



OPTION REPORTS FIRST HALF YEAR 2011 RESULTS

Leuven, Belgium – August 31, 2011 – Option N.V. ([EURONEXT Brussels: OPTI](#); [OTC: OPNVY](#)), the wireless technology company, today announced its results for the first half fiscal year ended June 30, 2011. 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 released its IAS 34 interim financial statements.

Business Update: Option acquires assets from MobiWire

Together with the first half year results and as an event shortly after the reporting period, the Group today announced the acquisition of the Connected Consumer Electronics assets of MobiWire S.A. These assets include Surface UX™ software, related IP, and a core team of user experience experts. Surface UX™ is an Android user interface (UI) overlay for smartphones and tablets that provides simplified access to aggregated cloud-based content and services. Surface UX has its own home-screen structure, status bar, main menu and a series of patented ‘Service Apps’ which make up the overlay. This creates a clear added value for the user by making the interface easy to use straight out of the box.

The acquisition is a further step in Option’s transition from a supplier of commoditized products to wireless solutions combining software, services, hardware while improving end-user convenience and user experience.

As part of this agreement, Jerome Nadel joined Options Executive Management Team as Chief Experience Officer. He has formerly held executive user experience and marketing positions at IBM, Unisys, Human Factors International, Gemplus, and most recently MobiWire. The team of user experience experts will be based in Paris and the Company will operate under the name of “Option France SAS” (Société Anonyme Simplifiée) which was established.

Financial Highlights of the first half fiscal year 2011

- Total revenues for the first half year of 2011 were EUR 25.8 million compared with EUR 30.9 million realized in the first half year of 2010. Product related revenues decreased from EUR 30.7 million in the first half year of 2010 to EUR 11.6 million in the same period of 2011, whilst software and license revenues increased from EUR 0.2 million in first half year 2010 to EUR 14.3 million in the same period of 2011. Those 2011 license revenues were mainly the result of the existing license agreement between the Group and Huawei Technologies.
- Gross margin for the first half year was 54.6 % on total revenues compared with gross margin of 18.4% for the first half year 2010. The 2011 half year gross margin was positively impacted by the increased software and license revenues, delivering higher margins compared to revenues generated by devices and negatively impacted by additional provisions for obsolete inventories linked to the phase out of the not longer strategic relevant product portfolio.
- Compared to the first half year 2010, operating expenses decreased with EUR 9.1 million from EUR 26.7 million to EUR 17.6 million. Compared to the first half year of 2010, the Research and Development expenses decreased by EUR 10 million. The main reason of this decrease is an impairment booked on intangible assets of EUR 6.2 million in the first half year of 2010. In the first

half year 2011, the Group reviewed the existing capitalized development projects but this review has not led to impairments on intangible assets. The remaining part, being EUR 3.8 million is explained by lower depreciations and amortizations and reduced expenses, resulting from the 2009 cost reductions. As well, compared to the first half year of 2010, the Sales Marketing and royalties expenses increased by EUR 1.7 million. The main reason of this increase is that in the first half year of 2010, Option NV and one of its licensors entered into a commercial agreement. As a result, the Group reversed a provision for the arbitration of EUR 3.9 million. Excluding the afore mentioned one-off event, Sales Marketing and Royalty expenses decreased mainly as a result of a decrease in product revenues as well as reduced expenses as a result of the cost reductions initiated in 2009.

- The Group reports a positive EBITDA of EUR 1.1 million for the first six months of 2011 compared with a negative EBITDA of EUR – 6.5 million in the same period 2011.
- The 2011 half year EBIT amounted to EUR –3.5 million or –13.4% on total revenues compared with EUR –21.0 million or –68.2% during the corresponding period in 2010.
- Net result for the first half year 2011 amounted to EUR –2.9 million, or EUR –0.03 per basic share. This compares with a net result of EUR –20.5 million, or EUR –0.25 per basic share in the first half of 2010. The first half year 2011 net result was positively impacted by taxes of EUR 93 thousand as well as a positive financial result of EUR 487 thousand.
- The Group's balance sheet includes EUR 41.3 million in cash and reduced inventory levels to EUR 8.9 million. Per June 2011 an amount of EUR 1.3 million has been drawn from the existing credit lines. The accounts payable position decreased with EUR 10.9 million, from EUR 30.1 million at year end 2010 to EUR 19.1 million. The additional amount of EUR 33 million received in the first half year 2011 and with respect to the extensions of the software- and license agreement with Huawei Technologies, resulted in an increase of the deferred revenues compared to year-end 2010.

Non-financial highlights

Corporate

- Option announced that the Board of Directors was strengthened with Mr. Francis Vanderhoydonck as independent Director, replacing Mr. Arnoud De Meyer. Mr. Vanderhoydonck acts as chairman of the Audit Committee.
- The Group announced the appointment of Mr. Jan Smits as the new Chief Financial Officer (CFO), responsible for all international financial activities of the Group.

Business

- At CES (US) Option announced the world's smallest module to combine GSM/HSPA, CDMA/EV-DO, GPS/ GLONASS and circuit-switched voice, all on a component the size of a postage stamp and as thin as a five-cent coin or a Euro. This second-generation GTM601/GTM609 embedded modules will power a new breed of consumer and business devices that are ultra-thin, super-fast and globally ready.
- At the Mobile World Congress (Spain) Option and InterDigital showcased a new bandwidth management software solution integrated with Option's uCAN® Connect software platform. This bandwidth management solution includes software that allows devices to communicate simultaneously with multiple wireless networks to match network performance to application requirements in real-time. This intelligent connection increases coverage, reliability, security, and aggregates the available bandwidth to the sum of all networks combined.
- At CeBIT (Germany) Option and KOBIL demonstrated mIDentity 3G a unique 3G security solution delivering endpoint security that makes access to sensitive data effortless, wherever you are. The user simply needs to insert mIDentity 3G into a computer to get access to a fully secured and centrally managed application.
- In April, Option and Avnet Embedded signed a distribution agreement covering 17 European countries for the distribution of Option's portfolio of embedded wireless products and the uCAN® connection management software.

- In June Option announced that five embedded modules were now data certified by AT&T. The modules are designed for a wide variety of mobile devices including tablets, consumer electronic devices, netbooks, routers and notebooks. They are also a perfect fit for a wide range of high bandwidth M2M applications such as digital signage, automotive, security cameras and more.
- The same day as the announcement of the data certification of the modules, AT&T and Option also introduced a 4G connection kit for Emerging Device Developers including a network-ready certified 4G module and streamlined integration tools to speed up the development Cycle and time to market for new consumer and M2M solutions.
- Also in June the Company unveiled the GlobeSurfer® III+ and announced Turkcell as a customer for this new product. The GlobeSurfer III+ is the new and next generation of mobile broadband 3G routers. Being very portable, not bigger than a regular book, and with Plug 'n Play connectivity, this new 3G router is the ideal solution for anyone who wants to share a 3G connection with multiple users via the router's powerful Wi-Fi connection. As such the GlobeSurfer III+ is a perfect fit for a wide range of uses such as sharing a 3G connection at home or in a mobile office or any kind of "mobile home or office" like a boat or caravan, holiday homes or a construction site where a single 3G connection needs to be shared with several family members or colleagues.
- On July 4th Option announced the VIU², the new mobile 3G camera that allows anyone to easily set up and manage their own professional-level security solution. This security solution is ideally suited for the surveillance of homes, warehouses, vacation homes, construction sites, offices and much more. The VIU² is the only plug & play stand-alone security solution that can stream live video and audio from anywhere to any device that has a connection to the Internet, making it unique in its kind.

Financial

- On January 31, 2011 the Group announced that it had extended its software license agreement with Huawei Technologies and has received a payment of EUR 11 million in that respect. The related revenue will be recognized in the income statement in the period November 2011 until February 2012. This extension came as part of the cooperation agreement signed with Huawei in October 2010 where Huawei agreed to license Option's *uCAN* connection Management software, for which the first year of the license was valued at EUR 27 million. The agreement also included the potential for extensions of the license for an amount of EUR 33 million. This transaction was the first of the potential extensions.
- On March 8, 2011 the Group announced that it had further extended its software license agreement with Huawei and has received an additional payment of EUR 22 million. The related revenue will be recognized in the income statement in the period March 2012 until October 2012. This transaction was the final extension under the current license agreement.

CONSOLIDATED PERFORMANCE

For the period ended 30 June Million EUR (except per share figures)	YTD 2011	YTD 2010
Revenues.....	25.8	30.9
Gross profit	14.1	5.7
Operating expenses	17.6	26.7
EBIT	(3.5)	(21.0)
Net result	(2.9)	(20.5)
Weighted average number of ordinary shares ..	82 498 592	82 498 592
Basic earnings / (loss) per share (EUR).....	(0.03)	(0.25)

- OPTION N.V. -

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

CONSOLIDATED INCOME STATEMENT

For the half year period ended 30 June Thousands EUR (except per share figures)	June 30, 2011	June 30, 2010
Revenues	25 834	30 873
<i>Product revenue</i>	11 569	30 668
<i>Software and License revenue</i>	14 265	205
Cost of products sold	(11 735)	(25 182)
Gross margin	14 099	5 691
Gross margin/Total revenues %	54.6%	18.4%
Research and Development expenses	(6 726)	(16 692)
Sales, marketing and royalties expenses	(5 390)	(3 666)
General and administrative expenses	(5 436)	(6 380)
Total operating expenses	(17 552)	(26 738)
Profit from operations (EBIT)	(3 453)	(21 047)
EBIT/Total revenues %	(13.4%)	(68.2%)
Depreciation, amortization and impairment losses	4 574	14 536
EBITDA	1 121	(6 511)
EBITDA/Total revenues %	4.3%	(21.1%)
Exchange gain/(loss)	83	(677)
Interest income/(expense) and other financial income/(expense)	404	(213)
Finance result	487	(890)
Result before taxes	(2 966)	(21 937)
Tax benefits / (expense)	93	1 428
Net result	(2 873)	(20 509)
Weighted average number of ordinary shares	82 498 592	82 498 592
Diluted average number of ordinary shares	82 498 592	82 498 592
Basic earnings / (loss) per share (in EUR)	(0.03)	(0.25)
Diluted earnings / (loss) per share (in EUR)	(0.03)	(0.25)

- OPTION N.V. -

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

Thousands EUR For the period ended	30 June 2011	31 December 2010
ASSETS		
Current assets		
Cash and cash equivalents	41 299	30 930
Trade and other receivables	2 713	7 277
Income tax receivable.....	20	47
Inventories	8 915	12 425
	52 947	50 679
Non-current assets		
Property, plant and equipment.....	3 013	4 510
Intangible assets.....	8 869	8 596
Deferred tax assets	-	-
Other non-current assets	37	48
	11 919	13 155
Total assets.....	64 866	63 834
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables.....	19 143	30 136
Deferred revenue.....	41 705	22 670
Income tax payable	42	95
Other financial liabilities	1 271	4 770
Provisions (current)	1 615	2 097
	63 776	59 768
Non-current liabilities		
Deferred tax liabilities	-	20
	-	20
Equity		
Issued capital.....	12 232	12 232
Share premium	57 961	57 961
Reserves	(259)	(176)
Retained earnings	(68 844)	(65 971)
Shareholders' equity	1 090	4 046
Total liabilities and shareholders' equity	64 866	63 834

- OPTION N.V. -

CONSOLIDATED CASH FLOW STATEMENT

Prepared in accordance with International Financial Reporting Standards (IFRSs)

Thousands EUR For the period ended	30 June 2011	30 June 2010
OPERATING ACTIVITIES		
Net result (A)	(2 873)	(20 509)
Depreciation and amortization	4 574	8 401
(Reversal of) / write-offs on current and non current assets	(789)	(1 726)
Impairment losses on intangible assets	-	6 135
Increase/(decrease) in provisions	(275)	(30)
Loss / (gain) on sale of property & plant and equipment	(16)	(48)
Loss / (gain) on sale of intangible assets	-	14
Unrealized foreign exchange losses/(gains)	(125)	163
(Gains)/Losses on hedging contracts	-	-
Interest income	(225)	(12)
Interest expense	127	177
Equity settled share based payment expense	43	118
Tax (benefit) / expense	(93)	(1 428)
Total (B)	3 221	11 764
Cash flow from operating activities before changes in working capital (C)=(A)+(B)	348	(8 746)
Decrease/(increase) in trade and other receivables	6 545	571
Decrease/(increase) in inventories	2 573	3 551
Increase/(decrease) in trade and other payables	8 173	(6 213)
Use in provisions	(207)	(4 268)
Total changes in working capital (D)	17 084	(6 359)
Cash generated from operations (E)=(C)+(D)	17 432	(15 105)
Interests (paid) (F)	(339)	(209)
Interests received (G)	140	40
Income tax (paid)/received (H)	(8)	31
CASH FLOW FROM OPERATING ACTIVITIES (I)=(E)+(F)+(G)+(H)	17 225	(15 244)
INVESTING ACTIVITIES		
Proceeds from sale of plant & equipment	32	362
Proceeds from sale of intangible assets	-	-
Acquisition of property, plant and equipment	(59)	(33)
Acquisition of intangible assets	(8)	(50)
Development expenditures	(3 299)	(4 544)
CASH FLOW FROM INVESTING ACTIVITIES (J)	(3 334)	(4 265)
FINANCING ACTIVITIES		
Proceeds from borrowings	-	-
Repayment of borrowings	(3 500)	(1 661)
Proceeds from finance leases	-	-
Payment of finance lease liabilities	-	(23)
Cash restricted in use	-	(2 092)
CASH FLOW FROM FINANCING ACTIVITIES (K)	(3 500)	(3 776)
Net increase/(decrease) in cash and cash equivalents (I)+(J)+(K)	10 391	(23 285)
Cash and cash equivalents at beginning of period	30 930	30 665
Effect of exchange rate fluctuations on cash held	(22)	273
Cash and cash equivalents at end of period	41 299	7 653
Difference	0	0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year period ended 30 June 2011 in Thousands Euro	Shareholder's Equity						
	Issued capital	Share premium	Share- based payment reserves	Translation reserves	Share issue costs	Retained earnings	Total equity
As per 31 December 2010	12 232	57 961	1 376	83	(1 635)	(65 971)	4 046
Net result.....	-	-	-	-	-	(2 873)	(2 873)
Share based payments.....	-	-	43	-	-	-	43
Translation adjustment..	-	-	-	(126)	-	-	(126)
Share issue costs.....	-	-	-	-	-	-	-
As per 30 June 2011....	12 232	57 961	1 419	(43)	(1 635)	(68 844)	1 090

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 2010 of the Board of Directors which can be found in the Annual Report 2010 page 48-52. 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 and Japan. For more information please visit www.option.com.

Copyright ©2011 OPTION. All rights reserved. All product and company names herein may be (registered) trademarks or trade names.