

PRESS RELEASE

SMARTRAC signs purchase agreement to acquire business of HEI Inc.'s RFID division and will start production of RFID components in the U.S.

- **Purchase agreement signed to acquire substantially all of the assets of HEI Inc.'s RFID and Smart Card Division**
- **Integration of HEI's RFID business in SMARTRAC's operations**
- **Business will be run by local subsidiary SMARTRAC Technology US Inc., a Delaware company with operations in Chanhassen, Minnesota**

Amsterdam, August 31, 2007 – The Dutch company SMARTRAC N.V. (stock abbreviation SM7) announced today that it has signed a purchase agreement with the U.S. company HEI, Inc. to acquire substantially all of the assets of HEI RFID, a division of HEI, Inc. SMARTRAC intends to start local U.S. production of RFID components under SMARTRAC Technology US Inc., a Delaware company and wholly owned subsidiary with operations in Chanhassen in the U.S. state of Minnesota.

HEI's RFID Division, formerly known as Cross Technology Ltd., is a contract manufacturer providing customized RFID tags for a variety of applications. The company is particularly strong as a provider of customer specific RFID tags for which standard products are not sufficient. SMARTRAC will integrate the existing RFID business of HEI into SMARTRAC's operations.

"Our U.S. operation will open up interesting prospects for SMARTRAC with new products and access to an additional customer base, and it will intensify SMARTRAC's presence in the U.S. market," said Dr. Christian Fischer, CEO of SMARTRAC. "With its experience and expertise in the development of customized RFID components, the HEI RFID division will further strengthen our research and development activities."



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On SMARTRAC N.V.

SMARTRAC is a leading supplier of RIFD (Radio Frequency Identification) 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.

Forward-looking statements

To the extent that this press release contains forward-looking statements, such statements are based on assumptions, planning and forecasts at the time of publication of this press release. Forward-looking statements always involve uncertainties. Business and economic risks and developments, the conduct of competitors, political decisions and other factors may cause the actual results to be materially different from the assumptions, planning and forecasts at the time of publication of this press release. Therefore, SMARTRAC N.V. does not assume any responsibility relating to forward-looking statements contained in this press release. Furthermore, SMARTRAC N.V. does not assume any obligation to update the forward-looking statements contained in this press release.