PRESS RELEASE

SMARTRAC N.V. and Assa Abloy AB clarify open issues concerning patent use and ownership

Amsterdam, 3 January 2007. SMARTRAC N.V. and the Swedish group Assa Abloy AB have amicably clarified and settled all the issues that were previously open between the two companies in an agreement dated 29 December 2006. The dispute primarily involved use of certain patents related to the production of radio frequency identification devices using wire embedding technology.

By this agreement Assa Abloy AB assigns its ownership rights in approximately 70 patents to SMARTRAC N.V. In return, Assa Abloy AB receives a worldwide, non-exclusive license for the ongoing use of the patents.

About SMARTRAC N.V.
SMARTRAC is a leading supplier of inlays for passports with integrated contactless chips (ePassports) and contactless credit cards (ePayment). The company has operated profitably since it was founded in 2000, and produced and delivered its ten-millionth ePassport inlay at the beginning of October 2006.

In the first nine months of 2006, SMARTRAC increased its sales by 133% to EUR 35.9 million and its EBITDA by more than 140% to EUR 8.1 million. The company is incorporated under Dutch law and has its head office in Amsterdam. SMARTRAC has its main production and R&D centre in Bangkok (Thailand), as well as sales offices in Stuttgart and Singapore.

Contact:
Max Hohenberg
Media Relations SMARTRAC N.V.
Tel.: +49 711 6569 2616
E-mail: max.hohenberg@SMARTRAC-group.com
http://www.SMARTRAC-group.com