

PRESS RELEASE

SMARTRAC N.V. reports on results for the second quarter of 2007 with a strong increase in sales and earnings

- **Second quarter 2007 with sales of euro 21.2 million, EBITDA of euro 5.6 million, net profit of euro 4.7 million**
- **Q2 2007: Fifth quarterly report in a row with significant growth in sales and earnings**
- **Dr. Christian Fischer: “For the full year 2007, we are confident to reach sales of more than euro 85 million and to exceed EBITDA of euro 20 million.”**

Amsterdam, August 2, 2007 – The Dutch company SMARTRAC N.V. today reported on its results for the second quarter of 2007. With sales of euro 21.2 million, EBITDA of euro 5.6 million and net profit of euro 4.7 million, Q2 2007 represents the fifth consecutive SMARTRAC quarterly report with significant growth in sales and earnings.

Compared to Q2 2006, sales in Q2 2007 went up by 80 percent (Sales Q2 2006: euro 11.8 million) and EBITDA increased by 107 percent (EBITDA Q2 2006: euro 2.7 million). Net profit of euro 4.7 million in the second quarter 2007 increased by 74 percent compared to euro 2.7 million in the second quarter 2006.

Overview Q2 2007

In millions of euro	Q2 2007 ¹	Q2 2006 ¹	Change ¹	Change in % ¹
Revenues	21.2	11.8	9.4	80
EBITDA ²	5.6	2.7	2.9	107
Net profit	4.7	2.7	2.0	74

¹ Figures have been rounded

² EBITDA from other operations included

Sales in the first half 2007 increased to euro 40.7 million up from euro 22.5 million in the first six months 2006, representing an increase of 81 percent. EBITDA in the first half of 2007 increased to euro 10.4 million, rising by 123 percent from euro 4.7 million in the first half of 2006. From January to June 2007, SMARTRAC generated a net profit of euro 9.2 million. Compared to the net profit of euro 3.3 million generated in the same period for the prior year, this represents an increase of 177 percent.

„ With an ongoing increase in sales and earnings our business development shows that we are on track, and we will further develop SMARTRAC’s position as a leading supplier in the worldwide RFID industry,“ said Dr. Christian Fischer, CEO of SMARTRAC. „For the full year 2007, we are confident of reaching sales of more than euro 85 million and exceed an EBITDA of euro 20 million.“

The positive business development in Q2 2007 has to a large extent been driven by an increase in sales from the High Security segment which had already been a major sales driver in previous reporting periods. Sales from RFID inlays for ePassports and ePayment applications in Q2 2007 account for euro 15 million, representing 71 percent of overall Q2 2007 sales and a gain of 170 percent compared to sales from the second

quarter 2006 (Sales Q2 2006: euro 5.5 million). EBITDA in the High Security segment from April to June 2007 reached euro 5.1 million which is equivalent to an increase of 141 percent compared to the same period in 2006 (EBITDA Q2 2006: euro 2.1 million).

With sales of euro 6.3 million from March through June 2007, representing 30 percent of overall Q2 2007 sales, the Standard segment remained at a comparable level to the same period in the previous year (Sales Q2 2006: euro 6.3 million). With EBITDA of euro 1.0 million from the Standard segment in Q2 2007, profitability in this segment which comprises RFID inlays for public transport, access control and logistics has significantly increased and more than doubled compared to EBITDA of euro 0.4 million in Q2 2006.

“The acquisition of multitape GmbH and the start of production of RFID components in Brazil with our own local production facility are major strategic achievements in 2007 to date,” said Dr. Christian Fischer. “The second half of 2007 will be characterized by the further utilisation of our strong technology base which will lead to a further expansion of our product portfolio. We will also expand our global production network with a focus on the implementation of a local U.S. production facility.”

On SMARTRAC N.V.

SMARTRAC is a leading supplier of RIFD (**R**adio **F**requency **I**dentification) components for Standard and High Security product segments. In the Standard segment, the company produces ready-made components for RFID applications in public transport, access control and logistics. In the High Security segment, SMARTRAC is the global leader in high-quality RIFD inlays for passports with integrated contactless chips (ePassports) and contactless credit cards (ePayment). SMARTRAC was founded in 2000 and since going public in July 2006 has been trading as a stock corporation under Dutch law with its registered offices in Amsterdam. At the end of June 2007, the company employed 2,330 employees around the globe. The main manufacturing and research and development facility of SMARTRAC is in Bangkok, Thailand. The company also has sales offices in Singapore and Stuttgart. Moreover, due to an agreement with Xytec Solutions (Kulim, Malaysia), in which SMARTRAC holds 30 percent, the company has exclusive access to patented machine technology. SMARTRAC stands on a broad technological foundation. Its core competence lies in wire-embedding technology used in the manufacture of high-quality RIFD inlays to which SMARTRAC holds important patents and enjoys exclusive rights to a wide extent. In addition, the company can also rely on the etching technology of its subsidiary multitape GmbH for its manufacturing processes.



If you have any questions, please contact:

Stephan Öri
Media Relations SMARTRAC N.V.
Tel: +31 20 30 50 150
Email: stephan.oeri@smartrac-group.com
Internet: www.smartrac-group.com

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