PUNCH

UNLOCKING VALUE

Annual report 2007

PUNCH

UNLOCKING VALUE

Contents

Foreword

Dear Shareholder,
Dear Reader,

2007 was a year of change.

The group's share in the return on equity totalled 18.3%, which means that, once again, Punch exceeded the internal target of 15%. Net profit came to 28.5 million euros, a rise of 34% compared with the financial year of 2006.

Sales for 2007 totalled 331.7 million euros, a rise of 67.9% compared with 2006. It should be pointed out that, from the end of February, Punch Graphix plc was once again fully consolidated.

Punch's biggest division, Punch Graphix, had a good year. At the end of February 2007, Punch regained full control over Punch Graphix plc, which was quoted on the AIM in London. Immediately thereafter, a restructuring programme was carried out, which focused on cost containment and better management of working capital. This measure was successful: on a like-for-like basis, working capital declined by 14 million euros, while the cost basis fell by 4 million euros on a going concern basis.
On 10 July 2007, Punch's participation in Punch Graphix was contributed to the listed company Punch Technix nv, which then changed its name to Punch Graphix nv, greatly simplifying the group's structure. In December 2007, the new group's capital was increased by 62 million euros. The amalgamation of Punch Graphix and Punch Technix, and the additional capital increase, created a strong, international graphics group. Punch remained the reference shareholder, with 68.1% of the shares.
With EBITDA of 39.9 million euros, the graphics division has restored a high level of profitability. The next challenge is to return to a path of (profitable) growth, driven organically or by acquisitions. For Punch Graphix, the main event of 2008 will be Drupa, the world's largest graphics trade fair which is held once every 4 years. This year, Punch Graphix will be using the fair as the stage for the biggest new product launch in its history: the Xeikon 8000 will be the new flagship in the high-end market for digital printing, with uncompromising quality that is more than a match for classic offset printing. A new generation of machines will also be launched in the basysPrint range, which will still offer the high image quality typical of basysPrint but with improved efficiency and substantially higher productivity.

The Robot Milking Solutions division of the former Punch Technix has now been run down, by selling the assets and the installed base to Westfalia Surge GmbH ('Westfalia'). Punch still owns the licensed patents. The division had been contending with the problem of inadequate scale, which could not be remedied under its own steam. The sale to Westfalia, the world number two in the field of conventional milking equipment which lacked a milking robot in its range, was therefore the best solution.

After a very promising 2006, Punch Telematix experienced a very tough year. Sales dropped by 18.8 million euros, to 14.4 million euros. This decline was due to the disappointing sales results in France and at Alturion, and an overly large product and service range for a too broadly-defined market. The necessary measures to tackle these problems were taken: the fixed cost structure was reduced by 1.4 million euros and the strategy is now geared towards the high-end segment of the market, namely the truck and transport segment. In this segment, sales climbed 28% in the second half of 2007, which proves that the truck and transport market certainly has potential and that Punch Telematix's solutions respond to a real need in that segment. The main objective for 2008 is to achieve structural profitability.

For Punch Motive, the defining moment was the acquisition of BBS at the end of June. Through this takeover, Punch acquired an important position in the market for aluminium wheels, and more specifically in the motor sport (BBS has five Formula 1 teams among its clients) and aftermarket segments. The OEM market for aluminium wheels is, however, contending with low prices and overcapacity, prompting Punch to systematically raise the prices for OEMs. This action led to much lower sales than planned in this segment: 37.8 million euros instead of the expected 60 million euros. At BBS, the main focus is now the further expansion of the motor sport and aftermarket segments, two segments in which BBS is the strongest brand name by some margin.

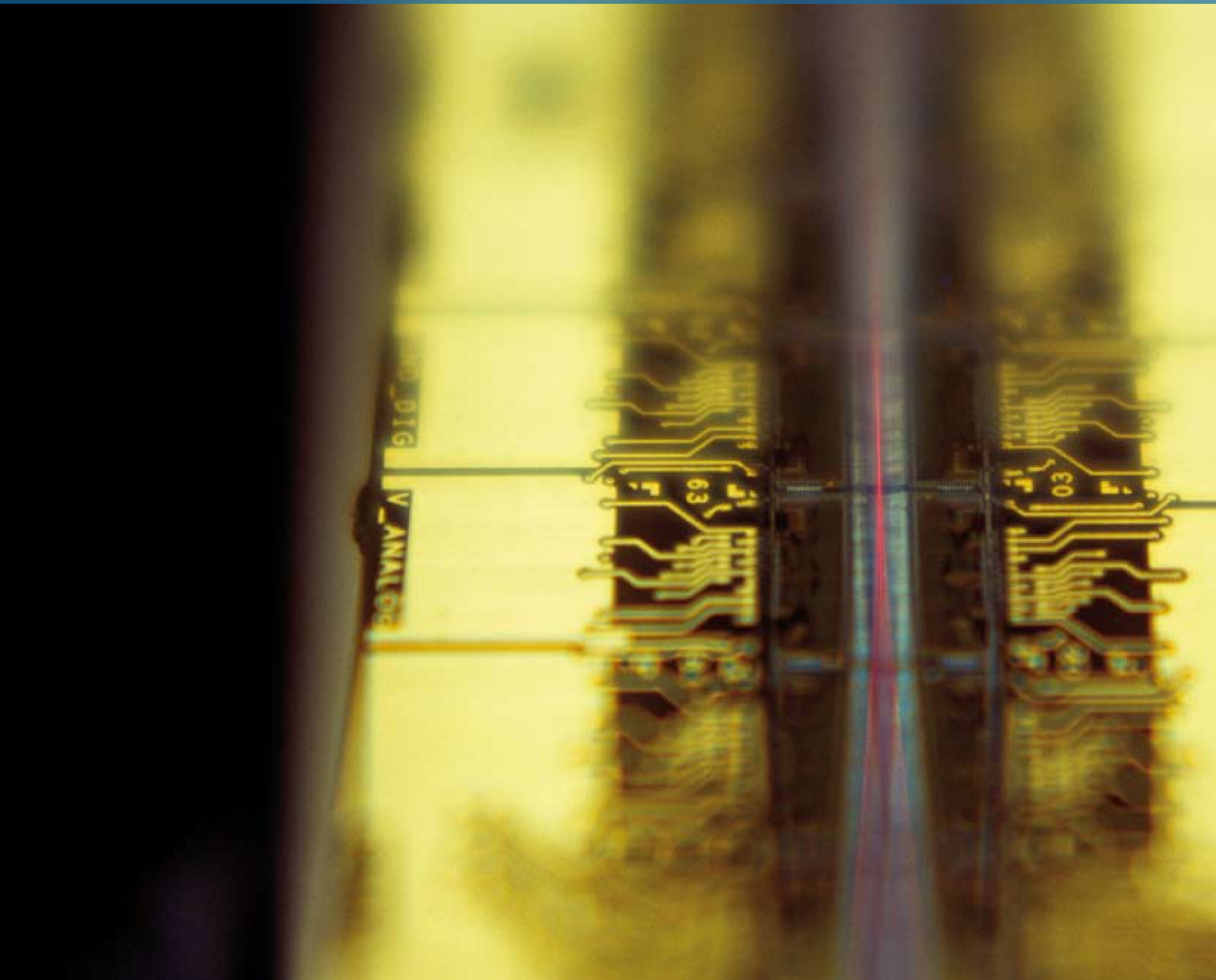
Punch Powertrain performed quite well, with sales of 42.9 million euros, and is preparing to enter the Chinese market. 11 million euros have been invested in the construction of a new factory in Nanjing, which will have a production capacity of 100,000 transmissions per year. The first batch order for 10,000 units has now been placed by a large Chinese manufacturer.
Finally, Punch Metals and Punch PlastX performed in line with internal expectations.

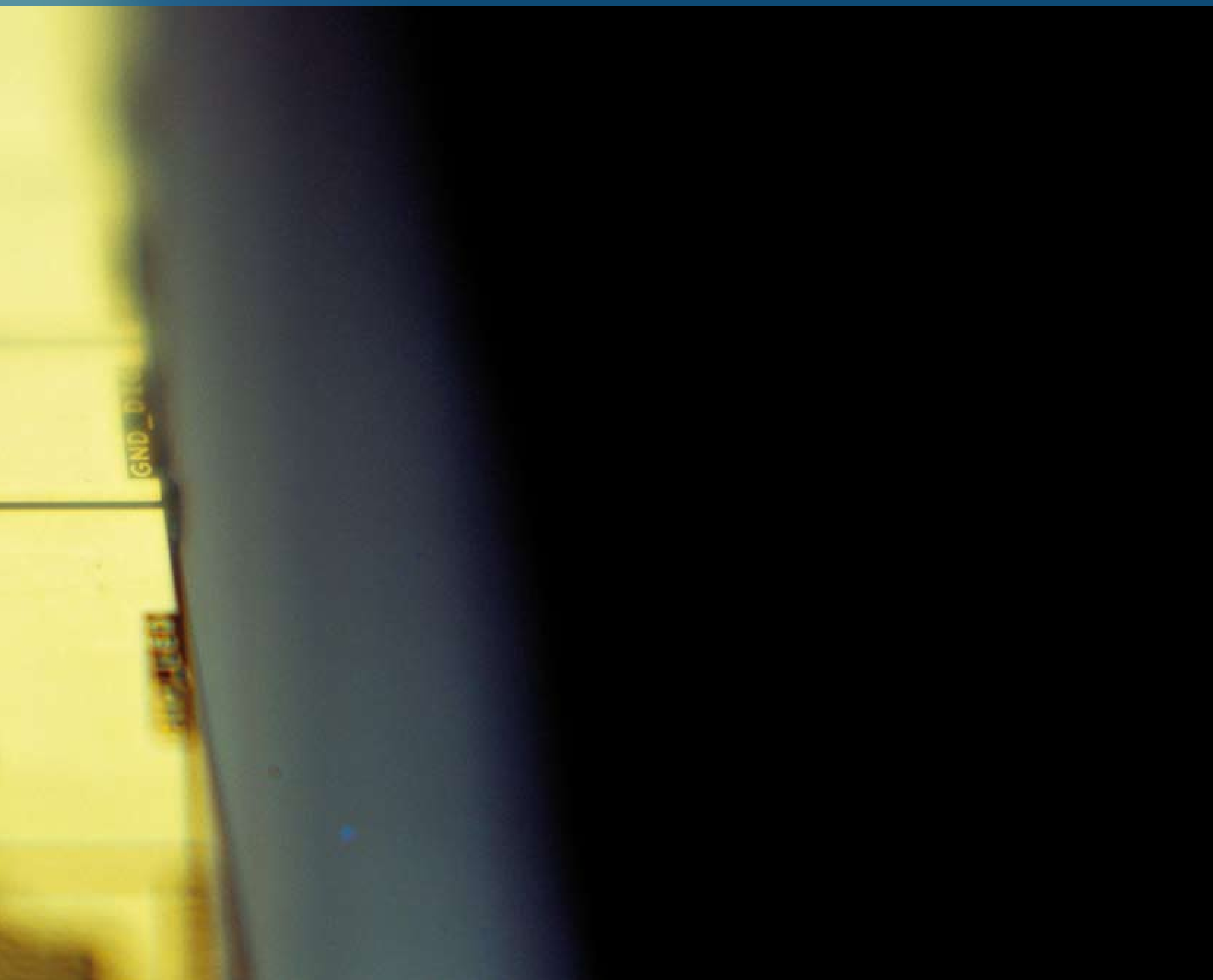
Approximately 50,000 m^2 of BBS buildings in Germany and the United States were added to the group's real estate portfolio, which is reported under the segment 'Other'. After the balance sheet date, Punch acquired the site of Flanders Language Valley in Ypres, Belgium, which offers around 14,000 m^2 of office space. The intention is that Flanders Language Valley should become the group's 'knowledge centre'. The planned sale of the property in Eastern Europe fell through in December, because of the purchaser's financing problems. Punch is considering all options with regard to its real estate but, given the difficult situation on the global credit marks, does not want, at this stage, to set a date for a possible sale.
Sales at SpaceChecker, which are also reported under the 'Other' segment, climbed from 2.6 million euros to 4.2 million euros, which bodes extremely well for the future.

Looking ahead, in 2008 Punch will focus on the further expansion of its graphics and automotive activities. In addition, it intends to shrink its balance sheet, in order to eliminate some of its debts. In view of the group's growth policies, the Board of Directors proposes that no dividend be paid in 2007.

Guido Dumarey
Chairman of the Board of Directors

Punch at a glance





Company profile 01

Punch International nv ('Punch'), now a diversified industrial holding company, was founded in 1982 following the acquisition of the Gent-based company New Impriver. Initially specialising in glass printing, and later also in high-quality sheet-metal working and industrial screen printing for applications in the electronics sector, the company evolved in the 1980s and 1990s into a leading supplier of integrated systems to international market leaders in the consumer electronics industry. 1999 was a milestone in the group's history: Punch went public in March of that year.

More than 25 years later, the group bears little resemblance to the small enterprise of the early days. However, two things that have remained unchanged through all those years are the passion for technology and attention to quality. Thanks to a series of successful takeovers and integrations, the group was able to expand further and evolve into the international knowledge and technology-provider it is today. With shareholders' equity of approximately 315 million euros, Punch is an established and solid group, which employs more than 2200 people around the world.

The group's operational activities are structured into three autonomous divisions or segments: Graphix, Telematix and Motive. All the other activities are bundled under the heading 'Other'. In order to be able to take account of the mixed character of the group in its valuation, the Graphix and Telematix divisions are listed separately on the stock exchange.

Graphix

Punch Graphix develops, manufactures and markets integrated digital printing and prepress systems for specific market segments of the global graphics industry. Under the basysPrint brand name and as an OEM supplier to Agfa, Punch Graphix develops, manufactures and markets high-quality CtP prepress equipment[1] and related software for offset printing in the commercial and newspaper printing sectors. Under the Xeikon brand, Punch Graphix delivers professional digital colour printing solutions and related software and consumables such as toner. In May 2005, Punch Graphix achieved a listing on the AIM in London. At the beginning of 2007, following a public takeover bid, Punch regained control over Punch Graphix and today the graphics group is listed on the Euronext Amsterdam by NYSE Euronext (PGX). Since February 2007, Punch Graphix has been fully consolidated. For the 11 months of 2007, Punch Graphix realised sales of 185 million euros.

Telematix

Punch Telematix was formed when wireless data communication was in its infancy: Punch laid the foundations for the business in 2001. Today, Punch Telematix develops and markets transport management solutions for large and small companies from the truck and transport sector. Thanks to a series of strategic acquisitions of pioneering technology companies and partnership agreements with major telecom operators, Punch Telematix has become a respected name in Western Europe. The head office and R&D department are located in Belgium, and the sales and service activities are supported by offices in the Netherlands, France, Germany and Spain and by value added resellers and agents. With 63% of the shares, Punch is the reference shareholder. Since November 2006, Punch Telematix has been listed on the Euronext Brussels by NYSE Euronext (PTX). In 2007, Punch Telematix realised sales of 13.7 million euros.

Motive

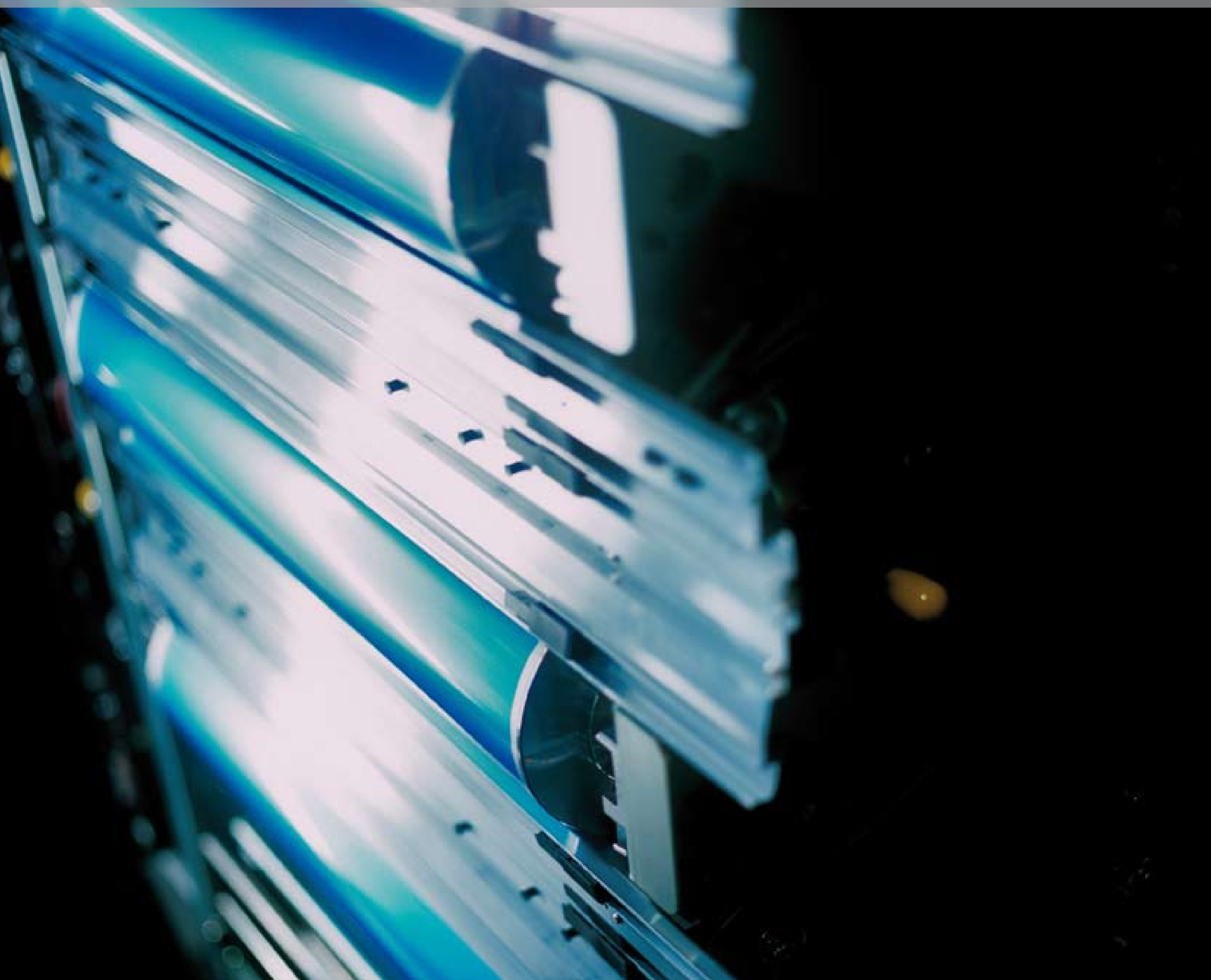
In the automotive sector, the group initially operated as a subcontractor for plastics injection moulding activities and metalworking, activities characterised by margins which were severely squeezed over the years. Over the last two years, Punch has made the definitive transition from subcontractor to technology partner for the automotive industry, thanks to a number of strategic acquisitions. In 2006, Punch acquired the Sint-Truiden-based branch of the German ZF group. Punch Powertrain, as the company is now known, is an OEM developer and manufacturer of continuously variable transmissions for passenger cars. In 2007, the division was augmented by BBS, the German world market leader in the production and development of lightweight wheels for sports and passenger cars. Punch Motive generated sales of 126 million euros in 2007.

Other

Punch's other activities are bundled in the 'Other' segment and comprise the holding and property activities. This segment also accommodates those subsidiaries that are not sufficiently important to be spun off. At present, these are the machine building and engineering activities of Punch Technix Equipment Manufacturing sro and SpaceChecker, a Belgian telematics company specialising in satellite navigation.

02

Strategy



Over the years, Punch has grown into a diversified industrial holding company which pursues the complementary tacks of organic growth and strategic acquisitions. Punch pursues a long-term strategy geared towards sustained, profitable growth, by means of majority participations in a varied portfolio of companies whose implicit value it seeks to unlock for the benefit of all stakeholders.

As a technology catalyst, Punch finances the commercial breakthrough of proven and potentially successful technologies. As a consolidator, Punch seeks to create critical mass, to enable it to capture a leading market position in the segments in which it operates. Punch is always actively involved in the management of its subsidiaries in order to positively influence their operational, commercial and financial performance and thereby maximise shareholder value. The central concern when acquiring subsidiaries is to achieve the smoothest possible transition for all involved. Punch's quality objectives and its passion for technology are shared by its clients, partners, suppliers and staff.

The main thrusts of the long-term strategy that has shaped the group and also serves as a blueprint for the future can be summarised as follows:

Leading market position

Punch aims to belong to the top 3 in every market segment or niche in which it operates.

With Xeikon, Punch Graphix ranks second in the world, with a good 33% of the market share in its niche. The CtP machines marketed for Agfa in the newspaper printing industry occupy the number 1 position in that market segment and the basysPrint UV CtP machines are class-leading in the commercial printing segment. Punch Telematix shares the number one spot in Benelux and is among the top 3 on the European continent.

Segments in which Punch cannot capture a top 3 position in a specific niche are not considered for investment.

Sustainable innovation

Punch aims for a combination of unique technology and market-driven research and development, an approach which enables it to anticipate new developments and optimise its existing technology. At the same time it aims to minimise the negative impact of its business activities, products and services on people and the environment and, where possible, to offer sustainable alternatives.

Punch is not an incubator, but a catalyst for technology. It integrates companies that have developed potentially successful technology but have yet to achieve commercial breakthrough. Often, these are ailing companies which Punch restructures and restores to profitability. Thus Punch does not take any unwarranted technological risks, but has a strong go-to-market approach.

Recurrent income

Punch seeks to maximise recurrent income from technology in order to support continuous efforts in the area of research and development.

At Xeikon, for example, roughly 55% of sales are recurrent income generated by the sale of toners, spare parts and maintenance contracts. Punch Telematix also amasses recurrent income by offering airtime, back office applications and maintenance contracts. This is the context in which the group's property arm must also be viewed. Rational management of the property portfolio generates a stable income pattern, through which the group can generate capital gains.

Global presence as niche player

The group's modest size by international standards is the main reason why Punch adheres to a niche strategy to realise its aspirations of belonging to the top 3 in all segments in which it operates. Because its technology is scalable and universally applicable, Punch also aims to have a global presence.

03

Sustainable innovation

Punch aims to minimise the negative impact of its business activities, products and services on people and the environment through sustainable innovation. Where possible, it offers sustainable alternatives, which improve its impact as much as possible. In its quest for sustainability, it also creates the conditions for a safe and healthy working environment for all concerned. Punch and its various subsidiaries are united by their market-driven technological research and development, with attention to sustainable innovation as a continuous process in which the bar is set ever higher.

People and planet-friendly printing

Although the production of printed matter might not, per se, be the most ecologically sound choice, there are certainly ways and means of minimising the impact on the environment. Punch Graphix's solutions have one thing in common: they all render at least one intermediate step in the traditional offset printing process redundant.

Sustainable concepts

In digital printing, documents are printed onto paper or another material straight from digital files. The 'film imaging', 'plate production' and 'mounting' steps of the traditional offset process are thus eliminated. There are no start-up costs involved in the digital printing process, enabling cost-efficient, high-quality, shorter print runs. Surplus stocks are avoided, by only printing what is needed. Print-ready files can be sent digitally to local printers. This keeps the transport of printed matter to a minimum, thus cutting back on emissions of exhaust fumes. The Xeikon presses are particularly people and planet-friendly: they do not produce any harmful emissions of volatile organic compounds (VOC) and, being a closed loop system, they use no process water. Even the printed matter produced on Xeikon presses is environmentally-friendly. Xeikon printed matter is guaranteed recyclable: the toner can easily be removed and it does not contain any harmful substances.

Computer-to-Plate or CtP is a digital technology whereby the texts and images for printing are imaged directly onto a light-sensitive printing plate, which is then used in the conventional offset printing process. In the traditional procedure, a negative or positive film of the information to be printed is first made and that film is then copied onto the printing plate. CtP renders this film imaging stage redundant; therefore, no films containing silver are produced, reducing the negative impact on the environment. basysPrint platesetters are more eco-efficient than other CtP technologies: the development of conventional printing plates, like those used in basysPrint platesetters, does not require chemical developer and consumes less energy. basysPrint platesetters thus help create a healthy production environment and reduce both the quantity of chemical waste and waste-processing costs. More eco-efficient printing plates are also coming onto the market for the violet laser platesetters, like those developed for Agfa. These 'process-free' printing plates can be placed on the printing press without any final processing by the imager, without the need for process water or chemicals.

Sustainable mobility

Sustainable product development

The quest for sustainability is also in evidence in every phase of product development, from concept and design to production. The product design strategy is based on the following principles: replacing or reducing the raw materials used, improving process efficiency, optimising energy consumption and product life cycles and improving product removal and recyclability. The toner factory in Belgium has made some particularly noteworthy efforts. It has, for instance, invested heavily in optimising energy consumption which, over the last two years, has fallen by more than 35%, despite the relative production volume more than doubling. Thanks to an intelligent combination of reuse, recycling and bulk-packed raw materials, the volume of waste produced has also fallen by almost 60% over the last two years.

Xeikon's FA toner is a prime example of how such attention to environmentally-friendly production methods can also result in better products. Xeikon toner is a mechanically produced, ground toner. However, the granules of chemically produced toner are smaller, to enable sharper prints to be produced. The production process for chemical toner also uses less energy, but that advantage is negated by the energy consumed during the drying process, the emission of volatile organic compounds (VOC) and the required waste water treatment. Punch Graphix has adapted its existing production techniques so that its new FA toner offers all the advantages of chemical toner without the drawbacks.

Sustainable mobility is a hot topic right now. Growing environmental awareness, coupled with increasingly stringent environmental legislation, is augmenting the need for a more environmentally-friendly mobility system.

Intelligent transport management

The ways in which telematics in general can contribute to sustainable mobility are legion. Punch Telematix's transport management solutions, which mainly increase the efficiency of transport enterprises, merit particular mention. However, a number of functions of these solutions do more than that: optimised route planning avoids unnecessary mileage, while the integrated monitoring of engine management data and driving style parameters contributes towards improved safety, optimum maintenance of the vehicle fleet and fewer harmful exhaust fume emissions.

Lighter and more economical cars

Cars must satisfy increasingly stringent environmental requirements and emissions standards, and this includes being made lighter so that they consume less fuel.

While the industry is seeking to produce more environmentally-friendly, economical and therefore lighter cars, conversely cars are at risk of becoming heavier because of ever more elaborate safety and comfort features. To keep this weight increase in check, plastic is increasingly used, not just for new components but also to replace traditional construction materials: 100 kg of plastic can replace roughly 200 to 300 kg of traditional materials. The aim is to reduce the average weight by almost 20% by 2010.

One key way of reducing the weight of vehicles is to use alternatives to steel, such as aluminium and magnesium. Punch Metals has developed a new production technique, which involves the 'semi-hot forming or deep drawing' of aluminium. In this technique, the material to be formed is heated to a temperature of 300 to 350 °C, before being deep-drawn in cycles of approximately 30 seconds while cooling to around 60 °C. The technique was refined in a pilot project for a leading OEM and is now production-ready.

Another means of lowering the weight of vehicles has the added benefit of reducing the quantity of waste: the use of so-called second-hand materials combined with injection moulding compounding. Existing components can be recycled to produce new plastic components, or alternatively different recycled polymer material can be used. Equally, plastic residual or waste products can be added. This reduces the density and, thus, the weight of these plastic components without compromising the quality of the end product. This technique is also used outside the automotive industry. Not just plastic waste, but other waste fractions such as wood, textile, bamboo, PET flakes or fibreglass can be added. Punch PlastX has spent two years refining and perfecting the technique, which is now production-ready.

BBS, taken over in 2007, is more than just a developer and producer of lightweight wheels. It is also a pioneer in the use of new materials and environmentally-friendly production techniques. With its latest innovation, the globally-patented 'Air Inside Technology', it revolutionised the production of lightweight wheels. These wheels have continuous, hollow chambers and hollow-cast spokes, making them considerably lighter and significantly reducing fuel consumption. Thus BBS not only satisfies a current need, but also demand among car producers for larger and larger wheel diameters. These large wheels must be as light as possible, to ensure good stability, handling and driving dynamics. This example illustrates how ecological considerations, design and performance can be perfectly reconcilable.

Hybrid cars

Making it lighter is not the only way of limiting a car's fuel consumption. The efficient use of hybrid technology in particular significantly reduces fuel consumption and lowers emissions of harmful substances, particularly when driving on busy urban roads. A hybrid car has two engines: one combustion and one electric. The presence of the electric engine allows for a more economical combustion engine. If the combustion engine's ideal capacity is greater than the required driving power, the surplus energy can be stored in a battery by means of the electric engine. Conversely, the battery can deliver extra power when the car needs more energy than the combustion engine is able to deliver at optimum combustion. The car switches automatically to the most efficient mode, depending on the driving conditions. In this way, hybrid vehicles can save 25 to 30% on fuel. Hybrid vehicles have gained in popularity in recent years, and almost all the major car brands will be launching hybrid models over the next few years.

The market for continuously variable transmissions (CVTs) is closely bound up with the market for hybrid vehicles. A continuously variable transmission anticipates, so to speak, the needs of the driver (more or less power). In contrast to the conventional stepped automatic transmissions, CVTs like those produced by Punch Powertrain are stepless. This means that the engine always operates at the optimum operating point, using less fuel and producing fewer harmful exhaust fumes. And because the optimum gear ratio is set automatically, the driver does not have the irritation of jolts when shifting gear. It is those very features that make Punch Powertrain CVTs particularly well-suited to the propulsion of hybrid vehicles. The electric engine of a hybrid powertrain is characterised by great inertia. When using a conventional stepped automatic transmission, shifting to a higher or lower gear causes the gear ratio to abruptly change which, combined with the high inertia of the electric motor, results in the suboptimum performance of the system. With a stepless CVT, however, gear shifts do not cause any jolts, resulting in optimum performance.

The first mild hybrid[2] cars to use Punch Powertrain CVTs are already on the market. Punch Powertrain is also working on a fully hybrid drivetrain[3].

The air-inside technology wheels produced by BBS are eminently suited to in-wheel electric motors which, because of the space and weight they save, are in turn ideal for integration into a hybrid vehicle.

Punch in 2007

04 Key events

General

To support the further expansion of the group's automotive and graphics activities, in June 2007, through a private placement, Punch raised 20.9 million euros of fresh capital by issuing 213,483 new shares at 98 euros per share.

Graphix

In December 2006, Punch made a public offer for the shares of Punch Graphix plc.
On completion of the offer in February 2007, Punch held around 93% of the shares in Punch Graphix plc. Punch's participation was subsequently raised further to 97%. In February, Punch Graphix launched two new digital colour presses: the Xeikon 4000 and the Xeikon 5000plus.

In July 2007, Punch transferred its participation in Punch Graphix plc (97%) to Punch Technix nv. Roughly 36% of the shares were contributed by means of a capital increase (70.1 million euros) and approximately 61% were sold by creating a current account. Further to the operation, the existing shareholders of Punch Technix nv, with the exception of Punch, increased the company's capital by 9.6 million euros by exercising their preferential rights. Following completion of the transaction, Punch Technix nv changed its name to Punch Graphix nv. At the same time, the management of Punch Graphix plc was appointed as the management of Punch Graphix nv.

In August 2007, Punch Graphix nv granted WestfaliaSurge GmbH ('Westfalia') a global licence to its milking robot technology. The direct sales and service network of the RMS (Robot Milking Solutions) department was transferred to Westfalia. In June 2007, the then Punch Technix nv had signed a binding declaration of intent to this effect.

In October 2007, Punch Graphix nv and Punch Graphix plc announced that Ben Van Assche would be stepping down as CEO as of 31 December 2007, to be succeeded by Wim Deblauwe, CFO of Punch. The listing of the Punch Graphix plc shares on the AIM in London was suspended.

In December 2007, Punch Graphix nv issued 10,909,090 new shares through a private placement and conversion. On the basis of an over-allotment option, a further 465,774 shares were issued. Half of these were placed with institutional investors and half were offered to Punch. The issue price for the new shares was 5.5 euros, which yielded a total of 62.6 million euros of fresh capital. During December, Punch Graphix nv acquired an additional 2% of the shares in Punch Graphix plc. On 31 December 2007, it owned 99.62% of the shares in Punch Graphix plc.

Finally, it was decided to transfer the shares of the Slovakian company Punch Technix Equipment Manufacturing sro, the company to which the machine building and engineering activities of the former Punch Technix nv were transferred, to Punch. The shares were transferred at their book value on 31 December 2007.

Telematix

In July 2007 Punch Telematix announced changes to its management. Luc Lammens, CEO, resigned for personal reasons and was succeeded by Wim Maes. Paul Schillebeekx, VP Strategy & Business Development and, representing BB Networks bvba, member of the Board of Directors of Punch Telematix, resigned for health reasons. He was replaced on the Board of Directors by PTC bvba, represented by Peter Tytgadt, CFO of Punch Graphix nv.

After a disappointing first half of the year, the strategy was overhauled. From then on, Punch Telematix would be concentrating on the truck and transport segment with a slimmed-down portfolio of solutions.

New functions were added to the CarCube, Punch Telematix's on-board computer solution for the truck and transport sector, during 2007.

Motive

In June 2007, Punch acquired the assets of the bankrupt BBS, the German world market leader in the development and production of lightweight wheels for sports and passenger cars in the premium segment.

05
Punch in detail

In the past, Punch has grown through a deliberate policy of acquisitions, integrations and divestments. This growth strategy implies that the group's structure is a dynamic given. Just as it has always adapted to changing needs in the past, so it will adjust to the requirements of the times in the future.

The group's structure centres on the logical bundling of activities into autonomous divisions, as a means of achieving operational and financial streamlining and focus. Moreover, for investors a transparent organisation of this kind is easier to assess and value. The divisions get the opportunity to realise their ambitions and to grow; the emphasis is on value creation.

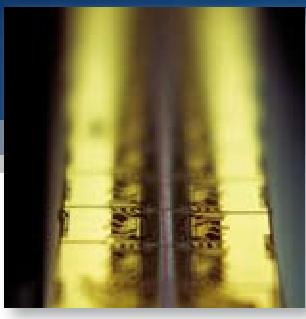
As a result of this 'spin off strategy', Punch has gradually gained the appearance of a pure holding company. Punch is not, however, a 'normal' holding company: where holding companies often apply mere financial criteria in assessing their participating interests and do not play an active role in their operational policy, Punch is involved hands-on in the various technical and commercial choices made by its subsidiaries.

During 2007, Punch simplified its structure by amalgamating two listed subsidiaries, Punch Graphix and Punch Technix, and rationalising the resulting group.

Today, Punch has bundled the group's operational activities into three autonomous divisions or segments, each with its own focus: Graphix, Telematix and Motive. Punch Graphix and Punch Telematix are listed. All the other activities are bundled under the heading 'Other'.

Punch Graphix nv ('Punch Graphix') is listed on Euronext Amsterdam by NYSE Euronext. For detailed information on Punch Graphix, please see the company's website, www.punchgraphix.com, and the annual report available on that website. Interested parties can also request a printed copy of the annual report via the website or via the company's head office.

Graphix



History

Punch Graphix is the result of a successful combination of unique and proven digital printing and prepress technology, valuable intellectual property and many years of in-depth experience in advanced product development and manufacturing. With the acquisitions of Strobbe Graphics, Xeikon and basysPrint, Punch laid the foundations for what was to become a strong, international graphics group.

In 2000, Punch took its first steps in the graphics sector with the acquisition of the Belgian company Strobbe Graphics, a pioneer in the development of CtP machines for the newspaper market.

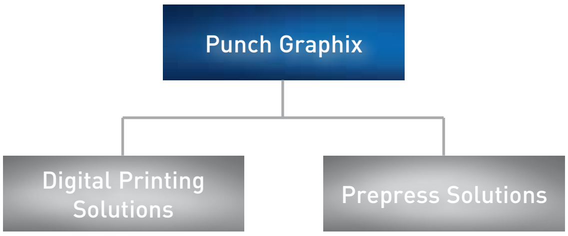
In 2002, Punch acquired the bankrupt assets of the Belgian Xeikon group. Xeikon had been the first to bring out a digital printing press in 1993 and had been listed on Nasdaq since 1996. Xeikon has been the most successful turnaround so far: barely a year after the takeover, the company was back in profit and it had its chance to shine a year later in Düsseldorf at the international trade fair 'Drupa 2004' with a new colour printing press, the Xeikon 5000, hailed as the 'hottest product of 2004'.

Finally, the German company basysPrint was taken over in 2004. As a result, the group was able to augment its CtP portfolio with unique technology for the commercial printing sector.

In May 2005, the graphics division was given a separate listing on the AIM in London under the name Punch Graphix plc. Punch remained a shareholder, with 49% of the shares. During the course of 2007, following a public takeover bid, Punch regained control and increased its participation to 97%[4]. That participation was then contributed to Punch Technix nv, the listed subsidiary specialising in machine building and development[5]. The integrated group changed its name to Punch Graphix nv, reflecting the dominance of the activities for the graphics industry. Currently, Punch Graphix is listed on the Euronext Amsterdam by NYSE Euronext (PGX). Punch is the majority shareholder, with approximately 68% of the shares.

Organisational structure

With its registered office in the Netherlands, production centres in Europe and a global sales and distribution network, today the group presents itself through two 'divisions' with class-leading products tailored to the target markets of the division in question and supported by a strongly customer-focused service.



The Equipment Development & Manufacturing Solutions (Punch Technix Equipment Manufacturing sro) has been transferred to Punch and now forms part of the Punch division 'Other'.

Products, markets and competition

Punch Graphix's solutions all eliminate at least one intermediate step in the traditional offset printing process[6]. With Xeikon, Punch Graphix is targeting the digital printing sector. With basysPrint and in partnership with Agfa, it offers solutions for the CtP prepress sector.

Digital Printing Solutions

Products and services

Digital printing technology prints documents directly from digital files onto paper or another substrate. This is why digital printing is also known as direct-to-press or direct-to-paper. The digital printing process eliminates film exposure, plate production and mounting - costly, time-consuming stages in the traditional offset printing process. There are no start-up costs involved in the digital printing process, so it enables small high-quality print runs to be produced cost-effectively and avoids the risk of being left with superfluous stocks. Furthermore, only digital printing technology offers true personalisation or customisation, allowing every print to be different.

Under the brand name Xeikon, Punch Graphix develops, manufactures and markets sophisticated and environmentally-friendly total solutions for professional digital colour printing. Xeikon solutions consist of (i) advanced digital colour printing presses and peripheral equipment, (ii) workflow software based on open standards, (iii) exclusive toner and other consumables, (iv) supported by customer-focused service.

Xeikon printing presses are digital, roll-fed colour printing presses which use electrophotography[7], the same principle used by photocopiers and laser printers. In addition to electrophotographic digital presses, there are also inkjet presses[8].

Xeikon continually invests in the further development and improvement of its product range. The successful launch of the Xeikon 6000 in September 2006 was followed in February 2007 by the market launch of the Xeikon 4000 and the Xeikon 5000plus, an updated and improved version of the Xeikon 5000. Each and every one of these products bears the features that are synonymous with Xeikon: they process unique substrate[9] widths of up to 508 mm and produce One-Pass-Duplex™ printed matter[10]. They print on a wide range of materials and can handle a large number of standard and non-standard formats with almost unlimited lengths. All the presses have a resolution of 600dpi, with variable dot density[11]. The Xeikon 330 prints labels. The Xeikon product family currently covers the whole gamut of professional printing applications.

Customers and target markets

The Xeikon solutions are aimed at the commercial printing, document and transaction printing and industrial applications sectors.

Xeikon systems are eminently suitable for high-volume applications and are particularly popular among companies where the workflow is already extensively automated and integrated and where the printing press is just one of the links in the complete operational chain. These are predominantly printing companies, but also include internal printing departments or specialised printers such as label and packaging printers. Although Xeikon users are very diverse, they have one, important thing in common: they are all aiming for flawless print quality.

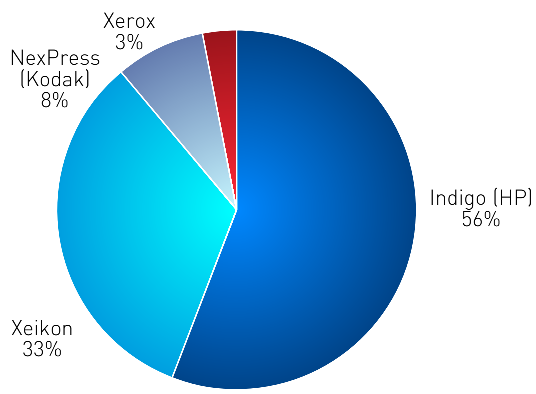
Over the last five years, the market for digital colour printing has expanded at a compound annual growth rate (CAGR) of 18.6%. Observers forecast that this strong growth will continue over the coming years. Market research company Pira, for instance, expects the volume of digital prints to increase at a compound annual growth rate of 14.6% until 2015.

Competitive advantages and competition

The competitive advantage of Xeikon solutions lies in their exceptional combination of print quality, reliability, speed, print formats and flexibility with regards to substrates (up to weights of 350 gsm). Xeikon systems score systematically better in regard to productivity and cost efficiency. The digital front-end, the X-800, is a market-beating solution, not just in terms of processing speed. Being based on open standards, it is eminently suitable for integration into a fully automated workflow, as it can also control non-Xeikon systems. Xeikon systems only use the toner developed and manufactured by Punch Graphix. These toner systems are protected by various patents. As Xeikon presses use dry toner, they are more environmentally-friendly than systems based on inkjet or liquid toner. This is because dry toner does not involve the use of solvents, and material printed with dry toner is easy to recycle.

Punch Graphix focuses on the top segment of the market (print speeds > 120 ppm) and, with Xeikon, has an estimated market share of 33%. This means it is still the second-biggest player after Hewlett Packard.

Worldwide market share



Souce: Interquest 2004 - market research based on the number of systems supplied in the past

Prepress Solutions

Products and services

Computer-to-Plate, or CtP, is a digital technology in which the text and images to be printed are imaged straight onto a light-sensitive printing plate using a special light source, after which the plate is used in the traditional offset printing process. This is where the CtP method differs from the traditional analogue method of plate imaging. In the traditional process, a negative or positive film of the information to be printed has to be made first, and is then copied onto the printing plate to be used in the offset printing process. With CtP technology, not only is the offset printing process quicker, the printing quality is also greatly improved.

Under the brand name basysPrint, Punch Graphix develops, manufactures and markets UV platesetters. Like other CtP imagers, these make the film development stage redundant. What is unique about the basysPrint platesetters, however, is that the imaged plate is a UV-sensitive offset plate. This makes the basysPrint systems accessible: printers wishing to make the transition from traditional to 'filmless printing' can continue using their familiar UV plates, with whose characteristics and process stability they are completely au fait. With the basysPrint UV-Setter Series 5, 6, 7 and 11, Punch Graphix supplies UV platesetters for every level of automation and for a plethora of plate formats[12]. There are various models for each series with varying degrees of automation, and the number of imaging heads can also differ.
In addition to platesetters, the range comprises system automation and specific, customised proofing and workflow solutions.

In partnership with Agfa, Punch Graphix develops and manufactures high-quality CtP systems for newspaper offset printing. These systems are marketed globally by Agfa under the Polaris and Advantage brands.

Punch Graphix CtP systems are flatbed platesetters, which means that the printing plates remain flat during the imaging process, unlike the plates used in drum setters, which are placed around or inside a drum. CtP systems can be divided into three categories, depending on the imaging technology used: violet imaging, thermal imaging and ultraviolet imaging. Roughly 75% of the CtP market uses violet imaging (visible laser light). The CtP systems developed in partnership with Agfa are also based on this technology. Thermal CtP systems use an imaging technique in which heat-sensitive plates are imaged by exposure to heat. This technology has a market share of around 20%. Ultraviolet light (UV) can be used to image so-called conventional offset plates. The basysPrint machines were the first and, until recently, the only ones to use this technique. The UV technique has a market share of around 5%.

Customers and target markets

basysPrint is geared primarily towards the market segments of commercial printing, packaging printing and book printing, and medium-sized and large printing companies. The UV Setter Series 11 is also suitable for printing large-format posters.

The systems produced in partnership with Agfa are intended for newspaper offset printing. The Polaris was developed in 1996 by Strobbe Graphics, for the high-end segment of the newspaper market, and today is still the world's most popular platesetter for newspaper offset printing. The Advantage has fewer moving parts, so is less complex. It is the ideal entry-level model for smaller newspaper printing works.

The use of CtP systems has grown in recent years, in both the commercial printing and newspaper printing sectors. Observers forecast that this strong growth will continue over the coming years: market research firm VSM expects the market for CtP systems to grow at a compound annual growth rate of 12.5% until 2009.

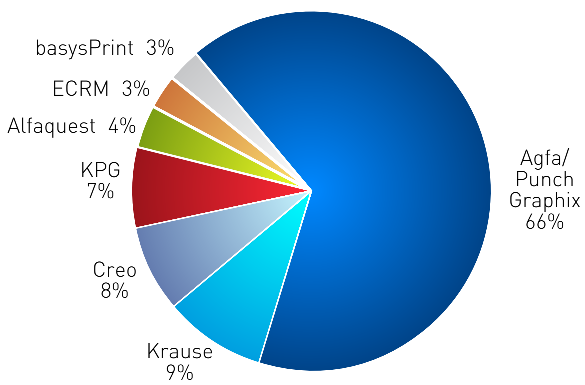
Competitive advantages and competition

The competitive advantage of basysPrint platesetters lies in their user-friendliness and reliability. They provide the basis for exceptionally high-quality printed material. Furthermore, printers can carry on using conventional offset plates, which are still cheaper than the plates developed especially for other CtP imagers. Thus, the basysPrint technology makes filmless printing considerably more accessible, particularly for medium-sized printers who print relatively large volumes and for whom the cost of the plates is critical.

The Polaris and Advantage platesetters marketed by Agfa are robust, proven systems, which are still set apart by their imaging speed and reliability.

With a market share of 66%, the CtP systems marketed by Agfa occupy the number 1 position in the newspaper printing segment. basysPrint is particularly strong in the commercial printing sector.

Market position in the newspaper industry



Source: Punch Graphix market research based on number of systems delivered to printing companies in the newspaper industry in the past

Market position in the commercial printing segment

The CtP market for commercial printing is highly fragmented. Main competitors are:

- Creo
- Screen
- Heidelberg
- Fuji
- Lüscher
- ECRM
- Mitsubishi
- Presstek

Strategic objectives and achievements

The main thrusts of Punch Graphix's long-term strategy are as follows:

Global presence and top 3 player in the chosen niche markets

Punch Graphix wishes to expand and consolidate its international presence, particularly in the fast-growing markets of the USA and Asia[13]. Punch Graphix aims to capture a top 3 place in each market segment or niche in which it operates.

The Xeikon solutions are distributed worldwide by Punch Graphix subsidiaries and, in addition, via a network of distribution partners operating on a regional exclusivity basis. The basysPrint solutions are distributed worldwide by distribution partners. The solutions developed in partnership with Agfa are distributed and supported worldwide by Agfa. With Xeikon, Punch Graphix has an estimated market share of 33% in the high-end segment of the digital printing market, making it the second-biggest player. Punch Graphix wants to strengthen and secure this position by continually improving the quality, reliability and speed of its solutions. With a market share of 66%, the CtP systems marketed by Agfa occupy the number 1 position in the newspaper printing segment. basysPrint is particularly strong in the commercial printing sector.

Recurrent income and growth

Recurrent income provides the company with a stable foundation. Sustained growth is supported by continuous improvement and the optimum exploitation of synergies between the divisions, the sales and service organisation and partners.

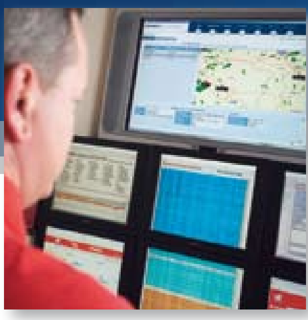
55% of the income generated by Digital Printing Solutions is recurrent income originating from software updates, maintenance contracts and the sale of toner. At Prepress Solutions, in the financial year 2007 the recurrent income consisted solely of income from maintenance and support contracts. This situation has since been rectified, thanks to an OEM agreement for the supply of conventional printing plates for the basysPrint systems under private label. Market research firm VSM expects demand for printing plates to grow at a compound annual growth rate of 4.7% until 2009. In 2009, this would mean total demand of 643 million m^2 at an average price of 6.5 euros per m^2. In addition, Punch Graphix wants to grow more strongly than the market through targeted marketing, improved lead generation and a sharper focus on specific niche markets.

Value creation for all stakeholders

Punch Graphix aims to realise structural value creation for its shareholders.
With that in mind, it is devoting its efforts to those higher-margin niche markets on which it is able to play a class-leading role and build long-term relationships. In this way, it can be assured of sustained, profitable growth for the benefit of all stakeholders.

Punch Telematix nv ('Punch Telematix') is listed on Euronext Brussels by NYSE Euronext. For detailed information on Punch Telematix, please see the company's website, www.punchtelematix.com, and the annual report available on that website. Interested parties can also request a printed copy of the annual report via the website or via the company's head office.

Telematix



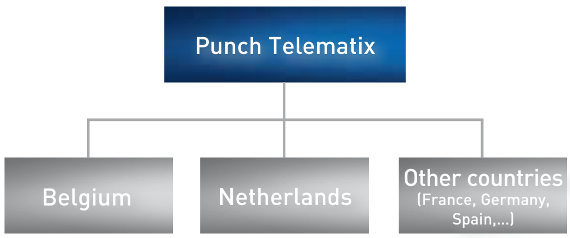
History

Punch Telematix was formed when wireless communication was in its infancy: in 2001, Punch laid the foundations for the business when it took over Belgian telematics pioneer Advantra International. Advantra was founded in 1988 and specialised in the development of semaphones. At the end of the 1990s, it shifted its attention to two-way communication.

Between 2004 and 2006, Punch Telematix took shape through a series of strategic takeovers of leading technology companies, such as Belgian pioneers Acunia, Wevada and Alturion, Dutch company ICS and French company Atimis. Thanks to these acquisitions and partnership agreements with important telecom operators, Punch Telematix grew into one of Western Europe's key telematics players. Since November 2006, Punch Telematix has been listed on Euronext Brussels by NYSE Euronext (PTX). Punch is the principal shareholder, with approximately 63% of the shares.

Organisational structure

The head office and R&D department are located in Belgium.
Sales and service are supported by offices in the Netherlands, France, Germany and Spain and by value added resellers and agents.



Products, markets and competition

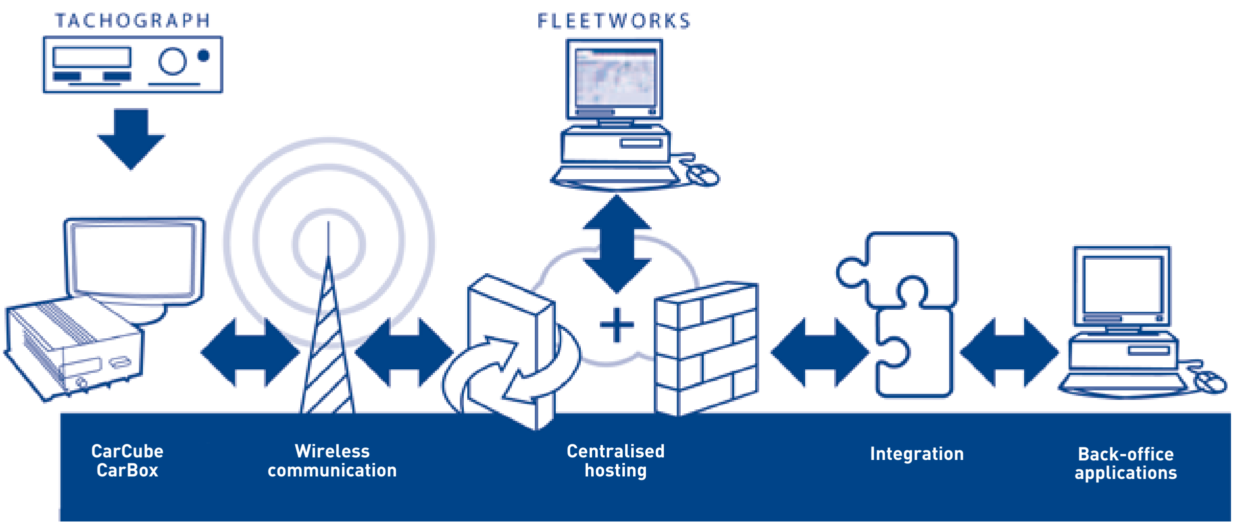
Products and services

Punch Telematix develops and markets transport management solutions for large and small companies from the truck and transport sector. These innovative and user-friendly total solutions comprise (i) the CarCube on-board computer or the CarBox track and trace system, (ii) secure wireless communication services, (iii) centrally managed and secured hosting services and (iv) secure, web-based back-office applications which substantially improve the efficiency of transport companies. Thanks to their open standards and modular, scalable architecture, they can easily be integrated and can grow apace with a company's needs.

FleetWorks is Punch Telematix's integrated bundle of back-office applications for planners, administration and management. As FleetWorks is entirely web-based, the applications are accessible anywhere, anytime. A basic Internet connection suffices to gain access to the applications and the latest data. Data communication between the CarCube or the CarBox and the back-office applications takes place via GPRS over a closed and therefore secure network. For this data communication, agreements have been concluded with, among others, Proximus and Vodafone. Agreements with various GPRS operators guarantee the high quality of the data connection between vehicle and back-office, regardless of the vehicle's location.

The bundled solutions are offered with guaranteed technical support throughout the duration of the agreement, if required for a monthly, fixed subscription fee which includes communication costs.

During the third quarter of 2007, it was decided not to proceed with the development and marketing of the portable solutions portfolio. Punch Telematix has opted for a targeted strategy, and wants to focus on the truck and transport market, which is less susceptible to price erosion and for which the CarCube is the main (fixed) solution. The CarCube was augmented with more new functions during 2007.



Customers and target markets

Punch Telematix is geared primarily towards large and small companies in the truck and transport market (commercial goods transport > 3.5 tonnes). Although Punch Telematix's customers are very diverse in terms of size, they all have one important thing in common: they are all looking for an integrated, total solution for more efficient transport management. Which is precisely what Punch Telematix offers.

Many transport companies have a mixed fleet. Typically, the smaller vehicles and those used less frequently are equipped with the basic CarBox solution, and the rest of the fleet with the advanced CarCube on-board computer solution. For customers from the truck and transport market, it is an advantage that Punch Telematix can provide the equipment for their entire fleet.

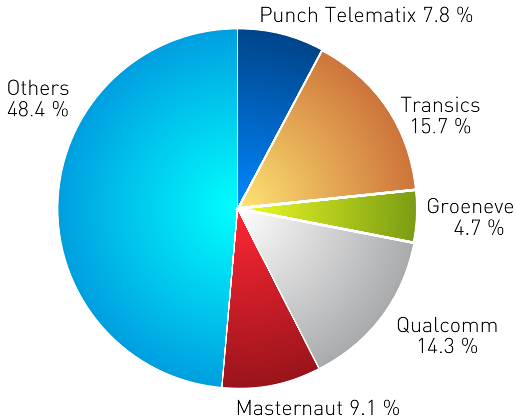
The CarBox comes into its own not just as a low-end solution for transport companies, but also for commercial companies wishing to track their employees and vehicles (fleet & assets market).

Observers expect that the market for transport management solutions for the truck and transport sector will grow at an average compound annual growth rate (CAGR) of almost 15%[14] over the next five years. Few relevant data are available for light commercial vehicles, the second target market for the CarBox.

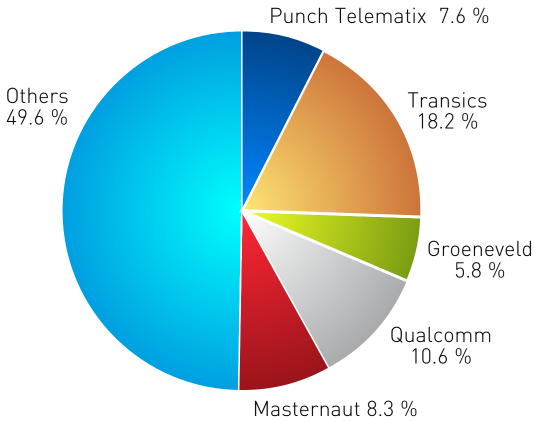
Competitive advantages and competition

The competitive advantage of Punch Telematix's total solutions lies in their exceptional combination of user-friendliness, flexibility and reliability. Thanks to their open, modular and scalable architecture, they can be easily and quickly integrated with third-party applications and peripheral equipment. Punch Telematix supplies comprehensive standard solutions, which can be very easily configured by the customer. The very fact that the solutions are comprehensive, standard solutions, tailored to the fullest extent possible to the needs of the sector, makes them scalable and enables Punch Telematix to expand its customer base without its organisation having to grow in order to

European market share, year-end 2006



European market share, year-end 2007



Source: Punch Telematix market intelligence. Market share based on newly installed systems and services for the installed base. For Punch Telematix, only the CarCube was taken into account. That figure is therefore an underestimate. Europe = Europe not including UK.

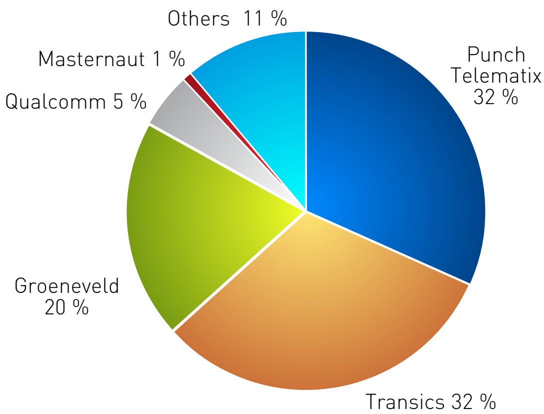
Strategic objectives and achievements

handle the development of customer-specific functions. Punch Telematix offers its bundled solutions at a monthly, fixed subscription fee, if required, so that, if they wish, customers can determine their costs in advance.

Punch Telematix's main competitors in the truck and transport segment are Qualcomm[15], Transics, Masternaut and Groeneveld.

Punch Telematix ranks third on the European continent. In contrast to Punch Telematix, Qualcomm's strongest market is Germany and Transics' is France. Punch Telematix is expected to gain market share in those two countries, thanks to the opening of a direct sales office in Germany and the adaptation of the CarCube to specific needs of the French market. Its market share in Benelux illustrates Punch Telematix's strength in those markets in which it is present through its direct sales organisation.

Benelux market share, year-end 2006



Others: CarrierWeb, GPSbuddy, Tom Tom Work, Fleetboard (Daimler), Dynafleet (Volvo), MAN, Truck24, Oktalogic, Renault, C-Track, MobiCoach, Elosystem, Eliot, ComLog, etc

Punch Telematix has decided henceforth to concentrate its attentions on the truck and transport market, which is growing by approximately 15% a year. This sharper focus has already begun to bear fruit. After a disappointing first half of the year, during the last six months sales and EBITDA rose significantly. This shows that the market for transport management solutions has growth potential, and that the products and services of Punch Telematix respond to real needs on that market. The main thrusts of its long-term strategy are as follows:

Profitability

Punch Telematix aims for profitability through a cost-effective policy and targeted investments.
The standardisation of the product portfolio has been particularly instrumental in improving control over operating costs, and creates a solid basis for sustained and profitable growth. Achieving and maintaining structural profitability is currently the top priority.

Recurrent income

Wireless communication, back-office applications and maintenance generate recurrent income, which create a healthy basis for further internal and external growth. In future, Punch Telematix intends to augment its profile as a service provider, those services including specialised, web-based software applications to further improve the efficiency of transport companies.

Growth

Punch Telematix intends to increase its market share through targeted marketing campaigns and by creating more value added. Vertical growth in the truck and transport market will be the basis for longer-term growth. For 2008, the emphasis is on organic growth, to make the company structurally profitable.

Motive


History

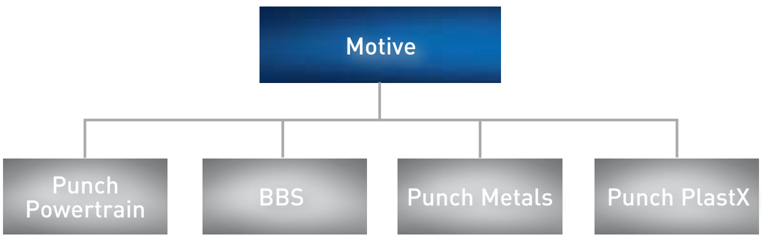
In the automotive sector, the group initially operated as a subcontractor for plastics injection moulding activities and metalworking, activities characterised by margins which were severely squeezed over the years. Since switching to higher-margin activities, the company has now hived off the lion's share of the plastics injection moulding activities.

In 2005, Belgian company Inalfa was acquired, a tier 1 producer of complex metal parts for the automotive sector. Following the acquisition, the company was renamed Punch Metals.

The acquisition of the Sint-Truiden (BE) branch of the German ZF Group in 2006 marked Punch's definitive transition from subcontractor to technology partner for the automotive industry. Punch Powertrain, as the company is now known, is an OEM developer and manufacturer of continuously variable transmissions for passenger cars.

In June 2007, the division was augmented by BBS, the German world market leader in the production and development of lightweight wheels for sports and passenger cars.

Organisational structure



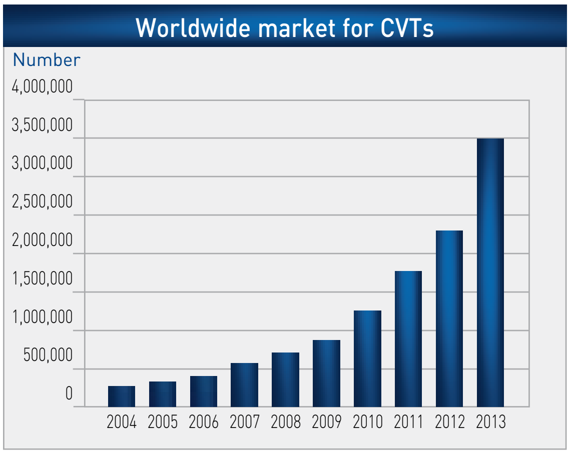
Products, markets and competition

Punch Powertrain

For Punch, the 2006 acquisition of ZF Getriebe nv[16], the Sint-Truiden branch of the German ZF group, opened the door to a niche market in the automotive sector, with only a handful of players. ZF Getriebe now operates under the name Punch Powertrain.

The company develops and manufactures mechanical components and continuously variable transmissions – automatic gearboxes or CVTs – for passenger cars. Punch Powertrain transmissions are so-called stepless CVTs. This means that the engine always operates at the optimum operating point, using less fuel and producing fewer harmful exhaust fumes. Because the optimum gear ratio is set automatically, the driver does not have the irritation of jolts when shifting gear. Punch Powertrain CVTs guarantee outstanding driving dynamics and precise, improved driving comfort, economical fuel consumption and, above all, greater driving pleasure. Punch Powertrain transmissions also satisfy the Euro 5 emissions standard.

Punch Powertrain is the only player in the market that is not affiliated to a car manufacturer. Its key clients include BMW/Mini in the UK, South Korean company Hyundai and Chinese car manufacturers Haima, BYD, NACMG and Greatwall. In India, Punch Powertrain has concluded a development contract with Tata. Globally, Punch Powertrain ranks fifth and its market share is growing fast.



Key players:
- (1) Aisin (Toyota)
- (2) Jatco (Nissan & Mitsubishi)
- (3) Mercedes Benz
- (4) Audi
- (5) Punch Powertrain

Source: Punch based on various, independent market studies

In 1992, the company began production of a push-belt CVT. Since then, the design has been refined in successive generations. A specialised team of engineers is working on the development of the next generation of CVTs. Optimum performance, minimal fuel consumption and emissions and driving pleasure are the central concerns. Punch Powertrain is currently developing an extremely compact, fully hybrid drive for A and B-class vehicles.

The factory in Sint-Truiden, Belgium is ISO/TS 16949:2002 certified and has a production capacity of 100,000 transmissions per annum. To secure future growth, a new, ultra-modern factory has been built in China, which also has an annual production capacity of 100,000 transmissions. Production is scheduled to commence in mid-2008. A major Chinese manufacturer has already placed the first batch order for 10,000 transmissions.

BBS

BBS was founded in 1970, and has grown into one of the world's most pioneering producers of high-quality lightweight wheels for sports and passenger cars in the premium segment.

With two production centres in Germany and a sales office in the United States, the company supplies almost all the major OEMs, race teams, the replacement market and tuning companies. Its clients include brands such as Audi, BMW, DaimlerChrysler, Ferrari, Jaguar, Land Rover, Maserati, Porsche, Saab, Volvo and Volkswagen. BBS is DIN EN ISO 9001 and VDA 6.1 certified, and also complies with the American automotive industry's QS 9000 quality standard.

BBS' wheels have won numerous laurels in the F1 manufacturers' championships. However, the company chiefly made its name with a series of successful innovations, the first of which, the three-piece racing wheel, dates back to 1972. Its latest innovation is the globally-patented 'Air Inside Technology', a revolutionary production technique for lightweight wheels. These wheels have continuous, hollow chambers and hollow-cast spokes, making them considerably lighter and significantly reducing fuel consumption. BBS is responding to a topical need, as weight reduction is increasingly important in light of the ever more stringent emissions standards. The wheels also satisfy demand among car producers for larger and larger wheel diameters. These large wheels must be as light as possible, to ensure good stability, handling and driving dynamics. Their ingenious construction means that air-inside technology wheels have an optimum ratio of rigidity to weight.

BBS uses different production methods: 54% of its current portfolio is cast, 43% is flow-formed and 3% is forged. In Europe, cast wheels are primarily used in the smaller and compact car segment (90%) where margins are under pressure. This segment is also characterised by increasing competition from China. Approximately 10% of the cast wheels find their application in the premium segment. This percentage, however, is declining in favour of alternative lightweight technologies such as the ones used by BBS.

The market for the premium segment amounts to approximately 4 million wheels, of which BBS has a market share of approximately 20%. As a result of the increasingly stringent European legislation with regards to CO_2 emissions, industry interest for alternative technologies to reduce the weight of for example the wheels is growing. Premium car manufacturers such as Porsche and Ferrari have already indicated that in the future, their wheels will need to be lighter and therefore either flow-formed or forged.

Strategic objectives and achievements

Punch Metals and Punch PlastX

Drawing on its extensive expertise in the field of robotic sheet metal-working processes, such as cutting, bending and deep drawing, Punch Metals produces complex components with the close tolerances typical of the automotive industry.

Examples of components produced by Punch Metals are cross-beams, chassis elements, dashboard panels and instrument consoles, airbag and bumper frames, exhausts, sumps etc.

With the aid of ultra-modern, automated injection moulding machines which use gas injection technology, Punch PlastX is able to produce complex plastic parts.

Examples of these parts include large components such as complete instrument consoles and central consoles and components which, because they are often on view, must be of a high quality, such as door jambs, door panels, steering columns, airbag covers, glove compartments and loudspeaker grilles.

Punch Metals and Punch PlastX are both ISO/TS 16949:2002 certified.

Over the coming years, Punch Motive wants to expand into a leading OEM supplier of environmentally-friendly drives and lightweight wheels. For this reason, it focuses on:

Technological innovation

Punch Powertrain will continue to invest in the further development of environmentally-friendly hybrid solutions (both mild and full hybrid[17]) in combination with continuously variable transmission. In this context, the intellectual property rights with which Punch can achieve a competitive advantage over other suppliers are important. BBS wants to continue fulfilling its role as innovator in the future.

Portfolio expansion

The present-day CVTs produced by Punch Powertrain are mainly suitable for smaller cars. Punch wants to expand its offering to include applications for the whole range of passenger cars.
At BBS, the main focus is now the further expansion of the motor sport and aftermarket segments, two segments in which BBS is the strongest brand by some margin.

Geographic expansion

The most important markets for automatic gearboxes are Asia and the United States. To secure future growth, in 2008 Punch will be opening a production facility in China. Production is scheduled to commence in the second half of 2008. The first batch order for 10,000 transmissions has already been received.

Other

Under 'Other', Punch reports activities which do not belong in any of the three operating segments Graphix, Telematix or Motive. These are pure holding activities and the property operations. This segment also accommodates those participations that are not important enough to be spun off. At present, these are SpaceChecker, a Belgian telematics company acquired in February 2006 and specialising in satellite navigation, and the machine building and engineering activities of Punch Technix Equipment Manufacturing sro.

Organisational structure

- Other
  - Holding
  - Property
  - Ventures

Overview of operations

Property

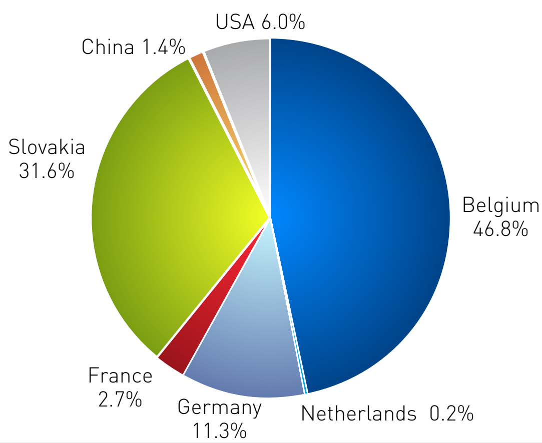
The group's property operations are centrally managed under the title 'Property'. The group currently owns over 1.3 million m² of land. Almost 380,000 m² of that land has been developed, mainly for industrial applications. A not inconsiderable portion of these assets is leased to third parties.

The property portfolio displays a balanced geographic spread, as the charts below show.

Over the years, the group has amassed in-depth knowledge of the development and maintenance of multifunctional industrial buildings. The advantage of such buildings is that they can be let with the minimum of extra cost and effort to successive tenants pursuing a wide variety of activities. At the tenant's request, the lessor can depart from the 'principle of multifunctionality' and special facilities, such as clean rooms, can be installed.

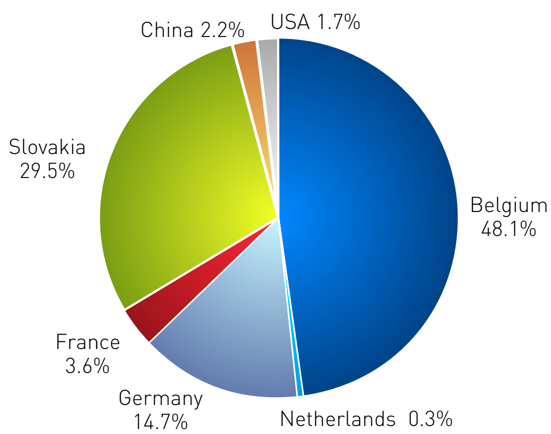
Punch has a number of unique locations in Belgium, Germany and Slovakia (Namestovo and Trnava), where property has increased substantially in value year on year because of the favourable location. However, the book value is decreasing due to depreciation. As a result, the balance sheet carries significant deferred capital gains which have not yet been reported.

Land



Total area 1,321,887 m²

Developed area



Total developed area 377,348 m²

Ventures – SpaceChecker and Punch Technix Equipment Manufacturing sro

The 'Ventures' sub-segment accommodates those participations that are not important enough to be spun off. At present, these are SpaceChecker and Punch Technix Equipment Manufacturing sro.

SpaceChecker is a European market leader in the area of satellite technology-based total solutions for tracking & tracing goods and vehicles, and was acquired by Punch in February 2006. The competitive advantage of SpaceChecker's technology lies in the fact that data traffic does not pass through a GSM or GPRS network, but through a geostationary satellite network with an extensive range. In other words, tracking & tracing is also possible in areas with no or limited GSM or GPRS coverage. The technology is currently available for Europe, the Middle East, North Africa and South-East Asia. The technology platform is fundamentally different from that of Punch Telematix. Furthermore, Punch Telematix's focus is on offering advanced transport management solutions based on positioning, communication and information technology. Although satellite technology is very useful for tracking and tracing vehicles and containers in areas with no GPRS coverage, it is a less attractive option for data communication, as it is slower and more expensive. All of which explains why, for now, SpaceChecker is held as a separate participation.

Punch Technix Equipment Manufacturing sro is the Slovakian company to which the machine building and engineering activities of the former Punch Technix nv were transferred. Following the amalgamation of Punch Technix nv and Punch Graphix plc to form a new graphics group Punch Graphix nv ('Punch Graphix'), it was decided to transfer the shares of Punch Technix Equipment Manufacturing sro to Punch, because these activities were no longer in line with the new group's strategy. The shares were transferred at book value on 31 December 2007. Like the other subsidiaries of the Punch group, Punch Graphix can still make use of the Slovakian branch's low-cost production capacity.

Strategy

The property portfolio is of particular strategic importance to the group. Although the capital gains will only be realised in the event of sale, the group regards its property as an important financial buffer which should enable it to continue its other operations, even in tougher times.

The sale of the property in Easter Europe, which was planned in 2007, ultimately fell through due to the financing problems encountered by the buyer. Moreover, since then the general property market has weakened, making a quick sale inexpedient.

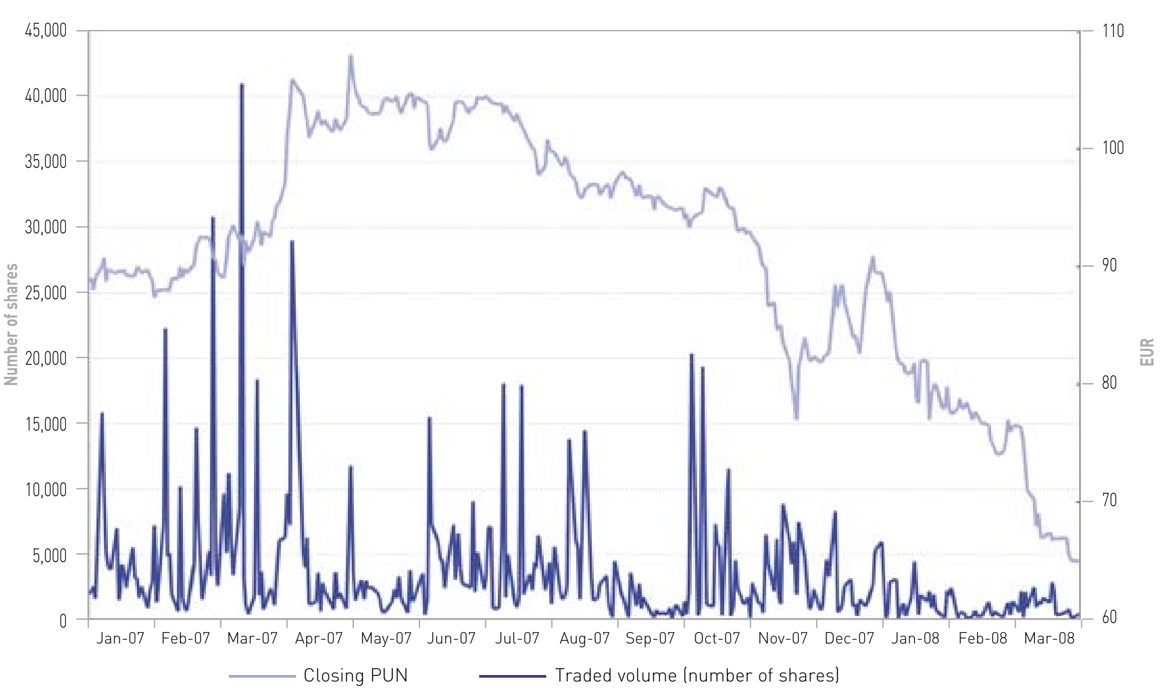
For participations such as SpaceChecker, the overriding aim is to make them profitable.

06 Information for shareholders

Punch on the stock exchange

ISIN BE0003748622
Symbol PUN
Market segment Euronext Brussels by NYSE Euronext
Date IPO 16 March 1999
First trading price 68 euros

	2004	2005	2006	2007
Highest price for the year (in euros)	46.50	78.00	103.9	105.80
Lowest price for the year (in euros)	27.55	44.00	75.00	75.75
Average price for the year (in euros)	35.49	61.56	88.36	94.57
Share price at year-end (in euros)	45.00	77.00	88.05	89.50
Number of shares at year-end	2,107,492	2,164,238	2,164,238	2,380,661
Number of traded shares	400,728	1,086,892	1,071,347	1,042,443
Market capitalisation (in thousands of euros)	94,837	166,646	190,561	213,069



Capital

In accordance with Title II articles 5 to 10 of the articles of association of the company as at 12 June 2007.

Subscribed capital

The subscribed authorised capital is sixty-one million four hundred and eighty-five thousand eight hundred and seventy-eight euros and three cents (61,485,878.03 euros), represented by two million three hundred and eighty thousand six hundred and sixty-one (2,380,661) no par value shares, each representing two million three hundred and eighty thousand six hundred and sixty-first part (1/2,380,661) of the subscribed authorised capital, and all numbered. It is fully paid up.

Change in share capital

The General Meeting of Shareholders, deliberating in accordance with the rules applying to an amendment to the articles of association, may increase or reduce the subscribed capital. Shares subscribed to in cash first have to be offered to the shareholders in proportion to the share of the capital represented by their shares for a period of at least fifteen days counting from the date on which the subscriptions were first invited. The General Meeting of Shareholders determines the subscription price at which, and the period during which, the preferential right can be exercised. If the proprietary rights to shares are split into usufruct and bare ownership, the preferential right accrues to the bare owner of the shares. If the General Meeting of Shareholders decides to ask for an issue premium, this must be fully paid up upon subscription and entered in a non-available account that can only be reduced or taken off the books by a resolution of the General Meeting of Shareholders passed in the way that is required in order to amend the articles of association. The issue premium will form a surety for third parties to the same extent as the authorised capital.
In the event of a reduction in the subscribed capital, shareholders in equivalent circumstances must be treated equally, and the other rules contained in article 612 following of the Belgian Companies Code must be complied with.

Calling up of payments

The Board of Directors has the sole right to decide on the calling up of payments on shares. It will inform shareholders of any resolution on full payment in accordance with the terms of the Belgian Companies Code when a General Meeting is convened. The minimum period for payments will not be less than thirty days, counting from the date of publication of the call in the newspapers or from the date of the registered letter to holders of shares if this date is later.
If a shareholder does not make the called-up payment on their shares within the period set by the Board of Directors, the exercise of the voting rights attached to the shares in question will be suspended by law until this payment is made. In addition, the shareholder will by law owe the company default interest equal to the statutory rate of interest plus two percent.

If the shareholder does not respond to the notice of default sent in the form of a registered letter by the Board of Directors after the expiry of the period set by the Board, the Board may have the shares in question sold in the most appropriate manner, without prejudice to the company's right to demand the unmade payment and any compensation for damages from the shareholder.

Disclosure of significant interests

In accordance with the law of 2 March 1989 with regard to the disclosure of significant interests in listed companies and to the regulation of public takeover bids, the applicable thresholds are set at three percent (3%), five percent (5%) and multiples of five percent (5%).

Shareholder structure

Type of shares

The shares are bearer or registered shares depending on the shareholder's preference. The company may issue dematerialised shares either through a capital increase or through the conversion of existing bearer or registered shares into dematerialised shares. Every shareholder may request conversion into bearer shares, registered shares or dematerialised shares. A bearer share will be signed by at least two directors; name stamps may substitute for the signatures.

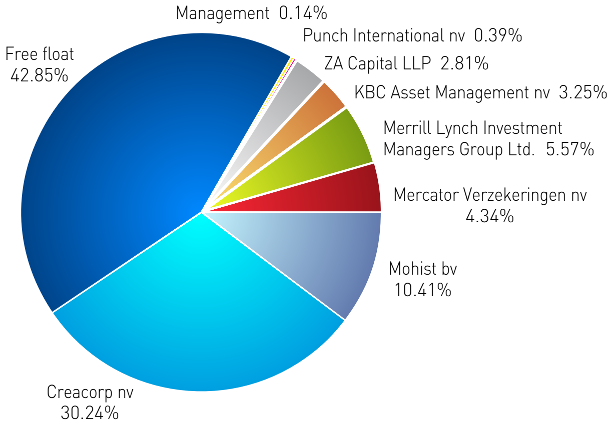
Exercise of rights attached to shares

From the point of view of the company, the shares are indivisible. If a share has more than one owner or if the rights attached to a share are divided among several owners, the Board of Directors may suspend the exercise of the attached rights until one single person is appointed vis-à-vis the company as the shareholder. If the rights of ownership of shares are split into usufruct and bare ownership, the usufructuary is regarded as the shareholder vis-à-vis the company.

On 31 December 2007, the shareholder structure was as follows:

	Number of shares	%
Free float	1,020,066	42.85
Creacorp nv (Guido Dumarey and VSP Investments bv)	719,936	30.24
Mohist bv	247,714	10.41
Mercator Verzekeringen nv	103,255	4.34
Merrill Lynch Investment Managers Group Ltd.	132,554	5.57
KBC Asset Management nv	77,386	3.25
ZA Capital LLP	67,000	2.81
Punch International nv	9,325	0.39
Management	3,425	0.14
Total	**2,380,661**	**100.00**

Shareholder structure



Dividend

In view of the group's growth policy, the Board of Directors does not propose to pay a dividend for 2007.

Distribution of profits

In accordance with articles 42 to 44 of the articles of association of the company as at 12 June 2007.

Every year, an amount of five percent is deducted in advance from the net income reported in the annual financial statements to create a statutory reserve; this deduction is no longer compulsory once the reserves reach one tenth of the subscribed capital. Upon the proposal of the Board of Directors, the General Meeting will decide by a simple majority of cast votes on the appropriation of the balance of the net profit, provided that article 617 of the Belgian Companies Code is complied with.

Interim dividends

The Board of Directors may pay interim dividends provided the applicable terms of the Belgian Companies Code are complied with.

Payment of dividends

Dividends are paid at the time and place determined by the Board of Directors. Dividends paid to registered shares which are not collected will revert to the company upon the expiry of five years from the date the dividends were made payable.

Financial calendar

In addition to the annual results, Punch International also publishes half-year figures. The expected publication dates and the date for the General Meeting of Shareholders are as follows:

- Annual General Meeting 22 May 2008
- Publication of half-year results 2008 29 August 2008
- Publication of annual results 2008 27 February 2009

Any changes to this calendar will always be announced as swiftly as possible on the company's website (www.punchinternational.com).

Investor relations

Punch International wishes to keep its shareholders and other stakeholders as fully informed as possible. With that aim in mind, a special 'investor relations' section on the company's website (www.punchinternational.com) bundles all the information of relevance to investors. It is also possible to register for the press release mailing list via this section.

Shareholders, investors and analysts are regularly invited to presentation meetings, particularly those prompted by important financial transactions and the announcement of the group's financial results. Punch International also attends investor relations conferences and seminars. The presentations given at such events are available on the company's website, for anyone interested to consult.

Shareholders are invited to attend the annual General Meeting of Shareholders, at which they can meet the members of the management and the Board of Directors and have the opportunity to ask questions.

Financial information about Punch International and other questions relating directly or indirectly to the Punch International share can be obtained from the Investor Relations Officer via investor.relations@punchinternational.com. Registered shareholders are asked to inform the Investor Relations Officer of any changes of address, in writing.

This annual report is available on the company's website. Interested parties can also request a printed copy via the website or via the company's head office.

07

Report of the Board of Directors

Punch closes 2007 with a net profit of 28.5 million euros, the group's share in the net profit is 32.2 million euros. The return on equity therefore amounts to 14.3% and the group's share in that is 18%. Operating income increased 68%, from 258 million euros in 2006 to 433 million euros for 2007, well above the internal target of 385 million euros. Operating cash flow (EBITDA) rose 163% to 110 million euros. Taking account of the increased number of shares following the capital increase of 20 million euros in mid-June 2007, earnings per share climbed 29% to 12.6 euros (2006: 9.7 euros).

During the last year, the group simplified its structure by amalgamating Punch Graphix and Punch Technix; for the group, the result of that operation was positive (16 million euros). Punch focuses on the graphics market, the automotive industry and the telematics sector. The group's operational activities are structured into three autonomous divisions or segments: Punch Graphix, Punch Telematix and Punch Motive. All the other activities are bundled under the heading 'Other' (mainly property).

The planned sale of the property in Eastern Europe had to be shelved, due to financing problems encountered by the prospective buyer. Since then, the property market as a whole has weakened, a quick sale would therefore not be appropriate. For that reason, the group is keeping all of its options open as regards its property portfolio. It is however impossible to set a concrete timescale for the possible disposal of the property.

Consolidated key figures (IFRS)

	2007	2006	Δ %
in million euros			
Sales	**331.7**	**197.5**	**+68**
Operating income	433.4	258.0	+68
EBITDA (1)	**109.6**	**41.6**	**+163**
EBIT (operating result)	30.3	28.6	+6
Financial result	5.2	-8.6	
Result before taxes	33.7	27.0	
Taxes	-5.2	-6.0	
Net result	**28.5**	**21.1**	**+35**
Result per share – basic & diluted (euros)	12.6	9.7	
Equity capital (2)	315.4	200.1	
Solvency	46%	49%	
Net financial debt (3)	184.9	111.2	

(1) EBITDA: is not a defined term according to IFRS. Punch defines this term as the operating result, plus depreciation, value readjustments and provisions booked, minus any potential reductions of those same items.
(2) Including third-party interests.
(3) Net financial debt = long and short term financial assets – cash & cash equivalents.

Significant events during 2007

Punch International

7 June 2007
Via a private placement, Punch obtains fresh capital totalling 20.9 million euros through the issue of 213,483 new shares at 98 euros per share. The new capital will be used for the further expansion of the group's automotive and graphics activities.

Punch Graphix

(former Punch Technix – ticker PGX – Euronext Amsterdam)

February 2007
In December 2006, Punch makes a public offer for the shares of Punch Graphix plc. Following completion of the offer in February 2007, Punch holds approximately 93% of Punch Graphix plc shares. Punch subsequently increased its stake to 97%. Punch Graphix launches two new digital colour printing presses: the Xeikon 4000 and the Xeikon 5000plus.

22 June 2007
Punch Technix nv announces that it has signed a binding letter of intent with WestfaliaSurge ('Westfalia') to grant a licence concerning the milking-robot-related patents and technology and to transfer the direct sales and service network of the RMS (Robot Milking Solutions) division.

18 July 2007
Punch transfers its stake (97%) in Punch Graphix plc to Punch Technix nv. Approximately 36% of the shares are contributed via a capital increase (70.1 million euros) and approximately 61% are sold via the creation of a current account. The transaction sees the existing Punch Technix nv shareholders, with the exception of Punch, increase the capital by 9.6 million euros by exercising their preferential rights.

23 July 2007
Punch Technix nv changes its name to Punch Graphix nv. At the same time, Punch Graphix plc's management is appointed as the management of Punch Graphix nv.

30 August 2007
The contract resulting from the binding declaration of intent concluded with Westfalia on 22 June 2007 is signed by both parties.

December 2007
By means of a private placement, Punch Graphix nv increases its capital by 62.6 million euros. Half is placed with institutional investors, and half through a debt conversion. Slovakian company Punch Technix Equipment Manufacturing sro, the company grouping the mechanical engineering activities of the former Punch Technix nv (EMS), is sold to Punch. The shares are transferred at book value on 31 December 2007. Punch Graphix nv acquires an extra 2% of the shares in Punch Graphix (approximately 5 million euros).

Punch Motive

29 June 2007
Punch takes over the assets of the insolvent BBS, the German world-leading firm in the development and production of lightweight wheels for sports and passenger cars in the premium segment

Review of the results for financial year 2007

Sales and other operating income (IFRS)

Sales rose from 197 million euros in 2006 to 332 million euros in 2007, an increase of 68%.

	2007	2006
in million euros		
Consolidated	**331.7**	**197.5**
Graphix	**184.9**	**35.0**
Punch Graphix (11 months)	149.9	0.0
Punch Technix	35.0	35.0
Telematix	**13.7**	**18.7**
Motive	**126.2**	**132.3**
Punch PlastX	16.4	64.5
Punch Metals	29.1	35.6
Punch Powertrain	42.9	32.2
BBS (5 months)	37.8	0.0
Other	**6.9**	**11.4**
SpaceChecker	4.2	2.6
Other	2.7	8.8
Other operating income	**101.7**	**60.5**
Punch Graphix	25.6	0.9
Punch Telematix	0.6	1.1
Punch Motive	57.0	39.2
Other	18.5	19.3
Thereof non-recurring	68.3	32.7

Graphix

Since February 2007, Punch Graphix (including sales of Technix) has again been consolidated in full, and realised sales of 185 million euros over these 11 months. In 2006, Punch Graphix plc was included by the equity method, which means that the segment's sales reported for 2006 (35 million euros) relate only to the Punch Technix activities. The RMS activities were sold to Westfalia and the already reduced EMS activities were sold in December to Punch which means that, in the next financial year, they will be reported under the 'Other' segment.

Telematix

Punch Telematix experienced a disappointing year: sales fell from 18.7 million euros in 2006 to 13.7 million euros in 2007. Since then, the product portfolio has been simplified and the strategy refocused. The growth in sales of the remaining products is in line with internal expectations.

Motive

Punch Motive saw its sales drop from 132 million euros to 126 million euros. This decline was caused by the loss of the sales of the Tier 2 PlastX activities (Trnava, Adifil and Punch PlastX Evergem), which were discontinued in the course of 2006. This is all in keeping with Punch's strategy of focussing on OEM activities in the Motive segment. The sales of Punch Metals (Tier 1 activities) decreased by 6.5 million euros. Sales of the OEM activities, in contrast, climbed by 48.5 million euros, due primarily to the acquisition of BBS.

Other

The 'Other' segment saw its sales continue to slide: CRT[18] production was abandoned entirely. Sales realised by SpaceChecker increased by 60% compared with the previous year.

Other operating income

The other operating income totals 101.7 million euros (2006: 60.5 million euros), of which 68.3 million euros relates to non-recurring income. This section chiefly comprises the following elements:

- Rental income
- R&D and other costs passed on to customers
- Licensing income on the basis of the agreement with Westfalia
- Capital gains realised with the takeover of the BBS assets
- Subsidy income

EBITDA

EBITDA rose from 41.6 million euros in 2006 to 109.6 million euros in 2007.

	2007	2006
in million euros		
Consolidated	**109.6**	**41.6**
Graphix	**43.6**	**-3.3**
Punch Graphix (11 months)	38.4	0.0
Punch Technix	5.2	-3.3
Telematix	**-2.1**	**0.2**
Motive	**55.1**	**32.3**
Other	**13.0**	**12.3**

This increase is largely attributable to the full consolidation of Punch Graphix since February 2007 (effect +38.4 million euros) At the former Punch Technix, EBITDA is now positive thanks to the one-off licensing income from Westfalia and the disposal of the loss-making RMS activities. Due to the decline in its sales, Punch Telematix also had to contend with a negative operating cash flow of -2.1 million euros. Despite the lower sales, the Motive activities still realised higher EBITDA, thanks chiefly to the one-off positive effects of the BBS takeover. For the 'Other' segment (mainly property operations), EBITDA remained stable.

Operating result – EBIT (IFRS)

Depreciation, value readjustment and provision charges rose from 17.3 million euros in 2006 to 81.5 million euros 2007. The operating result increased 6% to 30.3 million euros.

	2007	2006
in million euros		
Consolidated	**30.3**	**28.6**
Graphix	**3.2**	**-4.2**
Punch Graphix (11 months)	24.6	0.0
Punch Technix	-21.4	-4.2
Telematix	**-4.9**	**0.7**
Motive	**27.8**	**25.9**
Other	**4.2**	**6.2**

This rise can be explained mainly by the full consolidation of Punch Graphix since February 2007 (24.6 million euros). Depreciation and value readjustments totalling 25 million euros were booked in respect of the discontinued RMS activities at Punch Technix, leaving an operating result of -21.4 million euros.

At Punch Telematix, one-off restructuring costs of approximately 2 million euros were booked, causing the operating result to drop significantly to -4.9 million euros. For the Motive activities, the operating result rose slightly to 27.8 million euros (2006: 25.9 million euros). In the 'Other' segment, one-off value readjustments totalling 2 million euros were booked, causing a proportionate decline in the operating result

Balance sheet and cash flow analysis

Financial result

The financial result for 2007 comes to 5.1 million euros (2006: -8.6 million euros), thanks mainly to a positive result of 16 million euros on the successive public and private transactions involving Punch Graphix plc and Punch Graphix nv, and exchange gains of approximately 6 million euros. Financial costs rose from 7.7 million euros in 2006 to 15.2 million euros in 2007, due to the increased debt position.

Result before taxes

After including the results from the application of the equity method, amounting to -1.8 million euros (Punch Graphix plc for January 2007), pre-tax profit stands at 33.7 million euros, which is 25% higher than 2006.

Taxes

Taxes for 2007 amount to -5.2 million euros, or a tax rate of 15% (2006: 22%). It should be mentioned here that Punch Graphix nv (formerly Punch Technix nv) was able to recognise additional deferred tax assets due to the takeover of Punch Graphix plc and the fiscal strategy already in place (net positive effect on taxes of approximately 10 million euros).

Net consolidated result

The net consolidated result for 2007 comes to 28.5 million euros (2006: 21.1 million euros). The group's share in this result is 32.2 million euros. After the dilution resulting from the private placement in June 2007, which saw 216,423 new shares created, earnings per share stand at 12.6 euros, a rise of 29% compared with the figure of 9.7 euros in 2006.

Consolidated balance sheet – IFRS abridged

	2007	2006	Δ %
in million euros			
Non-current assets	479	306	56
Current assets	153	83	84
Cash and cash equivalents	57	16	256
Total assets	**689**	**405**	**70**
Shareholders' equity	315	200	58
Financial debts	241	128	88
Other liabilities	133	77	73
Total equity	**689**	**405**	**70**

Cash flow analysis

	2007	2006	Δ %
in million euros			
Cash flow - results	115	35	
Cash flow – change in working capital	4	-5	
Cash flow - operations	119	29	302
Cash flow - investments	-189	-93	103
Cash flow - financing	110	60	84
Net cash flow	**40**	**-4**	

2007 was a pivotal year for Punch: with the acquisition of BBS and the regaining of control over Punch Graphix plc, it realised the two biggest takeovers in its history. This is also evident from the most important balance sheet items. Non-current assets, financial liabilities and the necessary working capital have risen markedly. The balance sheet total rose by 70%. Nevertheless, solvency still is at 46%.

In order to finance the aforementioned transactions, in June Punch proceeded with a private placement, as a result of which capital was increased by a net figure of 20.6 million euros through the issue of 216,423 new shares. Shareholders' equity rose from 200 million euros at the end of 2006 to 315 million euros at the end of 2007. This rise can be explained by the aforementioned capital increase (20.6 million euros), the result for the financial year (28.5 million euros), the variation in shareholders' equity as a result of the acquisition of the graphics division (30.2 million euros), the variation in the share of third parties (49.0 million euros) and the effects of the differences on translation and the variation in treasury shares (-12.9 million euros).

The net financial debt position rose under the influence of the substantial investments (189 million euros) from 111 million euros at the end of 2006 to 185 million euros at the end of 2007.

Prospects

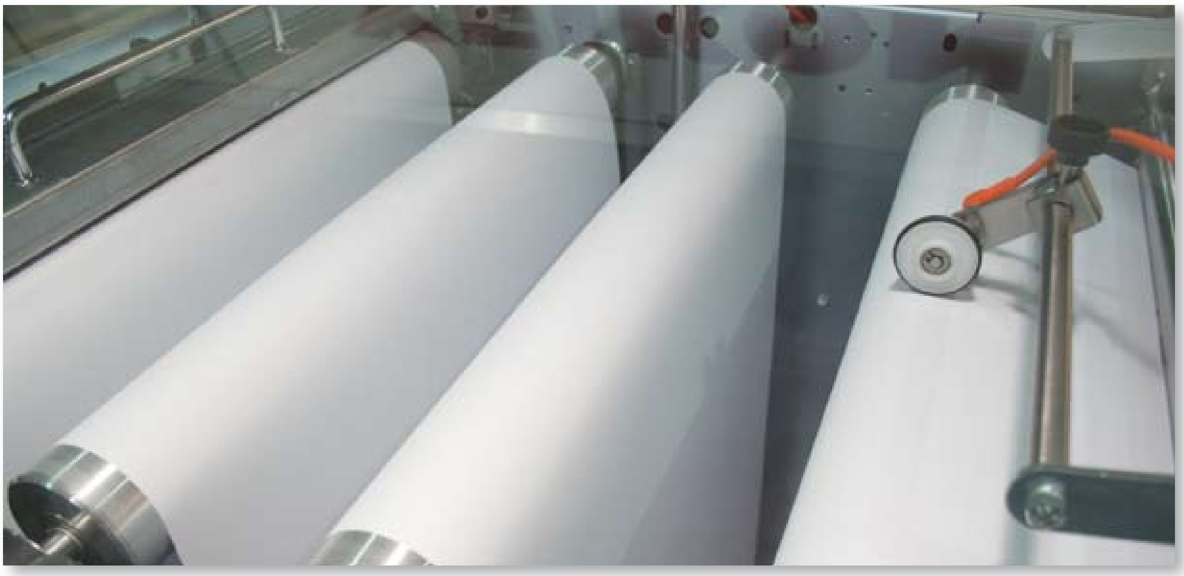
For Punch Graphix, we must take account of Drupa, the world's largest graphics fair, which is organised once every four years. Traditionally, the sector experiences a sharp drop in orders in the run-up to the fair. The 2008 event commences at the end of May. The impact of Drupa on the results in 2008 is impossible to judge.

The results for the Motive operations are also difficult to predict. BBS only joined the group 5 months ago, and its integration is not yet complete. Punch Powertrain is currently preparing to open a new factory in China. The new premises will have a production capacity of 100,000 transmissions per annum. Production is scheduled to commence in the second half of 2008. Punch Powertrain already received a first serial order of 10,000 transmissions.

Considering the above, the group does not wish to make concrete predictions for 2008.

Dividend

In view of the group's growth policy, the Board of Directors does not propose to pay a dividend for 2007.



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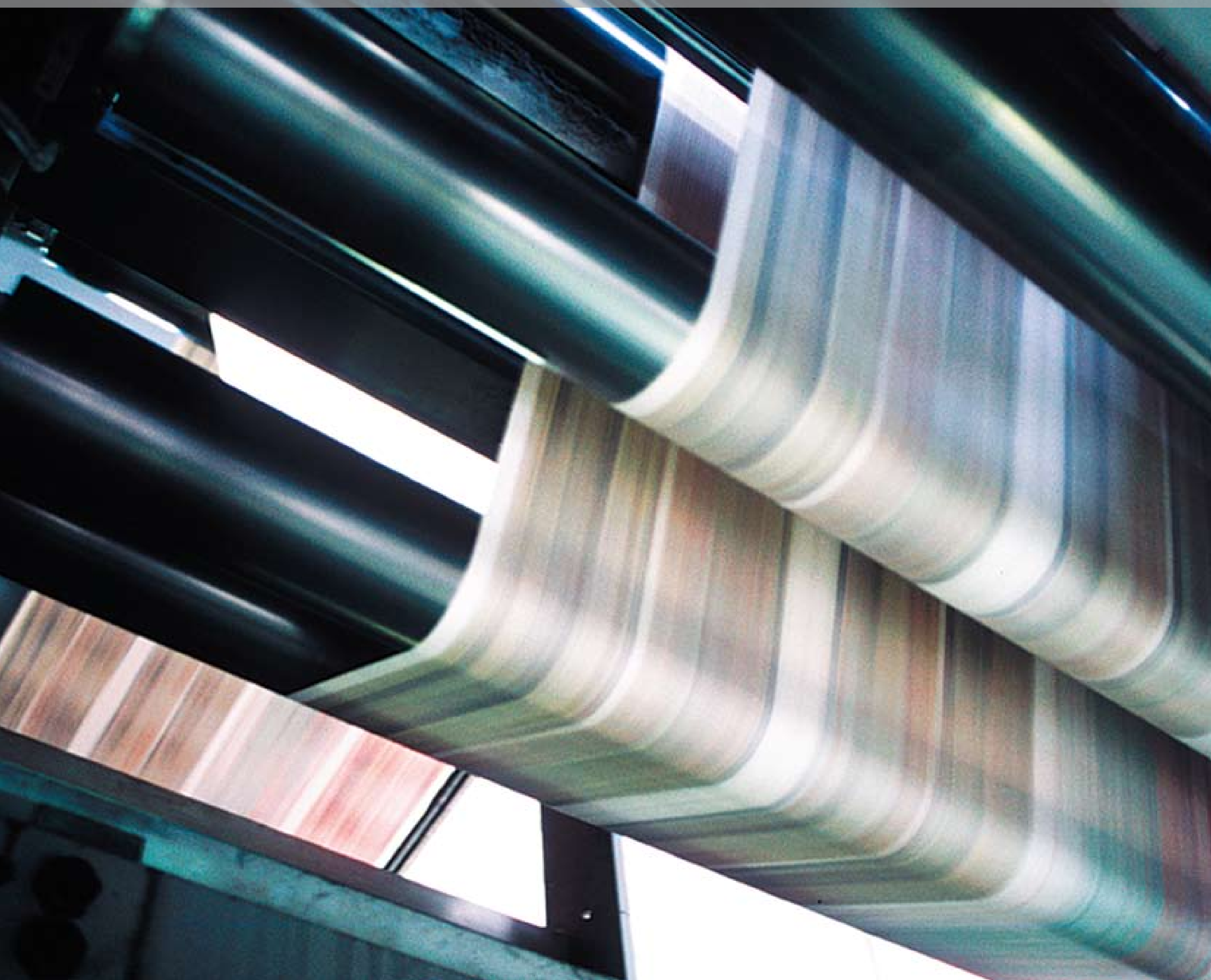
Corporate governance



General Meeting of shareholders

Punch attaches a great amount of importance to the provision of correct and transparent information to its stakeholders: shareholders, partners, customers, suppliers and others. Consequently, its corporate governance principles are the basis for day-to-day decision-making. In this context, Punch would like to remind readers that it is a medium-sized company, specialising in creating value by acquisitions. Flexibility is therefore one of its biggest assets.

In accordance with Title IV articles 30 to 39 of the articles of association of the company as at 12 June 2007

Constitution and powers

The regularly constituted General Meeting represents all shareholders. The resolutions of the General Meeting are binding on all shareholders, even for those absent from the meeting or those who voted against them.

Meeting

The Annual General Meeting is held on the fourth Thursday of the month of May at 3.00 p.m. If this day is a statutory public holiday, the meeting will be held on the next working day. An extraordinary General Meeting may be convened whenever the interests of the company require it, and must always be convened whenever shareholders who together represent one fifth of the subscribed capital request it. Unless otherwise stated in the notice convening the meeting, General Meetings take place at the company's headquarters.

Convening of meetings

The Board of Directors or the statutory auditors convene General Meetings. The notices convening meetings state the venue, date, time and agenda of the General Meeting and are issued in the form and within the periods required by articles 533 following of the Companies Code. A General Meeting is held every year of which the agenda will contain at least the following points: a discussion of the annual report and, if appropriate, the statutory auditors' report, a discussion of the adoption of the annual financial statements and the appropriation of the net profit, the discharge from responsibility of the directors and, if appropriate, of the statutory auditors and, if appropriate, the appointment of directors and auditors. The regularity of the convening of the meeting cannot be disputed if all shareholders are present or duly represented.

Admission

To be admitted, the owners of registered shares must inform the Board of Directors of their intention to attend the General Meeting at least three days prior to it.

The owners of bearer shares must deposit their shares at the place indicated in the notice convening the meeting within the same period. They will be admitted to the General Meeting upon presentation of a certificate showing that the securities have been deposited.

The owners of dematerialised shares must, within the same period, present to the institutions appointed by the Board of Directors either through the recognised account holder or through the payment institution a certificate demonstrating that these shares will not be available for the General Meeting.

Contrary to the terms of the first three paragraphs of this article, the holders of shares will be admitted to the General Meeting and will be able to exercise their voting rights if they provide proof that they are shareholders at midnight on the fifth working day before the General Meeting (the 'registration date'), regardless of the number of shares they may own on the day of the General Meeting. Saturdays are not regarded as working days for the application of this article.

The number of shares at the disposal of each registered shareholder at midnight on the registration date will be recorded in a register designated by the Board of Directors. When the notice convening the General Meeting is issued, the registration date and the way in which shareholders can register will be stated.

The Board of Directors may decide that the admission criteria laid down in the first three paragraphs of this article do not apply and that every holder of shares must satisfy the conditions laid down in the fourth paragraph of this article in order to be admitted to the General Meeting. Bondholders may attend the General Meeting provided the admission criteria for shareholders are observed.

Representation

Every shareholder may appoint a proxy to represent him at the General Meeting by letter, telegram, facsimile, electronic mail accompanied by an electronic signature in accordance with article 1322 Belgian Civil Code or by any other written instrument. The proxy does not have to be a shareholder. The Board of Directors may determine the form of proxies in the notice convening the meeting and demand that they be filed at the place indicated in the notice at least four days prior to the General Meeting.

Chair

Every General Meeting is chaired by the chairman of the Board of Directors or, in his absence, by a managing director or, in his absence, by the oldest director. The chairman appoints the secretary, who need not be a shareholder or a director. If the number of shareholders allows, the meeting will elect two scrutinisers. The directors present will complete the 'bureau of the meeting'.

Adjournment

The Board of Directors has the right, during the meeting, to adjourn the decision on the approval of the annual financial statements by three weeks. This adjournment will not affect the other resolutions passed, subject to any decision to the contrary made by the General Meeting on this matter. The following meeting will have the right to finally adopt the annual financial statements.

Number of votes – exercise of voting rights

Every share confers the right to one vote. Bondholders may attend the General Meeting, but only with an advisory vote.

Deliberation

An attendance list stating the name of the shareholders and the number of shares with which they are participating in the meeting is signed by each of them or their proxy before the session opens.

The General Meeting cannot deliberate on points that are not on the agenda unless all shareholders are present or represented at the meeting and they decide unanimously to extend the agenda. The directors will answer questions put by shareholders concerning their report or the agenda points, in so far as the communication of data or facts is not of such a nature as to cause a serious disadvantage to the company, the shareholders, or the company's personnel.
If appropriate, the statutory auditors will answer questions put by shareholders concerning their report, in so far as the communication of data or facts is not of such a nature as to cause a serious disadvantage to the company, the shareholders, or the company's personnel.

Subject to provisions to the contrary in law or in the articles of association, resolutions will be passed by a simple majority of cast votes, irrespective of the number of shares represented at the meeting. Abstentions and spoiled votes are not counted among the cast votes.

If no candidate receives the absolute majority of cast votes in decisions on appointments, a further vote will be taken on the two candidates who received the most votes. If the number of votes is equal in the second round, the elder candidate will be selected. Votes will be taken by a show of hands or by roll call, unless the General Meeting decides otherwise by a simple majority of cast votes.

The shareholders may pass all resolutions unanimously and in writing that belong to the powers of the General Meeting, with the exception of those that have to be executed by an officially certified deed. For this purpose, the Board of Directors will circularise all shareholders and to possible statutory auditors, either by letter, fax, e-mail or other information carrier, giving notice of the agenda and all proposals on resolutions, asking the shareholders to approve the proposals on resolutions and to return them, signed in the correct manner, to the company headquarters or any other place stated in the circular letter within the period after receipt of the circular letter stated in that letter. If the approval of all shareholders on the agenda points and the written procedure is not received within this period, the resolutions are deemed not to have been passed.

The holders of bonds, warrants or depositary receipts as laid down in article 537 of the Belgian Companies Code may inspect the resolutions at the company's headquarters.

Minutes

The minutes of the General Meeting are signed by the officers and by shareholders who request to do so. Subject to statutory provisions to the contrary, those copies which have to be submitted legally or otherwise will be signed by the chairman of the Board of Directors or by two directors.

Board of Directors

Composition

On 31 December 2007, the Board of Directors numbered six members.

Name	**Office expires***
Guido Dumarey	2009
Wim Deblauwe	2009
Lexxus nv, represented by Dirk Lannoo	2009
JPS Consult nv, represented by Jean-Pierre Saelen	2009
Eddy Geysen	2009
Pascal Ergo	2009

* The term of office of the members of the Board of Directors expires immediately after the General Meeting of the year indicated next to the name of each director.

Guido Dumarey and Wim Deblauwe are managing directors and representatives of the majority shareholders. Lexxus nv, represented by Dirk Lannoo, JPS Consult nv, represented by Jean-Pierre Saelen, Pascal Ergo and Eddy Geysen are independent directors. Guido Dumarey acts as chairman of the Board of Directors.

Guido Dumarey

Managing director and chairman of the Board of Directors

Guido Dumarey (°1959) initiated the growth of New Impriver nv in 1982 – the Ghent company specialising in the printing of glass and later in high-quality sheet metal working and industrial screen printing – which laid the foundations for the present Punch International corporation. Since then, he has held the function of managing director of the company and in 1998 he was appointed chairman of the Board of Directors. In March 2005 he was appointed to the Board of Directors of Punch Graphix plc and on 20 April 2006 he joined the Supervisory Board of Punch Graphix nv.

Wim Deblauwe

Managing director

Wim Deblauwe (°1974) worked in the financial sector (for ING) for five years before joining the Punch subsidiary Xeikon International as Chief Financial Officer in 2002. Later, we became Vice President Sales & Marketing of Punch Graphix plc. Following the successful stock market flotation of Punch Graphix plc, he was appointed Chief Financial Officer of Punch International. In November 2005 he became a managing director of the group. He was also appointed Chief Executive Officer of the Punch Graphix group on 1 January 2008.

Lexxus nv, represented by Dirk Lannoo

Director

Dirk Lannoo (°1958) is managing director of Lexxus nv. He is Vice President of Katoen Natie nv and is director of a number of other companies, including the printing and publishing house Lannoo. Dirk Lannoo is an independent director of Punch.

JPS Consult nv, represented by Jean-Pierre Saelen

Director

Jean-Pierre Saelen (°1953) is managing director of JPS Consult nv. He is affiliated to the Vlerick Leuven Gent Management School as a professor of marketing. He is also marketing consultant and director of a number of large and medium-sized companies. Jean-Pierre Saelen is an independent director of Punch.

Eddy Geysen

Director

Eddy Geysen (°1947) began his career at General Motors in 1970 and held various leading positions at a number of General Motors facilities in Belgium and Germany. From 1998 until June 2004, he was Vice President GM Europe and chairman of the Board of Directors of General Motors Belgium. At present, Eddy Geysen is a member of the Board of Directors and chairman of the Automotive Sector of the employers' organisation Agoria, chairman of Flanders' Drive and a member of the Board of Directors of GIMV and Conteyor nv, among other roles. He has also been a member of the Adam Opel GmbH Supervisory Board since 1997. He was appointed an independent director of Punch at the extraordinary General Meeting of 21 October 2005.

Pascal Ergo

Director

Pascal Ergo (°1966) is Chief Executive Officer of a pharmaceutical logistics chain operating mostly in Russia, Ukraine, the CIS countries and Slovakia. He was proposed and appointed as an independent director at the Annual General Meeting of 27 May 2004.

1. Pascal Ergo
2. Jean-Pierre Saelen
3. Eddy Geysen
4. Wim Deblauwe
5. Dirk Lannoo
6. Guido Dumarey

The following sections are based on articles 16 to 21 and 51 to 52 of the articles of association of the company as at 12 June 2007.

Emoluments

The mandate of a director is unpaid, subject to a resolution to the contrary of the General Meeting. In the 2007 financial year, the emoluments of all directors together totalled 3,474,402 euros. This sum also includes the remuneration of the members of the Executive Committee in the performance of their day-to-day duties for the company.

Appointment and dismissal of directors

The Board of Directors consists of a minimum of five members, who do not need to be shareholders. At least three of them must be independent. These independent directors must at least satisfy the criteria of the new article 524 of the Belgian Companies Code.

The maximum age for a director's mandate is set at seventy (70). If a director is a legal entity, the same age limit applies to its permanent representative. When the stated age limit is reached (by a director personally or its permanent representative), the director is deemed to be resigning; his replacement will be arranged at the next General Meeting.

While article 518 § 3 Companies Code remains as it stands, the period of the mandate may not exceed six years. A mandate ends at the close of the Annual General Meeting. Resigning directors may be reappointed. Directors may be suspended or dismissed by the General Meeting at any time.

The public limited company 'Creacorp', hereinafter called 'Creacorp', which has its registered office at Palepelstraat 27, 9830 Sint-Martens-Latem, Belgium, or its successors in title, have the exclusive right to propose candidates for the majority of the members of the Board of Directors to be appointed by the General Meeting, in as far as 'Creacorp' or its successors in title, together with (i) all persons controlled directly or indirectly by 'Creacorp' or its successors in title or that control 'Creacorp' (within the meaning of article 5 Companies Code) and (ii) the shareholders of 'Creacorp', both at the time when the list of candidates for directorships is proposed and at the time of their appointment by the General Meeting, hold at least twenty-five percent (25%) of the outstanding shares in the company.
So long as this condition is fulfilled by 'Creacorp' or its successors in title, the General Meeting will be under the obligation to appoint the majority of the directors from the list of candidates proposed by 'Creacorp' or its successors in title, in accordance with the previous paragraph.

Early vacancy

In the event of an early vacancy on the Board of Directors, the remaining directors have the right to fill the vacancy provisionally until the General Meeting appoints a new director. The appointment will be placed on the agenda of the next General Meeting. Every director appointed in this way by the General Meeting terminates the mandate of the director he replaces.

Chairmanship

The Board of Directors selects a chairman from among its members. If no chairman is appointed, this role is exercised by the oldest director.

Meetings of the Board of Directors

A meeting of the Board of Directors is convened by the chairman, or two directors, or a managing director whenever the interests of the company require this. The notices convening such meetings state the venue, date, time and agenda of the meeting and are sent at least three working days before the meeting by letter, telegram, telex, facsimile or by other means in writing.
If the chairman cannot attend, the Board meeting is chaired by a director appointed by his colleagues for that purpose. The regularity of the convening of the meeting cannot be disputed if all directors are present or duly represented.

Deliberation

The Board of Directors can only hold valid deliberations if at least half of its members are present or represented. If this quorum is not achieved, a further meeting can be convened with the same agenda, at which valid deliberations can be carried out and decisions passed if at least two directors are present or represented.
It can only hold valid deliberations on points that are not listed on the agenda with the consent of the entire Board of Directors and if all directors are present in person.
Every director may appoint another director as a proxy to represent him at a meeting of the Board of Directors by letter, telegram, facsimile, electronic mail accompanied by an electronic signature in accordance with article 1322 Belgian Civil Code, or by any other written instrument.
The decisions of the Board of Directors are taken by a majority of the cast votes. Abstentions and spoiled votes are not counted among the cast votes.
In exceptional cases, when required by urgent need and the interests of the company, the decisions of the Board of Directors can be taken by the unanimous written consent of the directors. However, this procedure cannot be applied to the adoption of the annual financial statements, the appropriation of the authorised capital or in any other case excluded by the articles of association.
The directors must comply with the provisions and formalities set out in articles 523 and 524 Companies Code.
If the quorum required for valid deliberations is present at a meeting of the Board of Directors and one or more directors have to abstain in accordance with article 523 or 524 Companies Code, decisions are taken by a majority of the remaining directors present or represented.
If all directors have to abstain in accordance with article 523 or 524 Companies Code, the Board of Directors must immediately convene a General Meeting which will take the decisions concerned itself or will appoint an ad hoc director who will be charged with taking the decision.
The procedure set down in article 524 Companies Code is applied to decisions and transactions in connection with the relationships mentioned in article 524 Companies Code with an affiliated company, with the exception of its subsidiaries, and with the relationships mentioned in the above article between a subsidiary of the company and a company which is affiliated to the subsidiary but is not a subsidiary of the subsidiary.

Minutes

The deliberations of the Board of Directors are recorded in minutes which are signed by the members present. Proxies are attached to the minutes. The copies or extracts which have to be submitted by law or otherwise are signed by two directors or another person charged with day-to-day management. The authority to do this may be assigned to a proxy.

Powers of the Board of Directors

The Board of Directors has the most extensive powers to carry out all actions which are useful or necessary in order to realise the purpose of the company. It is authorised to carry out all acts which are not explicitly reserved for the General Meeting by law or by the articles of association. The Board of Directors can assign its powers to a proxy, even if this proxy is not a shareholder or director, for special, defined matters.

Representation

The company is lawfully represented in all its actions, including legal representation, by two directors acting together, who do not have to provide proof of a prior decision by the Board of Directors. Two directors may entrust representation of the company to an authorised representative, even if he is not a shareholder or director, for special, specific matters (including legal representation).

Day-to-day management

The Board of Directors can assign the day-to-day management of the company to one or more directors with the title of managing director, and/or to one or more directors, who do not have to be shareholders.

If the day-to-day management is delegated, the Board of Directors determines the remuneration associated with this assignment. Only the Board of Directors is authorised to revoke this delegation and to determine the conditions under which the delegation can be terminated. If several people are charged with day-to-day management, the company will be lawfully represented in its day-to-day actions, including legal representation, by one person charged with day-to-day management who does not have to provide proof of a previous decision.
Any person charged with day-to-day management can assign his powers to an authorised agent, even if he is not a shareholder or director, for special, specific matters.

Special powers

Authorised capital

The Board of Directors is authorised, for a period of five years counting from the publication of the decision of the extraordinary General Meeting of 26 May 2005 in the Annexes to the Belgian Bulletin of Acts and Decrees, within the statutory restrictions, to increase the authorised capital one or more times, by contributions either in cash or in kind, or by the incorporation of reserves and/or issue premiums, with or without the issue of new shares in the company with or without voting rights and, if appropriate, with a preferential dividend right and right of priority upon liquidation, and also to issue convertible bonds, warrant bonds or warrants attached to another security or otherwise one or more times, the foregoing up to a maximum total amount of fifty-five million six hundred and forty-four thousand eight hundred and sixty-two euros and sixty-nine cents (55,644,862.69 euros). This authorisation is renewable.
The above ceiling applies as far as the issue of convertible bonds, warrant bonds or warrants attached to another security or otherwise to the amount of the capital increases that may arise from the conversion of the bonds or the exercise of the warrants.

The Board of Directors is authorised, on the grounds of the decision taken in accordance with the provisions of article 560 Companies Code to change the respective rights of the existing types of shares or securities which represent capital or otherwise in the context of the issue of securities within the authorised capital. The intention of this authorisation granted by the General Meeting to the Board of Directors is to allow the Board of Directors to issue a new type of shares or securities on the occasion of a capital increase effected within the limits of the authorised capital which, on the grounds of their status, may change the rights of the existing types of shares. This may take place in the form of an issue of convertible bonds, warrants, non-voting shares, shares with preferential dividend rights and priority rights upon liquidation and convertible shares.

The Board of Directors is explicitly authorised, for three years from the publication of the resolution of the extraordinary General Meeting of 26 May 2005 in the Annexes of the Belgian Bulletin of Acts and Decrees, to use the powers authorised by this provision to increase capital in the cases allowed for by, under the conditions and within the restrictions of article 607 Companies Code. This authorisation is renewable.

The Board of Directors determines the data and the conditions of the capital increases for which it gives instructions in accordance with the above paragraphs, including any payment of issue premiums. It determines the conditions of bond loans or of the issue of warrants which it decides in accordance with the above paragraphs.

If use is made of the above paragraphs, the Board of Directors will determine in accordance with articles 592 following Companies Code the date and other conditions under which shareholders may use preferential rights if the law grants them such rights. The Board of Directors may also, in accordance with articles 592 following Companies Code, in the interest of the company and under the conditions laid down by the law, limit or cancel the preferential rights of the shareholders in favour of one or more specific persons to be determined by the Board, irrespective of whether these persons are employees of the company or its subsidiaries.
If an issue premium is paid as a consequence of this authorisation, it must be transferred by law to an account named 'share premium' which can only be used under the conditions required for a reduction of capital.

However, the premium can always be incorporated in the authorised capital; this decision may be made by the Board of Directors in accordance with the first paragraph.

Acquisition and disposal of own shares

The extraordinary General Meeting of 11 April 2007 authorised the Board of Directors, pursuant to article 620 Companies Code, to acquire the maximum permitted number of shares by purchase or exchange and to alienate them at a price equivalent to a minimum of seventy percent (70%) and a maximum of one hundred and thirty percent (130%) of the last closing price at which these shares were listed on the First Market of the Brussels Stock Exchange on the day prior to the purchase or exchange; directly or through a person acting in his own name but on account of the company or through a direct subsidiary within the meaning of articles 5, §2, 10, 2 and 4 Companies Code. This authorisation applies for a period of eighteen months counting from the publication in the Annexes to the Belgian Bulletin of Acts and Decrees and may be renewed pursuant to article 620 Companies Code.

The extraordinary General Meeting of 26 May 2005 explicitly authorised the Board of Directors, pursuant to the provisions of the Companies Code, to acquire its own shares or profit-sharing certificates or depository receipts relating to these by purchase or acquisition or to alienate them without requiring a prior resolution by the General Meeting, directly or through a person acting in his own name but on account of the company or through a direct subsidiary within the meaning of articles 5, §2, 1, 2 and 4 Companies Code, if such acquisition or alienation is necessary to prevent a serious disadvantage to the company. This authorisation applies for a period of three years from the publication in the Annexes to the Belgian Bulletin of Acts and Decrees and may be renewed pursuant to article 620 Companies Code.

Executive Committee

The company's Articles of Association stipulate that the Board of Directors may delegate the day-to-day management of the company to one or more directors with the title of managing director and/or one or more directors, who do not have to be shareholders.

General provisions

In accordance with Article 25 of the company's Coordinated Articles of Association dated 12 June 2007.

In accordance with article 542 (b) Companies Code, the Board of Directors is entitled to transfer its management powers to an executive committee without this transfer affecting the general policy of the company or actions reserved to the Board of Directors on the grounds of other statutory provisions.

The Board of Directors may restrict the management powers to be transferred. These restrictions and the possible distribution of tasks agreed by the members of the executive committee cannot be enforced against third parties, even if they are published. If an executive committee is appointed, the Board of Directors is responsible for the supervision of that committee.

The executive committee consists of several persons, who may or may not be directors. The terms and conditions for the appointment of the members of the executive committee, their dismissal, their remuneration, their term of office and the way in which the committee operates are determined by the Board of Directors.

The appointment of an executive committee can be enforced against third parties subject to the conditions set out in article 76 Companies Code.

If one or more members of the executive committee has or have a direct or indirect interest of a proprietary nature that is in conflict with a decision or transaction included in the powers of the committee, the procedure and method of article 524 (c) § 2 Companies Code will apply. The member in question will inform the Board of Directors. Only the Board of Directors will approve such decisions or transactions. In such cases, it will follow the procedure described in article 523 § 1 Companies Code.

The Executive Committee meets fortnightly. In addition, the Executive Committee meets monthly with the management committees of the group's various divisions, in order to decide with them on the day-to-day policy for the short and medium term.

No additional remuneration is awarded to its members.

Remuneration Committee

Composition

On 31 December 2007, the Executive Committee comprised the following members:

- Guido Dumarey
- Wim Deblauwe
- Paskal Debusschere

Guido Dumarey
Guido Dumarey's CV can be found on page 64 of this annual report.

Wim Deblauwe
Wim Deblauwe's CV can be found on page 64 of this annual report.

Paskal Debusschere
Paskal Debusschere (°1974) holds a Masters of Law Degree, and also has a supplementary Masters Degree in taxation and company law. After graduating, he first worked for three years as a lawyer at Loeff Claeys Verbeke (now Allen & Overy, Brussels) and then spent three years as a corporate tax manager at Brouwerijen Alken Maes, where his main responsibility was overseeing mergers and acquisitions. In 2004, he became a freelance project manager, specialising in mergers and acquisitions. He has worked for Punch since 2006.

The members of the Executive Committee are appointed for an indefinite period, so may be dismissed by the Board of Directors at any time.

General

In accordance with article 26 of the articles of association of the company as at 12 June 2007.

The Board of Directors forms a Remuneration Committee from within its ranks that is composed exclusively of an uneven number of non-executive directors of whom the majority are independent directors.

This committee comprises at least three members. It is responsible for making recommendations to the Board of Directors concerning the emoluments and other forms of payment for directors and members of the company's senior management.

The appointment conditions, manner of deliberation and decision-making, and reporting procedures are laid down in a set of internal regulations drawn up by the Board of Directors in consultation with the Remuneration Committee.

The members do not receive any additional payment for exercising their mandate.

Composition and meeting

On 31 December 2007, the Remuneration Committee comprised the following members:

Name	Office expires*
Lexxus nv, represented by Dirk Lannoo	2009
JPS Consult nv, represented by Jean-Pierre Saelen	2009
Eddy Geysen	2009

* The term of office of the members of the Committee expires immediately after the General Meeting of the year indicated next to the name of each director.

The Remuneration Committee met once in 2007.

Audit Committee

General

In accordance with article 27 of the articles of association of the company as at 12 June 2007.

The Board of Directors forms an Audit Committee from within its ranks that is composed exclusively of an uneven number of non-executive directors of whom the majority are independent directors. This committee comprises at least three members.

The Audit Committee is responsible for the following tasks at least:

- Examining the accounts and auditing the budget;
- Monitoring the audit work and permanent supervision of the completed files compiled by the statutory auditor;
- Assessing the reliability of the financial information;
- Supervising the internal audit that is organised by the company management;
- Granting deviations in the sense of Article 133 of the Companies Code.

The Audit Committee is competent to investigate all matters that are covered by its authority. To this end, the committee has the necessary tools at its disposal, access to all information and is able to ask internal and external experts for advice.

The appointment conditions, manner of deliberation and decision-making, and reporting procedures are laid down in a set of internal regulations drawn up by the Board of Directors in consultation with the Audit Committee.

The members do not receive any additional payment for exercising their mandate.

Composition and meeting

On 31 December 2007, the Audit Committee comprised the following members:

Name	**Office expires***
Lexxus nv, represented by Dirk Lannoo	2009
Pascal Ergo	2009
Eddy Geysen	2009

* The term of office of the members of the Committee expires immediately after the General Meeting of the year indicated next to the name of each director.

The Audit Committee met twice in 2007.

Profit-sharing certificates

In accordance with article 13 of the articles of association of the company as at 12 June 2007.

At the extraordinary General Meeting of 23 April 2007, the General Meeting of the company decided to introduce a profit-sharing certificate plan. The conditions and stipulations of the profit-sharing certificate plan are as follows:

Profit-sharing certificates may be issued by the General Meeting which will make its decision with the special majority required for changing the articles of association, under the terms and conditions stipulated in the present article.

Issue

Profit-sharing certificates may only be held by persons who participate in the day-to-day policy of the company. A list of the people who are entitled to profit-sharing certificates will be drawn up and, if necessary, amended by the Board of Directors. The Remuneration Committee will issue a recommendation to the Board of Directors regarding the number of profit-sharing certificates that a party may acquire each time it is asked to do so by the Board.

The profit-sharing certificates will be issued by the General Meeting which will make its decision with the special majority required for changing the articles of association. Existing profit-sharing certificates may be acquired from the company that holds them. The issue of profit-sharing certificates or acquisition of existing profit-sharing certificates in the company is linked to a preceding capital increase to which the recipients of the profit-sharing certificates subscribe.

The amount of profit-sharing certificates to which a person can subscribe or which a person can acquire from the company is limited to a maximum of ten percent (10%) of the amount to which the same person subscribed on the occasion of this preceding capital increase.

The profit-sharing certificates will be issued or sold by the company for the price of five thousand euros (5,000 euros) per profit-sharing certificate. This issue price will be credited to an 'unavailable profit-sharing certificates reserve' account which, in the same way as capital, constitutes surety for third parties and which may only be used with due consideration for the conditions for changing the articles of association. This reserve is not available for distribution or incorporation into capital. If the company decides to annul the profit-sharing certificates that it has acquired itself, the annulment will be charged to this reserve.

Term

The profit-sharing certificates will be issued for a specific term or for the duration of the company, in accordance with what has been decided when the decision to issue the certificates was made.

Nature

The profit-sharing certificates are registered and cannot be converted into bearer securities. They are registered in a special register kept by the company for this purpose.

Preferential right

The profit-sharing certificates do not hold a preferential right in the event of a capital increase or in the case of new profit-sharing certificates being issued.

Transfer

Taking into consideration the capacity of the holders of the profit-sharing certificates, these are not transferable. At the end of the holder's participation in the day-to-day policy of the company for whatever reason or cause, together with the removal of the holder from the above-mentioned list drawn up by the Board of Directors, the profit-sharing certificates transfer by law to the property of the company subject to the payment of a price equal to the subscription price.

Voting right

The profit-sharing certificates do not grant a voting right except in the cases specified in the Companies Code.

Dividend right

The profit-sharing certificates grant their holders the right to a preferred dividend if the consolidated profit after tax of a financial year for the company and the companies included in its consolidation is higher than fifteen percent (15%) of the consolidated shareholders' equity of the same companies. For the determination of the preferred dividend, this last-mentioned shareholders' equity may not be lower than one hundred and seventy three million six hundred and fifty thousand euros (173,650,000 euros). With effect from 2007, this last-mentioned amount will be increased each year by fifteen percent above the minimum shareholders' equity for the previous year.
(e.g. 2007: 173,650,000 + 15% = 199,697,500, 2008: 199,697,500 + 15% = 229,652,125, etc.).

This minimum amount of consolidated shareholders' equity will be increased by the shareholders' equity that is added as a result of a capital increase or merger, and decreased by the shareholders' equity that leaves the company as a result of a capital reduction or distribution from the reserves. The increase or decrease will be applied from the financial year that follows the year in which these transactions took place, unless this transaction influenced the consolidated shareholders' equity for more than six months of the financial year. In this last case, the increase or decrease will be applied with effect from the financial year in which the transaction took place.
The preferred dividend that is allocated to all the profit-sharing certificates will amount to twenty percent (20%) of the consolidated profit after tax for the company and the companies included in its consolidation which exceeds the limit stated above of fifteen percent (15%).
In order for the preferred dividend to be applied, the consolidated profit and the consolidated shareholders' equity must be determined by the Board of Directors of the company in accordance with the International Financial Reporting Standards (IFRS).
The Board of Directors will make every effort to ensure that the company's profit under the articles of association and/or the company's available reserves will make the payment of the preferred dividend determined on the basis of the consolidated information possible. If the Board of Directors is unable to manage this, the preferred dividend that it was not possible to pay out on account of a lack of profit under the articles of association and/or available reserves, will be paid out in the following year or years in which these are available.
The profit-sharing certificates only entitle the holder to the above-mentioned preferred dividend and are, therefore, excluded from dividend payments relating to other securities that the company has issued.
If a holder has only owned a profit-sharing certificate

for a part of the financial year, he is entitled to the full amount of the preferred dividend per profit-sharing certificate if he became the owner of that profit-sharing certificate during the first half of the financial year. If he only became the owner of the profit-sharing certificate in the second half of the financial year, he is entitled to half of the preferred dividend per profit-sharing certificate.
The dividend right is suspended for the period that the company is itself the owner of its own profit-sharing certificates or during the period that certain profit-sharing certificates have not yet been allocated. The preferred dividend that should be due to these profit-sharing certificates will not be paid out to the holders of the other profit-sharing certificates.

Rights in the event of liquidation

If the company is liquidated, the holders of profit-sharing certificates have the right to the repayment of the subscription price.
Apart from the repayment of the subscription price, holders of the profit-sharing certificates do not have any right to a share in the liquidation balance.

Issue of 10 profit-sharing certificatesn

In accordance with the aforementioned conditions and stipulations, the extraordinary General Meeting of 23 April 2007 resolved to issue ten (10) profit-sharing certificates. The ten (10) profit-sharing certificates will be issued for the duration of the company. The Board of Directors will evaluate a possible allocation at regular intervals and make a decision on this, if required on the advice of the recommendation of the Remuneration Committee. Thus far, seven (7) profit-sharing certificates have been allocated in this way, six (6) of those to members of the Executive Committee and one (1) to a member of the management.

Insider trading

Dealing in the shares of the company or shares or their derivative financial instruments of any other listed companies with which the company has a relationship, based on 'inside knowledge' that is not yet in the public domain, or communicating such information to other parties in order that they can deal in such shares or their derivative financial instruments, is prohibited.

The guidelines relating to 'insider trading' apply to all members of the Board of Directors, members of the Executive Committee and all staff who, by virtue of their role, have access on a regular or incidental basis to inside knowledge about the company and/or other listed companies (hereafter 'other persons').

The Compliance Officer maintains a list of the persons concerned.

Inside knowledge

'Inside knowledge' is any information not in the public domain that is accurate and directly or indirectly relates to one or more quoted companies listed on the stock market and which, if it were made public, would have a significant influence on the price of the shares or the financial instruments derived from them.

Information is said to significantly influence the price if a reasonable investor would probably base his or her investment decisions in whole or in part on this information.

Information is considered to be accurate:
- if it relates to a situation that exists or which it can reasonably be assumed will exist, an event that took place or which it can reasonably be assumed will take place; and
- if it is also specific enough to draw a conclusion with regard to the influence of the situation or event referred to above on the price of the financial instruments.

It is not possible to draw up an exhaustive list of information that could be classified as 'inside knowledge' as this determination depends on factual circumstances.

This information could for example relate to:
- exceeding a shareholding threshold;
- the publication of results;
- a sales and/or profits warning;
- a dividend distribution;
- the acquisition or transfer of an undertaking;
- facts that could have a significant influence on the sales/results of the business.

Publication of inside knowledge

The Board of Directors undertakes to publicise inside information in the shortest possible timescale, in accordance with the legislation and regulations under which the company operates.

The Directors undertake to respect the confidential nature of such information and not to distribute it in any form or to let it be known, without the prior approval of the chairman of the Board of Directors.

Procedure

Compliance Officer

The Compliance Officer ensures compliance with these regulations, and is responsible for the specific assignments entrusted to him in this regard.

The Chief Financial Officer is appointed as Compliance Officer. In the case of doubt he can call on the advice of the chairman of the Board of Directors of the company.

Reporting

Members of the Board of Directors and the Executive Committee as well as 'other persons' must inform the Compliance Officer of every transaction involving the shares of the company or other securities related to the shares. Such transactions may only be carried out with the explicit approval of the Compliance Officer.

All purchases and sales of shares or other securities related to the shares must be reported to the Compliance Officer within ten (10) days following the end of the quarter with details of the quantities, prices and dates of the instruction and the transaction.

The Board of Directors reports to the Compliance Officer within the time period referred to above any allocation of options/warrants and any exercising of options/warrants by members of the Board of Directors, the Executive Committee and 'other persons'.

Prohibited transactions

SShort-term speculative transactions are always prohibited. This implies that transactions in short-term options, and the short selling and hedging of options allocated under option plans are never permitted.

Hedging or coverage transactions on shares in a portfolio, aimed at protecting the value of these shares, are permitted.

Close periods

From one month before the publication of the half-yearly and annual results until the day of the publication of these results ('close period'), it is absolutely prohibited to carry out transactions for the purchase or sale of shares or other financial instruments of the company.

The Compliance Officer may declare additional prohibited periods based on 'inside information' known by the Board of Directors and in respect of which the decision process has reached a point of no return.

The duration of an additional prohibited period shall begin at the time the information is known by the Board of Directors and the Executive Committee and shall continue until such time as it is made public. The additional prohibited periods also apply to all other persons who have access to the same information.

Permitted transactions

The following transactions continue to be permitted, even during close periods:

- The exercising of options /warrants allocated under a share option or warrant plan. The sale of the shares acquired in such transactions remains prohibited. The partial sale of shares to finance the exercise price or any taxes on the gain arising is prohibited during these periods.
- The acquisition of shares in the framework of a dividend distribution.
- Transactions where the instruction was given outside the periods in question; these instructions may not be altered during prohibited periods.
- Transactions in the framework of discretionary investment management that has been outsourced to third parties.

Statutory auditor

The Punch group's annual accounts were audited by BDO ATRIO Bedrijfsrevisoren B.C.V., Guldensporenpark 14 B, 9820 Merelbeke, Belgium, represented by Mr Koen De Brabander. The statutory auditor was appointed by the General Meeting of 24 May 2007 for a period that ends immediately after the annual general meeting that will give its opinion on the financial year closing on 31 December 2009.

Remuneration

Within the context of its task to audit the consolidated accounts, the statutory auditor and affiliated offices charged fees of 45,000 euros and charged non-audit fees of 272,883 euros. The audit of the entire group, including all subsidiaries, resulted in a total cost of 537,000 euros.

General

In accordance with article 28 of the articles of association of the company as at 12 June 2007.

The audit of the financial situation, annual accounts and the regularity of transactions to be reproduced in the annual accounts from the viewpoint of the Companies Code and the articles of association are entrusted to one or more statutory auditors who are appointed by the General Meeting from among the members of the Institute of Auditors. The General Meeting specifies the number of statutory auditors and determines their emoluments. The auditors are appointed for a renewable term of three years. They may only be discharged from their assignment, under penalty of compensation, for legal reasons by the General Meeting, provided that the procedure described in Article 136 of the Companies Code is respected. In the absence of statutory auditors or in the event that all of the statutory auditors find themselves unable to perform their task, the Board of Directors will convene the General Meeting immediately to arrange their appointment or replacement.

Statutory auditor's task

In accordance with article 29 of the articles of association of the company as at 12 June 2007.

The statutory auditors, jointly or separately, have an unlimited right to audit all the company's transactions. They may inspect the books, correspondence, minutes and all the company's papers in general on site. Every six months, the Board of Directors will provide them with a statement summarising the company's assets and liabilities situation. During the performance of their task, the statutory auditors may be assisted, at their own expense, by employees or other persons for whom they are responsible.

09

Consolidated annual accounts

Consolidated income statement

	Notes	2007	2006	Δ
in thousand euros				
Sales	3	331,706	197,459	134,247
Other operating income	3	101,737	60,525	41,213
Total revenues		**433,443**	**257,984**	**175,459**
Change in inventories	4	-11,133	-16,487	5,354
Cost of goods & services sold	4	-134,292	-82,910	-51,381
Salaries & employee benefits	5	-77,846	-40,304	-37,542
Depreciation & amortisation	6	-74,645	-16,695	-57,950
Impairment losses on current assets	7	-6,826	-590	-6,236
Other operating charges	8	-98,367	-72,434	-25,933
Total operating expenses		**403,110**	**229,421**	**173,689**
Operating result		**30,333**	**28,563**	**1,771**
Finance income / (cost)	9	5,164	-8,554	13,718
Share of results of associates	10	-1,816	7,031	-8,847
Results before tax		**33,681**	**27,039**	**6,641**
Taxes	11	-5,158	-5,957	799
Net result		**28,523**	**21,083**	**7,441**
Net result - Equity interest		32,231	21,098	11,133
Net result - Minority interest		-3,708	-15	-3,693
Earnings per share - basic & diluted (in euros)	12	12.6	9.7	2.8
EBITDA		**109,576**	**41,596**	**67,980**

EBITDA: is not a defined term according to IFRS. Punch defines this term as the operating result, plus depreciation, value readjustments and provisions booked, minus any potential reductions of those same items.

Consolidated balance sheet

	Notes	2007	2006	Δ
in thousand euros				
Non-current assets		**478,917**	**305,629**	**173,288**
Intangible Assets	14	176,405	59,060	117,345
PPE: Property, Plant & Equipment	15	264,936	178,169	86,767
Investments in associates	16	-	53,345	-53,345
Receivables (non-current)	17	9,079	2,058	7,021
Deferred tax assets		28,498	12,997	15,500
Current assets		**209,775**	**98,918**	**110,858**
Inventories	18	69,348	28,548	40,800
Contracts in progress	18	25	1,162	-1,137
Trade receivables	19	59,030	40,386	18,644
Other amounts receivable	19	18,466	9,321	9,145
Deferred charges and accruals		4,745	3,055	1,691
Cash and cash equivalents		56,666	16,381	40,285
Financial instruments	21	1,495	64	1,430
Assets held for sale	**20**	**-**	**-**	**-**
Total assets		**688,692**	**404,547**	**284,145**

	Notes	2007	2006	Δ
in thousand euros				
Shareholders' equity		**245,338**	**175,241**	**70,097**
Ordinary shares		61,486	55,896	5,590
Share premium account		16,031	399	15,632
Consolidated reserves		143,059	92,435	50,623
Translation differences		-6,727	5,415	-12,142
Result of the year		32,231	21,098	11,133
Treasury shares		-741	-2	-739
Minority interests		**70,103**	**24,823**	**45,280**
Total equity	**22**	**315,441**	**200,064**	**115,377**
Non-current liabilities		**241,397**	**127,498**	**113,898**
Interest bearing loans & borrowings (non-current)	24	197,401	104,667	92,735
Deferred tax liabilities		28,956	9,600	19,357
Provisions – non-current	23	14,942	13,111	1,831
Other liabilities		97	121	-24
Current liabilities		**131,855**	**76,985**	**54,870**
Trade payables	25	51,465	33,602	17,863
Other current payables	25	26,785	17,763	9,021
Current tax liabilities		9,401	2,727	6,674
Borrowings		44,204	22,893	21,311
Total liabilities and equity		**688,692**	**404,547**	**284,145**
Net financial debt		**184,939**	**111,179**	
Net financial debt / EBITDA (full year basis)		**1.69**	**2.67**	
Net financial debt / Equity		**0.59**	**0.56**	
Equity / Total assets		**46%**	**49%**	
Return on equity (period)		**14%**	**14%**	

EBITDA: is not a defined term according to IFRS. Punch defines this term as the operating result, plus depreciation, value readjustments and provisions booked, minus any potential reductions of those same items.
Net financial debt = long and short term financial assets – cash & cash equivalents

Consolidated cash flow table

	Notes	2007	2006	Δ
in thousand euros				
Profit before taxation		**33,681**	**27,039**	**6,642**
Adjustments for:				
Share of results of associates	10	1,816	-5,100	6,916
Depreciations & impairments	6,7	81,471	16,695	64,776
Provisions	23	-2,329	-2,367	38
Gains/losses on realisation PPE	6	2,176	-919	3,095
Derivatives	21	-1,221	-140	-1,081
Income taxes	11	-1,411	-542	-869
Subtotal		**114,183**	**34,666**	**79,517**
Movement trade & other receivables	19	-36,500	12,593	-49,093
Movement inventories	4	-39,663	4,474	-44,137
Movement trade & other payables	25	32,993	-26,562	59,555
Other movements (Related to changes in perimeter)	1	47,532	4,322	43,210
Subtotal		**4,362**	**-5,173**	**9,535**
Net cash flow from operating activities		**118,545**	**29,493**	**89,052**
Cash flow from investing activities				
Acquisitions		-188,655	-113,571	-75,084
- participations		-97,497	-	-97,497
- assets		-91,158	-	-91,158
Sale of assets		25	20,513	-20,488
- assets	13	25	20,513	-20,488
Net cash flow from investing activities		**-188,631**	**-93,058**	**-95,573**

	Notes	2007	2006	Δ
in thousand euros				
Cash flow from financing activities				
Proceeds from issue of share capital		59,504	19,981	39,523
- Punch International	22	20,594	-	20,594
- Punch Graphix		38,910	-	38,910
- Punch Telematix		-	19,981	-19,981
New Loans	24	113,954	85,285	28,669
Loan repayments	24	-62,348	-48,758	-13,590
Treasury shares		-739	3,448	-4,187
Dividends		-	-	-
Net cash flow from financing activities		**110,371**	**59,956**	**50,415**
Net cash flow		**40,285**	**-3,609**	**43,894**
Cash & cash equivalents				
Cash and cash equivalent at beginning of period		16,381	19,990	-3,609
Cash and cash equivalent at end of period		56,666	16,381	40,285
CTA on cash		-	-	-
Net cash flow		**40,285**	**-3,609**	**43,894**

Reconciliation of equity (IFRS)

	Ordinary Shares	Share Premium Account	Consolidated Reserves
in thousand euros			
31 December 2005	**55,896**	**399**	**46,603**
Results on shares Telematix/Technix	-	-	4,760
Transfers	-	-	40,896
Result of the year	-	-	-
Evolution treasury shares	-	-	-
Result on treasury shares	-	-	176
Movement CTA	-	-	-
Other movements	-	-	-
31 December 2006	**55,896**	**399**	**92,435**
Capital increase June 2007	5,590	15,632	-628
Transfers	-	-	21,098
Result of the year	-	-	-
Evolution treasury shares	-	-	-
Movement CTA	-	-	-
Other movements	-	-	30,153
31 December 2007	**61,486**	**16,031**	**143,059**

Translation Differences	Result of the Year	Treasury Shares	Shareholders' Equity	Minority Interests	Total Equity
637	**40,896**	**-2,498**	**141,934**	**8,921**	**150,855**
-	-	-	4,760	-	4,760
-	-40,896	-	-	-	-
-	21,098	-	21,098	-15	21,083
-	-	2,496	2,496	-	2,496
-	-	-	176	-	176
4,778	-	-	4,778	-	4,778
-	-	-	-	15,916	15,916
5,415	**21,098**	**-2**	**175,241**	**24,823**	**200,064**
-	-	-	20,594	-	20,594
-	-21,098	-	-	-	-
-	32,231	-	32,231	-3,708	28,523
-	-	-739	-739	-	-739
-12,142	-	-	-12,142	-	-12,142
-	-	-	30,153	48,988	79,141
-6,727	**32,231**	**-741**	**245,338**	**70,103**	**315,441**

Principles of consolidation and accounting policies

Principles of consolidation

The group applies the following methods for the consolidation of its accounts:

A. Full consolidation

Full consolidation is applied to those entities in which the group holds the majority of the voting rights or over which the group exercises legal or actual control.

Under this method of consolidation all assets and liabilities of the subsidiary concerned are recorded in the books of the parent company against the carrying value of the investment. Where applicable, this method results in the determination of a consolidation difference and the recognition of a minority interest.

Following the same principle, the items of the respective income statements of the subsidiary and the parent company are added up, and the result of the consolidated companies over the financial period is divided into a share of the parent company and a minority share. The intercompany accounts and transactions are eliminated in the consolidation.

B. Proportionate consolidation

This method is applied to companies over which joint control is exercised by a limited number of shareholders who have agreed that decisions on the management strategy of the company can only be taken by mutual consent.

Under this principle, all assets and liabilities of the subsidiary concerned are included in the accounts of the parent company in proportion to the investment of the latter, to replace the carrying value of the investment.
Where applicable, this leads to the recording of a consolidation difference. The integration of the results applies only partially to each item of the income statement, which is calculated proportionately to the investment as well. The intercompany accounts and transactions are eliminated in proportion to the investment of the parent company.

C. Equity method

This method is applied in all cases where the criteria valid for full or proportionate consolidation do not apply. It is applied to entities in which a consolidated company holds a share and over which it has significant control.

The assets and liabilities of the company accounted for using the equity method are not included in each item of the consolidated balance sheet, but the account 'participating interests' of the consolidating company is recalculated in the consolidated financial statements in such a way that the part of the equity capital of the companies concerned is accounted for. Instead of the dividends received the consolidated income statement reflects the share of the group in the realised results of the company accounted for using the equity method.

Accounting policies

A. General

Punch International nv (the 'Company') has its statutory seat in Sint-Martens-Latem, Belgium. The activities of the Company include the graphics activities of Punch Graphix nv, the telematics activities of Punch Telematix nv, the automotive activities of Punch Motive and activities related mainly to property, reported under the segment 'Other'.

The consolidated financial statements of the Company for the year ended 31 December 2007 comprise the Company and its subsidiaries (together referred to as 'the operating group').

The financial statements have been prepared by the Board of Directors and authorised for issue on 22 April 2008. The financial statements will be submitted for approval to the Annual General Meeting of Shareholders on 22 May 2008.

B. Basis of preparation

The financial information has been prepared in accordance with those International Financial Reporting Standards (IFRS) and IFRIC interpretations in force issued by the International Accounting Standards Board (IASB) and as adopted within the EU.

The financial information has been prepared under the historical cost convention. 'Operating group' should be read as Punch International nv and its subsidiaries.

The operating group's companies maintain their books and records in the currency of and in compliance with statutory regulations of the countries in which they are incorporated and registered. The Company's consolidated financial statements are expressed in euros, the functional and presentation currency of the operating group. Certain adjustments to the financial statements were recorded in order to present the consolidated financial statements in accordance with IFRS and to correct errors relating to the relevant period identified.

The following standards and interpretations came into force during the year under review and were applied for the first time in the consolidated annual accounts for 31 December 2007: IFRS 7 'Financial Instruments: Disclosures' and the related amendment of IAS 1 'Presentation of the Financial Statements', IFRIC 8 'Scope of IFRS 2', IFRIC 9 'Re-assessment of Embedded Derivatives' and IFRIC 10 'Interim Financial Reporting and Impairment'.

The following standards, interpretations and amendments to published standards came into force in 2007, but are not relevant to the group: IFRIC 7 'Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies'.

At the date of authorising these financial statements, the following standards and interpretations were in issue but not effective: IFRS 8 'Operational segments', IFRIC 11 'IFRS 2 - group and Treasury Share Transactions', IFRIC 12 'Service Concession Arrangements'; IFRIC 13 'Customer Loyalty Programmes'; IFRIC 14 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. The group will probably implement IFRS 8 as from the reporting period starting 1 May 2009. This will not have any effect on the group's net assets as the standard in question deals with the notes to the accounts. The company's management is currently looking into the consequences of implementing the remaining interpretations.

The preparation of the group's financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

For critical accounting estimates and judgments, reference is made to the relevant individual notes, more specifically note 11 [Taxation], note 15 [Intangible non-current assets] and note 23 [Provisions] of this annual report.

IAS 36 'Impairment of assets' requires management to estimate inputs into valuation models concerning matters such as forecast cash flows and profit margins. The directors base their estimates both on past experience and expected market trends going forward.

Management must also make assumptions concerning inventory valuation, the valuation of receivables and the valuation of the warranty provision. In each instance, management take account of the historical performance of the group in respect of these matters, together with current information concerning, for example, product mix and performance and exposure to credit risk.

The accounting principles have been applied consistently throughout the relevant period. A summary of the more important accounting policies is set out below.

C. Basis of combination

The financial statements have been prepared on a consolidated basis. Corporate entities meeting the definition of a subsidiary set out in IAS 27 'Consolidated and Separate Financial Statements'
and being members of the operating group have been included in the consolidated financial statements from the date that control passed to the Punch International nv group of companies and are excluded from the consolidated financial statements from the date that control ceases. Intercompany transactions and balances have been eliminated on combination including unrealised profits and losses, except to the extent that unrealised losses cannot be recovered.

D. Business combinations - Goodwill

(i) Business combinations

The results of business combinations are shown in the consolidated annual accounts according to the acquisition method. The acquired party's identifiable assets, liabilities and contingent liabilities are included in the consolidated balance sheet at their actual value on the acquisition date. The results produced by the acquired activities are included in the consolidated results from the date they came under control. Where a business combination came into being in phases, the goodwill was calculated based on the increases in the participating interest. The effect of the change in the real value of the interest that the group previously held, will not be incorporated into the goodwill.

(ii) Goodwill

Goodwill represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair values of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition. Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the income statement.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the income statement.

E. Intangibles

(i) Research and development costs

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge, is recognised in the income statement as an expense as incurred.
Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets to the extent that

such expenditure is expected to generate future economic benefits and meets the recognition criteria set out in IAS 38 'Intangible Assets'.
Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as assets in a subsequent period. Development costs that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit. The amortisation periods adopted do not exceed five years. The capitalised development costs are assessed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

(ii) Computer software development costs

Generally, costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. However, costs that are directly associated with identifiable and unique software products controlled by the operating group that have probable economic benefits exceeding the cost beyond one year, are recognised as assets. Direct costs include staff costs of the software development team. Computer software costs that have been capitalised are amortised on a straight-line basis over the period of their expected useful lives, not exceeding a period of five years.

(iii) Other intangible assets

Expenditures on acquired patents and licences are capitalised and amortised using the straight-line method over their useful lives, but not exceeding 20 years.
Expenditures relating to acquired trademarks are capitalised and, given their indefinite useful lives, not amortised. These assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.
Amortisation of intangible assets is included within depreciation and amortisation expense in the income statement.

F. Impairment of non-financial assets (other than inventories, deferred tax assets, employee benefits and derivative financial instruments)

Every year at balance sheet date, goodwill and other intangible non-current assets with indefinite useful lives are reviewed for impairment. All other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount (being the higher of its fair value less cost to sell and its value in use), an impairment loss is recognised under 'amortisations' in the income statement. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash generating unit to which the assets belong. Reversal of impairment losses recognised in prior years is recorded in income when there is an indication that the impairment losses recognised for the assets no longer exist or have decreased. As an exception, an impairment loss recognised for goodwill is not reversed in a subsequent period.

G. Property, plant and equipment

Items of property, plant and equipment are stated at purchase price or production cost less accumulated depreciation and impairment losses. If assets are acquired under the application of IFRS 3 'Business combinations', they are valued at the fair value as at the acquisition date.

Expenses for the repair of property, plant and equipment are usually charged against income when incurred. They are, however, capitalised when they increase the future economic benefits expected to arise from the item of property, plant and equipment. Property, plant and equipment are depreciated on a straight-line basis over the estimated useful life of the item. Land is not depreciated.

Assets under construction represent plant and properties under construction and are stated at cost. This includes cost of construction, plant and equipment and other direct costs, including the related borrowing cost. Assets under construction are not depreciated until such time as the relevant assets are available for their intended use.

The estimated useful lives of the various identified asset categories are as follows:

Buildings	25 to 40 years
Equipment in buildings	10 years
Decoration of buildings	10 years
Production machines	8 years
Supporting material	8 years
ERP system	3 years
Office machinery	5 years
Office machinery hardware	5 years
Software	3 years
Furniture production department	5 years
Furniture offices	5 years
Vehicles production department	5 years
Other vehicles	3 years

The depreciation is calculated on a straight-line basis starting from the month of purchase.
Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable value.

H. Government grants

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

I. Investment properties

Investment property is included at historical cost in property, plant and equipment.

J. Leases

(i) As a lessee

Finance leases

Leases of property, plant and equipment where a company in the operating group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and the finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long term payables. The interest element of the finance cost is charged to the income statement over the lease period. The leased assets are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. If there is no reasonable certainty that ownership will be acquired by the end of the lease term, the asset is depreciated over the shorter of the lease term and its useful life.

Operating leases

Payments made under operating leases are recognised as an expense on a straight-line basis over the term of the lease.

(ii) As a lessor

Finance leases

When assets are leased under a finance lease, the present value of the lease payment is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned financial income. Financial income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return. Profits arising on sales under finance leases are recognised in the period that the sale occurs.

Operating leases

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to the lessee) is recognised on a straight-line basis over the lease term.

K. Inventories

Inventories are valued at cost, following the 'lower of cost or net realisable value' principle, fixed according to the weighted average cost method. Work in progress and finished goods are valued at direct production cost. The cost of production comprises the direct cost of materials, direct manufacturing expenses, appropriate allocation of material and manufacturing overhead, and an appropriate share of the depreciation and write-downs of assets used for production. If the purchase or production cost is higher than the net realisable value, inventories are written down to net realizable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

L. Trade and other receivables

Trade receivables are carried at original invoice amount less impairment losses as a result of a past event that occurred subsequent to the assets' recognition, such as evidence of deterioration in counterparty credit risk. Other receivables are stated at their nominal value less a provision for doubtful debt if deemed necessary.

M. Taxation including deferred tax

Deferred income tax is provided for in full using the balance sheet liability method, on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases.

Deferred taxes are not calculated on the following temporary differences:

- the initial recognition of goodwill that is not deductible for tax purposes; and
- the initial recognition of assets or liabilities that are not a business combination and affect neither accounting nor taxable profit.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The current tax payable is based on taxable profit of the year. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are only set off against each other if the following circumstances apply. The group has a right, enforceable in law, to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities concern taxes levied by the same tax authority on the same taxable entity. Alternatively, they concern taxes levied on different taxable entities that either intend to set current tax assets and liabilities off against each other or to realise tax assets at the same moment that tax liabilities are settled and to do this for every future period where deferred tax assets and liabilities for considerable sums are respectively realised and settled.

N. Investments

(i) Investments in subsidiaries

Control is presumed when the parent acquires more than half of the voting rights of the enterprise. Even when more than one half of the voting rights is not acquired, control may be evidenced by power: over more than one half of the voting rights by virtue of an agreement with other investors; or

- to govern the financial and operating policies of the other enterprise under a statute or an agreement; or
- to appoint or remove the majority of the members of the Board of Directors; or
- to cast the majority of votes at a meeting of the Board of Directors.

(ii) Investments in associates

An associate is an entity over which the group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting except when classified as 'held for sale'. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of the associates in excess of the group's interest in those associates are not recognised unless there is an obligation to make good those losses.

Any excess of the cost of acquisition over the group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill. Any deficiency of the cost of acquisition below the group's share of the fair values of the identifiable net assets of the associate at the date of acquisition (i.e. discount on acquisition) is credited in profit and loss in the period of acquisition. Where a group company transacts with an associate of the group, profits and losses are eliminated to the extent of the group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

(iii) Interests in joint ventures

The group's share of jointly controlled assets and any liabilities are consolidated using the method of proportionate consolidation for investments in joint ventures.

O. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, other short-term highly liquid investments, and bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities.

P. Discontinued operations

A discontinuing operation is a clearly distinguishable component of the operating group's business:

- that is disposed of or terminated pursuant to a single plan;
- that represents a major line of business or geographical area of operations; and
- that can be distinguished operationally and for financial reporting purposes.

Non-current assets held for sale and discontinued activities are valued at the lower of their carrying value and their fair value less cost to sell. These assets are no longer amortised.

Q. Share capital and share premium

External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction, net of tax, in equity from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition. Dividends on ordinary shares are recognised in equity in the period in which they are declared. Where the Company or its subsidiaries purchase its own or its parent company's equity share capital, the consideration paid, including any attributable transaction costs, net of income taxes, is deducted from the total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

R. Provisions

Provisions are recognised when the operating group has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

R.1. Warranty

The operating group recognises the estimated liability to repair or replace its products still under warranty at the balance sheet date. This provision is calculated based on the past history of the level of repairs and replacements or on basis of best estimates.

R.2. Onerous contracts

The operating group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

R.3. Restructuring

Restructuring provisions mainly comprise lease termination penalties and employee termination payments, and are recognised in the period in which the operating group becomes legally or constructively committed to payment.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for restructuring;
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Costs relating to the ongoing activities of the operating group are not provided for in advance. Any non-current assets that are no longer required for their original use are transferred to current assets and carried at the lower of the carrying amount or the fair value less costs to sell.

R.4. Other provisions

Other provisions are recorded for probable liabilities that can be reasonably estimated. The provisions include legal claims and tax risks for which it is more likely than not that an outflow of resources will be required to settle the obligation.

S. Borrowing costs and interest

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowing. When borrowings are repurchased or settled before maturity, any difference between the amount repaid and the carrying amount is recognised immediately in the income statement.
Neither the interests paid or incurred nor the borrowings costs are eligible for capitalisation.

T. Trade and other payables

Trade and other payables are stated at cost.

U. Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with a transaction will flow to the enterprise and the amount of the revenue can be measured reliably.
Sales are recognised net of sales tax and discounts. Revenue from sales of goods is recognised when delivery has taken place and the transfer of risks and rewards has been completed. Revenue from rendering services is recognised by reference to the stage of completion when this can be measured by reference to labour hours incurred prior to the year end as a percentage of total estimated labour hours for the contract. When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

No revenue is recognised on barter transactions involving the exchange of similar goods and services. Interest is recognised on a time proportion basis that reflects the effective yield of the asset. Royalties are recognised on an accrual basis in accordance with the terms of agreements. Dividends are recognised when the shareholders' right to receive payment is established.

V. Employee benefit costs

(i) Pension obligations

The operating group operates a number of 'defined benefit' and 'defined contribution' plans throughout the world, the assets of which are held in separate trustee-administered funds or group insurances. The pension plans are funded by payments from employees and by the relevant companies in the operating group, taking into account the recommendations of independent qualified actuaries. For the 'defined benefit' plans, pension costs are assessed using the 'projected unit credit method': the cost of providing pensions is charged to the income statement so as to spread the regular cost over the service lives of the employees based on actuarial calculations. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities, which have terms to maturity approximating the terms of the related liabilities. Actuarial gains and losses are recognised over the average remaining service lives of employees. Net assets resulting from the over-funding of the pension obligations are recognised to the extent of the net present value of the future savings on the employer's contribution using the 'closed group method' on the personnel at year-end. The operating group's contributions to 'defined contribution' plans are charged to the income statement in the period to which the contributions relate. Pre-retirement pensions are treated as termination benefits. The costs are recognised when individuals agree to terminate their employment under these programs.

(ii) Other employee benefits

The operating group's net obligation in respect of long-term employee benefits, other than pension plans, is the amount of future benefits that employees have earned in return for their service in current and prior periods. The obligation is calculated using the 'projected unit credit' method and is discounted to its present value and the fair value of any related assets is deducted. The discount rate used is the yield at balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the operating group's obligations.

(iii) Employee compensation benefits

All employees benefit payments were paid in cash and expensed to the profit and loss account.

W. Financial risk management

(i) Financial risk factors

The operating group entities seek to minimise potential adverse effects on the financial performance of their local business, however, fluctuations in market prices, foreign currency exchange rates on sales and purchases or intercompany loans are inherent risks in the performance of the business.

The operating group uses derivative financial instruments to hedge its exposure and interest rate risks arising from its operational, financing and investment activities. The net exposure is managed on a central basis in accordance with the principles laid down by general management. As a policy, the operating group does not engage in speculative or leveraged transactions, nor does it hold or issue financial instruments for trading purposes.

(ii) Foreign exchange risk

Due to the international character of the operating group, its business is exposed to different foreign exchange risks arising from various currency exposures primarily with respect to the US dollar and the pound sterling. Companies in the operating group might use forward contracts or other instruments, concluded with local banks to hedge their exposure to foreign currency risks in the local reporting currency.

Foreign currency transactions are accounted for at the exchange rate prevailing at the date of the transactions; gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges.

Income statements of foreign entities are translated into the operating group's reporting currency at the weighted average exchanges rates for the year and balance sheets are translated at the exchange rates ruling on the balance sheet date. Conversion differences relating to the reopening of the balance sheet accounts and the financial year results are included in the equity. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as local currency assets and liabilities of the foreign entity and are translated at the closing rate.

When foreign entities are sold, the cumulative conversion difference included in the equity is transferred to the income statement on the transaction date, as part of the sale result.

(iii) Interest rate risk

Interest rate risk is managed using derivative financial instruments to hedge its exposure to interest rate fluctuations.

(iv) Credit risk

The operating group has no significant concentration of credit risks and has policies in place to monitor the credit risks on customers. For major projects the intervention of credit insurance companies or similar organisations is requested.

(v) Liquidity risk

Liquidity risk is linked to the evolution of the operating group's working capital. The operating group monitors the change in working capital through focused actions.

X. Derivative financial instruments and hedge accounting

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The group uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures. The group does not use derivative financial instruments for speculative purposes.

The use of financial derivatives will be governed by the group's policies approved by the Executive Board which provides written principles on the use of financial derivatives. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows will be recognised directly in equity and the ineffective portion will be recognised immediately in the income statement. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity will be included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity will be recognised in the income statement in the same period in which the hedged item affects net profit or loss. For an effective hedge of an exposure to changes in the fair value, the hedged item will be adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry in profit or loss. Gains or losses from re-measuring the derivative, or for non-derivatives the foreign currency component of its carrying amount, will be recognised in profit or loss. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting will be recognised in the income statement as they arise. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised is equity is transferred to net profit or loss for the period. Derivatives embedded in other financial instruments or other host contracts will be treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the income statement.

Y. Fair value estimation

Fair value estimation is based on third parties estimations, when available. For hedging contracts fair value is the mark to market value.

Z. Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period.

Comments and notes on the annual accounts

1. Scope of consolidation

1.1 Changes during the financial year and after the balance sheet date

1.1.1 Fully consolidated subsidiaries

Name	Land	VAT number	Share (%)	Change compared to previous year (%)
Graphix (*)				
Punch Graphix nv	NL	NL 8068 48 868 B01	68.10	-0.46
Telematix (*)				
Punch Telematix nv	BE	BE 0464 257 143	62.00	-1.17
Motive				
Overpelt - Plascobel nv	BE	BE 0406 098 913	100.00	-
Punch PlastX Holding nv	BE	BE 0444 631 667	100.00	-
Punch PlastX Evergem nv (former Punch Products nv)	BE	BE 0438 699 326	100.00	-
Punch Metals nv	BE	BE 0461 823 334	100.00	-
Punch Powertrain nv (former ZF Getriebe nv)	BE	BE 0463 278 829	100.00	-
Punch Powertrain Nanjing Ltd.	CN	-	100.00	-
Diringer-Adifil sa	FR	FR 64 333 822 187	100.00	-
Punch Products Trnava sro	SK	SK 202 039 1714	100.00	-
BBS International GmbH	DE	DE 814862124	100.00	+100.00
BBS of America Inc.	US	-	100.00	+100.00
Other				
Punch Plastics nv	BE	BE 0431 034 643	100.00	-
Punch Property International nv	BE	BE 0478 583 152	100.00	-
SpaceChecker nv	BE	BE 0468 914 628	100.00	-
Punch Electronique sa	FR	FR 32 382 841 385	00.00	-100.00

(*) Inclusion of the consolidated figures for Punch Graphix (Euronext Amsterdam, www.punchgraphix.com) and Punch Telematix (Euronext Brussels, www.punchtelematix.com). For details of the group structure of these entities, please refer to the relevant annual reports.

Name	Land	VAT number	Share (%)	Change compared to previous year (%)
Other (continued)				
Schwarzenbourgh	FR	FR 66 421 445 909	100.00	-
SCI Diringer sa	FR	FR 42 399 455 419	100.00	-
SCI La Fecht 2 sa	FR	FR 05 443 934 013	100.00	-
SCI La Fecht sa	FR	FR 11 382 353 274	100.00	-
Jiin Hong Industry Co Ltd.	HK	-	100.00	-
Punch Donghwa Ltd.	HK	-	99.99	-
Punch Management Ltd.	IE	-	100.00	-
Punch de Mexico S. De RL de CV	MX	-	100.00	-
Blitz Blauw bv	NL	NL 8135 05 732 B01	100.00	-
Punch International Nederland bv	NL	NL 0031 53 745 B01	100.00	-
PI Products spol. sro	SK	-	100.00	-
Punch Assemblies Namestovo sro	SK	SK 202 042 6639	100.00	-
Punch Campus Namestovo spol. sro	SK	SK 202 042 7574	100.00	-
Punch Property Orava sro	SK	SK 202 042 6749	100.00	-
Punch Technix Equipment Manufacturing sro (**)	SK	SK 202 181 5158	100.00	-
BBS Verwaltung GmbH	DE	DE 814 862 132	100.00	+100.00
Punch Precision Ltd.	UK	GB 558 107 633	-	-100.00

(**) Previously fully consolidated via Punch Technix nv (the current Punch Graphix nv).

1.1.2 Proportionally consolidated equity interests

Name	Land	VAT number	Share (%)	Change compared to previous year (%)
Other				
Shenzhen Sunrise Precision Electronic Co. Ltd.	CN	-	-	-45.00

1.1.3 Equity interests consolidated using the equity method

Following the successful takeover bid for Punch Graphix plc (February 2007) and the integration of Punch Graphix plc into Punch Graphix nv (July 2007), Punch Graphix plc is now fully consolidated through Punch Graphix nv. (See also above – fully consolidated subsidiaries).

2. Segment information

2.1 Primary segment information – consolidated income statement

	2007	2006	Δ
in thousand euros			
Sales	331,706	197,459	134,247
Other operating income	101,737	60,525	41,213
Total revenues	**433,443**	**257,984**	**175,459**
Change in inventories	-11,133	-16,487	5,354
Purchases	-134,292	-82,910	-51,381
Salaries & employee benefits	-77,846	-40,304	-37,542
Depreciation & amortisation	-74,645	-16,695	-57,950
Impairment losses on current assets	-6,826	-590	-6,236
Other operating charges	-98,367	-72,434	-25,933
Total operating expenses	**403,110**	**229,421**	**173,689**
Operating result (EBIT)	**30,333**	**28,563**	**1,771**
Finance income / (Cost)	5,164	-8,554	13,718
Share of results of associates	-1,816	7,031	-8,847
Result before tax	**33,681**	**27,039**	**6,641**
Taxes	-5,158	-5,957	799
Net result	**28,523**	**21,083**	**7,441**
Net result - Equity interest	32,231	21,098	11,133
Net result - Minority interest	-3,708	-15	-3,693
Earnings per share – basic & diluted (euros)	12.6	9.7	2.8
EBITDA	**109,576**	**41,596**	**67,980**

EBITDA: is a not defined term according to IFRS. Punch defines this term as earnings before interest and taxes, plus depreciation, amortisation and provisions booked, minus any potential reductions of those items.

	2007	2006	2007	2006	2007	2006	2007	2006
	Graphix (*)		**Telematix**		**Motive**		**Other**	
	184,862	34,952	13,742	18,747	126,163	132,325	6,939	11,435
	22,803	-380	262	-470	47,208	34,722	31,465	26,653
	207,664	**34,572**	**14,004**	**18,277**	**173,371**	**167,047**	**38,404**	**38,088**
	-5,967	-1,321	1,301	336	-6,729	-14,212	263	-1,290
	-74,913	-19,866	-7,290	-6,662	-49,852	-50,913	-2,236	-5,470
	-39,816	-8,266	-4,579	-5,256	-32,304	-22,909	-1,148	-3,873
	-38,532	-925	-932	-1,134	-26,089	-10,478	-9,092	-4,158
	-3,787	-306	-1,433	309	-452	-57	-1,154	-536
	-41,408	-8,052	-5,995	-5,193	-30,142	-42,609	-20,823	-16,580
	204,424	**38,736**	**18,928**	**17,601**	**145,568**	**141,177**	**34,189**	**31,906**
	3,241	**-4,164**	**-4,924**	**676**	**27,802**	**25,869**	**4,214**	**6,182**
	-4,514	-13	203	-603	-1,498	-1,249	10,973	-6,690
	-1,816	7,031	-	-	-	-	-	-
	-3,089	**2,854**	**-4,721**	**73**	**26,304**	**24,620**	**15,187**	**-508**
	6,701	3,736	-11	262	-11,449	-8,456	-398	-1,499
	3,612	**6,590**	**-4,732**	**335**	**14,855**	**16,164**	**14,788**	**-2,007**
	5,522	6,729	-2,934	212	14,855	16,164	14,788	-2,007
	-1,910	-139	-1,798	123	-	-	-	-
	-	-	-	-	-	-	-	-
	43,588	**-3,293**	**-2,144**	**240**	**55,101**	**32,311**	**13,031**	**12,338**

(*) Graphix = Punch Graphix + Punch Technix

2.2 Primary segment information – consolidated balance sheet - assets

	2007	2006	Δ
in thousand euros			
Non-current assets	**478,917**	**305,629**	**173,288**
Intangible assets	176,405	59,060	117,345
PPE: Property, Plant & Equipment	264,936	178,169	86,767
Investments in associates	-	53,345	-53,345
Receivables (non-current)	9,079	2,058	7,021
Deferred tax assets	28,498	12,997	15,500
Current assets	**209,775**	**98,918**	**110,858**
Inventories	69,348	28,548	40,800
Contracts in progress	25	1,162	-1,137
Trade receivables	59,030	40,386	18,644
Other amounts receivable	18,466	9,321	9,145
Deferred charges and accruals	4,745	3,055	1,691
Cash and cash equivalents	56,666	16,381	40,285
Financial instruments	1,495	64	1,430
Total assets	**688,692**	**404,547**	**284,145**

	2007	2006	2007	2006	2007	2006	2007	2006
	Graphix (*)		Telematix		Motive		Other	
	188,068	**86,990**	**31,096**	**30,225**	**128,770**	**97,251**	**130,983**	**91,163**
	113,353	22,931	22,858	24,584	29,055	519	11,139	11,026
	49,556	3,742	351	219	98,773	95,610	116,256	78,598
	-	52,851	-	-	-	-	-	494
	4,026	-	4,021	1,556	885	156	146	345
	21,133	7,466	3,865	3,865	57	966	3,442	700
	95,603	**19,232**	**11,603**	**22,588**	**53,512**	**51,577**	**49,056**	**5,521**
	34,614	11,845	1,083	1,093	28,069	13,921	5,582	1,689
	-	-	-	-	25	1,162	-	-
	35,360	7,526	5,530	7,761	14,912	20,825	3,228	4,275
	-16,639	-1,218	-990	2,039	1,611	11,685	34,484	-3,185
	1,346	103	80	672	2,572	1,518	747	761
	40,706	976	5,900	11,024	6,322	2,465	3,738	1,916
	217	-	-	-	-	-	1,278	64
	283,671	**106,222**	**42,699**	**52,813**	**182,283**	**148,828**	**180,039**	**96,684**

(*) Graphix = Punch Graphix + Punch Technix

2.2 Primary segment information – consolidated balance sheet - liabilities

	2007	2006	Δ
in thousand euros			
Shareholders' equity	**245,338**	**175,241**	**70,097**
Ordinary shares	61,486	55,896	5,590
Share premium account	16,031	399	15,632
Consolidated reserves	143,059	92,435	50,623
Translation differences	-6,727	5,415	-12,142
Result of the year	32,231	21,098	11,133
Treasury shares	-741	-2	-739
Minority interests	**70,103**	**24,823**	**45,280**
Total equity	**315,441**	**200,064**	**115,377**
Non-current liabilities	**241,397**	**127,498**	**113,898**
Interest bearing loans & borrowings (non-current)	197,401	104,667	92,735
Deferred tax liabilities	28,956	9,600	19,357
Provisions – non-current	14,942	13,111	1,831
Other liabilities	97	121	-24
Current liabilities	**131,855**	**76,985**	**54,870**
Trade payables	51,465	33,602	17,863
Other current payables	26,785	17,763	9,021
Current tax liabilities	9,401	2,727	6,674
Borrowings	44,204	22,893	21,311
Total liabilities and equity	**688,692**	**404,547**	**284,145**

2.3 Secondary segment information

	2007	2006	Δ
in thousand euros			
Sales	331,706	197,459	134,247
Segment assets	688,692	404,547	284,145
Capital expenditure	154,060	32,673	121,386

	2007	2006	2007	2006	2007	2006	2007	2006
	Graphix (*)		Telematix		Motive		Other	
	117,712	**74,802**	**22,836**	**26,279**	**95,173**	**72,718**	**9,616**	**1,442**
	-	-	-	-	-	-	61,486	55,896
	-	-	-	-	-	-	16,031	399
	122,889	66,839	25,770	26,068	78,536	54,595	-84,138	-55,067
	-10,699	1,234	-	-	1,782	1,958	2,190	2,223
	5,522	6,729	-2,934	212	14,855	16,164	14,788	-2,007
	-	-	-	-	-	-	-741	-2
	56,106	**9,500**	**13,996**	**15,322**	**-**	**-**	**-**	**-**
	173,818	**84,302**	**36,833**	**41,602**	**95,173**	**72,718**	**9,616**	**1,442**
	51,458	**4,491**	**1,075**	**532**	**50,696**	**36,502**	**138,168**	**85,973**
	40,406	575	-	-	24,941	22,201	132,055	81,891
	4,938	-	-	-	18,723	7,860	5,295	1,740
	6,114	3,916	1,075	532	6,944	6,344	810	2,319
	-	-	-	-	89	98	8	23
	58,396	**17,429**	**4,792**	**10,680**	**36,413**	**39,608**	**32,254**	**9,268**
	22,727	7,234	2,931	4,026	18,137	17,633	7,670	4,709
	16,561	2,007	1,540	5,812	6,744	8,145	1,939	1,799
	6,905	218	320	804	1,060	729	1,116	976
	12,203	7,970	-	37	10,473	13,102	21,529	1,785
	283,671	**106,222**	**42,699**	**52,813**	**182,283**	**148,828**	**180,038**	**96,684**

(*) Graphix = Punch Graphix + Punch Technix

	2007	2006	2007	2006	2007	2006
	Europe		USA		Asia	
	327,391	194,276	4,315	1,350	-	1,832
	679,889	398,838	4,404	-558	4,399	6,267
	153,984	32,646	36	-	39	28

3. Sales and other operating income

Sales rose from 197 million euros in 2006 to 332 million euros in 2007, an increase of 68%.

	2007	2006
in million euros		
Consolidated	**331.7**	**197.5**
Graphix	**184.9**	**35.0**
- Punch Graphix (11 months)	149.9	0.0
- Punch Technix	35.0	35.0
Telematix	**13.7**	**18.7**
Motive	**126.2**	**132.3**
- Punch PlastX	16.4	64.5
- Punch Metals	29.1	35.6
- Punch Powertrain	42.9	32.2
- BBS (5 months)	37.8	0.0
Other	**6.9**	**11.4**
- SpaceChecker	4.2	2.6
- Other	2.7	8.8
Other operating income	**101.7**	**60.5**
- Punch Graphix	25.6	0.9
- Punch Telematix	0.6	1.1
- Punch Motive	57.0	39.2
- Other	18.5	19.3
Thereof non-recurring	*68.3*	*32.7*

Since February 2007, Punch Graphix (including sales of Technix) has once again been consolidated in full, and realised sales of 185 million euros over these 11 months. In 2006, Punch Graphix plc was included by the equity method, which means that the segment's reported sales for 2006 (35 million euros) relate only to the Punch Technix activities. The RMS activities were sold to Westfalia and the trimmed-back EMS activities were sold to Punch International nv in December, which means that, in the next financial year, they will be reported under the 'Other' segment.

Punch Telematix experienced a disappointing year: sales fell from 18.7 million euros in 2006 to 13.7 million euros in 2007. Since then, the product portfolio has been simplified and the strategy honed. The growth in sales of the other products is in line with internal expectations.

Punch Motive saw its sales fall from 132 million euros to 126 million euros. This decline was caused by the loss of the sales from the Tier 2 PlastX activities (Trnava, Adifil and Punch PlastX Evergem), which were hived off in the course of 2006. This is all in keeping with Punch's strategy of focussing on OEM activities in the Motive segment. Punch Metals' sales (Tier 1 activities) decreased by 6.5 million euros. Sales of the OEM activities, in contrast, climbed by 48.5 million euros, due primarily to the acquisition of BBS.

The 'Other' segment saw its sales continue to slide: CRT production was abandoned entirely. Sales realised by SpaceChecker increased by 60% compared with the previous year.

Other operating income totals 101.7 million euros (2006: 60.5 million euros), of which 68.3 million euros relates to non-recurrent income. Other operating income comprises the following elements:

- rental income;
- R&D and other costs passed on to customers;
- licensing income on the basis of the agreement with Westfalia;
- capital gains realised on the acquisition of the BBS assets;
- subsidy income.

4. Goods purchased for resale and movement in inventories

		2007	2006
		Consolidated	
in thousand euros			
Sales	**A**	**331,706**	**197,459**
Change in inventories	B	-11,133	-16,487
Cost of goods & services sold	C	-134,292	-82,910
Cost of goods	**B+C**	**-145,425**	**-99,398**
of which:			
Non-current assets - own construction	D	1,492	1,520
Cost of goods - corrected	**B+C-D**	**-146,917**	**-100,918**
Gross margin net of R&D capitalised		**184,789**	**96,541**
in % of sales		**56%**	**49%**

The above table illustrates the movements in the gross margins realised by the various segments. It is important to point out that, to obtain an accurate picture, the non-current assets produced – primarily capitalised R&D costs – included in the figure for change in inventories must be abstracted.

This table shows that the relative consolidated gross margin has risen from 49% in 2006 to 56% in 2007. The following aspects should be taken into account with regard to this development:

- For the 'Graphix' segment (including the Technix activities over 12 months), following the successful takeover bid for Punch Graphix plc, the results were again consolidated in full for 11 months in 2007. The margin realised by the graphics activities is around 60%; due to the lower margins from the Technix activities the combined margin is 56%. The RMS activities have since been hived off. Next year, the EMS activities will be reported under the segment 'Other'.
- The margin at Punch Telematix fell due to a one-off expense item. To resolve technical problems with a number of products purchased from a third party, these had to be replaced with our own hardware, incurring a non-recurrent expense of approximately 700,000 euros. If this cost is abstracted, the corrected margin is around 53%.
- In the 'Motive' segment, the margin climbed from 51% to 55%, thanks to the focus on OEM activities.
- In the 'Other' segment, the CRT activities, which generated low margins, were run down over the course of 2006. In 2007, the margin rose substantially due to the absence of the CRT activities. From 2008, the EMS activities, which also generate lower margins, will be reported under 'Other'.

	2007	2006	2007	2006	2007	2006	2007	2006
	Graphix (*)		Telematix		Motive		Other	
	184,862	**34,952**	**13,742**	**18,747**	**126,163**	**132,325**	**6,939**	**11,435**
	-5,967	-1,321	1,301	336	-6,729	-14,212	263	-1,290
	-74,913	-19,866	-7,290	-6,662	-49,852	-50,913	-2,236	-5,470
	-80,881	**-21,187**	**-5,989**	**-6,326**	**-56,582**	**-65,124**	**-1,973**	**-6,761**
	-	-	1,211	1,121	37	23	245	377
	-80,881	**-21,187**	**-7,200**	**-7,447**	**-56,618**	**-65,147**	**-2,218**	**-7,137**
	103,981	**13,765**	**6,542**	**11,300**	**69,545**	**67,178**	**4,721**	**4,298**
	56%	**39%**	**48%**	**60%**	**55%**	**51%**	**68%**	**38%**

(*) Graphix = Punch Graphix + Punch Technix

5. Personnel costs

	2007	2006
	Consolidated	
in thousand euros		
Sales	331,706	197,459
Salaries & employee benefits	**-77,846**	**-40,304**
in % of sales	**-23%**	**-20%**
Remunerations & benefits	-61,382	-30,611
Social security	-12,319	-6,336
Other personnel costs	-4,145	-3,357
Salaries & employee benefits	**-77,846**	**-40,304**

The table above reveals that the relative wage cost, i.e. the wage cost as a percentage of sales, rose between 2006 and 2007 (from 20% to 23%). For the individual segments, the following elements must be borne in mind:

- Punch Graphix's wage cost has once again been fully consolidated for 11 months. The wage costs associated with the EMS division, which was run down and sold at the end of the financial year to Punch International, will be posted under the segment 'Other' from financial 2008 onwards.
- At Punch Telematix, the relative wage cost has risen since 2006, despite a drop in headcount. This can be ascribed in part to the decline in sales, which was more pronounced than the decline in wage expenses. The group is of the opinion that, during 2007, the necessary adjustments were made to headcount to cause the relative wage cost to drop in 2008.
- In the 'Motive' segment, the wage cost rose sharply, in both absolute and relative figures. This effect is due primarily to the transition to OEM activities.
- In the 'Other' segment, the relative wage bill fell sharply compared with the previous financial year. The absence of the CRT activities is the main reason behind this.

	2007	2006	2007	2006	2007	2006	2007	2006
	Graphix (*)		Telematix		Motive		Other	
	184,862	34,952	13,742	18,747	126,163	132,325	6,939	11,435
	-39,816	**-8,266**	**-4,579**	**-5,256**	**-32,304**	**-22,909**	**-1,148**	**-3,873**
	-22%	**-24%**	**-33%**	**-28%**	**-26%**	**-17%**	**-17%**	**-34%**

(*) Graphix = Punch Graphix + Punch Technix

5.1 Headcount

Average number of full-time equivalents employed (including Punch Graphix):

FTEs	2007	2006
Workers	1,186	2,256
Employees	1,113	1,126
Total	**2,299**	**3,382**
Graphix	657	794
Telematix	82	88
Motive	1,001	875
Other	559	1,625

5.2 Information relating to pension plans

The group uses defined contribution schemes. Thus the group avoids forming additional provisions for any deficits that may arise in connection with defined benefit schemes.

6. Depreciation and impairment of non-current assets

	2007	2006
	Consolidated	
in thousand euros		
Depreciation intangible assets	-9,231	-2,263
Goodwill impairment	-23,713	-
Depreciation tangible assets	-41,701	-14,432
Depreciation & amortisation	**-74,645**	**-16,695**

The table above gives an overview of the depreciation and impairment of non-current assets. The overall cost of this heading has risen by around 58 million euros, to 74.6 million euros.

This rise can be explained by:

- Depreciation / impairment of intangible non-current assets:
  - The depreciation of Punch Graphix was once again fully consolidated following the takeover (11 months).
  - Depreciation at Punch Motive has increased substantially, due mainly to the amortisation of capitalised development expenses at Punch Powertrain (12 months) and BBS (5 months). Last year, this heading only contained depreciation relating to Punch Powertrain for a period of 6 months.
- Impairment of goodwill:
  - The posted impairment of goodwill relates chiefly to the RMS activities (Punch Graphix). Following the grant of a non-exclusive licence to WestfaliaSurge, the Board of Directors has decided to impair the goodwill on this activity almost entirely. This item also includes the impairment of goodwill relating to the now-disposed-of CRT activities.

7. Depreciation and impairment of current assets

	2007	2006
	Consolidated	
in thousand euros		
Stocks & WIP - impairment	-2,488	12
Trade debtors - impairment	-4,338	-782
Impairment losses on current assets	**-6,826**	**-590**

This heading relates to the impairments or reversal of impairments posted on inventories and bad debts. In 2007, substantial impairments were formed for the former Technix activities (the activities of the subdivisions RMS and EMS, reported under 'Graphix'), for the 'Telematix' segment and for the discontinued CRT activities ('Other' segment).

	2007	2006	2007	2006	2007	2006	2007	2006
	Graphix (*)		Telematix		Motive		Other	
	-5,325	-925	-771	-871	-2,533	-161	-602	-306
	-22,682	-	-	-	-162	-	-869	-
	-10,525	-	-161	-263	-23,394	-10,317	-7,621	-3,852
	-38,532	**-925**	**-932**	**-1,134**	**-26,089**	**-10,478**	**-9,092**	**-4,158**

(*) Graphix = Punch Graphix + Punch Technix

	2007	2006	2007	2006	2007	2006	2007	2006
	Graphix (*)		Telematix		Motive		Other	
	-1,879	16	-100	3	356	173	-865	-
	-1,908	-322	-1,333	306	-808	-231	-289	-536
	-3,787	**-306**	**-1,433**	**309**	**-452**	**-57**	**-1,154**	**-536**

(*) Graphix = Punch Graphix + Punch Technix

8. Other operating charges

	2007	2006
	Consolidated	
in thousand euros		
Provisions	2,166	-429
Cash operating charges	-100,533	-72,005
Other operating charges	**-98,367**	**-72,434**

The heading 'other operating charges' comprises provisions or the reversal thereof, and other cash operating charges.
For a discussion of the key movements in provisions, please refer to note 23.

The other cash operating charges mainly comprise:
- rental expenses;
- maintenance and repair;
- electricity, gas and water;
- communication costs;
- insurance;
- fees;
- publicity;
- non-income taxes;
- ...

9. Financial result

	2007	2006
	Consolidated	
in thousand euros		
Interests	-15,166	-7,474
Results from derivatives	1,221	102
Other financial results	19,110	-1,182
Finance income / cost	**5,164**	**-8,554**

Interest costs have risen as a consequence of the rise in financial debts from 7.5 million euros in 2006, to 15.2 million euros in 2007. The results from derivatives total 1.2 million euros. The other financial results chiefly comprise the profit realised on the various share transactions with regard to Punch Graphix plc and Punch Graphix nv (16 million euros), exchange gains realised (6 million euros) and other financial costs (-3 million euros).

	2007	2006	2007	2006	2007	2006	2007	2006
	Graphix (*)		Telematix		Motive		Other	
	1,972	360	-414	1,261	-758	-525	1,366	-1,525
	-43,380	-8,412	-5,580	-6,454	-29,385	-42,084	-22,189	-15,054
	-41,408	**-8,052**	**-5,995**	**-5,193**	**-30,142**	**-42,609**	**-20,823**	**-16,580**

(*) Graphix = Punch Graphix + Punch Technix

The heading comprises significant non-recurrent elements, such as the costs associated with the various restructuring operations and takeovers carried out during the financial year, in each segment:

- Graphix:
  - the graphics activities following the successful public takeover bid;
  - RMS activities following the transfer of the sales and service network to WestfaliaSurge;
  - EMS activities following the reduction of activities in Slovakia
- Telematix:
  - France;
  - Alturion
- Motive:
  - phasing out of the PlastX activities;
  - reorganisation of BBS following the takeover
- Other:
  - phasing out and cessation of the CRT activities in Slovakia and China

	2007	2006	2007	2006	2007	2006	2007	2006
	Graphix (*)		Telematix		Motive		Other	
	-5,768	-2,088	60	-56	-1,828	-1,147	-7,630	-4,183
	7	-	-	38	-	-	1,213	64
	1,247	2,075	143	-584	330	-103	17,390	-2,570
	-4,514	**-13**	**203**	**-603**	**-1,498**	**-1,249**	**10,973**	**-6,690**

(*) Graphix = Punch Graphix + Punch Technix

10. Results from equity method

The results from the equity method relate to the result of Punch Graphix plc. In 2007, this figure related only to January but in 2006 it related to the full financial year.

11. Taxes

	2007	2006
	Consolidated	
in thousand euros		
Result before taxes	**33,681**	**27,039**
Share in the result via equity method	1,816	-7,031
Corrected result before taxes	**35,497**	**20,008**
Taxes	-5,158	-5,957
Average tax burden	**15%**	**30%**
Taxes on profits	-448	-542
Deferred taxes	-4,710	-5,415
Total taxes	-5,158	-5,957
Deferred taxes on the balance sheet		
Deferred tax assets	28,498	12,997
Deferred tax liabilities	28,956	9,600
Net deferred taxes	**-458**	**3,398**

The taxes relate primarily to deferred taxes, as can be deduced from the above table.

The average tax burden fell from 30% in 2006 to 15% in 2007. This decline can be ascribed chiefly to:

- The recognition of additional deferred tax assets on tax losses carried forward at Punch Graphix nv which were made possible by the contribution of the activities of Punch Graphix plc to Punch Graphix nv (8.7 million euros growth in net deferred tax assets).
- The non-recognition of additional deferred tax assets on tax losses carried forward resulting from the negative result for the financial year at Punch Telematix.
- The non-recognition of additional deferred tax assets on tax losses carried forward resulting from the negative result for the financial year on certain activities in the 'Motive' segment.
- The reimbursement of approximately 0.5 million euros of taxes relating to previous financial years.

Almost the entire pre-tax result, as shown in the 'Other' segment, relates to a non-taxable capital gain (approximately 16 million euros).

	2007	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
	Graphix (*)		**Telematix**		**Motive**		**Other**	
	-3,089	**2,854**	**-4,721**	**73**	**26,304**	**24,620**	**15,187**	**-508**
	1,816	-7,031	-	-	-	-	-	-
	-1,273	**-4,177**	**-4,721**	**73**	**26,304**	**24,620**	**15,187**	**-508**
	6,701	3,736	-11	262	-11,449	-8,456	-398	-1,499
	526%	**89%**	**0%**	**-357%**	**44%**	**34%**	**3%**	**-295%**
	-966	-16	-11	-4	66	-51	464	-472
	7,667	3,752	-	265	-11,515	-8,405	-862	-1,026
	6,701	3,736	-11	262	-11,449	-8,456	-398	-1,499
	21,133	7,466	3,865	3,865	57	966	3,442	700
	4,938	-	-	-	18,723	7,860	5,295	1,740
	16,195	**7,466**	**3,865**	**3,865**	**-18,666**	**-6,894**	**-1,853**	**-1,040**

(*) Graphix = Punch Graphix + Punch Technix

As required by IFRS, all the recognised deferred tax assets were subjected to a reasonableness test based on projected future results, with due regard for the tax strategies planned by the group. This test revealed that no negative revisions were necessary.

All deferred tax assets and liabilities on so-called temporary differences have been recognised in full.

Overall, the group still has substantial undisclosed deferred tax assets resulting from tax losses carried forward which may be eligible for recognition in future. The main additional deferred tax assets on tax losses carried forward which may be recognised in future concern:

- Punch Graphix nv approximately 6 million euros
- Punch Telematix nv approximately 5 million euros

12. Earnings per share

		2007	2006
in thousand euros			
Net consolidated result	(1)	28,523	21,083
Net consolidated result – group share	(2)	32,231	21,098
Average number of shares	(3)	2,272,450	2,164,238
Earnings per share (in euros)	**(1)/(3)**	**12.6**	**9.7**
Earnings per share - group (in euros)	**(2)/(3)**	**14.2**	**9.7**
Number of shares at end of financial year 2007	(4)	2,380,661	2,380,661
Earnings per share – after capital increase	**(1)/(4)**	**12.0**	**8.9**
Earnings per share – group - after capital increase	**(2)/(4)**	**13.5**	**8.9**

13. Discontinued activities

The following activities were discontinued, sold or phased out during the financial year:

13.1 Technix

RMS activities (Robot Milking Solutions): in June 2007 a binding letter of intent was signed with Westfalia-Surge GmbH ('Westfalia') to grant a non-exclusive licence and to transfer the direct sales and service network. For the next 3 years, Westfalia intends for the milking robot to continue being built at EMS' production site in Slovakia.

EMS activities (Equipment Manufacturing Services): this department was sold by Punch Graphix nv to Punch International at book value at the end of December 2007. Consequently, from 2008 the results of these activities will be presented under the 'Other' segment.

13.2 Other

After being phased out over previous years, the CRT activities were discontinued entirely. Both Punch Campus Namestovo and the joint venture in China discontinued their CRT activities.

14. Intangibles

	Development costs	Software, licences, ...	Goodwill	Total intangibles
in thousand euros				
Acquisition values				
Opening balance 1-1-2006	**3,948**	**5,838**	**49,724**	**59,510**
Additions	3,732	537	20,646	24,915
Changes due to change of perimeter	18,869	700	-	19,569
Sales & disposals	-	-1,385	-	-1,385
Other movements	-	-	-	-
Currency translation adjustments	-	43	-	43
Closing balance 31-12-2006	**26,549**	**5,733**	**70,370**	**102,652**
Additions	8,525	42,809	-	51,334
Changes due to change of perimeter	22,582	3,252	93,304	119,138
Sales & disposals	-5,320	100	-	-5,220
Other movements	-889	466	-2,250	-2,673
Currency translation adjustments	-	4	-	4
Closing balance 31-12-2007	**51,447**	**52,362**	**161,425**	**265,235**
Amortisations				
Opening balance 1-1-2006	**-680**	**-4,692**	**-17,722**	**-23,094**
Charge for the year	-1,304	-967	-	-2,271
Disposals & cancellation	-	1,211	-	1,211
Changes due to change of perimeter	-19,051	-358	-	-19,409
Other movements	-	-	-	-
Currency translation adjustments	-	-31	-	-31
Closing balance 31-12-2006	**-21,035**	**-4,837**	**-17,722**	**-43,594**
Charge for the year	-5,231	-3,999	-23,714	-32,944
Disposals & cancellation	5,320	-	-	5,320
Changes due to change of perimeter	-15,306	-2,032	-	-17,338
Other movements	-239	-292	260	-271
Currency translation adjustments	-	-3	-	-3
Closing balance 31-12-2007	**-36,491**	**-11,163**	**-41,176**	**-88,830**
Net book value				
Closing balance 31-12-2006	5,514	896	52,648	59,058
Closing balance 31-12-2007	14,956	41,200	120,249	176,405

Substantial investments were made in intangible non-current assets during financial 2007. A total of 41.3 million euros was invested. The lion's share of this, approximately 30 million euros, relates to the acquisition of patents upon the takeover of the assets of BBS ('Motive' segment). In addition, across all divisions, approximately 8.5 million euros was invested in development. The patents have been valued by an independent third party according to the valuation rules and IFRS 3 'Business combinations' and have been included in the balance sheet at fair value.

For financial year 2007, the depreciation and impairment of intangible non-current assets, excluding goodwill, amounts to 9.6 million euros. This includes a special impairment of around 2 million euros on intangible non-current assets relating to the RMS activities.

The heading 'goodwill' has grown by 61.4 million euros net. This can chiefly be explained by the acquisition of control over Punch Graphix plc. As a result, in accordance with IFRS 3 Business Combinations, this item must be valued at fair value. In total, a correction of 91 million euros was made, of which 10 million euros was allocated to brand names, and the remaining 81 million euros was regarded as goodwill since it could not be allocated to specific assets.

Special impairments of goodwill were posted during the financial year totalling 23.7 million euros. These special impairments mainly comprise the transfer of the RMS activities (approximately 21.1 million euros). Each year, as required by IFRS, the goodwill is subjected to an impairment test to determine whether the future projected and discounted cash flows are sufficient to maintain the goodwill in question.

15. Tangible assets

	Land and buildings	Machinery, plant and equipment	Furniture and rolling stock	Leasing and similar rights	Other tangible assets	Non-current assets under construction and prepayments	Total tangible assets
in thousand euros							
Acquisition values							
Opening balance	**110,792**	**80,390**	**7,870**	**21,635**	**5,377**	**5,138**	**231,201**
Changes due to changes of perimeter	37,477	24,457	3,190	2,368	2,142	3,127	72,761
Additions	26,836	24,675	2,429	51,800	1,562	4,683	111,984
Sales and disposals	-42,617	-4,688	-878	-1,704	-496	-68	-50,451
Other movements & transfers	-10,924	-16,336	187	36,339	105	-5,383	3,988
Currency translation adjustments	968	-15	8	535	-1	-16	1,479
Closing balance	**122,531**	**108,483**	**12,807**	**110,972**	**8,689**	**7,481**	**370,963**
Amortisations							
Opening balance	**-19,292**	**-21,985**	**-5,589**	**-3,179**	**-2,987**	**-**	**-53,032**
Changes due to changes of perimeter	-5,797	-14,794	-1,049	-1,561	-1,067	-	-24,268
Disposals and cancellation	6,231	3,418	492	1,550	154	-	11,846
Charge for the year	-7,353	-23,512	-2,566	-7,122	-1,147	-	-41,701
Other movements & transfers	2,693	3,389	-181	-4,514	-32	-	1,355
Currency translation adjustments	-140	-10	-11	-72	7	-	-226
Closing balance	**-23,659**	**-53,494**	**-8,903**	**-14,897**	**-5,073**	**-**	**-106,027**
Net book value							
Opening balance	91,499	58,405	2,281	18,456	2,390	5,138	178,169
Closing balance	98,872	54,989	3,905	96,075	3,615	7,481	264,936

The changes in the scope of consolidation can be chiefly ascribed to:

- Punch Graphix plc: 48 million euros
- Punch Powertrain Nanjing Ltd.: 2 million euros
- BBS America: 2 million euros
- Shenzhen Sunrise (CRT): -2 million euros

There was further significant investment in tangible non-current assets in 2007, totalling 111 million euros. The main investments were:

- BBS: 46 million euros
- Punch Powertrain: 6 million euros
- Punch Graphix: 6 million euros
- 'Other' segment: 54 million euros,

of which approximately 51 million euros relate to a sale and leaseback arrangement with regard to the Punch Campus Namestovo building in Slovakia.

The BBS assets have been valued by an independent third party according to the valuation rules and IFRS 3 'Business combinations' and have been included in the balance sheet at fair value.
The disposals mainly relate to the sale of the building involved in the aforementioned sale and leaseback arrangement, and the assets connected with the RMS activities.

16. Investments in affiliated enterprises

Investments in affiliated enterprises mainly relate to Punch Graphix plc. As a result of acquiring control through the public takeover bid in mid-January 2007, Punch Graphix plc has been fully consolidated since February 2007.

17. Long-term accounts receivable

Long-term accounts receivable rose from 2.1 million euros at the end of financial 2006, to 9.1 million euros at the end of financial 2007. This development is due mainly (4 million euros) to the fact that, since February 2007, Punch Graphix has once again been fully consolidated. Punch Graphix made limited (defensive) use of long-term contracts for machine sales: the portion of the payments that will not be received within a year is reported under this heading. Punch Telematix also uses long-term contracts (bundle solutions), and shows a rise in this heading of 2.5 million euros.

18. Inventories and contracts in progress

	2007	2006
	Consolidated	
in thousand euros		
Raw materials and consumables	23,160	17,630
Goods in progress	12,268	5,528
Finished products	33,920	5,389
Inventories	**69,348**	**28,548**
Contracts in progress	**25**	**1,162**
Inventories and contracts in progress	**69,374**	**29,711**
Sales	331,706	197,459
Inventory rotation in days of sales	76	53

Inventories and contracts in progress rose by around 40 million euros, to 69.4 million euros. This rise can be chiefly ascribed to the fact that, since February 2007, Punch Graphix has once again been fully consolidated. Inventories also increased significantly in the 'Motive' segment, due to the acquisition of BBS; however, BBS' sales are only carried for 5 months.

The rise in the 'Other' segment mainly relates to the inventories of the EMS activities, for which the 2007 sales are reported under the 'Graphix' segment, but the inventories and the full balance sheet under the 'Other' segment, in view of the sale of this activity by Punch Graphix to Punch International at the end of December 2007.

	2007	2006	2007	2006	2007	2006	2007	2006
	Graphix (*)		Telematix		Motive		Other	
	10,905	8,372	-	-	8,492	8,034	3,764	1,224
	4,109	2,195	-	-	6,893	3,320	1,266	-14
	19,600	1,278	1,083	1,093	12,685	2,567	552	-451
	34,614	**11,845**	**1,083**	**1,093**	**28,069**	**13,921**	**5,582**	**1,689**
	-	**-**	**-**	**-**	**25**	**1,162**	**-**	**-**
	34,614	**11,845**	**1,083**	**1,093**	**28,095**	**15,084**	**5,582**	**1,689**

(*) Graphix = Punch Graphix + Punch Technix

19. Trade receivables and other receivables

	2007	2006
	Consolidated	
in thousand euros		
Trade receivables net	59,030	40,386
Other amounts receivable	18,466	9,321
-- Intercompany		
-- Third parties	18,466	9,321
Deferred charges and accruals	4,745	3,055
Trade and other receivables	**82,241**	**52,762**
Sales	331,706	197,459
Average number of days of outstanding trade receivables	65	75

The heading trade receivables rose by approximately 19 million euros, which again is explained entirely by the fact that, since February 2007, Punch Graphix has been fully consolidated once more. The average number of days of outstanding trade receivables fell from 75 to 65 days.

The other receivables mainly relate to VAT sums to be recovered and a current account for an amount of 5,009,741 euros in the name of Mr Dumarey and associated parties (see 'Other'). Interest is being paid on this debt in line with the market rate.

20. Assets held for sale

In accordance with IFRS, a transfer to this heading is required if the Board of Directors has decided to sell assets and there is sufficient certainty that the assets in question will actually be transferred in the foreseeable future (normally 1 year).
Although the group is always actively looking for opportunities to create value, no decisions have been taken at present that would be eligible for such a transfer.

21. Financial instruments

The group uses derivative instruments to hedge exposure to exchange rate and interest rate risks stemming from its activities. The policy does not permit speculative transactions, or transactions financed by loan capital, nor does it permit the holding of financial instruments for commercial purposes. In addition, the group decided to hedge a risk on an existing customer by means of a put on that customer's shares in 2007.

Under IFRS, the financial instruments held must be disclosed on the balance sheet at fair value. In this case, they have been disclosed at market value (market-to-market value), as indicated by the financial institution with which the instrument was concluded.

The fair value of the instruments held at the end of 2007 is 1,495,000 euros, compared with 64,000 euros at the end of 2006. The fair value of the instruments concerned at the end of 2007 was:

- Hedging yen: 217,000 euros
- Interest Rate Swap (IRS): 855,000 euros
- Put on customer's share: 423,000 euros

	2007	2006	2007	2006	2007	2006	2007	2006
	Graphix (*)		Telematix		Motive		Other	
	35,360	7,526	5,530	7,761	14,912	20,825	3,228	4,275
	-16,639	-1,218	-990	2,039	1,611	11,685	34,484	-3,185
	-25,054	-3,090	-1,365	1,519	-1,304	10,433	27,723	-8,860
	8,414	1,871	375	519	2,916	1,252	6,761	5,675
	1,346	103	80	672	2,572	1,518	747	761
	20,066	**6,411**	**4,620**	**10,472**	**19,095**	**34,028**	**38,459**	**1,851**
	184,862	34,952	13,742	18,747	126,163	132,325	6,939	11,435
	70	79	147	151	43	57	170	136

(*) Graphix = Punch Graphix + Punch Technix

22. Shareholders' equity

For details on the reconciliation of shareholders' equity, see the relevant table on page 86.
Shareholders' equity rose from 200 million euros at the end of financial 2006, to 315 million euros at the end of 2007. The main changes to shareholders' equity are as follows:

Capital increase via private placement in June 2007	20.6 million euros
Result for the financial year	28.5 million euros
Purchase of own shares	0.7 million euros
Movement in translation differences	-12.1 million euros
Revaluation of Punch Graphix plc via shareholders' equity	30.1 million euros
Movement in minority interests	49.0 million euros
Total	**115.4 million euros**
The movement in the heading minority interests relates to:	
Punch Telematix nv	0.5 million euros
Punch Graphix nv and Punch Graphix plc	48.5 million euros
Total	**49.0 million euros**

Through a private placement in June 2007 Punch International obtained fresh capital totalling 21.2 million euros (gross) including transaction costs of 0.6 million euros. The net effect on equity of this capital increase thus amounts to 20.6 million euros.

At the end of the financial year 2007, the group held 9,325 own shares.

23. Provisions

	2007	2006
	Consolidated	
in thousand euros		
Pensions	3,313	2,883
Other	11,629	10,228
Provisions	**14,942**	**13,111**

Provisions rose from 13.1 million euros at the end of financial 2006, to 14.9 million euros at the end of financial 2007. This rise can be explained almost entirely by the full consolidation of Punch Graphix since February 2007. The heading 'other provisions' chiefly comprises:

- provisions for guarantees;
- provisions for the decontamination of Punch Metals' land;
- provisions for costs of claims.

These provisions have a long-term character.

	2007	2006	2007	2006	2007	2006	2007	2006
	Graphix (*)		Telematix		Motive		Other	
	348	60	-	-	2,796	2,717	169	106
	5,766	3,856	1,075	532	4,147	3,627	641	2,213
	6,114	**3,916**	**1,075**	**532**	**6,944**	**6,344**	**810**	**2,319**

(*) Graphix = Punch Graphix + Punch Technix

24. Financial debt

	Subordinated debts long term	Lease debts long term	Financial debts long term	Total long term	Long term debts payable within 1 year	Financial debts short term	Total short term	Total financial debts
in thousand euros								
Opening balance	**474**	**59,009**	**45,184**	**104,667**	**10,610**	**12,283**	**22,893**	**127,560**
Changes in perimeter	-	38,398	6,742	45,139	3,918	12,640	16,558	61,697
New debts	-	8,881	14,713	23,594	3,176	87,184	90,360	113,954
Repayments	-	-5,615	-18,320	-23,935	-28,930	-9,483	-38,413	-62,348
Transfers	-	-18,349	65,710	47,361	22,089	-69,450	-47,361	-
Currency translation adjustment	-	136	440	576	167	-	167	744
Closing balance	**474**	**82,459**	**114,469**	**197,401**	**11,031**	**33,173**	**44,204**	**241,606**

Debts secured by sureties

	2007	2006
in thousand euros		
Subordinated loans	474	474
Long term leases	82,459	59,009
Long term financial institutions and leases	158,673	68,077
Total	**241,606**	**127,560**

Financial debts rose 114.1 million euros, from 127.6 million euros at the end of financial 2006 to 241.6 million euros at the end of financial 2007. Net financial debts increased by 73.8 million euros, to 184.9 million euros. The changes in the scope of consolidation mainly relate to the full consolidation of Punch Graphix plc.

During the financial year, 114.0 million euros of new loans were taken up and 62.3 million euros of existing credit lines were redeemed. This latter amount includes the repayment (approximately 36 million euros) of the bridging loan for the Punch Campus Namestovo building, which was financed by means of a lease. The bulk of the remaining increase in loans relates to credit lines extended to Punch International in connection with the financing of the public takeover bid for Punch Graphix plc and the acquisition of BBS' assets. The group's intention is to refinance these credit lines.

An analysis by segment shows the following movements:

	2007	2006
	Consolidated	
in thousand euros		
Interest bearing loans & borrowings (non current)	197,401	104,667
Borrowings	44,204	22,893
Total financial debt	**241,606**	**127,560**
Cash and cash equivalents	-56,666	-16,381
Net financial debt	**184,939**	**111,179**
Total equity	315,441	200,064
Gearing: Net financial debt/Equity	**59%**	**56%**
EBITDA	109,576	41,596
Net financial debt / EBITDA	**1,69**	**2,67**
PPP: Property, plant & equipment	264,936	178,169
Coverage of net financial debts by tangible non-current assets	**143%**	**160%**

25. Trade and other payables

	2007	2006
	Consolidated	
in thousand euros		
Total trade payables	**51,465**	**33,602**
Remunerations & social security payable	10,270	7,726
Advances received on contracts	920	699
Other debts	6,921	6,047
Accruals and deferred income	8,673	3,291
Total other payables	**26,785**	**17,763**
Total trade and other payables	**78,249**	**51,365**
Trade payables outstanding (average number of days)	57	62

(*) Graphix = Punch Graphix + Punch Technix

	2007	2006	2007	2006	2007	2006	2007	2006
	Graphix (*)		Telematix		Motive		Other	
	40,406	575	-	-	24,941	22,201	132,055	81,891
	12,203	7,970	-	37	10,473	13,102	21,529	1,785
	52,609	**8,545**	**-**	**37**	**35,414**	**35,302**	**153,583**	**83,676**
	-40,706	-976	-5,900	-11,024	-6,322	-2,465	-3,738	-1,916
	11,903	**7,569**	**-5,900**	**-10,987**	**29,092**	**32,838**	**149,846**	**81,759**
	173,818	84,302	36,833	41,602	95,173	72,718	9,617	1,442
	43,588	-3,293	-2,144	240	55,101	32,311	13,031	12,338
	49,556	3,742	351	219	98,773	95,610	116,256	78,598

(*) Graphix = Punch Graphix + Punch Technix

	2007	2006	2007	2006	2007	2006	2007	2006
	Graphix (*)		Telematix		Motive		Other	
	22,727	**7,234**	**2,931**	**4,026**	**18,137**	**17,633**	**7,670**	**4,709**
	5,250	430	689	960	3,510	4,942	821	1,394
	822	120	12	12	86	507		60
	4,799	1,120	256	4,759	1,191	153	675	15
	5,690	337	583	81	1,957	2,543	443	330
	16,561	**2,007**	**1,540**	**5,812**	**6,744**	**8,145**	**1,939**	**1,799**
	39,288	**9,241**	**4,471**	**9,839**	**24,881**	**25,778**	**9,609**	**6,508**

Compared with 2006, trade payables rose from 34 million euros to 51 million euros at the end of financial 2007. This rise can be explained almost entirely by the full consolidation of Punch Graphix since February 2007. The table above gives detailed information for each segment. This table also reveals that an improvement in the group's payment behaviour: the average number of days for which trade payables were outstanding fell from 62 to 57.

26. Transactions with associated parties

All transactions with associated parties take place at arm's length, and the terms are reviewed at regular intervals in light of any changes in general market conditions. The main transactions were:

Punch Telematix

- During the year, Punch International paid interest (in line with market rates) on a loan extended by Punch Telematix. Punch Telematix paid management fees to Punch International.
- On 15 February 2005, a rental agreement was concluded between Punch Property International nv and Punch Telematix nv with regard to the building in Wervik. The annual rent is around 75,000 euros.
- Punch Telematix passed on to Punch Powertrain ('Other' segment) the R&D costs for software for continuously variable transmissions.
- During financial 2007, Punch Graphix nv (formerly Punch Technix nv) produced the CarBox for Punch Telematix at its Slovakian plant in Namestovo. The purchase prices were at arm's length and were regularly checked against the market. The purchases amounted to less than 20% of Punch Telematix's total purchases. Punch Graphix nv' Slovakian base was sold to Punch International at the end of December 2007. At the end of the first quarter of 2008, production of the CarBox at the Slovakian plant will cease.

Punch Graphix

Punch Graphix nv has a number of contracts with its shareholder Punch International nv or related companies:

- Tenancy agreement with Punch Property International nv for the lease of the Eede offices (the Netherlands) for a period of nine years, at an annual rent of 36,000 euros.
- Tenancy agreement with Punch Property International nv for the lease of the toner factory in Heultje (Belgium) for a period culminating in 2014, at an annual rent of 313,000 euros.
- Punch Technix Equipment Manufacturing sro had a tenancy agreement with Punch Campus for the lease of the production areas at Punch Campus Namestovo. The rent in 2007 was 1,300,000 euros. These costs will not continue in 2008 because of the sale of Punch Technix Equipment Manufacturing sro at the end of December 2007.
- Punch Technix Equipment Manufacturing sro had a service level agreement with Punch Campus for the provision of staff and support services for an annual amount of around 1 million euros. These costs will not continue in 2008 because of the sale of Punch Technix Equipment Manufacturing sro at the end of December 2007.
- On 31 December 2007 Punch Technix had an outstanding debt of 24,559,000 euros payable to Punch International nv relating to the shares transaction with Punch Graphix plc. Interest is being paid on this debt in line with the market rate. The average interest rate in 2007 was 6.2%.
- A right exists between Punch Property International nv and Punch Graphix International nv to building on the grounds sited at Duwijckstraat 17 in Lier (Belgium).

The claims outstanding against directors and related parties as at 31 December 2007 (Guido Dumarey, Creacorp and Miller Marsh Pond) amounted to 5,009,741 euros. Interest was charged at market rate.

In the 2007 financial year, the emoluments of all directors and members of the Executive Committee together totalled 4,165,207 euros (2006: 1,148,560 euros). The remuneration of the members of the Board of Directors herein included amounts to 3,474,402 euros (2006: 1,148,560 euros).

In accordance with the conditions and stipulations of the profit-sharing certificate plan (see also chapter 8.6 on page 73), 6 profit-sharing certificates were allocated to members of the Executive Committee, having complied with the conditions regarding an increase in capital as stipulated in the profit-sharing certificate plan. In addition, 1 profit-sharing certificate was allocated to a member of the management.

27. Off-balance sheet commitments

- Claim by Koenraad Van der Elst: in a judgment dated 15 January 2007, Punch International nv was ordered to make a severance payment of 62,500 euros. The rest of the claim was dismissed. Mr Koenraad Van der Elst has appealed against this judgement. A provision in the amount of 62,500 euros was created for this severance payment.
- During the takeover of SpaceChecker nv at the start of 2006, a dispute arose concerning an alleged earn-out. The vendors of SpaceChecker served a summons demanding payment of 2.75 million euros. Punch International nv disputes this claim and has submitted a counterclaim for 4 million euros.
- The Geminus group, which requested and obtained a definitive suspension of payment under the judicial settlement procedure, served a summons on Punch Metals nv and Punch International nv for an alleged breach of the purchase obligation at the Geminus group. The Geminus group is demanding compensation of 2,500,000 euros. Punch Metals nv and Punch International nv dispute this claim in its entirety.
- On 25 August 2005, BouMatic commenced arbitration proceedings in accordance with the International Chamber of Commerce (ICC) rules, against Punch Graphix nv and a number of its subsidiaries, for a total sum of 21.4 million euros. This claim relates to the sale of the Gascoigne Melotte business unit in 2004, and is based on an alleged infringement of the representations and warranties. Punch Graphix has submitted a counterclaim of 1.9 million euros for BouMatic's failure to honour its contractual obligations. In addition, BouMatic launched legal proceedings against Punch International nv in Texas, based on extra-contractual arguments. Punch Graphix nv and Punch International nv take the view that BouMatic's claims in both sets of proceedings are completely unfounded. For that reason, provision has only been formed for the court costs and costs of the proceedings.

- Overpelt-Plascobel nv was summoned by third-party notice by Umicore nv in a legal action in which Umicore nv itself was summoned by Plastic Investment Company nv. The third-party notice seeks repayment of a provisional sum of 470,000 euros. The legal action relates to the agreement to take over the shares of Overpelt-Plascobel nv. Overpelt-Plascobel nv thoroughly disputes the admissibility and validity of the claim.
- Overpelt-Plascobel nv summoned Brabantia S&L Belgium nv for payment of compensation of 187,000 euros for breach of contract. Brabantia has submitted a counterclaim for a sum of 103,000 euros. This legal action will come before the court in May 2008.
- Part of the payment for the sale of a business department to ID Plast was received on the basis of a contribution of 15% in respect of the sales realised until March 2008.
- From a transfer of assets in Overpelt Plascobel nv, an additional payment was required in the sum of 1.2 million euros, a payment which will become definitive in the next few years.
- An extrajudicial discussion is currently taking place with Teamsoft Automotive bv concerning the payment of the purchase price of 200,000 euros for the sale of the MDRS software by Punch Telematix Nederland bv. Thus far, the purchaser has not paid the purchase price. A provision has been created for this claim. The company Teamsoft is currently providing maintenance activities for the Punch Telematix group, but is also a customer of the group.
- Punch Telematix provides a two-year guarantee on products in the CarBox range and three years on products in the CarCube range. The guarantee includes interventions (installation and removal), shipping costs, cost of replacement, provision of technical support and the complete cost of repair.
- Agfa Graphics nv versus Punch Graphix Prepress Belgium nv and Punch Graphix International nv. Agfa Graphics nv ('Agfa Graphics') has asked before the Commercial Court in Mechelen, Belgium for the appointment of an expert to determine whether patent EP 1 772 262 A1 and US 2007/0084374-A1 forms part of the partnership agreement dated 1 May 2005 between Agfa Graphics and Punch Graphix Prepress Belgium nv and, as such, must be regarded as joint property. Punch Graphix is of the opinion that the invention took place outside the framework of this partnership agreement and, as such, is the exclusive property of Punch Graphix. Punch Graphix proposed an amicable settlement, but this was rejected by Agfa Graphics. In an order in interlocutory proceedings, the court appointed an expert whose task is to investigate whether the patent is joint property. During the week of 17 March 2008, an initial meeting was held in the presence of the court-appointed expert, at which both parties were able to express their view. Punch Graphix and Agfa Graphics have deposited their pleadings on 11 April. A follow-up meeting will the court-appointed expert is scheduled for 6 May 2008.
- RR Donnelley is a customer of Punch Graphix Americas who was summoned by Tesseron Ltd. for an alleged patent infringement. The case is pending for the Northern District of Ohio. Xeikon's variable data printing systems, which use the Xeikon RIPs, are alleged to infringe 4 of Tesseron's patents with regard to Variable Data Printing. RR Donnelley has asked Punch Graphix to defend the case and indemnify RR Donnelly, if necessary. Punch Graphix is currently investigating this request and the possible infringements of these patents by its products. However, RR Donnelley has not yet responded to a letter from Punch Graphix dated the end of November 2007 asking him to contact Punch Graphix.
- On 6 October 2003, Punch Graphix Prepress Germany GmbH concluded an exclusive sales agreement with Wirth Graphic Technologies (Shanghai) Co ('Wirth') for the sale, distribution and service of its basysPrint products on the Chinese market. On 23 February 2007, Punch Graphix terminated this agreement with effect from 31 March 2007 on the

grounds of non-performance by Wirth. Wirth has questioned the legal validity of the letter terminating the agreement, because it was not preceded by a notice of default describing the reasons which would have enabled Wirth to rectify the breaches. As various invoices had remained unpaid, Punch Graphix has since concluded a contract with another distributor. In addition, Wirth has submitted a claim against Punch Graphix for compensation in the maximum amount of 445,000 euros.

- At the first hearing, the court observed that Wirth's managing director had been refused entry to China due to an investigation into tax fraud, and consequently Wirth is no longer able to fulfil the sales agreement. A ruling has since been given in which the German court found against Wirth and which confirmed that the contract was correctly terminated by Punch Graphix in the second instance. It remains to be seen whether Wirth will appeal. Parallel talks are taking place between the parties to find an amicable solution.
- On 15 October 2007, Thierry Vermander submitted a claim against Punch Graphix International nv. This former member of staff is claiming payment in arrears of commission and compensation for unlawful dismissal; his claims amount in total to 208,000 euros. Punch Graphix International nv refutes the entire claim.
- Stefan Birkhofer is claiming a sum of 320,000 euros from Punch Graphix Deutschland GmbH. This former staff member is claiming 5% of the shares of Punch Graphix Deutschland GmbH. However, no agreement has ever been signed regarding this matter. Punch Graphix Deutschland GmbH fully rejects Mr Birkhofer's claim.

28. Post balance sheet events

On 31 March 2008 a restructuring was announced at Punch Graphix Prepress Belgium nv which will involve the loss of 39 jobs.

The Board of Directors has proposed to include post balance sheet events occurring until 31 March 2008.

Statutory auditor's report

Free translation

Statutory auditor's report to the General Meeting of shareholders of Punch International nv on the consolidated financial statements for the year ended 31 December 2007

In accordance with the legal requirements, we report to you on the performance of the mandate of statutory auditor, which has been entrusted to us. This report contains our opinion on the true and fair view of the consolidated financial statements as well as the required additional statements.

Unqualified audit opinion on the consolidated financial statements

We have audited the consolidated financial statements for the year ended 31 December 2007, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which show a balance sheet total of 688,692 thousand euros and a consolidated profit, share of the group, of 32,231 thousand euros. These consolidated financial statements include subsidiaries, which have been audited by other auditors. Within the framework of our assignment on the consolidated financial statements, we obtained their clearance on the accounts of the related subsidiaries.

Management is responsible for the preparation and the fair presentation of these consolidated financial statements. This responsibility includes : designing, implementing and maintaining internal control relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting principles and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the legal requirements and the Auditing Standards applicable in Belgium, as issued by the International Federation of Accountants (Institut des Reviseurs d'Entreprises / Instituut der Bedrijfsrevisoren). Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement, as to whether due to fraud or error.

In accordance with the above-mentioned auditing standards, we considered the group's accounting system, as well as its internal control procedures. We have obtained from management and the company's officials, the explanations and information necessary for executing our audit procedures. We have examined, on a test basis, the evidence supporting the amounts included in the consolidated financial statements. We have assessed the appropriateness of the accounting policies and consolidation principles, the reasonableness of the significant accounting estimates made by the company, as well as the overall presentation of the consolidated financial statements. We believe that these procedures provide a reasonable basis for our opinion.

In our opinion the consolidated financial statements for the year ended 31 December 2007 give a true and fair view of the group's assets and liabilities, its financial position, the results of its operations and cash flow in accordance with International Financial Reporting Standards as adopted by the European Union.

Additional statements

The preparation of the consolidated Directors' report and its content are the responsibility of management.

Our responsibility is to supplement our report with the following additional statement which do not modify our audit opinion on the consolidated financial statements:

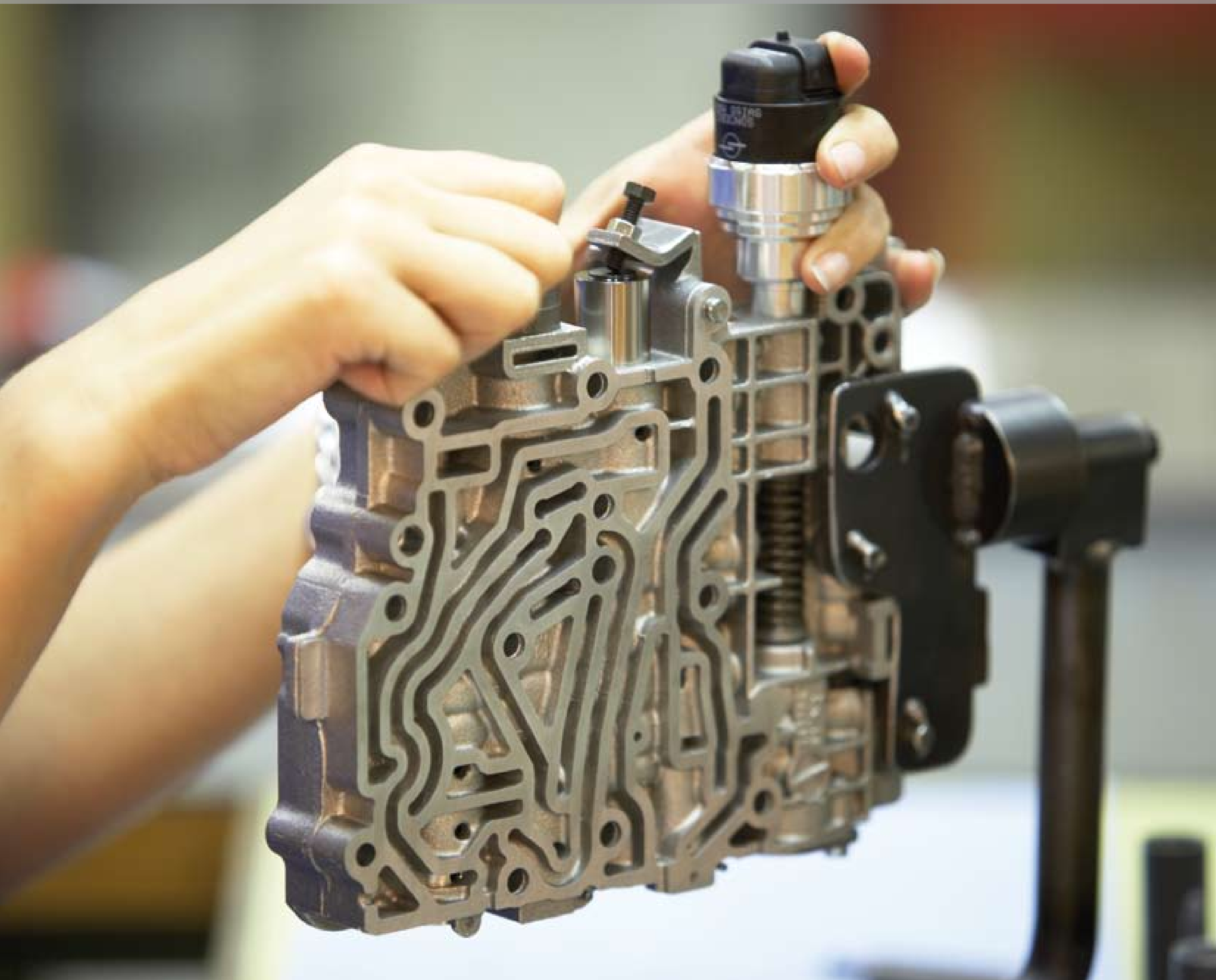
- The consolidated Directors' report includes the information required by law and is consistent with the consolidated financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the consolidated group is facing, and of its financial situation, its foreseeable evolution or the significant influence of certain facts on its future development. We can nevertheless confirm that the matters disclosed do not present any obvious inconsistencies with the information that we became aware of during the performance of our mandate.

Merelbeke, 20 April 2008

BDO Atrio Réviseurs d'Entreprises Soc. Civ. SCRL
Statutory Auditor
Represented by Koen De Brabander

10

Statutory annual accounts of Punch International nv



Review of the statutory annual accounts

The company statutory annual accounts presented and discussed in this chapter were compiled in accordance with the statutory regulations concerning annual accounts applicable in Belgium.

As at 31 December 2007, the shareholders equity of Punch International nv amounts to 158.08 million euros, compared to 104.53 million euros at the end of 2006. The increase can be attributed to a 21.22 million euros capital increase, the writing off of a revaluation gain of -28.53 million euros, the formation of an 'other non-distributable reserve' of 0.04 million euros, and profit for appropriation of 60.82 million euros for the financial year.

The total assets on the company's balance sheet amount to 278.50 million euros, compared with 163.70 million euros in 2006.

Statutory balance sheet: review of the main assets and liabilities

Formation costs

The rise of 0.51 million euros in formation costs is due to the increase in the company's capital during 2007.

Intangible non-current assets

Intangible non-current assets rose due to the purchase of new ERP licences for the Punch group, for a sum of 0.84 million euros.

Financial non-current assets

The increase in financial non-current assets amounting to 53.11 million euros can be explained by the writing off of the shares in Punch Precision Ltd (-4.18 million euros) following liquidation, the purchase and sale of Punch Telematix nv shares (-0.49 million euros), the increase in the investment in BBS International GmbH (5 million euros) and SpaceChecker nv (5 million euros) through the contribution of the current account, the complete sale of the minority interests in Punch Mécanique sas (-0.02 million euros) and PPK sp (-0.31 million euros), the partial repayment of the premium on the Blitz Blauw bv shares (-5.97 million euros), the purchase of the shares of Punch Technix Equipment Manufacturing sro (7.23 million) in Slovakia and BBS Verwaltungs GmbH (0.03 million euros) in Germany, the contribution and sale of the Punch Graphix plc shares in Punch Graphix nv (75.35 million euros) and the writing off of the revaluation of the participation in Punch Graphix plc, which was charged against the consolidated shareholders' equity of the Punch Graphix group (-28.53 million euros).

Amounts receivable within one year

The increase can be chiefly attributed to the outstanding balance on the current account formed for Punch Graphix nv for the sale of the Punch Graphix plc shares for a sum of 24.56 million euros, and the outstanding amount on the various BBS companies, amounting to 35.89 million euros.

Cash investments and cash and cash equivalents

At the end of the financial year, the company held 9,325 of its own shares, valued at the lower of the closing price and the acquisition value.

Capital, reserves, revaluation gains and profit carried forward

The company's capital has increased by 21.22 million euros compared with the previous financial year, as a result of the issue of 216,423 new shares. Of this, 5.59 million euros was carried as issued capital and 15,63 million euros as an issue premium. Of the new shares, 3,425 are registered and 212,998 bearer. In addition, a total of 549 registered shares were converted to bearer shares in 2007. As at 31 December 2007, there were a total of 2,380,661 shares in the company.

In 2007, the company issued a number of profit-sharing certificates in accordance with the Articles of Association. As a result, a non-distributable reserve of 0.035 million euros has been posted.

As a consequence of the contribution to Punch Graphix nv and the sale of the Punch Graphix plc shares, the revaluation gain of 28.53 million euros recognised in the previous year was written off in 2007.

The profit carried forward increased by the amount of result for the financial year, i.e. 60.82 million euros less 5% or 3.04 million euros which was added to the statutory reserves.

Provisions

Of the provision for the closure and liquidation of the company in Mexico which was posted in 2006 as a result of the sharp decline in CRT activity, the sum of 1.07 million euros was used in 2007.

Liabilities

Financial debts payable after more than one year (including those falling due within the year) and those payable within one year increased by 68.98 million euros as a result of the finance taken up for the bid for all the shares of Punch Graphix plc and the acquisition of BBS' assets.

The liabilities relating to taxes concern social security liabilities that have not yet fallen due.

The decrease in other payables can be attributed primarily to the repaid premium on the shares of Blitz Blauw bv (6.01 million euros) and the repayments on the loan concluded with subsidiary Punch Powertrain nv (1.91 million euros).

Review of statutory income statement and appropriation of profit as at 31 December 2007

The result for the financial year rose by 73.59 million euros, from -12.77 million euros to 60.82 million euros. This rise can be explained by the capital gain of 69.19 million euros on the realisation of the Punch Graphix plc shares.

The operating profit declined by 1.43 million euros, mainly as a result of the services purchased in regard to the takeover bid for the outstanding Punch Graphix plc shares at the start of 2007. This also explains the decline in the financial result.

The financial year ended with a profit of 60.82 million euros. Taking into account the balance of profit brought forward from previous years, a total of 14.23 million euros, the profit to be appropriated is 75.05 million euros. The Board of Directors proposes that 3.04 million euros be added to the statutory reserves and that the balance of 72.01 million euros be carried forward.

Statutory balance sheet of Punch International nv

Assets

	Notes	2007	2006
in thousand euros			
Non-current assets		**188,526**	**134,567**
Formation expenses	1	506	-
Intangible assets	2	1,079	454
Tangible assets		2,360	2,647
Land and buildings	3	471	501
Plant, machinery and equipment	3	41	62
Furniture and vehicles	3	109	192
Leasing and other similar rights	3	1,739	1,892
Financial non-current assets		184,582	131,467
Affiliated enterprises		184,347	78,040
Investments	4.1	184,010	77,703
Amounts receivable	4.2	337	337
Enterprises linked by participating. interests		150	53,020
Investments	4.1	150	53,020
Other financial assets		85	407
Shares	4.1	12	324
Amounts received and cash guarantee	4.2	73	83
Current assets		**89,976**	**29,129**
Amounts receivable after 1 year		84,938	28,446
Trade receivables		4,460	2,619
Other amounts receivable		80,478	25,827
Investments		741	2
Own shares	7	741	2
Cash at bank and in hand		4,018	360
Deferred charges and accrued income	6	279	321
Total assets		**278,502**	**163,696**

Liabilities

	Notes	2007	2006
in thousand euros			
Capital and reserves		**158,083**	**104,532**
Capital		61,486	55,896
Issued capital	7	61,486	55,896
Share premium account		16,030	399
Revaluation surpluses		-	28,527
Reserves		8,557	5,481
Legal reserve		4,849	1,808
Reserves not available		776	2
In respect of own shares held		741	2
Other		35	-
Reserves available		2,931	3,670
Accumulated profit		72,010	14,229
Provisions & deferred taxes		**748**	**1,814**
Provisions for liabilities and charges		748	1,814
Other liabilities and charges		748	1,814
Amounts payable		**119,671**	**57,350**
Debts payable after 1 year	8	23,789	1,565
Financial debts		23,789	1,565
Leasing and other similar rights		1,289	1,565
Credit institutions		22,500	-
Debts payable within 1 year	8	95,581	55,618
Current portion of debts after 1 year		275	218
Financial debts		62,797	16,095
Credit institutions		62,797	16,095
Trade payables		4,627	1,964
Suppliers		4,627	1,964
Taxes, remunerations & social security		67	595
Taxes		2	505
Remunerations & social security		65	90
Other amounts payable		27,815	36,746
Accrued charges and deferred income	9	300	167
Total liabilities		**278,502**	**163,696**

Income statement

	Notes	2007	2006
in thousand euros			
Operating income		**10,513**	**7,483**
Turnover		8,505	5,672
Other operating income		2,008	1,811
Operating charges		**-13,058**	**-8,589**
Raw materials and consumables		-	-
Purchases		-	-
Services and other goods		11,774	7,257
Remuneration, social security costs, pensions	10	460	739
Depreciations & amounts written off non-current assets		618	327
Amounts written off inventories, contracts in progress and trade receivables		-	-
Other operating charges		206	267
Operating profit		**-2,545**	**-1,107**
Financial income	**11**	**6,759**	**5,271**
Income from financial non-current assets		118	2,124
Income from current assets		3,582	1,528
Other		3,058	1,619
Financial charges	**11**	**-12,261**	**-8,254**
Debt charges		7,646	3,372
Amounts written off current assets other than inventories, contracts in progress and trade receivables		-34	4,086
Other		4,649	795
Current profit/loss before taxes		**-8,047**	**-4,090**

Income statement - continued

	Notes	2007	2006
in thousand euros			
Current profit/loss before taxes		**-8,047**	**-4,090**
Extraordinary income	**12**	**69,248**	**429**
Adjustments to amounts written off and impairment on current and non-current assets		8	1
Gain on disposal of non-current assets		69,188	99
Other		52	329
Extraordinary charges	**12**	**-867**	**-8,645**
Amounts written off financial assets		1	4,197
Provisions for extraordinary liabilities & charges		-	1,814
Loss on disposal of non-current assets		585	712
Other		283	1,922
Profit before taxes		**60,334**	**-12,307**
Income taxes	**13**	**488**	**-466**
Taxes		-9	-484
Adjustment of income taxes and write-back of tax provisions		497	17
Profit for the year after taxes		**60,822**	**-12,773**
Profit to be appropriated		**60,822**	**-12,773**

Appropriation account

	2007	2006
in thousand euros		
Profit to be appropriated	**75,051**	**14,229**
Profit for the year	60,822	-
Loss for the year	-	-12,773
Profit brought forward	14,229	27,002
Appropriations to capital and reserves	**3,041**	**-**
To the capital & share premium account	-	-
To the legal reserve	3,041	-
To other reserves	-	-
Result to be carried forward	**72,010**	**-**
Profit to be carried forward	72,010	14,229
Loss to be carried forward	-	-

Notes

All amounts are indicated in thousand euros unless stated otherwise.

1. Statement of formation expenses

	2007
Net book value	
At the end of the previous year	-
Movements during the period:	
New expenses incurred	628
Depreciation	122
At the end of the period	506
of which	
Expenses related to the formation and capital increase	506

2. Statement of intangible assets

2.1 Concessions patents, licenses, etc.

	2007
Acquisition value	
At the end of the preceding year	1,645
Movements of the year	
Acquisitions and non-current assets	836
At the end of the year (A)	2,482
Depreciations and amounts written down	
At the end of the preceding year	1,192
Movements of the year	
Recorded	211
At the end of the year (C)	1,403
Net value at the end of the year (A) – (C)	**1,079**

3. Statement of tangible non-current assets

	Land and buildings 2007	Plant, machinery and equipment 2007
Acquisition value		
At the end of the preceding year	572	206
Movements of the year		
Acquisitions and non-current assets	-	-
At the end of the year (A)	572	206
Depreciations and amounts written down		
At the end of the preceding year	71	144
Movements of the year		
Recorded	30	21
At the end of the year (C)	101	165
Net value at the end of the year (A) – (C)	**471**	**41**

	Furniture and vehicles 2007	Leasing and other similar rights 2007
Acquisition value		
At the end of the preceding year	713	1,981
Movements of the year		
Acquisitions and non-current assets	47	-
Sales and disposals	-56	-
At the end of the year (A)	704	1,981
Depreciations and amounts written down		
At the end of the preceding year	521	89
Movements of the year		
Recorded	81	152
Written back	8	-
At the end of the year (C)	594	241
Net value at the end of the year (A) – (C)	**109**	**1,739**

4. Statement of the non-current financial assets

4.1 Participations, shares and investments

	Affiliated enterprises	Enterprises linked by participating interests
	2007	2007
Acquisition value		
At the end of the preceding year	81,900	24,493
Movements of the year		
Acquisitions	116,939	-
Sales and disposals	-10,633	-24,343
At the end of the year (A)	188,206	150
Revaluation surpluses		
At the end of the preceding year	-	28,527
Movements of the year		
Transfers	-	-28,527
At the end of the year (B)	-	-
Amounts written down		
At the end of the preceding year	4,197	-
Movements of the year		
Recorded	-	-
At the end of the year (C)	**4,197**	**-**
Net value at the end of the year (A) + (B) – (C)	**184,010**	**150**

	Other enterprises
	2007
Acquisition value	
At the end of the preceding year	324
Movements of the year	
Sales and disposals	-312
At the end of the year	12
Net value at the end of the year	**12**

4.2 Amounts receivable

	Affiliated enterprises	Other enterprises
	2007	2007
Net book value at the end of the preceding year	**337**	**83**
Movements of the year		
Additions	-	-
Reimbursements	-	10
Other	-	-
Net value at the end of the year	**337**	**73**

5. Investments and shareholdings in other companies

Name and registered office Entity identifier	Shares held			Data taken from latest available annual accounts			
	direct		subsidia-ries	Balance date	Currency	Equity *(in euros)*	Net result *(in euros)*
	Number	%	%			*(in euros)*	
PUNCH TELEMATIX nv Bootweg 4 8940 Wervik, Belgium BE 0464 257 143	2,681,916	62	-	31-12-2006	EUR	36,003	-282
BLITZ BLAUW bv Dennenweg 22 2202 AC Noordwijk, Netherlands	18,000	100	-	31-12-2006	EUR	5,966	-33
JIIN HUNG COMPANY Ltd. Shui On Centre 20F R209-18 Harbour Road, Wanchai, Hong Kong	10,000	100	-	31-12-2006	USD	5,479	-37
K.I.P. nv Duwijckstraat 17 2500 Lier, Belgium BE 0864 058 875	150	33.33	-	31-12-2006	EUR	420	-7
PUNCH POWERTRAIN nv Schuurhovenveld 4 125 3800 Sint-Truiden, Belgium BE 0463 278 829	4,964,888	99.99	0.01	31-12-2006	EUR	20,917	6,437
PI PRODUCTS spol.sro. Vlarska 43, 91701 Trnava, Slovakia	1	100	-	31-12-2006	SKK	-1,761	1
PUNCH ASSEMBLIES sro. Vavrecka 311 02901 Namestovo, Slovakia	1	100	-	31-12-2006	SKK	26,343	-2,251
PUNCH CAMPUS spol.sro. Vavrecka 311 02901 Namestovo, Slovakia	1	100	-	31-12-2006	SKK	1,128,149	-143,635
SPACECHECKER NV Interleuvenlaan 15, bus A 3001 Heverlee, Belgium BE 0468 914 628	2,127	99	1	31-12-2006	EUR	-7,361	-7,433
PUNCH DE MEXICO Fracc.1-A y Fracc.3 Ex.Ejido Aquiles Serdan 35078 Gomez Palacio Durango, Mexico	47,794	1.00	99.00	31-12-2006	MXN	-43,470	-47,769
PUNCH DONGHWA Ltd. Shui On Centre 20F R209-18 Harbour Road, Wanchai, Hong Kong	99,999	99.99	-	31-12-2006	USD	15,959	11,213
PUNCH MANAGEMENT Ltd. Fritzwilliam Square 48 Dublin 2, Ireland	24,999	99.99	-	31-12-2006	EUR	1,093	-19

Name and registered office Entity identifier	Shares held			Data taken from latest available annual accounts			
	direct		subsidia-ries	Balance date	Currency	Equity *(in euros)*	Net result *(in euros)*
	Number	%	%			(+) of (-)	
PUNCH TECHNIX EQUIPMENT MANUFACTURING sro Vavrecka 311 02901 Namestovo, Slovakia	1	100	-	31-12-2006	SKK	228,205	3,233
PUNCH PLASTICS nv Pathoukeweg 40 8000 Brugge, Belgium BE 0431 034 643	76,499	99.90	0.10	31-12-2006	EUR	318	743
PUNCH PRECISION Ltd. North Road C8 CF313TP Bridgend, UK	315,250	100	-	31-12-2006	GBP	2,507	-128
PUNCH PRODUCT POLAND Ul. Milosna 30 82-500 Kwidzyn, Poland	40	100	-	31-12-2006	PLN	4	-
PUNCH PRODUCTS TRNAVA Vlarska 28 91701 Trnava, Slovakia	1	100	-	31-12-2006	SKK	293,862	-71,033
PUNCH METALS nv Nobelstraat 2 3930 Hamont, Belgium BE 0461 823 334	378,723	99.99	0.01	31-12-2006	EUR	7,388	449
PUNCH PROPERTY INT. nv Koperstraat 1A 9830 Sint-Martens-Latem, Belgium BE 0478 583 152	61,999	99.99	0.01	31-12-2006	EUR	-605	-204
PUNCH PLASTX HOLDING nv Duwijckstraat 17 2500 Lier, Belgium BE 0444 631 667	26,206	100	-	31-12-2006	EUR	6,064	-2
PUNCH GRAPHIX nv Brieversstraat 70 4529 GZ Eede, Netherlands	18,421,133	64.16	2.36	31-12-2006	EUR	18,289	-5,690
BBS International GmbH Welschdorf 220 77761 Schiltach, Germany	1	100	-	31-12-2006	EUR	25	-
BBS Verwaltung GmbH Welschdorf 220 77761 Schiltach, Germany	1	100	-	31-12-2006	EUR	25	-
PUNCH INT. NEDERLAND bv Kromme Spieringweg 289, bus B 2141 BS Vijfhuizen, Netherlands	11,400	100	-	31-12-2006	EUR	-573	-107

6. Deferred charges and accrued income

	2007
Group fire insurance policy 2008	244
Other 2008	36

7. Statement of capital

7.1 Social capital

	Amounts	Number of shares
Issued capital		
At the end of the preceding year	55,896	2,164,238
Movements of the year:		
Capital increase	5,590	216,423
At the end of the year	61,486	2,380,661
Representation of the capital		
Category of shares		
Ordinary shares with no par value	61,486	2,380,661
Registered or bearer shares		
Registered	-	3,532
Bearer	-	2,377,129

7.2 Own shares held

	Amount of capital held	Number of shares
Held by the company	741	9,325

7.3 Authorised capital not issued

	Amount of capital held	Number of shares
Authorised capital not issued	34,424	-

7.4 Shareholding structure of the company on balance date, based on notifications received by the company

Shareholder	Number of shares	%
Creacorp (Guido Dumarey + VSP Investments bv)	719,936	30.24
Punch International nv	9,325	0.39
Management	3,425	0.14
Free float	1,020,066	42.85
Mohist bv	247,714	10.41
Merrill Lynch Investment Managers Group Ltd	132,554	5.57
Mercator Verzekeringen nv	103,255	4.34
KBC Asset Management nv	77,386	3.25
ZA Capital LLP	67,000	2.81

8. Statement of amounts payable

	2007
Analysis of amounts originally payable after 1 year, indicating their residual term	
Debts payable in the year	
Financial debts – Leasing and other similar obligations	275
Debts payable between 1 and 5 years	
Financial debts – Leasing and other similar obligations	1,289
Financial debts – Credit institutions	22,500
Debts guaranteed	
Debts guaranteed by real guarantees on the enterprise's assets	
Financial debts – Credit institutions	84,450
Amounts payable for taxes, remuneration, social security	
Taxes	
Outstanding tax debts	2
Remuneration and social security	
Other amounts payable in relation to remuneration and social security	65

9. Accrued charges and deferred income

	2007
Rent received for Q1/2008	167
Interest 2008	133

10. Operating result

	2007	2006
Workers recorded in staff register		
Total number on closing date	7	10
Average number in full time equivalents	7,7	10
Actual number of hours worked	13,503	17,845
Personnel charges		
Remunerations & direct social benefits	322	533
Employer's contributions for social security	107	150
Employer's premiums for extra-statutory insurance	15	38
Other personnel charges	16	18
Other operating charges		
Taxes, taxes related to the operation	86	115
Others	120	151
Temporary staff and persons seconded to the enterprise		
Average number calculated in full time equivalents	0.2	0.1
Actual number of hours worked	480	421
Cost to the enterprise	13	8

11. Financial result

	2007	2006
Other financial income		
Positive translation differences	1,822	998
Gains on exchange	723	329
Amounts written off current assets		
Recorded	-	2,731
Written back	34	-
Other financial charges		
Negative translation differences	535	723
Losses on exchange	599	-
Buy out shareholders Punch Graphix plc – stamp duties	1,407	-

12. Extraordinary results

	2007	2006
Extraordinary revenues		
Sale of all Punch Graphix plc shares	69,188	-
Other	60	429
Extraordinary costs		
Value readjustments for financial non-current assets	-	4,197
Provision for closure and liquidation of Punch de Mexico	-	1,814
Cancellation of claim against Adifil Diringer sa	-	577
Capital loss on sale of shares in Punch Mécanique, PPK,...	585	661
Other	283	1,396

13. Income taxes

	2007	2006
Detail of heading 670/3		
Income tax of the current year	9	484
Taxes and withholding taxes due or paid	9	484

14.Other taxes and taxes supported by third parties

	2007	2006
Value added taxes, turnover taxes & special taxes charged during the year:		
To the enterprise (deductible)	1,686	1,322
By the enterprise	1,535	1,715
Amounts retained on behalf of third parties for:		
Payroll withholding taxes	119	170

15. Rights and commitments not reflected in the balance sheet

	2007
Real guarantees given or irrevocably promised by the enterprise on its own assets as a security of its debt and own commitments	
Pledges of other assets	
Book value of assets pledged	84,450
Forwards –foreign currencies bought (to be received)	854

16. Relationships with affiliated enterprises and enterprises linked by participating interests

	Affiliated enterprises		Enterprises linked by participating interests	
	2007	2006	2007	2006
Financial non-current assets	**184,347**	**78,040**	**150**	**53,020**
Investments	184,010	77,703	150	53,020
Amounts receivable: subordinated	150	150	-	-
other	187	187	-	-
Amounts receivable	**79,053**	**26,116**	**1**	**213**
Within 1 year	79,053	26,116	1	213
Amounts payable	**27,457**	**36,937**	**-**	**-**
Within 1 year	27,457	36,937	-	-
Financial results				
Income from financial non-current assets	-	2,124	-	-
Income from current assets	3,241	1,528	-	-
Charges of debts	2,636	1,393	-	-
Disposal of non-current assets				
Realised capital gains	69,188	-	-	-
Realised capital losses	582	-	-	-

17. Financial relationships

	2007
With directors or management, natural or legal persons directly or indirectly controlling the enterprise without being affiliated enterprises, or with other enterprises being controlled directly or indirectly by these persons	
Amounts receivable from them	5,010
Amount of direct and indirect remuneration and pensions included in the income statement as long as its disclosure does not concern, mainly or exclusively, the situation of a single identifiable person:	
to the directors	3,474
With the statutory auditor and associated individuals	
Remuneration of the statutory auditor	45
Other non-auditing assignments	18

Social balance sheet

1. Statement of persons employed

1.1 Employees recorded in the staff register

	Full time	Part time	Total (T) or total in full time equivalents (FTE)	Total (T) or total in full time equivalents (FTE)
	2007	2007	2007	2006
During the financial year and the previous financial year				
Average number of employees	7.4	0.4	7.7	10.0
Number of hours actually worked	13,015	488	13,503	17,845
Staff costs (in thousands)	442	18	460	739
Benefits in addition to wages	-	-	4	6
On balance date				
Number of employees recorded in the staff register	5	2	6.3	10.0
Breakdown by type of contract				
Contracts for an indefinite period	5	2	6.3	10.0
Breakdown by gender				
Males	2	1	2.8	8.0
Females	3	1	3.5	2.0
Breakdown by category				
Management staff	-	-	-	1.0
Employees	5	2	6.3	9.0

1.2 Temporary staff and persons put at the company's disposal

	2007
Average number of employees	0.2
Number of hours actually worked	480
Staff costs (in thousands)	13

2. Staff movements during the year

2.1 Entrants

	Full time	Part time	Total in full time equivalents
Number of employees recorded in the staff register	2.0	-	2.0
Breakdown by type of contract			
Contracts for an indefinite period	2.0	-	2.0
Breakdown by gender and education			
Females			
Higher non-university education	2.0	-	2.0

2.2 Departures

	Full time	Part time	Total in full time equivalents
Number of employees recorded in the staff register whose contract expired during the financial year	5.0	-	5.0
Breakdown by type of contract			
Contracts for an indefinite period	5.0	-	5.0
Breakdown by gender and education			
Males			
Higher non-university education	5.0	-	5.0
Breakdown by reason of termination			
Other reason	5.0	-	5.0

3. Statement of employment promotion measures

3.1 Measures comprising a financial advantage

	Number of employees concerned		Financial advantage
	Number	In full time equivalents	
Structural reduction of social security contributions	12	11.3	14
First employment	2	2.0	1

3.2 Number of staff affected by the employment promotion measures

	Number	In full time equivalents
Total for the financial year	12	11.3
Total for the previous financial year	12	12.0

Accounting policies

Principle

The accounting policies were determined in accordance with the provisions of the Royal Decree of 30 January 2001 in implementation of the Companies' Code.

Specific policies

Formation costs and cost of capital increases

The costs of formation and capital increases are capitalised and amortised over a period not exceeding 3 years.

Intangible non-current assets

Intangible non-current assets are shown in the balance sheet at acquisition cost. The cost of purchasing and installing software is depreciated annually on a straight-line basis at a rate of 33%. Depreciation is charged from the time of the installation phase.

Tangible non-current assets

Tangible non-current assets are valued at acquisition cost. Additional costs of transport and installation are also capitalised. Non-current assets on leases or similar arrangements are depreciated in the same way as tangible non-current assets in the buildings, plant, machinery and equipment, and furniture and vehicles sections.

Incomplete non-current assets not connected to the production process are included under the heading non-current assets under construction and prepayments. No depreciation is charged on assets under construction.

Depreciation charges for the financial year

	Method S (straight-line)	Basis NR (not revalued)	Depreciation rate	
			Capital min-max	Capital min-max
1. Land and buildings				
. Buildings	S	NR	5% - 5%	-
. Equipment in buildings	S	NR	5% - 10%	-
. Decoration of buildings	S	NR	10% - 10%	-
2. Plant, machinery and equipment				
. Production equipment	S	NR	12.5% - 12.5%	-
. Auxiliary equipment	S	NR	12.5% - 12.5%	-
. ERP system	S	NR	33% - 33%	-
. Office machinery	S	NR	20% - 20%	-
. Office machinery hardware	S	NR	20% - 20%	-
. Software	S	NR	33% - 33%	-
3. Vehicles				
. Production department	S	NR	20% - 20%	-
. Passenger cars	S	NR	20% - 33%	-
4. Office furniture and equipment				
. Production department	S	NR	20% - 20%	-
. Offices	S	NR	20% - 20%	-
5. Leased assets				
. Buildings	S	NR	7.7% - 7.7%	-

Financial non-current assets

The interests included under financial non-current assets are valued at acquisition cost, possibly subject to a reduction in value in the event of a permanent capital loss.

The same rule is applied to amounts receivable. For clarification: amounts receivable are subject to a reduction in value where there is uncertainty about their payment.

The interests and shares included under financial non-current assets can be revalued if the value of these assets exceeds their book value on a permanent basis.

In case of a partial disposal of participations and shares booked under financial non-current assets, the exceptional gain or loss, if any, is determined using the average acquisition value principle.

Inventories

Raw materials and consumables are valued at acquisition cost, in accordance with the 'lower-of-cost-or-market' principle, determined according to the FIFO method. Work in progress and finished goods are valued at direct production cost. The value of inventories takes account of amounts written off for slow-moving stock.

Cash investments

Own shares purchased are valued at market value at the end of the financial year. Any amounts written off are charged against profits. Cash investments are valued at their nominal value. Assets in foreign currencies are translated using the year-end rate. Amounts are written off where appropriate.

Provisions for risks and charges

Provisions are made in respect of risks and charges that at the balance sheet date are considered likely or certain but whose scope is not precisely known, taking the principles of prudence, sincerity and good faith into account.

Translation of monetary assets, liabilities, rights and commitments in foreign currencies

The general rule is that monetary assets and liabilities in foreign currencies are translated at the closing rate on the balance sheet date.
Differences on translation are treated as follows:

- Positive differences on translation arise where the closing rate is higher than the original exchange rate of the assets in foreign currencies (lower in the case of commitments).
- Negative differences on translation arise where the closing rate is lower than the original exchange rate of the assets in foreign currencies (higher in the case of commitments).

Both types of translation differences are included in the financial result.

Use of derivatives

Derivatives are used to cover interest rate and exchange rate risks. Transactions of a speculative nature are not made.

Statutory auditor's report on the statutory annual accounts

Free translation

Statutory auditor's report to the General Meeting of shareholders of Punch International nv on the financial statements for the year ended 31 December 2007

In accordance with the legal and statutory requirements, we report to you on the performance of the mandate of statutory auditor, which has been entrusted to us. This report contains our opinion on the true and fair view of the financial statements as well as the required additional statements and information.

Unqualified audit opinion on the financial statements

We have audited the financial statements for the year ended 31 December 2007, prepared in accordance with the financial reporting framework applicable in Belgium, which show a balance sheet total of 278,502,376 euros and a profit for the year of 60,821,824 euros.

Management is responsible for the preparation and the fair presentation of these financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the legal requirements and the Auditing Standards applicable in Belgium, as issued by the Institute of Registered Auditors (Institut des Reviseurs d'Entreprises / Instituut der Bedrijfsrevisoren). Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement, as to whether due to fraud or error.

In accordance with the above-mentioned auditing standards, we considered the company's accounting system, as well as its internal control procedures. We have obtained from management and the company's officials, the explanations and information necessary for executing our audit procedures. We have examined, on a test basis, the evidence supporting the amounts included in the financial statements. We have assessed the appropriateness of accounting policies and the reasonableness of the significant accounting estimates made by the company as well as the overall financial statement presentation. We believe that these procedures provide a reasonable basis for our opinion.

In our opinion, the financial statements for the year ended 31 December 2007 give a true and fair view of the company's assets and liabilities, its financial position and the results of its operations in accordance with the financial reporting framework applicable in Belgium.

Additional statements and information

The preparation of the Directors' report and its content, as well as the Company's compliance with the Company Code and its bylaws are the responsibility of management.

Our responsibility is to supplement our report with the following additional statements and information, which do not modify our audit opinion on the financial statements:

- The Directors' report includes the information required by law and is consistent with the financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the company is facing, and on its financial situation, its foreseeable evolution or the significant influence of certain facts on its future development. We can nevertheless confirm that the matters disclosed do not present any obvious inconsistencies with the information that we became aware of during the performance of our mandate.
- In accordance with article 524 of the Company Code, the company makes reference in the directors' report to a loan agreement made between a reference shareholder and the company and to the grant of profit shares to two company's directors.

  With respect to the first conflict of interests, the Board of Directors, with the exception of the chairman, has decided to accept the loan for a three-year period and to charge and capitalise a yearly interest of 5%.

  Regarding the second issue, the Board of Directors, with the exception of Mr Guido Dumarey and Mr Wim Deblauwe, has decided to grant three profit shares to Mr Guido Dumarey and two profit shares to Mr Wim Deblauwe. Both have acquired these profit shares at the price of 5,000 euros per profit share, after subscribing to a capital increase.
- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- There are no transactions undertaken or decisions taken in violation of the company's statutes or the Company Code that we have to report to you. The appropriation of results proposed to the general meeting complies with the legal and statutory provisions.

Merelbeke, 18 April 2008

BDO Atrio Réviseurs d'Entreprises Soc. Civ. SCRL
Statutory Auditor
Represented by Koen De Brabander

Endnotes

(1) CtP: Computer-to-Plate

(2) A 'full hybrid' vehicle is a vehicle with two separate powertrains. One of these systems is an electric drive, the other a conventional internal combustion engine driven by petrol or diesel. A 'mild hybrid vehicle' makes use of an integrated starter generator – an electric motor – which is mechanically connected to the conventional internal combustion engine. The electric motor acts as a starter motor when starting up and as a generator (or alternator) during normal operation of the engine, and can assist the internal combustion engine under heavy load. With a 'full hybrid' vehicle, in contrast, the full power can be supplied by the electric motor.

(3) See (2)

(4) Following the contribution, Punch Graphix nv increased its participation in Punch Graphix plc by around another 2%. On 31 December 2007, Punch Graphix nv owned 99.62% of the shares in Punch Graphix plc.

(5) History of Punch Technix nv.
Punch Technix came into being when the Dutch listed company Prolion Holding nv changed its name following the acquisition of the machine construction activities of the Punch International group.

May 2005 In May 2005 Punch International acquired 40.6% of the shares in the former Prolion, thus becoming its main shareholder. Prolion had specialised in the development and manufacture of automatic milking systems for large and medium-sized dairy farms through its operating company RMS. The outsourcing of the manufacture of RMS systems to Punch's specialist production facilities in Slovakia heralded the beginning of operational collaboration between the two groups.
October 2005 In order to create sufficient economies of scale and to benefit from operational and strategic synergies, it was proposed in October 2005 to incorporate the Punch group's machine construction activities into Prolion. This involved the production of precision metal components and the manufacture and assembly of equipment and machines for the agrifood, graphics and medical industries and various other sectors. At the time these activities were still grouped in the Slovak company Punch Professional. It was also proposed to proceed with a capital increase and to convert Punch International's receivables from Prolion into shares.
November 2005 The Extraordinary General Meeting of Shareholders of Prolion approved the proposed transaction on 14 November. On 15 November 2005 Prolion changed its name to Punch Technix. Following a reverse stock split, the Punch Technix share was listed on the Euronext stock exchange in Amsterdam (symbol: PNX).
December 2005 Punch Technix made 9.2 million euros from a successful capital increase. Punch International remained the majority shareholder, with a 70.9% holding. The result of the input, conversion and capital increase was a technologically strong group backed by a financially significant reference shareholder.

(6) The traditional offset printing process is a multi-stage process in which the image to be printed is converted from an electronic file to a film that is developed and mounted. The film is then copied onto the printing plate used in the offset printing press which prints the image onto paper or another material.

(7) Electrophotography is a photocopying process in which an image is formed by toner on an electrically charged drum. The image is transferred electrically to the substrate onto which the image is being printed - paper or another material. In the last stage of the process, the toner is melted onto the substrate for good adhesion, which is known as fusing.

(8) Inkjet printers print an image by propelling electrically charged ink onto a substrate using electromagnetic fields. The two most important inkjet printing systems are the continuous system, in which a continuous flow of ink droplets is propelled from the nozzle on the printer, and the drop-on-demand system, in which the ink droplets are sprayed onto the substrate using heat or electricity, but only at the exact moment necessary to produce the image.

(9) Substrate: umbrella term for the material on which can be printed, for example, paper, paperboard, film, polyester, plastic, etc.

(10) One-Pass-Duplex™: Xeikon's printing process allowing printing on both sides of the paper in one pass. This process guarantees a perfect front-to-back registration and considerably increases the productivity of the printing press.

(11) The Xeikon 8000, which was launched in March 2008, has a resolution of 1200 dpi.

(12) In March, in the running up to Drupa 2008, Punch Graphix launched the faster series 400 and 800.

(13) Asia including Australia and New Zealand.

(14) Berg Insight - Fleet Management and Wireless M2M, published in November 2007.

(15) Qualcomm uses satellite technology for positioning and data communication. Although this technology is very useful for tracking and tracing vehicles and containers in areas with no GPRS coverage, it is a less attractive option for data communication, as it is slower and more expensive.

(16) Also called ZF Sint-Truiden

(17) See (2)

(18) CRT is the abbreviation of Cathode Ray Tube, the technology used in traditional televisions and computer screens.

Financial calendar

In addition to the annual results, Punch International also publishes half-year figures. The expected publication dates and the date for the General Meeting of Shareholders are as follows:

Annual General Meeting	22 May 2008
Publication of half-year results 2008	29 August 2008
Publication of annual results 2008	27 February 2009

Any changes to this calendar will always be announced as swiftly as possible on the company's website (www.punchinternational.com).

Responsible editor

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Investor relations

The annual report, the results for accounting periods and other information are available in Dutch and in English from the website at www.punchinternational.com. The annual report can also be obtained from the company's head office.

The Dutch version is considered the official version. The English version is a translation without proof of evidence. Punch International nv is responsible for the translation.

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