IDENTIVE GROUP, INC.
Form 424B5
May 24, 2011
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Filed Pursuant to Rule 424(b)(5)

Registration No. 333-173576

PROSPECTUS SUPPLEMENT

(To Prospectus dated May 3, 2011)

7,843,137 Shares

Common Stock

We are offering 7,843,137 shares of our common stock pursuant to this prospectus supplement and the accompanying prospectus.

Our common stock is listed on The NASDAQ Global Market under the symbol INVE and on the Frankfurt Stock Exchange under the symbol INV. On May 23, 2011, the last reported sale price of our common stock on The NASDAQ Global Market was $2.94 per share.

Investing in our common stock involves a high degree of risk. Please read Risk Factors beginning on page S-5 of this prospectus supplement, page 5 of the accompanying prospectus and in our Annual Report on Form 10-K for the year ended December 31, 2010, which has been filed with the Securities and Exchange Commission and is incorporated by reference into this prospectus supplement and the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per Share	*Total*
Public offering price	$ 2.5500	$ 20,000,000
Underwriting discount(1)	$ 0.1785	$ 1,400,000
Proceeds, before expenses, to us	$ 2.3715	$ 18,600,000

(1) Excludes underwriters out-of-pocket expenses we have agreed to reimburse. See the section captioned Underwriting in this prospectus supplement for additional information.

The underwriters may also purchase up to an additional 1,176,470 shares from us at the public coffering price, less the underwriting discount, within 30 days from the date of this prospectus supplement to cover over-allotments, if any. If the underwriters exercise the option in full, the total discount and commission payable by us will be $1,610,000 and the total proceeds to us, before expenses, will be $21,390,000.

The underwriters expect to deliver the shares against payment on or about May 27, 2011.

Joint Book-Running Managers

Cowen and Company **Morgan Joseph TriArtisan LLC**

Prospectus Supplement dated May 24, 2011

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Prospectus Supplement

Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, including the documents incorporated by reference, which describes the specific terms of this offering. The second part, the accompanying prospectus, including the documents incorporated by reference, provides more general information. Generally, when we refer to this prospectus, we are referring to both parts of this document combined. Before you invest, you should carefully read this prospectus supplement, the accompanying prospectus, all information incorporated by reference herein and therein, as well as the additional information described under Where You Can Find Additional Information on page S-15 this prospectus supplement. These documents contain information you should consider when making your investment decision. This prospectus supplement may add, update or change information contained in the accompanying prospectus. To the extent that any statement that we make in this prospectus supplement is inconsistent with statements made in the accompanying prospectus or any document incorporated by reference therein, the statements made in this prospectus supplement will be deemed to modify or supersede those made in the accompanying prospectus and such documents incorporated by reference therein.

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and in any free writing prospectuses we may provide to you in connection with this offering. We have not, and the underwriters have not, authorized any other person to provide you with any information that is different. If anyone provides you with different or inconsistent information, you should not rely on it.

No action has been or will be taken in any jurisdiction by the Company or the underwriters that would permit a public offering of the common stock or the possession or distribution of this prospectus supplement and the accompanying prospectus in any jurisdiction, other than in the United States. Persons outside the United States who come into possession of this prospectus supplement and the accompanying prospectus must inform themselves about, and observe any restrictions relating to, the offering of the common stock and the distribution of this prospectus supplement and the accompanying prospectus outside the United States. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, any securities offered by this prospectus supplement and the accompanying prospectus by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information about us, this offering and information appearing elsewhere in this prospectus supplement, in the accompanying prospectus and in the documents we incorporate by reference. This summary is not complete and does not contain all the information you should consider before investing in our common stock pursuant to this prospectus supplement and the accompanying prospectus. Before making an investment decision, to fully understand this offering and its consequences to you, you should carefully read this entire prospectus supplement and the accompanying prospectus, including Risk Factors beginning on page S-5 of this prospectus supplement, beginning on page 5 of the accompanying prospectus, and the financial statements, and related notes, and the other information that we incorporated by reference herein, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

Identive Group, Inc.

Overview

We are an international technology company focused on building the world s signature group in secure identification-based technologies. We are comprised of a group of businesses with deep industry expertise and are well-known global brands in their individual markets, providing leading-edge products and solutions in the areas of physical and logical access control, identity management and radio frequency identification, or RFID, systems to governments, commercial and industrial enterprises, healthcare and consumers. Our growth model is based on a combination of strong technology-driven organic growth from the businesses within the group and disciplined acquisitive expansion.

At the beginning of 2010, we acquired Bluehill ID AG, a Swiss industrial holding group focused on technologies within the high-growth RFID/contactless smart card technology and identity management markets. As a result of this business combination, we adopted a new organizational structure, enhanced and broadened our management team, and changed the name of the company from SCM Microsystems, Inc. to Identive Group, Inc, which reflects our focus on providing secure identification systems and solutions. Following the acquisition of Bluehill ID we also changed our stock trading symbols to reflect our new name. Our common stock is listed on The NASDAQ Global Market in the U.S. under the symbol INVE and the Frankfurt Stock Exchange in Germany under the symbol INV.

We operate in two segments, Identity Management Solutions & Services, or Identity Management, and Identification Products & Components, or ID Products. Each segment is comprised of two or more business units within the group that focus on specific products, markets and channels.

The businesses in our Identity Management segment provide solutions and services that enable the secure management of credentials in diverse markets. These credentials are used for the identification of people and the granting of rights and privileges based on defined security policies. The businesses in our Identity Management segment specialize in the design, manufacturing, supply and servicing of products and integrated systems that can enhance security and better meet compliance and regulatory requirements while providing users the benefits and convenience of simple and secure solutions. Our Identity Management customers operate in government, commercial, enterprise and consumer markets and can be found in multiple vertical market segments including healthcare, finance, industrial, retail and critical infrastructure. The businesses in our Identity Management segment include Hirsch and Multicard. Sales in this segment are typically made to high level dealer / integrators, and less frequently, directly to end users.

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The businesses in our ID Products segment design and manufacture both standard and highly specialized products and components that help identify people, animals and objects in a multitude of applications and markets. Products and components in our ID Products segment include semiconductors, cards, tags, inlays, readers and terminals that are used by original equipment manufacturers and system integrators to deliver identity based systems and solutions. These products are used for applications such as eHealth, eGovernment, mobile banking, loyalty schemes, transportation and event ticketing, corporate identification, logical access, physical access and passport control in the government, enterprise and financial markets. Within the ID Products segment we also offer commercial digital media readers that are used in digital kiosks to transfer digital content to and from various flash media. Businesses in our ID Products segment include ACiG Technology, SCM Microsystems, Smartag, Syscan ID and TagStar Systems.

Each of the businesses within Identive conducts its own sales and marketing activities in the markets in which it competes, utilizing its own sales and marketing organization, and in most cases selling primarily through indirect sales channels that may include dealers, systems integrators, value added resellers, resellers or Internet sales. Within our Identity Management segment, the majority of sales in our Hirsch business are made through a dealer/systems integrator distribution channel. Businesses in our ID Products segment primarily sell to original equipment manufacturers, or OEMs, that typically either bundle our products with their own solutions, or repackage our products for resale to their customers. Our OEM customers typically sell our ID Products solutions to government contractors, systems integrators, large enterprises and computer manufacturers, as well as to banks and other financial institutions. Additionally, we sell our digital media readers primarily to major brand computer and photo processing equipment manufacturers.

Corporate Information

Identive Group, Inc. was founded in 1990 in Munich, Germany and incorporated under the laws of the State of Delaware on December 13, 1996 under the name SCM Microsystems, Inc. Our corporate headquarters are located in Santa Ana, California at 1900-B Carnegie Avenue, Santa Ana, California 92705 and our telephone number is (949)250-8888. Our European and operational headquarters are located in Ismaning, Germany at Oskar-Messter-Strasse 13, 85737 Ismaning, Germany, telephone +49 89 9595-5000. Our web site is located on the world wide web at http://www.identive-group.com. We do not incorporate by reference into this prospectus supplement or the accompanying prospectus the information on, or accessible through, our website, and you should not consider it as part of this prospectus supplement or the accompanying prospectus.

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THE OFFERING

Common stock offered by us	7,843,137 shares
Over-allotment option	1,176,470 shares
Common stock to be outstanding after this offering	55,918,926 shares
Use of proceeds	We plan to use the net proceeds from this offering for working capital and other general corporate purposes, and possibly acquisitions of other businesses, products or technologies. Please see Use of Proceeds on page S-8.
Risk factors	See Risk Factors on page S-5 of this prospectus supplement, beginning on page 5 of the accompanying prospectus, and beginning on page 18 of our Annual Report on Form 10-K for the year ended December 31, 2010, for a discussion of factors that you should read and consider before investing in our securities.
NASDAQ Global Market Symbol	INVE
Frankfurt Stock Exchange Symbol	INV

The number of shares of our common stock to be outstanding immediately after this offering as shown above is based on 48,075,789 shares outstanding as of March 31, 2011. This number of shares excludes the following:

22,417 shares of common stock issued as stock awards under our equity incentive plans or upon exercise of outstanding options after March 31, 2011, and 2,127,470 shares of common stock issuable upon exercise of stock options outstanding prior to this offering under our equity incentive plans;

10,761,161 shares of common stock available for future grants under our equity incentive plans, which includes 4,000,000 shares we expect to be approved at our Annual Meeting of Stockholders to be held on June 6, 2011;

2,000,000 shares of common stock available for future sale to our employees under our Employee Stock Purchase Plan, which we expect to be approved at our Annual Meeting of Stockholders to be held on June 6, 2011;

405,941 shares of common stock issued upon exercise of outstanding warrants after March 31, 2011 and 10,628,183 shares of common stock issuable upon exercise of warrants and options granted outside our equity incentive plans outstanding prior to this offering;

3,328 shares of common stock issued after March 31, 2011 and 1,261,421 shares of common stock issuable to former holders of Bluehill ID AG bearer shares not tendered in connection with the acquisition of Bluehill ID AG pursuant to the Business Combination Agreement, dated September 20, 2009, as amended October 20, 2009;

approximately 15,170 shares of common stock issuable to the certain former owners of Bluehill ID AG pursuant to the Earn-Out Agreements assumed by the Company in its acquisition of Bluehill ID AG;

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- approximately 122,098 shares of common stock issuable to the former shareholders of RockWest Technology Group LLC pursuant to the earn-out provisions contained in the Share Purchase Agreement dated March 30, 2010, as amended on April 9, 2010;

- the issuance of 995,675 shares of common stock to certain former stockholders of idOnDemand, Inc. on May 2, 2011; and

- potential issuances of shares of common stock to the former shareholders of idOnDemand, Inc. pursuant to the earn-out provisions contained in the Stock Purchase Agreement dated April 29, 2011.

Except as otherwise indicated, all information in this prospectus supplement assumes no exercise by the underwriters of their over-allotment option.

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RISK FACTORS

Investing in our securities involves a high degree of risk. Before acquiring any offered securities pursuant to this prospectus supplement and the accompanying prospectus, you should carefully consider the information contained or incorporated by reference in this prospectus or in any accompanying prospectus supplement, including, without limitation, the risks described in our Annual Report on Form 10-K for the year ended December 31, 2010, which is incorporated herein by reference, the risk factors described under the caption Risk Factors in any applicable prospectus supplement and any risk factors set forth in our other filings with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act before making an investment decision. The occurrence of any of these risks might cause you to lose all or a part of your investment in the offered securities. Please see Where You Can Find Additional Information on page S-15 of this prospectus supplement.

Risks Related to This Offering

We will have broad discretion as to the use of the proceeds from this offering, and we may not use the proceeds effectively.

Our management will have broad discretion in the application of the net proceeds from this offering and could spend the proceeds in ways that do not improve our results of operations or enhance the value of our common stock. Our failure to apply these funds effectively could have a material adverse effect on our business or the development of our product candidates and cause the price of our common stock to decline.

You will experience immediate and substantial dilution in the net tangible book value per share of the stock you purchase.

Since the price per share of our common stock being offered is higher than the net tangible book value per share of our stock, you will suffer substantial dilution in the net tangible book value of the stock you purchase in this offering. Based on the public offering price of $2.55 per share, if you purchase shares of common stock in this offering, you will suffer immediate and substantial dilution of $2.10 per share in the net tangible book value of the common stock. See the section entitled Dilution in this prospectus supplement for a more detailed discussion of the dilution you will incur if you purchase stock in this offering.

You may experience future dilution as a result of future equity offerings or other equity issuances.

To raise additional capital, we may in the future offer additional shares of our common stock, preferred stock or other securities convertible into or exchangeable for our common stock. We cannot assure you that we will be able to sell shares or other securities in any other offering at a price per share that is equal to or greater than the price per share paid by investors in this offering. The price per share at which we sell additional shares of our common stock or other securities convertible into or exchangeable for our common stock in future transactions may be higher or lower than the price per share in this offering.

The price of our common stock may continue to be volatile.

Our common stock is currently traded on The NASDAQ Global Market (NASDAQ) and the Frankfurt Stock Exchange. The trading price of our common stock from time to time has fluctuated widely and may be subject to similar volatility in the future. For example, in the four months ended April 30, 2011, our common stock traded on NASDAQ as low as $2.23 and as high as $5.90, and in 2010, traded as low as $1.29 and as high as $2.88. The trading price of our common stock in the future may be

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affected by a number of factor. In recent years, broad stock market indices, in general, and smaller capitalization companies, in particular, have experienced substantial price fluctuations. In a volatile market, we may experience wide fluctuations in the market price of our common stock. These fluctuations may have a negative effect on the market price of our common stock regardless of our operating performance.

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FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents that are incorporated by reference into this prospectus supplement and the accompanying prospectus may include forward-looking statements made within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Exchange Act. Such forward-looking statements may include, without limitation, statements about projections of financing needs, revenue, expenses, earnings or losses from operations, or other financial items; any statements of the plans, strategies and objectives of management for future operations; our market opportunities, strategies, competition; and our expected activities. At times, these statements may be identified by the use of words such as may, could, should, would, project, believe, anticipa expect, plan, estimate, forecast, potential, intend, continue and variations of these words or comparable words. Forward-looking staten inherently involve risks and uncertainties. Accordingly, actual results may differ materially from those expressed or implied by these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, the risks described under the section entitled Risk Factors included elsewhere in this prospectus and the various factors as described below.

We believe it is important to communicate our expectations to our stockholders. However, there may be events in the future that we are not able to predict accurately or over which we have no control. The risk factors and cautionary language discussed in this prospectus supplement and the accompanying prospectus provide examples of risks, uncertainties and events that may cause actual results to differ materially from the expectations described in the forward-looking statements, including our ability to:

- execute our strategic growth plan, including the identification of potential acquisition or strategic partnership opportunities;
- obtain additional capital, use internally-generated cash, or use shares of our common stock to finance growth strategies;
- adapt to the competitive and rapidly-evolving nature of our industry;
- adjust to the effect of competing products on our business;
- retain key personnel;
- manage any disruptions at our manufacturing facilities or in our customer, supplier, or employee base;
- manage the growth of the businesses within our company in a cost efficient manner; and
- adjust to economic and financial uncertainty resulting from terrorism or global economic conditions.

Forward-looking statements speak only as of the date on which they are made. We undertake no obligation to update or revise the forward-looking statements included in this registration statement, whether as a result of new information, future events or otherwise, after the date of this registration statement. Our actual results, performance or achievements could differ materially from the results expressed in, or implied by, these forward-looking statements.

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USE OF PROCEEDS

We estimate that the net proceeds of this offering, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately $18.3 million (or approximately $21.1 million if the underwriters over-allotment option is exercised in full). Net proceeds is what we expect to receive after paying the underwriting discount and other expenses associated with this offering payable by us.

We intend to use the net proceeds from this offering for working capital and other general corporate purposes, and possibly acquisitions of other businesses, products or technologies. Working capital and other general corporate purposes may include research and development expenditures and capital expenditures. We have not yet determined the amount of net proceeds to be used specifically for any of the foregoing purposes. Accordingly, our management will have significant discretion and flexibility in applying the net proceeds from the sale of these shares of our common stock. Pending any use, as described above, we intend to invest the net proceeds in high-quality, short-term, interest-bearing securities.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of March 31, 2011:

on an actual basis;

on an adjusted basis to give effect to the issuance of 7,843,137 shares of our common stock, at the offering price of $2.55 per share, after deducting underwriting discounts and commissions and our estimated offering expenses, and without exercise of the option granted to the underwriter to purchase additional shares of common stock to cover over-allotments, if any.

The information set forth in the following table should be read in conjunction with and is qualified in its entirety by our consolidated financial statements and notes thereto incorporated by reference in this prospectus supplement and accompanying prospectus. See Prospectus Supplement Summary The Offering for information relating to the expected number of shares of our common stock to be outstanding after this offering.

	As of March 31, 2011	
(in thousands except share and per share data)	**Actual**	**As Adjusted**
Cash and cash equivalents	$ 9,928	$ 28,228
Long-term liability to related party	7,559	7,559
Long-term mortgage loan payable to bank	886	886
Long-term debt note	716	716
Stockholders equity:		
Common stock: $0.001 par value; 110,000,000 shares authorized; 48,075,789 shares issued and outstanding, actual; 55,918,926 shares issued and outstanding, as adjusted	48	56
Additional paid-in capital	308,012	326,304(1)
Treasury shares, 618,400 shares	(2,777)	(2,777)
Accumulated deficit	(227,758)	(227,758)
Other accumulated comprehensive income	$ 2,667	$ 2,667
Total stockholders equity	$ 80,192	
Total capitalization	$ 89,353	

(1) Reflects the addition of $18.3 million of estimated net proceeds from our sale of an aggregate of shares in this offering.

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DILUTION

Purchasers of common stock offered by this prospectus supplement and the accompanying prospectus will suffer immediate and substantial dilution in the net tangible book value per share of common stock. Our net tangible book value as of March 31, 2011 was approximately $6,776,000, or approximately $0.14 per share of common stock. Net tangible book value per share represents the amount of total tangible assets less total liabilities (excluding deferred tax liabilities), divided by the number of shares of our common stock outstanding as of March 31, 2011.

Dilution in net tangible book value per share represents the difference between the amount per share paid by purchasers in this offering and the net tangible book value per share of our common stock immediately after this offering. After giving effect to the sale of 7,843,137 shares of common stock in this offering at a public offering price of $2.55 per share, and after deduction of the underwriting discounts and commissions and estimated offering expenses payable by us, our as adjusted net tangible book value as of March 31, 2011 would have been approximately $25,076,000, or $0.45 per share of common stock. This represents an immediate increase in net tangible book value of $0.31 per share of common stock to our existing stockholders and an immediate dilution in net tangible book value of $2.10 per share of common stock to investors participating in this offering. The following table illustrates this per share dilution:

Public offering price per share		$ 2.55
Net tangible book value per share of common stock as of March 31, 2011	$ 0.14	
Increase per share attributable to this offering	$ 0.31	
As adjusted net tangible book value per share of common stock as of March 31, 2011, after giving effect to this offering		$ 0.45
Dilution per share to new investors participating in this offering		$ 2.10

If the underwriters exercise in full their option to purchase 1,176,470 additional shares of common stock at the public offering price of $2.55 per share, the as adjusted net tangible book value after this offering would be $0.49 per share, representing an increase in net tangible book value of $0.35 per share to existing stockholders and immediate dilution in net tangible book value of $2.06 per share to participating investors at the offering price.

To the extent that any options or warrants are exercised, new options are issued under our equity incentive plans, shares of common stock are sold under our employee stock purchase plan or we otherwise issue additional shares of common stock in the future, there will be further dilution to new investors.

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UNDERWRITING

We and the underwriters for the offering named below have entered into an underwriting agreement with respect to the common stock being offered. Subject to the terms and conditions of the underwriting agreement, each underwriter has severally agreed to purchase from us the number of shares of our common stock set forth opposite its name below. Cowen and Company, LLC and Morgan Joseph TriArtisan LLC are the representatives of the underwriters.

Underwriter	Number of Shares
Cowen and Company, LLC	3,921,569
Morgan Joseph TriArtisan LLC	3,921,568
Total	7,843,137

The underwriting agreement provides that the obligations of the underwriters are subject to certain conditions precedent and that the underwriters have agreed, severally and not jointly, to purchase all of the shares sold under the underwriting agreement if any of these shares are purchased, other than those shares covered by the overallotment option described below. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the underwriters against specified liabilities, including liabilities under the Securities Act, and to contribute to payments the underwriters may be required to make in respect thereof. The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel and other conditions specified in the underwriting agreement. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Overallotment option to purchase additional shares. We have granted to the underwriters an option to purchase up to 1,176,470 additional shares of common stock at the public offering price, less the underwriting discount. This option is exercisable for a period of 30 days. The underwriters may exercise this option solely for the purpose of covering overallotments, if any, made in connection with the sale of common stock offered hereby. To the extent that the underwriters exercise this option, the underwriters will purchase additional shares from us in approximately the same proportion as shown in the table above.

Discounts and commissions. The following table shows the public offering price, underwriting discount and proceeds, before expenses to us. These amounts are shown assuming both no exercise and full exercise of the underwriters option to purchase additional shares.

We estimate that the total expenses of the offering (which includes approximately $35,000 that we have agreed to reimburse the underwriters for out-of-pocket expenses, including fees, costs, expenses or disbursements for legal counsel, incurred in connection with this offering), excluding underwriting discount, will be approximately $300,000 and are payable by us. Pursuant to FINRA interpretations, total underwriter compensation shall not exceed 8% of the gross proceeds of this offering.

		Total	
	Per Share	**Without Over-Allotment**	**With Over-Allotment**
Public offering price	$ 2.5500	$ 20,000,000	$ 23,000,000
Underwriting discount	0.1785	1,400,000	1,610,000
Proceeds, before expenses, to us	2.3715	18,600,00	21,390,000

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The underwriters propose to offer the shares of common stock to the public at the public offering price set forth on the cover of this prospectus supplement. The underwriters may offer the shares of common stock to securities dealers at the public offering price less a concession not in excess of $0.765 per share. If all of the shares are not sold at the public offering price, the underwriters may change the offering price and other selling terms.

Discretionary accounts. The underwriters do not intend to confirm sales of the shares to any accounts over which they have discretionary authority.

Stabilization. In connection with this offering, the underwriters may engage in stabilizing transactions, overallotment transactions, syndicate covering transactions, penalty bids and purchases to cover positions created by short sales.

Stabilizing transactions permit bids to purchase shares of common stock so long as the stabilizing bids do not exceed a specified maximum, and are engaged in for the purpose of preventing or retarding a decline in the market price of the common stock while the offering is in progress.

Overallotment transactions involve sales by the underwriters of shares of common stock in excess of the number of shares the underwriters are obligated to purchase. This creates a syndicate short position which may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriters is not greater than the number of shares that they may purchase in the overallotment option. In a naked short position, the number of shares involved is greater than the number of shares in the overallotment option. The underwriters may close out any short position by exercising their overallotment option and/or purchasing shares in the open market.

Syndicate covering transactions involve purchases of common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared with the price at which they may purchase shares through exercise of the overallotment option. If the underwriters sell more shares than could be covered by exercise of the overallotment option and, therefore, have a naked short position, the position can be closed out only by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that after pricing there could be downward pressure on the price of the shares in the open market that could adversely affect investors who purchase in the offering.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock in the open market may be higher than it would otherwise be in the absence of these transactions. Neither we nor the underwriters make any representation or prediction as to the effect that the transactions described above may have on the price of our common stock. These transactions may be effected on The NASDAQ Global Market, in the over-the-counter market or otherwise and, if commenced, may be discontinued at any time.

Passive market making. In connection with this offering, underwriters and selling group members may engage in passive market making transactions in our common stock on The NASDAQ Global Market in accordance with Rule 103 of Regulation M under the Securities Exchange Act of 1934, as amended (the Exchange Act), during a period before the commencement of offers or sales of common stock and extending through the completion of the distribution. A passive market maker must display its bid at a price not in excess of the highest independent bid of that security. However, if all independent bids are lowered below the passive market maker s bid, that bid must then be lowered when specified purchase limits are exceeded.

Lock-up agreements. Pursuant to certain lock-up agreements, we and our executive officers and directors, have agreed, subject to certain exceptions, not to offer, sell, assign, transfer, pledge, contract to sell, or otherwise dispose of or announce the intention to otherwise dispose of, or enter into any swap, hedge or similar agreement or arrangement that transfers, in whole or in part, the economic consequence of ownership of, directly or indirectly, or make any demand or request or exercise any right with respect to the registration of, or file with the SEC a registration statement under the Securities Act (except for a registration statement on Form S-8 relating to employee benefit plans, a registration statement on Form S-4 in connection with a strategic transaction, or any amendments or supplements to our Registration Statement on Form S-1 (File No. 333-171134) for the purpose of updating or supplementing the information contained therein) relating to, any common stock or securities convertible into or exchangeable or exercisable for any common stock without the prior written consent of Cowen and Company, LLC, and Morgan Joseph TriArtisan, LLC for a period of 30 days after the date of the pricing of the offering. The 30-day restricted period will be automatically extended if (i) during the last 17 days of the 30-day restricted period we issue an earnings release or material news or a material event relating to us occurs or (ii) prior to the expiration of the 30-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 30-day restricted period, in either of which case the restrictions described above will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the public announcement of the material news or the occurrence of the material event, as applicable, unless Cowen and Company, LLC and Morgan Joseph TriArtisan LLC each waive, in writing, such extension.

This lock-up provision applies to common stock and to securities convertible into or exchangeable or exercisable for common stock. It also applies to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition. The exceptions to the lock-up for executive officers and directors are: (a) transactions relating to shares of common stock or other securities acquired in open market transactions after the completion of the offering; (b) the transfer of shares of common stock or any securities convertible into or exercisable or exchangeable for common stock (i) to the spouse, domestic partner, parent, child or grandchild of the executive officer or director or to a trust formed for the benefit of an immediate family member or (ii) by bona fide gift; (c) the transfer of shares of common stock or any securities convertible into shares of common stock to us upon a vesting event of our securities or upon the exercise of options or warrants to purchase our securities, in each case on a cashless or net exercise basis or to cover tax withholding obligations; (d) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of common stock; and (e) the transfer of shares of common stock or any security convertible into or exercisable or exchangeable for common stock that occurs by operation of law, such as pursuant to a qualified domestic order or in connection with a divorce settlement; each of which is subject to certain conditions set forth in the lock-up agreements with the executive officers and directors.

The exceptions to the lock-up for us are: (1) our sale of shares in this offering; (2) the issuance of common stock, options to acquire common stock or other equity awards pursuant to our stock option plan, restricted stock plan and employee stock purchase plan, including such stock option plans approved by our Board of Directors and pending stockholder approval, and such other plans and arrangements, and other contractual obligations as are in existence on the date hereof, and described in this prospectus supplement and the accompanying prospectus; (3) the issuance of common stock or warrants in

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connection with strategic transactions, which in the aggregate shall not exceed 10% of our outstanding common stock; (4) the issuance of common stock pursuant to the valid exercises, vesting or settlements of options, warrants or rights outstanding as of the date of the offering; and (5) the issuance of common stock to former holders of Bluehill ID AG bearer shares not tendered in connection with the acquisition of Bluehill ID AG in January 2010.

Electronic offer, sale and distribution of shares. A prospectus in electronic format may be made available on the websites maintained by one or more of the underwriters or selling group members, if any, participating in this offering and one or more of the underwriters participating in this offering may distribute prospectuses electronically. The representatives may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters and selling group members that will make internet distributions on the same basis as other allocations. Other than the prospectus in electronic format, the information on these websites is not part of this prospectus supplement, the accompanying prospectus or the registration statement of which the accompanying prospectus forms a part, has not been approved or endorsed by us or any underwriter in its capacity as underwriter, and should not be relied upon by investors.

Other relationships. Certain of the underwriters and their affiliates have provided, and may in the future provide, various investment banking, commercial banking and other financial services for us and our affiliates for which they have received, and may in the future receive, customary fees.

Stock Exchange Listing. Our common shares are traded on The NASDAQ Global Market under the symbol INVE and on the Frankfurt Stock Exchange under the symbol INV. The transfer agent for our common shares to be issued in this offering is American Stock Transfer & Trust Company, LLC.

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LEGAL MATTERS

The validity of the common stock offered hereby will be passed upon for us by Greenberg Traurig, LLP, Boston, Massachusetts. Certain matters will be passed upon for the underwriters by Goodwin Procter LLP, New York, New York.

EXPERTS

The consolidated financial statements and the related financial statement schedule of Identive Group, Inc. (formerly known as SCM Microsystems, Inc.) incorporated in this prospectus by reference from the Company s Annual Report on Form 10-K for the year ended December 31, 2010 have been audited by Deloitte & Touche GmbH, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such financial statements and financial statement schedule have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements of Bluehill ID AG as of and for the years ended December 31, 2009 and 2008 and related notes incorporated by reference in this prospectus from the Company s Amendment No. 2 to Current Report on Form 8-K/A, as filed August 6, 2010, have been audited by Ernst & Young Ltd, independent auditors, as stated in their report, which is incorporated herein by reference. Such financial statements have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The financial statements of Hirsch Electronics Corporation as of and for the years ended November 30, 2008, 2007 and 2006 incorporated by reference in this prospectus from the Company s Registration Statement on Form S-4 (File No. 333-162618) have been audited by Squar, Milner, Peterson, Miranda & Williamson, LLP, independent auditors, as stated in their report, which is incorporated herein by reference. Such financial statements have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. These reports, proxy statements and other information can be read and copied at the SEC s public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. The SEC maintains an internet site at http://www.sec.gov that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including us. Reports, proxy statements and other information filed by us with the SEC can also be obtained on our internet site at http://www.identive-group.com. Information on our website is not incorporated into this prospectus and is not a part of this prospectus.

You should rely only on the information provided in, and incorporated by reference in, this prospectus supplement and the accompanying prospectus and the registration statement. We have not authorized anyone else to provide you with different information. Our securities are not being offered in any state where the offer is not permitted. The information contained in documents that are incorporated by reference in this prospectus supplement is accurate only as of the dates of those documents. Our business, financial condition, results of operations and prospects may have changed since those dates.

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INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to incorporate by reference the information we file with it, which means that we can disclose important information to you by referring you to another document that we have filed separately with the SEC. You should read the information incorporated by reference because it is an important part of this prospectus supplement. We incorporate by reference the following information or documents that we have filed with the SEC (excluding those portions of any Form 8-K that are not deemed filed pursuant to the General Instructions of Form 8-K):

- our Annual Report on Form 10-K for the year ended December 31, 2010 filed with the SEC on March 7, 2011;

- our Quarterly Report on Form 10-Q for the quarter ended March 31, 2011 filed with the SEC on May 6, 2011;

