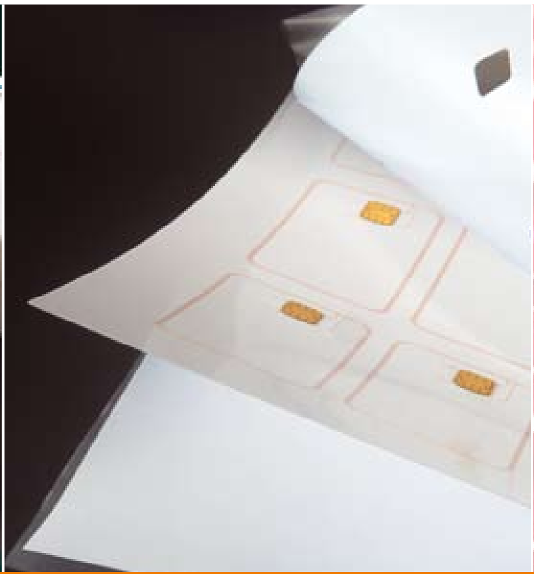

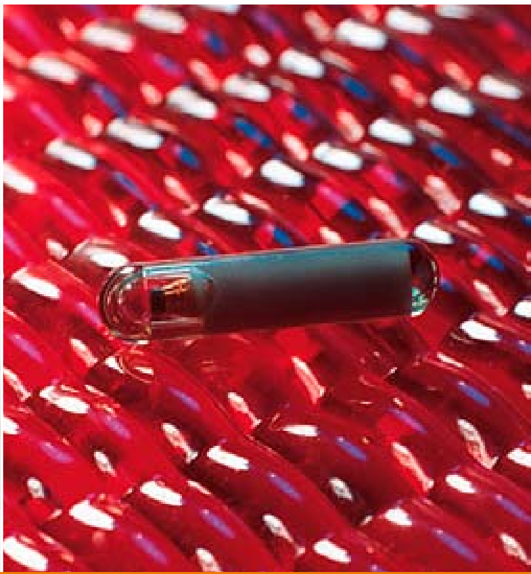

Q1.2009

Interim Report

SMARTRAC N.V.

In thousands of euro		Consolidated 3 months ended March 2009	Consolidated 3 months ended March 2008	Change	Change in %
Consolidated statement of comprehensive income					
Revenues		29,369	27,127	2,242	8.3
EBITDA [1]		3,526	6,801	(3,275)	(48.2)
Profit for the period		1,584	4,486	(2,902)	(64.7)
Financial position and liquidity					
Net cash used by (provided by) operating activities		(293)	6,125	(6,418)	(104.8)
Working capital		27,612	18.454	9,158	49.6
Capital expenditure [2]		2,563	2,321	242	10.4
Total assets		175,485	114.688	60,797	53.0
Operating figures					
Basic earnings per share	euro	0.12	0.34	(0.22)	(64.8)
Cash flow per share	euro	(0.02)	0.46	(0.48)	(104.8)
Equity ratio	%	57.1	74.8	(17.7)	(23.7)
Headcount	at month's end	2,604	2,666	(62)	(2.3)

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 (CAPEX) is defined as expenditure for property, plant and equipment, intangible assets and the change in deposits paid.

Patent protected wire-embedding technology

Disclaimer:

To the extent that this report contains forward-looking statements, such statements are based on assumptions, planning and forecasts at the time of publication of this report. 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 report. Therefore, SMARTRAC N.V. does not assume any responsibility relating to forward-looking statements contained in this report. Furthermore, SMARTRAC N.V. does not assume any obligation to update the forward-looking statements contained in this report.

Report of the Management Board

Dear Shareholders,
Dear friends of our company,

The SMARTRAC Group continues to perform reasonably well in a very challenging economic environment. Sales for the three month period ended 31 March increased by 8 percent from euro 27.1 million in 2008 to euro 29.4 million in 2009. Market research recently confirmed the growth perspective for the global RFID market. Nevertheless, in an uncertain economic environment, the players in the RFID value chain are taking an observant approach and are displaying cautious order behavior across all business units. This resulted in siginificant fluctuations in the utilization of SMARTRAC's global production network and affected efficiency. In conjunction with a change in the product mix and a further increase in the level of microchip sourcing, EBITDA decreased from January to March by 48 percent from euro 6.8 million to euro 3.5 million, generating an EBITDA margin of 12 percent. Profit for the period amounted to euro 1.6 million compared to euro 4.5 million a year ago.

SMARTRAC's operational development

New business unit structure and business segments implemented

SMARTRAC continually expanded its technology base, the product portfolio and the manufacturing capacities. In order to adjust the organizational structure to the SMARTRAC growth and market development, the company converted its organization into a business unit structure with four business units, effective 1 January 2009.

With the business unit structure, SMARTRAC is able to address customers' demands, different markets and applications with even greater dedication. In this fashion, SMARTRAC can more closely connect all elements of the value chain and therefore further improve the quality of its services to customers.

The **eID business unit** covers products for personal electronic identification in governmental use such as ePassports, National eID cards, electronic driver's licenses and electronic visas.

The **Cards business unit** consists of card inlays for public transport, access, ePayment and active card applications and caters to card manufacturers.

Sokymat Automotive GmbH is the main entity of the **Industry & Logistics business unit**. It supplies RFID tags for fields such as automotive, animal identification, logistics, industrial, laundry and medical.

The **Tickets & Labels business unit** covers RFID inlays for tickets and label converters and includes applications such as library, ticketing and airline luggage.

SMARTRAC has changed its segment reporting upon implementation of the new business units. The 'Security' segment now aggregates the eID business unit and Cards business unit. In the 'Industry' Segment SMARTRAC reports on the Industry & Logistics business unit and the Tickets & Labels business unit.

Leading position in the RFID market

SMARTRAC is a leading supplier of RFID components. Based on its unique positioning in the RFID value chain, the largest production capacities worldwide, a global R&D, production and sales network, and a broad technology base SMARTRAC is well positioned in a growing RFID market.

Since starting mass production of RFID inlays in 2001, SMARTRAC has continuously expanded its production facilities, technology base, product portfolio, research & development capacities and sales force. With the newly opened facility in Ayutthaya, the company maintains a network of eleven production facilities on four continents with a production capacity of some 30 million units and additional high volume transponder capacity based on etched antennas.

Research & Development

SMARTRAC's research & development team creates cutting-edge products and solutions and continuously enhances its product portfolio. With the research & development centers and prototyping facilities around the world SMARTRAC is able to directly transform technically mature innovations into volume production.

An example of its transforming prowess is the availability of UHF PRELAM® products. With orders already on hand, the new products are geared to satisfying the growing demand for RFID transponders with long read range in an easy to handle but yet compact card format. The standard ISO card-sized products are suited for applications such as access control, parking control and border crossing.

A second development is the Composite PRELAM® products with integrated shielding material. Attachable to mobile phones and a broad range of further everyday items, the Composite PRELAM® products with integrated shielding material allow the convenience of contactless data transmission in the presence of metal and other materials that normally interfere with RF reception. The products are suited for applications such as access control, payment and transportation. The proprietary integrated shielding material allows the tag to function normally even when mounted on conductive materials such as mobile telephone batteries and metallic housings. SMARTRAC has already delivered substantial first orders of the Composite PRELAM®.

Change in the product mix

The product mix in the period under review was affected by continuing weak development in U.S. ePassport volumes and a sharp volume decline in the automotive industry due to the deep global economic recession. Compared to the first quarter of 2008, SMARTRAC had to cope with a significant demand driven reduction in the number of shipments of RFID inlays for U.S. ePassports and a decline in demand from the automotive sector. SMARTRAC's broad and diversified business model was able to compensate the challenges in the U.S. ePassport and the automotive industry at the top-line to deliver 8 percent sales growth in the first quarter.

In the eID business unit, new ePassport and eID projects were able to compensate to a certain extent the development in the U.S. ePassport project. Nevertheless the eID business unit reported a 30 percent decline in sales. The Cards business unit, which includes ePayment applications, enjoyed momentum that was above expectations, reporting 24 percent growth in the first three months of the year and is now the biggest business unit in SMARTRAC's business portfolio. In total, sales of the Security segment declined by 7 percent.

Due to the consolidation of Sokymat Automotive, the Industry segment provided 243 percent growth. The Industry & Logistics business unit was affected by the decline in the automotive business but was able to expand its market position in the fields of industry, animal ID and logistics. Compared to last year's figure, when Sokymat Automotive GmbH was not included revenues increased by 324 percent. The Tickets & Labels business unit was able to more than double (133 percent) its business despite the fact that the ramp-up of the factory in Malaysia is behind Management's expectations.

Leading edge antenna technology: wire-embedding, coil-winding and etching

Protecting intellectual property

SMARTRAC views its intellectual properties as an important competitive advantage. With more than 200 patents and patent applications for technology, equipment and production of RFID components and related processes, patent infringements and challenges to the company's patent rights are concomitant phenomena that SMARTRAC must combat. The company takes actively legal action and attempts to reach agreements to protect its patent rights on an ongoing basis.

On 10 March 2009 SMARTRAC was able to announce, that the United States Patent and Trademark Office issued a reexamination certificate affirming the validity of one of SMARTRAC's patents as amended, U.S. Patent 6,233,818. The '818 Patent relates to SMARTRAC's wire-embedding technology. The issuance of the reexamination certificate is the result of a successful reexamination of the patent that was initiated by a third party requestor in September 2007. This confirms our strategy to consistently enhance the efforts to protect SMARTRAC's intellectual property.

The SMARTRAC share

The share price of SMARTRAC showed a volatile development in the first quarter 2009. The share started the year at euro 11.50 followed by a period of steady and disproportionate decline. On the XETRA trading platform the share reached its lowest point for the period on 6 March 2009 at euro 6.50, 43 percent below its price at the beginning of the year. In the further course of the reporting period and after publication of the full-year figures for 2008 and the guidance for the fiscal year 2009, the share price rebounded by 45 percent to close at euro 9.40 on 31 March 2009. The share price at record date of euro 9.40 represents a decrease of 18 percent in the first three months of 2009. The DAX and TECDAX indices lost 18 percent and 9 percent, respectively, between January and the end of March.

In the period under review the liquidity of the SMARTRAC share was affected by a slowdown in overall trading activities and a weak market environment. On the XETRA trading platform over 20,000 shares were traded between January and the end of March on average. In the first three months of 2008 some 33,000 shares were traded on average.

In terms of its shareholder structure SMARTRAC reports changes in the position of Fortis Investment Management N.V., Amsterdam and, subsequent to the record date, of Manfred Rietzler. In January 2009 Fortis Investment Management N.V. informed SMARTRAC that its interest exceeded the threshold of 10 percent and amounted to 10.51 percent. In April 2009, Manfred Rietzler, founder and CTO of SMARTRAC, increased his stake in the company from 17.63 percent to 19.85 percent. Accordingly, the free float according to Deutsche Börse amounts currently to 80.15 percent. Within the free float, Wolfgang Schneider, a member of the Group Executive Team, holds a stake of 3.70 percent.

In the first quarter of 2009, DZ Bank initiated coverage on SMARTRAC. The analysts started their coverage with a BUY recommendation and a target price of euro 12. The valuation models of the five brokers following SMARTRAC consistently provide upside potential for the share. As of 31 March 2009, the experts see the price target between euro 11 and euro 15, with an average of euro 13. Accordingly all five analysts recommended buying the stock.

After the publication of full-year figures on 17 March 2009, the Management entered into an intensive dialogue with investors to explain the developments in 2008 and even more importantly the guidance and expectations for the current fiscal year. Roadshows in Frankfurt, London, Zürich and Amsterdam found interest among investors. SMARTRAC will continue to communicate with investors on various roadshows in Europe and by participating in investment conferences in New York and Frankfurt in the second quarter.

On 31 March 2009, SMARTRAC N.V. holds 210,451 treasury sharesff (31 December 2008: 301,576 shares) at an average share price of euro 30.14. Details on the utilization of treasury shares are provided in the notes on page 24 of the report.

Subsequent to the reporting period, the Annual General Meeting of Shareholders was held in Amsterdam on 29 April 2009. The shareholders present or represented at the meeting held 4,033,208 shares and represented 29.88 percent of the issued share capital. All items on the agenda were approved by at least 77 percent of the votes cast with the majority of the items approved by 100 percent of the votes cast. All the details of the Annual General Meeting of Shareholders are made public in the Investor Relations section of the SMARTRAC website.

Financial performance

SMARTRAC shows top-line growth in sales from January to March 2009

Sales of euro 29.4 million in the first three months of 2009 represent an increase of 8 percent compared to sales of euro 27.1 million in the first quarter of 2008. Due to the change in product mix, low utilization at the beginning of the year and an increased proportion of microchip sourcing EBITDA (including EBITDA from other operations) of euro 3.5 million from January to March 2009 decreased by 48 percent compared to EBITDA of euro 6.8 million in 2008.

Net financial income was positive at euro 0.2 million compared to a net financial expense of 1.2 million a year ago. Primarily foreign exchange gains and interest income from asset management focusing on interest generating investments since the second half of 2008 were able to overcompensate the increased interest expenses mainly related to the financing of the acquisition of Sokymat Automotive GmbH.

In the period under review, SMARTRAC generated total comprehensive income of euro 1.5 million which represents a decrease of 64 percent compared to euro 4.3 million in the same period in 2008.

Segment development

Sales in the first three months of 2009 in the **Security segment** (Cards and eID business units) reached euro 22.8 million, representing a decrease of some 7 percent compared to sales of euro 24.4 million from the same period of the previous year. Due to a higher proportion of microchip sourcing and significantly lower ePassport sales, EBITDA in the three month period ended 31 March 2009 fell disproportionately by some 37 percent to euro 4.4 million compared to euro 6.9 million from January to March 2008.

From January to March 2009 the Cards business unit saw favorable growth of 24 percent, accounting for sales of euro 13.6 million compared to sales of euro 10.9 million for the same period in 2008. Ongoing buoyant performance in ePayment applications as well as in the area of mass transportation and access control are responsible for this positive trend. The eID business accounted for sales of euro 9.7 million in the period under review, a decrease of 30 percent compared to euro 13.8 million a year ago. The decline is mainly attributable to a significant but purely demand driven decline in deliveries for the U.S. ePassport project which led to an underutilization of the U.S. operations and could not be fully compensated by new ePassport and eID projects worldwide.

Sales of euro 6.4 million in the **Industry segment** (Industry & Logistics and Tickets & Labels business units) for the first three months of 2009 are 243 percent higher compared to sales of euro 1.9 million in the previous year. Besides organic growth, this increase is a result of the consolidation of Sokymat Automotive GmbH. With EBITDA of euro 0.05 million in the first three months of 2009, the Industry segment provided a positive contribution to the group EBITDA compared to an EBITDA of euro - 0.1 million recorded in the same period in 2008. Cost measures initiated in the fourth quarter of 2008 have balanced to a certain extent the significant decline in the automotive business. The profitability of the Industry segment is still affected by significant ramp-up costs for the production facility in Malaysia.

In the first quarter of 2009 the consolidation of Sokymat Automotive GmbH was responsible for the Industry & Logistics business unit reporting sales of euro 4.9 million compared to euro 1.1 million a year ago. In the course of the first quarter SMARTRAC adjusted the product portfolio to bundle the strengths of the combined opertations and make the most of the joint competencies and resources. The product realignment solely referred to RFID inlays where both, SMARTRAC and Sokymat Automotive GmbH have already developed and marketed products such as the animal ID market and industry and logistics applications. Development, production and sales of RFID components for the automotive market which are the core business of Sokymat Automotive GmbH will continue to be marketed under the established and trusted Sokymat Automotive brand. The Tickets & Labels business unit increased sales by 133 percent from euro 0.7 million to euro 1.7 million. This increase is mainly attributable to an increasing contribution of production from Malaysia.

Balance Sheet

Total assets as of 31 March 2009 amounted to euro 175.5 million compared to euro 177.4 million as of 31 December 2008.

Trade receivables increased by 13 percent from euro 21.2 million to euro 24.1 million primarily driven by the shift in sales towards the end of the reporting period. Inventories amount to euro 20.6 million compared to euro 19.4 million at year end 2008 mainly attributable to a need to maintain flexibility in serving customer requirements at short notice as order behavior remains cautious. At balance sheet date, cash and cash equivalents had decreased by 26 percent from euro 22.5 million to euro 16.8 million, primarily due to the repayment of debt, interest payments related to the acquisition of Sokymat Automotive GmbH and cash used in investing activities.

Interest-bearing loans and borrowings were reduced by some euro 3 million. In comparison to 31 December 2008, working capital has increased by euro 3.8 million to reach euro 27.6 million at 31 March 2009. This is mainly attributable to the increase in trade receivables.

As of 31 March 2009 SMARTRAC's group equity amounts to euro 100.2 million. This represents a 2 percent increase compared to year end 2008 (euro 98.2 million) and is mainly attributable to the results of the period. The equity ratio increased from 55 percent at 31 December 2008 to 57 percent at 31 March 2009.

Cash flow statement

Cash provided by operating activities amounted to euro 1.1 million for the first three months of 2009, compared to euro 6.5 million for the same period in the previous year. The decrease of operating cash flow is mainly due to an increase in working capital. Taking into account interest paid and received as well as payments for income taxes, the net cash used in operating activities in the first quarter 2009 amounted to euro 0.3 million compared to net cash provided by operating activities of euro 6.1 million in 2008.

Net cash used in investing activities amounted to euro 2.6 million as of 31 March 2009, compared to net cash provided of euro 15.9 million for the same period of 2008. This development is mainly due to cash inflow from the sale of short-term investments in 2008 (euro 16.4 million).

Net cash used in financing activities amounted to euro 3.0 million (first three months of 2008: use of euro 5.8 million) and can be allocated to the repayment of debt in the first three months of 2009, where as on 31 March 2008, a cash outflow for the second SMARTRAC share buyback program amounted to euro 6.5 million.

Business outlook

Looking forward, SMARTRAC is confronted with continued challenges, but also opportunities. The significant economic slow-down continues to affect SMARTRAC's business and the business of our customers. The cautious order behavior of SMARTRAC's customers implies low short-term visibility and a difficult environment in the second quarter. But there are also a few signs of recovery which make the company confident that business will improve in the second half of 2009. Taking the continuing challenges of the market environment into account and analyzing SMARTRAC's performance in the first quarter 2009, the Management confirms the guidance for the full fiscal year 2009: SMARTRAC will continue to be a profitable and cash generating company and the Management is confident to grow the business organically in the course of 2009.

For the Management Board

Dr. Christian Fischer
Amsterdam, May 2009


SMARTRAC
TECHNOLOGY

Condensed consolidated interim financial information

Condensed consolidated interim financial information for the three months ended 31 March 2009

Condensed consolidated interim statement of comprehensive income

For the three months ended 31 March 2009 (2008)

In thousands of euro	Note	Consolidated three months ended March 2009	Consolidated three months ended March 2008
Revenues	5	29,369	27,127
Cost of sales		(20,359)	(15,729)
Gross profit	5	**9,010**	**11,398**
Administrative expenses		(7,442)	(5,694)
Other operating income (expenses)		(5)	53
Total operating expenses		**(7,447)**	**(5,641)**
Operating profit before financial income (expenses)		**1,563**	**5,757**
Financial income		1,394	86
Financial expenses		(1,220)	(1,234)
Net financial income (expenses)	6	**174**	**(1,148)**
Profit before tax		**1,737**	**4,609**
Income tax (expenses)	7	(153)	(123)
Profit for the period attributable to the owners of the parent		**1,584**	**4,486**
Foreign exchange translation		(38)	(180)
Other comprehensive income (net of tax)		**(38)**	**(180)**
Total comprehensive income for the period attributable to the owners of the parent		**1,546**	**4,306**
Basic earnings per share (euro)	8	0.12	0.34
Diluted earnings per share (euro)	8	0.12	0.34

The accompanying notes (on page 16 to 27) are an integral part of the condensed consolidated interim financial information.

Condensed consolidated interim balance sheet

As at 31 March 2009 (and 31 December 2008)

In thousands of euro	Note	Consolidated 31 March 2009	Consolidated 31 December 2008
Assets			
Intangible assets	10	58,821	58,351
Property, plant and equipment	9	39,084	38,440
Other investments	1	415	415
Deferred tax assets		2,134	2,141
Other non-current assets		900	920
Total non-current assets		**101,354**	**100,267**
Inventories		20,637	19,428
Trade receivables		24,103	21,246
Current income tax		922	890
Other current assets		1,343	2,624
Short-term investments		10,390	10,399
Cash and cash equivalents		16,736	22,532
Total current assets		**74,131**	**77,120**
Total assets		**175,485**	**177,387**
Equity			
Share capital		6,750	6,750
Share premium		54,690	56,911
Translation reserve		60	98
Retained earnings		45,070	43,487
Treasury stock	11	(6,344)	(9,092)
Total equity attributable to equity holders of the company		**100,226**	**98,154**
Liabilities			
Secured loans		1,183	1,142
Employee benefits		335	317
Deferred tax liabilities		3,213	3,228
Total non-current liabilities		**4,731**	**4,687**
Bank overdraft		201	353
Current portion of secured loans		489	462
Interest-bearing loans and borrowings	13	50,445	53,382
Trade and non-trade payables		15,179	14,423
Current income tax		400	341
Other current liabilities		3,814	5,586
Total current liabilities		**70,528**	**74,547**
Total liabilities		**75,259**	**79,234**
Total equity and liabilities		**175,485**	**177,387**

The accompanying notes (on page 16 to 27) are an integral part of the condensed consolidated interim financial information.

Condensed consolidated interim statement of cash flows

For the three months ended 31 March 2009 (2008)

In thousands of euro	Note	Consolidated three months ended March 2009	Consolidated three months ended March 2008
Cash flows from operating activities			
Net profit	5	1,584	4,486
Reconciliation of net profit to net cash provided by (used in) operating activities:			
Income tax expenses		153	123
Depreciation and amortization	5	1,963	1,044
Interest income	6	(159)	(33)
Interest expense	6	826	124
Expenses for share based payments		485	337
Other non-cash items		(337)	588
Changes in operational assets and liabilities			
Other non-current assets		(3)	–
Inventories		(1,231)	569
Trade receivables		(2,862)	3,679
Other current assets		1,392	(2,274)
Employee benefits		18	18
Trade and non-trade payables		508	(2,095)
Other current liabilities		(1,198)	(72)
Cash provided by operating activities		**1,139**	**6,494**
Interest paid		(1,358)	(116)
Interest received		48	94
Income taxes paid		(122)	(347)
Net cash used in (previous year: cash provided by) operating activities		**(293)**	**6,125**
Cash flows from investing activities			
Purchases of property, plant and equipment		(1,623)	(995)
Purchase of intangible assets	10	(927)	(467)
Proceeds from sales of equipment		–	480
Deposits paid for property, plant and equipment		(11)	(859)
Cash payments on purchase of consolidated subsidiaries, net of cash purchased		–	1,322
Cash proceeds on sale of short-term investments		–	16,405
Net cash used (provided by) in investing activities		**(2,561)**	**15,886**
Cash flows from financing activities			
Proceeds from interest-bearing loans and borrowings and secured installment loan		–	1,207
Repayments of interest-bearing loans and borrowings and secured installment loan		(3,048)	(589)
Share buyback	11	–	(6,462)
Net cash provided by (used in) financing activities		**(3,048)**	**(5,844)**
Net change in cash and cash equivalents and bank overdrafts		(5,902)	16,167
Cash and cash equivalents and bank overdrafts at 1 January		22,179	14,318
Effect of exchange rate fluctuations on cash and cash equivalents and bank overdrafts		258	(292)
Cash and cash equivalents and bank overdrafts at 31 March		**16,535**	**30,193**

The accompanying notes (on page 16 to 27) are an integral part of the condensed consolidated interim financial information.

Condensed consolidated interim statement of changes in shareholders' equity

For the three months ended 31 March 2009 (2008)

In thousands of euro	Note	Issued and paid-up share capital	Share premium	Translation reserve	Retained earnings	Treasury stock	Equity attributable to SMARTRAC's shareholders
Balance as at 1 January 2008		**6,750**	**54,463**	**(86)**	**29,859**	**(4,798)**	**86,188**
Net profit for the period		–	–	–	4,486	–	4,486
Other comprehensive income		–	–	(180)	–	–	(180)
Total comprehensive income of the period		**–**	**–**	**(180)**	**4,486**	**–**	**4,306**
Share based payment – options	12	–	337	–	–	–	337
Share based acquisition	11	–	24	–	–	1,437	1,461
Share buyback	11	–	–	–	–	(6,462)	(6,462)
Balance as at 31 March 2008		**6,750**	**54,824**	**(266)**	**34,345**	**(9,823)**	**85,830**
Balance as at 1 January 2009		**6,750**	**56,911**	**98**	**43,487**	**(9,092)**	**98,154**
Net profit for the period		–	–	–	1,584	–	1,584
Other comprehensive income		–	–	(38)	–	–	(38)
Total comprehensive income of the period		**–**	**–**	**(38)**	**1,584**	**–**	**1,546**
Share buyback	11	–	–	–	–	–	–
Share based payment – options	12	–	318	–	–	–	318
Share based payment – shares		–	(544)	–	–	753	209
Share based acquisition		–	(1,995)	–	–	1,995	–
Balance as at 31 March 2009		**6,750**	**54,690**	**60**	**45,070**	**(6,344)**	**100,226**

The accompanying notes (on page 16 to 27) are an integral part of the condensed consolidated interim financial information.

Notes to the condensed consolidated interim financial information for the three months ended 31 March 2009

1. Reporting entity

SMARTRAC N.V. as the holding company for the SMARTRAC Group (the Group) comprises the following consolidated entities:

Company	Country of incorporation	Date of incorporation/ inclusion	Business type	Ownership and voting interest
Direct Holdings				
SMARTRAC TECHNOLOGY Ltd.	Thailand	1 January 2000	Manufacturing	100 %
SMARTRAC TECHNOLOGY GmbH	Germany	17 November 2003	Manufacturing/ Service Centre	100 %
SMARTRAC TECHNOLOGY Pte. Ltd.	Singapore	7 October 2005	Sales Service	100 %
multitape GmbH	Germany	26 January 2007	Manufacturing	100 %
SMARTRAC TECHNOLOGY Brazil B.V.	The Netherlands	27 February 2007	Holding	100 %
SMARTRAC TECHNOLOGY US Inc.	USA	31 August 2007	Manufacturing	100 %
SMARTRAC IP B.V.	The Netherlands	18 January 2007	IP Management	100 %
multitape Holding B.V.	The Netherlands	3 September 2007	Holding	100 %
Xytec Solutions Sdn. Bhd.	Malaysia	21 January 2008	Manufacturing	100 %
SMARTRAC German Holding GmbH	Germany	2 September 2008	Holding	100 %
Indirect Holdings				
SMARTRAC TECNOLOGIA INDÚSTRIA E COMERCIO DA AMAZÔNIA Ltda.	Brazil	15 July 2007	Manufacturing	100 %
SMARTRAC Trading Pte. Ltd.	Singapore	22 March 2007	Trading	100 %
Multitape Technology (M) Sdn. Bhd.	Malaysia	3 October 2007	Manufacturing	100 %
Sokymat Automotive GmbH	Germany	26 September 2008	Manufacturing	100 %

Other investments

On 19 May 2008 SMARTRAC acquired 100% of the equity interests of the insolvent AmaTech Automation GmbH, located in Pfronten, Germany. SMARTRAC cannot gain control in the stage of insolvency and therefore AmaTech Automation GmbH has not been consolidated. The company holds specific patented technology.

Employees

As at 31 March 2009, the Group employed 2,604 employees (2,786 as of 31 December 2008; 2,666 as of 31 March 2008; 2,625 as of 31 December 2007).

The Group's consolidated financial statements

The Group's consolidated financial statements as at and for the year 2008 are available upon request from the Company's registered office at Strawinskylaan 851, 1077 Amsterdam, The Netherlands or can be downloaded via www.smartrac-group.com.

2. Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 as adopted by the European Union. They do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2008.

This condensed consolidated interim financial information was authorized for issuance by the Management on 11 May 2009. The condensed consolidated interim financial statements for the period ended 31 March 2009 were not subject to a limited interim review.

3. Significant accounting policies and methods of computation

The accounting policies and methods of computation applied by the Group in the condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements of the Group as at and for the year ended 31 December 2008.

In addition we have adopted **IFRS 8 'Operating Segments'.** IFRS 8 introduces the 'management approach' to segment reporting. IFRS 8, which becomes mandatory for the Group's 2009 consolidated financial statements, has been applied since the beginning of the financial year 2009.

IFRS 8 requires a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker (CODM) in order to assess each segment's performance and to allocate resources to them. In prior years and including the financial year 2008, the Group presented segment information in respect of its business and geographical segments. The comparative figures of the financial year 2008 were adjusted according to IFRS 8.

The reportable segments were identified based on the differences of the product portfolio rather than differences in geographical area or other factors. The business units eID and Cards were aggregated as reportable segment 'Security' and the business units Industry & Logistics and Tickets & Labels were aggregated as reportable segment 'Industry'. All other business activities are included in the 'All other' segment.

The business segment 'Security' includes products for personal electronic identification in governmental use such as ePassports, National eID cards, electronic driver's licenses and electronic Visa as well as card inlays for transport, access, ePayment and active card applications.

The business segment 'Industry' covers RFID tags for fields of application such as automotive, animal identification, logistics, industrial, laundry and medical as well as RFID inlays that cater to tickets and label converters and include fields of application such as library, ticketing and airline luggage.

Under the management approach, the Group presents segment information in respect of the business segment structure that reflects the approach of assessment performed by the CODM. The measurement of segment profit or loss is based on the segment's EBITDA.

The basis of accounting for any transactions between reportable segments is in accordance with IFRS.

Furthermore, the amendment of **IAS 1 'Preparation of Financial Statements'** was adopted. The adoption of this accounting policy has not materially affected the computation of the results of the Group.

With respect to the other Standards and Interpretations to be adopted as per the 2009 financial year, reference is made to the notes to the consolidated financial statements 2008. These Standards and Interpretations have minor or no effect.

4. Estimates

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's consolidated financial statements as at and for the year ended 31 December 2008.

5. Segment reporting

Consolidated segment information by business segments for the three months ended March 2009

	Security		Industry		All other		Eliminations		Consolidated	
In thousands of euro	Three months ended March 2009	Three months ended March 2008	Three months ended March 2009	Three months ended March 2008	Three months ended March 2009	Three months ended March 2008	Three months ended March 2009	Three months ended March 2008	Three months ended March 2009	Three months ended March 2008
Segment revenue										
Revenue from external customers	22,764	24,417	6,404	1,798	201	912	–	–	29,369	27,127
Revenue from transactions with other segments	–	–	–	71	812	779	(812)	(850)	–	–
Total revenue	**22,764**	**24,417**	**6,404**	**1,869**	**1,013**	**1,691**	**(812)**	**(850)**	**29,369**	**27,127**
Segment result										
Gross profit	7,547	10,652	1,246	399	197	417	20	(70)	9,010	11,398
Operating income (expenses)	(4,257)	(4,612)	(2,020)	(670)	(1,150)	(429)	(20)	70	(7,447)	(5,641)
Operating profit (loss)	3,290	6,040	(774)	(271)	(953)	(12)	–	–	1,563	5,757
Financial result									174	(1,148)
Profit before tax expense / benefit									**1,737**	**4,609**
Income tax expense / benefit									(153)	(123)
Group profit for the period									**1,584**	**4,486**
Supplemental information										
Operating profit (loss)	3,290	6,040	(774)	(271)	(953)	(12)	–	–	1,563	5,757
Depreciation and amortization	1,068	826	823	170	72	48	–	–	1,963	1,044
Segment EBITDA*	**4,358**	**6,866**	**49**	**(101)**	**(881)**	**36**	**–**	**–**	**3,526**	**6,801**

The Group comprises the following main business segments:

– Security segment: the manufacture and sale of RFID inlays with embedded memory chips with high security features such as sophisticated data encryption, controlled data access and mutual authentication, for use in applications such as ePassports, eID Cards, eDriving licenses, eVisas, eHealth cards, eSocial security cards, Public transport, ePayment, Access and Active card applications.

– Industry segment: the manufacture and sale of RFID transponders with embedded chips for use in a broad range of applications. RFID transponders for the industry and logistics sector are suited for automotive applications, for use in harsh environments as well as for highly sensitive areas such as the medical sector. In addition this segment covers a broad range of standard and customized RFID inlays for tickets and labels.

– All other: all other income / expense that cannot be attributed to the Security and Industry segment.

* EBITDA is defined as operating profit for the period before depreciation, amortization, 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.

Revenues by subsegment were as follows:

In thousands of euro	Consolidated three months ended March 2009	Consolidated three months ended March 2008
Segment Security		
eID	9,733	13,848
Cards	13,555	10,893
Intrasegment eliminations	(524)	(324)
Subtotal	**22,764**	**24,417**
Segment Industry		
Tickets & Labels	1,697	727
Industry & Logistics	4,861	1,147
Intrasegment eliminations	(154)	(5)
Subtotal	**6,404**	**1,869**
Segment All Other	**1,013**	**1,691**
Intersegment eliminations	(812)	(850)
Total	**29,369**	**27,127**

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. The Group's principal geographical areas are Europe, Asia, North America and Latin America.

In thousands of euro	Consolidated three months ended March 2009	Consolidated three months ended March 2008
Revenues		
Europe	15,823	16,415
North America	6,933	6,336
Asia	4,807	2,254
Latin America	1,506	1,827
Others	300	295
Total revenues	**29,369**	**27,127**

6. Net financial income (expenses)

The following table provides a breakdown of the net financial income (expenses):

In thousands of euro	Consolidated three months ended March 2009	Consolidated three months ended March 2008
Change in fair value	57	10
Interest income	159	33
Foreign exchange gains	1,178	43
Financial income	**1,394**	**86**
Change in fair value	(161)	(54)
Interest expense	(826)	(124)
Bank charges	(95)	(80)
Foreign exchange losses	(138)	(976)
Financial expenses	**(1,220)**	**(1,234)**
Net financial income (expenses)	**174**	**(1,148)**

7. Income tax

Recognized in the statement of comprehensive income

In thousands of euro	Consolidated three months ended March 2009	Consolidated three months ended March 2008
Current corporate tax expense	(160)	(178)
Deferred tax (expense) benefit	7	55
Income tax (expense) benefit	**(153)**	**(123)**

Reconciliation of effective tax charge

In thousands of euro	Consolidated three months ended March 2009	Consolidated three months ended March 2008
Profit before tax	**1,737**	**4,609**
Expected tax expense based on rate of 25.5 %	(443)	(1,176)
Tax exempt income relating to promotional privileges	814	1,435
Taxe rate differences	48	36
Non-recognition of tax benefits on losses incurred	(610)	(217)
Withholding tax reversal	–	(110)
Others	38	(91)
Effective tax expense	**(153)**	**(123)**

8. Earnings per share

Profit attributable to ordinary shareholders

The calculation of basic and diluted earnings per share for the period of the three months ended 31 March 2009 is based on the profit attributable to ordinary shareholders and amounts to euro 1,584,000 (three months ended March 2008 euro 4,486,000).

Weighted average number of ordinary shares

Throughout the period of the three months ended 31 March 2009, the number of ordinary shares was 13,229,000 (13,235,000 as of 31 March 2008).

Basic earnings per share

In thousands except earnings per share	Consolidated three months ended March 2009	Consolidated three months ended March 2008
Profit attributable to ordinary shareholders	1,584	4,486
Weighted average number of outstanding ordinary shares	13,229	13,235
Earnings per share (euro)	**0.12**	**0.34**

Weighted average number of ordinary shares for the purpose of diluted earnings per share

The weighted average number of ordinary shares for the purpose of diluted earnings per share in the first quarter 2009 includes the dilutive potential shares of SMARTRAC's stock option schemes:

In thousands of shares	Consolidated three months ended March 2009	Consolidated three months ended March 2008
Weighted average number of outstanding ordinary shares	13,229	13,235
Effect of potential dilutive shares:		
Share options	5	92
Weighted average number of ordinary shares	**13,234**	**13,327**

Diluted earnings per share

In thousands except earnings per share	Consolidated three months ended March 2009	Consolidated three months ended March 2008
Profit attributable to ordinary shareholders	1,584	4,486
Weighted average number of ordinary and dilutive shares	13,234	13,327
Diluted earnings per share (euro)	**0.12**	**0.34**

9. Property, plant and equipment

Acquisitions

During the three months ended March 2009 the Group acquired assets totalling euro 1,625,000 (three months ended March 2008: euro 995,000).

10. Intangible assets

Development costs

Intangible assets include capitalized development costs amounting to euro 3,262,000 as at 31 March 2009 (as at 31 December 2008: euro 2,838,000).

11. Treasury stock

During the three months ended 2009 no shares were acquired.

In conjunction with the stock plan 5,000 shares were issued to a member of the Management Board in March 2009 and SMARTRAC granted 19,941 bonus shares to the Management Board and selected employees decreasing the treasury stock by euro 753,000.

Additionally 66,184 shares were granted relating to the acquisition of Xytec, decreasing the treasury stock by euro 1,995,000.

The table below shows the development of treasury stock:

Month	Number of shares	Average share price in euro
Total as at 1 January 2008	**190,644**	
February 2008 (share buyback)	86,189	35.19
March 2008 (share buyback)	101,132	33.91
March 2008 (share based acquisition)	(49,470)	29.05
April 2008 (conversion of bonus in shares according to stock plan)	(5,936)	29.90
April 2008 (share buyback)	32,849	32.49
August 2008 (bonus shares rendered)	(24,176)	30.13
September 2008 (restricted stock bonus)	(29,656)	30.13
Total as at 31 December 2008	**301,576**	**30.14**
March 2009 (bonus shares rendered)	(19,941)	30.14
March 2009 (conversion of bonus in shares according to stock plan)	(5,000)	30.14
March 2009 (share based acquisition)	(66,184)	30.14
Movement current year	**(91,125)**	**30.14**
Total as at 31 March 2009	**210,451**	**30.14**

12. Share based payment

Stock option scheme

Total expenses for the first to the fifth tranche of the SMARTRAC stock option scheme are recorded during the three months ended March 2009 in comparison to the three months ended March 2008. They are reported under administrative expenses and as an increase in shareholder's equity (share premium) at the same time. The Black Scholes model was used for the valuation.

Since the fourth tranche of the SMARTRAC stock option scheme a market condition based on the total shareholder return (TSR) of SMARTRAC in relation to a peer group is included. The market condition is considered in the fair value of the granted options using a performance discount, based on the equal probability method.

The expenses for the stock option schemes for the period are as follows:

In thousands of euro	Consolidated three months ended March 2009	Consolidated three months ended March 2008
Tranche 1	–	45
Tranche 2	131	131
Tranche 3	166	161
Tranche 4	14	–
Tranche 5	7	–
Total expenses	**318**	**337**

The exercise price of stock options granted within six weeks of the Company's IPO (first tranche) is the IPO offer price. The exercise price of stock options granted of the second and third tranche was based on the weighted average price of the Company's shares during the ten business days immediately preceding the grant of the stock options. The exercise price of the fourth and fifth tranche was based on the weighted average price of the Company's shares during the five business days immediately preceding the grant of the stock options.

In conjunction with the stock option plan 2008, the Company's Management Board granted 95,514 stock options to the Management Board and selected employees on 24 March 2009.

The exercise price, the grant dates and the underlying assumptions for each tranche are as follows:

Consolidated 2008	Exercise price	Grant date	Current price of underlying shares	Expected volatility	Exp. annual employee turnover rate	Risk-free interest rate	Option life expiration
Tranche 1	17.00	17 Aug 2006	16.80	55 %	5 %	3.60 %	17 Aug 2012
Tranche 2	22.40	29 March 2007	22.11	40 %	5 %	3.97 %	29 March 2013
Tranche 3	39.20	23 Nov 2007	34.50	40 %	0 %	3.67 %	23 Nov 2013
Tranche 4	14.80	8 Aug 2008	16.55	45 %	5 %	4.02 %	8 Aug 2014
Tranche 5	8.34	24 March 2009	8.69	55 %	5 %	2.21 %	24 March 2015

The fair value of the stock options is based on the single tranche and the staggered vesting period, which is shown in the table below.

In euro	Fair value
Tranche 1	6.66
Tranche 2	6.86
Tranche 3	8.50
Tranche 4	3.44
Tranche 5	1.87

The expenses for all tranches are reported under administrative expenses and as an increase in shareholder's equity.

There are currently no dividend payouts expected until date of exercise.

Stock plan

In conjunction with bonus shares granted to the Management Board and selected employees of SMARTRAC, treasury stock decreased by 24,941 shares.

13. Interest-bearing loans and borrowings

As at 31 March 2009 a total amount of euro 19.5 million of the existing euro 70 million multi-currency revolving credit facility from Deutsche Bank Luxembourg S.A. is unused. This credit facility matures in August 2009. SMARTRAC N.V. is currently transferring this bridge financing credit facility in a long-term debt financing.

14. Contingencies

The Company is involved in various lawsuits, claims and proceedings incidental to the normal conduct of its business, including suits in respect of infringement and cancellation of patents and regarding other intellectual property rights. The Company has accrued for these loss contingencies when loss is deemed probable and can be estimated. The Company regularly evaluates claims and legal proceedings together with their related probable losses to determine whether they should be adjusted based upon the current information available to the Company. Legal costs associated with claims are provided for.

15. Related parties

Transactions with key management

With respect to the remuneration of key management please refer to the annual report 2008.

Transactions with Supervisory Board

With respect to the remuneration of the Supervisory Board please refer to the annual report 2008.

Related party transactions

The Group conducted the following transactions with related parties.

In thousands of euro	Consolidated three months ended March 2009	Consolidated three months ended March 2008
Purchases		
Xytec Solutions Sdn. Bhd.	–	2,094
Total	**–**	**2,094**

16. Subsequent events

There are no subsequent events to be reported.

Financial Calendar

July 30, 2009
Publication of Q2 Interim Report
[Analysts' Conference Call]

November 5, 2009
Publication of Q3 Interim Report
[Analysts' Conference Call]

Further information: www.smartrac-group.com

SMARTRAC TRANSFORMING RFID

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