



PRESS RELEASE

SMARTRAC receives major order for several million inlays for US ePass project

- **Major order confirms SMARTRAC's claim for market leadership in ePassport inlays**
- **Opening of fourth factory in Thailand earlier than planned in order to meet strong demand for ePassport inlays**
- **Order allows SMARTRAC clear capacity planning for 2007**

Amsterdam, 28 November 2006. SMARTRAC, the inventor of inlays for electronic passports, has obtained the first major order to supply several million ePassport inlays for the United States' ePass project in 2006/2007. The order, placed by Infineon Technologies, is the most significant order in the high-security RFID inlay industry to date. The US programme, for which SMARTRAC will produce the inlays, is currently the world's largest ePass project with a potential volume of 13 to 18 million passports per annum.

Since 2004, SMARTRAC has been a certified supplier for the current US ePassport programme for which it is already producing approximately one million inlays a month. In order to meet the US and increasing worldwide demand for high security inlays SMARTRAC is planning to open its fourth factory at the company's location in Thailand as early as January 2007. In addition, SMARTRAC plans to boost its worldwide production capacity for ePassport inlays in 2007 to 4 million per month by opening a factory in the US.

With the US order, SMARTRAC is confirming its claim to market leadership in the field of high-security inlay production for the foreseeable future. "SMARTRAC sets standards, both with the security of its products and with the technological sophistication of its customer solutions," said Dr. Christian Fischer, CFO of SMARTRAC N.V. "The US order allows us clear capacity planning. By the end of 2006, we want to achieve a production capacity of approx. 13 million high-frequency inlays per month," Fischer continued.

SMARTRAC is currently involved in 70 of the world's 95 ePassport programmes. Certification for the US ePassport programme means that the company will greatly benefit from the worldwide introduction of ePassports that is also accelerated by the provisions of the US authorities within the framework of the Visa Waiver Programme that came into effect on 26 October 2006. In order to comply with these regulations, the 27 countries whose citizens are allowed to enter the United States without a visa have started introducing electronic passports.

On 16 November 2006, SMARTRAC reported that it increased sales by 133 percent and EBITDA by more than 140 percent in the 9 months up to September 2006, compared to the same period last year. SMARTRAC boosted its total sales in the 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. The Group's 3rd quarter EBITDA almost doubled from EUR 1.8 million in 2005 to EUR 3.4 million in 2006. 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).

About SMARTRAC N.V.

SMARTRAC is a leading supplier of inlays for passports and credit cards with an integrated contactless chip and an antenna. 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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