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**MANDATORY CASH OFFER FOR
PUNCH GRAPHIX PLC
BY PUNCH INTERNATIONAL N.V.**

Punch International announces that it has today acquired 5,000 Punch Graphix Shares, representing approximately 0.005 per cent. of Punch Graphix's issued share capital, at 127.75p per share, bringing Punch International's (including persons deemed to be acting in concert with it under the City Code) total interest in Punch Graphix to 50,391,316 Punch Graphix Shares, representing approximately 49.0 per cent. of Punch Graphix's issued share capital.

Under Rule 9 of the City Code, Punch International is required to make a mandatory offer to acquire the whole of the issued and to be issued share capital of Punch Graphix for cash not already owned by Punch International.

Introduction

Punch International believes that the performance of Punch Graphix has been unsatisfactory since Punch Graphix was admitted to trading on AIM on 26 May 2005. As such, by way of the Mandatory Offer, Punch International intends to acquire majority shareholder control in Punch Graphix so that it may exercise greater cost and management control of its operations. Punch International intends to deliver a leaner operation, with synergies on purchase, manufacturing and general administration which it believes will be for the benefit of all Punch Graphix Shareholders.

Punch Graphix Shareholders may take this opportunity to accept the Mandatory Offer without incurring any trading costs, however, they should be aware that no premium for control will be offered. Alternatively, Punch Graphix Shareholders may wish not to accept the Mandatory Offer and to support Punch International in its ambitions for Punch Graphix.

Commenting on the Mandatory Offer, Guido Dumarey, the chairman of Punch International, said

"It's not a secret that the graphics industry is key to Punch Graphix and that the segments (Computer to Plate and Digital) in which Punch Graphix is active are fast growing. As a director of both Punch Graphix and Punch International my expectation for Punch Graphix is high.

"We at Punch International have been very unhappy with the share price performance of Punch Graphix since its flotation. We now intend to have greater control of the company which will allow Punch Graphix to be leaner, faster and more customer oriented in a dynamic market. We also intend to further develop the sales channels and to broaden the product portfolio in order to create enough scale to expand its own sales and service organisations."

The Mandatory Offer

The Mandatory Offer will be on the following basis:

For each Punch Graphix Share

128.0 p in cash

The Mandatory Offer values the whole of Punch Graphix's existing and to be issued share capital at approximately £131.6 million.

The Mandatory Offer will be conditional (subject to further terms as set out in the Mandatory Offer Document) on Punch International receiving acceptances which, together with the Punch Graphix Shares acquired or agreed to be acquired before or during the Offer, will result in Punch International and any person acting in concert with it holding Punch Graphix Shares carrying more than 50 per cent. of the voting rights of Punch Graphix and will close 21 days after posting of the Mandatory Offer Document (or if that day is a Saturday, Sunday or Public holiday, on the next successive business day).

Reasons for the Mandatory Offer and Punch International's strategic intentions for Punch Graphix

The Board of Punch International believes that since relinquishing majority shareholder control of Punch Graphix following Admission, the financial performance of Punch Graphix has been unsatisfactory and the price performance of Punch Graphix Shares has been poor. Profits have not grown in line with revenue as the operational expenses have been allowed to increase disproportionately. The Board of Punch International also believes that Punch Graphix has failed to apply the net proceeds of €28.1 million raised at Admission to any sort of growth strategy, which has further contributed to the poor price performance of Punch Graphix Shares.

The Board of Punch International intends to improve the performance of Punch Graphix by reducing unnecessary overhead costs, focusing on the geographic regions with the highest potential and further develop the sales channels and the product portfolio. The Board of Punch International expects synergies between the Punch Graphix Group and the Punch International Group in areas such as general administration, purchase, manufacturing and engineering, and targeted complementary acquisitions.

Unless the Board of Punch International acts now, it believes that there will be further deterioration in the performance of Punch Graphix with escalating operational costs and further deterioration in value affecting all Punch Graphix Shareholders.

Information on Punch Graphix

Punch Graphix plc is a UK holding company whose ordinary share capital was admitted to trading on AIM on 26 May 2005 and owns the printing equipment business which formerly comprised the graphics division of Punch International.

The Punch Graphix Group focuses on the provision of digital and pre-press printing systems. It also provides ongoing consumables and services to its installed base. The Punch Graphix Group has been built through the acquisition and development of existing businesses and the establishment of a number of international sales offices.

The principal operating businesses of the Punch Graphix Group are:

- Xeikon, acquired in April 2002, which develops, manufactures and distributes high-end, web-fed, digital colour printing systems and related consumables, such as toners and developers. Xeikon

provides a direct-to-press solution for professional applications in the commercial printing, variable data printing, packaging, label printing and speciality applications markets;

- Strobbe, acquired in January 2000, which develops and produces laser-based computer-to-plate (“CtP”) systems for use in the pre-press imaging of printing plates used in offset printing. Strobbe’s products are targeted towards the newspaper and commercial printing sectors; and
- basysPrint, acquired in December 2004, which designs and manufactures unique computer-to-conventional-plate (“CTcP”) pre-press equipment. CTcP is a variant of CtP which enables printers to utilise conventional, as opposed to digital, printing plates within a CtP process.

For the year ended 31 December 2005, the Punch Graphix Group reported sales of €153.2 million (2004: €105.2 million) and operating profits of €1.5 million (2004: €13.6 million). As at 31 December 2005, the Punch Graphix Group had shareholder’s equity of €5.4 million (2004: €3.6 million) and net debt of €14.1 million (2004: €36.9 million). For the six months ended 30 June 2006, the Punch Graphix Group reported sales of €84.0 million (2005: €78.8 million) and operating profits of €13.3 million (2005: €13.6 million). As at 30 June 2006, the Punch Graphix Group had shareholder’s equity of €9.7 million (2005: €0.4 million) and net debt of €23.0 million (2005: €10.2 million).

Information on Punch International

Punch International is a Belgian-based diversified industrial group operating in graphics, agriculture, telematics, automotive and consumer electronics industries.

Other than its stake in Punch Graphix, the Punch International Group owns (or has significant holdings in) four independently operated divisions/companies:

- Punch Technix: develops and markets automatic milking robots besides the equipment manufacturing activity. Listed on Euronext Amsterdam, ticker PNX;
- Punch Telematix: telematics cluster of the group, targeting end customers in truck and transport, service- and fleet management. Listed on Euronext Brussels, ticker PTX;
- Punch Motive: active in injection moulding, metal parts supplying in Tier 1 as well as powertrain production and development (continuous variable transmission); and
- other: combines the real estate of the group and the cathode ray tube (CRT) displays activities.

For the year ended 31 December 2005, the Punch International Group reported sales of €231.2 million (2004: €216.5 million) and operating profits of €46.4 million (2004: €26.1 million). As at 31 December 2005, the Punch International Group had shareholder’s equity of €141.9 million (2004: €96.1 million) and financial liabilities of €88.7 million (2004: €137.3 million). For the six months ended 30 June 2006, the Punch International Group reported sales of €86.3 million (2005: €144.0 million) and operating profits of €17.6 million (2005: €36.2 million). As at 30 June 2006, the Punch International Group had shareholder’s equity of €154.8 million and financial liabilities of €101.4 million.

Prior to Admission, Punch Graphix was a wholly owned subsidiary of Punch International. However, Punch International decreased its interest in Punch Graphix to 49 per cent. of the issued share capital upon Punch Graphix’s admission to trading on AIM.

Financing of the Mandatory Offer

Full acceptance of the Mandatory Offer by Punch Graphix Shareholders will result in a maximum cash consideration payable by Punch International of approximately £67.1million.

The cash consideration payable to Punch Graphix Shareholders pursuant to the Mandatory Offer will be financed through a mixture of existing cash resources and available credit facilities.

KBC Peel Hunt has confirmed that the necessary financial resources are available to Punch International to satisfy full acceptance of the Mandatory Offer.

Corporate Governance

Following the Mandatory Offer becoming unconditional, the Board of Punch International intends to replace the non-executive directors of Punch Graphix (other than Guido Dumarey) with Wim Deblauwe, Chief Financial Officer of Punch International, and Philippe Gekiere (independent non-executive), both of whom Punch International believes will have more experience and be more effective in the operation of Punch Graphix. As such, it is also expected that Punch Graphix will not comply with the main provisions of the Combined Code on Corporate Governance (“Combined Code”) but will remain in compliance with the Relationship Agreement, further details of which are set out below.

Following Admission, Punch International and Punch Graphix entered into a Relationship Agreement whose main purpose was to ensure that arrangements and transactions between the two companies remained on an arm’s length basis. Following today’s acquisition of Punch Graphix Shares by Punch International and the Mandatory Offer to be made, Punch International acknowledges the value and importance of the Relationship Agreement for Punch Graphix Shareholders and shall continue to adhere to the terms of the Relationship Agreement (so long as Punch Graphix Shares remain admitted to trading on AIM) and, in particular, to ensure a majority of “Independent Directors” on the board of Punch Graphix (as defined and contemplated within the Relationship Agreement).

Employees

Punch International intends that following the Mandatory Offer the existing employment rights, including existing pension rights, of all Punch Graphix employees will be fully safeguarded.

Punch Graphix LTIP

The Mandatory Offer will extend to any Punch Graphix Shares unconditionally allotted or issued and fully paid (whilst the Mandatory Offer remains open for acceptance) as a result of vesting share awards pursuant to the Punch Graphix LTIP.

Overseas Punch Graphix Shareholders

The Mandatory Offer will not be made, in or into, and will not be capable of being accepted in or from, United States, Canada, Australia or Japan or any other jurisdiction where it is illegal to do so. Custodians, nominees and trustees should observe these restrictions and should not send or distribute documents in or

into United States, Canada, Australia or Japan or such other jurisdiction. Any persons (including nominees, trustees and custodians) who may have a legal or contractual obligation to forward this document and any related documents to any jurisdiction outside the UK should seek appropriate advice before doing so.

Cancellation of trading on AIM and Compulsory Acquisition

The Board of Punch International has yet to decide whether it will seek to cancel trading on AIM of the Punch Graphix Shares if it receives acceptances which will result in Punch International holding Punch Graphix Shares carrying more than 75 per cent. of the voting rights. If the Punch Graphix Shares are cancelled from trading on AIM, it will significantly reduce the liquidity and marketability of any Punch Graphix Shares not assented to the Mandatory Offer.

If Punch International receives acceptances under the Mandatory Offer in respect of, and/or otherwise acquires 90 per cent. or more of the Punch Graphix Shares to which the Mandatory Offer relates and the Mandatory Offer becomes or is declared unconditional in all respects, Punch International intends to exercise its rights pursuant to the provisions of sections 428 to 430F (inclusive) of the Companies Act 1985 to acquire compulsorily all remaining Punch Graphix Shares on the same terms as the Mandatory Offer.

General

This announcement does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this announcement in any jurisdiction in contravention of applicable law.

The Mandatory Offer will comply with all applicable rules and regulations of the City Code and will be governed by English law and be subject to the jurisdiction of the Courts of England.

Appendix I sets out the condition and certain further terms to which the Mandatory Offer will be subject.

Punch International intends that the Mandatory Offer Document, setting out the full terms of the Mandatory Offer, together with the Form of Acceptance, will be posted to Punch Graphix Shareholders as soon as reasonably practicable.

Save for the interests described above, neither Punch International nor any party acting in concert with Punch International owns or controls or has borrowed or lent (save for any borrowed shares which have been either on-lent or sold) any Punch Graphix Shares or any securities convertible or exchangeable into Punch Graphix Shares (including pursuant to any long exposure or short position, whether conditional or absolute and whether in the money or otherwise, to changes in the prices of securities) or any rights to subscribe for or purchase the same, or holds any options (including traded options) in respect of, or has any option to acquire, any Punch Graphix Shares or has entered into any derivatives referenced to Punch Graphix Shares (“Relevant Punch Graphix Shares”) which remain outstanding, nor does any such person have any arrangement in relation to Relevant Punch Graphix Shares. An “arrangement” also includes any indemnity or option arrangement, any agreement or understanding, formal or informal, of whatever nature (including any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery), relating to Relevant Punch Graphix Shares which may be an inducement to deal or refrain from dealing in such securities.

The definitions used in this announcement are set out in Appendix II.

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The distribution of this announcement in jurisdictions other than the UK may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the UK should inform themselves about, and observe, any applicable requirements. This announcement has been prepared for the purpose of complying with English law and the City Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside the UK.

The Mandatory Offer will not be made, directly or indirectly, in, into or from the United States, or by use of the United States mails, or by any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone or e-mail) of United States interstate or foreign commerce, or any facility of a national securities exchange of the United States, Canada, Australia or Japan or any other jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction. Accordingly, this announcement, copies of this announcement and any related documents are not being and must not be mailed or otherwise distributed or sent in, into or from the United States, Canada, Australia or Japan or any other jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction and persons receiving this document and any related documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in, into or from the United States, Canada, Australia or Japan or any other jurisdiction where it would be unlawful to do so. All Punch Graphix Shareholders (including nominees, trustees or custodians) who would, or otherwise intend to, forward this announcement, should inform themselves about and observe any applicable requirement.

KBC Peel Hunt, which is authorised and regulated in the UK by the Financial Services Authority, is acting exclusively for Punch International and for no-one else in connection with the Mandatory Offer and is not advising any other person or treating any other person as its client in relation thereto and will not be responsible to anyone other than Punch International for providing the protections afforded to clients of KBC Peel Hunt, or for giving advice to any other person in relation to the Mandatory Offer, the contents of this announcement or any other matter referred to herein.

This announcement may contain various 'forward-looking statements' within the meaning of section 27A of the US Securities Act and section 21E of the US Exchange Act relating to the Mandatory Offer, Punch Graphix or Punch International that are subject to risks and uncertainties, including those pertaining to the anticipated benefits to be realised from the proposed acquisition of Punch Graphix. Information in this announcement relating to Punch Graphix has been compiled from public sources. The statements can be identified by the use of forward-looking terminology, such as 'believe', 'expects', 'prospect', 'estimated', 'should', 'may' or the negative thereof, or other variations thereof, or comparable terminology indicating Punch International's expectations or beliefs concerning future events. Punch International cautions that such statements are qualified by important factors that could cause actual results to differ materially from those in the forward-looking statements. Other factors could also cause actual results to differ materially from expected results included in the statements. These factors include changes in regulatory

environment, foreign political, economic and currency risks associated with the integration of recently acquired companies.

Dealing Disclosure Requirements

Under the provisions of Rule 8.3 of the City Code if any person is, or becomes, “interested” (directly or indirectly) in 1 per cent. or more of any class of “relevant securities” of Punch Graphix, all “dealings” in any “relevant securities” of Punch Graphix (including by means of an option in respect of, or a derivative referenced to, any such “relevant securities”) must be publicly disclosed by no later than 3.30 p.m. (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the Mandatory Offer becomes unconditional, lapses or is otherwise withdrawn or on which the “offer period” otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an “interest” in “relevant securities” of Punch Graphix, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the City Code, all “dealings” in “relevant securities” of Punch Graphix by Punch International or Punch Graphix, or by any of their respective “associates”, must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose “relevant securities” “dealings” should be disclosed, and the number of such securities in issue, can be found on the Takeover Panel’s website at www.thetakeoverpanel.org.uk.

“Interests in securities” arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an “interest” by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the City Code, which can also be found on the Panel’s website. If you are in any doubt as to whether or not you are required to disclose a “dealing” under Rule 8, you should consult the Panel.

APPENDIX I

CONDITION AND CERTAIN FURTHER TERMS OF THE MANDATORY OFFER

Condition

The Mandatory Offer will be conditional only upon valid acceptances being received (and not, where permitted, withdrawn) by not later than 3.00 p.m. on the First Closing Date (or such later time(s) and/or date(s) as Punch International may, with the consent of the Panel or in accordance with the City Code, decide) in respect of Punch Graphix Shares which, together with Punch Graphix Shares acquired or agreed to be acquired before or during the Mandatory Offer, will result in Punch International and any person acting in concert with it holding Punch Graphix Shares carrying in aggregate more than 50 per cent. of the voting rights then exercisable at a general meeting of Punch Graphix, including (to the extent, if any, required by the Panel for this purpose) any such voting rights attaching to any Punch Graphix Shares that are unconditionally allotted or issued before the Mandatory Offer becomes unconditional, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise. For the purpose of this condition, Punch Graphix Shares which have been unconditionally allotted but not issued before the Mandatory Offer becomes unconditional, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise, shall be deemed to carry the voting rights they will carry on being entered in the register of members of Punch Graphix.

Certain Further Terms

The Punch Graphix Shares will be acquired by Punch International fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and any other third party rights or interests whatsoever and together with all rights existing as at the date of this announcement or thereafter attaching thereto, including the right to receive and retain, in full, all dividends and other distributions (if any) declared, made or paid or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made on or after the date of this announcement.

The Mandatory Offer will close 21 days after posting of the Mandatory Offer Document (or if that day is a Saturday, Sunday or Public holiday, on the next successive business day).

APPENDIX II

DEFINITIONS

The following definitions apply throughout this announcement, unless the context otherwise requires:

“Admission”	the admission to trading of Punch Graphix Shares on AIM on 26 May 2005
“AIM”	the AIM market operated by London Stock Exchange
“Australia”	the Commonwealth of Australia, its territories and possessions
“Board of Punch International”	both the supervisory and the management board of directors of Punch International for the time being, including any constituted committee thereof
“Canada”	Canada, its provinces and territories and all areas under its jurisdiction and political sub-divisions thereof
“City Code”	the City Code on Takeovers and Mergers
“Exchange Act”	the Unites States Exchange Act of 1934, as amended, and rules and regulations promulgated thereunder
“First Closing Date”	the date specified in the formal Mandatory Offer Document as the first date on which the Mandatory Offer could be closed being 21 days after the posting of the Mandatory Offer Document (or if that day is a Saturday, Sunday or Public Holiday, on the next successive business day)
“Form of Acceptance”	the form of acceptance and authority for use in connection with the Mandatory Offer
“Japan”	Japan, its cities, prefectures, territories and possessions
“KBC Peel Hunt”	KBC Peel Hunt Ltd, financial adviser to Punch International
“London Stock Exchange”	London Stock Exchange plc
“Mandatory Offer”	the mandatory cash offer (pursuant to Rule 9 of the City Code) to be made by Punch International to acquire all of the issued and to be issued Punch Graphix Shares not already owned by Punch International on the terms and subject to the condition and further certain terms to be set out in the Mandatory Offer Document and the Form of Acceptance (including, where the context so requires,

	any subsequent revision, variation, extension or renewal thereof)
“Mandatory Offer Document”	the mandatory offer document to be issued pursuant to, and containing, the Mandatory Offer
“Panel”	The Panel on Takeover and Mergers
“Punch Graphix ”	Punch Graphix plc
“Punch Graphix Group”	Punch Graphix and its subsidiaries and subsidiary undertakings from time to time
“Punch Graphix LTIP”	the Punch Graphix long term investment plan share awards scheme available to certain Punch Graphix Group employees and their connected persons
“Punch Graphix Shareholders”	holders of Punch Graphix Shares
“Punch Graphix Shares”	existing issued or unconditionally allotted and fully paid ordinary shares of 10p each in the capital of Punch Graphix and any further such shares which are unconditionally allotted and/or issued fully paid after the date of this announcement and before the Mandatory Offer closes (or before such other time as Punch International may, subject to the City Code, decide in accordance with the terms and conditions of the Mandatory Offer)
“Punch International”	Punch International International N.V.
“Punch International Group”	Punch International and its subsidiaries and subsidiary undertakings from time to time (unless otherwise stated excluding Punch Graphix)
“Relationship Agreement”	the agreement entered into on 20 May 2005 between Punch International and Punch Graphix to ensure that arrangements and transactions between the two companies remain on an arm’s length basis
“Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“UK”	the United Kingdom of Great Britain and Northern Ireland
“United States”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia, and all other areas subject to its jurisdiction
“US Person(s)”	has the meaning ascribed to it by Regulation S promulgated under the Securities Act

The terms “subsidiary” and “subsidiary undertakings” as used in these definitions shall have the meanings given by the Companies Act 1985.

All references to legislation in this announcement are to English legislation, unless the contrary is indicated. Any reference to any provision of any legislation should include any amendment, modification, re-enactment or extension thereof.