



OPTION REPORTS SECOND HALF YEAR AND FULL YEAR 2010 RESULTS

Leuven, Belgium – March 3, 2011 – Option N.V. ([EURONEXT Brussels: OPTI](#); [OTC: OPNVY](#)), the wireless technology company, today announced its results for the full fiscal year and second half year ended December 31, 2010. 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.

Business Overview

During the second half of 2010 the Company continued to suffer from the selling practices of Chinese competitors in Europe.

The Company is thankful for the continuous support from its personnel, its customers mainly outside Europe, the banks and its suppliers.

The Company initiated a process to sell M4S, Option's owned 4G RF semiconductor subsidiary, which was successfully sold for EUR 8 million to Huawei Technologies.

Furthermore Huawei agreed to license Option's *uCAN*® Connection Manager software, for which in the first year of the license the amount of EUR 27 million was paid. The agreement included the potential for an extension of the license for an amount of up to EUR 33 million over the next 18 months based on mutually agreed contractual milestones. Of this, EUR 11 million was already paid in 2011.

In the spirit of this collaboration, the Company has withdrawn its anti-dumping and anti-subsidy complaints against imports of wireless wide area networking modems from China, asked the Belgian government to withdraw its safeguard request and asked the European Commission to close all three investigations.

The Company signed a commercial agreement with InterDigital, for the delivery of software and development services in connection with Option's *uCAN* Connect software platform for the minimum amount of \$ 1.5 million.

The Company embarked on an industrial transformation that is continuing as the Company moved away from the highly commoditized segments of the market. The company continues to have a good sales pipeline and interesting opportunities in its strategic pillars it has identified.

Together with the CEO, the following people will deliver on these strategic pillars:

- Bart Goedseels, rejoining the company, as Chief Operating Officer overseeing the Business Units Embedded Solutions, Mobile Devices & Solutions and managing Operations;
- Patrick Hofkens as Chief Development Officer overseeing Innovation & Business Development, Security Solutions and the Business Unit Connection Manager;
- Jan Smits as CFO overseeing Finance, IT, Legal and HR.

The Board of Directors is strengthened with Francis Vanderhoydonck as independent director replacing Arnoud De Meyer. Mr. Vanderhoydonck will act as chairman of the Audit Committee.

Francis Vanderhoydonck is Master of Law and Economic Sciences and obtained an MBA from New York University. From 1986 to 1998, he worked at Generale Bank, where he held a number of positions in the investment banking department. From 1995 to 1998, he was responsible for this department. Now, he works with Maple Finance Group, which is specialized in the management of private equity investment funds and corporate finance. He also is director in a number of companies.

The Board of Directors now counts six (6) members: Olivier Lefebvre, Jan Callewaert, Philip Vermeulen, Lawrence Levy, David A. Hytha and Francis Vanderhoydonck.

Financial Highlights of the second half year 2010

- Total revenues for the second half year of 2010 were EUR 26.9 million compared with EUR 55.1 million realized in the second half year of 2009.
- Gross margin for the second half year 2010 was EUR 9.4 million compared with EUR 5.7 million for the comparable period in 2009. Gross margin for the second half year 2010 was 34.8% on total revenues, compared with a gross margin of 10.3% for the comparable period in 2009. The gross margin for the second half year 2010 was positively influenced by more important software revenues.
- Compared to the second half year 2009, total operating expenses, in the second half of 2010 decreased with EUR 18.6 million from EUR 39.6 million to EUR 21 million as a result of the restructuring exercises, initiated in 2009 and effective cost control within the Group.
- The sale of the subsidiary M4S to Huawei in the last quarter of 2010, for 7.1 million EUR in net proceeds, generated other income of EUR 871 thousand.
- The second half year 2010 EBIT amounted to EUR –10.8 million compared with EUR –33.9 million during the corresponding period in 2009.
- Result before taxes amounted to EUR –10.8 million in the second half of 2010 compared with EUR –36.7 million in 2009.
- Following the IFRS guidance related to deferred tax assets, the Group has determined that it is prudent to reverse the deferred tax asset in full, for an amount of EUR 29.7 million and which needs to be considered as a one-off, non cash item. Therefore the net result for the second half year of fiscal year 2010 amounted to EUR –40.5 million, or EUR –0.49 per basic share. This compares with a net result of EUR –36.9 million, or EUR –0.87 per basic share in the second half year of 2009.
- During the second half of 2010, the Company signed a software and license agreement with Huawei to license Option's connection manager software, for which the first year of the license the Group received EUR 27 million.

Financial Highlights of the full fiscal year result 2010

- Total revenues for the full year 2010 were EUR 57.7 million, a decrease of 60.7% compared with EUR 147.1 million revenues realized during the comparable period in 2009.
- Gross margin for the full year was EUR 15 million compared with EUR 27.2 million in 2009. Gross margin year to date in 2010 was 26.1%, compared with a gross margin of 18.5% in 2009. The 2010 gross margin was positively impacted by increased software revenues, delivering higher margins compared to revenues generated by devices.
- Compared to the full year 2009, total operating expenses decreased with EUR 33.7 million from EUR 81.5 million to EUR 47.8 million. The reduced expenses are the result of the restructuring exercises initiated in 2009, combined with lower sales related costs as well as effective cost control within the Group.

- EBIT was EUR –31.9 million or –55.2% on total revenues during the full year 2010, compared with and EBIT of EUR –54.3 million or –36.9% on total revenues in 2009.
- The 2010 net result was EUR –32.7 million excluding the negative deferred tax impact and EUR –61 million including, or EUR –0.74 per basic share. This compares with a net result of EUR –53.7 million, or EUR –1.27 per basic share in 2009.
- The Group's balance sheet includes EUR 30.9 million in cash, including EUR 4.8 million which has been drawn from the existing credit lines. The cash and cash equivalents increased during the fourth quarter of 2010 as a result of cash received with respect to Option's license deal with Huawei (EUR 27 million) and the successful sale of the Group's subsidiary M4S to Huawei (EUR 7.1 million). The trade and other receivable position decreased to EUR 7.3 million and the inventory levels to EUR 12.4 million compared to year end 2009. The intangible assets decreased to EUR 8.6 million, mainly due to impairments of EUR 6.1 million in the first half of 2010 and the impact on the sale of the subsidiary M4S. The trade and other payable position increased to EUR 52.8 million. This is the result of an increase of deferred revenues from recent license deals (EUR + 22 million) and a decrease of trade payables (EUR –10.9 million). The deferred tax asset was reversed in full.

CONSOLIDATED PERFORMANCE

For the period ended 31 December Million EUR (except per share figures)	2 nd HY 2010	2 nd HY 2009	YTD 2010	YTD 2009
Revenues	26.9	55.1	57.7	147.1
Gross profit.....	9.4	5.7	15.0	27.2
Operating expenses and other income	20.2	39.6	46.9	81.5
EBIT	(10.8)	(33.9)	(31.9)	(54.3)
Net result.....	(40.5)	(36.9)	(61.0)	(53.7)
Weighted average number of ordinary shares...	82 498 592	42 266 402	82 498 592	42 266 402
Basic earnings / (loss) per share (EUR)	(0.49)	(0.87)	(0.74)	(1.27)

Annual Financial Report 2010

Option is currently finalizing its IFRS financial statements for the year ended 31 December 2010. The auditor has not yet completed his audit procedures as of today. Should any material changes arise during the audit finalization, and additional press release will be issued. Option expects to be able to publish its fully audited Annual Financial Report for the year 2010 on or before April 14, 2011.

- OPTION N.V. -

FINANCIAL REPORT PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS).

CONSOLIDATED INCOME STATEMENT

For the 6 and 12 month period ended 31 Dec. Thousands EUR (except per share figures)	2 nd HY 2010	2 nd HY 2009	Dec. 31, 2010	Dec. 31, 2009
Revenues	26 858	55 076	57 731	147 119
Cost of products sold ¹	(17 502)	(47 408)	(42 684)	(117 540)
Gross margin excl restructuring charges	9 356	7 668	15 047	29 579
Gross margin excluding restructuring charges %	34.8%	13.9%	26.1%	20.1%
<i>Restructuring charges</i>	-	(2 006)	-	(2 391)
Gross margin	9 356	5 662	15 047	27 188
Gross margin %	34.8%	10.3%	26.1%	18.5%
<i>Restructuring charges</i>	-	(5 641)	-	(6 923)
Research and development expenses ¹	(7 324)	(16 509)	(24 016)	(31 808)
Sales, marketing and royalties expenses ¹	(7 480)	(9 991)	(11 146)	(26 896)
General and administrative expenses ¹	(6 262)	(7 439)	(12 642)	(15 903)
Total operating expenses	(21 066)	(39 580)	(47 804)	(81 530)
Other income	871	-	871	-
Profit from operations (EBIT)	(10 839)	(33 918)	(31 886)	(54 342)
EBIT/Total revenues %	(40.4%)	(61.6%)	(55.2%)	(36.9%)
Depreciation and amortization	5 692	13 256	20 228	22 712
EBITDA	(5 147)	(20 662)	(11 658)	(31 630)
EBITDA/Total revenues %	(19.2%)	(37.5%)	(20.2%)	(21.5%)
Exchange gain/(loss)	458	(2 903)	(219)	(5 534)
Interest income/(expense) and other financial income/(expense)	-406	166	(619)	(1 139)
Finance result	52	(2 737)	(838)	(6 673)
Result before taxes	(10 787)	(36 655)	(32 724)	(61 015)
Tax benefits / (expense)	(29 742)	(215)	(28 314)	7 333
Net result	(40 529)	(36 870)	(61 038)	(53 682)
Weighted average number of ordinary shares	82 498 592	42 266 402	82 498 592	42 266 402
Diluted average number of ordinary shares	82 498 592	42 266 402	82 498 592	42 266 402
Basic earnings / (loss) per share (in EUR)	(0.49)	(0.87)	(0.74)	(1.27)
Diluted earnings / (loss) per share (in EUR)	(0.49)	(0.87)	(0.74)	(1.27)

¹ These amounts are excluding restructuring charges

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

Thousands EUR For the period ended	31 December 2010	31 December 2009
ASSETS		
Current assets		
Cash and cash equivalents	30 930	30 664
Trade and other receivables	7 277	16 254
Other financial assets.....	0	0
Income tax receivable	47	97
Inventories	12 425	17 336
	50 679	64 351
Non-current assets		
Property, plant and equipment	4 510	9 157
Intangible assets	8 596	21 385
Deferred tax assets	0	30 050
Other non-current assets	48	328
	13 155	60 921
Total assets	63 834	125 272
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	52 806	42 595
Income tax payable	95	268
Other financial liabilities	4 770	8 648
Provisions (current)	2 097	7 529
	59 768	59 040
Non-current liabilities		
Other non current liabilities	-	-
Deferred tax liabilities.....	20	1 893
	20	1 893
Equity		
Issued capital	12 232	12 232
Share premium.....	57 961	57 961
Reserves.....	(176)	(921)
Retained earnings.....	(65 971)	(4 933)
Shareholders' equity.....	4 046	64 339
Total liabilities and shareholders' equity	63 834	125 272

CONSOLIDATED CASH FLOW STATEMENT

Prepared in accordance with International Financial Reporting Standards (IFRSs)

Thousands EUR For the period ended	31 December 2010	31 December 2009
OPERATING ACTIVITIES		
Net Result (A).....	(61 038)	(53 682)
Depreciation and amortization.....	14 093	20 000
(Reversal of) Write-offs on current and non current assets	(690)	7 861
Impairment losses on intangible assets	6 135	2 034
Impairment losses on tangible assets	-	678
Increase/(decrease) in provisions	543	5 434
Loss/ (gains) on sale of property, plant & equipment	(300)	839
Loss/ (gains) on sale of intangible assets	14	22
Unrealized foreign exchange losses/(gains)	625	506
(Gains)/Losses on sale of financial fixed assets	(872)	-
Interest income.....	(59)	(80)
Interest expense.....	527	709
Equity settled share based payment expense.....	200	663
Tax expense / (benefit)	28 314	(7 332)
Total (B)	48 530	31 335
Cash flow from operating activities before changes in working capital	(12 508)	(22 347)
(C)=(A)+(B)		
Decrease/(increase) in trade and other receivables.....	8 671	28 481
Decrease/(increase) in inventories.....	6 061	8 021
Increase/(decrease) in trade and other payables.....	9 460	(25 898)
Use in provisions.....	(5 912)	(342)
	18 280	10 262
Total changes in working capital (D).....		
Cash generated from operations (E)=(C)+(D)	5 772	(12 085)
Interests (paid) (F).....	(319)	(412)
Interests received (G).....	50	79
Income tax (paid)/received (H).....	17	(58)
CASH FLOW FROM OPERATING ACTIVITIES (I)=(E)+(F)+(G)+(H).....	5 520	(12 476)
INVESTING ACTIVITIES		
Proceeds from sale of plant & equipment	628	-
Proceeds from sale of intangible assets.....	6	8
Acquisition of property, plant and equipment	(64)	(934)
Acquisition of intangible assets	(574)	(232)
Development expenditures	(8 726)	(15 929)
Cash inflow on disposal of subsidiary	7 145	-
CASH FLOW FROM INVESTING ACTIVITIES (J).....	(1 585)	(17 087)
FINANCING ACTIVITIES		
Proceeds from capital increase.....	-	20 212
Payment for capital increase costs.....	-	(1 698)
Proceeds from borrowings	4 770	8 574
Repayment of borrowings	(8 355)	(74)
Payment of finance lease liabilities	(43)	43
CASH FLOW FROM FINANCING ACTIVITIES (K).....	(3 628)	27 057
Net increase/(decrease) in cash and cash equivalents (I)+(J)+(K).....	307	(2 506)
Cash and cash equivalents at beginning of period.....	30 664	33 328
Effect of exchange rate fluctuations on cash held	(41)	(158)
Cash and cash equivalents at end of period	30 930	30 664
Difference	307	(2 506)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Thousands EUR For the period ended 31 December 2010	Shareholders' equity						
	Issued capital	Share premium	Share- based payment reserves	Translation reserves	Share issue costs	Retained earnings	Total equity
As per 31 December 2009...	12 232	57 961	1 176	(399)	(1 698)	(4 933)	64 339
Net result	-	-	-	-	-	(61 038)	(61 038)
Share based payments	-	-	200	-	-	-	200
Share issue costs	-	-	-	-	63	-	63
Translation adjustment.....	-	-	-	482	-	-	482
As per 31 December 2010...	12 232	57 961	1 376	83	(1 635)	(65 971)	4 046

FINANCIAL CALENDAR

Annual Shareholders Meeting:	Friday April 29, 2011 at 10 AM in Leuven
Q1 business update:	Thursday April 28, 2011
Q2 results and "Interim Financial Report":	Wednesday August 31, 2011
Q3 business update:	Thursday October 27, 2011

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.

For further information please contact:

Jan Callewaert, Founder & CEO
Jan Smits, CFO
Gaston Geenslaan 14
B-3001 Leuven, Belgium
TEL: +32 (0) 16 31 74 11
FAX: +32 (0) 16 31 74 90
E-mail: investor@option.com

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 (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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