

## PRESS RELEASE

### **Purchase contract signed: SMARTRAC N.V. takes full ownership of Malaysian machinery builder Xytec Solutions**

- **Management Board of SMARTRAC and majority shareholder of Xytec signed contract today by which SMARTRAC completely takes over machinery builder**
- **Dr. Christian Fischer, CEO: “By closing this deal, we executed a strategically important decision for our company.”**
- **SMARTRAC will increase Xytec’s portfolio and apply its expertise also to new areas**
- **SMARTRAC is building up a production location in Malaysia with additional production capacities for etched RFID components**

Amsterdam, January 21, 2008 – The Management Board of the Dutch company SMARTRAC N.V. and the majority shareholder of Xytec Solutions Sdn. Bhd., Kulim, Malaysia, have signed a contract today by which SMARTRAC completely takes over the Malaysian machinery builder with immediate effect. The parties have agreed to keep the price confidential.

SMARTRAC already held 30 percent of the shares in Xytec Solutions before the take-over. Both companies signed an initial agreement on November 29, 2007, which was announced at that time and formed the basis for the current deal.

“By closing this deal, we executed a strategically important decision for our company. The access to state-of-the-art machinery for the production of RFID components is a decisive competitive advantage in our industry, which we have already benefited from to a certain extent through our previous cooperation with Xytec,” said Dr. Christian Fischer, CEO of SMARTRAC. “We have always seen the huge potential of further developing this cooperation and are now in the position to make full use of the advantages this potential can give SMARTRAC. The know-how of the Xytec engineers, cost advantages as well as the exploitation of short delivery times for new machinery will contribute to maintaining the technological leadership of SMARTRAC and to allocating production capacities for further profitable growth in good time.”

Xytec Solutions 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 plans to increase the portfolio of Xytec and to apply its expertise also to new areas.

SMARTRAC currently has several current projects under assessment in order to make use of the potential of etching technology for additional product lines of the RFID market in mass transit and logistics. In this context, SMARTRAC is building up a production location in Malaysia close to the production facilities of Xytec where additional production capacities for etched RFID components will be realized.

#### **About SMARTRAC N.V.**

SMARTRAC is a leading supplier of RFID (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 RFID 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 headquarters in Amsterdam. At the end of September 2007, the company employed 2,600 employees around the globe.



**If you have any questions, please contact:**

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**Forward-looking statements**

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