

SCM MICROSYSTEMS, INC.
Condensed Consolidated Statements of Operations
(in thousands, except per share data)
(unaudited)

	Three months ended March 31,	
	2007	2006
Net revenue	\$ 8,457	\$ 7,427
Cost of revenue	4,717	4,777
Gross margin	3,740	2,650
Operating expenses:		
Research and development	720	969
Sales and marketing	1,559	1,839
General and administrative	1,400	2,084
Amortization of intangible assets	175	160
Restructuring and other charges	--	422
Total operating expenses	3,854	5,474
Loss from operations	(114)	(2,824)
Interest and other income, net	308	134
Income (loss) from continuing operations before income taxes	194	(2,690)
Provision for income taxes	(60)	(11)
Income (loss) from continuing operations	134	(2,701)
Loss from discontinued operations, net of income taxes	(17)	(942)
Gain on sale of discontinued operations, net of income taxes	23	21
Net income (loss)	\$140	\$(3,622)
Income (loss) per share from continuing operations:		
Basic and diluted	\$0.01	\$(0.17)
Loss per share from discontinued operations:		
Basic and diluted	--	\$(0.06)
Net income (loss) per share:		
Basic and diluted	\$0.01	\$(0.23)
Shares used in computing income (loss) per share:		
Basic	15,700	15,593
Diluted	15,742	15,593

Note: Financial results contained in this release reflect continuing operations of the Company's PC Security and Flash Media Reader businesses only. The Company completed the sale of its Digital TV solutions business in May 2006; therefore, financial results for the Digital TV solutions business are being accounted for as discontinued operations.

SCM MICROSYSTEMS, INC.
Reconciliation of EBITDA Calculation to GAAP Accounting
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2007	2006
EBITDA	\$40	\$(2,660)
Interest income	398	265
(Provision) benefit for income taxes	(60)	(11)
Depreciation and amortization	(244)	(295)
Net income (loss) from continuing operations	\$134	\$(2,701)

We conduct a significant amount of our business in Europe, we are dually traded on the U.S. Nasdaq and German Prime Standard stock exchanges and the majority of our investors are German-based. In addition, we have recently moved our corporate headquarters from the U.S. to Germany. Based on these factors, we have determined that EBITDA is a relevant measure of performance for our company, as it is a metric commonly used among companies doing business in Europe and is therefore a helpful tool for communicating our performance to our investors and analysts and for comparisons to other companies in Europe and within our industry.

EBITDA should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with accounting principles generally accepted in the United States. While we believe that EBITDA, as defined above, is useful within the context described above, it is in fact incomplete and not a measure that should be used to evaluate the full performance of the Company or its prospects. Such evaluation needs to consider all of the complexities associated with our business including, but not limited to, how past actions are affecting current results and how they may affect future results, how we have chosen to finance the business and how regulations and the other aforementioned items affect the final amounts that are or will be available to shareholders as a return on their investment. Net income determined in accordance with U.S. GAAP is the most complete measure available today to evaluate all elements of our performance. Similarly, our Consolidated Statement of Cash Flows, as presented in our most recent filings with the Securities and Exchange Commission, provide the full accounting for how we have decided to use resources provided to us from our customers, lenders and shareholders.

SCM MICROSYSTEMS, INC.
Condensed Consolidated Balance Sheets
(in thousands)
(unaudited)

	March 31, 2007	December 31, 2006
ASSETS		
Current assets:		
Cash, cash equivalents and short-term investments	\$ 36,440	\$ 36,902
Accounts receivable, net	6,089	6,583
Inventories	2,821	1,927
Other current assets	1,780	2,489
Total current assets	47,130	47,901
Property, equipment and other assets, net	3,291	3,182
Intangibles, net	97	272
Total assets	\$ 50,518	\$ 51,355
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$4,270	\$4,572
Accrued expenses and other current liabilities	8,530	11,362
Total current liabilities	12,800	15,934
Long-term income taxes payable	168	--
Deferred tax liability	105	103

Stockholders' equity	37,445	35,318
Total liabilities and stockholders' equity	\$ 50,518	\$ 51,355