

OPTION REPORTS THIRD QUARTER 2006 RESULTS

Leuven, Belgium – October 26th, 2006 - Option N.V. ([EURONEXT Brussels: OPTI](#); [OTC: OPNVY](#)), the wireless technology company, announced today its results for the third quarter and first nine month period ended September 30th, 2006. The financial information reported in this release is presented in Euro and has been prepared in accordance with the recognition and measurement criteria of IFRS as adopted by the European Union (IFRSs). 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, including for the first time in the consolidation the figures of the new established subsidiary Option Wireless KK in Japan.

Highlights of the third quarter and year to date included:

- Total revenues for the third quarter of fiscal year 2006 increased by 35.4% to EUR 75.7 million compared with the EUR 55.9 million in the third quarter of 2005.
- Gross margin in Q3 2006 was 34.6% on total revenues, compared with gross margin of 41.3% of Q3 2005. Excluding one-time events of EUR 2.3 million (i.e. 1.7 % of the 9 month cost of goods sold), primarily related to issues from an upgrade to a new SAP platform, the gross margin was in line with our guidance and represented 37.3% of total revenues.
- EBIT decreased to EUR 9.9 million or 13.1% on total revenues during the third quarter of fiscal year 2006 compared with EUR 11.0 million or 19.7% of total revenues, in the corresponding period in 2005.
- Net profit for the third quarter of fiscal year 2006 amounted to EUR 7.9 million, or EUR 0.19 per basic share and EUR 0.19 per diluted share. This compares with a net profit of EUR 8.4 million, or EUR 0.21 per basic share and EUR 0.20 per diluted share in Q3 2005.¹
- Total revenues for the first nine months of fiscal year 2006 increased by 60.7% to EUR 216.5 million compared with the EUR 134.7 million in the first three quarters of 2005.
- Gross profit in the first nine months of 2006 amounted to EUR 83.7 million, an increase of 39.4% compared to EUR 60.1 million in the 2005 equivalent period. Gross margin in the first nine months of 2006 was 38.7% on total revenues, compared with gross margin of 44.6% of the first nine months of 2005.
- EBIT increased to EUR 35.0 million or 16.2% on total revenues during the first nine months of fiscal year 2006 compared with EUR 26.8 million or 19.9% on total revenues, in the corresponding period in 2005, representing a growth of 30.5%.
- Net profit for the first nine months of fiscal year 2006 was EUR 28.9 million, or EUR 0.70 per basic share and EUR 0.70 per diluted share. This compares with a net profit of EUR 19.8 million, or EUR 0.49 per basic share and EUR 0.48 per diluted share in the corresponding period of 2005, representing an increase of 46.0%¹.

¹ On April 24th, 2006, there was a four for one stock split. For reporting purposes, the transaction was applied retroactively.

Consolidated Performance

For the 9 month period ended 30 September Million EUR (except per share figures)	Q3 2006	Q3 2005	9M 2006	9M 2005
Total revenues.....	75.7	55.9	216.5	134.7
Gross profit.....	26.2	23.1	83.7	60.1
Operating expenses.....	(16.2)	(12.1)	(48.7)	(33.2)
EBIT.....	9.9	11.0	35.0	26.8
Net profit.....	7.9	8.4	28.9	19.8
Weighted average number of ordinary shares after the stock split of April 24 th 2006 ¹	41 249 296	40 493 404	41 249 296	40 445 676
Revised earnings per share after the stock split (EUR) ¹	0,19	0,21	0,70	0,49

¹ On April 24th, 2006, there was a four for one stock split. For reporting purposes, the transaction was applied retroactively.

Non financial highlights of the third quarter included:

HSDPA PRODUCTS

- T-Mobile Austria launched the GlobeSurfer /CON as a new "Web 'n' Walk" Solution
- Proximus Selected Option's GlobeSurfer /CON
- HSBC and Vodafone won 3G A-List UMTS/HSDPA Award with Option's products
- Option to Supply Three HSDPA Products to Orange France

EMBEDDED MODULES

- Acer began selling the Aspire series with the embedded HSDPA GTM 351E wireless module in Europe and Oceania
- Option to Supply Samsung with embedded wireless modules
- Option secured a fourth design win with a top ten worldwide laptop manufacturer

CORPORATE EVENTS

- Option Celebrated 20 Years of Innovative Entrepreneurship

Commenting on the results, Mr. Jan Callewaert, Founder & CEO of Option said, "Third quarter revenues of EUR 75.7 million, up 35% on last year, are testament to our continued leadership in broadband wireless data solutions. Notwithstanding increasing competition in the marketplace, and the restraining effect of exceptional one-time items this quarter, we have successfully posted our fifteenth consecutive quarter of net positive earnings.

Wireless data cards sales have outperformed our forecasts in volume terms and are now expected to account for 89% of unit sales for the full year. With HSDPA accounting for nearly three-quarters of our data cards shipments, our 60 HSDPA operator partners recognise our expertise at the cutting-edge of broadband wireless technology.

We reaffirmed our data card leadership in October with the first demonstration of live High Speed Uplink Packet Access (HSUPA) delivering wireless uplink transmission rates of 1.3 Mbps in parallel with downlink data rates of 2.7 Mbps at the application level.

Technological leadership will be further extended in early 2007 with the commercial shipments of a new generation of GlobeTrotter Express "7.2 Ready" HSDPA cards. Incorporating Option's unique dual antenna Advanced Radio Technology (ART) architecture, Express cards enjoy significantly improved signal reception sensitivity and immunity to interference, increasing internet connection speeds by up to 50% for users. Operators also benefit from increased network capacity and reduced base-station power consumption.

Option's /CON product is beginning to gain traction as a "plug-and-play" broadband solution for consumer markets, even though the non-PC card segment overall has developed more slowly than anticipated. Additions to the /CON range in early 2007 will build on this momentum.

The speed of broadband wireless evolution combined with a current lack of consensus between operators and PC manufacturers on retail business models continue to hold back the embedded wireless module market. In addition, given laptop replacement cycles, the more advanced 3.6 Mbps version of HSDPA is more attractive to end-users, operators and laptop manufacturers than the 1.8 Mbps HSDPA modules that started shipping earlier this year.

Option is currently working closely with four of the world's leading laptop manufacturers, including Acer and Samsung, on the integration of its 3.6 Mbps HSDPA wireless module. With this product's unique capability for post-sale upgrade to 7.2 Mbps, and our established operator relationships the company remains in a strong position to capitalize on the embedded HSDPA module opportunity. We anticipate that conditions for market growth will reach a tipping point in the second half of 2007.

Even in an environment of increasing competition and fast changing technologies, through our focus on the successful launch of innovative products and appropriately broadening our distribution channels, Option continues to create shareholder value."

Full year revenues for 2006 are now expected to be EUR 298 million with recurrent EBIT of 14-15%. For 2007, revenues are expected to fall in the range EUR 355-375 million.

The intention of first dividend distribution in 2007 will depend of the net non-consolidated results of Option NV, the financial situation of the Company, the established legal reserves and other elements that the Board of Directors and the Annual Meeting of March 2007 will consider at that moment.

Interim Financial Information

INCOME STATEMENT

Revenues

Total revenues for the third quarter of fiscal year 2006 increased by 35.4% to EUR 75.7 million compared with the EUR 55.9 million in the third quarter of 2005.

During the first nine months of 2006, Option generated total revenues of EUR 216.5 million, an increase of 60.7% compared with the revenues of EUR 134.7 million generated during the first nine months of 2005.

Gross Profit

Cost of goods sold of EUR 49.5 million in the third quarter resulted in gross profit reaching EUR 26.2 million, compared to a gross profit of 23.1 EUR million in the third quarter of 2005, representing an increase of 13.3%.

Gross margins were 34.6% in the third quarter compared with 41.3% in the year ago period. Excluding one-time events of EUR 2.3 million (i.e. 1.7 % of the 9 month cost of goods sold), primarily related to issues from an upgrade to a new SAP platform, the gross margin was in line with our guidance and represented 37.3% of total revenues.

Year-to-date the gross profit amounted to EUR 83.7 million, compared to a gross profit of 60.1 EUR million in the first three quarters of 2005.

Gross margins were 38.7% in the first nine months compared with 44.6% in the first nine months of 2005.

Operating expenses

The quarterly operating expenses, including depreciation and amortization charges, were EUR 16.2 million, compared with EUR 12.1 million in the third quarter of 2005.

During the first nine months of 2006, the operating expenses, including depreciation and amortization charges, were EUR 48.7 million, compared to EUR 33.2 million in the first nine months of 2005.

EBIT

EBIT for the third quarter of 2006 was EUR 9.9 million compared to EUR 11.0 million the same period a year ago.

EBIT for the first nine months was EUR 35.0 million compared to EUR 26.8 million, or 19.9% on the total revenues of the first nine months of 2005, representing an increase of 30.5%.

EBITDA

EBITDA for the third quarter of 2006 was EUR 12.8 million, or 16.9% of the third quarter revenues, representing growth of 1.3%.

EBITDA, year-to-date, was EUR 43.2 million compared to EUR 31.7 million in the first nine months of 2005, representing a growth of 36.6%.

Finance result

During the first nine months of 2006, Option obtained a positive financial result of EUR 474 thousand. The exchange rate gains on USD amounted to EUR 975 thousand and Option received EUR 790 thousand from risk free investments of the available cash.

A total of EUR 1.079 thousand financial discounts were given to customers for cash payments and the other financial costs of EUR 212 thousand were mainly related to leasing contracts that ended in July 2006.

Net Profit

As from April 24th, 2006, the stock was split in four. Applying the transaction retroactively, earnings per share would have been the following:

The net profit for the third quarter amounted to EUR 7.9 million or EUR 0.19 per basic share (or EUR 0.19 per diluted share). This compared to a net profit of EUR 8.4 million or EUR 0.21 per basic share (or EUR 0.20 per diluted share) during the third quarter of 2005, a decrease of 7.2%.

The net profit for the first nine months of 2006 amounted to EUR 28.9 million or EUR 0.70 per basic share (or EUR 0.70 per diluted share). This compared to a net profit of EUR 19.8 million or EUR 0.49 per basic share (or EUR 0.48 per diluted share) during the first nine months of 2005, representing an increase of 42.9%.

BALANCE SHEET

Cash decreased from EUR 49.2 million at the end of 2005 to EUR 44.5 million at the end of the third quarter of 2006 mainly due to prepayments related to royalty agreements and an increased need for working capital.

Trade and other receivables increased from EUR 37.1 million at the end of 2005 to EUR 62.9 million at the end of the third quarter of 2006.

During the first nine months of 2006, inventories increased from EUR 19.5 million to EUR 32.9 million. We increased component stocks in order to secure future sales and had an increase in finished goods scheduled for delivery the first week of the fourth quarter. The level of finished goods at quarter-end remained low, representing 17.7% of total inventory value.

Fixed assets were EUR 21.4 million (net book value) as at September 30th 2006, an increase of EUR 2.0 million compared to the net book value of EUR 19.4 million at the end of the previous fiscal year. During the first three quarters of 2006, the total investments in tangible assets amounted to EUR 2.6 million and the Company invested EUR 7.5 million in intangible assets of which 6.2 million for capitalized developments projects and 1.3 million for additional licenses and other intangibles assets.

Total current liabilities increased from EUR 49.6 million at the end of 2005 to EUR 57.5 million. This increase is mainly due to the growth of the income tax payable (+EUR 6.3 million).

The Company generated a deferred tax liability mainly as a result of the capitalization of the commercial development projects under IFRS. During the first nine months of 2006, this

deferred tax liability increased by EUR 547 thousand, all related to capitalization of development projects.

The Company had total assets of EUR 164.3 million and equity of EUR 105.2 million, resulting in a solvency ratio of 64.0% at quarter-end.

The Company generated EUR 5.6 million of cash from operating activities during the first nine months of 2006, compared to EUR 25.0 million generated in same period of 2005. Cash flow from operating activities was positively affected thanks to higher cash flow from operating activities. However, the evolution in the changes in working capital was reflected by the increase of trade and other receivables (+EUR 26.3 million). In the third quarter the Company executed some advance payments of EUR 5.2 million to some essential patent holders obtaining substantial discount on the future royalty obligations. The evolution in the cash flow from investing activities is explained by the additional investments in intangibles assets and commercial development projects.

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CONSOLIDATED INCOME STATEMENT

For the 9 month period ended 30 September Thousands EUR (except per share figures)	Q3/2006	Q3/2005	September 30, 2006	September 30, 2005
Sales	75 696	55 887	216 257	134 733
Other income.....		0	254	0
Total Revenues.....	75 696	55 887	216 511	134 733
Cost of products sold	(49 531)	(32 801)	(132 771)	(74 662)
Gross profit	26 165	23 086	83 740	60 071
Gross margin/Total revenues %	34.6 %	41.3 %	38.7 %	44.6 %
Research and development expenses	(4 622)	(3 264)	(13 682)	(11 153)
Sales, marketing and royalties expenses	(8 178)	(7 144)	(27 022)	(18 193)
General and administrative expenses.....	(3 432)	(1 655)	(8 015)	(3 883)
Total operating expenses	(16 232)	(12 063)	(48 719)	(33 229)
Profit from operations (EBIT).....	9 933	11 023	35 021	26 842
EBIT/Total revenues %	13.1 %	19.7 %	16.2 %	19.9 %
Depreciation and amortization	2 889	1 633	8 214	4 820
EBITDA	12 822	12 656	43 235	31 662
EBITDA/Total revenues %	16.9 %	22.6 %	20.0 %	23.5 %
Exchange gain/(loss)	(389)	(248)	975	(1 817)
Interest income/(expense)	(137)	225	(454)	185
Finance result.....	(526)	(23)	521	(1 632)
Profit before taxes	9 407	11 000	35 542	25 210
Tax expense	(1 460)	(2 596)	(6 630)	(5 404)
Net profit.....	7 947	8 404	28 912	19 806
Weighted average number of ordinary shares	10 312 324	10 123 351	10 312 324	10 111 419
Diluted average number of ordinary shares	10 312 324	10 312 324	10 312 324	10 312 429
Earnings per share (in EUR).....	0.77	0.83	2.80	1.96
Diluted earnings per share (in EUR)	0.77	0.81	2.80	1.92
EPS after the stock split of April 24th 2006 (applied retroactively)				
Weighted average number of ordinary shares	41 249 296	40 493 404	41 249 296	40 445 676
Diluted average number of ordinary shares	41 249 296	41 249 296	41 249 296	41 249 716
Earnings per share (in EUR).....	0.19	0.21	0.70	0.49
Diluted earnings per share (in EUR)	0.19	0.20	0.70	0.48

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CONSOLIDATED BALANCE SHEET

As at Thousands EUR	30 September 2006	31 December 2005
ASSETS		
Current assets		
Cash and cash equivalents	44 470	49 288
Trade and other receivables.....	62 953	37 050
Income tax receivable.....	72	20
Inventories.....	32 925	19 495
	140 420	105 853
Non-current assets		
Property, plant and equipment.....	9 070	8 415
Intangible assets.....	12 281	11 031
Deferred tax assets	2 383	1 714
Other receivables.....	172	-
	23 906	21 160
Total assets	164 326	127 013
EQUITY AND LIABILITIES		
Current liabilities		
Income tax payable	8 715	2 320
Trade and other payables	48 792	47 020
Current portion of long-term debt.....	-	286
	57 507	49 626
Non-current liabilities		
Deferred tax liabilities	1 372	825
Non-current portion of long-term debt	222	222
	1 594	1 047
Equity		
Issued capital	6 116	6 116
Share premium	43 865	43 865
Reserves	330	357
Retained earnings	54 914	26 002
Shareholders' equity	105 225	76 340
Total equity and liabilities	164 326	127 013

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CONSOLIDATED CASH FLOW STATEMENT

Thousands EUR For the period ended	30 September 2006	30 September ² 2005
OPERATING ACTIVITIES		
Net profit (A)	28 912	19 806
Depreciation and amortization	8 214	5 024
Unrealized foreign exchange losses/(gains)	(4)	-
(Reversal of)/write-offs non current and current assets	145	196
Equity-settled share-based payment expense	-	115
Tax expense	6 630	5 404
Total non cash adjustments (B)	14 985	10 739
Cash flow from operating activities before changes in working capital	43 897	30 545
Decrease/(increase) in trade and other receivables	(26 346)	(16 823)
Decrease/(increase) in inventories	(13 430)	(8 640)
Increase/(decrease) in trade and other payables	1 764	20 611
Total changes in working capital (C)	(38 012)	(4 852)
Cash generated from operations	5 885	25 693
Income tax (paid)/received (D)	(307)	(669)
CASH FLOW FROM OPERATING ACTIVITIES	5 578	25 024
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(2 649)	(6 003)
Acquisition of intangible assets	(1 306)	(692)
Development expenditures	(6 155)	(2 550)
CASH FLOW FROM INVESTING ACTIVITIES (E)	(10 110)	(9 245)
FINANCING ACTIVITIES		
Proceeds from the issue of share capital	-	521
Proceeds from borrowings	-	69
Payment of finance lease liabilities	(286)	(699)
CASH FLOW FROM FINANCING ACTIVITIES (F)	(286)	(109)
Net increase/(decrease) in cash and cash equivalents (A) + (B) + (C) + (D) + (E) + (F)	(4 818)	15 670
Cash and cash equivalents at beginning of period	49 288	31 612
Cash and cash equivalents at end of period	44 470	47 282
Difference	(4 818)	15 670

² 2005 figures as published, including reclassifications to reflect IFRSs presentation

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 Annual Report 2005 page 35-36 and 58-59. 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.

Option intends to release its quarterly financial information in 2007 on the following dates - before market hours:

Q4 figures + full year 2005:	Thursday March 1, 2007
Q1 figures:	Thursday April 26, 2007
Q2 figures:	Thursday July 26, 2007
Q3 figures:	Thursday October 25, 2007

Annual shareholders' meeting: Friday March 30, 2007, 10 AM in Leuven (Belgium).

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About Option (www.option.com) - EURONEXT Brussels **OPTI**; OTC: **OPNVY** Option is the wireless technology company and is a leading innovator in the design, development and manufacture of 3G UMTS-HSDPA, EDGE, GPRS, GSM and WLAN technology products for wireless connectivity solutions. Option has built up a solid reputation for creating exciting products that enhance the performance and functionality of wireless communications. Option's headquarters are in Leuven, Belgium. The company has Research & Development in Leuven, a Software and Applications development centre in Adelsried (Germany), a Wireless Router development centre in Stockholm and an ISO 9002 production engineering and logistics facility in Cork, Ireland and sales & support offices in US, Japan and Taiwan.