



PRESS RELEASE

SMARTRAC N.V. continues growth in first nine months of 2006

- **Sales in 9-month-period to end September up 133 percent to Euro 35.9 million (9-month period 2005: Euro 15.4 million)**
- **EBITDA up more than 140 percent to Euro 8.1 million (comparable period 2005: Euro 3.3 million)**
- **SMARTRAC continues to expand its production capacities by opening its fourth production plant in Thailand as early as January 2007**

Amsterdam, 16 November 2006 – SMARTRAC N.V. announced today that it improved sales by 133 percent and EBITDA by more than 140 percent in the 9 months up to end September 2006, compared to the same period last year. The world's leading RFID manufacturer and supplier of components for passports (ePassport) and contactless credit cards (ePayment) boosted its total sales in its 3rd quarter 2006 to EUR 13.4 million, up from EUR 7.2 million in the same period 2005. For the nine months ended September 2006 SMARTRAC achieved sales of EUR 35.9 million, an increase of 133 percent over the previous year (EUR 15.4 million). The Group's 3rd quarter EBITDA almost doubled from EUR 1.8 million in 2005 to EUR 3.4 million. For the nine months ended September 2006 the EBITDA is EUR 8.1 million, an increase of more than 140 percent over the previous year (EUR 3.3 million).

"SMARTRAC achieved a significant increase in sales", said Dr Christian Fischer, CFO of SMARTRAC. "Our net profit of Euro 6.1 million in the first nine months of 2006 represents an increase of more than 200 % compared to the net profit we generated in the same period last year."

These improvements were supported by excellent business in the High Security Segment (ePayment and ePassport). In the Standard Segment, sales rose 33 percent on the same period for the prior year (pro forma) from Euro 12.8 million to Euro 17.1 million. In the High Security Segment, sales revenues of Euro 18.7 million rose by a factor of more than 7 on the same period for 2005 (Euro 2.5 million).

SMARTRAC's EBITDA, which is the key performance indicator, rose to Euro 8.1 million for the reporting period compared to Euro 3.3 million for the same period in 2005, an increase of more than 140 percent. Key contributor to this growth was the High Security Segment, with approx. Euro 6.8 million (last year: Euro 0.4 million). In order to satisfy the increasing demand, particularly in the ePassport business, SMARTRAC is doubling its efforts to open the fourth production plant in Thailand as early as January 2007.

The standard Segment recorded EBITDA of Euro 1.8 million (2005: Euro 2.9 million). This decrease was partly caused by seasonal sales decrease and a higher proportion of memory chips which bear less value-added for the company as these are purchased (chip sourcing).

In order to support continued growth, SMARTRAC invested Euro 7.4 million (compared to Euro 2.2 million for the same period in the prior year) in property, plant and equipment in the first nine months of the year. SMARTRAC is planning to invest approx. 3% of its sales revenues in research and development in the mid-term.

In the third quarter of 2006, SMARTRAC's Pay Pass inlays obtained a MasterCard CQM-Certification. SMARTRAC's facility, process and products have successfully completed MasterCard's Card Quality Management scheme (CQM) audit – a corresponding CQM-Label has been granted to SMARTRAC's PayPass inlays.

SMARTRAC has posted consecutive net profits each year since its foundation. In early October, SMARTRAC produced and shipped the 10th million ePassport inlay. Production capacity has been expanded continuously. For full-year 2006, the company anticipates sales of at least EUR 50 million with an EBITDA substantially above EUR 10 million.

Overview:

EUR thousand	Q3 2006	Q3 2005	Change	Change in %
Revenues	13,436	7,169	+6,267	+87.42
EBITDA	3,407	1,820	+1,587	+87.20
Net profit	2,759	1,143	+1,616	+141.38
Earnings per share	0.22	0.11	-	-

About SMARTRAC N.V.

SMARTRAC is 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 percent 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 ePassports and ePayment.



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