Punch Technix N.V.

(a public company with limited liability incorporated under the laws of The Netherlands, with its corporate seat in Vijfhuizen, The Netherlands)

Offer and sale of up to 3,194,888 new Shares at the issue price of EUR 6.26 per ordinary share (Offering).

and

Contribution in kind by Punch International of its 58.31% stake in Punch Graphix to Punch Technix for 18,169,457 newly issued Punch Technix Shares at the issue price of EUR 6.26 per Share (Contribution).

Offering

The Company is offering an aggregate of 3,194,888 Offer Shares in the Offering at the Issue Price of EUR 6.26 subject to applicable securities laws and on the terms set out in this Prospectus to eligible existing holders of Shares with a nominal value of EUR 4.00 each in the capital of Punch Technix pro rata to their holdings in Shares at the Record Date excluding Punch International (hereafter referred to as Eligible Person) . Subject to applicable securities laws, Eligible Persons are being granted SETs to subscribe for the Offer Shares, in amounts pro rata to their shareholdings.

Each Share held immediately after the close of trading in Punch Technix Shares on Euronext Amsterdam N.V.'s Eurolist by Euronext (**Eurolist by Euronext Amsterdam**) at the Record Date will entitle an Eligible Person to one SET. An Eligible Person will be entitled to subscribe for 7 Offer Shares for every SET held, at an issue price of EUR 6.26 per Offer Share (the **Issue Price**). Accordingly, Eligible Persons will have the right to subscribe for 7 Offer Shares for every Share held on the Record Date. Eligible Persons may, subject to applicable securities laws, subscribe for Offer Shares through the exercise of SETs from 2 July 2007 until 17:40 hours, Central European Time, on 13 July 2007 (the **Exercise Period**).

The SETs must be exercised irrevocably and unconditionally; exercises of SETs may not be revoked or modified. The SETs are non-tradable and non-transferable. There will be no rump-offering of SETs not exercised during the Exercise Period. SETs not exercised will become void.

No action is taken to permit a public offering of the Offer Shares in any jurisdiction outside the Netherlands. SETs are being granted and Offer Shares are being offered only in the Netherlands. Potential investors in the SETs or Offer Shares 'should carefully read "Selling and Transfer Restrictions"

You may not offer, sell, pledge or otherwise transfer the Offer Shares or the SETs within the United States or to or for the account or benefit of, U.S. persons without registration under the U.S. Securities Act or pursuant to an applicable exemption from such registration.

Contribution

Punch Technix's largest shareholder, Punch, will contribute part of its shareholding in Punch Graphix, namely 58.31% of the Punch Graphix Shares, to the Company (see for further details under "Information concerning the Contribution"). For this Contribution Punch will receive 18,169,457 new Shares Punch Technix at the Issue Price of EUR 6.26 per Share.

The statutory pre-emptive rights (*wettelijke voorkeursrechten*) of holders of Punch Technix Shares have been excluded for the purpose of this Offering.

Investing in the Offer Shares involves certain risks. See "Risk Factors" beginning on page 14 of this Prospectus to read about factors you should carefully consider before investing in the Offer Shares.

Application has been made to list the Offer Shares on Eurolist by Euronext Amsterdam. It is expected that the Offer Shares will be listed, and that trading in them will commence on Eurolist by Euronext Amsterdam on 18 July 2007, barring unforeseen circumstances. It is expected that payment for and delivery of the Offer Shares will be made on or about 18 July 2007 (**Closing Date**).

This Prospectus constitutes a prospectus for the purpose of article 3 of the Directive 2003/71/EC (**Prospectus Directive**) and has been prepared in accordance with article 5:2 of the Dutch Financial Supervision Act (*Wet op het Financieel Toezicht*; WFT). This Prospectus has been filed with and approved by the Netherlands Authority for the Financial Markets (AFM).

Listing Agent

Petercam Bank N.V.

The date of this Prospectus is 27 June 2007

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I SUMMARY

This section constitutes the summary of the essential characteristics and risks associated with the Company, its Shares, and of the Transaction. This summary should be read as an introduction to this Prospectus and any decision to invest in Offer Shares should be based on a consideration of this Prospectus as a whole, including the information disclosed in chapter II "Risk Factors" and all appendices to this Prospectus. This summary does not provide a complete overview and does not contain all the information that you should consider in connection with any decision relating to the Offer Shares.

Civil liability will attach to the Company in any state party to the European Economic Area (an "EEA State") in respect of this summary, only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Should a claim relating to information contained in this Prospectus be brought before a court in an EEA State under the national legislation of the EEA State where the claim is brought, the plaintiff may, under the national legislation of the state where the claim is brought, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.

A Introduction

The Supervisory Board and Management Board of Punch Technix and the board of Punch proposed on 26 June 2007 to issue 18,169,457 new shares at the Issue Price to Punch against transfer of its 60,000,000 shares Punch Graphix, representing 58.31% of the share capital of Punch Graphix (the Contribution). In addition the Supervisory Board and Management Board of Punch Technix and the management board of Punch have agreed that Punch Technix will acquire the remaining stake in Punch Graphix held by Punch (representing 38.21% of the share capital of Punch Graphix) for a cash consideration of EUR 74,538,027 financed by a current account from Punch immediately after completion of the Contribution. As a result the Company will acquire all shares of Punch Graphix held by Punch representing 96.52% of the share capital at the date of this Prospectus. Subsequently the activities of Punch Graphix will become an important part of Punch Technix post completion of these transactions.

Punch Graphix is an AIM (London) listed technology group focused on providing innovative, competitive and environmentally friendly imaging and printing solutions for the global graphics industry.

The Eligible Persons are invited to participate in the transaction at the same issue price as Punch for a maximum amount of EUR 20,000,000 to be subscribed by these shareholders and subject to applicable securities laws. This will provide them the opportunity, within the restrictions set forth herein, to limit their dilution as result of the Contribution.

B Information concerning the Issuer

History and development of the Issuer

Punch Technix designs, develops and produces equipment and machines for major suppliers in the agro-food industry, the graphics industry, the medical sector and various other sectors. Punch Technix was originated from the reverse acquisition of Punch Professional by Prolion in December 2005. The combined activities of Punch Professional and Prolion were subsequently named Punch Technix.

Prolion was created in 1990 by the management buy out from Greenland N.V. the agriculture division of the Thyssen Bornemisza Group. Prolion developed, produced and sold automated milking machines to dairy farmers around the world.

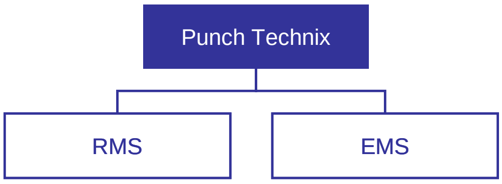
Punch Professional was part of Punch International until December 2005. Punch Professional specialised in the assembly of components, semi finished and finished products primarily for the printing industry.

Punch Technix is listed on Eurolist by Euronext Amsterdam since 4 July 1997.

Business overview

Punch Technix comprises two operational and commercial business units being Robot Milking Solutions (RMS) and Equipment Manufacturing Solutions (EMS).

Exhibit 1 - Punch Technix commercial and operational structure (before the Transaction):



Source: Punch Technix

EMS

Punch Technix's EMS division supplies integrated services in the field of electronic and mechanical assembly of printed-circuit boards (PCBs), the production of precision metal components, and the production and assembly of equipment and machines to the various sectors in which it is active.

RMS

Under the name RMS, Punch Technix designs, produces and markets Automatic Milking Systems (AMS) for large and medium-sized dairy farms. RMS milking systems are multibox systems: using a single milking robot it is possible to milk several cows at once.

Eligible Persons should be aware that the Company signed a letter of intent with WestfaliaSurge GmbH dated 21 June 2007 relating to a potential cooperation in respect of the activities of the RMS division. More details of this letter of intent are provided in appendix III of this Prospectus.

Strategy

Punch Technix has set itself the goal to create shareholder value by implementing an ambitious growth strategy in those sectors where, on the one hand, its expertise in the area of product development and mechanical engineering and, on the other, its experience with reorganisations, can be used to optimum effect.

Recent developments

Please find below an overview of recent developments since publication of the 2006 annual report:

- RMS division: currently the RMS division lacks suffcient critical mass to turn the AMS activities into profit. On 21 June 2007 the Company signed a letter of intent with WestfaliaSurge GmbH relating to a potential cooperation in respect of the RMS activities. More details of this letter of intent are provided in appendix III. In addition, within the RMS organization, supporting staff activities like finance are being centralized on group level.
- Production: the Company is currently working on the rationalisation of its production facilities in order to reduce the operational costs and improve the flexibility and quality of operations;

C Information concerning the Transaction

The Transaction consists of the combination of the Offering and the Contribution.

Information concerning the Offering

The Company is offering up to 3,194,888 new Shares with a nominal value of EUR 4.00 each (the "**Offer Shares**"). The Offer Shares are being offered to eligible existing shareholders, excluding Punch, at an issue price of EUR 6.26 per Offer Share (the "**Issue Price**"), subject to applicable securities laws and on the terms set out in this Prospectus. Such offering is referred to in this Prospectus as the "Offering".

For such purpose, and subject to applicable securities laws, the existing shareholders as of the Record Date (as defined below) who are also Eligible Persons as defined below are being granted non-transferable subscription entitlements ("**SETs**") that will entitle them to subscribe for the Offer Shares at the Issue Price. The SETs must be exercised irrevocably and unconditionally; exercises of SETs may not be revoked or modified.

A summary of the Offering is set forth below.

Issuer	Punch Technix N.V.
Shares outstanding as of the date of this Prospectus	4,591,764
Number of Offer Shares to be issued in the Offering	3,194,888
Shares outstanding after issue of the Offer Shares and Contribution	25,956,109
Free Float	Prior to the Offering the free float of the Shares is approximately 37.2% with the balance of the remaining ordinary shares held by Punch.
Listing	Shares of Punch Technix are listed on Eurolist by Euronext Amsterdam under the symbol "PNX". Application has been made for a listing of the Offer Shares on Eurolist by Euronext Amsterdam. Listing and trading of the Offer Shares on Eurolist by Euronext Amsterdam is expected to commence on or about on 09:00 hours (Central European Time) on 18 July 2007
Offering	The Offering comprises up to 3,194,888 new Shares, with a nominal value of EUR 4.00 each, which are being offered as described in this Prospectus. The Offer Shares will be created under Dutch law.
Issue Price	EUR 6.26 per Offer Share
Gross Proceeds of the Offering	Up to EUR 20,000,000

SETs	Eligible Persons will receive one subscription entitlement (“SET”) for each share held by them on the Record Date. SETs will not be granted in respect of shares held by the Company in its own capital. Each SET will entitle the Eligible Person to subscribe for 7 Offer Shares at the issue price of EUR 6.26 per share. Accordingly, 7 Offer Shares may be subscribed for every share held on the Record Date. SETs will be non-transferable and non-tradable.
Record Date	Immediately after the close of trading in Shares on Eurolist by Euronext Amsterdam at 17:40 hours, Central European Time, on 28 June 2007 until the close of trading in Shares on Eurolist by Euronext Amsterdam on the Record Date, the Shares have traded with SETs. As from 29 June 2007, Shares will trade ex-SETs.
Exercise of SETs	Eligible holders of SETs may subscribe for Offer Shares by exercising their SETs during the period starting on 2 July 2007 and ending at 17:40 (Amsterdam time) on 13 July 2007 (the "SET exercise period"). The last date and/or time before which notification of exercise instructions must be given may be earlier, depending on the financial institution where the SETs are held. Once you have validly exercised your SETs, you may not revoke or modify that exercise unless the Company amends a material term of the Offering or amends this Prospectus in any material respect. If you have not exercised your SETs before the end of the SET exercise period, you will no longer be able to exercise your SETs.
Method of subscription	If you are an Eligible Person, the financial institution through which you hold your existing shares in the share capital will customarily inform you of the number of SETs you are entitled to. If you wish to exercise your SETs, you should instruct the financial institution where you hold your SETs in accordance with the instructions received from it. Your financial institution will be responsible for informing the Listing Agent of any exercise. See "Chapter XII. Details of the and admission to trading.".
Pre-emptive rights	The statutory pre-emptive rights of holders of Shares have been excluded with respect to the Offering.
Unexercised SETs	The SETs which are not exercised by the end of the SET exercise period, for any reason, will become void.
Allotment of Offer Shares	If the number of shares subscribed for in the Offering exceeds 3,194,888, allotment will take place based on a pro rata of the number of shares subscribed for (e.g. if 6,389,776 shares are subscribed for, all Eligible Persons will be allotted 50% of their subscription). If the number of shares subscribed for in the Offering is equal or less than 3,194,888 all shares subscribed for by Eligible Persons in the Offering will be allotted to those Eligible Persons.
Allotment date	Allotment of the Offer Shares is expected to take place on 17 July 2007.

Payment Date	Payment for and delivery of the Offer Shares is expected to take place on 18 July 2007.
Listing	Petercam Bank N.V. is the Listing Agent for the Offer Shares.
Risk Factors	See "Risk Factors" beginning on page 14 of this Prospectus about factors you should carefully consider before investing in the Offer Shares.
Fairness opinion	Petercam has been requested by the Supervisory Board and Management Board to render its opinion with respect to the fairness, from a financial point of view, of the price at which the Company will acquire Punch Graphix Shares currently owned by Punch and the consideration paid therefore. The full text of this opinion is set out in the appendix II to this Prospectus beginning on page 167.
Codes for Shares (including the Offer Shares)	ISIN: NL 0000378768 Common code: 001138436 Security code: 37876 Eurolist by Euronext Amsterdam symbol: PNX NA
Ranking and dividends	The Offer Shares will, upon issue, rank equally in all respects with currently outstanding Shares and will be eligible for any dividends which the Company may declare on the Shares in the future. See "Dividends and Dividend Policy."
Delivery	Delivery of Offer Shares will take place through a book entry in the systems of Euroclear Nederland, Euroclear and Clearstream
Selling and transfer restrictions	If you exercise the SETs to obtain Offer Shares, you will be deemed to have made a number of representations and warranties to the Company, the Listing Agent and any person acting on behalf of the Company, unless such requirement is waived by them. These representations and warranties are listed on page 144 of this Prospectus.
Voting Rights	Each Share entitles the holder to cast 400 votes.
Use of Proceeds	The net proceeds of the Offering, representing the gross proceeds of up to EUR 20 million less expenses and commissions and applicable taxes (if any), are expected to be approximately EUR 19.3 million. The net proceeds will be used for general corporate purposes to fund the existing operations. See "Use of Proceeds".
Dividend and dividend policy	The Company did not declare any dividend over the past three years. The current dividend policy provides that the Company will declare dividend once the profitability of the Company has significantly improved and the Company has sufficient financial resources.

Investing in the Offer Shares involves certain risks. See "Risk Factors" beginning on page 14 of this Prospectus to read about factors you should carefully consider before investing in the Offer Shares.

Information concerning the Contribution

Punch will transfer 58,31% of all issued and outstanding shares in the capital of Punch Graphix (the Punch Graphix Shares) as a contribution in kind to the capital of the Company, and following such contribution receive 18,169,457 new shares in the capital of the Company at the Issue Price of EUR 6.26 per Share. The statutory pre-emptive rights (*voorkeursrechten*) of holders of Shares are excluded with respect to the share issuance following such contribution in kind in accordance with the Articles of Association of the Company.

At the date of this Prospectus, Punch holds 96.52% of all issued and outstanding shares in the capital of Punch Graphix. In addition to the Contribution, Punch will sell the remainder of 38.21% of the Punch Graphix Shares (39,319,942 Punch Graphix Shares) to the Company for a cash consideration of EUR 74,538,027. This cash consideration will be financed through a current account with Punch. The current account has to be paid back ultimately within 5 years from the settlement date. Interests are at market rate (6-months EURIBOR + 1.75%) and are accrued until full repayment. Following completion of the Transaction the Company will thus own 96.52% of the issued and outstanding shares of Punch Graphix. Petercam has rendered an opinion with respect to the fairness, from a financial point of view, of the price at which the Company will acquire Punch Graphix Shares and the consideration paid therefore.

Controlling shareholder

Punch is the main shareholder of Punch Technix. At the date of this Prospectus, Punch holds 2,881,873 Shares which equals 62.76% of the total capital of the Company.

D Rationale of the Transaction

The combination of the machine construction activities of Punch Technix with the activities of Punch Graphix in the development, production and distribution of graphical equipment for prepress and high-end digital colour printing systems creates a vertically integrated technology group that draws together the production and distribution of graphic systems.

It is expected that, as a result of this integration, a strong and profitable technology group is created, supported by a controlling shareholder with a clear strategy for value creation. The proposed operation and the resulting combination of complementary activities (research and development, procurement and administrative services) within one group could also lead to significant economies of scale for Punch Technix.

E Selected consolidated financial data

Following are selected consolidated financial data as of and for the twelve months ended 31 December 2006, 31 December 2005 and 31 December 2004. The selected consolidated financial data should be read in conjunction with the section titled "Operating and Financial Review" and the financial statements and the related notes thereto included in this Prospectus.

The financial statements from which the selected consolidated financial data for the twelve months ended 31 December 2006, 31 December 2005 and 31 December 2004 set forth below have been derived were prepared in accordance with IFRS. The financial information in this section has been derived from the consolidated financial information in chapter VIII, paragraph C.

In order to prevent any ambiguity, the selected financial data relates to the audited financial data of Punch Technix as at 31 December. The Transaction takes place after 31 December 2006. Consequently, this section contains only financial data relating to Punch Technix before the activities of Punch Graphix were acquired. The pro forma figures relating to Punch Technix after the Transaction are contained in the section "Pro Forma Financial Information" of which the key items are mentioned below.

The selected consolidated financial data set forth below may not contain all of the information that is important to you.

Profit and loss statement Punch Technix:

EUR m	**2006**	**2005**	**2004**
Sales	35.5	2.3	0.0
Gross margin	14.4	1.1	-
EBITDA	-3.0	-0.4	0.0
Operating result (EBIT)	-4.2	-0.6	0.0
Result before tax	-4.3	-0.6	0.0
Net result	-3.0	-0.6	0.0

The table above shows the evolution of the principal key figures of the profit & loss statement. Please refer to chapter VIII "Operating and Financial Review" for interpreting these figures.

Balance sheet Punch Technix:

EUR m	**2006**	**2005**	**2004**
Non current assets	32.0	28.9	0
Cash	0.9	4.1	0
Other current assets	20.1	11.3	0
Total assets	53.0	44.3	0
Equity	28.6	30.7	0
Provisions	4.1	4.5	0
Financial debts	7.6	0.5	0
Other debts	12.7	8.6	0
Total equity and liabilities	53.0	44.3	0

Please find below the key items of the pro forma consolidated financials giving effect to the Transaction and Acquisition per 31 December 2006. The pro forma financials should be read in conjunction with the sections of the Prospectus entitled "Operating and Financial Review" and "Pro Forma Financial Information".

In EUR k per 31 December 2006	**Punch Technix**	**Capital increase (Contribution)**	**Current account (Acquisition)**	**Punch Graphix**	**Adjustments**	**Minorities**	**Consolidation**
Balance sheet							
Non current assets	31,958	113,741	74,538	89,495	-104,614	3,017	208,135
Current assets	21,028	19,300		130,653			170,981
TOTAL ASSETS	**52,986**	**133,041**	**74,538**	**220,148**	**-104,614**	**3,017**	**379,116**
Equity	28,632	133,041		108,386	-104,614	3,017	168,462
Non current liabilities	4,659		74,538	47,604			126,801
Current liabilities	19,695			64,158			83,853
TOTAL LIABILITIES	**52,986**	**133,041**	**74,538**	**220,148**	**-104,614**	**3,017**	**379,116**
Profit and Loss statement							
Sales	35,465			164,439			199,904
Revenues	35,022			173,340			208,362
EBIT	-4,229			22,482			18,253
Profit before tax	-4,251			21,212			16,961
Net Result	**-2,976**			**16,002**			**13,026**
Key ratios							
Net Financial debt (NFD)	6,649			14,203			75,890

F Risk Factors

Before investing in the Offer Shares, prospective investors should consider carefully, together with the other information contained in this Prospectus, the risk factors relating to an investment in the Offer Shares described in "Risk Factors", including risks relating to the following items:

Dependence on key executives and personnel, controlling shareholders, acquisitions, additional capital requirement to fund ongoing operations, the Company is subject to various legal proceedings, strategic combination is not fully utilised yet, limited set-up of the accounting system, tight liquidity position and net asset base, tax affairs of foreign companies, compensable losses, transfer pricing, corporate tax, filing of annual accounts, currency risks, provisions, negative results and cash flow coming from RMS, market developments, reduction in end users' spending limit, Europe and reduction of subsidies, possible animal diseases, limited confidence in former Prolion, changed business model and strategy, service contracts, uncertain results regarding new product TITAN, uncertainty regarding the outcome of planned reorganisations, valuation of stock, start-up and quality problems, product liability and other legal procedures, violation of patents, increasing competition, dependence on a limited number of customers, commercial printing is a cyclical business, the inability to innovate could seriously impact the future performance, international customer base, intellectual property and patent protection, dependence on key suppliers, minority interest in subsidiary undertakings, pro forma financials are for illustrative purposes only, integration of Punch Graphix, share price may decline below the Issue Price, SETs not exercised become void, limited free float and in the future the Company might seek additional equity funding..

More details relating to the risk factors listed above can be found in chapter II *Risk Factors*

G Additional information

Corporate Information

Punch Technix is a public company with limited liability (*naamloze vennootschap met beperkte aansprakelijkheid*) incorporated and operating under the laws of The Netherlands with its corporate seat in Vijfhuizen, The Netherlands. The Company was incorporated in 1990. The trade register registration number is 34100253 0000. The current business address is Kromme Spieringweg 289 b, 2141BS Vijfhuizen, the Netherlands. The telephone number of the Company is +31 23 558 9050. Punch Technix operates under the commercial name Punch Technix.

Available Information

Copies of this Prospectus may be obtained at no cost by sending a request in writing or email to the Company or to the Listing Agent. See "Additional Information, Documents on Display". In addition, eligible investors may obtain copies of this Prospectus through the website of Euronext Amsterdam at http://www.euronext.com.

II RISK FACTORS

Before investing in the Offer Shares, prospective investors should consider carefully the following risks and uncertainties in addition to the other information presented in this Prospectus. If any of the following risks actually occurs, the business, results of operations, financial condition or prospects could be materially adversely affected. In that event, the value of the Offer Shares could decline, and you may lose part or all of your investment. The risks and uncertainties described below are those that the Company believes are material, but these risks and uncertainties are not the only ones they face. Additional risks and uncertainties not presently known or that currently deem immaterial may also have a material adverse effect on the business, results of operations, financial condition or prospects of Punch Technix and could negatively affect the price of the Offer Shares.

Prospective investors should carefully review the entire Prospectus and should reach their own views and decisions on the merits and risks of investing in the Offer Shares in light of their own personal circumstances. Furthermore, investors should consult their financial, legal and tax advisors to carefully review the risks associated with an investment in the Offer Shares.

A Risks Related to Punch Technix

Dependence on key executives and personnel

Punch Technix future success is substantially dependent on the continued services and performance of its current executive management and senior management, the integration of the management and personnel of Punch Graphix and its ability to continue to attract and retain highly skilled and qualified personnel. The Company cannot give assurances that members of the senior management team and the executive directors will continue to remain within the Company. The loss of the services of the executive directors, members of senior management and other key employees could damage the business of the Company.

Controlling shareholder

Prior to the Transaction Punch held 2,881,873 Shares Punch Technix, which represents 62.76% per cent of the share capital. After the Transaction Punch will hold 21,051,330 Shares representing 81.10 per cent of the share capital (considering a subscription of EUR 20.0 million of the Offering by minority shareholders). As such, Punch is regarded as a controlling shareholder of Punch Technix. Although the Management Board is satisfied that the Company is capable of carrying on its business independently of Punch, and that all transactions and relationships between the Company and Punch are and will continue to be at arm’s length and on an ordinary commercial basis, Punch interests may conflict with the interests of other Shareholders.

Acquisitions

The Company may engage in future acquisitions that could dilute Shareholders’ equity. The Company has pursued, and will continue to pursue, growth opportunities through internal development and may expand its operations through the acquisition of complementary businesses, products and technologies. The Management Board is unable to predict whether or when any prospective acquisition, if pursued, will be completed. The process of integrating an acquired business may be prolonged due to unforeseen difficulties and may require a disproportionate amount of the Company’s resources and management’s attention. The Company cannot assure Shareholders that they will be able to successfully identify suitable acquisition candidates, complete acquisitions, integrate acquired businesses into its operations, or expand into new markets. Furthermore, once integrated, acquisitions may not achieve comparable levels of revenues, profitability or productivity as existing business or otherwise perform as expected. The occurrence of any of these events could harm the Company’s business, financial condition or results of operations. Future acquisitions may require substantial capital resources, which may require Punch Technix to seek additional debt or equity financing. Future acquisitions by Punch Technix could result in the following, any of which could seriously harm the results of operations or the share price:

- Issuance of equity securities that would dilute Shareholders' percentage of ownership;
- Large one-time write-offs;
- The incurrence of debt and contingent liabilities;
- Difficulties in the assimilation and integration of operations, personnel, technologies, products and information systems of the acquired companies;
- Diversion of management's attention from other business concerns;
- Contractual disputes;
- Risks of entering geographic and business markets in which the Company has no or only limited prior experience; and
- Potential loss of key employees of acquired organizations.

Additional capital requirements to fund ongoing operations

The Company believes that based on the current business plan and expected growth, the estimated net proceeds of the Offering , together with the Company's existing assets and the assets of Punch Graphix, the anticipated debt capacity and future cash flow will be sufficient to fund Punch Technix operations for the foreseeable future. However, if the Company's working capital needs exceed current expectations, then it may need to raise additional capital from equity or debt sources. Further equity financing may be dilutive to existing Shareholders or result in the issuance of securities whose rights, preference and privileges are senior to those of the owners of Shares. If any such future funding requirements are met through additional debt financing, the Company may be required to adhere to covenants restricting its future operational and financial activities. If the Company is unable to secure additional funds when needed or cannot do so on terms it finds acceptable, the Company may be unable to expand its operations, take full advantage of future commercial opportunities or respond adequately to competitive pressures, any of which may have an adverse effect on its business and results of operations.

The Company is subject to various legal proceedings

The Company is involved in routine litigation from time to time in the ordinary course of business. In addition the Company has also have been involved in proceeding with regards to Bou-Matic, of which more details are provided in chapter XIV, paragraph K "overview of claims, legal and arbitration proceedings faced by Punch Technix" . This legal proceeding could impact the financial position of the Company if it is convicted.

Strategic combination not fully utilised yet

As described in chapter VII, paragraph A Punch Technix is the result of a combination of the activities of Punch Professional and Prolion in December 2005. The strategy of Punch Technix has not been able to prove itself fully yet as a result of which planned synergies have not materialized yet. In addition the future success of the Company heavily depends on the successful integration of Punch Graphix activities.

Limited set-up of the Accounting System

The set-up of the Accounting System (AS) of Punch Technix is limited and needs to be improved. In the past few years, the Management has devoted a lot of attention to the AS but the actions taken have to continue to bear fruit, certainly considering the Transaction which will add to the complexity of the Company. There is a risk that because the AS is limited, the Management will be given information which is insufficient and/or incomplete.

The AS could be professionalized very quickly in connection with the proposed transaction, as Punch Graphix has a complete and professional AS which has proven itself to be efficient.

Tight liquidity position and net asset basis

Punch Technix has to cope with a tight liquidity position. The Company wants the Transaction to offer a solution to this situation. It is possible that the above-mentioned measures will be insufficient, in the light of the use of proceeds from the Public Issue and the uncertainties regarding future business operations.

The Management is predicting a significant rise in sales and improved margins on AMS in the future. Taking into account the current sales pattern and the order portfolio, and taking into account the start-up problems with the Titan milking system, it remains uncertain as to whether this increase in sales and margins can be achieved. If the preset budgets are found to be unrealistic, the tight liquidity position could affect the Company's potential for growth although this will be significantly limited once the Transaction and Acquisition have been completed.

Tax affairs of foreign companies

Punch Technix has a number of foreign group companies. The Company has declared that there are no relevant points of attention relating to tax in connection with the foreign group companies although the possibility of there being tax risks in respect of the foreign group companies which could be detrimental to Punch Technix cannot be ruled out.

Corporation tax: compensable losses

The compensable losses of Punch Technix amounted to EUR 47,6 million per year-end 2005. As a result of internal reorganizations carried out over the past years, which could reduce the level of compensable losses significantly, the size of the tax losses within Punch Technix are uncertain. Based on legal provisions, compensable losses can be lost as a result of significant changes in shareholdings or it is possible that they will not all be able to be consumed. The tax authorities have confirmed that, based on information provided by Punch Technix, neither the change in shareholders which took place during the first half of 2005 or the change in shareholders as described in this Prospectus will result in the loss of existing compensable losses if, apart from that, the other usual conditions are met.

Corporation tax: Transfer pricing

In 2003, Punch Technix set up a protocol for group companies establishing the transfer prices for intercompany supplies and/or services and the calculation of intercompany interest. The mark-up for intercompany supplies is specified in this protocol, the research & development and the holding costs are determined on an annual basis and the interest rate to be used for intercompany loans is agreed. The possibility that the tax authorities with the relevant jurisdiction may make different or additional corrections cannot be ruled out.

Corporation tax: Position according to the law on onus of proof

With regards to the account of the financial year 2002/2003, the position in respect of onus of proof is significantly worse ("reversed onus of proof") as a result of the late submission of the tax return.

Filing of the annual accounts

In the last few years, the Company (and a number of its group companies) has not complied with its legal obligation to file its annual accounts on time which could lead to penalties being imposed and to the directors being suspected of having been to blame in the event of insolvency. Since then, the Company has complied with the obligation to file its annual accounts (admittedly not in good time) except for the subsidiaries RMS Benelux B.V. and RMS International B.V.

Currency risks

The Company is subject to currency risks as a substantial part of the costs need to be paid in Slovak Koruny while sales transactions are effected in Euros. The currency risk with regard to Slovak Koruny can be covered quite easily by means of forward contracts or currency options. Management objectives include covering risks in general and specifically those in connection with currency risks. Therefore currency risks are a possibility. At the moment, no risk containment contracts have been concluded (yet).

Provisions

There is a possibility that insufficient pension provisions have been made as it has not been established that the pension insurance policies are sufficient to cover the pension commitments of the Company.

B Risks Related to the commercial activities of Punch Technix

The risks related to the business of Punch Technix can be classified in two categories: risk related to the activities of the division Equipment Manufacturing Solutions (EMS) and risk related to the activities of the Robot Milking Solutions (RMS) division. Although the relative importance of the activities of RMS and EMS will significantly dilute as a result of the Transaction, the risks related to both business units should be read carefully.

C Risks related to the activities of RMS

Negative results and cash flows coming from RMS

In the recent past, Punch Technix has realized extremely negative results and cash flows with its RMS division. This could lead to Punch Technix also having a monthly net cash requirement in order to finance its RMS activities in the future. It is uncertain what effects any additional restructuring measures would have on the results and cash flows of RMS within Punch Technix.

Market developments

The market in which RMS operates is characterized by technological developments, increasing requirements for integral chain management, professionalisation and scaling-up and margin pressure. The size of Punch Technix's RMS activities compared to some competitors in this market is possibly a disadvantage. This could have negative consequences for the development of sales and the results of the Company.

Reduction in end users' spending limits

The sales of AMS supplied by RMS is sensitive to developments in dairy farmers' spending and finance limits. Sales can fluctuate as a result of developments in the price of milk, cyclical developments and animal diseases amongst other things. These factors could have negative consequences for the development of sales and the results of RMS.

Projections drawn up in the past regarding the rate of acceptance for automatic milking have proven to be incorrect. In view of the current market situation, it is difficult to get hold of reliable information relating to the rate of acceptance for AMS at the moment. The rate of acceptance for automatic milking could have a significant influence on the development of sales and the results of RMS.

Europe and the reduction of subsidies

Changes in the European agricultural policy and agreements within the World Trade Organization (WTO) may affect the income development of dairy farmers which could affect the possibilities for selling capital goods, such as the automatic milking system, in the agrarian sector. Important changes in policy, and even talks to discuss important changes in policy, could lead to dairy farmers becoming cautious about purchasing capital goods. Likewise, if subsidies are phased out in the countries where products are sold then this could give rise to risks. This could have negative consequences for the development of sales and results of RMS.

Possible animal diseases

Animal diseases can impose considerable restrictions on the possibilities for selling and installing AMSs. In addition, animal diseases, resulting in uncertainty among dairy farmers, can lead to farmers becoming cautious about purchasing capital goods. Measures which are taken to combat animal diseases or prevent them from spreading can lead to an increase in the costs involved in servicing, maintaining and installing AMSs. If RMS is unable to pass on some or all of these increased costs to its customers, this could have negative consequences for the results of the Company.

Limited confidence in the former Prolion

As a result of the bankruptcy of Prolion Sales B.V. in February 2002 and the bankruptcy of DZK B.V. in December 2004, the institution of insolvency proceedings and the bankruptcy of several other subsidiaries as well as the publicity linked to this, confidence in Prolion (now Punch Technix) has dropped. Despite the results of the reorganization and its stable and financially strong shareholder Punch, the lack of confidence is being fuelled by the media and various parties within the market. This has lead to unclear situations and a lack of confidence among cattle farmers, investors and analysts. The reduced confidence in Prolion (now Punch Technix) could also lead to the Company losing sales in the future. Although the Company is aware of these possible consequences and is devoting a lot of attention to restore confidence, no assurances can be given as to when or to what extent this confidence can be regained. Regaining peoples' confidence is important for sales and thus also for the results of the Company.

Changed business model and strategy

In July 2004, RMS sold its conventional activities to Bou-Matic. RMS is now concentrating solely on the development, production, assembly and selling of AMSs and on patent protection. RMS has also set up a direct sales, distribution and service model. RMS will control AMS activities from a central location. Part of this strategy has not proven itself yet. If the business model and the strategy do not deliver the results expected, this may have negative consequences for the results of the Company. RMS has taken action with a view to expanding its sales capacity by adding additional sales channels as well as distributors and dealers. Part of this strategy has not proven itself yet.

Service contracts

RMS has concluded service contracts for maintaining milking robots installed with a large number of its customers. These customers are spread throughout Europe. Service activities are currently making a loss because in most regions, RMS is not big enough to have a cost-effective service model. If RMS is no longer able to provide the service to its customers (due to a tight liquidity position, for example), this could lead to customers making claims for compensation and to its reputation being put at risk.

Uncertain result regarding new product TITAN

The new TITAN product was introduced in September 2005. The Company's plans predict higher gross margins and higher volumes of sales than for the older AMS systems. However, these have not been realized yet so it is still uncertain as to whether the introduction has been a success, which could have negative consequences for the results of the Company in the future.

Uncertainty regarding the outcome of planned reorganisation

Efforts are continuing in connection with the reorganization of the sales and production functions. It is still uncertain as to what the ultimate result of this reorganization will be. Because of this, it is possible that not all the expected cost reductions will be achieved which could have negative consequences for the results of the Company.

Valuation of stock

The life of the automatic milking robots is limited by technological innovation. As a result, it is possible for stocks to become unmarketable. Over the last three financial years and also during the past year, considerable write-offs and provisions for unmarketability were made. The introduction of new products could lead to parts no longer being sold for old robots as a result of which some of the old stock will prove to be unmarketable. There is a possibility that further write-downs could take place. Stock which is not easily marketable will also put additional pressure on the results of the Company.

Start-up and quality problems

The introduction of the new TITAN product was delayed due to start-up and quality problems with the Titan milking systems. In addition, a number of Titan installations were delayed in 2006. Quality problems could have a negative effect on future sales figures and could bring higher service and maintenance costs. In the meantime, various actions have been taken to improve the quality. A lot of the quality-related problems have been solved. Some quality improvements are still to be realized; as a result, it is uncertain as to whether sales have been successful which could have negative consequences for the future results of the Company.

Product liability and other legal procedures

The risk of product liability is associated with the activities of RMS. In addition, products which do not work properly could lead to high service and maintenance costs which cannot be passed on to the end-user.

If the products supplied by RMS do not work properly, the customer can invoke the warranty clauses which RMS has included in its terms and conditions of sale. Since the year 2000, damages are insured under the terms of the insurance policy up to a maximum of EUR 5,000,000 per event per annum. In addition, damage caused to third parties is insured up to a maximum of EUR 5,000,000 per event for each year of the policy. It is the policy of the Company to ensure that it has sufficient product liability insurance. No assurance can be given that the cover provided under the current insurance policy is sufficient to cover possible product liability claims or other types of liability. It is also uncertain as to whether it will be possible to take out insurance under acceptable terms in the future. In addition, the Company can be held liable for failing to deliver in respect of supplying its products, even if the failure has been caused by a third party. A successful claim based on product liability or otherwise could have a negative effect on the results. In addition, objecting to such claims could involve considerable costs and management time. The Company has made provisions with regard to ongoing procedures based on the current estimated financial risks but the possibility of the actual exposure being greater cannot be ruled out. Please refer to chapter XIV, paragraph K for further information on legal procedures.

Violation of patents

RMS is heavily dependent on the technology it develops for its milking robot activities. This technology is protected by patents. It is impossible to predict whether, in the future, the protection provided by these patents will be sufficient. This depends on complex legal and factual matters. With a view to the future, Punch Technix is also unable to guarantee that:

- the inventions made by RMS, for which pending patent applications have been submitted, do not already exist;
- RMS is the first to have submitted patent applications for these inventions;
- the patent applications submitted by RMS will result in patents actually being granted;
- the protection granted to these new patents will be sufficient;
- RMS will be able to develop new patentable technologies which can further support the commercial objectives of RMS;
- third parties will not develop and register patentable technologies which will have a detrimental effect on the milking robot activities of RMS. This could then lead to the following, for example:

- RMS violating a third party's patent and having to pay damages as a result;
- RMS being forced to apply for a license which may not be granted by a third party or only granted under unreasonably onerous terms;
- RMS having to stop carrying out activities which it has developed as they have been patented by a third party.

D Risks related to the activities of EMS

Increasing competition

EMS is primarily involved in contracting in assembly and production activities. These activities are labor-intensive. Therefore wage costs are an important element in the cost price of the services offered. Mechanical engineering activities require a high level of knowledge while fitting components to PCBs is less knowledge-intensive. Competitors from low-labor countries (including China) could have the advantage with the assembly of electronic components as labor costs are lower than in Slovakia.

It is also true that more and more customers of EMS are moving their own production operations to Asia. There is a risk that these customers will move the activities which they currently contract out to EMS to Asia.

It can generally be said that the increasing competition from lower-labor countries is putting pressure on sales and margins which could have negative consequences for the results of EMS.

Slovakia is also a growth region within Europe as a result of which wage inflation could increase even more. If the Company is unable to pass on some or all of these increased costs to its customers, this could have negative consequences for the results of the Company and this could possibly affect the competitive position of Punch Technix.

Dependence on a limited number of customers

EMS has a limited number of customers with whom long-term contracts have been concluded (3-5 years). Despite the conclusion of long-term contracts, in practice it appears that these contracts can be terminated relatively easily without having to pay break-up fees which is common to the supply industry. The loss of one or more customers could possibly have significant consequences for the profitability of the EMS division.

E Risks Related to the commercial activities of Punch Graphix

Please find below the risk related to the activities of Punch Graphix. The Contribution and Acquisition will have a considerable impact on the activities of Punch Technix after completion of the Transaction given the relative size of activities of Punch Graphix to the current activities of the Company. As such all risks related to the activities Punch Graphix listed below also imply risks for Punch Technix after the Transaction and therefore should be read carefully.

Commercial printing is a cyclical business

Commercial printing is a cyclical business because marketing expenses are often slashed when the economy slows down. 67% of Punch Graphix sales relates to the digital printing market an economic downturn can seriously impact the performance of Punch Graphix as a whole.

The inability to innovate could seriously impact the future performance of Punch Graphix

Punch Graphix is involved in complex technologies and faces rivals with important resources. Therefore, in order to keep on designing and developing competitive products, substantial R&D amounts need to be committed every year. The performance of Punch Graphix can seriously be impacted if the company is not able to successfully introduce new products in the coming years.

International customer base

Punch Graphics generates a significant part of its revenues from customers in Europe, North America and Asia Pacific. Punch Graphix expect that sales will continue to be made across a number of geographical regions for the foreseeable future. As a result, the occurrence of any negative international political, economic or geographical events could result in significant revenue shortfalls. These shortfalls could cause the business of Punch Graphix to be harmed. Some of the risks of doing business internationally include:

- unexpected changes in regulatory environments;
- imposition of tariffs and other barriers and restrictions;
- burdens of complying with a variety of foreign laws;
- political and economic instability ; and
- changes in diplomatic and trade relationships.

Exchange rate fluctuations may negatively affect the financial performance of Punch Graphix

As a consequence of the international nature of Punch Graphix' business, it is exposed to risks associated with changes in foreign currency exchange rates. This may result in gains or losses with respect to movements in exchange rates which may be material and may also cause fluctuations in reported financial information that are not necessarily related to the operating results.

Intellectual property and patent protection

Punch Graphix' success will depend in part on its ability to secure and maintain patent protection and copyright for its products and processes, to preserve its trade secrets and to operate without infringing the proprietary rights of third parties. No assurance can be given that any pending patent applications or any future patent applications will result in granted patents, that the scope of any copyright or patent protection will exclude competitors or provide competitive advantages to the Group, that any of the Group's patents will be held valid if challenged or that third parties will not claim rights in or ownership of the copyright, patents and other proprietary rights held by the Group. Xeikon has not, in relation to a number of patents which were assigned by Xeikon N.V. to Xeikon, registered such patents with all of the relevant patent offices. As product development continues, Punch Graphix and as a result of the may be subject to claims in relation to infringement of patents, trademarks or other proprietary rights. Adverse judgments against the Punch Graphix may give rise to significant liability in monetary damages, legal fees and an inability to manufacture, market or sell products either at all or in particular territories using existing trademarks and/or particular technology. Where Punch Graphix has given assurances to customers that its products do not infringe proprietary rights of third parties, any such infringement might also expose Punch Graphix to liabilities to those customers. Even claims without merit could deter customers and have a detrimental effect on business of Punch Graphix as well as being costly and time consuming to defend. Further, there can be no assurance that others have not developed or will not develop similar products, duplicate any of the Punch Graphix products or design around any patents held by Punch Graphix. Others may hold or receive patents which contain claims having a scope that covers products developed by Punch Graphix (whether or not patents are issued to the Punch Graphix). Punch Graphix relies on copyright to protect, amongst other things, the software used in its products. These rights act only to prevent a competitor from copying software and not to prevent a competitor from independently developing works that perform the same functions. Similarly, to some extent Punch Graphix relies upon unpatented trade secrets to protect its proprietary technology. No assurance can be given that others will not independently develop or otherwise acquire substantial equivalent techniques or otherwise gain access to Punch Graphix' un-patented proprietary technology or disclose such technology or that Punch Graphix can ultimately protect meaningful rights to such un-patented proprietary technology.

Dependence on key contracts

A significant proportion of Strobbe's revenue (Strobbe is part of Punch Graphix) is derived from sales to Agfa. As such, Strobbe would lose the majority of its current revenues if Agfa were to decide to discontinue its trading relationship in the future. The partnership agreement contains a restatement of a right of first refusal. The right relates to a right of first refusal granted to Agfa on all transactions in the share structure of Strobbe. In the event that the Punch Graphix wishes to dispose of some or all of the shares in Strobbe, Agfa may elect to exercise such pre-emptive right.

Dependence on key suppliers

Due to the non-standardized nature of Punch Graphix products, there are risks associated with the reliance on Punch Technix current suppliers. In the event that alternative suppliers are required it may take some time before an appropriate replacement supplier is found. The Digital Micromirror Device and optical lenses central to the operation of BasysPrint machines are currently manufactured only by Texas Instruments and Linos Photonics respectively. A failure in the supply of either product is likely to pose a significant threat to BasysPrint.

Minority interests in subsidiary undertakings

Interests in less than 50 per cent of the issued share capital of each of Xeikon Deutschland GmbH, Xeikon Italia srl and Xeikon Nordic Oyj are held by local management. Such shareholders have not entered into any shareholders' agreement with any member of Punch Graphix and none of the minority shareholders has granted a right of first refusal to any member of Punch Graphix in relation to their shares. Punch Graphix cannot assure Shareholders that a minority shareholder will not dispose of its shares in a subsidiary undertaking to a third party or a competitor.

F Risks related to the Transaction

The pro forma financial statements included in this Prospectus are presented for illustrative purposes only and may not be an indication of the financial condition or results of operations following the Transaction and Acquisition.

The pro forma financial statements contained in this Prospectus are presented for illustrative purposes only and may not be an indication of the financial condition or results of operations following the Transaction and Acquisition for several reasons. The pro forma financial statements have been derived from the historical financial statements of Punch Technix as well as those of Punch Graphix and certain adjustments and assumptions have been made regarding the combined operations after giving effect to the Transaction and Acquisition. The information upon which these adjustments and assumptions have been made is preliminary, and these kinds of adjustments and assumptions are difficult to make with complete accuracy. Moreover, the pro forma financial statements does not reflect all costs and potential synergies that are expected to be incurred by Punch Technix in connection with the Transaction and Acquisition. As a result, the actual financial condition and results of operations following the Transaction may not be consistent with, or evident from, these pro forma financial statements.

The assumptions used in preparing the pro forma financial information may not prove to be accurate, and other factors may affect the financial condition or results of operations following the Transaction and Acquisition. Any potential decline in the financial condition or results of operations may cause significant variations in the stock price.

Failure to successfully and efficiently integrate Punch Graphix into Punch Technix may adversely affect the operations and financial condition of the combined entity.

The Transaction and Acquisition may be costly and risky and may not be successfully or efficiently integrated with the operations of Punch Technix. Challenges that Punch Technix faces in integrating the activities of Punch Graphix into the operations include, amongst others:

- Difficulties in integrating the activities of Punch Graphix into current management and reporting structure;

- The possibility that Punch Technix will be unable to retain key staff members and clients from Punch Graphix;
- The potential disruption of ongoing business and the strain placed on management, administrative, operational and financial resources;
- Maintenance of appropriate standards, controls, procedures and policies;
- The failure to discover liabilities for which Punch Technix may be responsible as a successor owner or operator;
- Diversion of management's attention away from other business concerns;
- The possibility that the activities of Punch Graphix may not achieve the levels of revenue, profitability or productivity expected; and
- The possibility that the Company may not achieve the synergies that it anticipated to achieve.

The Company may not be able to overcome these or other challenges and the Transaction and Acquisition may therefore have a negative effect on the business, future prospects, financial condition and results of operations.

The share price may decline below the Issue Price

The market price of Shares at the time of the Offering may not be indicative of the market price for Shares after such offerings are completed. Factors other than the financial and operational results of the Company that may affect the price of Shares include but are not limited to:

- Changes in estimates of the financial performance by securities analysts;
- Conditions or trends in the sectors or the regions in which the Company operates;
- Announcements by the Company or competitors relating to significant mergers and/or acquisitions, strategic alliances, joint ventures or their termination, or of sales of interests in subsidiaries or joint ventures, or of the exchange of assets and activities; and
- Sales of Shares by any of the shareholders especially as the level of trading in the Shares is limited.

The Company cannot assure that the market prices of Shares will not decline below the Issue Price. Should this occur after exercising SETs, the exercise of which cannot be revoked or modified, immediate unrealised loss will be suffered as a result. Moreover, the Company cannot assure that, following the exercise of SETs, Shareholders will be able to sell shares at a price equal to or greater than the Issue Price.

In the last period, the share price was extremely volatile. Even after the Public Issue, there is a risk that the share price will continue to be volatile. Most of the factors influencing this process lie outside the sphere of influence of the Company. These factors include market conditions, the sentiment of shareholders, the withdrawal of reference shareholders at the end of the lock-up period, etc.

Shareholders who do not properly exercise their SETs by the end of the Exercise Period, will not be able to exercise those SETs and may not receive any compensation for them.

The Exercise Period for the SETs will commence on 2 July 2007 and expires at 13 July 2007, Central European time, on 17:40. Eligible Persons and, if applicable, financial intermediaries acting on their behalf, must act promptly to ensure that all required exercise instructions and certificates are actually received by the Listing Agent before the expiration of the Exercise Period. If you are an Eligible Person and you or your securities intermediary fail to correctly follow the procedures that apply to the exercise of your SETs, the Company may, depending on the circumstances, reject your exercise of SETs. For additional information, see "The Offering."

The Company has a limited free float which may have an adverse effect on the liquidity, marketability and/or value of the Offer Shares.

Prior to the Transaction Punch holds an aggregate of 2,881,873 of Shares, representing 62.76% of the outstanding Shares. As a result of the Transaction 18,169,457 new Shares will be issued to Punch. Subsequently Punch will own 21,051,330 Shares representing 81.1% of the outstanding ordinary shares (assuming that 3,194,888 Offer Shares will be subscribed for by Eligible Persons). Consequently, the free float of Shares is limited and the liquidity and marketability of Shares is thereby decreased.

The Company may in the future seek to issue additional equity securities, which would cause holders of Shares to face the risk that their holding in the Company will be diluted.

Punch Technix may seek to raise funds in the future through equity offerings, which could cause dilution for existing shareholders. The sale of newly-issued Shares could have a negative impact on the trading price of Shares and could increase the volatility in the trading price of Shares.

III IMPORTANT INFORMATION / CERTAIN NOTICES TO SHAREHOLDERS

You are expressly advised that an investment in the Offer Shares entails certain risks and that you should therefore carefully review the entire contents of this Prospectus.

A General

This Prospectus is being made available by Punch Technix N.V. You should rely only on the information contained in this Prospectus and any supplement hereto. No person is authorised to give any information or to make any representation not contained in this Prospectus in connection with the Offering. You must not rely upon any information or representation as having been authorised by the Company or on behalf of the Company or on behalf of the Listing Agent or their affiliates or selling agents, if such information or representation is not contained in this Prospectus, in connection with the Offering.

Punch Technix accepts responsibility for the information contained in this Prospectus. To the best of its knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import. Potential investors should not assume that the information in this Prospectus is accurate as of any other date than the date of its publication.

This Prospectus does not constitute an offer by, or an invitation by or on behalf of, the Company or any affiliate or representative to purchase Offer Shares, or an offer to sell, or the solicitation of an offer to buy, Offer Shares by any person in any jurisdiction where such action would be illegal. The distribution of this Prospectus, the grant of SETs, and the offer or sale of Offer Shares is restricted by law in certain jurisdictions. This Prospectus may only be used where it is legal to grant SETs and offer, solicit offers to purchase or sell Offer Shares. The Company requires persons who obtain this Prospectus to inform themselves about and to observe all such restrictions.

No action has been or will be taken to permit the grant of SETs or the offer or sale of Offer Shares (pursuant to the exercise of SETs or otherwise), or the possession or distribution of this Prospectus or any other material in relation to the Offering in any jurisdiction outside The Netherlands where action may be required for such purpose. Accordingly, neither this document, nor any advertisement or any other related material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations.

Non-Dutch shareholders and any persons (including, without limitation, nominees, custodians and trustees) who have a contractual or legal obligation to forward this document to a jurisdiction outside The Netherlands carefully should read the section entitled "Selling and Transfer Restrictions".

Once you have exercised your SETs, you cannot revoke or modify that exercise, except as otherwise provided in this Prospectus. You cannot exercise your SETs after 17:40 hours Central European Time on 13 July 2007. At that time, any unexercised SETs will continue to be reflected in your securities account for the purpose of the distribution of any possible Unexercised SETs Payments. See "The Offering".

This Prospectus will be published in English only.

"We", "us", "our" and similar terms refer to Punch Technix N.V. and, as the context requires, any or all or none of its subsidiaries and joint ventures, but in any event does not refer to Punch and its subsidiaries.

B Forward-Looking Statements

This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including without limitation, those regarding the business model, the financial position, business strategy, plans and objectives of management for future operations, are forward-looking statements. The Company has based these forward-looking statements on current expectations and projections about future events, including numerous assumptions regarding present and future business strategies, operations, and the environment in which the Company will operate in the future. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "ambition", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "plan", "seek" or "continue" or negative forms or variations of similar terminology. Such forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors related to Punch Technix. Actual results may differ materially from those expressed in these forward-looking statements. Given these risks, uncertainties, and assumptions, you are cautioned not to put undue reliance on any forward-looking statements. In addition, the inclusion of such forward-looking statements should under no circumstances be regarded as a representation by Punch Technix that it will achieve any results set out in such statement or that the underlying assumptions used will in fact be the case. Other than as required by applicable law or the applicable rules of any exchange on which the securities may be listed, the Company has no intention or obligation to update forward-looking statements after distribution of this Prospectus.

The financial information contained in this Prospectus includes the historical financial information of the Company over the past three years (i.e. 2006, 2005 and 2004 per year-end) as published in its annual reports. This Prospectus also includes a pro forma consolidation giving effect to the Contribution and Acquisition. This Prospectus explicitly does not include any financial forecasts or financial estimates of the Company.

Market data and other statistical information used throughout this Prospectus are based on a number of sources, including independent industry publications, government publications, reports by market research firms or other published independent sources. Some data are also based on good faith estimates, which are derived in part from review of internal surveys, as well as the independent sources listed above. Although the Company believes these sources are reliable it has not independently verified the information and cannot guarantee its accuracy and completeness.

C Documents available for review

The annual reports of Punch Technix over the years 2005 and 2006 and the annual report of Prolion for the financial year 2004/2005, the Articles of Association of the Company, and the annual report of Punch Graphix over the years 2004, 2005 and 2006 are available for review for prospective investors. A copy of the annual reports of Punch Technix and the Articles of Association (in Dutch) can be downloaded from its website: www.punchtechnix.com, a copy of the annual reports of Punch Graphix can be downloaded from its website: www.punchgraphix.com. No documents or information, including the content of the website (www.punchtechnix.com) or of websites accessible from hyperlinks on the website, form part of, or are incorporated by reference into, this Prospectus.

D Persons responsible

Responsible for this Prospectus

Punch Technix accepts responsibility for the information contained in this Prospectus. To the best of its knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import. Potential investors should not assume that the information in this Prospectus is accurate as of any other date than the date of its publication.

Responsible for the Fairness Opinion

Petercam Bank N.V., De Lairessestraat 180, 1075 HM Amsterdam with its corporate seat in Amsterdam the Netherlands is solely responsible for the Fairness Opinion incorporated in appendix II of this Prospectus and confirms that, after having made reasonable enquiries to guarantee such and to the best of its knowledge, the information contained in appendix II is true and accurate in all material respect and that no information has been omitted which would make any statement in this Prospectus misleading in any material respect. Petercam accepts responsibility for the Fairness Opinion and the accuracy and completeness of the information contained in appendix II.

The Fairness Opinion in appendix II is included, in the form and context in which it is included, with the consent of Petercam Bank N.V. The Fairness Opinion in appendix II has been accurately reproduced and as far as the Company is aware and is able to ascertain from information published by Petercam Bank N.V. no facts have been omitted which could render the reproduced information inaccurate or misleading. The Fairness Opinion has been sourced from Petercam Bank N.V.

Responsible for auditing the financial information

BDO CampsObers Audit & Assurance B.V. Krijgsman 9, 1186 DM Amstelveen with its corporate seat in Amstelveen the Netherlands is, as auditor of the Company, responsible for the audit of the financial information contained in chapter VIII, paragraph C "Consolidated accounts 2004-2006"

Chapter VIII paragraph C, "Consolidated accounts 2004-2006" includes the audit reports by the Auditor for the years 2004, 2005 and 2006. For 2005 and 2006 this concerns the financial statements included in the annual reports of the company. For 2004 this concerns a financial summary. Chapter XI "Pro forma financial information", paragraph E includes the audit report on the pro forma financials. The audit reports in chapter VIII and chapter XI are included, in the form and context in which it is included, with the consent of the Auditor. The audit reports have been accurately reproduced and as far as the Company is aware and is able to ascertain from information published by the Auditor no facts have been omitted which could render the reproduced information inaccurate or misleading. The audit reports included in these chapters are sourced from the Auditor of the Company.

IV DEFINITIONS

The following definitions will be used throughout this Prospectus:

The Acquisition	The acquisition from Punch of 39,319,942 Punch Graphix Shares representing 38.21% of the share capital. The acquisition will be financed by a current account from Punch. The current account has to be paid back ultimately within 5 years from the settlement date. Interests are at 6-months EURIBOR + 1.75%.
AFM	Dutch authority for the supervision of financial markets (*Autoriteit Financiële Markten*).
Allotment of Shares	The Allotment of the Offer Shares.
Allotment Date	The date on which the allotment is expected to take place: 17 July 2007.
AMS	Automated Milking Systems.
Articles of Association	The articles of association of the Company.
BDO, the Auditor	The auditor of the Company, BDO CampsObers Audit & Assurance B.V. with its corporate seat in Amstelveen, the Netherlands (the Auditor).
Closing Date	Date on which payment for and delivery of the Offer Shares will be made.
The Company, the Issuer or Punch Technix	Punch Technix N.V. and/or its activities as the context requires.
Contribution	The issuance of 18,169,457 new Punch Technix shares at the Issue Price to Punch against transfer of 60,000,000 Punch Graphix Shares (representing 58.31% of the share capital of Punch Graphix) owned by Punch.
EGM	Extraordinary General Meeting.
Eligible Persons	Existing holders of Shares in the capital of the Company as at the Record Date excluding Punch.
EMS	Equipment Manufacturing Solutions, a business unit of Punch Technix.
Euronext	Euronext Amsterdam N.V.
Exercise Period	The period during which the SETs can be exercised: 2 July 2007 – 13 July 2007, 17:40 hrs. CET.
Fairness Opinion	Fairness opinion issued by Petercam Bank N.V. with respect to the fairness, from a financial point of view, of the price at which the Company will acquire Punch Graphix Shares currently owned by Punch and the consideration paid therefore.
General Meeting	The general meeting of Shareholders of the Company.

Issue Price	EUR 6.26 i.e. the price against which the new shares will be issued in relation to the Transaction. The Issue Price has been determined as the average closing prices over the period starting from 11 June 2007 to 22 June 2007.
Listing Agent	Petercam Bank N.V.
Management	The senior management of Punch Technix including its Management Board.
Management Board	The management board of Punch Technix N.V.
Offer Share(s)	Each of the 3,194,888 new shares in the capital of the Company with a nominal value of EUR 4.00 each.
Offering	The Offering of SETs as set out in this Prospectus.
Priority	The body of the Company formed by the holders of the Priority Shares with voting rights.
Priority Foundation	The foundation under Dutch law "*Stichting Prioriteit Prolion*"'.
Priority shares	The priority shares in the capital of the Company with a nominal value of EUR 0.01 each.
Prolion	Former Punch Technix until November 2005. In December 2005 Punch Technix acquired Punch Professional and since then the former activities of Prolion are included in the business unit RMS.
Prospectus	This document, containingthe terms and conditions of the Offering.
Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council, and includes any relevant implementing measure in each Relevant Member State.
Punch or Punch International	Punch International N.V., a Euronext Brussels listed company and controlling shareholder of both Punch Technix and Punch Graphix.
Punch Graphix	Punch Graphix Plc. and its activities.
Punch Graphix Shares	The ordinary issued and outstanding shares in the capital of Punch Graphix held by Punch.
Punch Group	Punch including all its subsidiaries.
Punch Professional	A company acquired by Punch Technix (through a reverse acquisition) in December 2005. Currently representing the activities of the Equipment Manufacturing Solutions (EMS) division.
Record Date	28 June 2007.

RMS	Robot Milking Solutions, a business unit of Punch Technix.
SETs	Subscription entitlements that entitle Eligible Persons to subscribe for Offer Shares.
Shareholder	A holder of Shares on the Record Date.
Shares	*The bearer or registered shares of the Company with a nominal value of EUR 4.00 each.*
Subscription period	The period of the Offering, starting on 2 July 2007 and ending on 13 July 2007.
Supervisory Board	The board of supervisory directors (*raad van commissarissen*) of the Company.
Transaction	The Contribution and Offering collectively.

V INFORMATION ON THE TRANSACTION

This chapter provides the key information regarding the conduct of the Transaction and the identification of important dates relating to that Transaction.

A The Offering

The Company is offering an aggregate of 3,194,888 Offer Shares in the Offering. Subject to applicable securities laws, Eligible Persons are being granted SETs to subscribe for the Offer Shares, in amounts pro rata to their shareholdings.

Each Share held immediately after the close of trading in Punch Technix Shares on Euronext Amsterdam at the Record Date will entitle an Eligible Person to one SET. An Eligible Person will be entitled to subscribe for 7 Offer Shares for every SET held, at an issue price of EUR 6.26 per Offer Share (the **Issue Price**). Accordingly, Eligible Persons will have the right to subscribe for 7 Offer Shares for every Share held on the Record Date. Eligible Persons may subscribe for Offer Shares through the exercise of SETs from 2 July 2007 until 17:40 hours, Central European Time, on 13 July 2007 (the **Exercise Period**).

The SETs are non-tradable and non-transferable. Any and all SETs not exercised by the expiry of the Exercise Period will lapse and the Eligible Person whose SETs have lapsed according to the previous sentence will not be entitled to any compensation following such lapse. If you are an Eligible Person and you have not validly exercised your SETs by the end of the Exercise Period, you will no longer be able to exercise those SETs. Once you have exercised your SETs, you cannot revoke or modify that exercise.

After the Exercise Period for the SETs has expired, any Offer Shares not subscribed and paid for through the exercise of SETs will not be available for subscription in a private or public placement (no rump offering).

A detailed description of the Offering, dates, times, exercise of SETs, payment and delivery of Offer Shares is included herein beginning on page 138 of this Prospectus.

The Company may adjust the dates, times and periods given in the timetable and throughout this Prospectus. If the Company should decide to adjust dates, times or periods, the Company will notify Euronext Amsterdam and inform you through publication in a Dutch national newspaper and in the Daily Official List (*Officieele Prijscourant*) of Euronext Amsterdam.

The statutory pre-emptive rights (*voorkeurrechten*) of holders of Shares are excluded with respect to the Offering in accordance with the Articles of Association..

The cash amount that may be contributed by minority shareholders of Punch Technix to Punch Technix in exchange for Offer Shares shall be capped at an aggregate amount of EUR 20,000,000 (twenty million Euros). Therefore, the number of Offer Shares that Eligible Persons other than Punch may subscribe for is limited to an amount that is equal to EUR 20,000,000 divided by the Issue Price.

B The Contribution

Punch Technix's largest shareholder, Punch, will make a contribution in kind to Punch Technix. Punch will contribute part of its shareholding in Punch Graphix, namely 58.31% (i.e. 60,000,000) of the Punch Graphix Shares, to the Company. For this Contribution Punch will receive 18,169,457 new shares Punch Technix at the Issue Price of EUR 6.26 per Share.

The Contribution in kind consisting of 58.31% of the Punch Graphix Shares, the value and the conditions of such contribution are set out in a description of the non cash contribution (*"beschrijving")* prepared by the Management Board. BDO as independent auditor will issue an auditors' report in respect of the description of the non cash contribution, with the purpose of stating that the value of the contribution in kind (at least) equals the aggregate Issue Price of the Offer Shares to be issued to Punch (*"tenminste verklaring"*).

Further, Petercam was requested by the Company to issue a Fairness Opinion. A copy of the Fairness Opinion issued on 22 June 2007 is included herein on page 167 of this Prospectus.

C Selling and transfer restrictions

The Company is not taking any action outside the Netherlands to permit the exercise of SETs by the general public. The Company urges you to carefully read the restrictions described under "Selling and Transfer Restrictions." The Company reserves the right, with sole and absolute discretion, to treat as invalid any subscription or purported subscription which appears to have been executed, effected or dispatched in a manner that may involve a breach or violation of the laws of any jurisdiction or if the Company believes that the same may violate applicable legal or regulatory requirements or may be inconsistent with the procedures and terms set out in this Prospectus or in breach of the representations and warranties to be made by an accepting holder, as described herein.

D Method and expected timetable

Timetable

The table below lists certain expected key dates for the Offering. All times referred to below are Central European Time (CET).

Record date	Immediately after the close of trading in Shares on Eurolist by Euronext Amsterdam at 17:40 hours, on 28 June 2007. Until the close of trading in Shares on Eurolist by Euronext Amsterdam on the Record Date, the Shares have traded with SETs. As from 29 June 2007, Shares will trade ex-SETs.
Exercise Period Commences	Eligible holders of SETs may subscribe for Offer Shares by exercising their SETs starting on 2 July 2007
End of Exercise Period	The Exercise Period ends on 13 July 2007 at 17:40 (Amsterdam time).
Expected allotment of Offer Shares	Allotment of the Offer Shares is expected to take place on 17 July 2007.
Listing of, and start of trading in, the Offer Shares on Eurolist by Euronext Amsterdam	The Offer Shares will be listed on Eurolist by Euronext on 18 July 2007 bearing unforeseen circumstances.
Payment for and delivery of the Offer Shares	Payment for and delivery of the Offer Shares is expected to take place on 18 July 2007.

Allotment of Offer Shares	If the number of shares subscribed for in the Offering exceeds 3,194,888 allotment will take place based on a pro rata of the number of shares subscribed for (e.g. if 6,389,776 shares are subscribed for all Eligible Persons will be allotted 50% of their subscription). If the number of shares subscribed for in the offering is equal or less then 3,194,888 all shares subscribed for by Eligible Persons in the Offering will be allotted to those Eligible Persons.
Publication of results of the Offering	The result of the Offering will be published on 18 July 2007 on the Company's website, in a press release, the daily official list and a national newspaper.
Method of subscription	If you are an Eligible Person, the financial institution through which you hold your existing shares in the share capital will customarily inform you of the number of SETs you are entitled to. If you wish to exercise your SETs, you should instruct the financial institution where you hold your SETs in accordance with the instructions received from it. Your financial institution will be responsible for informing the Listing Agent of any exercise. See "Chapter XII. Details of the offer and admission to trading". Shareholders who do not hold shares via an affiliated institution of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. (Euroclear Nederland) or a financial institution should read "Chapter XII. Details of the offer and admission to trading".

VI KEY INFORMATION

This chapter provides the key items of the Company's capitalisation and indebtedness.

A Selected financial data

The selected financial data in this chapter relates to financial data of Punch Technix as at 31 March 2007. Please note that the Transaction took place after 31 March 2007, as such this section contains only financial data relating to Punch Technix before the activities of Punch Graphix have been contributed. The pro forma figures relating to Punch Technix after the Transaction are contained in the section pro forma financials. Chapter VIII *Operating and Financial Review* provides the historical consolidated financials of the Company per year end 2004, 2005 and 2006.

B Capitalisation and indebtedness

The table below shows the unaudited consolidated capitalisation as at 31 March 2007. This information has been prepared for illustrative purposes only, and because of its nature addresses a hypothetical situation and therefore does not represent the actual consolidated capitalisation at and for the three months ended 31 March 2007. This capitalisation table has not been audited or reviewed by the Auditor. This table should be read in conjunction with the section titled "Operating and Financial Review" and the Company's historical financial statements and the related notes thereto which can be found in chapter VIII

Market capitalisation

The stock value of Punch Technix on 31 March was EUR 32,142,348.

Market capitalisation (in EUR)	31 March 2007
Number of shares	4,591,764
Closing price on March 29th 2007	7.00
Market capitalisation	32,142,348

Group equity

The group equity of Punch Technix at 31 March was EUR 26,809,000.

Equity (EUR k)	31 March 2007
Capital	18,366
Reserves	4,663
Reverse acquisition reserve	7,629
Translation differences	950
Accumulated loss	-4,799
Group equity	26,809

Debt position

The total debt position of Punch Technix at 31 March 2007 was EUR 575,000.

Long term debt (EUR k)	31 March 2007
Credit institutions	169
Leasing	406
Total	575

The leasing is mainly financing investments in machinery. The debt in credit institutions is used to finance vehicles.

Short term debt (EUR k)	31 March 2007
Credit institutions	5,738
Creditors	7,897
VAT and Social debt	699
Current account with Punch Donghwa Ltd.	250
Current Account with Punch International	2,988
Rabobank	515
Other debt	2,859
Total	20,946

VII INFORMATION ON THE COMPANY

This chapter provides information about the Company's business operations, the products it makes or the services it provides, and the factors which affect the business. Information regarding the adequacy and suitability of the Company's properties, plant and equipment, as well as its plans for future capacity increases or decreases is also provided.

A History and development of the Company

Punch Technix designs, develops and produces equipment and machines for leading suppliers in the agro-food industry and the graphics industry and various other sectors. Punch Technix originates from the reverse acquisition of Punch Professional by Prolion in December 2005. The combined activities of Punch Professional and Prolion were subsequently named Punch Technix.

Prolion was created in 1990 by the management buy out from Greenland N.V., the agriculture division of the Thyssen Bornemisza group. Prolion developed, produced and sold automated milking machines to dairy farmers around the world.

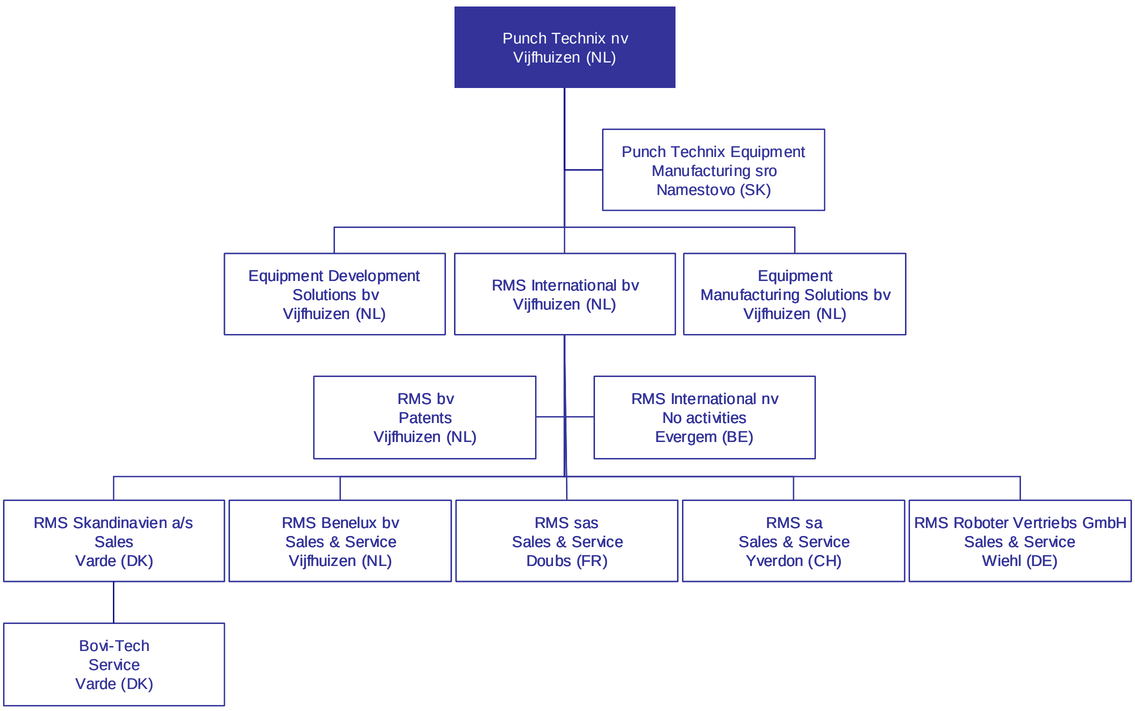
Punch Professional was founded in March 2004 and was part of Punch International (listed on Eurolist by Euronext Brussels) until it was acquired by Prolion in December 2005. Punch Professional specialised in the assembly of components, semi finished and finished products primarily for the printing industry.

Punch Technix is listed on Euronext Amsterdam since 4 July 1997.

B Legal structure of the Company

Exhibit 2 shows the current legal structure of the Company.

Exhibit 2 - Legal structure of the Company



Source: Punch Technix annual report 2006

Please find below an overview of the subsidiaries of the Company, a short description of the activities of these subsidiaries and an overview of the shareholding of Punch Technix in these subsidiaries over the past three years (at year-end).

Exhibit 3 - Overview of subsidiaries of Punch Technix

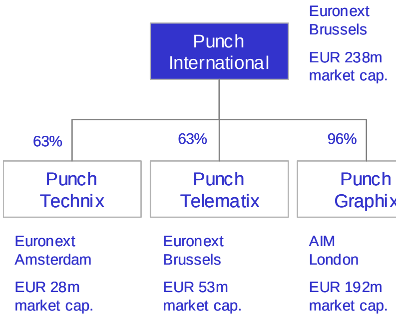
Company	Location	Activities	2004	2005	2006
Punch Technix	Vijfhuizen (The Netherlands)	Holding structure	-	100%	100%
Punch Technix Equipment Manufacturing & co	Namestovo (Slovakia)	Equipment manufacturing activities in Slovakia	100%	100%	100%
RMS International bv	Vijfhuizen (The Netherlands)	Sub-holding structure of RMS division	-	100%	100%
RMS Benelux bv	Vijfhuizen (The Netherlands)	Sales and service organisation for the Netherlands	-	100%	100%
RMS bv (former Prolion)	Haarlemmermeer (The Netherlands)	Company holding patents related to RMS division	-	100%	100%
Equipment Development Solutions bv (former RMS Technology bv)	Haarlemmermeer (The Netherlands)	Company holding research and development activities for Punch Technix and RMS division	-	100%	100%
Equipment Manufacturing Solutions bv	Vijfhuizen (The Netherlands)	Sub-holding structure and sales organisation for equipment manufacturing solutions	-	-	100%
RMS Scandinavia A/S	Varde (Denmark)	Sales and service organisation for Scandinavia	-	100%	100%
Bovi-Tech	Varde (Denmark)	Company, holding the former service activities for Scandinavia. Activities have been moved to RMS Scandinavia A/S	-	50%	100%
RMS International nv	Evergem (Belgium)	Company which held the former production and assembly activities for the RMS division. After move of production to Slovakia in 2006, this company is now empty and without activities	-	100%	100%
RMS Roboter Vertriebs GmbH	Wiehl (Germany)	Sales and service organisation for Germany	-	100%	100%
RMS Suisse sa	Yverdon-les-Bains (Switserland)	Sales and service organisation for Switzerland	-	100%	100%
RMS sas	Doubs (France)	Sales and service organisation for France	-	60%	100%

Punch International

Punch Technix is a group company of Punch International (Punch). Punch currently owns 62.76% of Punch Technix.

Punch produces mechanical components and continuously variable transmissions for passenger cars and complex metal and plastic components for the automotive industry. Punch also holds 96.52% of the shares of Punch Graphix of which the activities are described in paragraph D of this Chapter and 63% of Punch Telematix, a Euronext Brussels listed company offering a full range of solutions through which businesses can manage their mobile resources (vehicles, people and goods) and integrate them efficiently into their business processes.

Exhibit 4 - Group structure Punch International

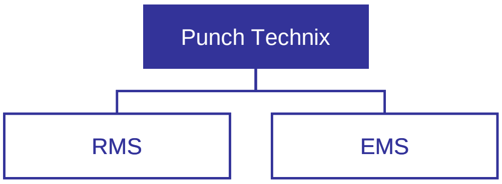


Note: market cap. per 14 June 2007

C Business overview

Punch Technix currently comprises two operational and commercial business units being Robot Milking Solutions (RMS) and Equipment Manufacturing Solutions (EMS).

Exhibit 5 - Punch Technix current commercial and operational structure:



Source: Punch Technix

Please find a description of the activities per business unit below.

Robot Milking Solutions (RMS)

History and development

RMS coordinates the activities connected to the milking robot systems. These activities have arisen from a management buyout in 1990 from Greenland N.V., the agricultural division of the Thyssen Bornemisza Group.

In the early years, the business model used was limited to product development, patent protection, quality control and support, to which production, assembly and distribution of automatic and conventional milking systems were added in 2002.

RMS pioneered the introduction of automatic milking systems in 1995. In order to be able to cover the high costs required to effect a fast introduction on the commercial market, on 4 July 1997, Punch Technix decided to float itself on the NMAX in Amsterdam. The market reacted extremely cautiously and various increases in capital had to be made in order to ensure that RMS could continue to operate. Various restructuring measures were carried out within the Company which was making a loss. In 2004, the conventional milking systems activities were sold to Bou-Matic and since then RMS focuses solely on Automated Milking Systems (AMS).

Overview of business activities

RMS develops and commercialises automatic milking systems for medium-sized and large dairy farms. RMS focuses solely on multibox systems. These are automatic milking systems where several cows can be milked at the same time, using just one milking robot. The RMS milking system also has a detailed management system which manages and records all the relevant information on each cow.

The RMS milking system has two designs: the existing ZenithPro system and the TITAN. TITAN was launched on 6 September 2005. The first installations of TITAN systems started in December 2005. Currently RMS does not sell its Zenith Pro systems anymore.

There are four versions of the RMS TITAN with 2, 3, 4 and 5 boxes, thus enabling the system to grow in line with the requirements of the dairy farmer. Each box is a milking position. The 5-box version is the largest capacity milking system in the world.

Research and product development (R&D)

In the past, Punch Technix has continuously invested in developing and protecting the technology connected with AMS, in particular the multibox system. This has produced an experienced R&D team and a considerable product and patent portfolio. In order to retain this complete multifunctional team and utilise surplus capacity efficiently, it was decided that the R&D department at RMS would be made into a stand-alone division, namely “Equipment Development Solutions”, which will carry out development work for RMS as well as engineering work for third parties.

Production

The TITAN is produced in Slovakia. This enables RMS to benefit from the low wage costs and realise higher margins.

Geographical market

RMS is particularly active on the European market. The direct sales organisation comprises 14 sales representatives, and is spread over more than seven countries: the Benelux countries, Denmark, Sweden, Germany, France and Switzerland. In the Czech Republic, Italy and Japan, the Company works with partners. It will be using partners to tap into new geographical markets during the course of 2006. New indirect sales channels will be added to the organisation.

Services

RMS delivers permanent support from a specialised service organisation. The service organisation carries out preventive maintenance, rectifies faults and installs new systems. In locations where RMS carries out direct sales, it has its own service organisation or operates via joint ventures. In the Czech Republic, Italy and Japan, the service is provided by partners.

The competitive position of RMS is mainly determined by its multi-box milking robot, R&D capacity, its patent portfolio, its production capacity in Slovakia (with a favourable labour cost structure) and its many years of experience in the automatic milking systems market.

Market

The dairy farming market in Europe can roughly be divided into three segments:

	Class 1	**Class 2**	**Class 3**
Type of dairy farm	Mixed operation Small operations	Family-run operations	Large professional operations
Milk production	< 460 tons	600 tons (1 FTE) 1m tons (2 FTEs)	> 1m tons, with personnel
Number of cows	< 70	70-120	> 120
Share of the market	60%	35%	5%
Trend	Decreasing	Stable/growth	Growth

RMS has aimed and positioned the TITAN at Class 2 and Class 3 operations in view of the trends in European dairy farming today listed below:

- the drop in the number of dairy farms as a result of the introduction of the quota system, the drop in the price of milk and environmental legislation which has brought the need for ever-increasing investments amongst other things;
- the increase in the amount of milk produced by each farm as a result of scaling-up;
- the decreasing agrarian working population partly due to the increasing demand for 'quality of life'; and
- the increasing demand for milk products.

To date, the level of penetration achieved by automatic milking systems is very low. According to the Management, it amounts to less than 5% of the number of dairy farms.

The following competitors are currently active on the market:

Manufacturer	Characteristics
Lely Astronaut	Systems installed - approximately 3,600 Single-box system Direct and indirect sales/service Strong IPR position
DeLaval VMS	Systems installed - approximately 1,800 Single-box system Sales via dealers/service partly centralized Market leader for conventional milking systems
Fullwood Merlin	Systems installed - approximately 150 Single-box system Licence from Lely Sales and service via dealers
Insentec Galaxy	Systems installed - approximately 120 Multibox system (1-2 boxes) Direct sales/service and via partners

By comparison, the information relating to RMS is as follows:

RMS	Systems installed - approximately 300 (approximately 700 boxes) Multibox system (2-5 boxes, average 2.5) Direct sales/direct service Strong IPR position

Strategy

RMS has set itself the goal of achieving the number two position in the Class 2 segment of the dairy farming market (RMS is currently number three in this market), and of becoming number one in the Class 3 segment (RMS is currently number two in this market).

To do this, the number of milking systems sold needs to be increased. RMS believes that it can realise this by:

- offering the unique multibox principle;
- increasing confidence in the company;
- commercialising the new TITAN milking robot;
- entering new geographical markets by expanding existing sales teams and concluding indirect sales and partnership agreements;
- offering a total solution from our own product range (in the medium term).

Relocating production to Slovakia has resulted in an extremely competitive cost structure. In addition, the redefining of service contracts, in accordance with market standards, shall also make a structural contribution towards creating a lower cost structure.

RMS wants to continue investing in R&D, patent protection and the development of new products. The R&D team is also going to serve third parties as an independent division.

Potential cooperation with WestfaliaSurge

Eligible Persons should be aware that the Company signed a letter of intent with WestfaliaSurge GmbH dated 21 June 2007 relating to a potential cooperation in respect of the activities of the RMS division. More details of this letter of intent are provided in appendix III of this Prospectus.

Equipment Manufacturing Solutions (EMS)

History and development

EMS comprises the traditional subcontracting and production activities of Punch for the consumer electronics and mechanical engineering industry. EMS is a supplier to international Original Equipment Manufacturers (hereinafter OEMs) and has established itself in Central Europe for reasons relating to competition.

The activities have grown from the assembly of components for Philips Components in 2002. The next important steps as part of the process of further development were the start of activities connected with the assembly of fuser rollers for photocopiers (2003) and the start of metal working activities in 2004.

Overview of business activities

EMS offers integrated services in connection with the electronic and mechanical assembly of components and semi-finished and finished products. It also offers metal working activities, often as part of a semi-finished and finished product. When divided into sectors, the services are clearly focused on the graphics market.

EMS does not regard electronics assembly as core business. In concrete terms, this means that it does not actively prospect for new contracts or orders relating to electronic assembly. This activity is regarded as a link in the production process which can be made internally or externally

The integrated service package of EMS includes:

- Component assembly: assembling components for printed circuit boards for electronic power supplies, GSM/GPRS modules for telematics applications and control systems for milking systems;
- Semi-finished and finished products: this includes the installation of components in their housings, the assembly of the housings, cabling and finishing of the housing. Types of machining include: laser cutting, punching, turning and milling, welding and spray-painting.

Over the past years, EMS has made considerable progress with its (new) products and/or services which have been brought onto the market by the organization. Whereas until a few years ago, it had focused on supplying individual components, it is now focusing more and more on supplying semi-finished or finished products. Expansion of the activities in the future will concentrate more on the construction of equipment for the European graphics and medical supplies market and less on electronics. Also, 2005 saw the start of new activities connected with after-sales services for refurbishing graphics machines. The organization has hereby made a clear choice to increase the value-added of its activities. This development will be intensified in the near future.

EMS stands out from its competitors on account of its:

- Market knowledge;
- Competitive pricing structure;
- Flexible production planning and logistical operations.

The Company has built up many years of experience as a supplier in various markets which means that the management of EMS has a sound knowledge of both the economic and technical characteristics of the markets in which the organization is active.

Thanks to its presence in Slovakia, with the associated low cost structure, EMS is able to meet the competitive price expectations within the markets in which it is active. Efficiency programs and further automation of both production and administration activities should enable EMS to maintain this competitive advantage.

Market

EMS is active in the graphics, medical and various other markets including the agrarian and electronics market.

Graphics market

Sales within the graphics machines market mainly comprises offset machines, both roller-fed and sheet-fed. It is therefore in this segment that EMS has established itself as a European player on the supply market. The customer base of EMS consists of producers of machines which are used in the newspaper industry as well as creasing, folding and rolling machines. EMS carries out production activities for customers within the Punch including for Punch Graphix such as Xeikon and Strobbe and for third parties, including Xerox. It assembles paper trays and pressure rollers for the printer/photocopier market as well as enveloping machines, paper feeders and finishing machines.

The total market for mechanical engineering for the graphics industry is estimated at approximately 410 billion Euros (2004, source: Pira International, the future of global printing markets). EMS is a very small player within this market.

Other markets

EMS assembles both automatic and conventional milking systems for the agri-alimentary industry. As a supplier to the OEMs leading the market in the consumer electronics industry, EMS has built up a significant level of experience over the years and it assembles electronic components for the LCD monitor market. EMS also carries out production for Punch Graphix which forms part of Punch. Punch Graphix mainly develops telemetry applications. Telematics is fast advancing and has already penetrated the ‘low-end’ segment of the market. Punch Graphix is also starting to focus more and more on telematics solutions.

Sales breakdown of the Company

Please find below the breakdown of sales by division and region of the Company per 31 December 2006. i.e. this excludes the activities of Punch Graphix.

Exhibit 6 - Breakdown of 2005 and 2006 sales by business unit

Source: Annual report 2006

Exhibit 7 - Breakdown of 2006 sales by geography

Source: Annual report 2006

Note: North represents Scandinavia, South: Southern-Europe and Switzerland, East: Eastern Europe and Japan and West: Benelux, Germany, UK and USA. As a result of the reverse acquisition of Punch Professional by Punch Technix in December 2005 as explained in chapter VIII paragraph A, a breakdown of 2004 sales is not available and the 2005 breakdown relates to December 2005 only.

Premises, technical installations and equipment of the Company

The building in Vijfhuizen is rented from a third party. The division RMS does not have any installations or equipment worth mentioning. The activities of EMS are carried out in a modern well-equipped production facility in Námestovo in Slovakia. The production site complies with rigorous Western European standards and is fitted out with extremely modern automated metal pressing lines, computer-controlled furnaces, fully automatic welding lines and automatic spray-painting lines for both classic powder-coating applications and environmentally friendly water-based paint applications.

EMS rents the premises. EMS also has highly sophisticated PCB component assembly and test equipment at its disposal as well as modern turning and milling machines. The technical installations mainly comprise automatic component assembly lines for printed circuit boards and installations used in the cutting process such as a CNC-controlled laser cutting machine and punching machine, folding machines and turning and milling machines. The equipment available also includes various welding and spray-painting systems.

The facilities where the activities of EMS are carried out are inspected and tested by the authorities on an annual basis. All the necessary licences relating to the operation of the machines installed for cutting, electronic assembly and the felting of rollers for photocopiers, including those needed in order to comply with environmental requirements, are held and renewed on an annual basis.

The Company declares that its operations comply with all environmental legislation.

Intellectual property rights of the Company

The division RMS is heavily dependent on its patent position in respect of the AMSs. Its policy is to build up and maintain an adequate patent position. The current patent position of RMS is such that TITAN is sufficiently protected.

The current patent portfolio can be subdivided into a number of families. The principal patents relate to the milking robot, sensors, the cleaning system, milk storage, the milk cooler, the feeding stall and mastitis detection. The oldest of the patents will expire during the course of 2008. The patents are mainly registered in Western Europe (including the United Kingdom), the United States, Italy, Spain and Japan.

The possibility of third parties developing and selling products which violate the patents of RMS cannot be ruled out. The violation of the intellectual property rights of RMS by third parties or the violation of comparable property rights of third parties by RMS constitutes a risk for RMS.

As far as is known, RMS has not violated any patents belonging to any other parties within the market. However it is known that in some cases, third parties have violated the patent position of RMS. RMS has not yet taken any legal action against these possible violations.

Since as far back as 1993, the Company has had an exclusive licensing agreement with a prominent party within the market which is also active within the field of automatic milking. The agreement regulates the mutual use of each other's patents. In 1998, a supplementary agreement relating to more recent patents was concluded with the same party. On account of these agreements, it is likely that RMS will be able to claim licensing fees from the market party in question, at least for the use of any technology patented by RMS.

A licensing agreement was concluded with a Japanese company. This company has granted a sublicence to the current AMS distributor in Japan. The licensing agreement only relates to Japan; no other licensing fees are owed.

Apart from the financial and commercial agreements specified in this Prospectus, the Management of the Company is of the opinion that it is not dependent on any specific relevant commercial or financial agreements.

Eligible Persons should be aware that the Company signed a letter of intent with WestfaliaSurge GmbH dated 21 June 2007 relating to a potential cooperation in respect of the activities of the RMS division. More details of this letter of intent are provided in appendix III of this Prospectus.

The division EMS has no intellectual property rights.

In total Punch Technix spent EUR 1,050,000 on research & development activities in 2006, mainly related to development of the Titan milking system of (EMS) and EUR 37,000 in 2005. In 2004 no costs on R&D was spent.

Other

Punch Technix is not dependent on commercial or financial contracts or new manufacturing processes.

Trend information of the Company

Please find below an overview of all trends encountered by the Company since the end of last financial year to the date of this Prospectus:

- Sales: On 21 June 2007 the Company signed a letter of intent with WestfaliaSurge GmbH relating to a potential cooperation in respect of the RMS activities. More details of this letter of intent are provided in appendix III.
- Production: the Company is currently working on the rationalisation of its production facilities in order to reduce the operational costs and improve the flexibility and quality of operations;
- Working capital: has remained stable since 31 December 2006 until the date of this Prospectus;
- Prices and margins: although the Company faces price pressure in the markets it operates, at the date of this Prospectus, it is still able to pass on the price increases to its clients;

The Company is at the date of this Prospectus not aware of any other material developments since the publication of the 2006 financials included in paragraph C of Chapter VIII until the publication of this Prospectus that could effect its competitive, operational or financial position during the financial year 2007 other then mentioned above.

D Punch Technix after the Transaction

Introduction

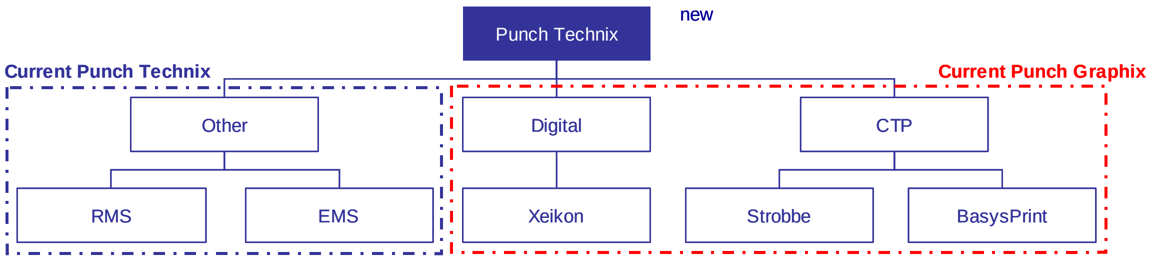
As discussed in chapter V Punch will contribute its 58.31% shareholding in Punch Graphix to Punch Technix for issuance of new shares of Punch Technix (the Contribution). In addition the Company will acquire the remaining 38.21% stake in Punch Graphix from Punch for a cash consideration which will be financed by a current account from Punch. As a result of this Contribution and acquisition the Company will own 96.52% of Punch Graphix and the activities of Punch Graphix will form an important part of Punch Technix after the Contribution and acquisition has been completed.

New organisational structure

To reflect the new activities of Punch Technix its commercial and operational structure will be changed post completion of the Transaction. After the Transaction Punch Technix will compromise of three business units:

- Digital;
- CTP, which jointly with digital form the current activities of Punch Graphix as discussed in the next paragraphs;
- Other, which includes the current activities of Punch Technix being RMS and EMS, as discussed in the previous paragraphs.

Exhibit 8 - Punch Technix future commercial and operational structure:



Description of the activities of Punch Graphix

Punch Graphix designs, develops and delivers digital colour printing and prepress equipment, software, consumables, application support and services for the global graphics industry.

Punch Graphix has manufacturing operations in Europe and Asia and a worldwide sales and service network.

Please find below an overview of the history and recent developments of Punch Graphix and a description of activities per business unit (digital and CTP).

History and recent developments

Punch Graphix is the result of a number of acquisitions made by Punch International over the past years, more in particular:

- Strobbe which was acquired by Punch International in January 2000;
- Xeikon wich was acquired by Punch International in April 2002; and
- Basysprint, which was acquired by Punch International in December 2004.

Until May 2005, Punch Graphix was an entirely consolidated division within Punch. In May 2005 Punch Graphix was floated on the AIM in London. Through the IPO, Punch sold 51% of the shares it owned from Punch Graphix. Subsequently, Punch International owned 49% after the IPO.

On 8 January 2007 Punch made a mandatory cash offer on all outstanding shares of Punch Graphix at GBp 128 per share as Punch was not satisfied with Punch Graphix share price performance since the IPO in 2005.

The offer closed on 13 February 2007 with Punch increasing its shareholding from 49% to 92.58%. At the date of this Prospectus Punch holds 96.52% of the shares in Punch Graphix.

Digital

Under the Xeikon brand, Punch Graphix develops, manufactures and distributes high-end digital colour printing systems, prepress and operating software, and consumables for the global printing market.

Xeikon is a Belgian company established in 1988 and is a pioneer in digital printing. Since its founding it rapidly became a significant player in the sector and in 1996 was listed on the NASDAQ. However, due to poor working capital management, conflicting distribution channels and lack of funding, it went bankrupt in 2002. It was then acquired, in the same year, by Punch International which thanks to stringent cost reductions, working capital improvements and a shift towards a direct sales model, brought the company back into the black.

Technology

Xeikon develops, manufactures and markets digital colour presses as well as the related operating software, and consumables such as toners. Digital printing allows the user to print documents directly from electronic files onto paper or other substrates. The big advantage of digital printing over a traditional (offset) process is that it eliminates a substantial number of expensive and time consuming steps: film imaging, plate production and mounting. Digital printing bypasses both the film and plate step and directly prints to the substrate. Therefore, compared to the typical process, start-up time and costs are substantially reduced.

Advantages of digital printing:

- It allows performing small jobs within long runs: for instance 10,000 manuals can be printed in a row, with every 1,000 a different language;
- Content can be printed everywhere: document is sent via computer to a printer located remotely, whereas a traditional process requires sending the finished material. This is commonly known as a “distribute and print” model instead of a “print and distribute” one;
- Full customisation: every document can be different. Brochures can be printed in a row, with variable customized data such as name and address;
- Flexibility: making some changes between printing jobs is difficult to accomplish within the traditional printing process. But, as the lead time to print is shorter for digital printing, it enables a printer to work wit tighter deadlines;
- Less costly than offset for print runs of 2,000 or less.

Markets

The main application for Xeikon's products is the commercial printing market which represents about 90% of current turnover. The following are examples of the most common commercial usages:

- Promotion materials;
- Brochures and flyers;
- Tickets;
- Bank statements;
- Insurance portfolios;
- Payroll slips.

A strong trend benefiting the company is the growing importance of direct marketing over the other advertising and promotion channels. Direct marketing attempts to send its messages directly to consumers, using "addressable" media such as mail. It differs a lot from traditional marketing, as first, a specific potential customers group is identified based on data obtained from various sources (internet forms, fidelity cards, magazine subscriptions). Secondly, the marketing materials can be highly customized, in order to fit best the potential customers profile. As a result, response rates are generally much higher that with traditional media channels such as television advertising billboards. Digital printing is particularly well adapted to this type of marketing which requires extended customisation possibilities on quality colour documents.

The remaining 10% of Xeikon's sales is realized in the industrial market where the printing presses are used for labelling and packaging.

Consumables

Xeikon's printing presses work exclusively with proprietary toners designed "in-house". Therefore, as the presses' installed base expands, Xeikon is able to generate additional revenues by selling more toners (almost half Xeikon's revenues in 2006). The toners' revenues lag the equipment sakes and installation by a few months, which means growth in equipment sales will later induce additional consumables turnover. Other recurring revenues include the service parts and the support services (maintenance, operator training).

Manufacturing

All presses are assembled in the company's Belgian facility in Lier. Sub-assembly, including the biggest part of the metal work is outsourced to subcontractors. Toners are manufactured both, "in-house", in a specific plant of the group, and through a supply agreement with Ricoh.

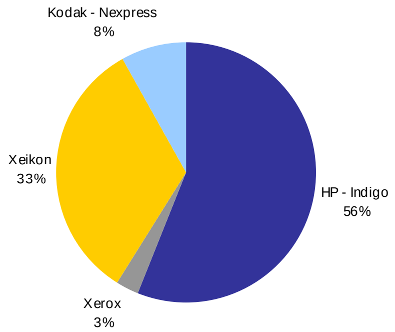
Distribution

Before the bankruptcy, Xeikon's products were sold directly and at the same time under OEM (original equipment manufacturers) agreements with companies such as Xerox and IBM. This led to conflicts between sales channels and a lack of brand recognition. Since the takeover, the company completely ceased all sales via OEM agreements and now distributes its products through its own subsidiaries in core markets and through a distributor's network in other countries. In 2005 and 2006, it has committed substantial investments in the sales network expansion with some recent offices openings in China, Brazil and Canada. Additionally, in order to win some public contracts, Xeikon had to offer "click & charge" possibilities. In this model, the final user pays an agreed charge based on output, the amount of these contracts remains limited as a share of total sales (5%).

Competition

Xeikon's competition includes big names such as Xerox and HP. Measuring market shares is a difficult exercise given that the market can be defined in different ways. Often, productivity in pages per minute (PPM) is used. As can be seen from exhibit 8,HP is the market leader with its Indigo printer. Xeikon had a 33% market share with the and NexPress a 8% market share, in front of Xerox.

Exhibit 9 - Global high-end digital color printing



<u>Source:</u> Punch Graphix market intelligence 2005

<u>CTP</u>

Under the basysPrint brand name and as an OEM supplier Punch Graphix develops, manufactures and distributes high quality prepress equipment and related software for offset printing in the commercial and newspaper sectors. In the commercial sector, basysPrint combines the advantages of directly transferring images onto a light sensitive plate without film – known as Computer-to-Plate (CtP) – with the advantage of using the cheap and widely available ultra violet-plates used for the traditional Computer-to-Film (CtF) system and well known by the prepress managers. In the newspaper sector, the OEM prepress solutions are based on violet light technology. The pre-press equipment division is formed by two companies: Strobbe and BasysPrint.

<u>Strobbe</u>

Strobbe, a pioneer in CTP equipments for the newspaper market was acquired in 2000. The pre-press equipment it manufactures is used for high volume jobs in offset printing. The technology employed, exposes an image directly on a printing plate by using a visible light source. However, specially designed photosensitive plates are required. These plates are approximately 50% more costly than conventional plates used in a CTF process.

<u>BasysPrint</u>

BasysPrint, a German company, was acquired in December 2004. The technology BasysPrint invented, known as Ultraviolet (UV) imaging, makes it possible to expose a conventional plate directly from an image stored on a computer in file-format. Hence plates, two third the price of these used in Strobbe machines can be exposed. Until recently, it was the only company in the world using this technology but recently, Swiss company Luscher announced plans to commercialize a similar technology.

<u>Market</u>

Approximately 90% of Strobbe's products are used for newspaper printing with the remaining 10% dedicated to commercial usage. Unlike Strobbe, the main application of BasysPrint's products is the commercial market which represents 90% of sales. Typical applications are books and manuals impressions. The remaining 10% are used in the newspapers market.

<u>Manufacturing</u>

Strobbe's equipment is assembled in its Belgian plant, in Ieper. BasysPrint has its manufacturing facility in Boizenburg, Germany. In September 2006, the company announced a 60% capacity expansion at the BasysPrint plant, in order to meet the growing demand for its products. A new facility that specializes in metal-works was recently started in Ieper. It currently supplies Strobbe only, but could soon be used for BasysPrint's metalwork too. By combining the metal production of these two entities, some productivity gains can be expected. In 2006, a small assembly line was also started in China to produce the BasysPrint range. This production is aimed at the Asia-Pacific market.

Distribution

Since 1996, Strobbe has marketed its products through an OEM agreement with imaging specialist Agfa. Agfa is the market leader in equipments for newspapers printing, with a 61% worldwide market share. Under the terms of the agreement, Agfa is responsible for selling and marketing Strobbe's products, under its own brand. In 2005, a new agreement was signed with Agfa in order to prolong the contract until 2009.

BasysPrint sells its products both directly to the end-user and through 30 third party dealers and agents around the world.

Competition

Strobbe

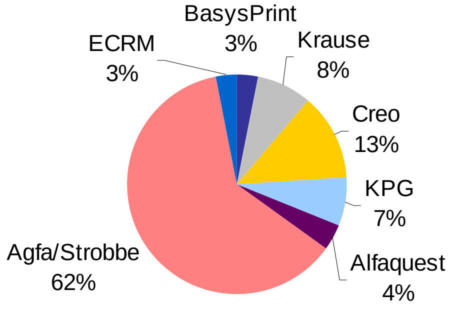
Agfa which sells Strobbe products under its own brand is the uncontested leader in the CTP newspaper market with a 61% market share. The main competitor is Kodak with a market share of around 20%. Within this market, the printing plate supply is essential to the end-user as different technologies and equipment require different type of plates. Therefore, bundling the machines with the plate supply is a strong barrier to entry. The plates market is split between three companies: Agfa, Fuji and Kodak.

BasysPrint

The company's market share is around 2% as ultraviolet imaging is still far from being a mainstream technology. Until recently, no comparable product was available on the market, but in April 2006, Luscher, a Swiss company, came out with the Xpose UV a computer-to-conventional-plate printer also using ultraviolet imaging.

BasysPrint technology offers a clear alternative to traditional CTPs: BasysPrint Pre-press equipments are more expensive, but generally the investment is paid back within 1.5 to 2 years thanks to the lower cost of conventional plates. Another advantage of this technology is that the user does not rely on a sole plate manufacturer but can use any conventional plate. In terms of image quality, the final output is similar to visible light imaging.

Exhibit 10 - Total CTP installed base 2004 newspaper market



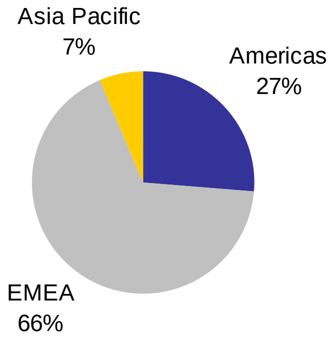
Source: Punch Graphix market intelligence 2005

Exhibit 9 shows that Strobbe had a market share of 62% and BasysPrint 3% in the newspaper market in 2004 based on the installed base.

Breakdown of sales current Punch Graphix

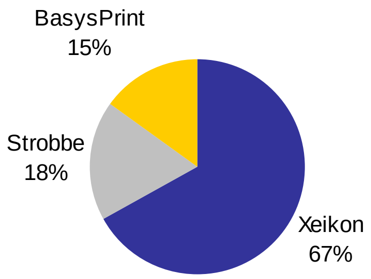
Please find below a breakdown of 2006 sales of Punch Graphix by region and activity.

Exhibit 11 - Breakdown of 2006 sales by region



Source: Punch Graphix annual report 2006

Exhibit 12 - Breakdown of 2006 sales by activity



Source: Punch Graphix annual report 2006

Please note that Xeikon sales (67% of total sales in 2006) includes sales of consumables whereas this is not the case for BasysPrint and Strobbe as they do not sell consumables. Sales of Xeikon exluding the consumables amounts to approximately 50% of total sales.

Strategy of Punch Graphix

The Punch Graphix strategy is founded on four value adding business streams. The integration of those streams in the interest of the customer is seen as a key success factor of the Punch Graphix .

1. First is the **equipment** development. The R&D teams are continuously monitoring technological changes, customer feedback and competitor activity.
2. The second stream is designing a user-friendly, **software** based workflow that interfaces with customers' existing environments.
3. The third is the **consumables** stream. Punch Graphix believes in environmentally friendly consumables that enhance output quality. Using electro-photography for Xeikon, combined with in-house developed toner capability as well as through the choice of UV-sensitive plate technology for BasysPrint, Punch Graphix addresses both environmental requirements and improve reproduction quality. Moreover, with about half of total revenue from consumables and services in 2006, this recurring revenue stream provides a solid base for development.
4. Finally, the fourth stream is the **support and service** areas, where Punch Graphix makes a real difference for its customers. Every customer has different requirements and workflow constraints and Punch Graphix is committed to matching its solutions to their individual needs.

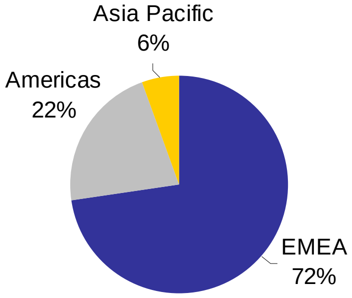
Additional information on Punch Graphix

More information about the activities and financials of Punch Graphix can be found in its annual reports and investor presentations which can be downloaded from its website: www.punchgraphix.com;

Sales breakdown Punch Technix post completion of the Transaction

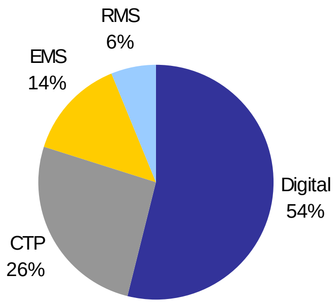
The Contribution will have a considerable impact on the activities of Punch Technix after completion of the Transaction given the relative size of activities of Punch Graphix. Please find below a pro forma sales breakdown of Punch Technix post completion of the Transaction per year-end 2006. Chapter XI includes a pro forma balance sheet and P&L of Punch Technix after completion of the Transaction.

Exhibit 13 - Breakdown of pro forma 2006 sales of Punch Technix post completion of the Transaction by region



Source: Punch Technix and Punch Graphix annual report 2006

Exhibit 14 - Breakdown of pro forma 2006 sales of Punch Technix post completion of the Transaction by business unit



Source: Punch Technix and Punch Graphix annual report 2006

Eligible Persons should be aware that the Company signed a letter of intent with WestfaliaSurge GmbH dated 21 June 2007 relating to a potential cooperation in respect of the activities of the RMS division. More details of this letter of intent are provided in appendix III of this Prospectus.

Change of company name

Punch Technix will propose to change its name in Punch Graphix N.V. post completion of the Transaction to better reflect the new activities of the group.

The following discussion and analysis of the consolidated financial condition and results of operations should be read in conjunction with the rest of the document, including the consolidated financial statements and related notes thereto beginning on page 57 of this chapter "Consolidated Accounts2004-2006", the "Management discussion and analysis of financial condition and results of operation" and the "Unaudited Pro Forma Combined Financial Information".

A General

The financial data in this chapter relates to financial data of Punch Technix as at 31 December 2004, 2005 and 2006. The Transaction took place after 31 December 2006 as such this chapter contains only financial information relating to Punch Technix before the activities of Punch Graphix have been acquired. The pro forma figures relating to Punch Technix after the Transaction are contained in the section pro forma financials. Historical financials information of Punch Graphix can be obtained from their annual reports which can be found on the website www.punchgraphix.com.

Prospective investors should be aware that the historical financial information contained in this chapter is impacted by the following events:

In November 2005 the name of the Company was changed from Prolion in Punch Technix, which, until December 2005, only comprised the former activities of Prolion (currently the business unit RMS). Prolion was founded in 1990.

In December 2005 Punch Technix acquired the activities of Punch Professional (currently the business unit EMS). Given the size of these activities this acquisition was, under IFRS, considered as a reverse acquisition and as a result the consolidating entity became Punch Professional. Until December 2005 the legal entity Punch Professional did not have any activities. Punch Professional was created by Punch who contributed certain activities to the legal entity in December 2005.

The official financials of Punch Technix as published in their annual reports and audited by BDO therefore comprise of:

2006	Full year Punch Technix (including Punch Professional);
2005	Financials of Punch Professional (of which the activities started only in December 2005) plus 1 month of Punch Technix consolidated as per 1 December 2005;

In the annual report ("*jaarrekening*") of Punch Technix of 2005 are included the comparative figures of:

2004	Financials of Punch Professional, which in 2004 did not have any activities;

Paragraph B of this chapter provides the management discussion and analysis of financial condition and result of operations for the years 2004, 2005 and 2006. The information contained in this paragraph was not subject to an audit by the Auditor.

Paragraph C of this chapter consists of the annual reports ("*jaarrekeningen*") 2005 and 2006 of which the auditors' reports ("*accountantsverklaringen*") are included. For 2004 no annual report has been prepared as there was no legal obligation to do so. For 2004 a financial summary ("*financieel overzicht*") and an auditors' report, ("*accountantsverklaring*") with regard to this 2004 financial summary resulting in a disclaimer of opinion are included in this paragraph. This auditors' report is included in this Prospectus in application of article 20.4.1 *in fine* of annex I of commission regulation (EC) No. 809/2004 of 29 April 2004.

B Management discussion and analysis of financial condition and results of operations

Overview

The following discussion and analysis of the annual results of operations and financial condition is based on the published historical results of Punch Technix. This paragraph contains a discussion of the sources of revenues, material factors affecting the results of operations and a discussion of the evolution of the key financials of the Company. The information in this paragraph was not subject to any audit by the Auditor. A more detailed discussion of the income statement, balance sheet and cash flow items can be found in paragraph C of this chapter.

Sources of revenues

The Company generates revenues from:

Non recurring revenues:

- The sale of AMS and offering of manufacturing services as described in chapter VII;

Recurring revenues:

- Supply of spare parts;
- Maintenance, either on a contractual basis or on demand of customers;
- Software: the Titan robot milking system is supplied with a software that in the future will generate annual license fees income.

Factors affecting the results of operations

Punch Technix believes the most important factors that affect its operations are:

Market evolution:

- The Company's sales plan for the robot milking division (RMS) is based upon several forward looking market research reports that show significant differences in future growth. The direct sales strategy for this division implies that additional sales growth for this division is required to obtain the break-even point and eventually generate profit;
- The Company's sales plan for the equipment manufacturing division (EMS) does not foresee in significant growth. However a growth of the sales volumes is required in order to at least compensate the inflation effect on the cost side;
- Changes in the European agriculture policy and agreements within the World Trade Organisation (WTO) may effect the income development of dairy farmers which could effect the possibilities for selling capital goods, such as the automated milking system;
- The acceptance of AMS by the market;
- The confidence of the market in the Company.

Organization:

- The Company will constantly have to streamline its organisation in line with the realised sales volumes.

Consolidated income statement

Please note that this paragraph only contains a discussion of the key items in the income statement of the Company. A more detailed discussion of the income statement can be found in paragraph C of this chapter.

EUR m	**2006**	**2005**	**2004**
Sales	35.5	2.3	0.0
Gross margin	13.4	1.1	0,0
EBITDA	-3.5	-0.4	0.0
Operating result (EBIT)	-4.2	-0.6	0.0
Result before tax	-4.3	-0.6	0.0
Net result	-3.0	-0.6	0.0

The table above shows the evolution of the principal key figures of the profit & loss statement. Important when analysing these figures is the impact of the reverse takeover transaction (IFRS 3) that took place in December 2005 as discussed in paragraph A of this chapter.

The above overview shows increasing sales but declining results. This mainly is due to the fact that these consolidated figures (compliant to IFRS 3) reflect the economic activities of 12 months in 2006, only one month in 2005 and reflect no activities in 2004.

In order to provide additional insight in the historical evolution of these activities, the Company's Management produced figures of the underlying divisions, RMS and EMS. These management figures, which are shown below, are extracted from the accounts of Punch Technix of 2006 and the accounts of the legal entities of which these divisions were part of in 2005 and 2004.

Robot Milking Solutions

EUR m	**2006**	**2005**	**2004**
Sales	9.6	8.9	27.2
Operating result (EBIT)	-3.9	-6.8	-10.7

Sales figures of 2004 contain the activities sold to Bou-Matic (traditional milking systems) in July 2004. The effect of this transaction on sales amounted to approximately 80% (which means that the sales related to robots amounted to approx. EUR 5m). The exceptional realisation result on this transaction is not reflected in the operating result figure of 2004.

The above table illustrates that both sales and operating results with regard to the robot solutions have improved considerably over the last three years. Sales related to the robot systems have risen from approx. EUR 5m 2004 to nearly EUR 10m in 2006. For 2006, the objective of EUR 15m annual sales (leading to a break-even net result) was not reached, sales falling short due to delay of the launch of the new Titan robot that was released only in the 2nd quarter instead of the first quarter. The negative effect on net profit was reinforced by start-up problems leading to additional costs.

Equipment Manufacturing Solutions

EUR m	**2006**	**2005**	**2004**
Sales	25.9	23.0	19.6
Operating result (EBIT)	1.0	0.9	1.4

Sales have increased with an average 16% on annual basis since 2004. Operating profit has, due to margin pressure from customers, not followed the sales increase and remained at comparable levels.

Consolidated balance sheet

Please note that this paragraph only contains a discussion of the key items in the balance sheet of the Company. A more detailed discussion of the balance sheet can be found in paragraph C of this chapter. Please find below an overview of the consolidated balance per year-end 2006, 2005 and 2004 before profit appropriation.

EUR m	**2006**	**2005**	**2004**
Non current assets	32.0	28.9	0
Cash	0.9	4.1	0
Other current assets	20.1	11.3	0
Total assets	53.0	44.3	0
Equity	28.6	30.7	0
Provisions	4.1	4.5	0
Financial debts	7.6	0.5	0
Other debts	12.7	8.6	0
Total liabilities	53.0	44.3	0
Net financial debt	6.7	-3.6	0
Working capital	7.4	2.7	0
Solvency	54%	69%	100%
Gearing (NFD / Equity)	23%	n/a	n/a

The table above shows the evolution of the consolidated balance sheet of Punch Technix. Compliant to IFRS 3 the consolidating entity for this balance sheet is Punch Professional (as discussed in paragraph A of this chapter). Per 31 December 2004, the balance sheet of Punch Professional consisted of EUR 5,000 (five thousand EURO) of cash and equity (not mentioned in the table above due to the rounding to millions of EUR).

In 2005 and 2006, the non-current assets mainly consisted of goodwill related to RMS (EUR 21.2m per 31 December 2006) and deferred tax assets (EUR 5.0m per 31 December 2006). The increase in working capital (EUR +4.7m) and investments (EUR 2.1m of which EUR 1.1m Property, Plant and Equipment and EUR 1.0m R&D capitalised) in 2006 was funded in principal with financial debt and cash (EUR +10.3m). The operating cash drain over 2006 amounted to EUR 3.6m which explains the remaining difference of debt taken up.

Punch Technix, at the date of this Prospectus, has no restrictions on the use of capital resources.

Consolidated Cash flow

Please note that this paragraph only contains a discussion of the key items in the cash flow statement of the Company. A more detailed discussion of the cash flow statement can be found in paragraph C of this chapter.

EUR m	**2006**	**2005**	**2004**
Cash flow from operating activities	-7.8	-2.5	0
Cash flow from investing activities	-2.1	0.5	0
Cash flow from financing activities	6.7	6.1	0
Net cash flow	-3.2	4.1	0

The operating cash drain in 2006 amounted to EUR 7.8m, containing changes in working capital for EUR -4.4m due to the increased activities. Investments of the year, principally R&D and equipment, amounted to EUR 2.1m. Cash decreased by EUR 3.2m and additional debt was taken up for an amount of EUR 6.7m.

Investments

The principal investments over the last three years consist of capitalised R&D and investments in equipment for production purposes. Please find below an overview of investments over the past three years:

EUR k	**2006**	**2005**	**2004**
Acquisition of subsidiaries	-	521	-
Purchases of tangibles fixed assets	-1,061	-	-
R&D capitalization	-1,050	-37	-
Purchases of financial fixed assets	27	7	-
Total	-2,087	490	-

Currently there are no investments planned other than the Acquisition and Contribution as described in chapter I. The Acquisition comprises of the acquisition of 39,319,942 shares in Punch Graphix (the Acquisition) for a total cash consideration of EUR 74,538,027. This acquisition will be financed by a current account with Punch for which the Company will pay an interest rate of 6-months EURIBOR + 1,75% per annum. This current account has to be paid back ultimately within five years from the settlement date. Interests are accrued until full repayment. The Contribution comprises of the contribution in kind of 60,000,000 shares Punch Graphix by Punch for 18,169,457 newly issued Punch Technix shares. The Company does not foresee significant new investments apart from the R&D capitalisation (between EUR 1m – EUR 1.5m annually) for the coming years.

C Consolidated Accounts 2004 – 2006

Please find below the annual reports ("jaarrekeningen") 2005 and 2006 of which the auditors' reports ("accountantsverklaring") are included. For 2004 a financial summary and an auditors' report, "accountantsverklaring" with regards to this 2004 financial summary ("financieel overzicht') resulting in a disclaimer of opinion is included in this paragraph. This auditors' report is included in this Prospectus in application of article 20.4.1 *in fine* of annex I of commission regulation (EC) No. 809/2004 of 29 April 2004.

Consolidated accounts 2006 compared to 2005

Exhibit 15 - Consolidated Balance sheet as at 31 December 2006 (before profit appropriation)

EUR k	**Notes**	**2006**	**2005**
Assets			
Non current assets			
Intangible assets	3	2,026	1,271
Goodwill	4	21,200	20,905
Property, plant & equipment (PPE)	5	3,743	3,017
Financial assets		0	4
Deferred tax assets	6	4,989	3,714
Non current assets		**31,958**	**28,911**
Current assets			
Inventories	7	11,882	**8,366**
Trade and other receivables	8	8,209	2,862
Other financial assets		0	23
Cash and marketable securities		937	4,126
Total current assets		**21,028**	**15,377**
Total assets		**52,986**	**44,288**
Liabilities			
Current liabilities	**12**		
Bank overdraft		7,011	496
Trade and other payables		7,411	5,309
Other financial liabilities		5,273	3,340
Total current Liabilities		**19,695**	**9,145**
Non current liabilities			
Financial debt	13	575	0
Pension provisions	10	333	60
Other provisions	11	**3,751**	**4,425**
Total non current liabilities		**4,659**	**4,485**
Total liabilities		**24,354**	**13,630**
Total net assets		**28,632**	**30,658**
Group equity	9	**28,632**	**30,658**

Exhibit 16 - Consolidated income statement for the 2006 financial year

EUR k	**Notes**	**2006**	**2005**
Net revenues	14	35,465	2,259
Other income		947	0
Change in inventories of work in process and finished products		-1,390	152
Total revenues		**35,022**	**2,411**
Raw materials and consumables used		20,663	1,282
Personnel costs	15	**8,277**	**312**
Amortization of intangible assets		**295**	**7**
Depreciation of tangible assets		**625**	**74**
Impairment		**321**	**10**
Other expenses	16	**9,070**	**1,281**
Total operating		**39,251**	**2,966**
Earnings before interest and taxes (EBIT)		-4,229	-555
Financial result	18	**-22**	**-49**
Profit before tax		-4,251	-604
Transfer to deferred income tax	6	**1,275**	**0**
Tax	19	**0**	**0**
Profit after tax		**-2,976**	**-604**
Profit per share		**-0.65**	**-1.57**

Exhibit 17 - Table of changes in Shareholders' Equity for the 2006 financial year

EUR k	**Notes**	**2006**	**2005**
Shareholders' equity as at 1 January		**30,658**	**5**
Debt conversion Punch Campus Namestovo			6,267
Increase as a result of the Reverse Acquisition			15,269
Increase as a result of cash contribution (net)			8,178
Increase as a result of conversion loans			1,543
Translation differences		950	0
Profit for the financial year		-2,976	-604
Shareholders' equity as at 31 December	**9**	**28,632**	**30,658**

Exhibit 18 - Consolidated cash flow statement 2006

EUR k	Note	2006	2005
Operating activities			
Profit after tax		-4,251	-604
Adjustments for :			
Amortisation of intangible assets	3	295	7
Depreciation of tangible assets	5	625	74
Impairment		321	10
Interest income	11	-528	0
Interest expense	18	22	49
Cash flow before changes in working capital and provisions		**-3,516**	**-464**
Increase trade and other receivables	8	-4,455	1,246
Increase inventories	7	-2,725	559
Decrease in trade and other payables	12	3,074	-3,913
Increase in provisions	11	-168	71
Cash flow from operations		**-7,790**	**-2,501**
Investment activities			
Acquisition of assets and enterprises		0	521
Purchase of PPE	5	1,061	0
Intangible assets	3	-1,050	-37
Investments in financial assets		27	7
Interest income	18	0	0
Financing activities			
Increase in group equity through issue of shares	9	0	8,178
Repayment of bank borrowings	12, 13	6,706	-1,996
Interest expenses	18	-22	-49
		6,684	6,133
Increase/ (decrease) in cash		**-3,190**	**4,122**

<u>Notes to the consolidated balance sheet, the consolidated profit and loss account and consolidated cash flow statement</u>

1. Activities

Punch Technix develops and produces equipment and machines for leading Original Equipment Manufacturers (OEMs) in the agro-food industry, the graphics industry, the medical sector and various other sectors, combining many years of experience with a strategic geographic presence. The development and engineering activities are based in the Netherlands; the actual production is centralised in Slovak Republic (Namestovo). Punch Technix offers total solutions for the complete trajectory, from design and development to production and assembly. Punch Technix is organised around two commercial divisions:

EMS

Through EMS (Equipment Manufacturing Solutions), Punch Technix supplies integrated services in the field of electronic and mechanical assembly of printed-circuit boards, the production of precision metal components, and the production and assembly of equipment and machines for the various sectors in which it is active.

RMS

In addition, Punch Technix is active under its own brand: under the name RMS (Robot Milking Solutions), Punch Technix develops, produces and markets automatic milking systems for large and medium-sized dairy farms

Punch Technix came into existence as a result of the name change of the Dutch listed company Prolion Holding N.V. following the Punch Group's contribution of its equipment manufacturing activities. Punch is the majority shareholder of Punch Technix N.V. Since December 2005, Punch Technix has been listed on the Euronext Amsterdam Exchange under the new name of Punch Technix NV. Punch Technix is located at Kromme Spieringweg 289b, Vijfhuizen, the Netherlands.

2. General principles for the presentation of the annual accounts

Declaration of conformity

The financial information has been drawn up in accordance with the International Financial Reporting Standards (IFRS) and IFRIC interpretations approved by the International Accounting Standards Board (IASB) and accepted by the EU.

Presentation principle

The financial information has been drawn up according to the historical cost convention. The companies within the Punch Group keep their accounts in the currency of the country in which they were founded and registered and in accordance with the legal requirements of that particular country. Adjustments have been made to the annual accounts of the local operating companies so that the consolidated annual accounts can be presented in accordance with IFRS. A summary of the main accounting principles is supplied below.

Consolidation policy

Business entities that satisfy the definition of a subsidiary as set out in IAS 27 ‘Consolidated and Separate Financial Statements’ and that are part of the Punch Technix Group (group) have been included in the consolidated annual accounts as from the date of the transfer of control to Punch Technix. Balances and transactions within Punch Technix have been eliminated upon consolidation, including unrealised profits and losses, unless unrealised losses cannot be recuperated.

The consolidation as at 31 December 2006 incorporated the financial data of Punch Technix and its group companies (100% interest). These are:

- RMS International B.V., with registered office in Vijfhuizen;

- Punch Professional sro, with registered office in Namestovo (Slovak Republic);
- Equipment Manufacturing Solutions B.V. with registered office in Vijfhuizen.

Through RMS International B.V., the following wholly-owned subsidiaries are included in the consolidation:

- RMS Benelux B.V., with registered office in Vijfhuizen;
- RMS B.V.with registered office in Haarlemmermeer;
- Equipment Development Solutions B.V. (formerly RMS Technology B.V.), with registered office in Haarlemmermeer;
- RMS Skandinavien S/A, with registered office in Varde (Denmark);
- RMS International N.V., with registered office in Evergem (Belgium);
- RMS Roboter Vertriebs GmbH, with registered office in Wiehl (Germany);
- RMS Suisse S.A., with registered office in Yverdon-les-Bains (Switzerland).
- RMS S.A.S., with registered office in Doubs (France).

Through RMS Scandinavian S/A, the following subsidiary is included in the consolidation:

- Bovi-Tech, with registered office in Varde (Denmark).

Since the bankruptcy on 15 November 2005 of the company SRT S.A., SRT S.A. and its subsidiary SRT Elevage s.a.r.l. were removed from the consolidation circle.

Intangible assets

Research and development costs

Spending on research activities performed with a view to acquiring new scientific or technical knowledge is included in the income statement as an expense at the actual time of the spending. Costs incurred for development projects (which relate to the design and testing of new or improved products) are posted as intangible assets if and in so far as such spending is expected to generate future economic benefits and satisfies the inclusion criteria as set out in IAS 38 'Intangible assets'. Other outlay on development is recorded as an expense at the actual time of the spending. Development costs formerly entered as an expense are not shown as assets in a later period. Development costs that have been entered as an asset are amortised on a straight-line basis from the start of commercial production of the product onwards for the duration of their expected benefit. The depreciation periods used run to a maximum of five years. An assessment is made as to whether development costs entered as an asset have undergone special impairment whenever events or changes in circumstances indicate that their book value might not be realised.

Costs for the development of computer software

Costs associated with the development or maintenance of computer software are generally entered as an expense when they are incurred. However, costs that are directly related to identifiable and unique software products that are in the hands of Punch Technix and for which the probable economic benefits are greater than the costs over one year are posted as assets. Direct costs include the personnel costs of the software development team. Computer software costs that have been entered as an asset are amortised on a straight-line basis over the period of their expected useful life but never over more than five years.

Other intangible assets

Spending related to acquired patents, trademarks and licences is entered as an asset and amortised on a straight-line basis over the useful life of these patents, trademarks and licences, but never over more than 20 years.

Special impairment of tangible assets and goodwill/intangible assets

For assets other than inventories, deferred tax credits, employee benefits and derivative financial instruments an assessment is made as to whether these have undergone special impairment whenever events or changes in circumstances indicate that their book value might not be realised.

Whenever the book value of an asset exceeds its realisable value (i.e. the actual value of the asset less the cost of sale or net present value of the asset if the latter is higher), a special impairment loss is entered in the income statement. The actual value less the cost of sale is the amount that can be obtained from the sale of an asset on an objective, commercial basis involving independent parties, while the net present value is the discounted value of the estimated future cash flows that are expected to stem from the continued use of an asset and from the disposal thereof at the end of its useful life. The realisable value is estimated for individual assets or, if this is not possible, for the cash flow-generating entity to which the assets belong. The reverse entry of special impairment losses that were posted in previous years, with the exception of goodwill impairment, is included in the income statement if there is some indication that the special impairment losses entered for the assets no longer exist or have decreased.

Property, plant and equipment (PPE)

Tangible assets are entered at the cost of purchase or cost of production less accumulated depreciation and special impairment losses. Costs for the repair of tangible assets are charged to income, as a rule, as and when they are incurred. However, they are entered as an asset if they increase the future economic benefits that are expected to stem from the tangible asset.

PPE are depreciated on a straight-line basis over the estimated useful life of the asset. Land is not depreciated. Assets under construction constitute factories and property under construction and are included at cost. This covers costs of tangible assets and other direct costs. Assets under construction are only depreciated once the assets in question are available for their intended use. The estimated useful life of the various categories of identified assets is shown below:

Buildings	25 to 40 years
Material in buildings	10 years
Decoration of buildings	10 years
Production machinery	8 years
Support material	8 years
Computer hardware and software	3 years
Other tangible assets	5 years

The depreciation is calculated on a straight-line basis, starting from the month in which the asset in question was purchased or became available for use. If the book value of an asset exceeds its estimated realisable value, the asset is immediately depreciated to the same level as its realisable value.

Government grants

Government grants associated with the purchase of tangible assets are recorded as deferred income under accrued expenses and deferred income and are incorporated linearly in the income statement over the expected useful life of the assets in question.

Lease agreements

If a company in the Group is the lessee:

Lease agreements for PPE where a company in Punch Technix - Group has virtually all the risks and benefits of ownership are classified as financial lease. Financial leases are entered as an asset as and when the lease agreement is concluded at the actual value of the property leased or at the present value of the minimum lease payments if the latter is lower. Each lease payment is divided between redemption of capital, on the one hand, and financial charges (interest portion), on the other, such that the financial charges amount to a constant percentage of the outstanding balance financial. The associated lease obligations, after the deduction of financial charges, are included in the other expenses accrued in the long term. The interest portion of the financial charges is recorded as an expense in the income statement over the period of the lease. The leased assets are depreciated over their expected useful life on a basis consistent with similar tangible assets that are owned. If it is not reasonably certain that the lessee will obtain title to the leased asset at the end of the lease period, the asset is depreciated over the lease period or over its useful life if the latter is shorter.

If a company in the Group is the lessor:

Finance leasings When assets are leased within the framework of a finance lease, the present value of the lease payment is entered as a receivable. The difference between the gross receivable and the present value of the receivable is posted as deferred financial income. Financial income is recorded over the term of the lease agreement according to the net investment method, which reflects a constant periodic return.

Operational leasings

Assets that are leased on the basis of an operational lease remain entered in the balance sheet under assets. They are depreciated over their expected useful life on a basis consistent with similar tangible assets that are owned. Rental income (after the deduction of incentives given to the lessee) are posted linearly over the term of the lease.

Inventories

Inventories are valued at the cost of purchase according to the ‘’lower of cost or market” principle, determined on the basis of the weighted average cost method. Work in progress (contracts under construction) and finished goods are valued at direct production costs. These production costs are made up of the direct cost of the materials, direct production costs, the appropriate allocation of overhead associated with the materials and production, and a suitable amount of depreciation and impairment of the assets used for production purposes. If the purchase or production costs exceed the market value, the inventories are depreciated to the same level as the market value. The market value is the estimated sales price in the normal course of business less the estimated costs of completion and sale.

Trade receivables

Trade receivables are recorded at the original invoice amount less the estimated doubtful debts. Doubtful debts are written off in the income statement as and when they are identified.

Tax including deferred tax

A provision is created for the total sum of deferred profit taxes according to the balance sheet method, for temporary differences between the book value of assets and liabilities for financial reporting purposes and the book value for tax purposes. No deferred taxes are accounted for on the following temporary differences:

- the first entry of goodwill is not tax deductible; and
- the first entry of assets or liabilities that are not a business combination and that have no impact on the pre-tax profit or on the taxable profit.

The deferred tax amount is based on the manner in which the book value of assets and liabilities is expected to be realised or settled, with the application of tax rates for which the legislative process has been (materially) concluded on the balance sheet date. A deferred tax credit is only posted insofar as it is probable that future taxable profits will be available, against which the non-recouped tax losses and unused tax credits can be offset. Deferred tax credits are lowered if and insofar as it is no longer likely that the associated tax advantage will be realised.

Investments

Investment in subsidiaries

- It is assumed that the parent company has control over subsidiaries if it has acquired more than half of the voting rights of the enterprise. Even if it has not acquired more than half, it may still exercise control based on the power:
- over more than half of the voting rights under the terms of an agreement with other investors; or

- to manage the financial and operational policies of the other enterprise on the basis of articles of association or an agreement; or
- to appoint or dismiss the majority of the members of the Supervisory Board; or
- to cast the majority of the votes at meetings of the Supervisory Board.

Investment in associated companies

An associated company is an entity over which Punch Technix can exercise material influence, but not control or joint control, by taking part in the financial and operational policy decisions of the company. The results as well as the assets and liabilities of associated companies are incorporated in these annual accounts according to the ‘equity’ method, except if they are classified as held for sale. The amount by which the acquisition cost exceeds Punch Technix’s share in the actual value of the identifiable net assets of the associated company on the date of acquisition is recorded as goodwill. The amount by which the acquisition cost falls short of Punch Technix’s share in the actual value of the identifiable net assets of the associated company on the date of acquisition (e.g. discount on acquisition) is incorporated in the income statement in the acquisition period. If a Group company conducts transactions with one of Punch Technix’s associated companies, profits and losses are eliminated to the sum of Punch Technix’s interest in the associated company in question. Losses may reveal that the transferred asset has undergone special impairment, in which case a suitable provision is created for special impairment.

The amount by which the acquisition cost exceeds Punch Technix’s share in the actual value of the identifiable net assets of the subsidiary on the date of acquisition is recorded as goodwill. The amount by which the acquisition cost falls short of Punch Technix’s share in the actual value of the identifiable net assets of the subsidiary on the date of acquisition (e.g. discount on acquisition) is incorporated in the income statement in the acquisition period.

Interest in joint ventures

Punch Technix’s share in assets over which control is exercised jointly and any liabilities are consolidated according to the ‘equity’ method for investment in joint ventures.

Cash and cash equivalents

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

Discontinued operations

A discontinued operation is a part of Punch Technix’s operations that must be distinguished clearly:

- it is discontinued or terminated in accordance with a plan;
- it represents an important operation or geographic territory; and
- it can be distinguished both operationally and in the financial reports.

Share capital and share premium

External costs that can be allocated directly to the issue of new shares, except for shares that have been issued within the context of a business combination, are presented as a reduction, following the deduction of taxes, in the shareholders’ equity on the proceeds. Share issue costs that have been incurred directly in connection with a business combination are included in the cost price of the acquisition. Ordinary share dividends are incorporated in the shareholders’ equity in the period in which they are declared. If the company or its subsidiaries purchase(s) ordinary shares in itself/themselves or its/their parent company, the payment made, including any accruing transaction costs, are, after profit taxes, deducted from the total shareholders’ equity as own shares repurchased until they are cancelled. If such shares are later sold or re-issued, the payment received will be included in the shareholders’ equity.

Provisions

Provisions are recorded when Punch Technix has a present, legal or constructive obligation as a result of past events, which it is likely Punch Technix will be required to settle by an outflow of resources and for which a reliable estimate of the amount of the obligation can be made.

Warranty

Punch Technix posts the estimated obligation for repairing or replacing its products that are still under warranty on the balance sheet date. This provision is calculated on the basis of either past repairs and replacements or best estimates.

Loss-making contracts

Punch Technix enters a provision for loss-making contracts if the expected benefits from a contract are smaller than the unavoidable costs required to meet the obligations under the contract.

Restructuring

Restructuring provisions mainly cover penalties for the termination of lease agreements and payments based on the termination of employment contracts, and are entered in the period in which Punch Technix is legally or constructively obliged to pay them. A constructive obligation to restructure arises if, and only if, an entity:

- has a detailed, formal restructuring plan;
- has raised valid expectations among those concerned that it will implement the restructuring by beginning to execute the plan or by announcing the main features there of to those concerned.

No provision is created for costs associated with Punch Technix's current activities. Fixed assets that are no longer needed for their original use are transferred to current assets and entered at the book value or at the actual value less the cost of sale if the latter is lower.

Revenue recognition

Proceeds are recorded if it is probable that the economic benefits with regard to a transaction will flow to the enterprise and the proceeds amount can be reliably determined. Sales are posted after the deduction of value added tax and discounts. Proceeds from the sale of goods are entered once the goods have been delivered and the risks and benefits have been transferred. Proceeds from the provision of services are recorded in proportion to the stage of completion if this can be determined on the basis of the percentage ratio between the time spent prior to the end of the year and the total time estimated for the contract. If the results of the transaction for which services are performed cannot be estimated reliably, proceeds are only recorded up to the amount of any expenses that can be recuperated. No proceeds are entered on barter transactions that involve the exchange of similar goods and services. Interest is recorded on a time-weighted basis, taking into account the effective yield of the asset. Royalties are posted according to the accruals concept in line with agreement provisions. Dividends are recorded at the point when the shareholder has obtained the right to receive the payment.

Employee benefit costs

Pension obligations

Punch Technix manages a number of defined benefit pension schemes and defined contribution schemes, the assets of which are held in funds or group insurances, which are managed separately. The pension schemes are financed by payments from employees and by the relevant companies in Punch Technix, taking into account the recommendations of independent authorised actuaries. The pension costs for defined benefit pension schemes are estimated according to the 'projected unit credit' method: the costs of providing pensions are entered as an expense in the income statement so that the normal costs are spread over the term of employment on the basis of actuarial calculations.

The pension scheme is valued as the present value of the estimated future outflow of cash, using the interest rates of public securities for which the term to maturity comes close to that of the corresponding commitments. Actuarial profits and losses are entered over the average remaining employment term. Net assets that stem from the over-financing of the pension commitments are posted at the net present value of the future savings on the employer's contribution. Punch Technix's contributions to defined contribution schemes are entered as an expense in the income statement in the period to which the contributions relate. Pre-pensions are treated as redundancy payments. The costs are recorded when employees accept the termination of their employment within the framework of these schemes.

Other employee benefits

Punch Technix's net commitment in relation to long-term employee benefits aside from pension schemes is the value of the future rewards that employees have earned in exchange for their performance during the current period and during previous periods. The commitment is calculated according to the 'projected unit credit' method and is discounted to its present value, and the actual value of related assets is deducted. The discount rate used is the return, on the balance sheet date, on high-value corporate bonds for which the term to maturity comes close to that of Punch Technix's commitments.

Employee compensation benefits

All personnel performance rewards are paid in cash and are entered as an expense in the income statement.

Financial risk management

Financial risk factors

Punch Technix's entities strive to restrict any unfavourable effects on the financial performance of their local activity to a minimum. However, fluctuations in market prices, exchange rates on sales and purchases or inter-group loans are inherent risks associated with the performance of the activity. Punch Technix makes use of derivative financial instruments to cover the exposure and interest rate risks that stem from their operational, financing and investment activities.

The net risk is managed centrally in accordance with the principles laid down by the general management. It is Punch Technix's policy not to enter into any speculative or leveraged transactions nor to hold or issue any financial instruments for trading purposes.

Currency risk

In view of Punch Technix's international flavour, its operations are exposed to different currency risks that stem from various positions in foreign currencies, primarily the Danish krone and the Slovak koruna. Punch Technix's companies use forward exchange contracts or other instruments that are arranged with local banks so that they cover their exposure to currency risks in the local reporting currency. Income statements of foreign entities are converted into Punch Technix's reporting currency at the weighted average exchange rates for the year, and balance sheets are converted at the exchange rates applicable on 31 December. Goodwill and actual value adjustments arising from the acquisition of a foreign entity are handled as assets and liabilities expressed in the local currency and converted at the closing exchange rate. Transactions expressed in a foreign currency are incorporated in the accounts at the exchange rate applicable on the date of the transactions; profits and losses arising from the settlement of such transactions and from the conversion of monetary assets and liabilities expressed in a foreign currency are entered in the income statement unless they are deferred in the shareholders' equity as qualifying cash flow hedges.

Interest rate risk

The interest rate risk is managed with the help of derivative financial instruments to cover the exposure to interest rate fluctuations.

Credit risk

Punch Technix has no significant concentration of credit risks and has drawn up policy rules to monitor the credit risks in relation to customers. For major projects, it refers to trade credit insurers or similar organisations.

Liquidity risk

The liquidity risk is coupled to developments in Punch Technix's working capital. Punch Technix follows the change in working capital closely by means of targeted actions.

Derivative financial instruments and hedge accounting

Punch Technix's activities expose Punch Technix primarily to the financial risks of interest rate and exchange rate changes. Punch Technix concludes forward exchange contracts and interest rate swap agreements to cover these risks. Punch Technix does not use any derivative financial instruments for speculative purposes. Changes in the actual value of derivative financial instruments that are appropriate and effective as hedges of future cash flows are incorporated directly in the shareholders' equity, and the non-effective portion is immediately recorded in the income statement. If the cash flow hedge of a firm commitment or expected transaction leads to the entry of an asset or liability, then the associated profits or losses on the derivative financial instrument formerly incorporated in the shareholders' equity is included in the initial valuation of the asset or liability at the point when the asset or liability is posted. For hedges that do not lead to the entry of an asset or liability, the amounts deferred in the shareholders' equity are posted in the income statement in the same period in which the position covered has an effect on the net profit or loss. To provide effective cover for an exposure to changes in the actual value, the position covered is adjusted to allow for changes in the actual value that are attributable to the risk hedged with the corresponding item in the income statement. Profits or losses that stem from the revaluation of the derivative financial instrument or, in the case of a non-derivative financial instrument, the foreign currency component of its book value are recorded in the income statement. Changes in the actual value of derivative financial instruments that do not qualify for hedge accounting are entered in the income statement as and when they arise. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. At that time, the cumulative gain or loss on the hedging instrument recognised in the shareholders' equity is retained in the equity until the expected transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in the shareholders' equity is transferred to the net profit or loss over the period. Derivative financial instruments contained in other financial instruments or other basic contracts are handled as separate derivative financial instruments if their risks and characteristics are not closely related to those of basic contracts and the basic contracts are not posted at actual value with incorporation of unrealised profits or losses in the income statement. The use of derivative financial instruments will be managed by Punch Technix's policy approved by the Supervisory Board, which lays down written principles relating to the use of derivative financial instruments.

Estimate of the actual value

Estimates of the actual value are based on third-party estimates, if available. For hedging contracts, the actual value is the market value.

3. Intangible assets

The heading "other" contains the activated development costs for the automated milking system TITAN. Since the introduction of TITAN in September 2005 investments were made for further development and optimising of the product and these costs were also carried to the asset side. During the past financial year EUR 1,050,000 was invested. Development costs are amortised on a straight-line basis over the period of 5 years from the introduction of TITAN. The patents will be amortised over their useful lifespan.

EUR k	**Patents**	**Other**	**Total**
Book value as at 1 January 2006			
Acquisition costs	500	863	1,363
Accumulated amortisation	-92	0	-92
Net book value	**408**	**863**	**1,271**
Changes of the financial year			
Investments	0	1,050	1,050
Amortisation	-50	-245	-295
Book value as at 31 December 2006			
Acquisition cost	**500**	**1,913**	**2,413**
Accumulated amortisation	-142	-245	-387
Net book value	**358**	**1,668**	**2,026**

4. Goodwill

The goodwill is generated as a result of the acquisition of Prolion by the former Punch Professional (today Punch Technix Equipment Manufacturing sro), the difference between the theoretical acquisition cost and the net assets of Prolion at the time of the transaction. The total book value of the goodwill, EUR 21.2m is to be assigned entirely to the RMS division.

The realisable value of the RMS division is the total of the expected future cash flows and tax shields calculated back to the moment of valuation discounted at the weighted average cost of capital (Wacc). The expected cash flows are based on a, management approved, business plan for a period of 5 years.

For the extrapolation of the cash flow estimates falling outside the period to which the plan applies, no growth rate was applied. The used wacc is 13.6%.

The realisable value of the RMS division exceeds the booking value of the goodwill, as at 31 December 2006, so there was no reason to revise the goodwill downwards.

5. Property, plant & equipment (PPE)

EUR k	Land & buildings	Other tangible assets	Total
Net book value as per 1 January 2006			
Acquisition value	100	3,273	3,373
Accumulated Depreciations	-17	-339	-356
Net book value	**83**	**2,934**	**3,017**
Changes of the year			
Investment	0	1,136	1,136
Divestments	-60	-15	-75
Amortisation	-3	-622	-625
Calculation differences	0	290	290
Net book value as per 31 December 2006			
Acquisition value	40	4,394	4,434
Calculation differences	0	290	290
Accumulated Depreciations	-20	-961	-981
Net book value	**20**	**3,723**	**3,743**

Investments in other tangible assets refer to the purchase of machinery by the EMS division at the cost of approximately EUR 0.8m. The remaining investments in this other tangible assets refer to rolling material.

6. Deferred tax assets

The offsettable loss as at 30 June 30 2005 was set at EUR 34.5m by order. The tax returns 2005 (shortened financial year 1 July 2005 to 31 December 2005) indicate that the offsettable losses now amount to EUR 47.6m. Under statutory provisions, offsettable losses can be lost as a consequence of major shareholder changes or there is the possibility that they may not be consumed entirely. The tax office has confirmed that, based on the information supplied by Punch Technix, as well as the shareholder change in the first half of 2005 and the one in December 2005, the present offsettable losses will not be lost if the usual conditions are otherwise satisfied. In determining the deferred tax assets it was assumed that a substantial portion of the future profits would be taxable in the Netherlands. Also, to be careful, only 50% of the projected profits was taken in account, as well as a possible future time constraint on offsettable losses; a period of 9 years was applied here. The calculation of the scale of the future tax benefit is as far as EMS is concerned, based on the business plan previously used in determining the exchange ratio between former Prolion and Punch Professional. The calculation results in a deferred tax of EUR 5.0m, taken in account the going tax rates.

7. Inventories

The increase in inventories in comparison with the situation as it was on 31 December 2005 is mainly due to the start of production of the new automated milking system TITAN.

EUR k	2006	2005
Raw materials	8,405	6,210
Work in progress	2,195	1,668
Finished products and goods for resale	1,282	488
Total inventories	**11,882**	**8,366**

8. Trade and other receivables

The increase in trade debtors is due to the increase of the turnover in comparison to 2005. As from 31 December 2005, this only referred to the turnover realised during the month of December. The items "tax and social insurance premiums" contains exclusively reclaimable turnover tax.

The receivable from Punch Property International N.V., a wholly-owned subsidiary of Punch, results from the sale of land in Emmeloord (NL).

EUR k	2006	2005
Trade debtors	6,391	845
Tax and social insurance premiums	1,338	1,849
Receivable Punch Property International	53	53
Other receivables, accrued income and deferred expenses	427	115
Total receivables	**8,209**	**2,862**

9. Group equity

The table below shows the changes in Punch Technix equity. "Reverse acquisition" refers to the acquisition of the former Prolion Holding NV in accordance with IFRS 3. The reverse acquisition reserve is the connection between the consolidated goodwill (EUR 21.2m) and the statutory goodwill (EUR 13.6m).

EUR k	Paid up Capital	Other reserves	Reverse Acquisition	Translation differences	Result of the year	Total
1 January 2006	18,366	5,562	7,334	0	-604	30,658
Result allocation	0	-604	0	0	604	0
Changes during the year	0	-295	295	950	0	950
Result of the year after tax	0	0	0	0	-2,976	-2,976
31 December 2006	**18,366**	**4,663**	**7,629**	**950**	**-2,976**	**28,632**

The table below shows the movements in the shareholders' equity of Punch Technix in the company balance sheet following on from the shareholders equity as at 31 December 2005.

EUR k	Issued capital	Share premium	Accumulated losses	Translation Reserves	Result of the year	Total
Beginning of the year	18,367	96,403	-84,476	0	-6,970	23,324
Result allocation	0	0	-6,970	0	6,970	0
Changes during the year	0	0	-295	950	0	655
Result of the year	0	0	0	0	-5,690	-5,690
31 December 2006	**18,367**	**96,403**	**-91,741**	**950**	**-5,690**	**18,289**

The issued and paid-up capital as at 31 December 2006 amounted to EUR 18,367,056 and was spread over 40 priority shares and 4,591,764 Shares of EUR 4.00 nominal value. The accumulated accounting loss as at 31 December 2006 runs to EUR 91,741,000. The ability to distribute the reserves is limited by a statutory reserve for capitalised development costs that has yet to be created. The shareholders' equity on the company balance sheet differs substantially from the group equity under IFRS. The connection with the group equity is shown in the table below.

EUR k	
Group capital	28,632
Reverse acquisition reserve	-7,629
Amortization of goodwill	-2,714
Statutory group equity	**18,289**

The reverse acquisition reserve bridges the gap to the group equity calculated by applying IFRS 3. Given that the punch Group, in December 2005, acquired control over Punch Technix through the integration of Punch Professional (now Punch Technix Equipment Manufacturing sro), this transaction should be regarded as a "reverse acquisition". This implies that it is not Punch Technix N.V., but Punch Professional sro that is regarded as the acquirer. Under IFRS 3, the group equity is determined by the total of the acquisition cost for the former Prolion and the paid-up capital of Punch Professional sro.

The reverse acquisition reserve also reveals the difference between the goodwill in the consolidated annual accounts and the goodwill on the company balance sheet.

EUR k	
Consolidated goodwill	21,200
Statuary goodwill	-13,571
Difference (= Reverse Acquisition Reserve)	**7,629**

During the financial year 2006 no options were granted to personnel.

EUR	Ordinary shares	Priority shares	Total	Nominal	Issued capital
Issued per 31 December 2006	4,591,764	40	4,591,804	4.00	18,367,216

10. Pension provisions

This relates to provisions for defined benefit pension schemes. These schemes are of a long-term nature and are the responsibility of an insurance company. The size of the provision is partly dependent on the actuarial results that stem from, among other things, changes and expectations concerning wage movements, staff turnover and actuarial interest rate. Actuarial results that exceed the threshold amounts of 10% of the maximum level of the plan assets and pension commitments are allocated to the result over the average remaining term of employment of the active employees. Actuarial results within these threshold amounts are not included in the provision.

Breakdown

The provision included in the balance sheet breaks down as follows:

EUR k	**2006**
Present value of allotted pension entitlements	1,882
Actual value of plan assets	-1,549
As Per December 31st end of year	**333**

Summary of movements

The following summary shows the movements in the provision during the financial year:

EUR k	**2006**
Allotted pension entitlements	
Present value as per 1 January 2006	2,033
Interest expenses	81
Benefits paid	-18
Service costs	28
Actuarial results	-242
As Per December 31st end of year	**1,882**
Plan assets	
Actual value as at 1 December 2006	-1,678
Actuarial result	163
Company’s contribution	-45
Participant’s contributions	-7
Benefits paid	18
As Per December 31st end of year	**-1,549**
Actuarial results	
Benefits paid	-242
Plan assets	163
As Per December 31st end of year	**-79**

Net effect on the income statement

EUR k	**2006**
Provisions as per January 1st	**60**
Adjustment calculation 2005	295

Paid premiums	-45
Expenses in income statements	23
Service costs & contributions company	28
Actuarial result	-79
Contribution participant	-7
Interests	81
Provisions as per December 31st	**333**

Main actuarial assumptions

	2006
Discount rate applied	4.00%
Cost Inflation	2.00%
Expected salary increases	3.00%
Expected staff turnover	10.00%

11. Other provisions

The provisions entered are to be divided into the categories below.

EUR k	**Disputes**	**Warranty**	**Rabobank**	**Total**
As at 1 January 2006	**1,363**	**102**	**2,960**	**4,425**
Acquisition	0	66	0	66
Increase	-39	0	-195	-234
Application	-506	0	0	-506
As per 31 December 2006	**818**	**168**	**2,765**	**3,751**

The total provision is expected to be long term.

Provision for claims

Value added tax

The bankruptcy of Prolion Sales B.V. on 14 February 2002 led to the imposition of an (additional) V.A.T. assessment of around EUR 2,100,000 on the former Prolion (as parent company of the fiscal entity for value added tax) on account of turnover tax deducted by Prolion Sales B.V. on accounts payable that, in the opinion of the tax office, had not actually been paid (in part) yet in connection with the bankruptcy.

After various proceedings, Punch Technix was convicted to pay the outstanding debt. On the grounds of the judgement, the additional assessment was lowered to EUR 950,000. As approximately EUR 650,000 had been settled or paid on the balance date, the provision of EUR 550,000 has been lowered to EUR 300,000.

Bou-Matic

Bou-matic instigated arbitration proceedings on 25 August 2005 in accordance with article 4 of the international Chamber of Commerce Rules of Arbitration. These proceedings were instigated to finally fulfil the agreement concluded on 15 July 2004. The Executive Board considered it necessary to include a provision for arbitration costs to the sum of EUR 300,000.

Melotte S.A.

In the case of the sale of shares in Melotte S.A. in 2003, a clause was included in the sale agreement stating that RMS International N.V. would provide indemnity against two disputes facing Melotto S.A. to a maximum sum of EUR 230,000. In one of the two disputes, a judgement was delivered February 2006, in which Melotte S.A.was ordered to pay a sum of EUR 60,000. Melotte S.A. passed this on to RMS International N.V., and the latter has now undertaken to pay the amount. In the other dispute, a settlement was agreed upon for the sum of EUR 154,000. As a result of these developments the total of the provision has been lowered to EUR 154,000.

Other Disputes

This relates solely to a dispute with a supplier, dating back from the financial year 2003/2004. In that particular year, a provision of EUR 65,000 was already entered by former Prolion. All other disputes were sorted out in the past financial year. As a result the respective provisions were exercised or taken back.

Warranty provision

The warranty provision to the sum of EUR 168,000 relates to the future costs for the warranty attached to supplied automatic milking systems. At the moment Punch Technix does not currently have any accurate historical information concerning actual costs of this warranty. 2.5% of the contract price of the automatic milking systems supplied during the last 12 months was recorded as the provision based on a best estimate.

Rabobank

At the time when Prolion Sales B.V. went bankrupt, there was an agreement in place with Rabobank concerning a payment scheme based on automatic milking systems for sale. In its entirety, this agreement covers a margin payment of EUR 4,000,000. As at 31 December 2005, the total outstanding debt amounted to EUR 3,250,000 and the sum of EUR 290,000 had been transferred to current liabilities; this represents the payment for systems supplied to this date. As from 31 December 2006, a further EUR 195,000 for the systems supplied was reclassified under current liabilities.

12. Current liabilities

The heading current liabilities relates mainly to short-term credits, withdrawn as advances. The interest rates for these facilities are in line with the market.

EUR k	**2006**	**2005**
Bank overdraft	7,011	496
Trade and other payables	7,411	5,309
Other financial liabilities	5,273	3,340
Tax & social insurance premiums	699	1,261
Punch Donghwa Ltd.	250	250
Redemption of Rabobank loan	485	290
Punch International N.V.	2,388	280
Other debts, accrued expenses and deferred income	1,451	1,259
Total current liabilities	**19,695**	**9,145**

'The debt to "Punch Dongwa Ltd." is what remains of original loan to the sum of EUR 10.8m which the Punch Group acquired in June 2004 from VSP Investments B.V. In July 2004, EUR 3.0m was repaid. During the capital increase in May 2005, EUR 6.5m was converted into shares. The loan was further reduced by means of the sale of the property in Emmeloord (EUR 475,000) and a second conversion to the sum of EUR 580,000 during the capital increase in December 2005.The "Redemption of Rabobank Loan" relates to the payment owed to Rabobank as a consequence of the supplying of automated milking systems in 2005. At the time when Prolion Sales B.V. went bankrupt, there was an agreement in place with Rabobank concerning a payment scheme based on automated milking systems for sale. In its entirety, this agreement covers a margin payment of EUR 4.0m. As at 31 December 2006, the total outstanding debt amounted to EUR 3.25m. EUR 485,000 is due in the near future as a result of automated milking systems. The remainder of the debt, namely EUR 2.76m, was entered as a provision.

13. Long-term debt

The entered leasing debts, relate to financial leasing contracted to finance investments in machinery. The item financial institutions contains repayment credits, contracted to finance investments in rolling material.

EUR k	**2006**	**2005**
Financial institutions	169	0
Leasing	406	0
Total long-term debt	**575**	**0**

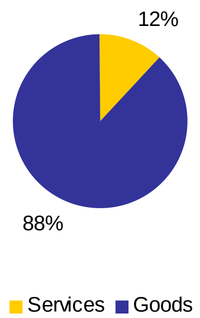
EUR k	**Total**	**Matures 1 – 2 years**	**Matures 2 – 5 years**
Financial institutions	169	37	132
Leasing	406	193	213
Total long-term debt	**575**	**230**	**345**

14 Net revenues

The breakdown of revenues into goods and services is shown in the table below:

EUR k	**2006**	**2005**
Sale of goods	31,161	2,171
Sale of services	4,304	88
Total Revenues	**35,465**	**2,259**

Exhibit 19 - Breakdown of turnover



15 Personnel costs

EUR k	**2006**	**2005**
Wages and salaries	7,153	269
Social security charges	1,029	73
Pension costs	95	-30
Total personnel costs	**8,277**	**312**

The figures of 2005 relate to the month December 2005 only; making a comparison to 2006 is therefore not relevant. The heading “Salaries" includes the payment (approximately EUR 3.8m), which was paid to Punch Campus Namestovo in line with the Collective Labour Agreement, as shown in paragraph 20.

16. Other expenses

Other expenses include management costs, operating and machine costs, business accommodation expenses,, selling expenses, vehicle costs, other personnel costs, maintenance and service expenses, audit fees, tax consultancy fees, insurance costs, IT costs, provisions and miscellaneous costs. The table below shows the details for the relevant period:

EUR k	**2006**	**2005**
Subcontracting	606	902
Transport costs	385	8
Rental expenses	2,373	35
Maintenance costs	663	7
Energy costs	849	26
Communication costs	325	31
Administrative costs	138	23
Insurance	228	10
Payments to third parties	2,222	34
Travel and entertainment expenses	920	51
PR and marketing	480	51
Other expenses	409	3
Provisions	-528	100
Total other expenses	**9,070**	**1,281**

The figures of 2005 relate to the month December 2005 only; making a comparison to 2006 is therefore not relevant.

The heading "Rental Expenses" contains mainly the rental expenses for the production- and office buildings (approximately EUR 1.9m). The remainder is for rolling material. "Energy costs" contains both heating costs as well as fuel costs for rolling material. The heading "Payments to third parties" contains compensations for management and external advisors such as tax consultants, lawyers, consultants and accountants. The taking back of "provisions" was earlier discussed in paragraph 11.

17. Segment reporting

Primary segment reporting at Punch Technix follows the business unit structure. As mentioned earlier, Punch Technix is organised around two commercial divisions: Robot Milking Solutions (RMS) develops and sells automatic milking systems, and provides an aftersales service; Equipment Manufacturing Solutions (EMS) is an industrial component supplier that offers integrated services in the design, engineering and assembly of components and machinery for the agro-food industry, the graphics industry and the medical sector. Production of the automatic milking systems also takes place at EMS.

EUR k	2006			
	RMS	EMS	Other	Total
External Sales	9,581	25,879	5	35,465
Intercompany revenue	2,591	4,971	0	
Total	**12,172**	**30,850**	**5**	**35,465**
EBIT	**-3,895**	**986**	**-1,320**	**-4,229**
Net Profit	-5,624	216	2,432	-2,976
Assets	31,918	30,635	78,676	141,229
Liabilities	60,597	33,171	16,352	110,120
Net assets	**-28,679**	**-2,536**	**62,324**	**31,109**
Investments	1,325	785	1	2,111
Amortization	393	527	0	920
Provisions	-596	-100	0	-696

Exhibit 20 - Breakdown of turnover by business unit

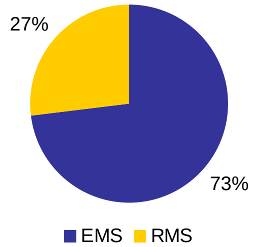
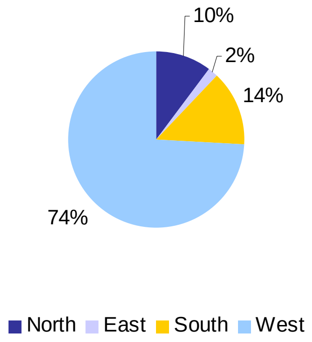


Exhibit 21 - Breakdown of turnover by region



The “Other” segment merely contains the holding company Punch Technix. Within each segment the internal revenues, assets and liabilities have been eliminated. The assets in the “Other” segment mainly relate to amounts receivable from the companies within the “RMS” and “EMS” segments.

The expenses, debts and deferred income contain both intercompany debts and financial debts to the sum of EUR 1.9m, an account in respect of Punch International to the sum of EUR 2.4m and provisions to the sum of EUR 3.8m.

The difference between the company result (EBIT) and the net result is due to intercompany interests. For the segment "other" this also contains the increase of the deferred tax asset to the sum of EUR 1.3m.

Secondary segment reporting is done per region. Punch Technix divides its field of action into four regions: North (Scandinavia), South (Southern Europe and Switzerland), East (Eastern Europe and

Japan) and West (Benelux, Germany, UK and USA). The table below shows the revenues (according to the customer's location), the total assets deployed and the investments made (during the relevant period) for each region.

Region	Sales	Assets	Investments
EUR k		2006	
North	3,632	1,778	38
East	632	17,192	781
South	4,879	2,700	63
West	26,322	119,559	1,229
Total	**35,465**	**141,229**	**2,111**

18. Financial result

EUR k	**2006**	**2005**
Financial income	**851**	**0**
Financial charges	**-873**	**-49**
Bank interest	-381	-16
Default interest	-51	-23
Miscellaneous	-441	-10
Overall expenses	-22	-49

The financial income is mainly the result of the completion of the bankruptcy of DZK B.V. The various financial expenses contain among others the negative market value of the financial covering instruments to the sum of EUR 0.3m. For the remainder this segment contains mainly negative currency exchange rates.

19. Corporation tax

The tax is calculated on the basis of the taxable profit. A tax deferral is formed for differences between commercial and fiscal valuations. Punch Technix and its Dutch subsidiaries have major tax losses. For a discussion thereof, please refer to section 6 concerning deferred tax assets.

20. Transactions with associated parties

Punch Technix and its shareholder Punch, as well as several subsidiaries of Punch, were involved in the last period in a number of transactions, which are stated below.

Financial

Transaction: Warranty with respect to credit facility

Size:	EUR 1,900,000
Date:	September 2005
Purpose:	To strengthen Punch Technix's financial position.
Description:	In September 2005, Punch Technix raised a credit with a credit institution to the sum of EUR 1.9m. Punch signed a guarantee for this amount. On 31 December 2006, this credit had completely been taken out by Punch Technix.

Commercial

Transaction: Service agreement between Punch Campus Namestovo and Punch Technix

Size:	EUR 300,000 per annum
Date:	November 2005
Purpose:	To lay down terms for auxiliary services between Punch Campus Namestovo and Punch Technix.
Description:	Punch Technix concluded an agreement with Punch Campus Namestovo at the end of 2005 for the use of auxiliary services, including human resources and IT services, supplied from Punch Campus to Punch Technix. This contract becomes effective from 1 January 2006.

Transaction: Collective Labour Agreement with Punch Campus Namestovo

Size:	approx. EUR 3.8m per annum
Date:	November 2005
Purpose:	Production activities in Slovakia
Description:	For the production activities in Slovakia, Punch Technix will take on labour capacity from Punch Campus Namestovo. This will number some 500 employees who have an employment contract with Punch Campus Námestovo. This contract becomes effective from 1 January 2006.

Transaction: Production agreement with Punch Telematix

Size:	EUR 1.4m per annum
Date:	N/A
Purpose:	Production of goods sold by Advantra
Description:	Punch Technix produces components for Punch Telematix (a subsidiary of Punch) at arms lenght. During the last financial year the sales to Punch Telematix amounted to EUR 1,384,000.

Transaction: Supply of BodyCoach appliances

Size:	EUR 600,000 per annum
Date:	June 2003
Purpose:	Supply of BodyCoach appliances
Description:	The assembly of fitness machines that are sold under the brand name of BodyCoach by the company BodyCoach N.V., of which Mr G. Dumarey is a shareholder. Mr Dumarey is a majority shareholder and CEO of Punch International N.V. During the last financial year the sales to BodyCoach N.V. amounted to EUR 606,000

Property-related

Transaction: Leasing of office premises in Evergem (Belgium)

Size:	EUR 13,850 per month
Date:	1 November 2002 1 November 2006
Purpose:	To lease facilities to support operational activities
Description:	Punch Technix leases a warehouse and adjacent office premises from Punch Property International, a subsidiary of Punch. This location was used for the storage and assembly and the storage of parts. The rent leasing agreement was terminated in November 2006.

Transaction: Property lease in Námestovo (Slovak Republic)

Size:	EUR 1,300,000 per annum
Date:	November 2005
Purpose:	To lease facilities to support operational activities
Description:	Punch Technix concluded a tenancy agreement at the end of 2005 for the lease of the production areas of Punch Campus Námestovo where Punch Technix performs its activities. This agreement was entered into for 5 years with Punch Property Orava, a subsidiary of Punch.

21. Information not shown in the balance sheet

Tax

In consideration of the fiscal entity of Punch Technix, joint and several liabilities with respect to RMS B.V., RMS International B.V. and Equipment Development Solutions B.V. applies for corporation and turnover tax purposes; while joint and several liability with respect to RMS Benelux B.V. applies to the fiscal entity of RMS International B.V.

Bankruptcy of SRT S.A.

On 15 November 2005 the company SRT S.A (formerly Gascoigne Melotte SA) was declared bankrupt by the commercial court in Beauvais. SRT SA was the indirect French subsidiary of Punch Technix which used to run the commercial activities in |France. It ceased all activities following the sale of these activities to Boumatic.

Up until the present day none of the companies of Punch Technix have been approached by the curator in connection with the bankruptcy. SRT SA was confronted with several product responsibility procedures and various other disputes. The total of the claims associated with these upcoming and threatening proceedings was EUR 4,400,000. It is not known if SRT SA is going to have to pay compensation and if so, how much compensation this would be. For these claims no provision was created by Punch Technix.

Wingerd beheer B.V./H.H. Geerts

Punch Technix and RMS B.V. were summonsed on 13 July 2005 by Wingerd Beheer B.V. and Mr H.H. Geerts (together Wingerd beheer). Wingerd Beheer is claiming a total sum of EUR 634,229. Wingerd Beheer is basing its claim on the fact that the shares that it held in AMS Liberty Nederland B.V. became worthless as a consequence of the actions of Punch Technix and RMS B.V. In February 2007 this case was judged in favour of Punch Technix. For this claim no provision was created.

Bankruptcy DZK

DZK B.V. was declared bankrupt on 21 December 2004. Punch Technix is managing director of DZK B.V. and therefore runs a liability risk. The interim financial report of the curator, says the bankruptcy declaration of DZK B.V. will have no negative consequences for the Punch Technix Group.

Punch Technix collects the sum of approximately EUR 230,000 that which unjustly recuperated of DZK by the curator. The claim has been entered in the balance sheet per 31 December 2006.

Lease and rental obligations

The sum total of long-term obligations that are not included in the balance sheet comes to approximately EUR 100,000

Bank Guarantee

A total sum of EUR 587,000 has been allocated to bank guarantees to third parties.

22. Other notes

Workforce

As at 31 December 2006, the number of FTEs amounted to 78. Of these, 72FTEs were employed in the RMS division: 49 FTEs in the wholly-owned subsidiaries and 23 FTEs in the joint ventures in Denmark and France. The EMS division leases her employees from Punch Campus Namestovo and has therefore virtually no employees. The related costs, however, are entered as personnel expenses.

Emoluments of Executive and Supervisory Boards

For the emoluments of the current and former managing directors of Punch Technix, a sum of EUR 564,792 was charged to the company and its group companies or subsidiaries in the financial year.

- Stefan Pirard EUR 244,432
- Marc Maes EUR 154,468
- Johan D'Hauw EUR 153,392
- Herman Olde Bolhaar EUR 12,500 (Supervisory Board member)

No share options were allocated to the managing directors during the year under review and no options were exercised by the managing directors. As at 31 December 2006, the statutory Executive Board does not possess any options. The statutory Executive Board does not hold any shares in Punch Technix. The priority shares are held by the Prolion Priority Foundation, which is managed by the Executive Board and Supervisory Board of Punch Technix.

23. Events after balance sheet date

The management declares that there were no material changes in the financial or trading position after 31 December 2006.

Other information

Auditors' report

BDO CampsObers Audit & Assurance B.V. were instructed to audit the annual accounts. For the auditor's report, please refer to page 84.

Articles of association provisions relating to appropriation of profits

Article 26

1. Of the profits apparent from the adopted annual accounts the holders of priority shares shall receive first, if possible, the same percentage of the nominal amount of their priority shares as the amount of statutory interest on the first day of July of the financial year in question.

2. Of the profits that remain following payment as referred to in paragraph 1 a portion shall be reserved as determined by the priority shareholders. The then remaining profits shall be placed at the disposal of the General Meeting.

3. The company can only pay out dividends to the shareholders and other persons entitled to a share in the profit available for distribution if and insofar as the equity exceeds the issued capital increased by the reserves that must be maintained by virtue of the law.

4. Dividends may only be paid out following the adoption of the annual accounts from which it appears that profit distribution is permissible.

5. The General Meeting cannot decide upon the partial or complete removal of any reserves without prior approval from the priority shareholders.

Article 27

1. Dividends and other payouts shall be made available on a date set by the Executive Board within four weeks of the declaration thereof.

2. The availability of the dividends and other payouts to shareholders, the composition of the payment, as well as the means of availability shall be announced by an advertisement in a national newspaper as well as the Official List (if shares in the company are listed on the stock exchange in Amsterdam).

3. The dividend payment claim shall lapse six years after becoming payable.

4. If the Priority so decides, an interim dividend shall be paid provided that this complies to Article 2:105 Civil Code.

5. The Priority may decide that dividends and/or payments from complete or partial reserves can be made in the form of a number of shares in the company's capital to be determined by the Priority. If the Priority so decides, the sum of the dividend or payout referred to in the previous sentence which is due to a shareholder shall be made available to the shareholder in cash or in the form of shares in the company's capital, or partly in cash and partly in the form of shares in the company's capital, as chosen by the shareholder, subject to the provisions of the following sentence. Insofar as the Priority provides the opportunity for this, if the company maintains a share premium reserve and if a shareholder so desires, the dividend made available to him or her in the form of shares shall be paid out and charged against the share premium reserve.

6. Deficits may only be wiped out at the expense of the reserves prescribed by law if the law permits this.

Profit appropriation

It is assumed that the loss for the 2006 financial year of EUR 5,690,000 will be charged to the accumulated loss. This proposal has not yet been incorporated in the annual accounts and must be ratified by the General Shareholders' Meeting.

Special statutory controlling rights

The following rights are connected with priority shares under the terms of the company's articles of association:

Article 5

Paragraph 2:

A decision by the General Meeting to issue shares or to appoint a body other that the Priority authorised to issue shares can only be taken on the Priority's proposal.

Article 14

Paragraph 2:

The Priority stipulates the number of directors and, with due regard for the set minimum, the number of members of the Supervisory Board.

Paragraph 4:

The appointment of members of the Executive and Supervisory Boards occurs on the basis of a binding short list, which must contain at least two names for each vacant position. This list is drawn up by the Priority within three months of the Priority receiving a registered letter from the Executive Board inviting it to do so. If the Priority does not prepare a binding short list within the time specified, the General Meeting shall be free to make its choice. The General Meeting shall also be free to choose if it takes away the binding character of the nomination by a decision passed by at least two-thirds of cast votes that represent more than half the issued capital. In the event of a said short list for the appointment of a member of the Supervisory Board, each candidate shall supply his or her age, occupation, the sum of his or her shares in the company's capital and the posts that he or she occupies or has occupied if important in connection with discharge of the duties of a member of the Supervisory Board. Mention shall also be made of which legal entity the candidate is affiliated with already; if there are several entities belonging to the same group, specifying Punch Technix shall suffice. Reasons shall be given for the appointment short list.

Article 15

Paragraph 4:

The Executive Board needs the Priority's approval for those board decisions specifically referred to by the Priority in its decision to that effect.

Article 21

Paragraph 1:

Decisions to: a. amend the articles of association; and b. dissolve the company, shall require the prior approval of the Priority.

Paragraph 2:

Unless the prior approval of the Priority is obtained, decisions to dismiss or suspend a member of the Executive or Supervisory Board can only be taken by a majority vote of at least two-thirds of valid votes, provided that this majority represents at least half the issued capital. Should the required quorum not be represented, a second meeting cannot be held in accordance with paragraph 3 of Article 2:120 Civil Code. The priority shares are held by the Prolion Priority Foundation in Haarlemmermeer. The managers of the foundation are:

- W. Deblauwe
- G. Dumarey
- H. Olde Bolhaar

Auditors' report for the 2006 financial information

We have audited the consolidated financial statements 2006 of Punch Technix N.V., Vijfhuizen.. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2006, the profit and loss account, statement of changes in equity and cash-flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated 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.

Auditor's responsibility
Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements give a true and fair view of the financial position of Punch Technix B.V. as at 31 December 2006, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Amstelveen, 2 April 2007

BDO CampsObers Audit & Assurance B.V.

R.W. Brummelman RA

Consolidated accounts 2005 compared to 2004

Exhibit 22 - Consolidated Balance sheet as at 31 December 2005 (before profit appropriation)

EUR k	**notes**	**2005**	**2004**
Assets			
Non current assets			
Intangible assets	4	1,271	0
Goodwill	5.14	20,905	0
Property, plant & equipment (PPE)	6	3,017	0
Financial assets		4	0
Deferred tax assets	7	3,714	0
Total non current assets		28,911	0
Current assets			
Inventories	8	8,366	0
Trade and other receivables	9	2,862	0
Other financial assets		23	0
Cash and marketable securities		4,126	5
Total current assets		15,377	5
Total assets		44,288	5
Liabilities			
Current liabilities	13		
Bank overdraft		496	0
Trade and other payables		5,309	0
Other financial liabilities		3,340	0
Total current Liabilities		9,145	0
Provisions			
Pension provisions	11	60	0
Other provisions	12	4,425	0
Total provisions		4,485	0
Total current liabilities and provisions		13,630	0
Total net assets		30,658	5
Group equity	10	30,658	5

Exhibit 23 - Consolidated income statement for the 2005 financial year

EUR k	**notes**	**2005**	**2004**
Net revenues	15	2,259	0
Change in inventories of work in process and finished products		152	0
Total revenues		**2,411**	**0**
Raw materials and consumables used		1,282	0
Personnel costs	16	312	0
Amortization of intangible assets		7	0
Depreciation of tangible assets		74	0
Impairment		10	0
Other expenses	17	1,281	0
Total expenses		2,966	0
Earnings before interest and taxes (EBIT)		**-555**	**0**
Financial result	19	-49	0
Profit before tax		-604	0
Tax	20	0	0
Profit after tax		**-604**	**0**
Profit per share	**21**	**-1,57**	**-**

Exhibit 24 - Table of changes in Shareholders' Equity for the 2005 financial year

EUR k	**2005**	**2004**
Shareholders' equity (based on NL GAAP) on 1 January		5
Adjustment in accordance with IFRS 1		0
Shareholders' equity on 1 January	**5**	**5**
Debt conversion Punch Campus Namestovo	6,267	0
Increase as a result of the Reverse Acquisition	15,269	0
Increase as a result of cash contribution (net)	8,178	0
Increase as a result of conversion loans	1,543	0
Profit for the financial year	-604	0
Shareholders' equity as at 31 December	**30,658**	**5**

Exhibit 25 - Consolidated cash flow statement 2005

EUR k	**Note**	**2005**	**2004**
Operating activities			
Profit after tax		-604	0
Adjustments for :			
Amortisation of intangible assets		7	0
Depreciation of tangible assets		74	0
Impairment		10	0
Interest income		0	0
Interest expense		49	0
Tax		0	0
Cash flow before changes in working capital and provisions		**-464**	**0**
Increase trade & other receivables		1,246	0
Increase inventories		559	0
Decrease in trade and other payables		-3,913	0
Increase in provisions		71	0
Cash generated from operations		**-2,501**	**0**
Investment activities			
Acquisition of assets and enterprises		521	0
Purchase of PPE		0	0
Intangible assets		-37	0
Investments in financial assets		7	0
Interest income		0	0
Financing activities			
Increase in group equity through issue of shares		8,178	5
Repayment of bank borrowings		-1,996	0
Interest expenses		50	0
		6,132	**5**
Increase/ (decrease) in cash		**4,122**	**5**

Notes to the consolidated balance sheet, consolidated income statement and consolidated cash flow statement

1. Activities

Punch Technix was created as a result of the name change of the Dutch exchange-listed company Prolion Holding nv following the Punch group's contribution of its equipment manufacturing activities. For a detailed account of this transaction, please see section 14 of this report. Punch is the majority shareholder with 70.9% of the shares. Since December 2005, Punch Technix has been listed on the Euronext Amsterdam Exchange under the new name of Punch Technix. Punch Technix develops and produces equipment and machines for leading Original Equipment Manufacturers (OEMs) in the agro-food industry, the graphics industry, the medical sector and various other sectors, combining many years of experience with a strategic geographic presence. The development and engineering activities are based in the Netherlands; the actual production is centralised in Slovak Republic (Namestovo). Punch Technix offers total solutions for the complete trajectory, from design and development to production and assembly. Punch Technix is organised around two commercial divisions:

EMS

Trough EMS (Equipment Manufacturing Solutions), Punch Technix supplies integrated services in the field of electronic and mechanical assembly of printed-circuit boards, the production of precision metal components, and the production and assembly of equipment and machines for the various sectors in which it is active.

RMS

In addition, Punch Technix is active under its own brand: under the name RMS (Robot Milking Solutions), Punch Technix develops, produces and markets automatic milking systems for large and medium-sized dairy farms.

2. First time adoption of the International Financial Reporting Standards (IFRS)

Mid December 2005, the mechanical engineering activities of the Punch Group were placed under the management of Punch Professional sro, an indirect Slovak subsidiary of Punch. This Slovak company was integrated into Punch Technix (formerly Prolion Holding nv) in exchange for the issue of 1,984,574 shares at EUR 10.00 each. This transaction gave Punch. control over Punch Technix, through its ownership of 70.9% of the shares and the appointment of a new board. In accordance with IFRS 3, this transaction is considered a "Reverse Acquisition". This implies that not Punch Technix but Punch Professional sro is regarded as the acquirer. The main consequences of this can be outlined as follows :

- The "Reverse Acquisition" approach only applies to the consolidated annual accounts. These are published under the name of the legal parent company (Punch Technix) but they are, specifically, a continuation of the financial reports of Punch Professional sro. This means that the reporting refers to a period of 12 months — the 2005 calendar year. The fact that the former Prolion Holding nv used a different financial year is therefore irrelevant.
- The acquisition cost is considered from the viewpoint of Punch Professional sro and is identical to the value of the outstanding shares of Punch Technix (formerly Prolion) prior to integration. In specific terms 1,526,596 shares at EUR 10.00, i.e. EUR 15.2m.
- The assets and liabilities of Punch Technix prior to integration are valued on the basis of a "fair value" at the transaction date (this forms the acquisition balance sheet). For further details of this valuation, please see section 14. The difference between the acquisition price and the net worth of the acquisition balance sheet is included in the consolidated balance sheet as goodwill (i.e. after integration).

- Punch Technix's equity presented in the consolidated balance sheet as at 31 December 2005 is the shareholders' equity of Punch Professional sro.
- The paid-up capital in the consolidated balance sheet is determined by the total of the acquisition cost and paid-up capital of Punch Professional sro prior to integration. The structure of the share capital as shown, including the number of shares, is that of Punch Technix.
- The figures used for comparison are those belonging to Punch Professional sro for the 2004 financial year.

The notes concerning the first time adoption of IFRS deal with the impact of IFRS on the results and net assets for the comparative financial year. Under application of IFRS 3 (Reverse Acquisition), this implies the conversion to IFRS of the figures belonging to Punch Professional sro for the 2004 financial year. However, Punch Professional sro was created from a "shell company" in which, on 1 December 2005, the assets relating to the mechanical engineering activities were integrated by Punch Campus Namestovo sro, a wholly-owned subsidiary of Punch. The only assets on the balance sheet as at 31 December 2004 were cash and marketable securities amounting to EUR 5,000. The shareholders' equity consisted of the paid-up capital of EUR 5,000. Punch Professional sro did not carry out any activities in 2004, so the conversion to IFRS on the balance sheet as at 31 December 2004 has no impact on the results for 2004 and the shareholders' equity as at 31 December 2004. The total revenues and profit after tax for the 2005 calendar year for former Prolion Holding, which would have been earned on the assumption that the integration of Punch Professional had already taken place as at 1 January 2005 are as follows (x EUR 1,000): Revenues EUR 8,906 Profit after tax EUR -10,509

3. General principles for the presentation of the annual accounts

Declaration of conformity

The financial information has been drawn up in accordance with the International Financial Reporting Standards (IFRS) and IFRIC interpretations approved by the International Accounting Standards Board (IASB) and accepted by the EU.

Presentation principle

The financial information has been drawn up according to the historical cost convention. The companies within the Punch Group keep their accounts in the currency of the country in which they were founded and registered and in accordance with the legal requirements of that particular country. Adjustments have been made to the annual accounts of the local operating companies so that the consolidated annual accounts can be presented in accordance with IFRS. A summary of the main accounting principles is supplied below.

Consolidation policy

Business entities that satisfy the definition of a subsidiary as set out in IAS 27 'Consolidated and Separate Financial Statements' and that are part of the Punch Technix Group (group) have been included in the consolidated annual accounts as from the date of the transfer of control to Punch Technix. Balances and transactions within Punch Technix have been eliminated upon consolidation, including unrealised profits and losses, unless unrealised losses cannot be recuperated.

The consolidation as at 31 December 2005 incorporated the financial data of Punch Technix and its group companies (100% interest). These are:

- RMS International B.V., with registered office in Vijfhuizen;
- Punch Professional sro, with registered office in Namestovo (Slovak Republic).

Through RMS International B.V., the following wholly-owned subsidiaries are included in the consolidation:

- RMS Benelux B.V., with registered office in Vijfhuizen;
- RMS B.V. (formerly Prolion B.V.), with registered office in Haarlemmermeer;

- Equipment Development Solutions B.V. (formerly RMS Technology B.V.), with registered office in Haarlemmermeer;
- RMS Skandinavien S/A, with registered office in Varde (Denmark);
- RMS International nv, with registered office in Evergem (Belgium);
- RMS Roboter Vertriebs GmbH, with registered office in Wiehl (Germany);
- RMS Suisse S.A., with registered office in Yverdon-les-Bains (Switzerland). Through RMS International B.V., the following 60% subsidiary is also included in the consolidation:

RMS S.A.S., with registered office in Doubs (France).

Through RMS Scandinavian S/A, the following 50% subsidiary is included in the consolidation:

- Bovi-Tech, with registered office in Varde (Denmark).

On 15 November 2005 the company SRT S.A. was declared bankrupt by the commercial court in Beauvais (F). SRT S.A. was the indirect French subsidiary of Punch Technix which used to run the commercial activities in France. It ceased all activities following the sale of these activities to Bou-Matic. As a consequence of this bankruptcy, SRT S.A. and its subsidiary SRT Elevage s.a.r.l. were removed from the consolidation circle.

The company GM Belgium S.A. has ceased all activities and contains virtually no assets. This company has been removed from the consolidation circle.

Intangible assets

Research and development costs

Spending on research activities performed with a view to acquiring new scientific or technical knowledge is included in the income statement as an expense at the actual time of the spending. Costs incurred for development projects (which relate to the design and testing of new or improved products) are posted as intangible assets if and in so far as such spending is expected to generate future economic benefits and satisfies the inclusion criteria as set out in IAS 38 'Intangible assets'. Other outlay on development is recorded as an expense at the actual time of the spending. Development costs formerly entered as an expense are not shown as assets in a later period. Development costs that have been entered as an asset are amortised on a straight-line basis from the start of commercial production of the product onwards for the duration of their expected benefit. The depreciation periods used run to a maximum of five years. An assessment is made as to whether development costs entered as an asset have undergone special impairment whenever events or changes in circumstances indicate that their book value might not be realised.

Costs for the development of computer software

Costs associated with the development or maintenance of computer software are generally entered as an expense when they are incurred. However, costs that are directly related to identifiable and unique software products that are in the hands of Punch Technix and for which the probable economic benefits are greater than the costs over one year are posted as assets. Direct costs include the personnel costs of the software development team. Computer software costs that have been entered as an asset are amortised on a straight-line basis over the period of their expected useful life but never over more than five years.

Other intangible assets

Spending related to acquired patents, trade marks and licences is entered as an asset and amortised on a straight-line basis over the useful life of these patents, trade marks and licences, but never over more than 20 years.

Special impairment of tangible assets and goodwill/intangible assets

For assets other than inventories, deferred tax credits, employee benefits and derivative financial instruments an assessment is made as to whether these have undergone special impairment whenever events or changes in circumstances indicate that their book value might not be realised. Whenever the book value of an asset exceeds its realisable value (i.e. the actual value of the asset less the cost of sale or net present value of the asset if the latter is higher), a special impairment loss is entered in the income statement. The actual value less the cost of sale is the amount that can be obtained from the sale of an asset on an objective, commercial basis involving independent parties, while the net present value is the discounted value of the estimated future cash flows that are expected to stem from the continued use of an asset and from the disposal thereof at the end of its useful life. The realisable value is estimated for individual assets or, if this is not possible, for the cash flow-generating entity to which the assets belong. The reverse entry of special impairment losses that were posted in previous years, with the exception of goodwill impairment, is included in the income statement if there is some indication that the special impairment losses entered for the assets no longer exist or have decreased.

Property, plant and equipment (PPE)

Tangible assets are entered at the cost of purchase or cost of production less accumulated depreciation and special impairment losses. Costs for the repair of tangible assets are charged to income, as a rule, as and when they are incurred. However, they are entered as an asset if they increase the future economic benefits that are expected to stem from the tangible asset.

PPE are depreciated on a straight-line basis over the estimated useful life of the asset. Land is not depreciated. Assets under construction constitute factories and property under construction and are included at cost. This covers costs of tangible assets and other direct costs. Assets under construction are only depreciated once the assets in question are available for their intended use. The estimated useful life of the various categories of identified assets is shown below:

Buildings	25 to 40 years
Material in buildings	10 years
Decoration of buildings	10 years
Production machinery	8 years
Support material	8 years
Computer hardware and software	3 years
Other tangible assets	5 years

The depreciation is calculated on a straight-line basis, starting from the month in which the asset in question was purchased or became available for use. If the book value of an asset exceeds its estimated realisable value, the asset is immediately depreciated to the same level as its realisable value.

Government grants

Government grants associated with the purchase of tangible assets are recorded as deferred income under accrued expenses and deferred income and are incorporated linearly in the income statement over the expected useful life of the assets in question.

Lease agreements

If a company in Punch Technix is the lessee:

Lease agreements for PPE where a company in Punch Technix has virtually all the risks and benefits of ownership are classified as financial lease. Financial leases are entered as an asset as and when the lease agreement is concluded at the actual value of the property leased or at the present value of the minimum lease payments if the latter is lower. Each lease payment is divided between redemption of capital, on the one hand, and financial charges (interest portion), on the other, such that the financial charges amount to a constant percentage of the outstanding balance financial. The associated lease obligations, after the deduction of financial charges, are included in the other expenses accrued in the long term. The interest portion of the financial charges is recorded as an expense in the income statement over the period of the lease. The leased assets are depreciated over their expected useful life on a basis consistent with similar tangible assets that are owned. If it is not reasonably certain that the lessee will obtain title to the leased asset at the end of the lease period, the asset is depreciated over the lease period or over its useful life if the latter is shorter.

If a company in Punch Technix is the lessor:

Financial leases

When assets are leased within the framework of a finance lease, the present value of the lease payment is entered as a receivable. The difference between the gross receivable and the present value of the receivable is posted as deferred financial income. Financial income is recorded over the term of the lease agreement according to the net investment method, which reflects a constant periodic return.

Operational leases

Assets that are leased on the basis of an operational lease remain entered in the balance sheet under assets. They are depreciated over their expected useful life on a basis consistent with similar tangible assets that are owned. Rental income (after the deduction of incentives given to the lessee) are posted linearly over the term of the lease.

Inventories

Inventories are valued at the cost of purchase according to the ‘’lower of cost or market” principle, determined on the basis of the weighted average cost method. Work in progress (contracts under construction) and finished goods are valued at direct production costs. These production costs are made up of the direct cost of the materials, direct production costs, the appropriate allocation of overhead associated with the materials and production, and a suitable amount of depreciation and impairment of the assets used for production purposes. If the purchase or production costs exceed the market value, the inventories are depreciated to the same level as the market value. The market value is the estimated sales price in the normal course of business less the estimated costs of completion and sale.

Trade receivables

Trade receivables are recorded at the original invoice amount less the estimated doubtful debts. Doubtful debts are written off in the income statement as and when they are identified.

Tax including deferred tax

A provision is created for the total sum of deferred profit taxes according to the balance sheet method, for temporary differences between the book value of assets and liabilities for financial reporting purposes and the book value for tax purposes. No deferred taxes are accounted for on the following temporary differences:

- the first entry of goodwill is not tax deductible; and
- the first entry of assets or liabilities that are not a business combination and that have no impact on the pre-tax profit or on the taxable profit.

The deferred tax amount is based on the manner in which the book value of assets and liabilities is expected to be realised or settled, with the application of tax rates for which the legislative process has been (materially) concluded on the balance sheet date. A deferred tax credit is only posted insofar as it is probable that future taxable profits will be available, against which the non-recouped tax losses and unused tax credits can be offset. Deferred tax credits are lowered if and insofar as it is no longer likely that the associated tax advantage will be realised.

Investments

Investment in subsidiaries

It is assumed that the parent company has control over subsidiaries if it has acquired more than half of the voting rights of the enterprise. Even if it has not acquired more than half, it may still exercise control based on the power:

- over more than half of the voting rights under the terms of an agreement with other investors; or
- to manage the financial and operational policies of the other enterprise on the basis of articles of association or an agreement; or

- to appoint or dismiss the majority of the members of the Supervisory Board; or
- to cast the majority of the votes at meetings of the Supervisory Board.

The amount by which the acquisition cost exceeds Punch Technix's share in the actual value of the identifiable net assets of the subsidiary on the date of acquisition is recorded as goodwill. The amount by which the acquisition cost falls short of Punch Technix's share in the actual value of the identifiable net assets of the subsidiary on the date of acquisition (e.g. discount on acquisition) is incorporated in the income statement in the acquisition period.

Investment in associated companies

An associated company is an entity over which Punch Technix can exercise material influence, but not control or joint control, by taking part in the financial and operational policy decisions of the company. The results as well as the assets and liabilities of associated companies are incorporated in these annual accounts according to the 'equity' method, except if they are classified as held for sale. The amount by which the acquisition cost exceeds Punch Technix's share in the actual value of the identifiable net assets of the associated company on the date of acquisition is recorded as goodwill. The amount by which the acquisition cost falls short of Punch Technix's share in the actual value of the identifiable net assets of the associated company on the date of acquisition (e.g. discount on acquisition) is incorporated in the income statement in the acquisition period. If a Group company conducts transactions with one of Punch Technix's associated companies, profits and losses are eliminated to the sum of Punch Technix's interest in the associated company in question. Losses may reveal that the transferred asset has undergone special impairment, in which case a suitable provision is created for special impairment.

Interest in joint ventures

Punch Technix's share in assets over which control is exercised jointly and any liabilities are consolidated according to the 'equity' method for investment in joint ventures.

Cash and cash equivalents

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

Discontinued operations

A discontinued operation is a part of Punch Technix's operations that must be distinguished clearly:

- it is discontinued or terminated in accordance with a plan,
- it represents an important operation or geographic territory; and
- it can be distinguished both operationally and in the financial reports.

Share capital and share premium

External costs that can be allocated directly to the issue of new shares, except for shares that have been issued within the context of a business combination, are presented as a reduction, following the deduction of taxes, in the shareholders' equity on the proceeds. Share issue costs that have been incurred directly in connection with a business combination are included in the cost price of the acquisition. Ordinary share dividends are incorporated in the shareholders' equity in the period in which they are declared. If the company or its subsidiaries purchase(s) ordinary shares in itself/themselves or its/their parent company, the payment made, including any accruing transaction costs, are, after profit taxes, deducted from the total shareholders' equity as own shares repurchased until they are cancelled. If such shares are later sold or re-issued, the payment received will be included in the shareholders' equity.

Provisions

Provisions are recorded when Punch Technix has a present, legal or constructive obligation as a result of past events, which it is likely Punch Technix will be required to settle by an outflow of resources and for which a reliable estimate of the amount of the obligation can be made.

Warranty

Punch Technix posts the estimated obligation for repairing or replacing its products that are still under warranty on the balance sheet date. This provision is calculated on the basis of either past repairs and replacements or best estimates.

Loss-making contracts

Punch Technix enters a provision for loss-making contracts if the expected benefits from a contract are smaller than the unavoidable costs required to meet the obligations under the contract.

Restructuring

Restructuring provisions mainly cover penalties for the termination of lease agreements and payments based on the termination of employment contracts, and are entered in the period in which Punch Technix is legally or constructively obliged to pay them. A constructive obligation to restructure arises if, and only if, an entity:

- has a detailed, formal restructuring plan;
- has raised valid expectations among those concerned that it will implement the restructuring by beginning to execute the plan or by announcing the main features there of to those concerned.

No provision is created for costs associated with Punch Technix's current activities. Fixed assets that are no longer needed for their original use are transferred to current assets and entered at the book value or at the actual value less the cost of sale if the latter is lower.

Revenue recognition

Proceeds are recorded if it is probable that the economic benefits with regard to a transaction will flow to the enterprise and the proceeds amount can be reliably determined. Sales are posted after the deduction of value added tax and discounts. Proceeds from the sale of goods are entered once the goods have been delivered and the risks and benefits have been transferred. Proceeds from the provision of services are recorded in proportion to the stage of completion if this can be determined on the basis of the percentage ratio between the time spent prior to the end of the year and the total time estimated for the contract. If the results of the transaction for which services are performed cannot be estimated reliably, proceeds are only recorded up to the amount of any expenses that can be recuperated. No proceeds are entered on barter transactions that involve the exchange of similar goods and services. Interest is recorded on a time-weighted basis, taking into account the effective yield of the asset. Royalties are posted according to the accruals concept in line with agreement provisions. Dividends are recorded at the point when the shareholder has obtained the right to receive the payment.

Employee benefit costs

Pension obligations

Punch Technix manages a number of defined benefit pension schemes and defined contribution schemes, the assets of which are held in funds or group insurances, which are managed separately. The pension schemes are financed by payments from employees and by the relevant companies in Punch Technix, taking into account the recommendations of independent authorised actuaries. The pension costs for defined benefit pension schemes are estimated according to the 'projected unit credit' method: the costs of providing pensions are entered as an expense in the income statement so that the normal costs are spread over the term of employment on the basis of actuarial calculations. The pension scheme is valued as the present value of the estimated future outflow of cash, using the interest rates of public securities for which the term to maturity comes close to that of the corresponding commitments. Actuarial profits and losses are entered over the average remaining employment term. Net assets that stem from the over-financing of the pension commitments are posted at the net present value of the future savings on the employer's contribution. Punch Technix's contributions to defined contribution schemes are entered as an expense in the income statement in the period to which the contributions relate. Pre-pensions are treated as redundancy payments. The costs are recorded when employees accept the termination of their employment within the framework of these schemes.

Other employee benefits

Punch Technix's net commitment in relation to long-term employee benefits aside from pension schemes is the value of the future rewards that employees have earned in exchange for their performance during the current period and during previous periods. The commitment is calculated according to the 'projected unit credit' method and is discounted to its present value, and the actual value of related assets is deducted. The discount rate used is the return, on the balance sheet date, on high-value corporate bonds for which the term to maturity comes close to that of Punch Technix's commitments.

Employee compensation benefits

All personnel performance rewards are paid in cash and are entered as an expense in the income statement.

Financial risk management

Financial risk factors

Punch Technix's entities strive to restrict any unfavourable effects on the financial performance of their local activity to a minimum. However, fluctuations in market prices, exchange rates on sales and purchases or inter-group loans are inherent risks associated with the performance of the activity. Punch Technix makes use of derivative financial instruments to cover the exposure and interest rate risks that stem from their operational, financing and investment activities.

The net risk is managed centrally in accordance with the principles laid down by the general management. It is Punch Technix's policy not to enter into any speculative or leveraged transactions nor to hold or issue any financial instruments for trading purposes.

Currency risk

In view of Punch Technix's international flavour, its operations are exposed to different currency risks that stem from various positions in foreign currencies, primarily the Danish krone and the Slovak koruna. Punch Technix's companies use forward exchange contracts or other instruments that are arranged with local banks so that they cover their exposure to currency risks in the local reporting currency. Income statements of foreign entities are converted into Punch Technix's reporting currency at the weighted average exchange rates for the year, and balance sheets are converted at the exchange rates applicable on 31 December. Goodwill and actual value adjustments arising from the acquisition of a foreign entity are handled as assets and liabilities expressed in the local currency and converted at the closing exchange rate. Transactions expressed in a foreign currency are incorporated in the accounts at the exchange rate applicable on the date of the transactions; profits and losses arising from the settlement of such transactions and from the conversion of monetary assets and liabilities expressed in a foreign currency are entered in the income statement unless they are deferred in the shareholders' equity as qualifying cash flow hedges.

Interest rate risk

The interest rate risk is managed with the help of derivative financial instruments to cover the exposure to interest rate fluctuations.

Credit risk

Punch Technix has no significant concentration of credit risks and has drawn up policy rules to monitor the credit risks in relation to customers. For major projects, it refers to trade credit insurers or similar organisations.

Liquidity risk

The liquidity risk is coupled to developments in Punch Technix's working capital. Punch Technix follows the change in working capital closely by means of targeted actions.

Derivative financial instruments and hedge accounting

Punch Technix's activities expose Punch Technix primarily to the financial risks of interest rate and exchange rate changes. Punch Technix concludes forward exchange contracts and interest rate swap agreements to cover these risks. Punch Technix does not use any derivative financial instruments for speculative purposes. Changes in the actual value of derivative financial instruments that are appropriate and effective as hedges of future cash flows are incorporated directly in the shareholders' equity, and the non-effective portion is immediately recorded in the income statement. If the cash flow hedge of a firm commitment or expected transaction leads to the entry of an asset or liability, then the associated profits or losses on the derivative financial instrument formerly incorporated in the shareholders' equity is included in the initial valuation of the asset or liability at the point when the asset or liability is posted. For hedges that do not lead to the entry of an asset or liability, the amounts deferred in the shareholders' equity are posted in the income statement in the same period in which the position covered has an effect on the net profit or loss. To provide effective cover for an exposure to changes in the actual value, the position covered is adjusted to allow for changes in the actual value that are attributable to the risk hedged with the corresponding item in the income statement. Profits or losses that stem from the revaluation of the derivative financial instrument or, in the case of a non-derivative financial instrument, the foreign currency component of its book value are recorded in the income statement. Changes in the actual value of derivative financial instruments that do not qualify for hedge accounting are entered in the income statement as and when they arise. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. At that time, the cumulative gain or loss on the hedging instrument recognised in the shareholders' equity is retained in the equity until the expected transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in the shareholders' equity is transferred to the net profit or loss over the period. Derivative financial instruments contained in other financial instruments or other basic contracts are handled as separate derivative financial instruments if their risks and characteristics are not closely related to those of basic contracts and the basic contracts are not posted at actual value with incorporation of unrealised profits or losses in the income statement. The use of derivative financial instruments will be managed by Punch Technix's policy approved by the Supervisory Board, which lays down written principles relating to the use of derivative financial instruments.

Estimate of the actual value

Estimates of the actual value are based on third-party estimates, if available. For hedging contracts, the actual value is the market value.

4. Intangible assets

EUR k	**Patents**	**Other**	**Total**
Book value as at 1 January 2005			
Acquisition costs	0	0	0
Accumulated amortisation	0	0	0
Net book value	**0**	**0**	**0**
Changes of the financial year			
Investments	0	67	67
Business Combination	415	796	1,211
Amortisation	-7	0	-7
Book value as at 31 December 2005			
Acquisition cost	500	863	1,363
Accumulated amortisation	-92	0	-92
Net book value	408	863	1,271

As at 1 January 2005, Punch Professional sro contained no assets. The investments in "Other intangible assets" relate, among other things, to the capitalisation of development costs to the sum of EUR 37,000 in the month of December 2005.

The increase under the heading "Business Combination" covers the acquisition of the intangible assets belonging to the former Prolion. These are mainly patents for a value of EUR 415,000 and development costs entered as an asset to the sum of EUR 796,000. The latter were capitalised in the acquisition balance sheet of the former Prolion and concern the investment in development costs for the new automated milking system, TITAN, which was launched on the market in September 2005. Since the introduction of TITAN, money was also invested in further developing and optimising the product, and these costs were also carried over to the asset side. Development costs are amortised on a straight-line basis over a period of 5 years from the introduction of TITAN.

5. Goodwill

The goodwill generated as a result of the acquisition of Prolion by Punch Professional sro, i.e. the difference between the theoretical acquisition cost and the net assets of Prolion at the time of the transaction, was calculated at 'fair value' on the basis of the acquisition balance sheet of the former Prolion Holding N.V. The theoretical acquisition cost was the value of Prolion at the transaction rate, i.e. EUR 15.2m (1,526,596 shares at EUR 10.00). Prolion's acquisition balance sheet resulted in a net asset value of EUR -5.6m, which meant that goodwill ultimately stood at EUR 20.9m. On the basis of the impairment activities performed, there was no reason to revise the goodwill downwards.

6. Property, plant & equipment (PPE)

EUR k	Land & buildings	Other tangible assets	Total
Acquisition costs	0	0	0
Accumulated amortisation	0	0	0
Net book value	**0**	**0**	**0**
Changes over the financial year			
Investment	**60**	**2,703**	**2,763**
Business combination	**24**	**304**	**328**
Amortisation	**-1**	**-73**	**-74**
Net book value as at 31 December 2005	**83**	**2,934**	**3,017**
Acquisition value	100	3,273	3,373
Accumulated Depreciations	-17	-339	-356

PPE acquisitions relate to the purchase of machinery and installations from Punch Campus Namestovo sro, a wholly-owned subsidiary of Punch. The increase under the heading "Business Combination" includes the acquisition of the assets belonging to the former Prolion.

7. Deferred tax assets

The offsettable loss of the former Prolion Holding nv as at 30 June 2002 was set at EUR 31.6m by order. The tax returns for 2003 and 2004 indicate that the offsettable losses now amount to EUR 34.5m. Under statutory provisions, offsettable losses can be lost as a consequence of major shareholder changes or there is the possibility that they may not be consumed entirely. The tax office has confirmed that, based on the information supplied by Punch Technix, as well as the shareholder change in the first half of 2005 and the one in December 2005, the present offsettable losses will not be lost if the usual conditions are otherwise satisfied. In determining the deferred tax assets, within the context of the "fair value" valuation of the acquisition balance sheet of the former Prolion it was assumed that a substantial portion of the future profits would be taxable in the Netherlands. A possible future time constraint on offsettable losses was also borne in mind; a period of 8 years was applied here. The calculation of the scale of the future tax benefit, based on the business plan used in determining the exchange ratio between the former Prolion and Punch Professional, results in a value of EUR 3.7m.

8. Inventories

EUR k	2005
Raw materials	6,210
Work in progress	1,668
Finished products and goods for resale	488
Total inventories	**8,366**

9. Trade and other receivables

The heading “Tax and social insurance premiums” only includes received value added tax. A substantial portion of this, notably EUR 1.4m, concerns the purchase of the assets relating to the mechanical engineering activities of the Punch Group by Punch Professional. The receivable from Punch Property International nv, a wholly-owned subsidiary of Punch, results from the sale of land in Emmeloord (NL).

EUR k	**2005**
Trade debtors	845
Tax and social insurance premiums	1,849
Receivable Punch Property International	53
Other receivables, accrued income and deferred expenses	115
Total receivables	**2,862**

10. Group equity

The table shows the changes in Punch Technix equity. The opening position is the issued share capital of Punch Professional as at 1 January 2005. As at 1 December 2005, Punch Professional sro acquired the assets relating to the equipment manufacturing activities of Punch Campus Namestovo, a wholly-owned subsidiary of Punch. The debt to the sum of EUR 6,267,000 arising from this purchase was converted into share capital. “Reverse Acquisition” refers to the acquisition of the former Prolion under application of IFRS 3. For more information concerning this, please refer to section 2. The Reverse Acquisition Reserve is the difference between the consolidated goodwill (EUR 20.9m) and the statutory goodwill (EUR 13.6m).

EUR k	**Paid up capital**	**Other reserves**	**Reverse Acquisition**	**Result for financial year**	**Total**
1 January 2005	5	0	0	0	5
Debt conversion Punch Campus	6,267	0	0	0	6,267
Reverse Acquisition	7,772	163	7,334	0	15,269
Share issue against cash	3,705	4,473	0	0	8,178
Share issue due to loan conversion	617	926	0	0	1,543
Profit after tax	0	0	0	-604	-604
Closing balance	**18,366**	**5,562**	**7,334**	**-604**	**30,658**

11. Pension provisions

This relates to provisions for defined benefit pension schemes. These schemes are of a long-term nature and are the responsibility of an insurance company. The size of the provision is partly dependent on the actuarial results that stem from, among other things, changes and expectations concerning wage movements, staff turnover and actuarial interest rate. Actuarial results that exceed the threshold amounts of 10% of the maximum level of the plan assets and pension commitments are allocated to the result over the average remaining term of employment of the active employees. Actuarial results within these threshold amounts are not included in the provision.

Breakdown

The provision included in the balance sheet breaks down as follows:

EUR k	**2005**
Present value of allotted pension entitlements	1,281
Actual value of plan assets	-1,228
Actuarial results yet to be incorporated in the result	7
As at 31 December 2005	**60**

Summary of movements

The following summary shows the movements in the provision during the financial year:

EUR k	**2005**
Allotted pension entitlements	
Present value as at 1 December 2005	1,280
Interest expenses	4
Allotted pension entitlements	1
Actuarial results	-4
As at 31 December 2005	**1,281**
Plan assets	
Actual value as at 1 December 2005	-1,221
Actuarial result	-3
Company's contribution	-3
Participant's contributions	-1
As at 31 December 2005	**-1,228**
Actuarial results	
As at 1 December 2005	0
Actuarial result period	7
As at 31 December 2005	**7**

Net effect on the income statement

EUR k	**2005**
Provisions as at 1 December 2005	**59**
Paid premiums	-4
Expenses in income statements	5
Allotted pension entitlements	1
Interest	4
Provision situation as at 31 December 2005	**60**

Main actuarial assumptions

	2005
Discount rate applied	4.00%
Cost Inflation	2.00%
Expected salary increases	3.00%
Expected staff turnover	10.00%

12. Other provisions

The provisions entered are to be divided into the categories below. The vast majority formed part of the acquisition balance sheet of the former Prolion.

EUR k	Disputes	Warranty	Rabobank	Total
As at 1 January 2005	**0**	**0**	**0**	**0**
Acquisition	1,263	102	2,990	4,355
Increase	100	0	0	100
Application	0	0	-30	-30
As at 31 December 2005	**1,363**	**102**	**2,960**	**4,425**
Due within the year	0	0	0	0
Due after one year	1,363	102	2,960	4,425
Total	**1,363**	**102**	**2,960**	**4,425**

Disputes

The acquired provisions for disputes relate to the following:

Value added tax

The bankruptcy of Prolion Sales B.V. on 14 February 2002 led to the imposition of an (additional) V.A.T. assessment of around EUR 2,100,000 on the former Prolion (as parent company of the fiscal entity for value added tax) on account of turnover tax deducted by Prolion Sales B.V. on accounts payable that, in the opinion of the tax office, had not actually been paid (in part) yet in connection with the bankruptcy. Objection was lodged against the additional assessment by the tax adviser of Punch Technix. On 15 April 2005, the tax office passed judgement on the objection. The additional assessment was lowered by EUR 1,100,000 on the grounds of the judgement, and now amounts to EUR 1,000,000. The tax office mentioned that a sum of approximately EUR 520,000 had already been settled or paid on the assessment. As a consequence, there is still an outstanding sum of approximately EUR 480,000. Punch Technix appealed against the decision to the competent court, but in February 2006 it was ordered to pay the outstanding debt. A provision was formed for the turnover tax assessment to the sum of EUR 550,000, which also allows for associated costs.

Bou-Matic

Bou-Matic instigated arbitration proceedings on 25 August 2005 in accordance with Article 4 of the International Chamber of Commerce Rules of Arbitration. These proceedings were instigated to finally fulfil the agreement concluded on 15 July 2004. Further meetings are planned for the near future in which the parties will try to reach a mutual agreement. The Executive Board considered it necessary to include a provision for arbitration costs to the sum of EUR 300,000.

Melotte S.A.

In the case of the sale of shares in Melotte S.A. in 2003, a clause was included in the sale agreement stating that RMS International nv would provide indemnity against two disputes facing Melotte S.A. to a maximum sum of EUR 230,000. In one of the two disputes, a judgement was delivered in February 2006, in which Melotte S.A. was ordered to pay a sum of EUR 60,000. Melotte S.A. passed this on to RMS International nv, and the latter has now undertaken to pay the amount. For the two disputes a provision of EUR 230,000 in total was taken.

Customer claim

This relates to a dispute with a customer, where, in February 2005, the former Prolion was ordered to supply a new milking unit. This judgement was enforced to the sum of approximately EUR 50,000. A provision for EUR 50,000 was recorded in 2005 with regard to this dispute.

Personnel claim

This covers the claim that a former employee is demanding as a consequence of alleged unfair dismissal. For this case dossier a provision of EUR 68,000 was entered.

Imag BV

This provision relates to a dispute with a supplier dating back to the 2003/2004 financial year. In that particular year, a provision for EUR 65,000 had already been posted by the former Prolion. The increase in the provisions for disputes to the sum of EUR 100,000 relates to a quality claim served by a customer of the EMS division.

Warranty provision

The warranty provision to the sum of EUR 102,000 relates to the future costs for the warranty attached to supplied automatic milking systems. Punch Technix does not currently have any accurate historical information concerning the actual costs of this warranty. 2.5% of the contract price of the automatic milking systems supplied during the last 12 months was recorded as the provision based on a best estimate.

Rabobank

At the time when Prolion Sales B.V. went bankrupt, there was an agreement in place with Rabobank concerning a payment scheme based on automatic milking systems for sale. In its entirety, this agreement covers a margin payment of EUR 4,000,000. As at 31 December 2005, the total outstanding debt amounted to EUR 3,250,000. As at 30 November 2005, a sum of EUR 260,000 had been transferred to current liabilities; this represents the payment for systems supplied to this date. In December, a further EUR 30,000 for the three systems supplied was reclassified under current liabilities.

13. Current liabilities

The heading “Bank overdraft” relates to the overdraft facilities that foreign subsidiaries have with local banks. The interest rates for these facilities are in line with the market. “Punch Donghwa Ltd.” is what remains of the original loan to the sum of EUR 10.8m, which the Punch Group acquired in June 2004 from VSP Investments B.V. In July 2004, EUR 3.0m was repaid. During the capital increase in May 2005, EUR 6.5m was converted into shares. The loan was further reduced by means of the sale of the property in Emmeloord (EUR 475,000) and a second conversion to the sum of EUR 580,000 during the capital increase in December 2005. The “Redemption of Rabobank loan” relates to the payment owed to Rabobank as a consequence of the supply of automated milking systems in 2005. At the time when Prolion Sales B.V. went bankrupt, there was an agreement in place with Rabobank concerning a payment scheme based on automated milking systems for sale. In its entirety, this agreement covers a margin payment of EUR 4m. As at 31 December 2005, the total outstanding debt amounted to EUR 3.25m. EUR 290,000 was due in the near future as a result of automated milking systems supplied in 2005. The rest of the debt, namely EUR 2.96m, was entered as a provision.

The other debts, accrued expenses and deferred income consist mainly of current accounts in respect of Punch International (EUR 280,000), GM Belgium S.A. and Boumatic-Melotte.

EUR k	**2005**
Bank overdraft	496
Trade and other payables	5,309
Other financial liabilities	3,340
Tax & social insurance premiums	1,261
Punch Donghwa Ltd.	250
Redemption of Rabobank loan	290
Punch International N.V.	280
Other debts, accrued expenses and deferred income	1,259
Total current liabilities	**9,145**

14 Acquisitions

EUR k	**2005**
Fair value of acquired assets	
Intangible assets	
Software	30
Tangible assets	
Machinery and equipment	2,760
Current assets	
Inventories	4,917
Other receivables	1,465
Current liabilities	
Other financial liabilities	-2,905
Total	**6,267**
Acquisition cost	**6,267**
Goodwill	**0**

On 30 November 2005, Punch Professional sro acquired the assets relating to the mechanical engineering activities from Punch Campus Namestovo, a wholly-owned subsidiary of Punch. The assets and liabilities in question were acquired at a fair value, so there was no resulting goodwill. The debt vis-à-vis Punch Campus Namestovo to the sum of EUR 6.27m was converted into share capital. As a result of this conversion, Punch Professional sro became a wholly-owned subsidiary of Punch Campus Namestovo.

In mid December 2005, the shares in Punch Professional sro were integrated into Punch Technix. Given that this integration gave Punch International control over Punch Technix, this transaction is regarded as a “reverse acquisition” under application of IFRS 3. This implies that it is not Punch Technix but Punch Professional sro that is regarded as the acquirer. This means that Punch Technix had to draw up an acquisition balance sheet prior to the integration and capital increase. This balance sheet contains the results of the former Prolion for the period of July through to November 2005 and, moreover, a fair value valuation of all assets and liabilities. The goodwill generated as a result of the acquisition of Prolion by Punch Professional sro, i.e. the difference between the theoretical acquisition cost and the net asset value of Prolion at the time of the transaction, was calculated on the basis of this balance sheet. The theoretical acquisition cost was the value of Prolion at the transaction rate, i.e.

EUR 15.2m (1,526,596 shares at EUR 10.00). Prolion's acquisition balance sheet resulted in a net asset value of EUR -5.6m, which meant that goodwill ultimately stood at EUR 20.9m. The table alongside provides an overview of the acquisition balance sheet of Prolion Holding nv as at 30 November 2005:

EUR k	**2005**
Fair value of acquired assets	
Intangible assets	
Patents	415
Development costs	796
Tangible assets	
Machinery and equipment	328
Financial assets	12
Deferred tax asset	3,714
Current assets	
Inventories	4,008
Trade and other receivables	2,675
Cash and marketable securities	522
Current liabilities	
Bank overdraft	-2,492
Trade and other payables	-10,734
Other liabilities	-360
Provisions	
Pension provisions	-59
Provisions against risks and costs	-4,460
Total	**-5,636**
Acquisition price	**15,269**
Goodwill	**20,905**

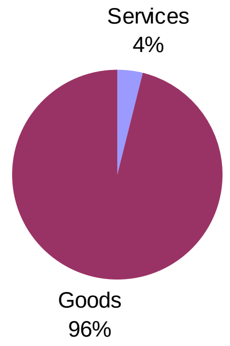
The net asset value of Prolion to the sum of EUR -5.6m amounted to EUR 0.7m on 30 June. The drop is due to operating losses to the sum of EUR -3.9m over the period of July through to November 2005. These are primarily because of the low number of installations and falling margin on the sale of Zenith systems (predecessor to TITAN). The "fair value" valuation of the balance sheet items resulted in negative adjustments to the sum of EUR -2.4m. As a consequence of the decision to suspend the sale of Zenith systems, the entire Zenith inventory was depreciated to the sum of EUR 2.1m. Additional provisions were also entered for current disputes as well as for pension and warranty commitments to the sum of EUR 1.4m and EUR 0.2m, respectively. The debt to Rabobank was entered as a liability, which resulted in a negative effect on the shareholders' equity to the sum of approximately EUR 3.2m. The development costs for the new robot, TITAN, were posted as an asset for a sum of EUR 0.8m. Finally, the tax losses were capitalised for a sum of EUR 3.7m. For more information concerning the offsettable losses, please refer to section 7.

In view of the fact that the above transactions do not generate any cash flows, the changes have not been incorporated in the cash flow statement.

15 Net revenues

The breakdown of revenues into goods and services is shown in the table below.

EUR k	**2005**
Sale of goods	2,171
Sale of services	88
Total revenues	**2,259**



16 Personnel costs

EUR k	**2005**
Wages and salaries	269
Social security charges	73
Pension costs	-30
Total personnel costs	**312**

17. Other expenses

Other expenses include management costs, operating and machine costs, business accommodation expenses, selling expenses, vehicle costs, other personnel costs, maintenance and service expenses, audit fees, tax consultancy fees, insurance costs, IT costs, provisions and miscellaneous costs. The table below shows the details for the relevant period.

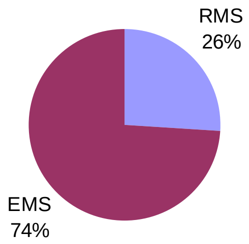
EUR k	**2005**
Subcontracting	902
Transport costs	8
Rental expenses	35
Maintenance costs	7
Energy costs	26
Communication costs	31
Administrative costs	23
Insurance	10
Payments to third parties	34
Travel and entertainment expenses	51
PR and marketing	51
Other expenses	3
Provisions	100
Total other expenses	**1,281**

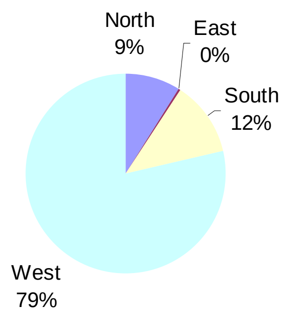
A significant proportion of the other expenses relates to the heading “Subcontracting”. This contains, among other things, the production costs to the sum of EUR 818,000 passed on by Punch Campus Namestovo sro. These costs were passed on because up until 31 December 2005, the entire production in Slovakia was still being farmed out to the Punch Group. The provision recorded to the sum of EUR 100,000 relates to a quality claim served by a customer of the EMS division.

18. Segment reporting

Primary segment reporting at Punch Technix follows the business unit structure. As mentioned earlier, Punch Technix is organised around two commercial divisions: Robot Milking Solutions (RMS) develops and sells automatic milking systems, and provides an aftersales service; Equipment Manufacturing Solutions (EMS) is an industrial component supplier that offers integrated services in the design, engineering and assembly of components and machinery for the agro-food industry, the graphics industry and the medical sector. Production of the automatic milking systems also takes place at EMS.

EUR k	2005			
	RMS	EMS	Other	Total
External revenue	580	1,678	1	2,259
Intercompany revenue	0	0	0	0
Total	**580**	**1,678**	**1**	**2,259**
EBIT	**-348**	**-146**	**-60**	**-554**
Net profit	-2,347	322	1,421	-604
Assets	17,639	9,894	67,342	98,475
Liabilities	46,854	14,932	2,971	64,217
Net assets	**-29,215**	**-4,498**	**64,371**	**30,658**
Investments	30	0	0	30
Amortization	15	66	0	81
Provisions	1	100	0	101





The “Other” segment merely contains the holding company Punch Technix. Within each segment the internal revenues, assets and liabilities have been eliminated. The assets in the “Other” segment mainly relate to amounts receivable from the companies within the “RMS” and “EMS” segments. Secondary segment reporting is done per region. Punch Technix divides its field of action into four regions: North (Scandinavia), South (Southern Europe and Switzerland), East (Eastern Europe and Japan) and West (Benelux, Germany, UK and USA). The table below shows the revenues (according to the customer’s location), the total assets deployed and the investments made (during the relevant period) for each region.

Region	Sales	Assets	Investments
EUR k		2005	
North	203	1,243	0
East	8	8,930	0
South	273	622	0
West	1,775	84,080	30
Total	**2,259**	**94,875**	**30**

19. Financial result

EUR k	2005
Financial income	**0**
Financial expenses	**-49**
Bank interest	-16
Default interest	-23
Miscellaneous	-10
Overall expense	**-49**

20. Corporation tax

The tax is calculated on the basis of the taxable profit. A tax deferral is formed for differences between commercial and fiscal valuations. Punch Technix and its Dutch subsidiaries have major tax losses. For a discussion thereof, please refer to section 7 concerning deferred tax assets.

21. Profit per share

The process for calculating the profit per share in the case of a reverse acquisition is described in IFRS 3. The profit for the year is reflected here in the average outstanding number of shares. A comparable calculation is also stipulated for any increase in the share capital. At Punch Technix both the reverse acquisition and the increase in capital are an issue. They took place simultaneously at the beginning of December 2005. The average outstanding shares have to be calculated taking into account both the reverse acquisition and the increase in capital. However, the profit for the year as presented only relates to the period of December 2005. Over the period prior to this the company Punch Professional sro did not have any activities; these were contributed by Punch Campus Namestovo immediately before the reverse acquisition. The results of the former Prolion Holding nv prior to the integration of Punch Professional sro are not included in the consolidated profit, in accordance with IFRS 3. For the reasons above, the profit per share has only been calculated for the month of December for the purposes of the required judgement. This profit per share has then been multiplied by 12 (months) to give an indication of the profit per share over the period of one full year. The approach followed means that it is therefore impossible to reliably approximate the dilution in the profit per share during the year. In view of the fact that Punch Professional sro did not have any activities in 2004, there was no calculation of the profit per share over the comparative period.

22. Transactions with associated parties

Punch Technix and its shareholder Punch International, as well as several subsidiaries of Punch International, were involved in the last period in a number of transactions, which are stated below.

Financial

Transaction: Warranty with respect to credit facility

Size: EUR 1,900,000

Date: September 2005

Purpose: To strengthen Punch Technix's financial position.

Description: In September 2005, Punch Technix raised a credit with a credit institution to the sum of EUR 1.9m. Punch signed a guarantee for this amount. On 31 December 2005, this credit had not been taken out by Punch Technix.

Commercial

Transaction: Service agreement between Punch Campus Namestovo and Punch Technix

Size: EUR 818,000

Date: December 2005

Purpose: To lay down terms for outsourcing production of Punch Technix to Punch Campus Namestovo.

Description: At the beginning of December 2005, Punch Technix concluded an agreement with Punch Campus Namestovo for the outsourcing of production for the month of December. This covers the use of auxiliary services, including human resources and IT services.

Transaction: Service agreement between Punch Campus Namestovo and Punch Technix

Size: EUR 300,000 per annum

Date: November 2005

Purpose: To lay down terms for auxiliary services between Punch Campus Namestovo and Punch Technix.

Description: Punch Technix concluded an agreement with Punch Campus Namestovo at the end of 2005 for the use of auxiliary services, including human resources and IT services, supplied from Punch Campus to Punch Technix. This contract becomes effective from 1 January 2006.

Transaction: Collective Labour Agreement with Punch Campus Namestovo

Size: approx. EUR 5 million per annum

Date: November 2005

Purpose: Production activities in Slovakia

Description: For the production activities in Slovakia, Punch Technix will take on labour capacity from Punch Campus Namestovo. This will number some 500 employees who have an employment contract with Punch Campus Námestovo. This contract becomes effective from 1 January 2006.

Transaction: Production agreement with Advantra

Size:	EUR 22,000
Date:	N/A
Purpose:	Production of goods sold by Advantra
Description:	Punch Technix produces components for Advantra (a subsidiary of Punch International) on a competitive basis. During the last financial year the sales to Advantra amounted to EUR 22,000.

Transaction: Supply of BodyCoach appliances

Size:	EUR 96,000
Date:	June 2003
Purpose:	Supply of BodyCoach appliances
Description:	The assembly of fitness machines that are sold under the brand name of BodyCoach by the company Miller Marsh Pond, of which Mr G. Dumarey is a shareholder. Mr Dumarey is a majority shareholder and CEO of Punch International. During the last financial year the sales to Miller Marsh Pond amounted to EUR 96,000.

Property-related

Transaction: Leasing of office premises in Evergem (Belgium)

Size:	EUR 13,850 per month
Date:	1 November 2002 1 April 2006
Purpose:	To lease facilities to support operational activities
Description:	Punch Technix leases a warehouse and adjacent office premises from Punch Property International, a subsidiary of Punch International. This location is currently used for the storage and assembly of robot systems (Zenith) and the storage of parts. The total area leased was partially cut back in November 2005.

Transaction: Property lease in Námestovo (Slovak Republic)

Size:	EUR 900,000 per annum
Date:	November 2005
Purpose:	To lease facilities to support operational activities
Description:	Punch Technix concluded a tenancy agreement at the end of 2005 for the lease of the production areas of Punch Campus Námestovo where Punch Technix performs its activities. This agreement was entered into for 5 years with Punch Property Orava, a subsidiary of Punch International.

23. Information not shown in the balance sheet

Tax

In consideration of the fiscal entity of Punch Technix, joint and several liability with respect to RMS B.V., RMS International B.V. and Equipment Development Solutions B.V. applies for corporation and turnover tax purposes; while joint and several liability with respect to RMS Benelux B.V. applies to the fiscal entity of RMS International B.V.

Bankruptcy of SRT S.A.

On 15 November 2005 the company SRT S.A. (formerly Gascoigne Melotte SA) was declared bankrupt by the commercial court in Beauvais. SRT SA was the indirect French subsidiary of Punch Technix which used to run the commercial activities in France. It ceased all activities following the sale of these activities to Boumatic. In July 2005, the court in Beauvais appointed a 'mandataire ad hoc'. After this person too was unable to reach on agreement with particular creditors, bankruptcy was declared on 15 November 2005. To date, none of the companies of Punch Technix has been spoken to by the receiver in connection with the bankruptcy. Punch Technix is not currently in possession of any information that would indicate that it should assume that the bankruptcy of SRT SA will entail major incidental liabilities, either in its capacity as director (RMS International B.V., a subsidiary of Punch Technix, was director of SRT SA) or in its capacity as shareholder, but the possibility of any such liability being established in the future cannot be ruled out. The main transaction relates to the sale of the conventional milking operations to Bou-Matic. Although there are no specific reasons to assume that this transaction would raise any questions in the receiver's mind, it cannot be ruled out in theory. If the agreement between SRT SA and Bou-Matic is not recognised, this may, among other things, lead to incidental claims between Bou-Matic and Punch Technix. SRT SA was faced with product liability proceedings and proceedings instigated by former employees. If one or several companies within the Punch Technix Group is contacted by the receiver for SRT SA in connection with the bankruptcy of SRT SA, it is possible that these companies will have to pay (some of) the costs associated with the above proceedings. Punch Technix has not made any provision for these claims.

Wingerd Beheer B.V./H.H.Geerts

Geerts Punch Technix and RMS B.V. were summonsed on 13 July 2005 by Wingerd Beheer B.V. and Mr H.H. Geerts (together Wingerd Beheer). Wingerd Beheer is claiming a total sum of EUR 634,229. Wingerd Beheer is basing its claim on the fact that the shares that it held in AMS Liberty Nederland B.V. became worthless as a consequence of the actions of Punch Technix and RMS B.V. Wingerd Beheer is arguing that Punch Technix and RMS B.V. are liable for the consequences of the dismissal of Mr Geerts as director of AMS Liberty Nederland. The Management is of the opinion, partly based on advice from the legal adviser, that Punch Technix is not liable to either Wingerd or Geerts and has therefore not made any provision for this. If, despite this, the court does rule against Punch Technix and RMS B.V., there will be costs to pay.

Bankruptcy of DZK

DZK B.V. was declared bankrupt on 21 December 2004. Punch Technix was managing director of DZK B.V. and therefore runs a liability risk. It is unclear whether the declaration of bankruptcy for DZK B.V. might have consequences for the Punch Technix Group. At the time of this annual report the receiver had not brought any action against Punch Technix. Punch Technix owes a total of 5 months' rent for the premises that it leased from DZK B.V. in Emmeloord, premises which were transferred to Punch Property International nv (subsidiary of Punch). Punch Technix is negotiating with the receiver to settle the rent owed with a sum of EUR 230,000 that the management feels the receiver has recuperated unjustly.

Lease and rental obligations

The sum total of long-term obligations for payments based on lease and rental obligations that are not included in the balance sheet comes to approximately EUR 200,000.

Bank guarantees

A total sum of EUR 235,000 has been allocated to bank guarantees to third parties.

24. Other notes

Work force

As at 31 December 2005, the number of FTEs amounted to 78. Of these, 72 FTEs were employed in the RMS division: 49 FTEs in the wholly-owned subsidiaries and 23 FTEs in the joint ventures in Denmark and France. In view of the fact that the activities in Slovakia were still being farmed out entirely, Punch Professional sro did not yet have any employees.

Emoluments of Executive and Supervisory Boards

For the emoluments of the current and former managing directors of Punch Technix, a sum of EUR 40,250 was charged to the company and its group companies or subsidiaries in the financial year. No share options were allocated to the managing directors during the year under review. No options were exercised by the managing directors. As at 31 December 2005, the statutory Executive Board does not possess any options. The statutory Executive Board does not hold any shares in Punch Technix. The priority shares are held by the Prolion Priority Foundation, which is managed by the Executive Board and Supervisory Board of Punch Technix. The emoluments of members of the Supervisory Board of Punch Technix amounted to a sum of EUR 4,167 in the year under review.

Other information

Auditors' report

BDO CampsObers Accountants were instructed to audit the annual accounts. For the auditor's report, please refer to page 116.

Articles of association provisions relating to appropriation of profits

Article 26

1. Of the profits apparent from the adopted annual accounts the holders of priority shares shall receive first, if possible, the same percentage of the nominal amount of their priority shares as the amount of statutory interest on the first day of July of the financial year in question.

2. Of the profits that remain following payment as referred to in paragraph 1 a portion shall be reserved as determined by the priority shareholders. The then remaining profits shall be placed at the disposal of the General Meeting.

3. The company can only pay out dividends to the shareholders and other persons entitled to a share in the profit available for distribution if and insofar as the equity exceeds the issued capital increased by the reserves that must be maintained by virtue of the law.

4. Dividends may only be paid out following the adoption of the annual accounts from which it appears that profit distribution is permissible.

5. The General Meeting cannot decide upon the partial or complete removal of any reserves without prior approval from the priority shareholders.

Article 27

1. Dividends and other payouts shall be made available on a date set by the Executive Board within four weeks of the declaration thereof.

2. The availability of the dividends and other payouts to shareholders, the composition of the payment, as well as the means of availability shall be announced by an advertisement in a national newspaper as well as the Official List (if shares in the company are listed on the stock exchange in Amsterdam).

3. The dividend payment claim shall lapse six years after becoming payable.

4. If the Priority so decides, an interim dividend shall be paid provided that this complies to Article 2:105 Civil Code.

5. The Priority may decide that dividends and/or payments from complete or partial reserves can be made in the form of a number of shares in the company's capital to be determined by the Priority. If the Priority so decides, the sum of the dividend or payout referred to in the previous sentence which is due to a shareholder shall be made available to the shareholder in cash or in the form of shares in the company's capital, or partly in cash and partly in the form of shares in the company's capital, as chosen by the shareholder, subject to the provisions of the following sentence. Insofar as the Priority provides the opportunity for this, if the company maintains a share premium reserve and if a shareholder so desires, the dividend made available to him or her in the form of shares shall be paid out and charged against the share premium reserve.

6. Deficits may only be wiped out at the expense of the reserves prescribed by law if the law permits this.

Profit appropriation

It is assumed that the loss for the 2005 financial year of EUR 6,970,000 will be charged to the accumulated loss. This proposal has not yet been incorporated in the annual accounts and must be ratified by the General Shareholders' Meeting.

Special statutory controlling rights

The following rights are connected with priority shares under the terms of the company's articles of association:

Article 5

Paragraph 2:

A decision by the General Meeting to issue shares or to appoint a body other that the Priority authorised to issue shares can only be taken on the Priority's proposal.

Article 14

Paragraph 2:

The Priority stipulates the number of directors and, with due regard for the set minimum, the number of members of the Supervisory Board.

Paragraph 4:

The appointment of members of the Executive and Supervisory Boards occurs on the basis of a binding short list, which must contain at least two names for each vacant position. This list is drawn up by the Priority within three months of the Priority receiving a registered letter from the Executive Board inviting it to do so. If the Priority does not prepare a binding short list within the time specified, the General Meeting shall be free to make its choice. The General Meeting shall also be free to choose if it takes away the binding character of the nomination by a decision passed by at least two-thirds of cast votes that represent more than half the issued capital. In the event of a said short list for the appointment of a member of the Supervisory Board, each candidate shall supply his or her age, occupation, the sum of his or her shares in the company's capital and the posts that he or she occupies or has occupied if important in connection with discharge of the duties of a member of the Supervisory Board. Mention shall also be made of which legal entity the candidate is affiliated with already; if there are several entities belonging to the same group, specifying Punch Technix shall suffice. Reasons shall be given for the appointment short list.

Article 15

Paragraph 4:

The Executive Board needs the Priority's approval for those board decisions specifically referred to by the Priority in its decision to that effect.

Article 21

Paragraph 1:

Decisions to: a. amend the articles of association; and b. dissolve the company, shall require the prior approval of the Priority.

Paragraph 2:

Unless the prior approval of the Priority is obtained, decisions to dismiss or suspend a member of the Executive or Supervisory Board can only be taken by a majority vote of at least two-thirds of valid votes, provided that this majority represents at least half the issued capital. Should the required quorum not be represented, a second meeting cannot be held in accordance with paragraph 3 of Article 2:120 Civil Code. The priority shares are held by the Prolion Priority Foundation in Haarlemmermeer. The managers of the foundation are:

- S. Pirard
- K. Van der Elst
- J. Smits
- H. Olde Bolhaar

Auditors' report for the 2005 financial information

Introduction

We have audited the consolidated financial statements of Punch Technix N.V., Vijfhuizen, for the year 2005 as set out on pages 85 to 115. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the company as at December 31, 2005 and of the result and the cash flows for the year then ended in accordance with International Financial Reporting Standards as is explained in these financial statements and as adopted by the EU and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code as far as applicable.

Amstelveen, 20 March 2006

BDO CampsObers Accountants

R.W. Brummelman RA

O. van Agthoven RA

Financial summary 2004

Exhibit 26 - Balance sheet as at 31 December 2004 (before profit appropriation)

EUR k	**2004**
Assets	
Non current assets	
Intangible assets	0
Goodwill	0
Property, plant & equipment (PPE)	0
Financial assets	0
Deferred tax assets	0
Non current assets	0
Current assets	
Inventories	0
Trade and other receivables	0
Other financial assets	0
Cash and marketable securities	5
Total current assets	5
Total assets	5
Liabilities	
Current liabilities	
Bank overdraft	0
Trade and other payables	0
Other financial liabilities	0
Total current Liabilities	0
Provisions	
Pension provisions	0
Other provisions	0
Total provisions	0
Total current liabilities and provisions	0
Total net assets	5
Group equity	5

Exhibit 27 Income statement for the 2004 financial year

EUR k	**2004**
Net revenues	0
Change in inventories of work in process and finished products	0

Total revenues	**0**
Raw materials and consumables used	0
Personnel costs	0
Amortization of intangible assets	0
Depreciation of tangible assets	0
Impairment	0
Other expenses	0
Total expenses	0
Earnings before interest and taxes (EBIT)	**0**
Financial result	0
Profit before tax	0
Tax	0
Profit after tax	**0**
Profit per share	**-**

Exhibit 27 - Table of changes in Shareholders' Equity for the 2004 financial year

EUR k	**2004**
Shareholders' equity (based on NL GAAP) on 1 January	0
Adjustment in accordance with IFRS 1	0
Shareholders' equity on 1 January	**0**
Debt conversion Punch Campus Namestovo	0
Increase as a result of the Reverse Acquisition	0
Increase as a result of cash contribution (net)	0
Increase as a result of conversion loans	0
Issue of shares	5
Profit for the financial year	0
Equity as at 31 December	**5**

Exhibit 28 - Cash flow statement 2004

EUR k	**2004**
Operating activities	
Profit after tax	0
Adjustments for :	
Amortisation of intangible assets	0
Depreciation of tangible assets	0

Impairment	0
Interest income	0
Interest expense	0
Tax	0
Cash flow before changes in working capital and provisions	**0**
Increase trade & other receivables	0
Increase inventories	0
Decrease in trade and other payables	0
Increase in provisions	0
Cash generated from operations	**0**
Investment activities	
Acquisition of assets and enterprises	0
Purchase of PPE	0
Intangible assets	0
Investments in financial assets	0
Interest income	0
Financing activities	
Increase in group equity through issue of shares	5
Repayment of bank borrowings	0
Interest expenses	0
	5
Increase/ (decrease) in cash	**5**

Notes to the balance sheet, the profit and loss account and cash flow statement

This financial summary comprises the comparative figures 2004 in the 2005 financial statements of Punch Technix. Due to the reverse acquisition in 2005, the 2004 comparative figures are the figures of Punch Professional sro.

As explained in paragraph A of this chapter, there were no activities in 2004. As at 31 December 2004, the balance sheet consisted of EUR 5,000 of cash and equity. The income statement does not show any amounts. The cash flow statement shows income from financing activities amounting to EUR 5,000 resulting from the issue of shares.

The financial information has been drawn up in accordance with the International Financial Reporting Standards (IFRS) and IFRIC interpretations approved by the International Accounting Standards Board (IASB) and accepted by the EU.

The financial information has been drawn up according to the historical cost convention. Because there were no activities in 2004 no specific principles for presentation are exposed.

Auditors' report for 2004 financial summary

We were engaged to audit the financial summary 2004 of Punch Professional sro, Namestovo (Slovak Republic). The financial summary comprise the balance sheet as at 31 December 2004 , the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial summary in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial summary that is 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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial summary based on conducting the audit in accordance with Dutch law. Because of the matters described in the Basis for disclaimer of opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

We were engaged in 2007 to audit the 2004 financial summary. Because of the engagement more than two years after year end 2004 we were unable to satisfy ourselves concerning the items stated in the balance sheet at 31 December 2004 and in the profit and loss account 2004.

As a result of this matter, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded items in the balance sheet and the elements making up the profit and loss account, changes in equity and cash flows in the cash flow statement.

Disclaimer of opinion

Because of the significance of the matters described in the basis for disclaimer of opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial summary.

Amstelveen, 25 June 2007

BDO CampsObers Audit & Assurance B.V.

R.W. Brummelman RA

D Off Balance Sheet Items

As of 31 December 2006 the Company did not have any off balance sheet arrangements other than mentioned on page 80 of this Prospectus.

E Relevant developments since 31 December 2006

Currently, RMS lacks enough critical mass to turn the AMS activities into profit.

On 21 June 2007 the Company signed a letter of intent with WestfaliaSurge GmbH relating to a potential cooperation in respect of the RMS activities. More details of this letter of intent are provided in appendix III.

In addition, within the RMS organization, supporting staff activities like finance are being centralized on group level.

Other then mentioned above, the Company has continued on the same operational and financial basis as 2006, for which the financials are included in this chapter. The Company, at the date of this Prospectus, is not aware of any other material developments since the publication of the last financials included in this chapter until the publication of this Prospectus that have effected its competitive, operational or financial position during the financial year 2007 other then mentioned above. The Company therefore declares that there are no material developments since December 2006 until the publication of this Prospectus other then mentioned above.

The Company declares that, in its opinion, the working capital is sufficient for the Company's present and future requirements for at least 12 months after publication of this Prospectus.

IX DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Set out below is a summary of relevant information concerning the Management Board, Supervisory Board and employees and a brief summary of certain significant provisions of Dutch corporate law and the Articles of Association as they currently read in respect of the Management Board and Supervisory Board.

A Management Structure

The Company has a two-tier board structure consisting of a Management Board (*Raad van Bestuur*) and a Supervisory Board (*Raad van Commissarissen*).

B Management Board and Management

Powers, Composition and Function of the Management Board

The Management Board is responsible for the day-to-day management of the operations under the supervision of the Supervisory Board. The Management Board is required to keep the Supervisory Board informed, consult with the Supervisory Board on important matters and submit certain important decisions to the Supervisory Board for its approval, as more fully described below.

The Management Board may perform all acts necessary or useful for achieving the corporate purpose, save for those acts that are prohibited by law or by the Articles of Association. The Management Board as a whole is authorised to represent the Company, as is any individual member of the Management Board. The Management Board may appoint officers with general or limited power to represent the Company, each officer being competent to represent the Company, subject to the restrictions imposed on him. The Company can also be represented by two such officers acting jointly, and a member of the Management Board and such an officer acting jointly. In the event of a conflict of interest between the Company and a member of the Management Board, the Company shall nonetheless be represented by the Management Board or by any individual member of the Management Board, with the understanding that the approval of the Supervisory Board is required by the Management Board for the resolution to perform the relevant legal act (*rechtshandeling*).

The Management Board consists of one or more members. The General Meeting of shareholders appoints members of the Management Board after a binding nomination of two candidates by the priority shareholders' meeting. The Management Board may appoint one of its members as Chief Executive Officer. The Articles of Association do not provide in a maximum period of appointment for members of the Management Board.

The General Meeting of shareholders and the Supervisory Board may suspend Management Board members at any time and the Articles of Association determine that the General Meeting of shareholders may dismiss Management Board members at any time. A suspension by the Supervisory Board may be discontinued at any time by the General Meeting of shareholders.

Under the Articles of Association, the resolutions of the Management Board that must be approved by the Supervisory Board include resolutions on the exercise of voting rights attached to non-listed shares owned by the Company in other companies;

The Supervisory Board may require additional resolutions of the Management Board to be subject to its approval. The Management Board shall be notified in writing of such resolutions, which shall be clearly specified.

Under the Articles of Association, the priority shareholders' meeting may also require resolutions of the Management Board to be subject to its approval.

The Articles of Association provide that decisions of the Management Board entailing a significant change in the identity or character of the Company or that of its business are subject to the approval of the General Meeting of our shareholders, including in any case:

- the transfer of all or almost all of the Company to a third party;
- entering into or break off a durable cooperation of the Company or a subsidiary with another legal entity or as fully liable partner in a limited or general partnership, if such cooperation or break off is of significance to the Company;
- participation or a disposal of a participation in the capital of the Company equal to at least a third of the assets.

If a member of the Management Board is temporarily prevented from acting, the remaining members of the Management Board shall temporarily be responsible for the management of the company. If all members or the only member of the Management Board are prevented from acting, a person appointed by the priority shareholders' meeting will be temporarily responsible for the management of the company.

Current composition of the Management Board

The Management Board currently has one single member, the Managing Director and Chief Executive Officer Mr. W Maes. Mr. Maes is member the Management Board since 7 May 2007. He has been appointed to the Management Board for a period of 4 years.

Mr. Wim Maes (Managing Director and Chief Executive Officer) (1972) received a Master degree in Engineering at the University of Leuven in 1995. After his studies he started his professional career as development engineer and became Technical Director in a high-tech international company. In 2001 he moved to BARCO where he gained commercial experience and became Sales & Marketing Director Simulation. He started at Punch Technix as CEO in May 2007.

Senior management

The Management Board is supported by senior management. Senior management together with the Management Board is referred to as the Management of Punch Technix following persons are considered as senior management of the Company:

Name	Title
Mr. M. Maes	Secretary General and Division Manager RMS
Mr. C. Volckaert	Chief Financial Officer
Mr. W. Westerlinck	Division Manager EMS

All persons mentioned above have offices at 2141 BS Vijfhuizen, the Netherlands, at Kromme Spieringweg 289b.

Mr. Marc Maes (1965) holds a Belgian law degree and an MBA from Vlerick School of Management in Ghent, and is a Bachelor in Strategic KMO Policy. Since completing his studies, he has worked as an attorney, financial analyst and then management consultant. As consultant, he acquired extensive experience in starting up and reorganising companies in a number of sectors, such as distribution, industry, service organisations and entertainment. In 1996, Marc Maes was one of the joint founders and co-CEO of Acunia N.V., a company incorporated under Belgian law. Acunia N.V. has developed and marketed a telematics platform for vehicles. Ultimately, Acunia N.V. got into difficulties due to the sluggish telematics market and the crisis in the automotive sector amongst other things. Punch acquired Acunia N.V. in insolvency's main assets early in 2004. At Punch, Marc Maes was responsible for special projects in the first six months of 2004, covering reorganisations, M&As and business planning for a number of companies. Marc Maes was director of Punch Technix under its Articles of Association since the beginning of July 2004.

Mr. M Maes was a director of the Company under its Articles of Association from 15 July 2004 to 14 November 2005.

Mr. Christian Volckaert (1972) After his studies economics at the Ghent University, Mr. Volckaert started his professional career as an ERP consultant with focus on financial processes in several lines of industry. As a consultant, he gained certifications for CPIM and PIP. In 2002 he joined the Punch International Group, where he progressed from Management Accountant to Controller. He joined the Punch Technix Group as Group Controller in December 2005 at the moment of the Acquisition of the EMS division. In April 2007 he became CFO of Punch Technix.

Mr. Wald Westerlinck (1969) has been educated as a technical engineer Electro-Mechanics. He started his professional career as an engineering manager toolmaker for Mercedes Belgium. In 2000 he joined Plascobel Belgium as a program and launch manager. He became plant manager of Plascobel after the take-over by Punch International. After being plant manager Namestovo Slovakia, he now is Division manager EMS.

The members of the Management are not members of any other directing, managing or supervisory body.

C Supervisory board

Powers, Composition and Function of the Supervisory Board

The Supervisory Board is responsible for supervising the conduct and policy of, and providing advice to, the Management Board and supervising the business generally. In performing its duties, the Supervisory Board is required to act in the interests of the business as a whole. The members of the Supervisory Board are not authorised, however, to represent the Company in dealings with third parties..

The General Meeting of shareholders appoints members of the Supervisory Board. Articles of Association provide that the number of members of the Supervisory Board shall be determined by the priority shareholders' meeting. A member of the Supervisory Board shall be appointed for an indefinite period of time, unless provided otherwise in the resolution to appoint the member concerned. The General Meeting of shareholders may determine that members of the Supervisory Board shall retire periodically in accordance with a rotation plan to be drawn up by the Supervisory Board.

The General Meeting of shareholders may appoint one of the members of the Supervisory Board as chairperson of the Supervisory Board. The Supervisory Board shall appoint a chairperson from among its members. The Supervisory Board may also appoint a deputy chairperson from among its members, who shall take over the duties and powers of the chairperson in the latter's absence.

The General Meeting may suspend and dismiss Supervisory Board members at any time.

All resolutions of the Supervisory Board shall be adopted by a majority of the votes cast. At a meeting, the Supervisory Board may only pass valid resolutions if the majority of its members then in office are present or represented.

Composition of the Supervisory Board

The members of the Supervisory Board of the Company are as follows:

***Mr. J. Smits*, born Wilrijk (B), 30 August 1958**

Position	CFO Punch China
Education	Commercial engineer (RUCA 1982) and supplementary education in the Fiscal Sciences (Fiscal College 1988)
Previous positions	He began his career with what was then Coopers & Lybrand, and was subsequently an internal auditor at Massive International. He joined the Punch Group in 1990.
Other Supervisory Board positions	None
Relevant ancillary positions	None
Date appointed	15 July 2004

Mr. Smits does not currently hold any shares or share options in Punch Technix, either directly or indirectly.

***Mr. H. Olde Bolhaar*, born Eindhoven (NL), 16 January 1948 (President)**

Position	Service Vice President and Head of the Joint Venture Office van Philips International B.V.
Education	Economics/IT at Tilburg University
Previous positions	CFO of various departments at Royal Philips Electronics
Other Supervisory Board positions	None
Relevant ancillary positions	None
Date appointed	3 March 2005

Mr. Olde Bolhaar does not currently hold any shares or share options in Punch Technix, either directly or indirectly.

***Mr. G. Dumarey*, born Oostende (B) , 21 September 1959**

Position	CEO Punch International N.V.
Education	Bachelor Auto Mechanica
Previous positions	With the take-over of New Impriver NV in 1982, Mr. Dumarey laid the foundation of the current Punch International Group. Since then he has been Managing Director of the corporation and he became chairman of the Supervisory Board in 1998.
Other Supervisory Board positions	Chairman of the Supervisory Board of Punch International N.V. and member Board of Directors of Punch Graphix Ltd.
Relevant ancillary positions	None
Date appointed	20 April 2006

Mr. Dumarey currently does indirectly hold shares in Punch Technix (through Punch).

All the above have their offices at 2141 BS Vijfhuizen, Netherlands, Kromme Spieringweg 289b.

Neither the current positions, ancillary positions and/or other Supervisory Board positions have led nor can lead in the Company's opinion to any conflict of interest between the Company and the Supervisory Board member concerned.

Supervisory Board members resign their office at regular intervals, in accordance with a rota the Supervisory Board has drawn up for that purpose. Supervisory Board members resigning may be reappointed immediately, unless they have reached age 65 or will do so in that financial year, in which case a Supervisory Board member must resign.

Name	***Date of birth***	***Date first appointed***	***Current term***	***Due to resign in under the rota***	***Maximum term***
Mr. J. Smits	*30 August 1958*	*15 July 2004*	*2004-2008*	*2008*	*2016*
Mr. H. Olde Bolhaar	*16 January 1948*	*03 March 2005*	*2005-2009*	*2009*	*2017*
Mr. Guido Dumarey	*21 September 1959*	*20 April 2006*	*2006 -2010*	*2010*	*2018*

Supervisory Board Committees

The Supervisory Board has three committees: the audit committee, the remuneration committee and the selection and appointment committee.

The audit committee's task (Mr. J. Smits and Mr. H. olde Bolhaar) is to supervise the management in implementing internal risk management and control systems, the way in which the Company obtains financial information, compliance with the external auditors recommendations and following their comments, the Company's policy in relation to tax planning, financing the Company and using information and communications technology.

The audit committee meets twice a year in principle, including once a year without the Board or external auditors being present.

The remuneration committee members are Mr. H. olde Bolhaar and Mr. W. Maes Its duties are as follows: to make proposals to the Supervisory Board on the remuneration policy to be pursued, making proposals on remuneration of individual directors to be adopted by the Supervisory Board and drawing up the remuneration report.

The selection and appointment committee consists of Mr. H. olde Bolhaar and Mr. W. Maes, and its tasks are to establish selection criteria and appointment procedures for the members of the Supervisory Board and the Board, reviewing the size and composition of the Supervisory Board and Board at regular intervals and making proposals for profile sketches of the Supervisory Board, reviewing how individual Supervisory Board members and directors are performing at regular intervals and reporting its findings to the Supervisory Board, making proposals for the (re)appointment and supervision of the Board's policy on selection criteria and appointment procedures for higher management.

D Remuneration and equity holdings

Management remuneration

The Supervisory Board determines the fees and other terms of employment of the members of the Board, subject to the remuneration policy as laid down by the General Meeting. The Management's remuneration as at 7 May 2007 is as follows:

Management	Remuneration p.a. (EUR)	Other remuneration
Mr. W. Maes	146,250	None
Mr. M. Maes	150,750	None
Mr. C. Volckaert	138,375	None
Mr. W. Westerlinck	-	None
TOTAL	435,375	None

None of the members of the Management contracts provide for benefits upon termination of their employment contract. Mr. Westerlinck is paid by Punch.

Supervisory Board Remuneration

The Supervisory Board's remuneration is determined by the General Meeting. The Supervisory Board's total remuneration in the financial year 2006 was EUR 12,500 compared to EUR 12,500 in 2005.

The Company has not made any loans to members of the Supervisory Board. The Company does not have any liabilities by reason of current loans to Supervisory Board members, nor has it issued any guarantees on their behalf. None of the members of the Supervisory Board contracts provide for benefits upon termination of their employment contract. None of the members of the Supervisory Board have been involved in any prosecution, order or current proceedings for misdemeanours and offences under the Law on financial crime. The remuneration of the Supervisory Board as at 7 May 2007 is as follows:

Supervisory Board members	Remuneration p.a. (EUR)	Other remuneration
Mr. H. olde Bolhaar	EUR 17,500	None
Mr. J. Smits	None	None
Mr. G Dumarey	None	None

Equity Holdings

None of the members of the Management or Supervisory Board have any Shares or loans issued by the Company. None of the members of the Supervisory Board or any member of the Management enjoy any benefits in kind.

No members of the Management or Supervisory Board were awarded any Share options during the financial year 2006 nor exercised any such options. The Management or Supervisory Board did not hold any such options as at 31 December 2006.

No amounts have been set aside or allocated to pay pensions or similar benefits for the members of the Supervisory Board or Management, as they all provide their services to the Company via their own companies (management BV). Punch Technix and its group companies have set aside or allocated amounts for paying pensions or similar benefits to employees as stated in the audited figures.

Employees cannot acquire any holding in the Company's capital except by buying shares via Euronext.

E Management and Supervisory Bodies Conflicts of Interest

Punch Technix is a member of the Punch Group with Punch International holding approximately 62.76% of the outstanding Shares of the Company on an actual basis prior to the Transaction.

The sole member of the Management Board, Mr Wim Maes, is not a board member of any other company within the Punch Group, nor otherwise conflicted in respect of its managing director position of Punch Technix. Except for Mr olde Bolhaar, who is independent in the meaning of the Dutch Corporate Governance Code, all members of the Supervisory Board, being Mr Dumarey and Mr Smits, combine their position as member of the Supervisory Board with other management and supervisory board memberships within group companies of Punch. Messrs Dumarey and Smits have therefore not participated in the decision-making of the Supervisory Board in respect of the Transaction. Other than the aforementioned, none of the members of the Management Board and the Supervisory Board have any potential conflicts of interest between their duties to the Company and their own interests and/or other obligations.

F Directors Indemnification and Insurance

Under Dutch law, members of the Management Board and the Supervisory Board may be liable to the Company for damages in the event of improper or negligent performance of their duties. They may be jointly and severally liable for damages to the Company and to third parties for infringement of the Articles of Association or of certain provisions of the Dutch Civil Code. In certain circumstances, they may also incur additional specific civil and criminal liabilities. Members of the Management Board, the Supervisory Board, the Executive Board and certain other officers and certain subsidiaries are insured under an insurance policy against damages resulting from their conduct when acting in the capacities as such members or officers.

G Information on insolvencies, conviction in relation to fraudulent offences and public incrimination faced by the Management and Supervisory Board.

Insolvencies

Mr. J. Smits was Supervisory Board member of Prolion Holding at the time DZK B.V. (a former subsidiary of Punch Technix) became insolvent, and Mr. M. Maes was a director of Prolion Holding under its Articles of Association at that time. None of them held any directorships or management positions in the company concerned. Mr. J. Smits and Mr. H. olde Bolhaar were Supervisory Board members of Punch Technix at the time SRT S.A. (a subsidiary of Punch Technix) became insolvent. None of them held any directorships or management positions in the company concerned, however. Mr. M. Maes was a permanent representative of RMS International B.V., director of SRT S.A.

Mr. Marc Maes was involved by reason of his position as director in the insolvency of Acunia N.V. in 2003, and in Packo & Fullwood as director via his management company.

Mr G. Dumarey and Mr W. Maes were not directly involved in any insolvencies for the previous five years.

There are no further details to report of any insolvencies, suspensions of payments or liquidations in which members of the Management were involved in the last five years.

Conviction in relation to fraud offences

None of the members of the Supervisory Board or Management have been prosecuted in connection with fraud offences in the last five years.

Public incrimination

No statutory or regulatory authority has made any official, publicly expressed accusations and/or imposed any sanctions on any members of the Supervisory Board or Management. No court has found the members of the Supervisory Board incompetent to act as members of the directing, managing or supervisory bodies of an issuing institution or in the course of the management or conduct of the activities of an issuing institution in the last five years.

H Employees

As of 31 December 2006, the Company had 78 full-time equivalent employees (FTEs).

None of the employees is represented by a labour union or covered by a collective bargaining agreement, and the Company have never experienced a work stoppage. The Company considers its employee relations to be good.

The following table sets forth the average number of full-time employees on a by country basis for the years 2006, 2005 and 2004**.**

Business unit	**2006**	**2005**	**2004**
RMS	72	72	-
EMS	-	-	-
Other	6	6	-
Total	78	78	-

Works Council

The Company does not have works councils in the countries in which it operates.

Pension Schemes

See chapter VIII for a detailed description of the Companies pension status.

I Future composition of the Management Board and Supervisory Board

It is intended that the composition of the Supervisory Board and Management Board will be changed post completion of the Transaction to better reflect the activities of the new group.

Management board

It is contemplated that, conditional upon the completion of the Transaction, the current members of the Management Board will resign from their office and Mr. Ben Vanassche, current CEO of Punch Graphix, shall be appointed as CEO of the Company, and Mr. Peter Tytgadt, current CFO of Punch Graphix, shall be appointed as CFO of the Company.

Supervisory Board

Following completion of the Transaction, it is intended that Mr. Smits will resign from his office as supervisory director of the Company. It is further intended that the following individuals shall be proposed to the General Meeting of shareholders of Punch Technix for appointment as members of the Supervisory Board:

- Mr. Guido Dumarey, independent member;
- Mr. Philippe Ghekiere, independent member; and
- Mr. Wim Deblauwe, CFO of Punch International.

None of the future members of the management board or supervisory board will have any potential conflicts of interest between their duties to the Company and their own interests and/or other obligations.

X MAJOR SHAREHOLDERS AND RELATED-PARTY TRANSACTIONS

A Major shareholders

The Articles of Association provide for an authorised share capital of the Company of 7,500,000 Shares and 40 priority shares. An Share, not held by the Company or a subsidiary, carries 400 votes, whereas a priority share carries 1 vote. The Articles of Association do not provide for other type of shares or shares carrying cumulative voting rights.

As at the date of this Prospectus, 4,591,764 Shares were issued and outstanding. Under the Dutch Act on the disclosure of voting power and capital interest in securities issuing institutions (*Wet melding zeggenschap en kapitaalbelang in effectenuitgevende instellingen*) (the "**Disclosure Act**"), any person who, directly or indirectly, acquires or disposes of an interest in the capital or voting rights must immediately give written notice to the AFM by means of a standard form, if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person meets, exceeds or falls below the following thresholds: 5.0%, 10.0%, 15.0%, 20.0%, 25.0%, 30.0%, 40.0%, 50.0%, 60.0%, 75.0% and 95.0%. Once in every calendar year, every holder of an interest in the share capital or voting rights of 5.0% or more must renew its notification to reflect changes in the percentage held in the share capital or voting rights, including changes as a consequence of changes in the total issued share capital.

The following table sets forth information regarding the beneficial ownership of Punch Technix's Shares, by each beneficial holder of 5% or more of the Shares, the percentages indicate the percentage of the outstanding shares held by each shareholder before the Transaction and Offering. All holders of Shares are entitled to one vote per Share. There are no cumulative voting rights.

Name of beneficial holder	% of shares outstanding in Punch Technix at the date of this Prospectus
Punch International N.V.	62.76%

Punch

Punch is the controlling shareholder of Punch Technix. At the date of this Prospectus Punch held 62,76% of the Shares. As a result of the Transaction Punch will significantly increase its shareholding in Punch Technix. Post completion of the Transaction Punch will hold approximately 81% of the Shares of Punch Technix (assuming an amount of EUR 20m is subscribed for in the Offering). At the date of this Prospectus, according to Punch's website, the main shareholders of Punch are:

Name of beneficial holder	Date of publication	% of shares outstanding in Punch at the date of this Prospectus
Guido Dumarey	20 January 2006	27.65%
VSP Investments	20 January 2006	7.64%
ZA Capital	22 January 2006	2.81%
KBC Asset Management	7 November 2006	3.25%
Mercator Verzkeringen	10 February 2006	7.13%
Merrill Lynch Investment Managers Group	4 October 2005	5.57%

B Related-party transactions

Transaction:	Bank credit facility – guaranteed by Punch International
Amount:	EUR 1,900,000 (effectively drawn per 31 July 2007 is EUR 1.3m)
Date:	September 2005
Purpose:	Liquidity
Description:	In September 2005 Punch Technix has concluded a credit facility of EUR 1.9m - Punch International

Transaction:	Service Level Agreement Punch Campus - Punch Technix
Amount:	EUR 300,000 per year
Date:	November 2005 – start of contract 1 January 2006
Purpose:	Services for supporting functions Punch Professional.
Description:	Related to IT- & personnel administration support

Transaction:	Service Level Agreement Punch Campus Namestovo - Punch Technix
Amount:	EUR 3.8m per year
Date:	November 2005 – start of contract 1 January 2006
Purpose:	Production in Slovakia
Description:	For the production activities in Slovakia, Punch professional agreed to a service level agreement for production purposes with Punch Campus. It concerns about 500 full time equivalents contracted by Punch Campus.

Transaction:	Production agreement Punch Telematix
Amount:	approx. EUR 1.4m per year
Date:	n/a
Purpose:	Production of carbox sold by Punch Telematix
Description:	Punch Technix produces the carbox and components for Punch Telematix. Prices are concluded at arms length.

Transaction:	Body Coach
Amount:	EUR 0.6m per year
Date:	June 2003
Purpose:	Production of Body Coach fitness equipment
Description:	Punch Technix produces fitness equipment for Body Coach, a company of which Mr. Guido Dumarey is a shareholder. Mr. Dumarey also is the reference shareholder (and CEO) of Punch International.

Transaction:	Rent Evergem (Belgium) – Punch property International
Amount:	EUR 13,850 per month
Date:	1 November 2002 – 1 November 2006 {ended)
Purpose:	Rent of offices, warehouse & production facilities

Description:	Punch Technix rented facilities for offices, warehousing a assembly in Evergem (Belgium) from Punch Property International. The contract has been terminated in November 2006

Transaction:	Rent Námestovo (Slovakia) – Punch Property Orava
Amount:	EUR 1,300,000 per year
Date:	November 2005
Purpose:	Rent of production facilities
Description:	In November 2005 Punch Technix has concluded a rental agreement with regards to production facilities in Namestovo with Punch Property Orava. The contract was concluded for a 5 year period.

Transaction:	Current account Punch International
Amount:	EUR 2,988,000
Date:	ongoing
Purpose:	financing of Punch Technix
Description:	Punch International has financed Punch Technix through current account, with interest amounting to 5% per annum.

C Interests of experts and advisers

The expert and advisors involved in this Transaction as mentioned on page 160, do, directly or indirectly, not have any interest in the capital and/or voting rights of the Company and/or Punch.

A Introduction

The pro forma information set out below has been prepared to illustrate the impact of the Transaction and Acquisition on the financial statements of Punch Technix and gives effect to the Transaction and Acquisition for the year ended 31 December 2006

The pro forma information has been prepared for illustrative purposes only, and because of its nature addresses a hypothetical situation and therefore does not represent the actual financial position and earnings as at and for the year ended 31 December 2006 The historical financial information is prepared and presented in accordance with IFRS. No promulgated standards for pro forma reporting exist in The Netherlands. Accordingly, the reporting may differ significantly from those in other jurisdictions, in particular the United Kingdom. The pro forma financial statements do not purport to present what the earnings would actually have been or what earnings would be if the Contribution that gave rise to the pro forma adjustments had occurred at the dates assumed and is not indicative of future earnings. The pro forma financial statements should be read in conjunction with the section of the Prospectus entitled "Operating and Financial Review" and the historical financial statements and related notes thereto included in this Prospectus.

B Pro forma consolidated accounts per 31 December 2006

The following table sets forth the pro forma consolidated accounts per 31 December 2006 and takes into account the Transaction and Acquisition. The first column of the pro forma consolidated accounts, “Punch Technix”, provides the historical unadjusted information of the Company, the next four columns provide the pro forma adjustments which are discussed in more detail in paragraph C of this chapter. The last column, consolidation, provides the pro forma financial information per 31 December 2006. The pro forma financial information does not include: potential synergies of the future group and costs to achieve these synergies, estimates or forecasts and intercompany transactions between Punch Technix and Punch Graphix (if any).

In EUR k per 31 December 2006	**Punch Technix**	**Capital increase (Contribution)**	**Current account (Acquisition)**	**Punch Graphix**	**Adjustments**	**Minorities**	**Consolidation**
Balance sheet							
Intangibles	23,226			27,274	83,665	3,017	137,182
Tangibles	3,743			53,619			57,362
Associates	0	113,741	74,538	221	-188,279		221
Other LT assets	0			4,788			4,788
Deferred tax assets	4,989			3,593			8,582
Non current assets	31,958	113,741	74,538	89,495	-104,614	3,017	208,135
Inventories	11,882			44,122			56,004
Receivables	8,209			46,733			54,942
Cash	937	19,300		39,798			60,035
Current assets	21,028	19,300		130,653			170,981
TOTAL ASSETS	**52,986**	**133,041**	**74,538**	**220,148**	**-104,614**	**3,017**	**379,116**

In EUR k per 31 December 2006	Punch Technix	Capital increase (Contribution)	Current account (Acquisition)	Punch Graphix	Adjustments	Minorities	Consolidation
Shareholders equity	28,632	133,041		107,859	-104,106	-3,753	161,673
Minorities	0			527	-509	6,770	6,788
Equity	28,632	133,041		108,386	-104,614	3,017	168,462
Provisions	4,084			0			4,084
Deferred tax liability	0			3,198			3,198
Other LT liabilities	0		74,538	1,215			75,753
Financial Debts	575			43,191			43,766
Non current liabilities	4,659		74,538	47,604			126,801
Bank loans	7,011			10,810			17,821
Provisions	0			1,920			1,920
Other liabilities	12,684			51,428			64,112
Current liabilities	19,695			64,158			83,853
TOTAL EQUITY AND LIABILITIES	**52,986**	**133,041**	**74,538**	**220,148**	**-104,614**	**3,017**	**379,116**
Profit and Loss statement							
Sales	35,465			164,439			199,904
Revenues	35,022			173,340			208,362
EBIT	-4,229			22,482			18,253
Profit before tax	-4,251			21,212			16,961
Net Result	**-2,976**			**16,002**			**13,026**
Key ratios							
Net Financial debt (NFD)	6,649			14,203			76,090
Solvency	54%			49%			44%
Gearing	23%			13%			45%

Punch Technix

The consolidated balance and income statement of Punch Technix per 31 December 2006 and a discussion of the main items can be found in chapter VIII Operating and Financial review.

Punch Graphix

The consolidated balance and income statement of Punch Graphix per 31 December 2006 can be found in the 2006 annual report of Punch Graphix which is available on their website: www.punchgraphix.com.

C Discussion of pro forma adjustment

The pro forma consolidated accounts takes into account the acquisition of 96.52% of the share capital of Punch Graphix (the Contribution and Acquisition). In order to prepare these accounts a number of pro forma adjustments have been made:

- Capital increase (Contribution): the capital increase by Punch International in Punch Technix for the contribution in kind of 58.31% of the shares of Punch Graphix. The contribution is compensated by 18,169,457 newly created shares of Punch Technix for a total value of EUR 113,740,800.80. Furthermore, the Offering will result in additional net cash proceeds amounting to maximum EUR 19,300,000. The related transaction costs amount to approximately EUR 700,000.
- Current account (Acquisition): The acquisition from Punch of 39,319,942 shares Punch Graphix representing 38.21% of the share capital. The acquisition will be financed by a current account from Punch amounting to EUR 74,538,027. The current account has to be paid back ultimalty within 5 years from the settlement date. Interests are at market rate and accrued until full repayment. The interest rate amounts to 6-months EURIBOR + 1,75% per annum. In the pro forma financials the current parent company loan is shown as a long term debt;
- Punch Graphix: The financial information regarding Punch Graphix, included in the pro forma financial information, can be found in the annual report of Punch Graphix which can be downloaded from its website (www.punchgraphix.com) As the controlling shareholder of both Punch Technix and Punch Graphix prior to the transaction is Punch International, this transaction, according to IFRS, is considered to be an internal restructuring and the consolidating entity is Punch Technix;
- Adjustments: adjustments to the pro forma financials include (1) fair value adjustment resulting from the acquisition amounting to EUR 83,665,000 recorded as intangibles. (2) Acquisition of the shares of Punch Graphix financed by the capital increase and current account (EUR 113,741,000 + EUR 74,538,000). and (3) the adjustments to the shareholders equity (EUR -104,614,000 being the difference of the fair value adjustment ad EUR 83,665,000 and the capital increase ad EUR -188,279,000);
- Minorities: representing the 3.48% shares of Punch Graphix Punch does not own The minorities are valued in accordance with IFRS at the same value as they were presented at the parent company level. Furthermore it is assumed that the fair value of Punch Graphix equals the acquisition value and that no goodwill in accordance with IFRS 3 Business Combination for the minorities will be shown in the balance sheet;
- Consolidation: the result of the combination of Punch Graphix, the Company and the adjustments.

Note: Punch Technix will acquire the Punch Graphix Shares (both in the Contribution and in the Acquisition) for GBp 128 per Punch Graphix Share at a GBP / EUR conversion rate of 1.481 (15 June 2007).

Prior to this Transaction Punch acquired in January 2007 through a mandatory cash offer the majority of the shares (stake increased from 49% to 96%) in Punch Graphix. This transaction was subject to IFRS 3 business combinations requiring the assets of Punch Graphix to be restated to fair value at transaction date. The impact of this restatement amounted to EUR 90.5m and is allocated in the figures Punch Graphix shown above to Intangible assets. The allocation of the fair value adjustment might be subject to changes because this transaction has not been audited so far.

D Valuation rules applied

The pro forma financial information in this chapter is prepared and presented in accordance with IFRS. By applying the IFRS statements this transaction is considered as a separate transaction from the operation in which Punch acquired a majority stake in Punch Graphix. The transaction realized in January 2007 was recorded in the accounts of Punch applying the full treatment of IFRS 3, business combinations.

Since Punch controls both groups (Punch Technix and Punch Graphix) this operation is to be considered as a restructuring of the affiliated companies. Management has decided to treat this transaction in the financial consolidated accounts of Punch Technix by integrating the book values as they appear in the accounts of the parent entity. As conclusion the fair value treatment due to the application of a business combination in Punch is considered as the bookvalue in the parent and is pushed down into the pro forma consolidated financial accounts of Punch Technix.

E Audit report on the pro forma financials

Auditors' report

Introduction

The pro forma statements with combined financial data of Punch Technix N.V. for the year 2006, as included in this Prospectus on pages 134 to137, represent the pro forma combination of the figures of Punch Technix N.V. and Punch Graphix PLC.

In their auditors' report on the underlying statement for the year 2006 of Punch Technix N.V. and Punch Graphix plc. from which the financial data included in the pro forma combined statements have been derived, BDO CampsObers Audit & Assurance B.V. and BDO Stoy Hayward LLP expressed unqualified opinions. The pro forma statements are the responsibility of the management of Punch Technix N.V. Our responsibility is to express an opinion on these pro forma combined statements based on our audit.

In preparing these pro forma combined statements changes as disclosed in section C on page 136 have been made to the accounting policies used by the companies.

Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the pro forma financials have been prepared applying appropriate methods. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the pro forma combined financial statements have been prepared applying appropriate methods, as described in the notes to the aforementioned statements.

Amstelveen, 25 June 2007,

BDO CampsObers Audit & Assurance B.V.

R.W. Brummelman RA

XII DETAILS OF THE OFFER AND ADMISSION TO TRADING DETAILS

This chapter provides information regarding the Offering and the admission to trading of securities, the plan for distribution of the securities and related matters.

A The Offering

Subject to applicable securities laws, existing shareholders of Punch Technix as at the Record Date who are also Eligible Persons are being granted SETs to subscribe for Offer Shares at the Issue Price. Each Share that you hold immediately after the close of trading in the Shares on Eurolist by Euronext Amsterdam at 17:40 hours, Central European time, on 28 June 2007, which is the Record Date, will entitle you to one SET. An Eligible Person will be entitled to subscribe for 7 Offer Shares for every SETs held. Accordingly, Eligible Persons will be entitled to subscribe for 7 Offer Shares for every 1 Shares held on the Record Date. If you hold Shares on the Record Date and are an Eligible Person, the securities intermediary through which you hold Shares will customarily give you details of the aggregate number of SETs to which you will be entitled. Your securities intermediary will supply you with this information in accordance with its usual customer relations procedures. You should contact your securities intermediary if you are a shareholder entitled to receive SETs but have received no information with respect to the Offering. Only holders of Shares as of the Record Date who are also Eligible Persons will be entitled to receive SETs. No SETs will be credited to securities accounts with registered addresses in the United States and may not be transferred to any such shareholders.

If you hold Shares of the Company in registered form, the Company will contact you directly regarding the procedures that you must follow to exercise SETs. The decision to issue new shares was made by the EGM held on 27 June 2007.

The Offering comprises up to 3,194,888 new Shares, with a nominal value of EUR 4.00 each, which are being offered as described above. The new shares will be created under Dutch law.

The Offer Shares will, upon issue, rank equally in all respects with currently outstanding Shares and will be eligible for any dividends which we may declare on the Shares in the future. See "Dividends and Dividend Policy." Each Share entitles the holder to cast one vote.

Codes for Shares (including the Offer Shares)	ISIN: NL 0000378768
	Common code: 001138436
	Security code: 37876
	Eurolist by Euronext Amsterdam symbol: PNX NA

Record Date

The Record Date for determining the holders of the outstanding Shares who will receive SETs (subject to applicable securities laws) is immediately after the close of trading on Eurolist by Euronext Amsterdam at 17:40 hours, Central European Time, on 28 June 2007. Until the close of trading in the Shares on Euronext Amsterdam on the Record Date, the Shares have traded with SETs. From 29 June 2007, the Shares will trade ex-SETs.

Trading in SETs; Transfer of SETs

The SETs are non-tradable and non-transferable. SETs may only be exercised by Eligible Persons.

Exercise Period

Subject to the restrictions set out below, if you are an Eligible Person, you may subscribe for Offer Shares by exercising your SETs from 2 July 2007 up to 17:40 hours, Central European time, on 13 July 2007, which is the end of the Exercise Period. The last date and/or time before which notification of exercise instructions may be validly given may be earlier, depending on the financial institution through which your SETs are held. If you have not exercised your SETs by the end of the Exercise Period, you will no longer be able to exercise your SETs. Once you have exercised your SETs, you cannot revoke or modify that exercise unless we amend a material term of the Offering or amend this Prospectus in any material respect. Even if the market price of Shares fluctuates below the Issue Price, if you have exercised your SETs, you will be obliged to pay the Issue Price for any Offer Shares being subscribed for.

SETs can no longer be exercised after 17:40 hours, Central European Time, on 13 July 2007, which is the end of the Exercise Period.

Subscription and Payment

If you are an Eligible Person and you wish to exercise your SETs, you should instruct your securities intermediary in accordance with the instructions that you receive from it. The securities intermediary will be responsible for collecting exercise instructions from you and for informing the Listing Agent of your exercise instructions.

You should pay the Issue Price for the Offer Shares that you subscribe for in accordance with the instructions you receive from the securities intermediary through which you exercise your SETs. The securities intermediary will pay the Issue Price to the Listing Agent, who will in turn pay it to the Company. Payment for the Offer Shares to the Listing Agent must be made no later than the payment date, which is expected to be 18 July 2007. Accordingly, financial intermediaries through which you exercise your right may require payment by you to be provided prior to 18 July 2007.

All questions concerning the timeliness, validity and form of instructions to a securities intermediary in relation to the exercise of SETs will be determined by the securities intermediary in accordance with its usual customer relations procedures or as it otherwise notifies you.

The Company is not liable for any action or failure to act by a securities intermediary through whom Eligible Persons hold their Shares or by the Listing Agent in connection with any subscriptions or purported subscriptions.

B Listing Agent

Petercam Bank N.V., De Lairessestraat 180, 1075 HM Amsterdam, will act as Listing Agent for the receipt of subscriptions for the Offer Shares through the exercise of SETs. The financial institution through which you hold your SETs will be responsible for collecting exercise instructions from you and for informing the Listing Agent of your subscription.

C Allotment of Offer Shares

If the amount subscribed in the Offering exceeds EUR 20m, allotment will take place based on a pro rata of the amounts subscribed (e.g. if EUR 40m is subscribed for all Eligible Persons will be allotted 50% of their subscription)

If the amount subscribed in the offering is less then EUR 20m all shares subscribed for by Eligible Persons in the Offering will be allotted to those Eligible Persons.

Allotment of Offer Shares issued pursuant to the Offering is expected to take place on 17 July 2007.

D Payment and Delivery

Payment for and delivery of the Offer Shares which are issued in transfer accounts is expected to take place on 18 July 2007. Delivery of Offer Shares will take place through the book-entry systems of Euroclear Netherlands, Damrak 70, 1012 LM Amsterdam, the Netherlands.

Application has been made for the Offer Shares to be accepted for clearance through the book-entry facilities of Euroclear Netherlands.

E Listing and Trading

Application has been made to list the Offer Shares on Euronext Amsterdam. The Company expects that the Offer Shares will be listed, and that trading in such shares will commence, on Eurolist by Euronext Amsterdam on 18 July 2007, barring unforeseen circumstances.

The outstanding Shares are listed only on Euronext Amsterdam under the symbol "PNX". The SETs will not be tradable.

F Stabilization

There are no parties that have committed to ensure the liquidity of Shares through bid and ask prices by acting as intermediary on the secondary market.

G Markets

The outstanding Shares are listed and traded on Eurolist by Euronext Amsterdam under the symbol ‘‘PNX ’’. The table below sets forth the high and low and closing prices for the periods and days indicated for the Shares on Eurolist by Euronext Amsterdam as reported by Bloomberg for the periods indicated. The table also includes the average daily trading volume of our Shares on Eurolist by Euronext Amsterdam as reported by Bloomberg for the periods indicated (except for the specified days in June 2007 for which the actual trading volume on each such day is shown).

	Share price (EUR)			Volume
	High	**Low**	**Closing**	**Average daily (in 000s of shares)**
2004				
1st Quarter	56.00	36.00	36.00	5,954
2nd Quarter	40.00	16.00	24.00	4,308
3rd Quarter	28.00	20.00	28.00	1,977
4th Quarter	28.00	20.00	28.00	1,813
2005				
1st Quarter	28.00	20.00	20.00	1,285
2nd Quarter	24.00	16.00	24.00	2,081
3rd Quarter	24.00	16.00	20.00	2,121
4th Quarter	24.00	9.50	10,25	4,701

2006				
1st Quarter	15.98	8.18	13.82	14,185
2nd Quarter	14.80	10.08	10.56	3,317
3rd Quarter	13.30	10.00	10.98	2,985
4th Quarter	10.98	9.73	10.05	3,541
2007				
January	11.04	9.82	10.00	15,684
February	10.84	8.00	8.89	14,765
March	8.85	6.32	7.00	12,784
April	7.59	5.24	7.25	8,973
May	7.61	6.28	6.12	16,957
11 June	6.77	6.00	6.31	26,100
12 June	6.62	6.33	6.44	8,407
13 June	6.49	6.30	6.30	6,191
14 June	6.15	6.11	6.15	665
15 June	6.25	6.15	6.15	5,729
18 June	6.36	6.15	6.20	5,071
19 June	6.20	6.20	6.20	767
20 June	6.25	6.16	6.25	3,826
21 June	6.25	6.16	6.17	4,528
22 June	6.74	6.24	6.39	59,689
25 June	6.52	6.15	6.25	27,174
26 June	6.49	6.25	6.45	2,165
27 June	6.45	6.16	6.25	13,522

H Dilution

Issuing new Shares under the Contribution and Offering will dilute the public interest in the Company. The extent of this dilution will depend on whether or not Shareholders will subscribe to the Offering. The table below shows a number of hypothetical cases showing how the extent of the Offering affect the number of Shares issued as a result of the Transaction:

If Shareholders do not subscribe for the Offering, the percentage dilution of the Shareholders other than Punch in the capital of the Company would be 79.8% see also table below.

If Shareholders do subscribe for the Offering, at different amounts the percentage dilution of the Shareholders other than Punch in the capital of the Company would be as follows:

Amount of Offering	Number of new shares issued (including the Contribution)	% of shares held by the minority shareholders before the Transaction	% of shares held by the minority shareholders after the Transaction	Dilution
0	18,169,457	37.2%	7.5%	79.8%
2,500,000	18,568,818	37.2%	9.1%	75.5%
5,000,000	18,968,179	37.2%	10.6%	71.4%
7,500,000	19,367,540	37.2%	12.1%	67.4%
10,000,000	19,776,901	37.2%	13.6%	63.5%
15,000,000	20,565,623	37.2%	16.3%	56.2%
20,000,000	21,364,345	37.2%	18.9%	49.3%

I Use of proceeds and expenses of the issue

The aggregate net proceeds of the Offering, representing aggregate gross proceeds of EUR 20m less expenses, commissions and applicable taxes related to this transaction, if any, are expected to be approximately EUR 19.3million. The Company intends to use the proceeds for general corporate purposes to fund its existing operations.

The total expenses of the Transaction amount to EUR 700,000.

A General

The Company is not taking any action to register the SETs and the Offer Shares or otherwise to permit an offering of the Offer Shares (pursuant to the exercise of SETs or otherwise), or a grant of SETs in any jurisdiction outside The Netherlands. In particular, no SETs or Offer Shares will be offered or distributed in or into the United States, Canada, Australia, or Japan.

Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this document will be sent for information only and should not be copied nor redistributed. If you receive a copy of this Prospectus in any territory other than The Netherlands you may not treat this document as constituting an invitation or offer to you, nor should you in any event deal in SETs or Offer Shares unless, in the relevant territory, such an invitation or offer could lawfully be made to you and SETs or Offer Shares can lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements.

Accordingly, if you receive a copy of this Prospectus, you should not, in connection with the SETs Offering or the Rump Offering, distribute or send this Prospectus, or transfer SETs or Offer Shares to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If you forward this document into any such territory (whether under a contractual or legal obligation or otherwise) you should draw the recipient's attention to the contents of this "Selling and Transfer Restrictions" section.

Subject to the specific restrictions described below, if you (including, without limitation, your nominees, custodians and trustees) are outside The Netherlands and wish to exercise SETs or purchase SETs or Offer Shares, you must satisfy yourself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

The comments set out in this section are intended as a general guide only. If you are in any doubt as to your position you should consult your professional advisor. If you are located in the United Kingdom, see "—United Kingdom" below. If you are located in the United States, see "—United States" below. If you are located in Australia, see "—Australia" below.

B Exercise of SETs

SETs must be exercised irrevocably and unconditionally; exercises of SETs may not be revoked or modified. SETs will initially be credited for your account to the institution where your Shares are held as at the Record Date. A financial institution may not credit the receipt of any SETs, and the Company reserves the right to treat as invalid the exercise or purported exercise of any SETs, which may involve a breach of the laws or regulations of any jurisdiction or if the Company believes, or our agents believe, that the same may violate applicable legal or regulatory requirements.

Notwithstanding any other provision of this Prospectus, the Company reserves the right to permit you to exercise SETs if the Company in its sole and absolute discretion are satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question. In any such case, neither the Company nor the Listing Agent accept any liability for any actions that you take or for any consequences that you may suffer by accepting your exercise of SETs.

C Representations and Warranties upon exercise of SETs

If you exercise the SETs to obtain Offer Shares, you will be deemed to have made the following representations and warranties to the Company, the Listing Agent and any person acting on the Company or its behalf, unless such requirement is waived by us:

(a) You are located outside Canada, Australia and Japan;

(b) You are not a Canadian, Australian or Japanese resident or domicile;

(c) You are not acting, and have not acted, for the account or benefit of a Canadian, Australian or Japanese person;

(d) You are:

  (i) located outside the United Kingdom; or

  (ii) you are a person to whom the Offer Shares may be offered and sold, as set out in the section 'United Kingdom' below;

(e) You are not a U.S. person and are located outside the United States and any person for whose account or benefit you are acting is not a U.S. person and is located outside the United States and upon acquiring the Offer Shares you and any such person will not be a U.S. person and will be located outside the United States (as used herein "U.S. Person" and "United States" have the meanings specified in Regulation S under the United States Securities Act of 1933, as amended (the U.S. Securities Act)););

(f) You may lawfully be offered Offer Shares and exercise SETs in the jurisdiction in which you reside or are currently located; and

(g) You understand that neither the offering of the Offer Shares nor the SETs have been or will be registered under the U.S. Securities Act and that you may not offer, sell, pledge or otherwise transfer the Offered Shares or the SETs within the United States or to or for the account or benefit of, U.S. persons without registration under the U.S. Securities Act or pursuant to an applicable exemption from such registration.

The Company will waive the above requirement if you are a Qualified Institutional Buyer as defined in Rule 144A under the U.S. Securities Act) and you furnish an investor letter containing such representations, warranties and covenants that we may request prior to such exercise **Your representations and warranties will be relied upon by the Company, the Listing Agent and any persons acting on behalf of either of them. Any provision of false information or subsequent breach of these representations and warranties may subject you to liability.**

If you are a person acting on behalf of a holder of SETs (including, without limitation, as a nominee, custodian or trustee), you will be required to provide the foregoing representations and warranties to Punch and the Listing Agent with respect to the exercise of SETs on behalf of their holder. If you do not provide the foregoing representations and warranties, neither the Company nor the Listing Agent will be bound to authorise the allocation of any Offer Shares to you or the person on whose behalf you are acting.

D European Economic Area

In relation to each EEA State which has implemented the Prospectus Directive (each, a "Relevant Member State"), an offer to the public of the SETs or the Offer Shares which are the subject of the Offering contemplated by this Prospectus may not be made in that Relevant Member State other than the offers contemplated in the Prospectus in The Netherlands once the Prospectus has been approved by the AFM, the competent authority in The Netherlands, and published in accordance with the Prospectus Directive as implemented in The Netherlands, except that an offer to the public in that Relevant Member State of any SETs or Offer Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) total balance sheet assets of more than EUR 43,000,000 and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts;

(c) in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3(2) of the Prospectus Directive; and

(d) provided that no such offer of the SETs and/or the Offer Shares shall result in a requirement for the publication by the Company, the Listing Agent or the Underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any SETs or Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the SETs and/or the Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for SETs and/or the Offer Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive includes any relevant implementing measure in each Relevant Member State.

E U.S.A.

None of the offering of the SETs or the Offer Shares has been or will be registered under the U.S. Securities Act or with any securities regulatory authority of any state, territory or possession of the United States. You may not offer, sell, pledge or otherwise transfer the Offered Shares or the SETs within the United States or to or for the account or benefit of, U.S. persons without registration under the U.S. Securities Act or pursuant to an applicable exemption from such registration

The SETs are being granted and the Offer Shares are being offered for sale only in an "offshore transaction" (within the meaning of Regulation S under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act. The SETs are not being granted and the Offer Shares are not being offered to any U.S. Person. Accordingly, no SETs will be credited to any shareholder account with a registered address in the United States and SETs must not be transferred to any such shareholders.

F United Kingdom

The Sole Global Coordinator has represented and agreed that:

(a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold any SETs or Offer Shares to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal of agent) for the purposes of their businesses where the offer or sale of SETs or Offer Shares would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 ("FSMA") by the Company;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) received by it in connection with the issue or sale of any SETs or Offer Shares in circumstances in which Section 21(1) of FSMA does not apply to the Company; and

(c) it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the SETs or Offer Shares in, from or otherwise involving the United Kingdom.

G Australia

The distribution of this Prospectus in Australia is restricted to investors to whom disclosure is not required under Part 6D.2 of the Australian Corporations Act 2001. None of the securities to be offered as described in this Prospectus will be made available in Australia except to such persons. Any securities issued to persons in Australia may not be subsequently offered for sale, transferred, assigned or otherwise alienated by them to persons in Australia for at least 12 months after the issue of the relevant securities otherwise then in compliance with Part 6D.2 of the Corporations Act 2001.

XIV ADDITIONAL INFORMATION

The purpose is to provide information, most of which is of a statutory nature, that is not covered elsewhere in the prospectus.

A Share capital

Punch Technix is a public limited liability company (*naamloze vennootschap*) incorporated under Dutch law. The Company is registered with the trade register of the Chamber of Commerce of Amsterdam, The Netherlands under number 34100253 0000. The corporate seat is in Vijfhuizen, The Netherlands. The business address is Kromme Spieringweg 289 b, 2141BS Vijfhuizen, the Netherlands (+31 23 558 9050).

Punch Technix was incorporated under the name "Prolion Holding N.V." on 16 May 1997. On 15 November 2005 its name became Punch Technix.The Articles of Association were last amended on 12 December 2005.

Set out below is a summary of certain relevant information concerning the share capital and certain significant provisions of Dutch corporate law and a brief summary of certain provisions of the Articles of Association as they currently read.

This summary does not purport to give a complete overview and should be read in conjunction with the Articles of Association, or with relevant provisions of Dutch law, and does not constitute legal advice regarding these matters and should not be considered as such. The deed of incorporation and the full text of the Articles of Association is available, in Dutch at our registered offices in Vijfhuizen. Furthermore, the full text of the Articles of Association is available, in Dutch only , via the website: www.punchtechnix.com. See "General Information".

Corporate Purpose

Pursuant to section 3 of the Articles of Association, the corporate purposes of the Company are to participate in, to manage and to finance other companies, to bind itself for obligations of group companies, and to perform all that is connected with the realisation or promotion of the above, all in the broadest sense.

Authorised and Issued Share Capital

Punch Technix's authorised share capital amounts to EUR 30,000,000.40 and is divided into 7,500,000 Shares with a nominal value of EUR 4.00 each and 40 priority shares with a nominal value of EUR 0.01 each. The issued capital amounts to EUR 18,367,056 and is divided into 4,591,764 Shares, each with a nominal value of EUR 4.00.

Immediately prior to the (closing of the) Transaction, the Company will have 4,591,764 Shares issued and outstanding. Immediately after the (closing of the) Transaction the Company will have up to 25,596,109 Shares issued and outstanding assuming all SETs will be exercised. At the time of the Transaction the authorized share capital will be increased to EUR 105,000,000.40 and will be divided into 26,250,000 Shares with a nominal value of EUR 4.00 each and 40 priority shares with a nominal value of EUR 0.01 each.

ISIN code:	NL 0000378768
Fund code:	37876
Symbol:	PNX
Market segment:	Euronext Amsterdam, Eurolist
Date admitted:	4 July 1997

		As of 31 December				
	Nominal value	**2004**	**2005**	**2006**	**Immediately prior to the Offering**	**Immediately after completion of the Transaction[1]**
Shares	EUR 4.00	1,526,596	4,591,764	4,591,764	4,591,764	25,956,109
Priority Shares	EUR 0.01	40	40	40	40	40

The entire subscribed share capital is paid up in full.

Currently, none of the issued shares in the capital are held by the Company or any of its group companies.

Shares

Shares are made out to bearer or registered as shareholders wish. When subscribing to Shares to be issued, anyone acquiring the right to a Share in the Company may notify the Company in writing that they wish to have that Share registered, failing which, they will be given a bearer Share as stated below. All bearer Shares are embodied in a single share certificate. No certificates will be issued for registered Shares. Registered Shareholders will be issued with non-negotiable proofs of registration on demand.

The share certificate is held on the beneficiaries' behalf by Euroclear Netherlands. Without prejudice to the provisions of the Articles of Association, the management of the share certificate has been delegated to Euroclear Netherlands irrevocably, and Euroclear Netherlands is authorised irrevocably to do everything necessary in respect of the Shares on the shareholders' behalf, including accepting, delivering and assisting with adding subscriptions to and removing subscriptions from the share certificate.

The transferability of issued Shares is not restricted through the provisions of the Articles of Association of Punch Technix.

Priority Shares

Share certificates

Priority Shares are registered shares. No share certificates are issued in respect of Priority Shares. As a general rule, Priority Shares enjoy fixed dividend entitlements and are given preference should the Company be wound up, so that they also have the character of preference shares.

[1] Assuming EUR 20m subscribed by Eligible Persons in the Offering

Priority rights

Forty Priority Shares are currently subscribed, held by the "Stichting Prioriteit Prolion". Under the Articles of Association, the rights granted to the Priority are, inter alia, as follows:

- The General Meeting is the authorised issuing body, and the body authorised to exclude pre-emptive rights of existing shareholders in respect of an issue, although it may delegate these powers to the Priority.
- The right to determine how many members there are to be on the Management Board and Supervisory Board, and the right to make binding proposals to appoint members of the Management Board and Supervisory Board;
- The right to draw up a list of resolutions by the Management Board subject to the Priority's prior consent. From an agreement with the Management Board of 1 July 1997, the resolutions concerned are as follows:
  - Issuing shares in the capital of Punch Technix and restricting or excluding pre-emptive rights in respect of an issue;
  - Disposing of patents on Punch Technix's behalf;
  - Disposing of holdings in other enterprises;
  - Acquiring holdings, whether directly or indirectly, in the capital of other enterprises and varying the extent of such holdings;
  - Making proposals for mergers;
  - Appointing persons charged temporarily with the management of the Company should the entire Supervisory Board be absent or incapacitated;
  - Resolutions by the General Meeting to amend the Articles of Association or wind up the Company require the Priority's prior consent;
  - The authority to hear a resolution to pay an interim dividend;
  - The right to receive the same percentage of the nominal value of their Priority Shares out of the profits as apparent from the annual accounts as adopted as the statutory rate of interest on the first of July of the financial year concerned.

Stichting Prioriteit ('Priority Foundation')

Stichting Prioriteit Prolion is the beneficiary of all Priority Shares subscribed. Under its articles of association, its objects are to acquire the Priority Shares in Punch Technix, exercise any and all rights in connection with those shares and do anything in connection with the above, in the widest sense of the words.

Stichting Prioriteit Prolion comprises board members A (members of the Management Board) and board members B (members of the Supervisory Board) whom the General Meeting appoints as directors or Supervisory Board members of Punch Technix or to whom the Priority has delegated its right to issue binding instructions. The board of *Stichting Prioriteit* takes resolutions by a simple majority of votes, provided that not less than half the directors are present or represented, including at least one board member B. The board, two board members together or the chairman may represent the foundation.

The directors of Stichting Prioriteit as at the date of this Prospectus are J.A.J. Smits, H.B. olde Bolhaar, G.L.P. Dumarey and W.M. Maes.

The Priority Shares form an instrument of protection against hostile takeovers. In line with guidance from the Code, we believe that the issuance of Priority Shares may help us to determine the position in relation to a bidder and its plans, and to seek alternatives. The issue of Priority Shares is meant to be temporary. In the near future the use of anti-takeover measures will also be regulated by the implementation of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids (the **Takeover Directive**).

Management and supervision

The Company has a Management Board consisting of one or more persons and a Supervisory Board made up of not less than three individuals. The Priority Foundation determines how many directors and Supervisory Board members there shall be, subject to the minimum number of Supervisory Board members required.

The Management Board and Supervisory Board members are appointed by the General Meeting, which also has the power to suspend or dismiss directors and Supervisory Board members at any time. Directors and Supervisory Board members are appointed on the basis of binding submissions by the Priority Foundation; those submissions must put forward at least two people for each position to be filled. The General Meeting may render such submissions non-binding by resolution taken by not less than two thirds of the votes cast representing more than half the subscribed capital. The General Meeting determines the remuneration policy for the Management Board, and the Supervisory Board determines the directors' salaries and other terms of employment in accordance with that policy.

The Management Board is charged with the management of the Company. The Management Board shall require the Priority Foundation's. consent for such Management Board resolutions as the Priority Foundation shall determine specifically by resolving accordingly. The Management Board shall also require the Supervisory Board's consent for Management Board resolutions to exercise voting rights in respect of non-publicly-quoted shares in other companies which the Company holds and for any resolutions which the Supervisory Board may resolve accordingly.

The Supervisory Board's task is to supervise the Board's policy and the course of the Company's business and that of its associated companies generally.

Warrants, convertible bonds and options on shares

There are currently no warrants, convertible bonds or options on Shares outstanding.

Form and Transfer of Shares

The Shares are in bearer or registered form, at the holder's option. On the occasion of the issuance of shares the person becoming entitled to receive such share may request the Company, in writing, to deliver a registered Share. At the request of the holder, a share in bearer form can be converted into share in registered form and vice-versa.

All bearer shares in issue from time to time shall be represented by one single share certificate, is intended to be held, and currently held, on behalf of the party or parties entitled to it by Euroclear Nederland. The Shares are included in the deposit system of the Securities Giro Transactions Act (Wet giraal effectenverkeer) and as from 15 November 2004 Euroclear Nederland is registered as the shareholder of the outstanding Shares. The Shares in registered form shall be only in the form of an entry in the share register without any share certificate being issued.

The names and addresses of the holders of Shares in registered form and the names and addresses of the holders of priority shares are entered in the shareholders' register maintained by the Company or on the Company's behalf. This register also indicates the number of registered shares held by each shareholder and includes the names and addresses of persons holding a right of usufruct or a right of pledge in respect of such shares. On request of the shareholder, a usufructuary or a pledgee, the Company is required to provide without charge an extract from the shareholders' register in respect of the former's rights to any Share in registered form.

The transfer of a registered share shall be effected by means of a notarial deed and, except where the Company is a party to the transaction, acknowledgement of the Company in writing of the transfer.

Issue of Shares

Shares may be issued pursuant to a resolution of the General Meeting of shareholders (the **General Meeting**) or Priority Foundation, if this body was designated for that purpose by a resolution of the General Meeting for a fixed period, not exceeding five years. The designation may be extended, from time to time, for a period not exceeding five years. Unless the designation provides otherwise, it may not be withdrawn.

A resolution by the General Meeting to issue shares or the designation of a corporate body, other than the Priority Foundation, authorised to issue shares, may only be adopted upon proposal of the Priority Foundation.

A resolution to issue Shares stipulates the issue price and the other conditions of issue.

The issue of Shares shall furthermore require a notarial deed, to be executed for that purpose before a civil law notary registered in the Netherlands, to which deed those involved in the issuance shall be parties.

Pre-Emption Rights

Upon issuance of Shares, each Shareholder has a right of pre-emption in proportion to the aggregate nominal value of his Shares. Shareholders shall have no right of pre-emption on Shares which are issued to employees of the Company or of a group company. Shareholders shall also have a right of pre-emption if rights are granted to subscribe for Shares.

The corporate body authorised to resolve upon the issuance of Shares determines in which way and within what period of time the pre-emption right can be exercised and announces this by insertion in the Government Gazette (*Staatscourant*). The right of pre-emption may be limited or excluded by a resolution of the General Meeting or the corporate body designated for this purpose by the General Meeting.

Reduction of Share Capital

The General Meeting may resolve to reduce the Company's issued capital by cancellation of Shares or Priority Shares held by the Company or for which the Company holds the depositary receipts, or by reducing the nominal value of Shares, to be effected by an amendment of the Company’s Articles of Association.

A reduction of the nominal value of Shares without repayment must be effected in proportion to all Shares.

A resolution for capital reduction requires a majority of at least two-thirds of the votes cast, if less than half of the issued capital is represented in the meeting.

The notice convening a General Meeting at which a resolution to reduce the Company's issued capital will be proposed, states the purpose of the capital reduction and the manner in which it is to be achieved.

The Management Board of the Company files the resolution for capital reduction at the office of the Trade Register and announces this filing in a national daily newspaper.

Dividends and Other Distributions

From the profit, as it appears from the adopted annual accounts, first the holders of Priority Shares receive the same percentage over the nominal value of their Priority Shares as the statutory interest amounts to at the first day of July of the financial year concerned. From the then remaining part of the profit, the Priority Foundation determines which part will be maintained as a reserve. The then remaining profit is put at the disposal of the General Meeting.

The Company may only make distributions to the extent that its amount of equity capital exceeds the issued capital plus statutory reserves.

Without prior approval from the Priority Foundation, the General Meeting is not authorised to discontinue any reserve in full or in part. The Priority Foundation may resolve to make interim distributions or distributions at the expense of any reserve of the Company.

A claim of a Shareholder for payment of a dividend lapses after six years.

Acquisition of Shares in the Capital of the Company

The Company may acquire fully paid-up Shares, provided either no valuable consideration is given, or for valuable consideration, if:

(a) the Management Board has been authorised by the General Meeting thereto. The General Meeting must specify in the authorisation the number of Shares which may be acquired, the manner in which they may be acquired and the limits within which the price must be set;

(b) the amount of equity capital less the aggregate acquisition price is not smaller than the paid-up capital plus statutory reserves; and

(c) the aggregate nominal value of the Shares or depositary receipts thereof to be acquired, and of the Shares or depositary receipts thereof already held or held in pledge by the Company and its Subsidiaries, does not exceed one tenth of the Company's issued capital;

For the second requirement shall be decisive the amount of equity appearing from the last adopted balance sheet, less the aggregate of the acquisition price for Shares or depositary receipts thereof and distributions of profits or at the expense of reserves to others which have become due from the Company and its Subsidiaries after the balance sheet date. An acquisition shall not be permitted, if more than six months have elapsed after the end of a financial year without the annual accounts having been adopted.

B Corporate governance

General Meetings of Shareholders and Voting Rights

The annual General Meeting of Shareholders is held within six months after the end of the financial year, unless postponement for preparing the annual accounts was granted. The agenda for this annual General Meeting shall at least contain the following matters of business to be discussed:

(a) discussion of the annual report (unless article 2:396, subsection 6 or article 2:403 of the Dutch Civil Code applies to the Company);

(b) discussion and adoption of the annual accounts;

(c) release from liability of Managing Directors;

(d) allocation of profits; and

(e) all other acts prescribed by law.

If postponement was granted, these items will be dealt with in a meeting which will be held no later than one month after the end of the postponement.

The Management Board is obligated to convene a General Meeting if the Priority so determines or if one or more persons with a right to attend General Meetings in the aggregate representing at least 10 per cent of the issued capital, request so.

In order to be authorised to attend General Meetings and participate in votings, holders of registered Shares have to notify the Management Board at least 7 days before the meeting of their intention.

General Meetings are held in the municipality of Haarlemmermeer or Amsterdam. The convocation is done by the Management Board or the Supervisory Board by means of an announcement in a daily newspaper and the Daily Official List (*Officiële Prijscourant*) of Euronext Amsterdam – if Shares are listed there -, taking into account a term of at least 14 days, excluding the days of the convocation and the meeting.

Each Priority Share confers the right to cast one vote; each Share confers the right to cast 400 votes.

To the extent that the Articles of Association do not provide otherwise, all resolutions of the General Meeting are adopted by absolute majority of the votes cast.

Shareholders representing at least 10% of the issued and outstanding share capital may, pursuant to Dutch law, request that a General Meeting be convened, specifying the items for discussion. If such meeting is not held within six weeks following such request, the Shareholders requesting such meeting are authorised to call such meeting themselves with due observance of the relevant provisions of the Articles of Association. The notice convening any General Meeting must include an agenda indicating the items for discussion, or it must state that the Shareholders or holders of depositary receipts for the Shares may review such agenda at the Company’s main offices in The Netherlands at one or more banks indicated in the notice. The explanatory notes to the agenda contain all facts and circumstances that are relevant for the proposals on the agenda. Such explanatory notes must be placed on the Company’s website.

Shareholders holding at least 1% of the issued share capital or holding shares with a value exceeding €50 million according to the Euronext Amsterdam Daily Official List have the right to request the inclusion of additional items on the agenda of General Meetings. If Punch Technix has important reasons not to address the suggested items, they do not have to be included in the agenda. The request must be made 60 days prior to the relevant General Meeting.

The Management Board must prepare the annual accounts of Punch Technix, which must be accompanied by an annual report, within five months of the end of Punch Technix' financial year, unless the General Meeting has extended this term by a maximum of six months by reason of special circumstances. The Management Board must prepare a preliminary report on the annual accounts, which must be submitted to the General Meeting. The annual accounts must be adopted by the General Meeting. Copies of the financial statements, annual reports and the preliminary report must be made available to the Shareholders from the date of notice of the General Meeting.

The annual accounts, the annual report, the advice of the Supervisory Board and the auditor’s report must be made available to the Company’s shareholders without charge at our head office in Vijfhuizen during regular business hours. These documents must be available beginning from the day upon which the notice was made concerning the General Meeting until the annual meeting has taken place. During the annual General Meeting, the General Meeting shall be requested to adopt the annual accounts.

Amendment of the Articles of Association

Resolutions by the General Meeting for the amendment of the Articles of Association require prior approval from the Priority Foundation.

Dutch Corporate Governance Code

On 9 December 2003, the Dutch Corporate Governance Committee, also known as the *Tabaksblat* Committee, released the Dutch Corporate Governance Code (the "**Code**"). The Code contains 21 principles and 113 best practice provisions for management boards, supervisory boards, shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards.

Dutch companies listed on a government recognised stock exchange, whether in The Netherlands or elsewhere, are required under Dutch law to disclose in their annual reports whether or not they apply the provisions of the Code that are addressed to the Management Board or Supervisory Board and, if they do not apply them, to explain the reasons why. The Code provides that if a company's general meeting of shareholders explicitly approves the corporate governance structure and policy and endorses the explanation for any deviation from the best practice provisions, such company will be deemed to have applied the Code.

On 19 April 2007, the General Meeting approved the corporate governance structure and policy of Punch Technix, including the non-compliance with some of the provisions, as part of its approval of the annual report 2006. Should there be substantial changes in the future regarding the corporate governance structure and in the compliance with the Code, the Company will submit the corporate governance policy to the General Meeting again for discussion and approval.

The best practice provisions not to be applied by the Company are:

- Currently there is only one independent supervisory board member being Herman Olde Bolhaar (chairman)
- In the past a limited form of protection was chosen, namely priority shares, in order to be able to weigh up in the best way possible the interests of all concerned in the event of any unwanted external influences.

Liability of Directors

Under Dutch law, members of the Management Board and the Supervisory Board may be liable to the Company for damages in the event of improper or negligent performance of their duties. They may be jointly and severally liable for damages to the Company and to third parties for infringement of the Articles of Association or of certain provisions of the Dutch Civil Code. In certain circumstances, they may also incur additional specific civil and criminal liabilities. Members of the Management Board, the Supervisory Board, the Executive Board and certain other officers of the Company and certain subsidiaries are insured under an insurance policy against damages resulting from their conduct when acting in the capacities as such members or officers. See also "Management and Employees – Directors Indemnification and Insurance".

Disclosure of Information

As a Dutch company listed on Eurolist by Euronext Amsterdam, the Company is required to make annual accounts (including the annual report) and semi-annual report available to the public within five months and four months, respectively, of the end of the period to which the information relates. The Company must also make public certain inside information by means of a press release. Pursuant to the Dutch Securities Act, inside information is knowledge of concrete information directly or indirectly relating to the issuer or the trade in its securities which has not been made public and publication of which could significantly affect the trading price of the securities. The laws of The Netherlands contain specific rules intended to prevent insider trading. Pursuant to these rules, the Company has adopted the code of conduct in respect of the reporting and regulation of transactions in Punch Technix securities pursuant to the requirement to have a code of conduct in respect of the reporting and regulation of transactions in Punch Technix securities.

Obligations of Shareholders to Make a Public Offer

Currently there is no obligation under Dutch law for a shareholder whose interest in a company's share capital or voting rights passes a certain threshold to launch a public offer for all or part of the outstanding shares in the share capital of such company. However, when the Takeover Directive is implemented in The Netherlands, in addition to providing for certain restrictions on takeover defences, a shareholder who has acquired a certain threshold of the Shares or of the voting rights will be obliged to launch a public offer for all outstanding shares in the share capital. The draft legislation for the implementation of the Takeover Directive as at 8 June 2007, proposes to set such threshold for triggering the mandatory offer requirement at 30 per cent. Under this draft, the obligation to make a public offer will only start to apply to a selling shareholder once its interest in a company's share capital decreases below 30 per cent. (and then again increases to 30 per cent. or higher). Shareholders acting in concert who have a combined interest of at least 30 per cent. of a company's share capital are also obliged to make a public offer. The same applies when one or more shareholders have agreed with the target company to frustrate the public offer.

After a public offer, a holder of at least 95 per cent. of the outstanding shares and voting rights has the right to require the minority shareholders to sell their shares to it. Any such attempt to require the minority shareholders to sell their shares must be filed with the Enterprise Chamber of the Amsterdam Court of Appeal (*Ondernemingskamer*) (the **Enterprise Chamber**) within three months after the end of the acceptance period of the public offer. Conversely, in such a case, each minority shareholder has the right to require the holder of at least 95 per cent. of the outstanding shares and voting rights to purchase its shares. The minority shareholders must file such claim with the Enterprise Chamber within three months after the end of the acceptance period of the public offer.

Squeeze Out Procedures

Pursuant to section 2:92a of the Dutch Civil Code, a shareholder who for his own account contributes at least 95.0% of the issued capital may institute proceedings against the other shareholders jointly for the transfer of their shares to the claimant. The proceedings are held before the Enterprise Chamber and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). The Enterprise Chamber may grant the claim for squeeze out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. Once the order to transfer becomes final before the Enterprise Chamber, the person acquiring the shares shall give written notice of the date and place of payment and the price to the holders of the shares to be acquired whose addresses are known to him. Unless the addresses of all of them are known to him, he shall also publish the same in a newspaper with a national circulation.

With the implementation of the Takeover Directive, the rules for squeeze out procedures will be supplemented. The draft bill for the implementation of the Takeover Directive explicitly confirms that the offeror under a public offer is also entitled to start a squeeze out procedure, within three months after the public offer, if following the public offer the offer or contributes at least 95.0% of the class of shares subject to the public offer and represents at least 95.0% of the total voting rights attached to these shares. If there is a duty to make a mandatory offer, the mandatory offer price is in principal deemed to be a reasonable price, which has to be accepted by minority shareholders. In the event of a voluntary public offer, the point of departure is that the offered price is considered reasonable as long as 90.0% of the shares subject to the public offer have been acquired. Should the offeror's offer of a squeeze out not be forthcoming, the draft bill for the implementation of the Takeover Directive also entitles those minority shareholders that have not previously tendered their shares to the right of a squeeze out, if the offeror has acquired at least 95.0% of the class of shares subject to the public offer and represents at least 95.0% of the total voting rights attached to these shares. This regulation is not yet part of the laws of The Netherlands but will be implemented by the bill for the implementation of the Takeover Directive. With regard to price, the same procedure as for squeeze out proceedings initiated by an offeror applies and the claim also needs to be filed with the Enterprise Chamber within three months after the end of the period for tendering shares into the public offer.

The previous section has been included as background information for the Shareholders. To avoid any doubt, the Transaction does not include an offer on any shares outstanding. As a result of the Transaction the shareholding of Punch will be below 95% and as such no squeeze out procedure will take place.

C Obligations of Shareholders to Disclose Holdings

Disclosure Act

Pursuant to the "Disclosure Act, any person who, directly or indirectly, acquires or disposes of an interest in the capital or voting rights of the Company must immediately give written notice to the AFM by means of a standard form, if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person meets, exceeds or falls below the following thresholds: 5.0%, 10.0%, 15.0%, 20.0%, 25.0%, 30.0%, 40.0%, 50.0%, 60.0%, 75.0% and 95.0%.

The Company is required to notify the AFM of such change immediately if the share capital or voting rights changes 1.0% or more since the previous notification and each calendar quarter for other changes. The AFM will publish any notification pursuant to the Disclosure Act in a public registry. If as a consequence of such change a person's interest in the capital or voting rights meets or passes the thresholds mentioned in the above paragraph, the person in question must immediately give written notice to the AFM by means of the standard form no later than the fourth trading day after the AFM has published the notification.

Once in every calendar year, every holder of an interest in the share capital or voting rights of 5.0% or more must renew its notification with the AFM to reflect changes in the percentage held in the share capital or voting rights, including changes as a consequence of changes in the total issued share capital.

For the purpose of calculating the percentage of capital interest or voting rights, the following interests must be taken into account: (i) shares (or depositary receipts for shares) directly held (or acquired or disposed of) by any person, (ii) shares (or depositary receipts for shares) held (or acquired or disposed of) by such person's subsidiaries or by a third party for such person's account or by a third party with whom such person has concluded an oral or written voting agreement, and (iii) shares (or depositary receipts for shares) which such person, or any subsidiary or third party referred to above, may acquire pursuant to any option or other right held by such person (or acquired or disposed of, including, but not limited to, on the basis of convertible bonds). Special rules apply to the attribution of shares (or depositary receipts for shares) which are part of the property of a partnership or other community of property. A holder of a pledge or right of usufruct in respect of shares (or depositary receipts for shares) can also be subject to the reporting obligations, if such person has, or can acquire, the right to vote on the shares or, in case of depositary receipts, the underlying shares. If a pledgee or usufructarian acquires such (conditional) voting rights, this may trigger the reporting obligations for the holder of the shares (or depositary receipts for the shares).

Furthermore, each member of the Management Board and Supervisory Board must immediately give written notice to the AFM by means of a standard form of all Shares and voting rights in the Company held by him or her at the time of admission of the shares to listing on Eurolist by Euronext Amsterdam and thereafter of any change in his or her holding of shares and voting rights in us.

At the date of this Prospectus, prior to the transaction, Punch held 2,881,873 shares Punch Technix or 62.76% of the share capital.

Dutch Securities Act

Pursuant to the Dutch Securities Act, which has been amended by the Act of 23 June 2005 which came into force on 1 October 2005 (Wet Marktmisbruik) implementing the Market Abuse Directive 2003/6/EC and related Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, members of the Management and Supervisory Boards and any other person who has day-to-day (co)managerial responsibilities or who has the authority to make decisions affecting the future developments and business prospects or who has regularly access to inside information relating, directly or indirectly, to the Company ("Person"), must notify the AFM of all transactions conducted on his own account relating to the Shares or in securities which value is determined by the value of the Shares.

In addition, persons designated by the governmental decree pursuant to the Dutch Securities Act dated 14 September 2005 (Besluit Marktmisbruik) (the "Securities Act Decree") who are closely associated with the members of the Management Board, Supervisory Board or any of the Persons (as described above), must notify the AFM of the existence of any transactions conducted on their own account relating to the Shares or securities the value of which is determined by the value of the Shares. The persons so designated include the following categories of persons: (i) the spouse or any partner considered by national law as equivalent to the spouse, (ii) dependent children, (iii) other relatives who have shared the same household for at least one year at the relevant transaction date, (iv) any legal person, trust or partnership, amongst other things, whose managerial responsibilities are discharged by a person referred to under (i), (ii) or (iii) above.

The AFM needs to be notified of transactions by such persons relating to the Shares or securities of the Company which have a value that is determined by the value of the Shares within five days following the transaction date. Notification may be postponed until the date the value of the transactions amounts to EUR 5,000 or more per calendar year.

The Company has adopted a code of conduct in respect of the reporting and regulation of transactions n securities in the capital of Punch Technix N.V.. The Company is further in compliance with its obligation to draw up a list of persons working for them, under an employment agreement or otherwise (including professional advisors), who could have access to inside information, to maintain and regularly update this list of persons and to inform persons on this list about the relevant prohibitions and sanctions in respect of insider information (voorwetenschap) and market abuse.

The AFM keeps a public register of all notifications made pursuant to the Dutch Securities Act.

As of date of this Prospectus no member of the management and/or supervisory board member held shares or options on shares of Punch Technix.

Non-compliance with the disclosure obligations described above is an economic offence and may lead to criminal prosecution. The AFM may impose administrative penalties or a cease-and-desist order for non-compliance. In addition, a civil court can impose sanctions against any person who fails to notify, or who notifies the AFM incorrectly, of matters required to be notified. A claim requiring that such measures be imposed may be instituted by us and/or one or more Shareholders who alone, or acting together with other Shareholders, represent at least 5% of the issued and outstanding share capital.

Non-compliance with the notification obligations under the market abuse obligations laid down in the Financial Supervision Act may also lead to criminal fines, administrative fines, imprisonment or other sanctions.

D Material contracts

The following contracts are the only contracts (not being contracts entered into in the ordinary course of business) that we have entered into within the three years immediately preceding the date of this Prospectus which are material or which have been entered into at any other time and which contain provisions under which we have an obligation or entitlement that is material as of the date of this Prospectus:

1. On 14 July 2004, the Company entered into an agreement concerning the sale and transfer of the Gascoigne Melotte Group to Bou-Matic for a total purchase price of EUR 14,154,000 (of which EUR 5,000,000 relate to tangible and intangible assets, EUR 3,636,000 relate to inventory and EUR 5,518,000 to outstanding receivables);
2. On 10 November 2005, the Company entered into an agreement with Punch International concerning the contribution (inbreng), conversion (conversie) and underwriting concerning the contribution in kind by Punch Campus Namestovo s.r.o. of shares in the capital of Punch Professionals s.r.o. in consideration for 1,984,574 new shares in the capital of the Company;
3. On 21 June 2007 the Company signed a letter of intent with WestfaliaSurge GmbH relating to a potential cooperation in respect of the RMS activities. More details of this letter of intent are provided in appendix III;
4. On 26 June 2007, the Company and Punch International entered into an agreement concerning the transfer of Punch Graphix shares (through contribution in kind and through cash sale,

respectively, for details see chapter I.F of this prospectus), which agreement was subject to approval by the extraordinary General Meeting of shareholders of Punch Technix and has been approved by the meeting on 27 June 2007.

E Taxation

Information concerning Dutch tax consequences in connection with the acquisition, ownership and transfer of Offer Shares and/or SETs is contained in Appendix I of this Prospectus.

F Dividends and paying agents

Dividend History

Punch Technix have never declared or paid any cash dividend on shares.

Dividend Policy

The current dividend policy provides that the Company will declare dividend once the profitability of the Company has significantly improved and the Company has sufficient financial resources.

Post completion of the Transaction the Company will review its dividend policy.

Dividend Ranking of Offer Shares

All shares, including, upon issue, the Offer Shares, rank equally in all respects and will be eligible for any dividend which we may declare on the Shares.

Manner of Dividend Payments

Payment of any dividend on shares in cash will be made in Euro. Any dividends will be paid to shareholders through Euroclear Nederland, the Dutch centralised securities custody and administration system. Dividends will be credited automatically to shareholders' accounts without the need for shareholders to present documentation proving their ownership of the Shares.

Uncollected Dividends

A claim for any dividend declared lapses five years after the start of the second day on which it becomes due and payable. Any dividend that is not collected within this period reverts to the Company and is allocated to the general reserves.

Taxation on Dividends

Generally, dividend payments are subject to withholding tax in The Netherlands. For a discussion of certain aspects of Dutch taxation of dividends and refund procedures, see "Taxation" in appendix I.

G Documents on display

Annually, within five months of the end of the fiscal year of the Company, unless the General Meeting has extended this period for a maximum of six months due to special circumstances, the Management Board is required to prepare annual accounts, accompanied by an annual report and an accountant's certificate. The annual accounts must be signed by all members of the Management Board and the Supervisory Board. The annual accounts, annual report and accountant's certificate as well as the Articles of Association will be available to shareholders without charge at the Company's head office in Vijfuizen during regular business hours from the day of notice convening the annual General Meeting.

Copies of the annual accounts for the years ended 30 June 2005, 31 December 2005, and 31 December 2006, the deed of incorporation, the Articles of Association may also be obtained free of charge by sending a request in writing to the Company at the business address: Kromme Spieringweg 289 b, 2141BS Vijfhuizen, the Netherlands. Copies of this Prospectus may also be obtained free of charge by sending a request in writing to the business address, listed above.

Alternatively, this Prospectus may be obtained through the website of Punch Technix at www.punchtechnix.com.

H Subsidiary information

The principal direct and indirectly held subsidiaries of Punch Technix are the following:

- Equipment Development Solutions BV, the Netherlands (100%)
- Equipment manufacturing Solutions BV, the Netherlands (100%)
- Punch Technix Equipment Manufacturing sro, Slovakia (100%)
- RMS International BV, the Netherlands (100%)
- RMS Benelux B.V., the Netherlands (100%)
- Prolion B.V., the Netherlands (100%)
- Equipment Development Solutions B.V. ., the Netherlands (100%)
- RMS International N.V., Belgium (100%)
- SRT N.V., Belgium (100%)
- RMS Skandinavien A/S, Denmark (100%)
- Bovi-Tech Aps, Denmark (100%)
- Robot Milking Solutions S.A.S., France (60%)
- RMS Roboter Vertriebs GmbH, Germany (100%)
- Robot Milking Solutions S.A., Switzerland (100%).

I Overview of external advisors

Registered office of the Company
Punch Technix Kromme Spieringweg 289 b, 2141BS Vijfhuizen, the Netherlands
Financial advisor to the Company
Petercam Bank N.V. De Lairessestraat 180 1075 HM Amsterdam The Netherlands
LEGAL ADVISERS
Allen & Overy LLP Avenue de Tervueren 268A 1150 Brussels Belgium
AUDITORS
BDO CampsObers Audit & Assurance B.V. Krijgsman 9 1186 DM Amstelveen The Netherlands BDO is a member of the Dutch Institute for Registered Accountants (NIVRA)
LISTING AGENT
Petercam Bank N.V. De Lairessestraat 180 1075 HM Amsterdam The Netherlands
Provider of the fairness opinion
Petercam Bank N.V. De Lairessestraat 180 1075 HM Amsterdam The Netherlands

J Auditors

BDO CampsObers Audit & Assurance B.V., Krijgsman 9, 1186 DM Amstelveen with its corporate seat in Amstelveen the Netherlands is auditor of the Company, responsible for the legal audit of the annual reports (“jaarrekeningen”) of the Company.

The financial information contained in Chapter VI, paragraph B and the information contained in chapter VIII, paragraph B were not subject to any audit by the Auditor. This information is provided by the Company. All other financial information included in this Prospectus is extracted from the relevant audited financial statements.

K Overview of claims, legal and arbitration proceedings faced by Punch Technix

Bou-Matic

Bou-Matic instigated arbitration proceedings on 25 August 2005 in accordance with Article 4 of the International Chamber of Commerce Rules of Arbitration. These proceedings were instigated to finally fulfil the agreement concluded on 15 July 2004. Further meetings are planned for the near future in which the parties will try to reach a mutual agreement. The Management Board considered it necessary to include a provision for arbitration costs to the sum of EUR 300,000.

Melotte S.A.

In the case of the sale of shares in Melotte S.A. in 2003, a clause was included in the sale agreement stating that RMS International nv would provide indemnity against two disputes facing Melotte S.A. to a maximum sum of EUR 230,000. In one of the two disputes, a judgement was delivered in February 2006, in which Melotte S.A. was ordered to pay a sum of EUR 60,000. Melotte S.A. passed this on to RMS International nv, and the latter has now undertaken to pay the amount. For the two disputes a provision of EUR 230,000 in total was taken.

Customer claim

This relates to a dispute with a customer, where, in February 2005, the former Prolion was ordered to supply a new milking unit. This judgement was enforced to the sum of approximately EUR 50,000. A provision for EUR 50,000 was recorded in 2005 with regard to this dispute.

Personnel claim

This covers the claim that a former employee is demanding as a consequence of alleged unfair dismissal. For this case dossier a provision of EUR 68,000 was entered.

Bankruptcy of SRT S.A.

On 15 November 2005 the company SRT S.A. (formerly Gascoigne Melotte SA) was declared bankrupt by the commercial court in Beauvais. SRT SA was the indirect French subsidiary of Punch Technix which used to run the commercial activities in France. It ceased all activities following the sale of these activities to Bou-Matic. In July 2005, the court in Beauvais appointed a 'mandataire ad hoc'. After this person too was unable to reach on agreement with particular creditors, bankruptcy was declared on 15 November 2005. To date, none of the companies of Punch Technix has been spoken to by the receiver in connection with the bankruptcy. Punch Technix is not currently in possession of any information that would indicate that it should assume that the bankruptcy of SRT SA will entail major incidental liabilities, either in its capacity as director (RMS International B.V., a subsidiary of Punch Technix, was director of SRT SA) or in its capacity as shareholder, but the possibility of any such liability being established in the future cannot be ruled out. The main transaction relates to the sale of the conventional milking operations to Bou-Matic. Although there are no specific reasons to assume that this transaction would raise any questions in the receiver's mind, it cannot be ruled out in theory. If the agreement between SRT SA and Bou-Matic is not recognised, this may, among other things, lead to incidental claims between Bou-Matic and Punch Technix. SRT SA was faced with product liability proceedings and proceedings instigated by former employees. If one or several companies within the Punch Technix Group is contacted by the receiver for SRT SA in connection with the bankruptcy of SRT SA, it is possible that these companies will have to pay (some of) the costs associated with the above proceedings. Punch Technix has not made any provision for these claims.

Bankruptcy of DZK

DZK B.V. was declared bankrupt on 21 December 2004. Punch Technix was managing director of DZK B.V. and therefore runs a liability risk. It is unclear whether the declaration of bankruptcy for DZK B.V. might have consequences for the Punch Technix Group. At the time of this annual report the receiver had not brought any action against the group. Punch Technix owes a total of 5 months' rent for the premises that it leased from DZK B.V. in Emmeloord, premises which were transferred to Punch Property International nv (subsidiary of Punch International nv). Punch Technix is negotiating with the receiver to settle the rent owed with a sum of EUR 230,000 that the management feels the receiver has recuperated unjustly.

Other than aforementioned in this Section, Punch Technix has in the last twelve months not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) which may have, or have had in the recent past significant effects on Punch Technix's financial position or profitability.

APPENDIX I: TAXATION IN THE NETHERLANDS

A General

The information set out below is a general summary of certain Dutch tax consequences in connection with the acquisition, ownership and transfer of Offer Shares and/or SETs. The summary does not purport to be a comprehensive description of all the Dutch tax considerations that may be relevant for a particular holder of Offer Shares and/or SETs, who may be subject to special tax treatment under any applicable law and this summary is not intended to be applicable in respect of all categories of holders of Offer Shares and/or SETs. The summary is based upon the tax laws of The Netherlands as in effect on the date of this Prospectus, including regulations, rulings and decisions of The Netherlands and its taxing and other authorities available on or before such date and now in effect. These tax laws are subject to change, which could apply retroactively and could affect the continuing validity of this summary. As this is a general summary, we recommend investors and shareholders to consult their own tax advisors as to the Dutch or other tax consequences of the acquisition, ownership and transfer of Offer Shares and/or SETs, including, in particular, the application of their particular situations of the tax considerations discussed below.

The following summary does not address the tax consequences arising in any jurisdiction other than The Netherlands in connection with the acquisition, ownership and transfer of Offer Shares and/or SETs.

B Withholding Tax

This summary does not describe the tax consequences for a holder of Offer Shares and/or SETS who benefits from the participation exemption, as set out in the Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*), regarding the dividends received on the Offer Shares.

Dividends paid on the Offer Shares to a holder of such Offer Shares are generally subject to a withholding tax of 15%. imposed by The Netherlands (rate of 2007). The term “dividends” for this purpose includes, but is not limited to:

- distributions in cash or in kind, deemed and constructive distributions, and repayments of paid-in capital not recognised for Dutch dividend withholding tax purposes;
- liquidation proceeds, proceeds of redemption of shares or, generally, consideration for the repurchase of shares in excess of the average paid-in capital recognised for Dutch dividend withholding tax purposes;
- the nominal value of shares issued to a shareholder or an increase of the nominal value of shares, as the case may be, to the extent that it does not appear that a contribution to the capital recognised for Dutch dividend withholding tax purposes was made or will be made; and
- partial repayment of paid-in capital, recognised for Dutch dividend withholding tax purposes, if and to the extent that there are net profits (*zuivere winst*), within the meaning of the Dividend Withholding Tax Act 1965 (*Wet op de dividendbelasting 1965*), unless the general meeting of shareholders has resolved in advance to make such a repayment and provided that the nominal value of the Shares concerned has been reduced by a corresponding amount by way of an amendment of the Articles of Association.

A holder of Offer Shares who is, or who is deemed to be, a resident of The Netherlands can generally credit the withholding tax against his Dutch income tax or Dutch corporate income tax liability and is generally entitled to a refund of dividend withholding taxes exceeding his aggregate Dutch income tax or Dutch corporate income tax liability, provided certain conditions are met, unless such holder of Offer Shares is not considered to be the beneficial owner of the dividends. A holder of Offer Shares, who is the recipient of dividends (the **“Recipient”**) will not be considered the beneficial owner of the dividends for this purpose if, as a consequence of a combination of transactions, a person other than the Recipient wholly or partly benefits from the dividends, whereby such other person retains, directly or indirectly, an interest in the Offer Shares on which the dividends were paid and that other person is entitled to a credit, reduction or refund of dividend withholding tax that is less than that of the Recipient (**“Dividend Stripping**”).

With respect to a holder of Offer Shares, who is not and is not deemed to be a resident of The Netherlands for purposes of D utch taxation (including, if he is an individual, a holder who opts to be taxed as a resident of The Netherlands for purposes of Dutch taxation) and who is considered to be a resident of The Netherlands Antilles or Aruba under the provisions of the Tax Convention for the Kingdom of The Netherlands (*Belastingregeling voor het Koninkrijk*), or who is considered to be a resident of a country other than The Netherlands under the provisions of a double taxation convention The Netherlands has concluded with such country, the following may apply. Such holder of Offer Shares may, depending on the terms of and subject to compliance with the procedures for claiming benefits under the Tax Convention for the Kingdom of The Netherlands or such double taxation convention, be eligible for a full or partial exemption from or a reduction or refund of Dutch dividend withholding tax. In addition, subject to certain conditions and based on Dutch legislation implementing the Parent Subsidiary Directive (Directive 90/435/EEG, as amended) an exemption from Dutch dividend withholding tax will generally apply to dividends distributed to certain qualifying entities that are resident of another EU Member State.

Certain entities resident within other EU Member States and not subject to tax on their profits in such EU Member State will be given the possibility to obtain a full refund of Dutch dividend withholding tax provided they would also not have been subject to Dutch corporate income tax would they have been resident within The Netherlands

The concept of Dividend Stripping, described above, may also be applied to determine whether a holder of Offer Shares who is not and is not deemed to be a resident of The Netherlands may be eligible for a full or partial exemption from, reduction or refund of Dutch dividend withholding tax.

Generally, the dividend withholding tax will not be borne by us, but will be withheld by us from the gross dividends paid on the Offer Shares.

C Taxes on Income and Capital Gains

General

The description of taxation set out in this section of this Prospectus is not intended for any holder of Offer Shares and/or SETs, who:

- is an individual and for whom the income or capital gains derived from the Offer Shares and/or SETs are attributable to employment activities the income from which is taxable in The Netherlands;
- holds a Substantial Interest, or a deemed Substantial Interest in us (as defined below);
- is an entity that is a resident or deemed to be a resident of The Netherlands and that is not subject to or is exempt, in whole or in part, from Dutch corporate income tax;
- is an entity for which the income and/or capital gains derived in respect of the Offer Shares and/or SETs are exempt under the participation exemption (as set out in the Dutch Corporate Income Tax Act 1969); or
- is an investment institution (*beleggingsinstelling*) as defined in the Dutch Corporate Income Tax Act 1969.

Generally a holder of Offer Shares and/or SETs will have a substantial interest in us (a **“Substantial Interest”**) if he holds, alone or together with his partner, whether directly or indirectly, the ownership of, or certain other rights over, shares representing 5% or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares), or rights to acquire shares, whether or not already issued, that represent at any time 5% or more of our total issued and outstanding capital (or the issued and outstanding capital of any class of shares) or the ownership of certain profit participating certificates that relate to 5% or more of the annual profit and/or to 5% or more of the liquidation proceeds. A holder of Offer Shares and/or SETs will also have a Substantial Interest in us if one of certain relatives of that holder or of his partner has a Substantial Interest in us. If a holder of Offer Shares and/or SETs does not have a Substantial Interest, a deemed Substantial Interest will be present if (part of) a Substantial Interest has been disposed of, or is deemed to have been disposed of, on a non-recognition basis.

Residents of The Netherlands

Individuals

An individual who is resident or deemed to be resident in The Netherlands, or who opts to be taxed as a resident of The Netherlands for purposes of Dutch taxation (a **"Dutch Resident Individual"**) and who holds Offer Shares and/or SETs is subject to Dutch income tax on income and/or capital gains derived from the Offer Shares and/or SETs at the progressive rate (up to 52%) if:

1. the holder has an enterprise or an interest in an enterprise, to which enterprise the Offer Shares and/or SETs are attributable; or
2. the holder derives income or capital gains from the Offer Shares and/or SETs that are taxable as benefits from "miscellaneous activities" (*resultaat uit overige werkzaamheden*).

If conditions (1) and (2) mentioned above do not apply, any holder of Offer Shares and/or SETs who is a Dutch Resident Individual will be subject to Dutch income tax on a deemed return regardless of the actual income and/or capital gains benefits derived from the Offer Shares and/or SETs. The deemed return amounts to 4% of the average value of the holder's net assets in the relevant financial year (including the Offer Shares and/or SETs) insofar as that average exceeds the exempt net asset amount (*heffingvrij vermogen*). The deemed return is taxed at a flat rate of 30%.

Entities

An entity that is resident or deemed to be resident in The Netherlands (a **"Dutch Resident Entity"**) will generally be subject to Dutch corporate income tax with respect to income and capital gains derived from the Offer Shares and/or SETs. The Dutch corporate income tax rate is 20.0% for the first EUR 25,000, 23.5% for the next EUR 35,000 of taxable income and 25.5% for the taxable income exceeding EUR 60,000 (rates of 2007).

Non-Residents of The Netherlands

A person who is not a Dutch Resident Individual or Dutch Resident Entity (a **"Non-Dutch Resident**") who holds Offer Shares and/or SETs is generally not subject to Dutch income or corporate income tax (other than dividend withholding tax described above) on the income and capital gains derived from the Offer Shares and/or SETs, provided that:

- such Non-Dutch Resident does not derive profits from an enterprise or deemed enterprise, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of such enterprise (other than as an entrepreneur or a shareholder) which enterprise is, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands and to which enterprise or part of an enterprise, as the case may be, the Offer Shares and/or SETs are attributable or deemed attributable;
- in the case of a Non-Dutch Resident who is an individual, such individual does not derive income or capital gains from the Offer Shares and/or SETs that are taxable as benefits from "miscellaneous activities" in The Netherlands (*resultaat uit overige werkzaamheden*); and
- such Non-Dutch Resident is neither entitled to a share in the profits of an enterprise nor co-entitled to the net worth of such enterprise effectively managed in The Netherlands, other than by way of the holding of securities or through an employment contract, to which enterprise the Offer Shares and/or SETs or payments in respect of the Offer Shares and/or SETs are attributable.

D Gift, Estate or Inheritance Taxes

No Dutch gift, estate or inheritance taxes will be levied on the transfer of Offer Shares and/or SETs by way of gift by or on the death of a holder, who neither is nor is deemed to be a resident of The Netherlands for the purpose of the relevant provisions, unless:

- the transfer is construed as an inheritance or bequest or as a gift made by or on behalf of a person who, at the time of the gift or death, is or is deemed to be a resident of The Netherlands for the purpose of the relevant provisions;
- the Offer Shares and/or SETs are attributable to an enterprise or part of an enterprise which is carried on through a permanent establishment or a permanent representative in The Netherlands; or
- the holder of such Offer Shares and/or SETs is entitled to a share in the profits of an enterprise effectively managed in The Netherlands, other than by way of the holding of securities or through an employment contract, to which enterprise such Offer Shares and/or SETs are attributable.

For purposes of Dutch gift, estate and inheritance tax, an individual who is of Dutch nationality will be deemed to be a resident of The Netherlands if he has been a resident in The Netherlands at any time during the ten years preceding the date of the gift or his death. For purposes of Dutch gift tax, an individual who is not of Dutch nationality will be deemed to be resident of The Netherlands if he has been a resident in The Netherlands at any time during the 12 months preceding the date of the gift.

For purposes of Dutch gift estate and inheritance tax, if an individual transfers the Offer Shares and/or SETs by way of a gift while he is not and is not deemed to be a resident of The Netherlands and dies within 180 days after the date of such gift, while being resident or deemed to be resident in The Netherlands, such Offer Shares and/or SETs are construed as being transferred on the death of such holder.

E Value-Added Tax

There is no Dutch value-added tax payable by a holder of Offer Shares and/or SETs in respect of payments in consideration for the Offer and sale of the Offer Shares and/or SETs.

F Other Taxes and Duties

There is no Dutch registration tax, capital tax, customs duty, stamp duty or any other similar tax or duty other than court fees payable in The Netherlands by a holder of Offer Shares and/or SETs in respect of or in connection with the execution, delivery and enforcement by legal proceedings (including any foreign judgment in the courts of The Netherlands) of the Offer Shares and/or SETs.

G Residence

A holder of Offer Shares and/or SETs will not become or be deemed to become a resident of The Netherlands solely by reason of holding these Offers Shares and/or SETs.

APPENDIX II: FAIRNESS OPINION

PUNCH TECHNIX NV
Attn. the Supervisory Board
Attn. the Management Board

Kromme Spieringweg 289-B
2141 BS Vijfhuizen

22 June 2007

Dear Sirs

You have requested Petercam Bank NV (“Petercam”) to provide you with an opinion as to the fairness, from a financial point of view, of the price at which Punch Technix NV (“Punch Technix”) will acquire shares of Punch Graphix PLC (the “Punch Graphix” or the “Company”) currently owned by Punch International NV (“Punch International”) and the consideration paid for such acquisition. We understand that the transaction involves the acquisition by Punch Technix of 99,319,942 shares of Punch Graphix, which will be paid for partly by issuing Punch Technix-shares to Punch International and partly by a payment in cash to Punch International, which will initially remain outstanding as a current account between Punch Technix and Punch International (the "Transaction").

For the purpose of providing the opinion set forth herein, we have in the limited amount of time among other things :

(i) reviewed the drafts of the prospectus with regard to the capital increase of Punch Technix as a result of the Transaction (the “Prospectus”);

(ii) analysed certain publicly available financial statements and other information relative to the Company;

(iii) reviewed certain publicly available information on companies engaged in businesses comparable to the Company's business, and the reported market prices for such companies’ shares, reviewed publicly available financial forecasts from various equity research analysts and in relying on those documents we have assumed that they have been reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by the analysts as to the expected future results of operations and financial condition of the companies;

(iv) reviewed the audited annual accounts per 31 December 2006 of the Company;

(v) reviewed the listing prospectus (admission document) of the Company's shares (May 2005) and the offer document (Mandatory Cash Offer for Punch Graphix plc. by Punch International NV, 8 January 2007) and subsequent documents (Follow-up Circular Punch International NV, 18 January 2007) and Punch Graphix plc. response to the unsolicited offer from Punch International NV (22 January 2007);

(vi) reviewed the not-publicly available management reporting on the operations of the first quarter of 2007 of the Company, including certain non-audited financial statements;

(vii) reviewed certain not publicly available excerpts of a long-term business plan of the Company originating from its listing in 2005;

(viii) reviewed certain publicly available information in the industry sector in which the Company is operating;

(ix) performed such other analyses as we have deemed appropriate for the purposes of this opinion, including reviews of certain key contracts of the Company;

(x) been able to hold discussions with the CEO and the CFO of the Company to discuss certain aspects of the financial prospects of the Company.

With regard to rendering our opinion, we have used the valuation methodologies which we have deemed necessary and appropriate for the purposes thereof.

Without limiting the generality of the foregoing, we have assumed, based on assurances we have received from the management of Punch International and Punch Technix, that (a) other than disclosed in the Prospectus, there are no agreements, documents or arrangements, whether written or verbal, between Punch International and its affiliated companies or between affiliated companies of Punch International in respect of or in connection with the Transaction; and (b) the Prospectus in the form we reviewed fully and fairly sets out and represents all arrangements and agreements between Punch International, its affiliated companies and any other party in respect of the Transaction.

We have assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or was furnished to us by or by order of Punch Technix and Punch International, or otherwise reviewed by us for the purposes of this opinion, and we have not assumed and we do not assume any responsibility or liability therefor.

We have not made any independent valuation of the physical assets of the Company. Our opinion is based on the economic, regulatory, market and other conditions as in effect on, and the information made available to us of, the date hereof. It should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or reaffirm.

Based on the foregoing, it is our opinion, as of the date hereof, that the terms of the proposed Transaction are fair to holders of Punch Technix shares from a financial point of view.

Petercam, as part of its investment banking business, is engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, issues of securities and other purposes.

Petercam is acting as financial adviser to Punch Technix in connection with the Transaction. From time to time, Petercam Bank and its affiliates may have maintained banking relationships with Punch Technix, Punch International and Punch Graphix for their own account or for the account of customers, and accordingly they may at any time hold long or short positions in the securities of these companies.

This letter and the opinion is provided solely for the benefit of the Supervisory Board and the Management Board of Punch Technix in connection with and for the purposes of their consideration of the Transaction and is not on behalf of, and shall not confer rights or remedies upon any other person other than the Supervisory Board and the Management Board of the Company. This letter may not be used for any other purpose, or reproduced (other than for the Supervisory Board, the Management Board and their advisers), disseminated or quoted at any time and in any manner without our prior consent. This letter is not addressed to and may not be relied upon by any third party for any purpose whatsoever.

Yours faithfully,
for and on behalf of

Peter Maenhout	Bart Tishauser
Managing Director	Managing Director
Petercam Bank NV	Petercam Bank NV

APPENDIX III: POTENTIAL COOPERATION WITH WESTFALIASURGE

The Supervisory Board and the Management Board of Punch Technix have announced on June 22 that Punch Technix has signed a Letter of Intent ("LoI") on 21 June 2007 with WestfaliaSurge GmbH (‘WestfaliaSurge’) in respect of Punch Technix’s milking robot division ("RMS Division").

The LoI stipulates the grant to WestfaliaSurge of a worldwide licence (which is not limited in time) on Punch Technix’s milking robot technology, in exchange of a license fee payable by WestfaliaSurge. Punch Technix retains the ownership of the licensed patents.

In addition to such license, WestfaliaSurge intends to take over and, following the transaction, render the full service in respect of the currently installed milking robots of the RMS Division. WestfaliaSurge also intends to take over a major part of the sales and service organisation of the RMS Division and integrate it into its own organisation to ensure the continuation of specialist service to existing and future customers. Among the approximately 70 people currently employed by the RMS Division, the service and sales organisation consists of approximately 45 people in 7 countries. WestfaliaSurge intends to take over the largest part of this team. The transfer of such team would not have any impact on the other activities of Punch Technix.

Parties expect the final agreement as soon as possible, which is expected to be before the end of August 2007. Until then Punch Technix remains responsible for all sales and service activities of the RMS Division.

In 2006, the RMS Division generated a revenue of EUR 9.6 million which represents 27% of Punch Technix group revenue. RMS realized a negative EBIT of EUR 3.9 million in 2006.

The cooperation of Punch Technix’s RMS Division with WestfaliaSurge would be beneficial for Punch Technix, the RMS Division and its current and future customers. WestfaliaSurge has the scale, the dealer network, and the critical mass required to capture the full potential of the multibox systems. In addition, WestfaliaSurge can complete its product portfolio with an automatic milking system.