



OPTION REPORTS SECOND QUARTER AND FIRST HALF YEAR 2009 RESULTS

Leuven, Belgium – July 30, 2009 – Option N.V. ([EURONEXT Brussels: OPTI](#); [OTC: OPNVY](#)), the wireless technology company, today announced its results for the second quarter and the half fiscal year ended June 30, 2009. The financial information reported in this release is presented in Euros and has been prepared in accordance with the recognition and measurement criteria of IFRS as adopted by the European Union. The accounting policies and methods of computation followed in the attached financial statements are the same as those followed in the most recent annual financial statements. The company will be releasing its IAS 34 interim financial statements before the end of August.

Financial Highlights of the second quarter 2009

- Total revenues for the second quarter of 2009 were EUR 41.3 million compared with EUR 60.8 million realized in the second quarter of 2008.
- Gross margin in Q2 2009 was 20.0% on total revenues, compared with gross margin of 24.7% for Q2 2008. Gross margin would have been 20.9% excluding a one-off restructuring charge of EUR 385 thousand, attributable to the cost of product sold.
- Compared to Q2 2008, operating expenses decreased with EUR 3.4 million excluding restructuring charges in the second quarter of 2009 from EUR 21.6 million to EUR 18.2 million. These reductions are mainly due to a combination of cost reductions and lower sales related costs. The one-off restructuring charges taken in the second quarter 2009 and attributable to the operating expenses, are EUR 1.3 million.
- The quarterly EBIT amounted to EUR –11.3 million or –27.4% on total revenues compared with EUR –6.6 million or –10.9% during the corresponding period in 2008.
- Net result for the second quarter of fiscal year 2009 amounted to EUR –11.6 million, or EUR –0.28 per basic share. This compares with a net result of EUR –5.6 million, or EUR –0.14 per basic share. The Q2 2009 net result was positively impacted by taxes of EUR 4.2 million and negatively impacted by a financial result of EUR –4.5 million. EUR 3.7 million of the negative financial result was due to the weakening of the US dollar against the Euro creating unrealized losses on USD bank accounts and the mark to market value calculation of outstanding hedging contracts remaining for 2009.
- The Group's balance sheet includes EUR 28.2 million in cash and reduced inventory levels to EUR 21.6 million. Per June 2009 an amount of EUR 7 million has been drawn from the existing credit lines. The accounts payable and receivable positions decreased compared to year end 2008, and the average days outstanding on receivables decreased to an average of 49 days net of subcontracting parties.

Financial Highlights of the half fiscal year 2009

- First half year revenues were EUR 92.0 million, a decrease of 33% compared with EUR 137.6 million revenues realized during the first half year 2008.
- Gross margin for the first half year was EUR 21.5 million compared with EUR 41.6 million in 2008. Gross margin in the first half year 2009 was 23.4%, compared with a gross margin of 30.3% in 2008.

Excluding a one-off restructuring charge of EUR 385 thousand in Q2 2009, the gross margin would have been 23.8%.

- EBIT decreased to EUR –20.4 million or –22.2% on total revenues during the first half year 2009, including the one-off restructuring charge of EUR 1.7 million, compared with an EBIT of EUR –3.5 million in 2008.
- Net result decreased to EUR –16.8 million, or EUR –0.41 per basic share. This compares with a net result of EUR –2.8 million, or EUR –0.07 per basic share in 2008. The 2009 net result was positively impacted by taxes of EUR 7.5 million and negatively impacted by a finance result of EUR –3.9 million.

Additional Highlights

- During the quarter Option has continued the restructuring of its business in order to reduce operating expenses by 20% at year end. From Q4 2008, Option has reduced overall headcount by 215 full time equivalents. These reductions should save Option more than EUR 10 million annually in payroll costs.

These savings have been implemented while at the same time increasing revenue generating resources in North America and software engineering skills in Germany.

The total restructuring costs incurred and accrued in Q2 were EUR 1.7 million, significantly less than the previously stated EUR 2-2.5 million.

In addition, non-payroll related costs are being reduced as well through more stringent travel policies, lease negotiations, licensing fee negotiations, insurance premiums, etc. Excluding licensing fees, operating expenses were 20% less in Q2 vs Q1.

- Option announced in June the launch of a brand new HSPA+ USB modem – the iCON 505. This USB modem is sold by TeliaSonera Sweden and offers TeliaSonera's broadband users the possibility of staying connected, using the fastest network of their choice, wherever they go.

With impressive maximum download and upload speeds of 10.2Mbps and 5.76Mbps, the iCON 505 is uniquely upgradeable, allowing it to evolve as networks move towards faster HSPA+ speeds. With a simple firmware upgrade it will soon offer download speeds reaching 14.4 Mbps. It can easily transfer large files or handle high-quality streaming media at speeds that match or exceed those found on traditional fixed line internet connections in many homes and offices.

Designed in Europe and being the first USB modem in Europe to be powered by the Icera Livanto[®] baseband chipset, the iCON 505 is quick and easy to set up and offers outstanding reliability and excellent usability.

- Option has developed, in its capacity as an ODM, a highly-integrated system board for the Japanese consumer electronics giant, Sharp Electronics Corporation. The system board incorporates all smart phone functionalities including 3G mobile broadband, and is being integrated by Sharp into the new 3G Sidekick LX messaging phone.

This new Sidekick LX follows on from the success of previously launched models and features additional 3G functionalities. This will be particularly beneficial to social network users who will be able to stay in touch and interact with friends while on-the-go, with a one click access to customized applications such as MySpace, Facebook, Twitter and Photobucket.

The Sidekick LX features a swivel design, a sharp color screen, a full keyboard and boasts the thinnest profile ever delivered on a Sidekick.

CONSOLIDATED PERFORMANCE

For the period ended 30 June				
Million EUR (except per share figures)	Q2 2009	Q2 2008	YTD 2009	YTD 2008
Revenues	41.3	60.8	92.0	137.6
Gross profit.....	8.2	15.0	21.5	41.6
Operating expenses	19.6	21.6	41.9	45.1
EBIT	(11.3)	(6.6)	(20.4)	(3.5)
Net result.....	(11.6)	(5.6)	(16.8)	(2.8)
Weighted average number of ordinary shares...	41 249 296	41 249 296	41 249 296	41 249 296
Basic earnings / (loss) per share (EUR)	(0.28)	(0.14)	(0.41)	(0.07)

Comments on the results

Commenting on the results, Jan Callewaert, CEO of Option, said:

“The economic recession continued to affect all aspects of our business in the second quarter. However, we have seen more stability in the inventory levels at the operators and we are starting to see more normalized purchasing again.

Our focus on the US market in the quarter has reaped strong benefits with AT&T as it constituted 17% of revenue in the quarter. In addition, the launch of the iCON 505 HSPA USB modem with TeliaSonera and other European operators to follow should help us to rebuild our European revenue base which has suffered most in this difficult economy.

USB modems accounted for more than 70% of our shipments in the second quarter with HSPA USB modems being 55% of the USB modem mix. Embedded modems accounted for 20% of the volume sales.

We were pleased with the build of over 200,000 system boards integrated by Sharp into the new 3G Sidekick LX smartphone commercialized by T-Mobile USA.

As we stated last quarter, we implemented a restructuring across the company that resulted in a reduction in forces of 215 Full Time Equivalentents since the fourth quarter of 2008. The related restructuring cost was 1.7 million EUR. Recurring operating expenses were 20% lower compared to the first quarter in 2009. Regardless of these events, we continue to scrutinize further our own cost base, supply chain and operations with an intensity to return to profitability by the start of 2010.

We continue to appreciate the strong shareholder support we received during the second quarter and the continued belief in our ability to regain profitability and sustained growth.”

Interim financial statements 2009

Option is currently finalizing its IAS 34 interim financial statements for the first six months, ended 30 June 2009. The auditor has not yet completed his limited review procedures as of today. Should any material changes arise during the audit finalization, an additional press release will be issued. Option expects to publish its interim financial statements, as well as the auditor’s statement of limited review, at the end of August.

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Financial report prepared in accordance with International Financial Reporting Standards (IFRSs)

CONSOLIDATED INCOME STATEMENT

For the 3 and 6 month period ended 30 June Thousands EUR (except per share figures)	Q2/2009	Q2/2008	June 30, 2009	June 30, 2008
Revenues	41 278	60 811	92 043	137 600
Cost of products sold ¹	(32 647)	(45 789)	(70 132)	(95 971)
Gross margin excl restructuring charges	8 631	15 022	21 912	41 629
Gross margin excluding restructuring charges %....	20.9%	24.7%	23.8%	30.3%
<i>Restructuring charges</i>	(385)		(385)	
Gross margin	8 246	15 022	21 527	41 629
Gross margin %	20.0%	24.7%	23.4%	30.3%
<i>Restructuring charges</i>	(1 282)	-	(1 282)	-
Research and development expenses ¹	(6 926)	(7 301)	(15 299)	(15 543)
Sales, marketing and royalties expenses ¹	(6 986)	(9 591)	(16 905)	(19 810)
General and administrative expenses ¹	(4 382)	(4 750)	(8 464)	(9 790)
Total operating expenses	(19 576)	(21 643)	(41 950)	(45 143)
Profit from operations (EBIT)	(11 329)	(6 621)	(20 423)	(3 514)
EBIT/Total revenues %	(27.4%)	(10.9%)	(22.2%)	(2.6%)
Depreciation and amortization.....	4 817	4 910	9 456	9 682
EBITDA	(6 512)	(1 711)	(10 967)	6 168
EBITDA/Total revenues %	(15.8%)	(2.8%)	(11.9%)	4.5%
Exchange gain/(loss).....	(3 126)	(1 914)	(2 631)	(264)
Interest income/(expense) and other financial income/(expense).....	(1 415)	247	(1 305)	(1 793)
Finance result	(4 541)	(1 667)	(3 936)	(2 058)
Result before taxes	(15 870)	(8 288)	(24 359)	(5 572)
Tax benefits / (expense).....	4 237	2 639	7 548	2 726
Net result	(11 633)	(5 649)	(16 811)	(2 846)
Weighted average number of ordinary shares	41 249 296	41 249 296	41 249 296	41 249 296
Diluted average number of ordinary shares	41 249 296	41 249 296	41 249 296	41 249 296
Basic earnings / (loss) per share (in EUR)	(0.28)	(0.14)	(0.41)	(0.07)
Diluted earnings / (loss) per share (in EUR).....	(0.28)	(0.14)	(0.41)	(0.07)

¹ These amounts are excluding restructuring charges

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CONSOLIDATED BALANCE SHEET PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS)

Thousands EUR For the period ended	30 June 2009	31 December 2008
ASSETS		
Current assets		
Cash and cash equivalents	28 224	33 328
Trade and other receivables	22 419	44 819
Other financial assets.....	0	0
Income tax receivable	116	227
Inventories	21 598	32 894
	72 357	111 268
Non-current assets		
Property, plant and equipment	13 816	16 291
Intangible assets	23 938	20 740
Deferred tax assets	30 796	22 413
Other non-current assets	376	383
	68 927	59 827
Total assets	141 284	171 094
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	43 013	67 353
Income tax payable	104	104
Other financial liabilities	10 083	89
Provisions (current)	2 783	2 437
	55 983	69 983
Non-current liabilities		
Other non current liabilities	51	16
Deferred tax liabilities.....	2 638	2 013
	2 689	2 029
Equity		
Issued capital	6 116	6 116
Share premium.....	43 865	43 865
Reserves.....	696	352
Retained earnings.....	31 935	48 749
Shareholders' equity.....	82 612	99 082
Total liabilities and shareholders' equity	141 284	171 094

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CONSOLIDATED CASH FLOW STATEMENT

Prepared in accordance with International Financial Reporting Standards (IFRSs)

Thousands EUR For the period ended	30 June 2009	30 June 2008
OPERATING ACTIVITIES		
Net profit (A).....	(16 814)	(2 848)
Depreciation and amortization.....	9 456	9 682
Write-offs on current and non current assets	1 519	4 619
Increase/(decrease) in provisions	347	
Unrealized foreign exchange losses/(gains)	1 635	72
(Gains)/Losses on hedging contracts.....	2 709	
Interest income.....	(56)	(434)
Interest expense.....	174	68
Equity settled share based payment expense.....	484	
Tax Benefit.....	(7 548)	(2 726)
Total (B).....	8 720	11 281
Cash flow from operating activities before changes in working capital (C)=(A)+(B)	(8 091)	8 433
Decrease/(increase) in trade and other receivables.....	11 784	(28 889)
Decrease/(increase) in inventories.....	11 296	14 947
Increase/(decrease) in trade and other payables	(16 673)	10 174
	6 407	(3 768)
Total changes in working capital (D).....		
Cash generated from operations (E)=(C)+(D)	(1 684)	4 665
Interests (paid) (F).....	(60)	-
Interests received (G).....	73	-
Income tax (paid)/received (H).....	(56)	2 928
CASH FLOW FROM OPERATING ACTIVITIES (I)=(E)+(F)+(G)+(H).....	(1 726)	7 593
INVESTING ACTIVITIES		
Proceeds from sale of plant & equipment	-	-
Proceeds from sale of intangible assets.....	-	6
Acquisition of property, plant and equipment	(813)	(1 691)
Acquisition of intangible assets	(141)	(660)
Development expenditures	(9 225)	(10 458)
CASH FLOW FROM INVESTING ACTIVITIES (J).....	(10 180)	(12 802)
FINANCING ACTIVITIES		
Proceeds from borrowings	7 334	
Repayment of borrowings	(37)	(1)
Payment of finance lease liabilities	23	
CASH FLOW FROM FINANCING ACTIVITIES (K).....	7 320	(1)
Net increase/(decrease) in cash and cash equivalents (I)+(J)+(K).....	(4 586)	(5 211)
Cash and cash equivalents at beginning of period.....	33 328	36 299
Effect of exchange rate fluctuations on cash held	(517)	(29)
Cash and cash equivalents at end of period	28 224	31 059
Difference	0	0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Thousands EUR For the period ended 30 June 2009	Shareholders' equity					Total equity
	Issued capital	Share premium	Share-based payment reserves	Translation reserves	Retained earnings	
As per 31 December 2008...	6 116	43 865	513	(161)	48 749	99 082
Net result	-	-	-	-	(16 814)	(16 814)
Share based payments	-	-	484	-	-	484
Translation adjustment.....	-	-	-	(140)	-	(140)
As per 30 June 2009	6 116	43 865	997	(301)	31 935	82 612

This press release contains forward-looking information that involves risks and uncertainties, including statements about the company's plans, objectives, expectations and intentions. Such statements include, without limitation, discussions concerning the company's strategic direction and new product introductions and developments. Readers are cautioned that such forward-looking statements involve known and unknown risks and uncertainties that may cause actual results to differ materially than those set forth in the forward looking statements. The risks and uncertainties include, without limitation, the early stage of the market for connectivity and integrated wireless products and solutions for portable and handheld computers and mobile telephones, the management of growth, the ability of the company to develop and successfully market new products, rapid technological change and competition. Some of these risk factors were highlighted in the Consolidated and Statutory Report 2008 of the Board of Directors which can be found in the Annual Report 2008 page 25-27. The forward-looking statements contained herein speak only as of the date of this press release. The company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any such statement to reflect any change in the company's expectations or any change in events, conditions or circumstance on which any such statement is based.

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About Option

Option, the wireless technology company, is a leading innovator in the design, development and manufacture of 3G HSUPA, HSDPA, UMTS, EDGE, and WLAN technology products for wireless connectivity solutions. Option has established an impressive reputation for creating exciting products that enhance the performance and functionality of wireless communications. Option is headquartered in Leuven, Belgium. The company also has Research & Development in Belgium (Leuven), Germany (Düsseldorf and Augsburg) and an ISO 9001 production engineering and logistics facility in Ireland (Cork). Option maintains offices in Europe, US, Greater China, Japan and Australia. For more information please visit www.option.com.

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