PRESS RELEASE

SMARTRAC reports Q4 and full year results 2006: sustainable profitability based on a strong position in a fast-growing market environment

- Q4 2006: business performance kept up with the momentum of the first nine months of the year
- Financial year 2006: sales more than doubled to €52.5 million compared to €25.2 million in 2005
- EBITDA 2006: improved to €11.9 million compared to €4.9 million in 2005
- Net profit 2006: more than tripled to €9.1 million from €3 million in 2005
- High Security segment: main growth driver in 2006 with revenues growing by 441 percent compared to 2005
- Standard segment: important part of the business with revenues growing 24 percent in financial year 2006 versus previous year
- Equity ratio: significant increase in financial year 2006 to 86 percent compared to 37 percent in 2005
- Outlook 2007: growth in all segments and increase in revenues of significantly above 50 percent expected with High Security segment remaining growth driver

Amsterdam, March 14, 2007 – SMARTRAC N.V. of Amsterdam, the Netherlands, the world’s leading supplier of high-quality RFID inlays for contactless data transmission, today announced financial figures from Q4 2006 and the full year 2006.

Overall, SMARTRAC reached sustainable profitability in a fast growing worldwide market environment based on a strong position in the RFID value chain as supplier of RFID components for applications in the Standard and High Security segment.

The business development in Q4 2006 kept up with the momentum of the first nine months of the year with sales of €16.6 million compared to €9.7 million in the same period 2005. In Q4 2006, the High Security segment generated revenues of €8.4 million (Q4 2005: €2.5 million) and the Standard segment €7.6 million (Q4 2005: €7.1 million).

The company’s Q4 2006 EBITDA increased by 140 percent to €3.8 million from €1.6 million in 2005. High Security segment made a key contribution to this growth with €2.9 million compared to €0.5 million in the Q4 2005. The Standard segment recorded EBITDA of €1.0 million, slightly decreasing from €1.2 million in the same period 2005.

Net profit in Q4 2006 was €3 million, representing significant growth compared to €1 million in Q4 2005.

Q4 2006: overview

<table>
<thead>
<tr>
<th></th>
<th>Q4 2006</th>
<th>Q4 2005</th>
<th>Change</th>
<th>Change in %</th>
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</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>16,560</td>
<td>9,724</td>
<td>6,836</td>
<td>70.3</td>
</tr>
<tr>
<td>EBITDA</td>
<td>3,824</td>
<td>1,590</td>
<td>2,234</td>
<td>140.5</td>
</tr>
<tr>
<td>Net profit</td>
<td>3,036</td>
<td>1,048</td>
<td>1,988</td>
<td>189.7</td>
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Financial year 2006: key data

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<th>Financial year 2006: key data</th>
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<tbody>
<tr>
<td>Consolidated income statement</td>
</tr>
<tr>
<td>Revenues</td>
</tr>
<tr>
<td>EBITDA</td>
</tr>
<tr>
<td>Net profit after tax</td>
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</table>

In the financial year 2006, the group’s total sales reached €52.5 million, thus more than doubling the sales of €25.2 million from the previous year with the High Security segment comprising ePassports and ePayment being the main growth driver. RFID applications from the Standard segment also contributed to the overall growth.

ePassport projects gained sustainable momentum in financial year 2006, and SMARTRAC generated revenues of €21.9 million with RFID inlays for ePassports, growing by 695 percent versus €2.8 million in 2005. A significant number of governments have already introduced ePassports, and SMARTRAC is involved in most of the projects as the main supplier for RFID inlays. With a high market share in ePayment, SMARTRAC kept its leading position in this product line as well. Revenues from ePayment in 2006 amounted to €5.2 million, growing strongly by 131 percent from €2.3 million in 2005.

The impressive growth potential in the High Security segment can best be illustrated by the increase in the percentage of overall revenues. Whereas this segment accounted for 20 percent of revenues in 2005, it amounted to 52 percent of overall revenues in 2006.

The Standard segment generated revenues of €24.7 million in 2006, growing 24 percent compared to €19.9 million in 2005. The implementation of large-scale projects in mass transportation and access control around the world, accounting for 98 percent of revenues in the Standard segment, can be seen as main drivers of this revenue growth. RFID applications in the logistics product line contributed 2 percent of revenues in this segment.

“The increasing revenue contribution of high security components reflects a major development in the highly dynamic worldwide marketplace, we are in,” said Dr. Christian Fischer, CFO of SMARTRAC. “Nevertheless, standard RFID applications, historically the main source of revenue for SMARTRAC, will remain an essential and strategically important part of our business.”

In financial year 2006 SMARTRAC reached a strong growth in earnings with net profit amounting to €9.1 million and thus more than tripling last year’s figure of €3 million. This growth in net profit illustrates the company’s highly profitable growth path.

In financial year 2006, EBITDA of SMARTRAC improved to €11.9 million, representing an increase of approximately 140 percent compared to €4.9 million in 2005. EBITDA in the High Security segment delivered a major contribution to the overall profitable growth with €9.8 million in 2006, compared to €0.9 million in 2005. The Standard segment achieved EBITDA in 2006 of €2.8 million versus €4.1 million in the previous year.
Financial Year 2006: segment reporting

<table>
<thead>
<tr>
<th>Segment</th>
<th>Revenue</th>
<th>Cost of sales</th>
<th>Gross profit</th>
<th>Operating expenses</th>
<th>Operating profit</th>
<th>Profit before tax</th>
<th>Net profit after tax</th>
<th>Equity ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>€43.0m</td>
<td>€19.9m</td>
<td>€23.1m</td>
<td>€6.1m</td>
<td>€17.0m</td>
<td>€10.9m</td>
<td>€10.9m</td>
<td>86%</td>
</tr>
</tbody>
</table>

EBITDA is defined as operating profit for the period before depreciation, amortization, financial result, share of profit of associates, and income tax result. EBITDA is not a measure of operating performance or liquidity under IFRS. EBITDA as presented may not be comparable to measures with similar names as presented by other companies.

As of December 31, 2006, SMARTRAC employed a total workforce of 1,747 people compared to 1,104 employees in 2005, with the vast majority of them working in Thailand.

In financial year 2006 SMARTRAC invested €11.3 million in property, plant and equipment compared to €4.6 million in 2005.

Owing to the proceeds from the IPO in July 2006, the equity ratio of SMARTRAC increased significantly from 37.2 percent in 2005 to 86 percent in financial year 2006.

Business outlook

SMARTRAC’s strategy will continue to focus on the further expansion of production capacity and global presence, the development of additional growth segments of the RFID market and the protection of the company’s intellectual properties rights.

“We will continue to build upon SMARTRAC’s strong position as the leading supplier for high quality RFID components in the worldwide RFID value chain”, said Dr. Fischer. “Our objectives for 2007 are clearly aligned with this goal to strengthen our competitive position and to deliver sustainable profitability in a fast-growing market environment. In this respect, the strategic decisions taken in 2006 also point out major strategic directions for the year of 2007 and beyond.”

SMARTRAC expects further growth in all segments. A flattening or even saturation in the market for secure RFID inlays cannot be foreseen from the company’s current perspective. “We expect an increase in revenues of significantly above 50 percent this year with the High Security segment remaining the main growth driver,” said Dr. Fischer. “But we also see additional prospects in the Standard segment. With our broad technology base, comprising superior production technologies, we are well prepared to participate in this growth. Especially, Bio/Logistics applications promise attractive future growth rates. We will continue to secure our position in all segments with significant investments in research, technology and product development.”

With an increasing number of countries starting ePassport projects, this product line will continue to gather momentum for SMARTRAC. This also holds true for the ePayment market, and SMARTRAC anticipates further organic growth for contactless payment applications as well.
Forward-looking statements
This press release contains certain forward-looking statements. These forward-looking statements are not historical facts but rather are based on current expectations, estimates and projections about the industry, the company’s beliefs and its assumptions. Words such as “anticipates,” “expects,” “intends,” “outlook,” “plans,” “believes,” “seeks,” “may,” “will,” “should” and “estimates,” and variations of these words and similar expressions, are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the Company’s control, are difficult to predict and could cause actual results to differ materially from those expressed, implied or forecast in the forward-looking statements. In addition, the forward-looking events discussed in this press release might not occur. Readers are cautioned not to place undue reliance on these forward-looking statements. Readers should read this press release with the understanding that actual future results and events may be materially different from what we currently expect. The forward-looking statements included in this press release reflect SMARTARAC’s views and assumptions only as of the date of this press release. The Company undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.
About SMARTRAC N.V.
SMARTRAC is the world’s leading supplier of RFID (Radio Frequency Identification) components in the standard and high-security product segments. For the standard segment, SMARTRAC manufactures intermediate products for RFID applications in public transport, access control and logistics. In the high-security segment, SMARTRAC is the global market leader and supplies high-value RFID inlays for passports with integrated contactless chips (ePassports) and for contactless credit cards (ePayment). SMARTRAC was founded in 2000, and since its initial public offering in July 2006 has been a stock corporation under Dutch law and domiciled in Amsterdam. At the end of 2006, the company employed a total workforce of approximately 1,800 people. SMARTRAC’s main production and R&D facilities are located in Bangkok (Thailand), and it has sales offices in Stuttgart and Singapore. The company has exclusive access to patented machinery through an agreement with Xytec Solutions (of Kulim, Malaysia), in which SMARTRAC holds a 30 percent stake. SMARTRAC has a broad technology base. Its core competence is wire-embedding technology for the production of high-value RFID inlays; SMARTRAC holds major patents taken out on wire-embedding technology and has exclusive rights of use in many areas. It also has access to the etching production processes of Multitape GmbH, in which SMARTRAC holds a 25 percent equity interest.

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