



## **PRESS RELEASE**

### **Avenue Capital Management LP acquires more than 5 percent in SMARTRAC N.V.**

**Amsterdam, 25 October 2006.** SMARTRAC, the leading supplier of inlays for contactless ePassports, announced today that on 17 October 2006, US asset-management company Avenue Capital Management LP reported it is holding an equity stake of 5.93 percent in the company. SMARTRAC is listed in the Prime Standard of the Frankfurt Stock Exchange since July 2006.

SMARTRAC is well positioned to benefit from the enormous growth in RFID-applications and as a core shareholder, Avenue Capital will support the development of SMARTRAC's leading position, particularly in High Security RFID inlays.

"With Avenue Capital we have an investor in our company that is familiar with our industry and dedicated to developing the liquidity in our stock" said Dr. Christian Fischer CFO of SMARTRAC N.V. The New York based investment company Avenue Capital has more than USD 10bn assets under management and follows well-developed investment themes.

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 its foundation.

#### **About SMARTRAC N.V.**

SMARTRAC is a leading supplier of inlays for contactless ePassports and contactless credit cards (ePayment). 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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