted on the NZSX.

22.2 There are no other unquoted equity securities in New Image.

23. MARKET PRICES OF QUOTED EQUITY SECURITIES UNDER THE OFFER

23.1 The closing price on the NZSX of the Shares:

(a) on 11 February 2013 (being the latest practicable working day before the date on which this Target Company Statement is sent) was \$0.27 per Share; and

(b) on 16 January 2013 (being the last day on which the NZSX was open for business before the date on which New Image received the Offeror's takeover notice) was \$0.27 per Share.

23.2 The highest and lowest closing market prices on the NZSX of the Shares (and the relevant dates) during the six months before 17 January 2013 (being the date on which New Image received the Offeror's takeover notice), were as follows:

(a) highest closing market price was \$0.30 per Share (on 25 October and 28 November 2012); and

(b) lowest closing market price was \$0.14 per Share (on 30 July until 3 August 2012, on 10 August 2012 and 16 August until 22 August 2012).

23.3 During the periods referred to in this section 23, New Image did not issue any equity securities or make any changes in any equity securities on issue or make any distributions which could have affected the market prices of New Image's Shares referred to in this section 23.

24. OTHER INFORMATION

24.1 Subject to the information set out elsewhere in this Target Company Statement the Directors do not consider there is any other information that could reasonably be expected to be material to the making of a decision by the offerees to accept or reject the Offer.

25. APPROVAL OF THIS TARGET COMPANY STATEMENT

25.1 Except as set out in paragraphs 25.2, 25.3 and 25.4, this Target Company Statement has been approved by the Directors of New Image.

25.2 Graeme Clegg did not participate in the formulation of the recommendation by the Committee set out in paragraph 15 due to his conflict of interest arising from his relationship with the Offeror, and has not approved the recommendation or the letter to shareholders accompanying this Target Company Statement.

25.3 Alan Stewart and NH Chua did not participate in the formulation of the recommendation by the Committee set out in paragraph 15 due to their conflict of interest arising from their respective

relationships with New Image, a related company of the Offeror, and have not approved the recommendation or the letter to shareholders accompanying this Target Company Statement.

25.3 Neither Graeme Clegg nor Alan Stewart approve the Target Company Statement to the extent that it includes or endorses the Independent Adviser's Report. Specifically, neither Mr Clegg nor Mr Stewart agree with the Independent Adviser's conclusions as to the sustainable levels of EBITDA appearing at section 4 of the Independent Adviser's Report. Both Mr Clegg and Mr Stewart believe that the projected levels of sustainable EBITDA referenced in the Independent Adviser's Report would require sustained levels of revenue which have not been historically achieved by New Image. They each expect that the Net Profit Before Tax for the year ended 30 June 2013 is likely to be in line with New Image's announcement to NZSX on 1 February 2013, namely in the range of \$12 – 14 million. They each believe that the assumed levels of EBITDA, which are central to the valuation range indicated by the Independent Adviser's Report, consequently result in an over-valuation of the shares in New Image.

26. CERTIFICATE

26.1 To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying this statement is, in all material respects, true and correct and not misleading, whether by omission of any information or otherwise, and includes all the information required to be disclosed by the target company under the Takeovers Code.



Graeme Clegg
Chief Executive Officer



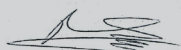
Alan Stewart
Chief Financial Officer



Max Parkin
Independent Director



Nigel Sinclair
Independent Director



NH Chua
Independent Director

SCHEDULE 1

Ownership of equity securities in New Image (paragraph 5.1 of this Target Company Statement)

Name	Number of Equity Securities held or controlled	Designation of Equity Securities	Percentage of total number of equity securities
Directors			
Graeme Clegg	76,824,242	Ordinary Shares	32.70%
Associates			
Exotic-Corp Limited	60,264,864		25.65%
New Image Trustee Limited	14,955,642		6.37%
Alan Stewart	1,100,000		0.47%
HWM (NZ) Holdings Limited	11,866,551		5.05%
Graeme Clegg and associates	165,011,299		70.24%
NH Chua	6,912,500	Ordinary Shares	2.94%
Alan Stewart	1,100,000	Ordinary Shares	0.47%
Associates			
Graeme Clegg	76,824,242		32.70%
New Image Trustee Limited	14,955,642		6.37%
Alan Stewart and associates	92,879,884		39.54%
Max Parkin	70,000	Ordinary Shares	0.03%
Associates			
Jody Parkin	95,496		0.04%
Max Parkin and associates	165,496		0.07%
Nigel Sinclair	110,000	Ordinary Shares	0.05%
Senior Officers			
Bruce (Tsuan Yu) Huang	1,452,000	Ordinary Shares	0.62%
Substantial security holders			
Graeme Clegg	76,824,242	Ordinary Shares	32.70%
Exotic-Corp Limited	60,264,864	Ordinary Shares	25.65%
New Image Trustee Limited	14,955,642	Ordinary Shares	6.37%
HWM (NZ) Holdings Limited	11,866,551	Ordinary Shares	5.05%

SCHEDULE 2

Trading in equity securities in New Image (paragraph 6.1 of this Target Company Statement)

Name	Number of Equity Securities	Acquisition or Disposal	Consideration per share	Date
Directors				
Graeme Clegg	11,462,762	Acquisition	\$0.26 per Share	8/11/12
	283,467	Acquisition	\$0.26 per Share	20/12/12
Substantial security holders/ Associate of Director				
HWM (NZ) Holdings Limited	11,462,762	Disposal	\$0.26 per Share	8/11/12
	283,467	Disposal	\$0.26 per Share	20/12/12

DIRECTORY

New Image

19 Mahunga Drive
Mangere Bridge
Auckland

PO Box 58460
Botany
Auckland

Independent Adviser

Simmons Corporate Finance Limited
L5 Shortland Chambers Building
70 Shortland Street
Auckland

PO Box 3996
Auckland

Share Registrar

Link Market Services Limited
Level 16 Brookfields House
19 Victoria Street West
Auckland

PO Box 91976
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Solicitors

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188 Quay Street
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