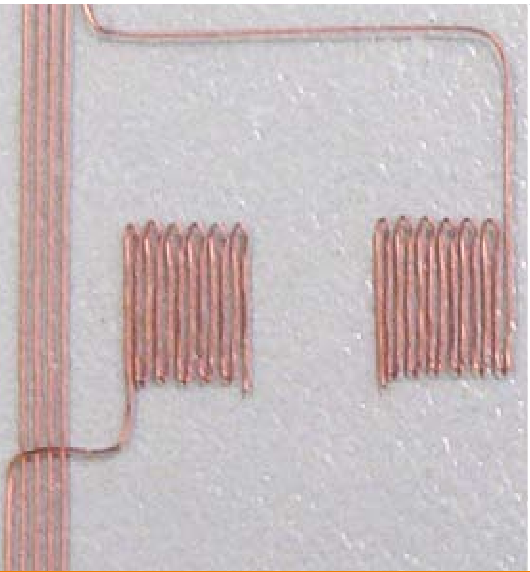
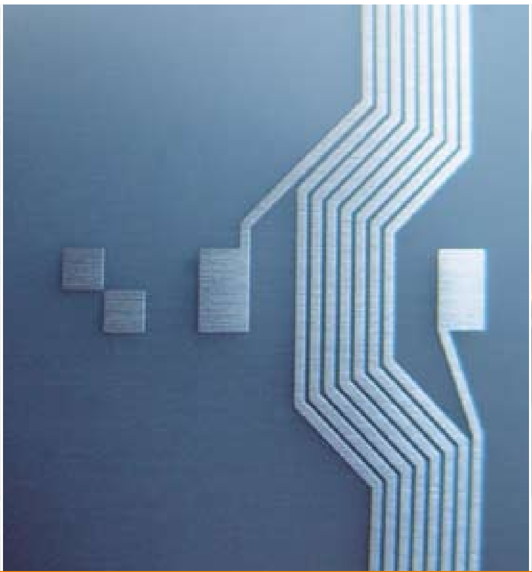
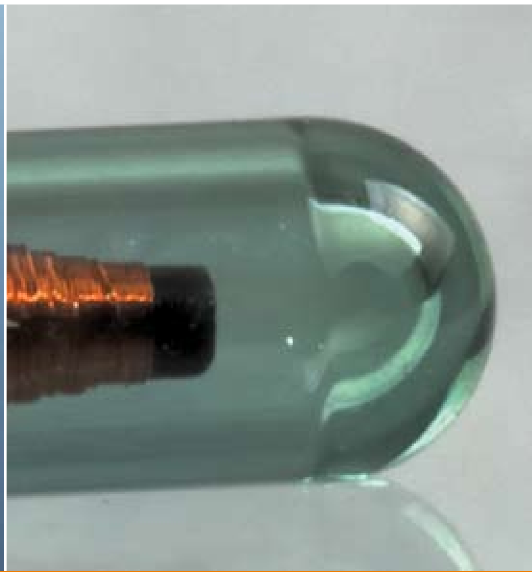




Q3.2009

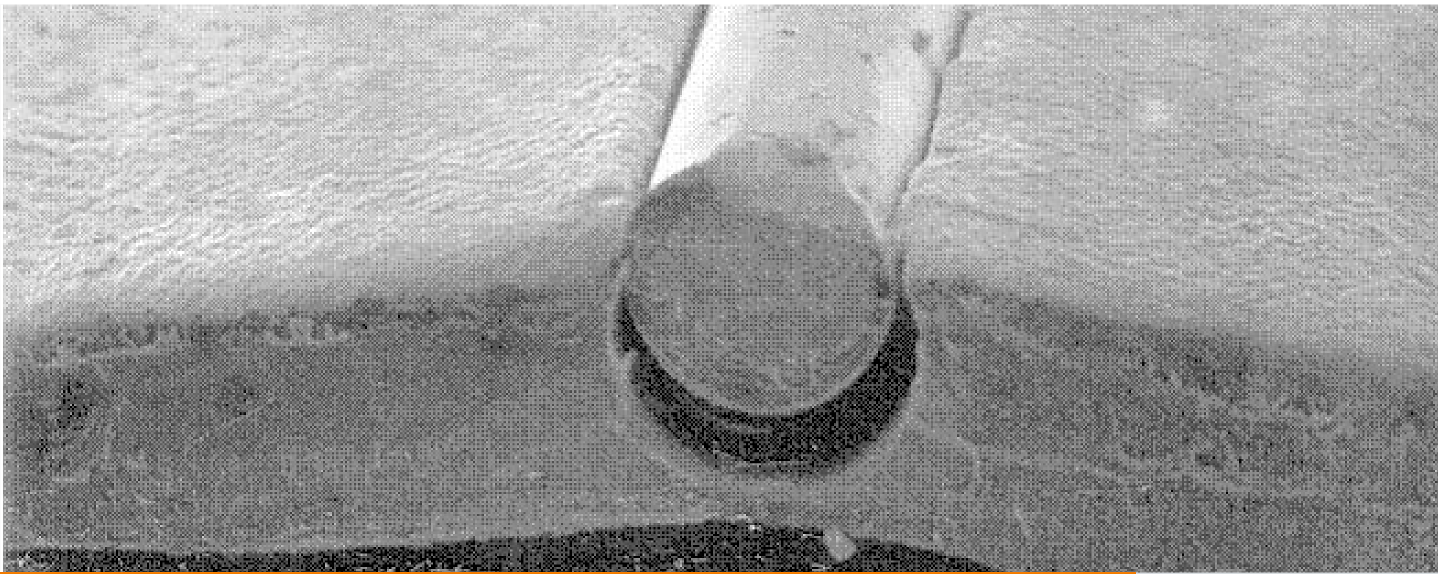
Interim Report

SMARTRAC N.V.

In thousands of euro		Consolidated nine months ended September 2009	Consolidated nine months ended September 2008	Change	Change in %
Consolidated statement of comprehensive income					
Revenues		92,194	79,844	12,350	15.5
EBITDA [1]		10,916	16,353	(5,437)	(33.2)
Profit for the period		3,094	11,972	(8,878)	(74.2)
Financial position and liquidity					
Net cash provided by (used in) operating activities		4,873	13,869	(8,996)	(64.9)
Working capital		28,625	23,915	4,710	19.7
Capital expenditure [2]		5,551	11,450	(5,899)	(51.5)
Total assets		180,048	168,935	11,113	6.6
Operating figures					
Basic earnings per share	euro	0.23	0.91	(0.68)	(74.7)
Cash flow per share	euro	0.37	1.05	(0.68)	(64.8)
Equity ratio	%	56.5	56,8	(0.3)	(0.5)
Headcount	at month's end	2,670	2,806	(136)	(4.8)

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.



Wire-embedding technology: Cross sectional view of the planar embedded copper wire in a PC inlay sheet

4 Report of the Management Board

12 Condensed consolidated interim financial information

18 Notes to the condensed consolidated interim financial information

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,

In the third quarter of the business year 2009, SMARTRAC delivered an improved performance of its key financial figures. Stabilization and the modest recovery of the global economy materialized in several areas of SMARTRAC's business, for example in the automotive business. In addition, SMARTRAC observed a less cautionary and more forward-looking order behavior by its customers, especially towards the end of the reporting period. As a result, September 2009 was a record month for SMARTRAC, providing evidence of the operational strength, capacity and ability of SMARTRAC's business model. Sales of around euro 16.0 million in September 2009 was the highest revenue accounted for in a single month and Group EBITDA has been significantly above 20 percent. Correspondingly, total sales for the three-month period from July to September 2009 of euro 33.1 million represents the strongest quarter in the history of SMARTRAC.

Total sales for the nine-month period ending 30 September increased by 16 percent from euro 79.8 million in 2008 to euro 92.2 million in 2009. Nevertheless, SMARTRAC had to confront the continuing challenges presented by volatility in the utilization of SMARTRAC's global production network with a strong performance towards the end of the quarters. In the third quarter, improvement in the operating performance and cost management had a positive effect on the company's profitability, but the results related to SMARTRAC's operations in Malaysia and the production facility in the U.S. still burden the profitability. SMARTRAC delivered the turnaround in EBITDA margin from a second quarter 2009 low of 10 percent to 13 percent in the third quarter 2009. EBITDA from January to September decreased by 33 percent from euro 16.4 million in 2008 to euro 10.9 million in 2009, representing an EBITDA margin of 12 percent for the nine-month period in 2009.

Cash flow from operating activities of euro 6.4 million for the period July to September 2009 supports the turnaround of operating figures in the third quarter. Profit for the nine-month period amounted to euro 3.1 million compared to euro 12.0 million a year ago.

SMARTRAC's operational development

Business units and product mix

Security segment

The products offered by the eID business unit address governmental requirements for personal electronic identification such as ePassports, National eID Cards, Electronic Driver's Licenses and Electronic Visas.

In the first nine months of 2009, SMARTRAC continued to attract new projects in the global market for ePassport projects. As of today, the company has been chosen to deliver high secure inlays for ePassport projects in more than 30 countries worldwide. With regard to the U.S. ePassport project, order volumes and shipment levels in the third quarter remained below the underlying demand for ePassports in the United States. The development resulted in an improved but still underutilized status of SMARTRAC's dedicated high-security production site in the United States. SMARTRAC recorded an increased order activity resulting in a high order backlog for the fourth quarter. This should improve the utilization and shipment levels in the final quarter. After an unfavorable phase of lower volumes in the project, the challenge is to secure the full support of the supply chain to provide in time the increasing levels of materials required.

Subsequent to the reporting period, SMARTRAC obtained EAL5+ security certification for its production in Thailand from the German federal office for Information Security (BSI), which expands the existing security level of its ePassport production facility in Thailand. Product certificates from the German Federal Office for Information Security (BSI) are accepted in all countries following the

Common Criteria specifications. The security certification clearly confirms SMARTRAC's commitment to highest security standards and its leading position in high-security transponder manufacturing. The site certificate covers the production environment and processes for personal electronic identification (eID) products, especially RFID inlays for ePassports and contactless National ID Cards. It also includes the initialization environment for eID, with SMARTRAC being the first inlay manufacturer worldwide to obtain security certification for both capabilities. SMARTRAC intends to equip further production sites of its high-security production network in Asia, Europe and the U.S. with site certificates and to continuously increase the certification grade.

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

The Cards business unit delivered the assumed strong performance in the third quarter with a significant increase in volumes and sales compared to the first two quarters of the business year 2009. Based on a strong performance in the area of ePayment, also the supply to public transport systems and access control applications showed favorable growth. The Cards business unit remained the biggest business unit in the SMARTRAC portfolio.

In the course of the third quarter, SMARTRAC's production facility in Manaus, Brazil completed the ISO audit process. Following an audit of the quality management system, SMARTRAC has been awarded with certificates for the commercialization and production of contactless smartcard inlays as well as animal tag-transponders.

Industry segment

The Industry & Logistics business unit provides car immobilizers for the automotive industry and RFID tags for animal identification, logistics, industrial, laundry and medical applications.

In the period July to September 2009, the first signs of recovery in demand from automotive customers were translated into new business. The volumes related to the automotive industry increased by over 40 percent compared to the second quarter. The positive development can be seen in all major markets of SMARTRAC's automotive business, such as Europe, South America and Asia.

In addition to the improved automotive business, the Industry & Logistics business unit continued to successfully grow the non-automotive business based on the strong combined platform following the acquisition of Sokymat Automotive GmbH a year ago. Development contracts and volume agreements in the area of animal identification and industry applications could be secured in the course of the third quarter. The business unit strengthened the business development capabilities to accelerate the growth of the non-automotive business in the future. As of 9 October 2009, SMARTRAC's subsidiary Sokymat Automotive GmbH changed its company name to SMARTRAC TECHNOLOGY GERMANY GmbH. Sokymat Automotive GmbH was acquired by SMARTRAC in September 2008. Meanwhile, the business activities of the company have been successfully integrated into the global research and development, production and sales network of SMARTRAC. The change of name is a logical consequence of the integration of Sokymat Automotive into the SMARTRAC TECHNOLOGY GROUP. Serving as the pillar for the Industry & Logistics business unit, the subsidiary brings together mutual products under the SMARTRAC brand.

The established and trusted name Sokymat Automotive will be retained as a product brand for the automotive business, in which the subsidiary holds a market-leading position for car immobilizers and has long-term experience with the particular requirements of the production of RFID components for the automotive industry in terms of security and quality.

The Tickets & Labels business unit supplies RFID transponders that cater to ticket and label converters and includes applications in the areas of libraries, ticketing, public transportation and toll collection.

The solutions provided by the business unit focus on transponders based on etched antennas that are manufactured at SMARTRAC's production site in Malaysia. Following the qualification processes with leading ticket converters, the business unit was able to secure projects in the area of public transport systems in Southern and Eastern Europe. Library projects have been supported and labels for toll collection have been supplied.

The business unit increased its production volumes in Malaysia significantly and with a positive impact on the operational and financial performance. Furthermore, the business unit expanded its product portfolio. In addition to the proprietary ChipLink™ interconnection process, the business unit agreed on the collaboration with bielomatik Leuze GmbH + Co. KG, Germany. SMARTRAC will be the preferred partner to enable market development for bielomatik's RF-LoopTag™ UHF chip module technology.

The management of SMARTRAC's subsidiary multitape GmbH decided to phase out its production facility in Salzkotten, Germany. In the course of the strategic focusing of the Ticket & Labels business unit on SMARTRAC's production location in Kulim, Malaysia, the decision has been taken to phase out production in Germany by the end of the year and transfer technology and processes to the high-volume production facility in Malaysia. The business unit has taken measures to secure service and logistics.

Product mix

The product mix in the first nine months of 2009 showed an increasing importance of the Industry Segment from 9 percent of total group sales in 2008 to 23 percent in 2009. Key drivers are the consolidation of SMARTRAC TECHNOLOGY GERMANY GmbH (formerly Sokymat Automotive GmbH) as well as the continuing weak level in the US ePassport volumes, which led to a slight decrease in sales for the Security Segment. In the period under review, the Security Segment accounted for 76 percent of total group sales compared to 90 percent a year ago.

In the eID business unit, the gain of market share by existing and new ePassport and eID projects could not compensate for the continuing weak deliveries in the U.S. ePassport project. As a result, the business unit eID reported a 17 percent decline in sales. The Cards business unit, which includes ePayment applications as well as public transportation and access control, continued to grow and reported 9 percent growth in the first nine months of the year. In total, the sales of the Security segment decreased slightly by 3 percent compared to the sales figure a year ago.

Mainly attributed to the consolidation of SMARTRAC TECHNOLOGY GERMANY GmbH (formerly Sokymat Automotive GmbH), the Industry segment recorded 194 percent growth. The Industry & Logistics business unit reported a recovery in automotive-industry business and was able to expand its market position in the fields of industry, animal ID and logistics. Sales increased by 429 percent compared to last year's figure. The Tickets & Labels business unit reported growth of 23 percent, mainly driven by the start of volume projects produced in SMARTRAC's factory in Malaysia.

Change in the Legal Counsel position

SMARTRAC and Stephen Juge, Director B and Member of Management Board agreed by mutual consent not to renew the contract of Stephen Juge expiring 31 January 2010. Accordingly, Stephen Juge will not be available for re-election as Director B and Member of the Management Board at SMARTRAC´s Annual General Meeting on 12 May 2010. With immediate effect, his responsibilities as Legal Counsel will be headed by Rüdiger von Knebel Doeberitz. He joined SMARTRAC from Navigon AG where he held the position as General Counsel / attorney-at-law.

Research & development

SMARTRAC's research and development team creates cutting-edge products and solutions and continuously enhances the company's product portfolio. With its research and development centers and prototyping facilities situated around the world, SMARTRAC is able to directly transform technically-mature innovations into high-volume production. In the course of the third quarter, SMARTRAC added the SmartFlexibleTag and the SmartRuggedizedTag to its product portfolio and started a research project on biodegradable production materials.

The SmartFlexibleTag is a RFID transponder specifically designed to meet the demanding requirements of laundry applications. The UHF transponder features a silicone coating, making it a robust and at the same time flexible solution. The tag is specifically suited for use in textile cleaning and laundry where the RFID transponder is exposed to temperatures of up to 180°C, high pressure and aggressive chemicals.

The passive UHF transponder SmartRuggedizedTag is particularly suited for the tracking of assets in the value chain such as pallets, containers and vehicles. The robust polycarbonate housing reliably protects the RFID inlay against outside influences such as dirt and water. Thereby, the transponder provides full functionality even in harsh industrial environments and logistics applications. SmartRuggedizedTag is manufactured on SMARTRAC's flexible and fully-automated production lines, which ensure high quality and fast delivery.

At the end of the reporting period, SMARTRAC launched a research project on biodegradable production materials. The research project will be conducted by the SMARTRAC Research & Development department together with several technology institutes in Bangkok, Thailand. In addition, SMARTRAC is in intensive dialogue with substrate manufacturers and leading chemical companies. As a leading RFID transponder manufacturer with the largest single production capacity in the industry, SMARTRAC intends to also take a leading role with regard to the implementation of biodegradable production materials. SMARTRAC is taking early action to further optimize the transponder materials with regards to environmentally-friendly disposal. The outcome of the research project will be a range of new transponder substrate and encapsulation materials for a wide range of applications which will be used as a base for a "Green RFID Transponder" line.

The SMARTRAC share

In the third quarter of 2009, the SMARTRAC share price ranged between euro 11.20 (29 July) and euro 13.14 (7 August). In the three months from July to September 2009, the SMARTRAC share price developed disproportionately, reporting a decrease of 3 percent compared to an increase in the German DAX of 16 percent and the TecDAX of 19 percent. In the nine-month period under review, the SMARTRAC share price started at euro 11.50 at the beginning of the year and reached its period low on 6 March 2009 at euro 6.50. From this all-time low, the share price more than doubled to reach a peak for the period of euro 13.14 on 7 August 2009. The share price at record date of euro 12.25 represented an increase of 7 percent in the first nine months of 2009, compared to the increase in the German DAX of 14 percent and in the TecDAX of 44 percent during the period under review.

The third quarter of 2009 saw constant trading volumes in SMARTRAC shares. The average number of shares traded per day on the XETRA trading platform in the period between July and September 2009 was some 33,000 shares, with a similar number (34,000) traded in the second quarter of the year. From January to September 2009, some 29,000 shares were traded on average per day on the XETRA trading platform compared to 52,000 shares a year ago.

On 30 September 2009, SMARTRAC N.V. held 210,451 treasury stock, representing 1.56 percent of the share capital (30 June 2009: 210,451 shares) at an average share price of euro 30.14. Details on the utilization of the treasury stock are provided in the notes on page 26 of the report.

In terms of SMARTRAC's shareholder structure, no change in the material holdings that would be subject to mandatory disclosure was recorded during the third quarter. As of 30 September 2009, Manfred Rietzler, the founder and CTO of SMARTRAC, holds an unchanged interest of 19.85 percent in the company. Taking SMARTRAC's treasury stock (1.56 percent) into account, the free float according to Deutsche Börse currently amounts to 78.59 percent. Within the free float, Fortis Investment Management N.V., Amsterdam (10.51 percent) and Schroder plc, London (5.13 percent) hold unchanged interests in SMARTRAC that are above the reporting thresholds. Wolfgang Schneider, a member of the Group Executive Team, continues to hold a stake of 3.70 percent in SMARTRAC.

In the third quarter of 2009, only minor changes were made to the analyst's valuation models after the reporting of the six-month figures. Reporting half-year figures in line with market expectation and confirming the guidance for the full year 2009, four analysts recommended buying the stock and one analyst rated the SMARTRAC share "neutral". On 30 September 2009, the price target was between euro 12 and euro 16, with an average of euro 14.

In the third quarter, SMARTRAC management increased its activities in broadening the diversity of opinion related to the SMARTRC share. Several sales briefings and discussions with potential analysts accompanied the dialogue with investors at road shows in Zurich and London, as well as at an investment conference in Frankfurt. In addition to these communication activities, management used site visits and conference calls to explain the recent developments and the expectations for the current fiscal year.

Financial performance

SMARTRAC reports 16 percent top-line growth from January to September 2009

Sales of euro 92.2 million in the nine-month period ending 30 September 2009 represent an increase of 16 percent compared to sales of euro 79.8 million in the same period of 2008. Due to the continued very volatile utilization of production capacity in the first nine months of 2009 and the cumulated negative effects from the U.S. factory and the ramp-up in Malaysia, EBITDA (including EBITDA from other operations) of euro 10.9 million from January to September 2009 decreased by 33 percent compared to EBITDA of euro 16.4 million for the same period in 2008.

The net financial result was negative at minus euro 1.4 million compared to minus euro 0.7 million a year ago. In the first nine months of 2009, the financial result was mainly driven by increased interest expenses in the course of the third quarter related to the credit facility used to refinance the acquisition of SMARTRAC TECHNOLOGY GERMANY GmbH (formerly Sokymat Automotive GmbH). These were partly compensated by a positive net effect resulting from a change in currencies. In the respective period of 2008, the financial result was predominantly affected by foreign exchange losses.

In the nine-month period ending 30 September, SMARTRAC generated total comprehensive income of euro 2.6 million, which represents a decrease of 78 percent compared to euro 12.0 million for the same period in 2008.

Segment development

In the Security segment (Cards and eID business units), sales in the first nine months of 2009 reached euro 69.7 million, representing a slight decrease of 3 percent compared to sales of euro 71.8 million in the same period of the previous year. The underutilization of the U.S. production site and a higher proportion of chip-sourcing in the eID business unit resulted in segment EBITDA in the nine-month period declining by 38 percent from euro 18.9 million a year ago to 11.7 million in 2009.

In the first nine months of 2009, the cards business unit continued to grow by 9 percent, accounting for sales of euro 40.8 million compared to sales of euro 37.5 million for the same period in 2008. A continued strong performance in ePayment applications and a reliable development in the area of mass transportation and access control are responsible for the positive result. The eID business generated sales of euro 29.4 million in the period under review, a decrease of 17 percent compared to euro 35.3 million a year ago. The development of deliveries for the U.S. ePassport remained at a level below the underlying demand, which resulted in an underutilization of the U.S. production capacity with negative effects on the profitability. The order book for the fourth quarter indicates an improvement in both deliveries and utilization.

Sales of euro 21.7 million in the Industry segment (Industry & Logistics and Tickets & Labels business units) for the first nine months of 2009 are 194 percent higher compared to sales of euro 7.4 million in the previous year. The increase is mainly attributed to the consolidation of SMARTRAC TECHNOLOGY GERMANY GmbH (formerly Sokymat Automotive GmbH) and supported by organic growth in existing business lines. With EBITDA of euro 1.1 million in the first nine months of 2009, the Industry segment provided an increased positive contribution to the group EBITDA compared to an EBITDA of minus euro 0.3 million recorded in the same period in 2008. The recovery in the automotive business supported the EBITDA margin of the Industry segment, but ramp-up costs for the production facility in Malaysia still negatively affected the profitability. The continuous improvement of the operational development in Malaysia in September 2009 is expected to continue to provide a positive contribution to the profitability in the coming year.

The Industry & Logistics business unit reported sales of euro 16.9 million for the period January to September 2009 compared to euro 3.2 million a year ago. The increase of 429 percent was mainly determined by the consolidation of SMARTRAC TECHNOLOGY GERMANY GmbH (formerly Sokymat Automotive GmbH), which reported a recovery in the automotive business, strongly supported by organic growth in the non-automotive applications such as the animal identification and other industry and logistics applications. The Tickets & Labels business unit increased sales by 23 percent from euro 4.2 million to euro 5.2 million. Completion of product qualification processes and start of volume production in the production facility in Malaysia supported the development.

Balance sheet

As of 30 September 2009, total assets amounted to euro 180.0 million compared to euro 177.4 million as of 31 December 2008.

Inventories decreased from euro 19.4 million at year end 2008 to euro 18.1 million at the end of September 2009. SMARTRAC continued to actively manage its inventories while maintaining full flexibility in serving customer requirements at short notice. Trade receivables increased by 34 percent from euro 21.2 million to 28.6 million. This is attributable to the sales structure in the first three quarters of 2009, with a significant proportion of sales generated in the last month of the quarter, particularly with regard to September 2009. On the balance sheet date, short-term investments declined from euro 10.4 million as of December 31, 2008 to euro 5.4 million, due to the maturity of a German government bond. The inflow has been transferred into a short-term bank deposit. Cash and cash equivalents increased by 4 percent from euro 22.5 million to euro 23.4 million.

Due to the securing and usage of a syndicated credit facility with an availability of three years signed on July 14, 2009, secured loans increased to euro 50.8 million. On the other hand, the repayment of the bridge financing facility eliminated interest-bearing loans and borrowings as of 30 September 2009. In comparison to 31 December 2008, working capital increased by euro 4.8 million to euro 28.6 million as of 30 September 2009. Quarter on quarter, management of working capital resulted in a decrease of euro 3.3 million.

As of 30 September 2009, SMARTRAC's group equity amounts to euro 101.7 million. This represents a 4 percent increase compared to year end 2008 (euro 98.2 million), and was mainly attributable to the profit result of the period. The equity ratio increased from 55 percent on 31 December 2008 to 57 percent on 30 September 2009.

Cash flow statement

Cash provided by operating activities amounted to euro 7.4 million for the first nine months of 2009, compared to euro 14.4 million for the same period in the previous year. The decrease in operating cash flow is mainly due to a decrease in net profit combined with an increase in working capital. Taking into account interest paid and received as well as payments for income taxes, the net cash provided by operating activities in the first nine months of 2009 amounted to euro 4.9 million compared to net cash provided by operating activities of euro 13.9 million in 2008.

Net cash used in investing activities amounted to euro 0.2 million as of 30 September 2009, compared to net cash used of euro 34.1 million for the same period of 2008. This development in 2008 was mainly due to cash outflow of euro 34.4 million related to the acquisition of Sokymat Automotive GmbH (now SMARTRAC TECHNOLOGY GERMANY GmbH) in September 2008. Cash proceeds from asset management activities amounted to euro 4.9 million in 2009 compared to euro 11.8 million in 2008. Investments in property, plant and equipment decreased from euro 8.9 million in 2008 to euro 3.2 million in 2009.

Net cash used in financing activities amounted to euro 3.6 million compared to net cash provided of euro 25.7 million in the first nine months of 2008. In 2009, the financing activities are mainly related to the securing and use of a syndicated credit facility signed on 14 July 2009 and the replacement of the bridge financing facility used to finance the acquisition of Sokymat Automotive GmbH (now SMARTRAC TECHNOLOGY GERMANY GmbH). In 2008, cash inflow was mainly related to proceeds from interest-bearing loans linked to the acquisition of Sokymat Automotive GmbH (now SMARTRAC TECHNOLOGY GERMANY GmbH) of euro 39.4 million. Cash outflow in 2008 can be predominantly attributed to the second SMARTRAC share buyback program (euro 7.5 million) and repayments of interest-bearing loans and borrowings (euro 6.2 million).

Business outlook

Experts assess that after a deep global recession, the global economy appears to be expanding again, driven by a strong performance of the Asian economies and stabilization or modest recovery elsewhere. SMARTRAC expects to participate in a further recovery of the economy after the company delivered the turnaround in the third quarter and expects to continue the improvement of its key financial figures in the next quarters. The drivers can be seen in the entire business portfolio, with a focus on the business units' management to reduce the volatility in the utilization of SMARTRAC's global production network. A less cautionary and more forward-looking order behavior by customers in the RFID value chain should support the development. The start in the final quarter of the business year 2009 has been improved in terms of sales and visibility compared to the starting month of the first three quarters.

The development in the third quarter and the perspective for the fourth quarter provides evidence of SMARTRAC's guidance for the full fiscal year. The Management today announces expected sales to be in the range of euro 125 million to euro 130 million, providing organic growth in the course of 2009. In addition, SMARTRAC reaffirms the target to be a profitable and cash-generating company in 2009.

The Management is convinced that SMARTRAC's position in the RFID value chain and its relation to existing and potential customers who value its global high-security production facilities and its worldwide R&D and sales network, provide evident growth potentials for the year 2010 and beyond. We are looking forward to realizing these opportunities.

For the Management Board

Dr. Christian Fischer
Amsterdam, November 2009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SMARTRAC
TECHNOLOGY

Condensed consolidated interim financial information

14 Condensed consolidated interim statement of comprehensive income

15 Condensed consolidated interim balance sheet

16 Condensed consolidated interim statement of cash flows

17 Condensed consolidated interim changes in shareholder's equity

18 Notes to the condensed consolidated interim financial information

Condensed consolidated interim financial information for the nine months ended 30 September 2009

Condensed consolidated interim statement of comprehensive income

For the nine and three months ended 30 September 2009 (2008)

In thousands of euro	Note	Consolidated three months ended September 2009	Consolidated three months ended September 2008	Consolidated nine months ended September 2009	Consolidated nine months ended September 2008
Revenue	5	33,107	30,239	92,194	79,844
Cost of sales		(23,103)	(19,955)	(64,782)	(49,118)
Gross profit	5	**10,004**	**10,284**	**27,412**	**30,726**
Administrative expenses		(7,625)	(6,458)	(22,295)	(17,610)
Other operating income (expenses)		(116)	(17)	(205)	65
Total operating expenses		**(7,741)**	**(6,475)**	**(22,500)**	**(17,545)**
Operating profit before financial income (expenses)		**2,263**	**3,809**	**4,912**	**13,181**
Financial income		812	490	3,296	1,218
Financial expenses		(1,679)	(277)	(4,699)	(1,938)
Net financial income (expenses)	6	**(867)**	**213**	**(1,403)**	**(720)**
Profit before tax		**1,396**	**4,022**	**3,509**	**12,461**
Income tax (expenses)	7	(147)	(221)	(415)	(489)
Profit for the period		**1,249**	**3,801**	**3,094**	**11,972**
Attributable to the owners of the parent		1,249	3,789	3,094	11,960
Attributable to minority interest		–	12	–	12
Foreign exchange translation		(294)	181	(524)	72
Other comprehensive income (loss), net of tax		**(294)**	**181**	**(524)**	**72**
Total comprehensive income for the period		**955**	**3,982**	**2,570**	**12,044**
Attributable to the owners of the parent		955	3,970	2,570	12,032
Attributable to minority interest		–	12	–	12
Basic earnings per share (euro)	8	0.09	0.29	0.23	0.91
Diluted earnings per share (euro)	8	0.09	0.29	0.23	0.90

The accompanying notes (on page 18 to 29) are an integral part of the condensed consolidated interim financial information.

Condensed consolidated interim balance sheet
As at 30 September 2009 (and 31 December 2008)

In thousands of euro	Note	Consolidated 30 September 2009	Consolidated 31 Dezember 2008
Assets			
Intangible assets	10	58,952	58,351
Property, plant and equipment	9	36,915	38,440
Other investments		–	415
Deferred tax assets		2,441	2,141
Other non-current assets		1,284	920
Total non-current assets		**99,592**	**100,267**
Inventories		18,072	19,428
Trade receivables		28,565	21,246
Current income tax		995	890
Other current assets		4,005	2,624
Short-term investments		5,383	10,399
Cash and cash equivalents		23,436	22,532
Total current assets		**80,456**	**77,120**
Total assets		**180,048**	**177,387**
Equity			
Share capital		6,750	6,750
Share premium		55,097	56,911
Translation reserve		(426)	98
Retained earnings		46,581	43,487
Treasury stock	11	(6,344)	(9,092)
Total equity attributable to equity holders of the company		**101,658**	**98,154**
Liabilities			
Secured loans	13	50,816	1,142
Employee benefits		383	317
Deferred tax liabilities		3,458	3,228
Total non-current liabilities		**54,657**	**4,687**
Bank overdraft		274	353
Current portion of secured loans	13	447	462
Interest-bearing loans and borrowings		–	53,382
Trade and non-trade payables		16,881	14,423
Current income tax		505	341
Other current liabilities		5,626	5,586
Total current liabilities		**23,733**	**74,547**
Total liabilities		**78,390**	**79,234**
Total equity and liabilities		**180,048**	**177,387**

The accompanying notes (on page 18 to 29) are an integral part of the condensed consolidated interim financial information.

Condensed consolidated interim statement of cash flows

For the nine months ended 30 September 2009 (2008)

In thousands of euro	Note	Consolidated nine months ended September 2009	Consolidated nine months ended September 2008
Cash flows from operating activities			
Net profit		3,094	11,972
Reconciliation of net profit to net cash provided by (used in) operating activities:			
Income tax expenses	7	415	489
Depreciation and amortization	5	6,004	3,172
Interest income	6	(315)	(364)
Interest expenses	6	1,677	388
Expenses for share based payments		892	1,232
Other non-cash items		(38)	173
Changes in operational assets and liabilities			
Other non-current assets		62	4
Inventories		1,100	(2,006)
Trade receivables		(7,337)	(1,159)
Other current assets		(1,349)	(898)
Employee benefits		66	54
Trade and non-trade payables		2,460	2,460
Other current liabilities		620	(1,093)
Cash provided by operating activities		**7,351**	**14,424**
Interest paid		(2,215)	(322)
Interest received		283	244
Income taxes paid		(546)	(477)
Net cash provided by operating activities		**4,873**	**13,869**
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,170)	(8,931)
Purchase of intangible assets / development costs		(2,381)	(2,217)
Proceeds from sales of equipment		451	499
Other investments		(11)	(415)
Deposits paid for property, plant and equipment		–	(302)
Cash payments on purchase of consolidated subsidiaries, net of cash purchased		–	(34,371)
Cash proceeds on sale of short-term investments		4,880	11,610
Net cash used in investing activities		**(231)**	**(34,127)**
Cash flows from financing activities			
Proceeds from interest-bearing loans and borrowings and secured loan	13	49,936	39,426
Repayments of interest-bearing loans and borrowings and secured loan		(53,545)	(6,198)
Share buyback	11	–	(7,529)
Net cash used in (provided by) financing activities		**(3,609)**	**25,699**
Net change in cash and cash equivalents and bank overdrafts		1,033	5,441
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		(50)	(113)
Cash and cash equivalents and bank overdrafts at 30 September		**23,162**	**19,646**

The accompanying notes (on page 18 to 29) are an integral part of the condensed consolidated interim financial information.

Condensed consolidated interim statement of changes in shareholders' equity

For the nine months ended 30 September 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	Minority interest	Equity
Balance as at 1 January 2008		**6,750**	**54,463**	**(86)**	**29,859**	**(4,798)**	**86,188**	**–**	**86,188**
Net profit for the period		–	–	–	11,960	–	11,960	12	11,972
Other comprehensive income (loss)		–	–	72	–	–	72	–	72
Total comprehensive income of the period		**–**	**–**	**72**	**11,960**	**–**	**12,032**	**12**	**12,044**
Share buyback	11	–	–	–	–	(7,529)	(7,529)	–	(7,529)
Share based payment – options	12	–	947	–	–	–	947	–	947
Share based payment – shares		–	(732)	–	–	1,798	1,066	–	1,066
Share based acquisition	11	–	24	–	–	1,437	1,461	–	1,461
Change in consolidated group		–	–	–	–	–	–	1,763	1,763
Distribution to minority shareholders		–	–	–	–	–	-	(12)	(12)
Balance as at 30 September 2008		**6,750**	**54,702**	**(14)**	**41,819**	**(9,092)**	**94,165**	**1,763**	**95,928**
Balance as at 1 January 2009		**6,750**	**56,911**	**98**	**43,487**	**(9,092)**	**98,154**	**–**	**98,154**
Net profit for the period		–	–	–	3,094	–	3,094	–	3,094
Other comprehensive income (loss)		–	–	(524)	–	–	(524)	–	(524)
Total comprehensive income of the period		**–**	**–**	**(524)**	**3,094**	**–**	**2,570**	**–**	**2,570**
Share based payment – options	12	–	727	–	–	–	727	–	727
Share based payment – shares	12	–	(546)	–	–	753	207	–	207
Share based acquisition	11	–	(1,995)	–	–	1,995	–	–	–
Balance as at 30 September 2009		**6,750**	**55,097**	**(426)**	**46,581**	**(6,344)**	**101,658**	**–**	**101,658**

The accompanying notes (on page 18 to 29) are an integral part of the condensed consolidated interim financial information.

Notes to the condensed consolidated interim financial information for the nine months ended 30 September 2009

1. Reporting entity

SMARTRAC N.V. as the holding company for the SMARTRAC TECHNOLOGY 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 (since 9 October 2009: SMARTRAC TECHNOLOGY GERMANY 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 30 September 2009, the Group employed 2,670 employees (2,543 as of 30 June 2009; 2,806 as of 30 September 2008; 2,739 as of 30 June 2008).

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 02 November 2009. The condensed consolidated interim financial statements for the period ended 30 September 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 nine months ended September 2009

	Security		Industry		All other		Eliminations		Consolidated	
In thousands of euro	Nine months ended Sept. 2009	Nine months ended Sept. 2008	Nine months ended Sept. 2009	Nine months ended Sept. 2008	Nine months ended Sept. 2009	Nine months ended Sept. 2008	Nine months ended Sept. 2009	Nine months ended Sept. 2008	Nine months ended Sept. 2009	Nine months ended Sept. 2008
Segment revenue										
Revenue from external customers	69,618	71,793	21,650	6,949	926	1,102	–	–	92,194	79,844
Revenue from transactions with other segments	76	30	9	428	1,321	2,167	(1,406)	(2,625)	–	–
Total revenue	**69,694**	**71,823**	**21,659**	**7,377**	**2,247**	**3,269**	**(1,406)**	**(2,625)**	**92,194**	**79,844**
Segment result										
Gross profit	22,202	29,265	4,746	1,336	464	115	–	10	27,412	30,726
Operating income (expenses)	(13,733)	(13,028)	(6,082)	(2,017)	(2,685)	(2,490)	–	(10)	(22,500)	(17,545)
Operating profit (loss)	8,469	16,237	(1,336)	(681)	(2,221)	(2,375)	–	–	4,912	13,181
Financial result									(1,403)	(720)
Profit before tax expense / benefit									**3,509**	**12,461**
Income tax expense / benefit									(415)	(489)
Group profit for the period									**3,094**	**11,972**
Supplemental information										
Operating profit (loss)	8,469	16,237	(1,336)	(681)	(2,221)	(2,375)	–	–	4,912	13,181
Depreciation and amortization	3,265	2,623	2,426	395	313	154	–	–	6,004	3,172
Segment EBITDA*	**11,734**	**18,860**	**1,090**	**(286)**	**(1,908)**	**(2,221)**	**–**	**–**	**10,916**	**16,353**

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 nine months ended September 2009	Consolidated nine months ended September 2008
Segment Security		
eID	29,439	35,340
Cards	40,781	37,483
Intrasegment eliminations	(526)	(1,000)
Subtotal	**69,694**	**71,823**
Segment Industry		
Tickets & Labels	5,160	4,209
Industry & Logistics	16,853	3,184
Intrasegment eliminations	(354)	(16)
Subtotal	**21,659**	**7,377**
Segment All Other	**2,247**	**3,269**
Intersegment eliminations	(1,406)	(2,625)
Total	**92,194**	**79,844**

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, North America, Asia and Latin America.

In thousands of euro	Consolidated nine months ended September 2009	Consolidated nine months ended September 2008
Revenues		
Europe	51,399	42,258
North America	21,271	20,373
Asia	13,294	11,605
Latin America	5,637	5,138
Others	593	470
Total revenues	**92,194**	**79,844**

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 September 2009	Consolidated three months ended September 2008	Consolidated nine months ended September 2009	Consolidated nine months ended September 2008
Change in fair value	0	28	97	76
Interest income	55	163	315	364
Foreign exchange gains	757	299	2,884	778
Financial income	**812**	**490**	**3,296**	**1,218**
Change in fair value	(79)	(29)	(432)	(195)
Interest expenses	(647)	(137)	(1,677)	(388)
Bank charges	(162)	(101)	(404)	(247)
Foreign exchange losses	(791)	(10)	(2,186)	(1,108)
Financial expenses	**(1,679)**	**(277)**	**(4,699)**	**(1,938)**
Net financial income (expenses)	**(867)**	**213**	**(1,403)**	**(720)**

7. Income tax (expenses)

Recognized in the statement of comprehensive income

In thousands of euro	Consolidated three months ended September 2009	Consolidated three months ended September 2008	Consolidated nine months ended September 2009	Consolidated nine months ended September 2008
Current income tax (expense)	(464)	(74)	(485)	(312)
Deferred tax (expense) benefit	317	(147)	70	(177)
Income tax (expense) benefit	**(147)**	**(221)**	**(415)**	**(489)**

Reconciliation of effective income tax charge

In thousands of euro	Consolidated three months ended September 2009	Consolidated three months ended September 2008	Consolidated nine months ended September 2009	Consolidated nine months ended September 2008
Profit before tax	**1,397**	**4,022**	**3,510**	**12,461**
Expected tax expense based on rate of 25.5 %	(356)	(1,026)	(895)	(3,178)
Tax exempt income relating to promotional privileges	913	1,363	2,307	4,041
Taxe rate differences	105	81	109	116
Non-recognition of tax benefits on losses incurred	(752)	(723)	(1,853)	(1,207)
Withholding tax reversal	–	–	(23)	–
Non-recognition of deferred tax (permanent differences)	–	(57)	–	(67)
Current tax for prior years	–	(18)	–	(18)
Others	(57)	159	(60)	(176)
Effective income tax expense	**(147)**	**(221)**	**(415)**	**(489)**

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 and nine months ended 30 September 2009 is based on the profit attributable to ordinary shareholders and amounts to euro 1,249,000 for three months ended September and euro 3,094,000 for nine months ended September (three months ended September 2008: euro 3,789,000 and nine months ended September 2008: euro 11,960,000).

Basic earnings per share

In thousands of euro and shares, except earnings per share	Consolidated three months ended September 2009	Consolidated three months ended September 2008	Consolidated nine months ended September 2009	Consolidated nine months ended September 2008
Profit attributable to ordinary shareholders	1,249	3,789	3,094	11,960
Weighted average number of outstanding ordinary shares	13,289	13,171	13,269	13,183
Earnings per share (euro)	**0.09**	**0.29**	**0.23**	**0.91**

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 includes the dilutive potential shares of SMARTRAC's stock option schemes:

In thousands of shares	Consolidated three months ended September 2009	Consolidated nine months ended September 2009
Weighted average number of outstanding ordinary shares	13,289	13,269
Effect of potential dilutive shares:		
Share options	30	19
Weighted average number of ordinary and dilutive shares	**13,319**	**13,288**

Diluted earnings per share

In thousands of euro and shares, except earnings per share	Consolidated three months ended September 2009	Consolidated nine months ended September 2009
Profit attributable to ordinary shareholders	1,249	3,094
Weighted average number of ordinary and dilutive shares	13,319	13,288
Diluted earnings per share (euro)	**0.09**	**0.23**

9. Property, plant and equipment

Acquisitions

During the nine months ended September 2009 the Group acquired assets totalling euro 3,170,000 (nine months ended September 2008: euro 8,931,000).

10. Intangible assets

Development costs

Intangible assets include capitalized development costs (carrying amount) amounting to euro 3,846,000 as at 30 September 2009 (as at 30 September 2008: euro 921,000).

11. Treasury stock

During the three months ended September 2009 no shares were acquired or issued.

In conjunction with the stock plan 5,000 shares were granted 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 30 September 2009	**210,451**	**30.14**

12. Share based payment

Stock option scheme

Total expenses for the SMARTRAC stock option scheme are recorded during the three months and nine months ended September 2009 and during the three and nine months ended September 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 September 2009	Consolidated three months ended September 2008	Consolidated nine months ended September 2009	Consolidated nine months ended September 2008
Tranche 1	–	18	–	108
Tranche 2	(15)	69	116	331
Tranche 3	177	162	506	484
Tranche 4	21	24	56	24
Tranche 5	20	–	47	–
Tranche 6	2	–	2	–
Total expenses	**205**	**273**	**727**	**947**

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, fifth and sixth 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 scheme 2008, the Company's Management Board granted 95,514 stock options to the Management Board and selected employees on 24 March 2009 and 12,000 stock options to selected employees on 20 August 2009.

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

Tranche	Exercise price in euro	Grant date	Current price of underlying shares at grant date in euro	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
Tranche 6	12.04	20 Aug 2009	12.18	55 %	5 %	2.11 %	20 Aug 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.

Tranche	Fair value in euro
Tranche 1	6.66
Tranche 2	6.86
Tranche 3	9.11
Tranche 4	3.44
Tranche 5	1.87
Tranche 6	2.57

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 during the first half year 2009 (first half year 2008: decrease in treasury stock by 5,936 shares). During the three months ended September 2009 no shares were granted (three months ended September 2008: decrease in treasury stock by 53,832).

13. Secured loans

As at 30 September 2009 a total amount of euro 14.5 million of the existing syndicated euro 65 million term and multi-currency revolving facilities agreement is unused. This credit agreement was signed on 14 July 2009 with standard market terms and conditions. The availability period of the new credit facility is until 30 June 2012.

Furthermore the agreement provides financial flexibility for SMARTRAC's growth strategy, both organic and by acquisition. The syndicated loan replaced the previous bridge financing facility and was recognized initially at fair value less attributable transaction costs.

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.

16. Subsequent events

Subsequent to the end of the third quarter 2009, the management of multitape GmbH decided on and communicated a restructuring plan for multitape GmbH. The restructuring plan includes the termination of the employment contracts and the ending of production at this site at the end of the calendar year 2009 at the latest. As a result management expects to incur restructuring expenses in the course of the fourth quarter of 2009.

The value of long-lived assets was not impaired based on the closing decision because the long-lived assets will serve the ongoing business needs of the business unit 'Ticket & Labels' at the production site in Malaysia. Consequently, in the course of an impairment test the recoverable amount for the long-lived assets was determined based on the value in use. As the recoverable amount was higher than the carrying value of the long-lived assets (cash generating unit) no impairment loss was recognized.

Financial Calendar

March 16, 2010
Publication of 2009 Annual Report
[Analysts' Conference Call]

May 10, 2010
Publication of Q1 Interim Report
[Analysts' Conference Call]

May 12, 2010
SMARTRAC Annual General Meeting, Amsterdam

July 29, 2010
Publication of Q2 Interim Report
[Analysts' Conference Call]

November 3, 2010
Publication of Q3 Interim Report
[Analysts' Conference Call]

Further information: www.smartrac-group.com

SMARTRAC TRANSFORMING RFID

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