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**Mandatory Cash Offer for
Punch Graphix plc
by Punch International NV**

Offer update

The Punch International Board announces that, as at 1.00 p.m. on 29 January 2007, Punch International either owned or had received valid acceptances of the Offer for Punch Graphix in respect of a total of 51,939,824 Punch Graphix Shares, representing approximately 50.50 per cent. of Punch Graphix's issued ordinary share capital. The condition as to acceptances, to which the Offer is subject, has therefore been satisfied, however, in accordance with its terms, the Offer will lapse if the Offer or the acquisition of Punch Graphix Shares by Punch International pursuant to the Offer is referred to the UK Competition Commission or the Commission of European Communities before 1.00 p.m. on 30 January 2007.

The Offer will remain open until 1.00 p.m. on 30 January 2007 (or such later time(s) and/or date(s) as Punch International may, with the consent of the Panel or in accordance with the Code, decide).

As at 1.00 p.m. on 29 January 2007, Punch International had received valid acceptances of the Offer for Punch Graphix in respect of a total of 1,548,508 Punch Graphix Shares, representing approximately 1.50 per cent. of Punch Graphix's issued ordinary share capital. None of these acceptances were received from persons acting in concert with Punch International or in respect of Punch Graphix Shares which were subject to an irrevocable commitment or a letter of intent procured by Punch International or any of its associates.

Save as disclosed in this announcement or in the Offer Document, neither Punch International nor any persons acting or deemed to be acting in concert with them held any Punch Graphix Shares (or rights over any Punch Graphix Shares) prior to the Offer Period and neither Punch International nor persons acting or deemed to be acting in concert with them have acquired or agreed to acquire any Punch Graphix Shares (or rights over any Punch Graphix Shares) since the commencement of the Offer Period.

Terms defined in the Offer Document dated 8 January 2007 have the same meaning in this announcement.

Enquiries:

Punch International NV
Wim Deblauwe

Tel: +32 (0) 9 243 48 40

KBC Peel Hunt Ltd
David Anderson

Tel: +44 (0) 20 7418 8900

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. Any acceptance or other response to the Offer Document should be made only on the basis of the information contained to in the Offer Document.

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 Offer is not being 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, the Offer Document, the Form of Acceptance 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 such 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, the Offer Document, the Form of Acceptance or any related documents should inform themselves about and observe any applicable requirement. Further information for overseas Punch Graphix Shareholders is set out in paragraph 6 of Part B of Appendix I to the Offer Document.

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 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 Offer, the contents of this announcement or any other matter referred to herein.

The Punch International Directors, whose names are set out in the Offer Document, accept responsibility for the information contained in this announcement. To the best of the knowledge and belief of the Punch International Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this announcement is in accordance with the facts and does not omit anything likely to affect the import of such information.