

PRESS RELEASE

SMARTRAC reports Q4 and full year results 2007: leading position as a supplier in the global RFID industry further strengthened

- **Q4 2007: business performance continued along the path of constant growth from the previous quarters**
- **Financial year 2007: sales at EUR 96.6 million in 2007, representing an increase of 84 percent on the EUR 52.5 million generated in 2006**
- **EBITDA 2007: improved to EUR 25.5 million compared to EUR 11.9 million in 2006**
- **Net profit 2007: increased to EUR 20.7 million from EUR 9.1 million in 2006**
- **High Security segment: sales in 2007 grow 150 percent to EUR 67.7 million compared to sales of EUR 27.1 million 2006**
- **Standard segment: revenues growing 17 percent to EUR 29.0 million in financial year 2007 versus EUR 24.7 million in the previous year**
- **Outlook 2008: growth of at least 30 percent expected in sales and EBITDA compared to financial year 2007**
- **Dr. Christian Fischer, CEO: “As a dedicated and focused RFID company, SMARTRAC will continue to participate in the potential of the RFID market.”**

Amsterdam, March 14, 2008 – The Dutch company SMARTRAC N.V. today announced financial figures from Q4 2007 and the full year 2007. Throughout the year 2007, SMARTRAC overall maintained the momentum of the previous years and further strengthened its leading position as a supplier and major player in the global RFID industry.

Q4 2007 results

The business development in Q4 2007 continued along the path of constant growth from the previous quarters with sales of €28.9 million compared to EUR 16.6 million in the same period 2006.

In Q4 2007, the High Security segment generated revenues of EUR 20.3 million (Q4 2006: EUR 8.4 million) and the Standard segment EUR 8.5 million (Q4 2006: EUR 7.6 million).

Q4 2007: overview

| In thousands of euro | Q4 2007 | Q4 2006 | Change | Change in % |
|----------------------|---------|---------|--------|-------------|
| Revenues | 28,888 | 16,560 | 12,328 | 74.4 |
| EBITDA | 7,958 | 3,824 | 2,234 | 108.1 |
| Net profit | 5,975 | 3,036 | 1,988 | 96.8 |

The company’s Q4 2007 EBITDA increased by 108 percent to EUR 8.0 million from EUR 3.8 million in 2006. The High Security segment made a key contribution to this growth with EUR 7.5 million compared to EUR 2.9 million in Q4 2006. The Standard segment recorded EBITDA of EUR 0.5 million, decreasing from EUR 1.0 million in the same

period of 2006. The decrease is to a certain degree due to ramp-up costs of the bio logistics product line which is expected to contribute to Standard segment sales from the second half of the year 2008 on. Net profit in Q4 2007 was EUR 6.0 million, thus doubling the result of EUR 3.0 million from Q4 2006.

Financial year 2007

At EUR 96.6 million in 2007, representing an increase of 84 percent on the EUR 52.5 million generated in 2006, the group's sales developed favorably. Financial year 2007 has shown that developments in the High Security segment since the previous reporting period are based on a sustained worldwide trend in the RFID industry. High Security applications therefore remained the main growth driver and continued to set the trend.

Financial year 2007: key data

| In thousands of euro | Consolidated 12 months ended December 2007 | Consolidated 12 months ended December 2006 | Change | Change in % | |
|---|--|--|--------|-------------|--------|
| Consolidated income statement | | | | | |
| Revenues | 96,566 | 52,465 | 44,101 | 84.1 | |
| EBITDA ¹⁾ | 25,520 | 11,913 | 13,607 | 114.2 | |
| Net profit after tax | 20,740 | 9,119 | 11,621 | 127.4 | |
| Financial position and liquidity | | | | | |
| Cash flow from operating activities | 16,710 | 6,122 | 10,588 | 173.0 | |
| Working capital | 21,211 | 11,983 | 9,228 | 77.0 | |
| Capital expenditure ²⁾ | 11,875 | 11,254 | 621 | 5.5 | |
| Total assets | 116,490 | 80,732 | 35,758 | 44.3 | |
| Operating figures | | | | | |
| Basic earnings per share | euro | 1.55 | 0.79 | 0.76 | 96.2 |
| Cash flow per share | euro | 1.25 | 0.53 | 0.72 | 135.8 |
| Equity ratio | % | 74.0 | 86.0 | (12.00) | (14.0) |
| Headcount | at month's end | 2,625 | 1,756 | 869 | 49.5 |

1) EBITDA is defined as operating profit for the period before depreciation, amortization, IPO costs, financial result, share of profits of associates, non-recurring items (extraordinary items) and income tax expense. The Group presents EBITDA because management believes it is a useful measure in evaluating the Group's operating performance. EBITDA is not a measure of operating performance or liquidity under IFRS. EBITDA as presented may not be comparable to measures with similar names as presented by other companies.

2) Capital expenditure is defined as expenditure for property, plant and equipment, intangible assets and the change in deposits paid. Capital expenditure in 2006 included property, plant and equipment and related deposits paid (euro 11,254,000). In 2007 SMARTRAC also included expenditures for intangible assets according to the method stated above and therefore changed the comparative 2006 figure.

Sales High Security segment

Compared to 2006 when the High Security segment accounted for EUR 27.1 million or 52 percent of overall revenues, the contribution in 2007 amounted to EUR 67.7 million or 70 percent, which is the equivalent of a growth of 150 percent compared to 2006.

The ePassport projects in 2007 carried over the momentum from the prior year and continued to contribute significantly to SMARTRAC's profitable growth. In 2007, SMARTRAC generated revenues of EUR 56.5 million with RFID inlays for ePassports, growing by 158 percent compared to 2006 (EUR 21.9 million). ePayment applications showed a favourable development as well and gained momentum throughout 2007.

Revenues in 2007 went up to EUR 11.3 million, growing by 117 percent from EUR 5.2 million in 2006.

Sales Standard segment

Sales from the Standard segment accounted for revenues of EUR 29.0 million in 2007, growing 17 percent on revenues of EUR 24.7 million in 2006.

Group EBITDA

Compared to 2006, when EBITDA was at EUR 11.9 million, SMARTRAC's operations in financial year 2007 generated a rise of 114 percent in EBITDA which rose to an overall figure of EUR 25.5 million.

In financial year 2007, the High Security segment reached EBITDA of EUR 23.3 million. Compared to EBITDA of EUR 9.8 million from High Security applications in 2006, this represents an increase of 138 percent.

The Standard segment achieved EBITDA of EUR 3.7 million in 2007. Compared to EUR 2.8 million in 2006, this is an increase of 32.9 percent. To a certain extent the results from the Standard segment have been affected by investments in the ramp-up of the bio logistics product line which is expected to contribute to Standard segment sales in 2008 and beyond.

Net profit

In financial year 2007 SMARTRAC reached a strong growth in earnings with net profit amounting to EUR 20.7 million and thus more than doubling last year's figure of EUR 9.1 million.

Financial Year 2007: segment reporting

| In thousands of euro | Standard components | | High Security components | | Other operations | | Eliminations | | Consolidated | |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | 12 months ended Dec. 2007 | 12 months ended Dec. 2006 | 12 months ended Dec. 2007 | 12 months ended Dec. 2006 | 12 months ended Dec. 2007 | 12 months ended Dec. 2006 | 12 months ended Dec. 2007 | 12 months ended Dec. 2006 | 12 months ended Dec. 2007 | 12 months ended Dec. 2006 |
| Segment revenue | | | | | | | | | | |
| Revenues | 28,950 | 24,725 | 67,747 | 27,109 | - | 631 | (131) | - | 96,566 | 52,465 |
| Segment result | | | | | | | | | | |
| Gross profit | 7,739 | 5,060 | 33,959 | 12,790 | (2) | 631 | - | - | 41,696 | 18,481 |
| Operating expenses | (5,377) | (3,461) | (12,870) | (4,132) | (1,498) | (1,283) | - | - | (19,745) | (8,876) |
| Operating profit (loss) | 2,362 | 1,599 | 21,089 | 8,658 | (1,500) | (652) | | | 21,951 | 9,605 |
| Financial result | | | | | | | | | (945) | (758) |
| Share of (loss) / profit of associates | | | | | (211) | 110 | | | (211) | 110 |
| Income tax (expense) / benefit | | | | | | | | | (55) | 162 |
| Profit for the period | | | | | | | | | 20,740 | 9,119 |
| Supplemental information | | | | | | | | | | |
| Operating profit (loss) | 2,362 | 1,599 | 21,089 | 8,658 | (1,500) | (652) | | | 21,951 | 9,605 |
| Depreciation and amortization | 1,374 | 1,212 | 2,178 | 1,096 | 17 | - | | | 3,569 | 2,308 |
| Segment EBITDA* | 3,736 | 2,811 | 23,267 | 9,754 | (1,483) | (652) | | | 25,520 | 11,913 |

* EBITDA is defined as operating profit for the period before depreciation, amortization, IPO costs, financial result, share of profits of associates, non-recurring items (extraordinary items) and income tax expense. The Group presents EBITDA because management believes it is a useful measure in evaluating the Group's operating performance. EBITDA is not a measure of operating performance or liquidity under IFRS. EBITDA as presented may not be comparable to measures with similar names as presented by other companies.

As of December 31, 2007, SMARTRAC employed a total workforce of 2,600 people compared to 1,700 employees in 2006, with the vast majority of them working in Thailand.

In financial year 2007 SMARTRAC invested EUR 11.9 million in property, plant and equipment and intangible assets compared to EUR 11.3 million in 2006.

The SMARTRAC 2007 Annual Report is available for download on the company's website at www.smartrac-group.com.

Business outlook

From a strategic perspective, the financial year 2007 has been characterized by the further expansion of the company's global network in research and development, production and sales, the significant broadening of its technology base, the further development of its market position in its existing product lines, the preparation of the entry into new markets with additional product lines, the further consolidation of structures and processes and the continued development of management capacities. "From our current perspective we can say that we have laid the cornerstones in 2007 for further success and that we are in a good position to realize profitable growth for SMARTRAC in future," said Dr. Christian Fischer, CEO of SMARTRAC. "We therefore expect a growth in the company's sales and EBITDA of at least 30 percent for the full year 2008 compared to financial year 2007."

SMARTRAC expects to maintain its leading position in its existing market segments and expects an additional contribution from new RFID product lines. "We expect additional growth in the worldwide market for RFID applications," said Dr. Fischer. "As a dedicated and focused RFID company, SMARTRAC will continue to participate in the potential of the RFID market."

Whereas financial year 2007 was predominantly shaped by developments in the High Security segment, the ratio is expected to change in favor of the Standard segment to a certain extent in 2008. This is mainly due to the fact that applications in animal identification and eTickets will show up in revenues in the second half 2008 which according to the company's segmentation belong to the Standard segment and have not been in the company's portfolio to date.

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



If you have any questions, please contact:

Stephan Öri

SMARTRAC N.V.

Media Relations

Tel: +31 20 30 50 150

Email: stephan.oeri@smartrac-group.com

Internet: www.smartrac-group.com

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.