

## PRESS RELEASE

### **SMARTRAC and Silone reach agreement in patent issue**

- **Complaint of SMARTRAC regarding patent infringement by Silone leads to out of court agreement**
- **Clarification achieved for the use of wire-embedding technology in production of RFID components**
- **Silone will cease U.S. production and sales activities of accused products**

Amsterdam, February 15, 2007 – SMARTRAC Technology Ltd., Thailand, a subsidiary of SMARTRAC N.V., Amsterdam, and Silone MagCard, Inc. California, have settled their dispute regarding the use of SMARTRAC's patents in the production of RFID (Radio Frequency Identification) components.

After SMARTRAC had filed a complaint in the United States District Court for the Northern District of California, alleging Silone was infringing certain patents of SMARTRAC, both parties have entered a settlement agreement pursuant to which Silone acknowledges the respective patent rights of SMARTRAC and agrees that it will cease U.S. production and sales of its RFID components that are made according to the processes disclosed and claimed in SMARTRAC's patents.

The production process referred to in the agreement is the wire-embedding technology for the production of high-quality RFID components, a core competency of SMARTRAC. The company holds major patents in this technology throughout the world. SMARTRAC will continue to effectively protect its intellectual properties.

Earlier this year SMARTRAC reached an agreement with the Swedish group Assa Abloy AB concerning patent use and ownership in the production of radio frequency identification devices using wire-embedding technology. In this agreement Assa Abloy has assigned whatever remaining rights it owned in a number of patents to SMARTRAC N.V. In return, Assa Abloy received a limited royalty-bearing license to these patents.

#### **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 2,000 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 all of the 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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