

## PRESS RELEASE

### Kudelski to acquire SCM Microsystems' Digital Television Solutions business (DTVS)

#### Acquisition Complements Kudelski' Portfolio of Conditional Access related Products

Cheseaux, Switzerland – April 6<sup>th</sup>, 2006 – The Kudelski Group (SWX Swiss Exchange: KUD) today announces its agreement to acquire substantially all assets of DTVS (Digital Television Solutions), a division of secure access solutions provider SCM Microsystems, Inc. (Nasdaq:SCMM; Prime Standard: SMY), for USD 11 million. The parties anticipate that the acquisition will close in the next 30-45 days.

DTVS pioneered technology for conditional access modules and continues to be the worldwide leader in this market in particular with a strong presence in Europe and Asia. DTVS' product portfolio consists of conditional access modules (DVB-CI, OpenCable™ CableCards™), digital TV consumer electronics accessories and custom ASICs. These products will strengthen the ability of the Kudelski Group to deliver state-of-the-art technology solutions in the digital pay TV retail market. DTVS includes approximately 40 employees, mainly highly qualified R&D engineers.

The combined technologies and products from Kudelski and DTVS will enable their joint customers to rapidly bring to market solutions for the entire spectrum of pay TV services, including open architecture solutions where access control technology is physically hosted in a removable unit such as a DVB-CI module rather than resident in the receiving device. This approach enables future interoperability and adaptability as well as protection of consumers' and operators' investments.

Kudelski will form a new entity that will deliver secure pay TV modules compatible with consumer electronic products for the Digital TV industry. This newly created entity will remain separated from the well established Nagravision Conditional Access entity of Kudelski. Its mission will be to serve all actors in the industry with state-of-the art open technology and to enable the secure access to digital TV services.

"With the Digital TV market becoming a mass market, CA modules will become a key enabler for standard and open digital receiving terminals to support conditional access systems," says André Kudelski, Chairman & CEO of the Kudelski Group.

#### **About the Kudelski Group**

The Kudelski Group ([www.nagra.com](http://www.nagra.com)) is a world leader in digital security. Its technologies are used in a wide range of applications requiring access control and rights management, whether for securing transfer of information (digital television, broadband Internet, video-on-demand, interactive applications, etc.) or to control and manage access of people or vehicles to sites and events. The Kudelski Group is headquartered in Cheseaux-sur-Lausanne, Switzerland, and its stock is listed on the Swiss Market Index.

Nagravision ([www.nagravision.com](http://www.nagravision.com)), a Kudelski Group company, is the world's leading independent supplier of open conditional access systems, DRM and integrated on-demand solutions for content providers and digital TV operators over broadcast and broadband platforms. Its technologies are currently being used by more than 100 leading Pay-TV operators worldwide securing content delivered to over 60 million active smart cards and devices.

**About SCM Microsystems**

SCM Microsystems is a leading supplier of solutions that open the Digital World by enabling people to conveniently access digital content and services. The company develops, markets and sells its smart card reader technology for PC, network and physical access and conditional access modules for secure digital TV decryption to OEM customers in the government, financial, enterprise and broadcasting markets worldwide. Global headquarters are in Fremont, California, with European headquarters in Ismaning, Germany. For additional information, visit the SCM Microsystems web site at [www.scmmicro.com](http://www.scmmicro.com).

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