

PRESS RELEASE

SMARTRAC to take full ownership of machinery builder Xytec Solutions

- **Management Board of SMARTRAC N.V. and majority shareholder of Xytec Solutions sign agreement**
- **SMARTRAC intends to increase its 30 percent share by taking over the remaining 70 percent of shares in the Malaysian machinery builder**
- **Dr. Christian Fischer, CEO: "By taking over the company, we will effectively secure the competitive advantage that access to Xytec machinery brings."**

Amsterdam, November 29, 2007 – The Management Board of the Dutch company SMARTRAC N.V. and the major shareholder of Xytec Solutions Sdn. Bhd., Kulim, Malaysia, have signed an agreement by which SMARTRAC will take over 100 percent of the shares in the Malaysian machinery builder. SMARTRAC currently holds 30 percent of the shares in Xytec Solutions.

"Our successful cooperation with Xytec and flexible access to state-of-the-art machinery for the production of RFID components is a decisive competitive advantage," said Dr. Christian Fischer, CEO of SMARTRAC. "The opportunity to further develop our production technologies inhouse and to build machinery and equipment will remain an important competitive factor. By taking over the remaining 70 percent in Xytec we will ensure this strategic advantage. We will effectively utilize know how and cost advantages as well as exploit short delivery times to maintain the technology leadership of SMARTRAC and to allocate production capacities for further growth in good time."

Xytec Solutions Sdn. Bhd. was founded in 2005. The company provides SMARTRAC with specialized machinery for the production of RFID inlays which are patent protected for SMARTRAC. On this basis, SMARTRAC has continuously built up production capacities for RFID inlays which are produced using patent protected wire embedding-technology. SMARTRAC intends to increase the portfolio of Xytec and to apply its expertise also for other production processes such as etching technology.

About 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 office in Amsterdam. At the end of September 2007, the company employed 2,600 employees around the globe.



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Forward-looking statements

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