PRESS RELEASE

SMARTRAC N.V. continues along its growth path

- Revenues in first half of 2006 more than doubled compared with H1 2005
- EBITDA more than tripled
- High Security segment (ePayment and ePassport) is main growth driver
- SMARTRAC N.V. anticipates ongoing growth and continues to expand its production capacity

Amsterdam, 16 August 2006. SMARTRAC N.V. continued along its growth path in the first half of 2006 and further strengthened its earnings. SMARTRAC, the leading RFID manufacturer and supplier of components for contactless credit cards (ePayment) and passports (ePassports), increased its total revenues in the first six months of this year compared with the same period of 2005 from EUR 8.3 million to EUR 22.5 million. The Group’s first-half EBITDA increased to EUR 4.7 million, more than triple the figure for the prior-year period (EUR 1.5 million). At EUR 3.3 million, net profit for the first half of 2006 was already higher than the figure of EUR 3.0 million reported for full-year 2005. The company has posted a net profit every year since its foundation.

“In this reporting period, we more than fulfilled our operating and financial expectations,” said Dr. Christian Fischer, CFO of SMARTRAC. “We want to continue along our successful path, following the progress we made in the achievement of our strategic goals: the initial public offering and the expansion of our production capacities.”

Part of this positive development was the performance in the Standard segment including the areas of Mass Transportation, Access Systems and Logistics, which increased its revenues compared with the prior-year period by 69 percent (from EUR 7.4 million to EUR 12.6 million). The main contribution however came from the High Security segment (ePayment and ePassport), which increased its revenues to EUR 9.9 million, more than tenfold compared with the prior-year period. With approximately EUR 3.3 million, the High Security segment made an important contribution to EBITDA in the first half of 2006.

First-half EBITDA in the Standard segment (EUR 1.5 million) grew at a lower rate than revenues during the same period and at a lower rate than EBITDA in the first half of last year. This was due to regional changes in the order structure and the strategic expansion of chip sourcing in the Standard segment. Chip sourcing in the Standard segment burdened the ratio between revenues and earnings compared with the prior-year period due to the fact that only a low proportion of SMARTRAC’s value creation is accounted for by the purchased memory chips. However, it enables SMARTRAC to improve its long-term customer retention.

In addition to preparing the successful IPO, the main strategic focus in the first half of 2006 was on expanding production capacity, in particular in the High Security segment. With investments of EUR 4.4 million (H1 2005: EUR 1.3 million), SMARTRAC expanded its production capacity with a new facility in Germany and an additional plant in Thailand, that should be fully operational by the end of this year.
“In order to meet the strong demand for our products, our main goals for the second half of the year are to continue expanding our production capacity and to further increase our investment in research and development,” said Dr. Christian Fischer.

For full-year 2006, SMARTRAC anticipates substantial growth in revenues and EBITDA compared with 2005.

Overview:

<table>
<thead>
<tr>
<th>EUR thousand</th>
<th>H1 2006</th>
<th>H1 2005</th>
<th>Change</th>
<th>Change in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>22,471</td>
<td>8,280</td>
<td>+14,191</td>
<td>+171.4</td>
</tr>
<tr>
<td>EBITDA</td>
<td>4,681</td>
<td>1,502</td>
<td>+3,179</td>
<td>+211.7</td>
</tr>
<tr>
<td>Net profit</td>
<td>3,324</td>
<td>827</td>
<td>+2,497</td>
<td>+301.9</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>0.33</td>
<td>0.08</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

About SMARTRAC N.V.
SMARTRAC is a leading supplier of inlays for contactless credit cards (ePayment) and passports with integrated contactless chips (ePassports). The company, which was founded in 2000, is incorporated under Dutch law and has its head office in Amsterdam. SMARTRAC has its main production and R&D center in Bangkok (Thailand), as well as subsidiaries in Germany and Singapore. Through an agreement with Xytec Solutions (Kulim, Malaysia), in which SMARTRAC holds a 30% stake, the company has exclusive access to proprietary manufacturing equipment. In two product segments - Standard and High Security - SMARTRAC manufactures components for RFID applications in public transport, access control and logistics, as well as in the high-security applications of ePayment and ePassport.

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