



Press release

SMARTRAC ships 10th million ePassport inlay and is the world's largest supplier for electronic passports

- **Growing popularity of ePassports: worldwide introduction of ePassports accelerated by US regulations coming into effect on 26 October**
- **SMARTRAC is the inventor of inlays for electronic passports and already supplies its products to 20 countries, including the United States as largest ePassport market**

Amsterdam, 9 October 2006. SMARTRAC, the inventor of inlays for electronic passports, is the first company worldwide to ship more than ten million ePassport inlays to its customers. SMARTRAC is the world's largest supplier of inlays for ePassports and is benefiting from the accelerating introduction of electronic passports. The company has been listed in the Prime Standard of the Frankfurt Stock Exchange since 20 July 2006, and recently registered DURASOFT® as a trademark with the US Patent and Trademark Office. DURASOFT® is a novel multi-layer inlay material specially developed for ePassports.

"We are ideally positioned for the coming boom in electronic passports, and we are setting standards with our high-security technology," said Manfred Rietzler, CEO of SMARTRAC N.V. "With that, we play a key role in the development of this growth market, and are constantly expanding our capacities in the field of ePassport inlays so that we can satisfy strong global demand." According to a recent forecast by market analysts Frost & Sullivan, around 50 million ePassports/ ID-Cards will be in circulation by 2007.

20 countries already rely on SMARTRAC inlay products for their ePassport programs. That includes the US ePassport program, which is now starting. SMARTRAC Inlay products have been certified for this program since 2004.

The worldwide introduction of ePassports will now be additionally accelerated by the US authorities' regulations on visa-waiving countries. According to these regulations, the 27 countries whose citizens can enter the United States without a visa will have to start introducing electronic passports by 26 October this year at the latest.

SMARTRAC's ePassport inlays are a key component of the new ePassports and enable data storage and contactless data transfer. "The technology we have developed offers solutions for all passport programs currently in existence," said Rietzler. SMARTRAC supplies high-quality ePassport inlays in the paper-like Durasoft® material and also in paper and textile fabric.

On 16 August 2006, SMARTRAC reported that this year's first-half revenues (January to June) nearly doubled compared with the same period of 2005, to EUR 22.5 million, while

first-half earnings (Group EBITDA) more than tripled to EUR 4.7 million. The company has been profitable every year since it was founded.

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 centre in Bangkok (Thailand), as well as sales offices in Stuttgart 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 ePassports.



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