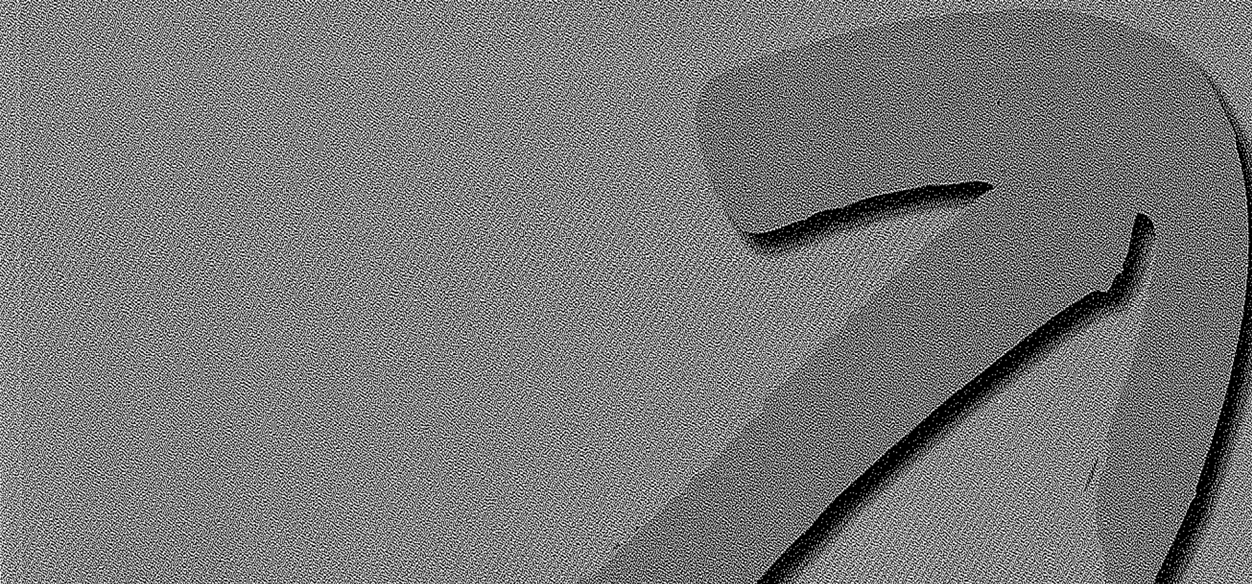
Annual Report 1998



OPTION

Nobody else makes it this easy.

Our mission is to be a source of excellence in the design, development and marketing of mobile data communication solutions for global markets giving anywhere, anytime data access to the mobile professional. Through this focus on wireless mobile data communications, we will build value for our shareholders through sustained revenue and profit growth.

OPTION

Nobody else makes it this easy.

Contents

In 1998 Option International have made simultaneously the transition from a European to a global company and from a GSM connectivity player to a GSM integrator. The Company remains dedicated to be the leading company in developing state-of-the-art, miniaturised products and solutions for wireless data communication. In the past the Company has built its reputation on being able to create, develop and produce exciting new products that enhance the performance of both mobile handsets as well as portable computers. Option International are devoted to maintain and strengthen this reputation in the future in order to remain the leader in the field of GSM data communication.

The highlights of 1998 include

On the Company side

- Staffing up with new skills and disciplines in order to continue the growth in 1999.
- Acquisition of Rindle and Partners, a leading developer of software solutions for mobile devices in Augsburg (Germany)

On the Product Side

- Launch of FirstFone in June, combining the power of a mobile GSM phone and data card into one PC Card.
- Enhancement of the GSM-Ready PC Card line supporting an increased number of GSM handsets.

On the Production and Technology Side

- Opening of a production facility in Cork (Ireland).
- Bidding for an initial USD 7.5 million contract for the design, development and production of a state-of-the-art advanced GSM Dual Band 900/1800 mobile phone for the Chinese market.

On the Sales and Marketing Side

- Extending the distribution channel on a global scale with Option International offices in Germany, UK, France, The United States and Australia, thereby creating a presence in the 3 main regions: Europe, USA, Asia/Pacific.

On the Financial Side

- Financial and legal structuring of the Option International group has been completed.

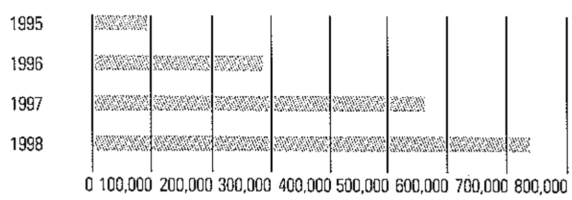
Financial Highlights (US GAAP) at December 31, 1998 (audited and consolidated) - 1997 - 1996 - 1995

in Thousands BEF, Except Per Share Amounts

	1998	1997	1996	1995
Turnover	739,969	564,509	286,314	94,040
Gross Profit	292,618	219,549	77,335	33,083
Gross Margin	*39.5 %*	*38.9 %*	*27.0 %*	*35.2%*
EBIT	-8,274	100,410	-8,122	-12,852
EBIT-margin	*-1.1 %*	*17.8 %*	*-2.8 %*	*-13.7%*
Net Earnings After Tax	-20,712	7,741	-1,816	-12,708
Net Earnings on Ordinary Activities	-19,758	61,246	-1,816	-12,708
Total assets	866,276	848,604	184,482	65,901
Working Capital	641,277	733,906	39,637	1,274
Long-term obligations (1)	4,530	8,246	21,258	9,280
Shareholders' equity	727,193	747,095	15,142	-542
Average shares outstanding	5,959,231	4,525,000	2,295,360 (2)	1,959,408 (2)
Total number of shares outstanding	5,992,364	5,958,956	2,463,408 (2)	1,959,408 (2)
Net Earnings Per Share on Ordinary Activities (in BEF)	-0.45	13.5	-0.8	-6.5
Dividends (in BEF)	0	0	0	0
Net Earnings Per Share on Ordinary Activities (in USD)	-0.01	0.36	-0.02	-0.21
Exchange rate USD-BEF (3)	34.6	37.2	32.0	30.0

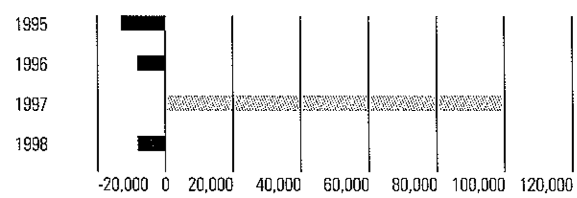
Turnover growth

in Thousands BEF



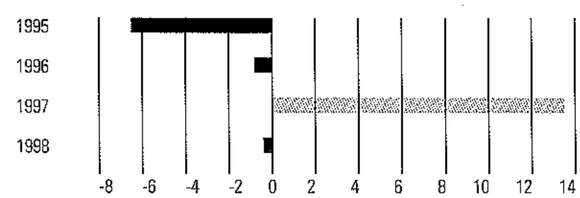
EBIT

in Thousands BEF



Net result on ordinary activities

per share in BEF



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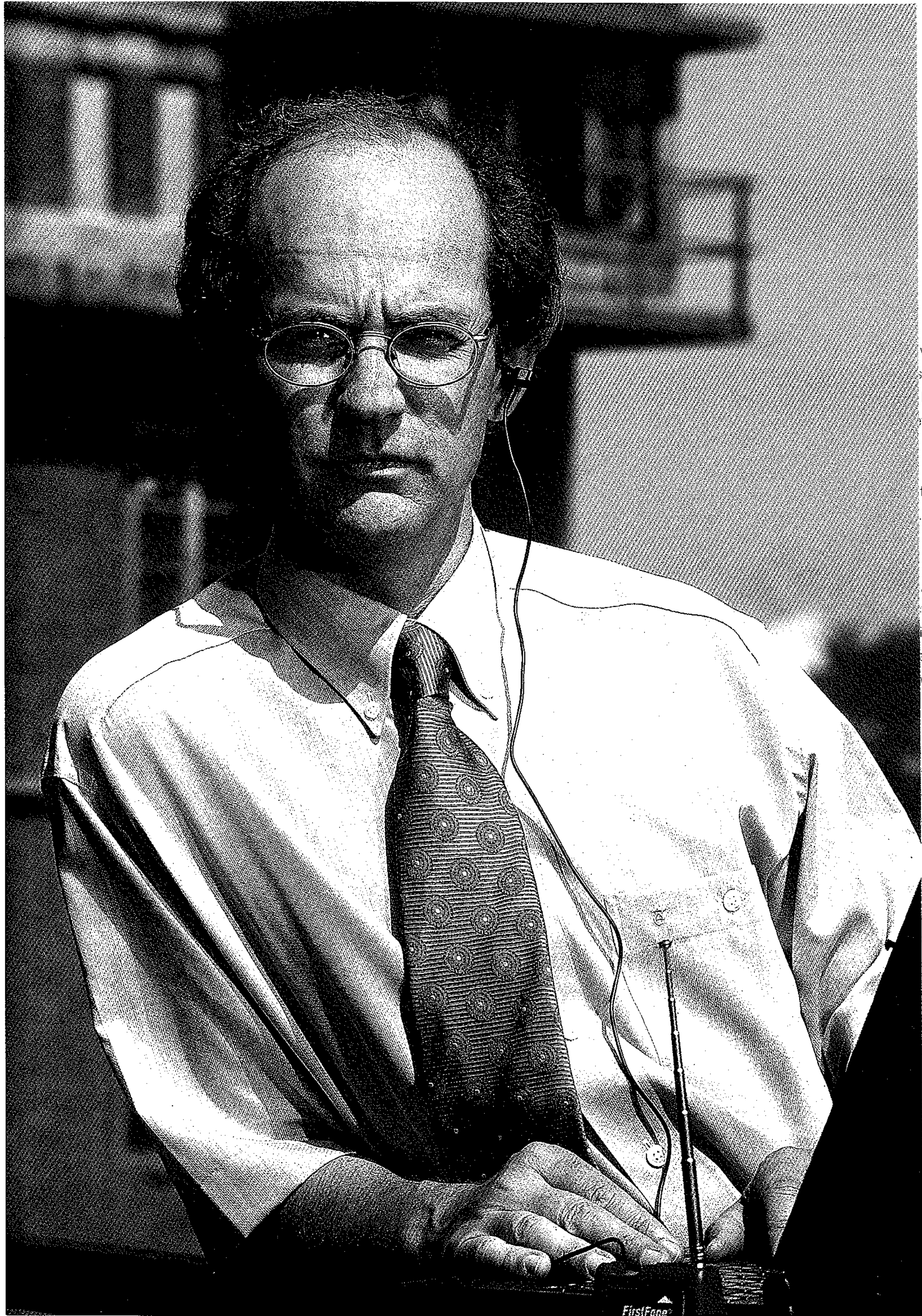
1 Including long term debt and capital leases

2 After stock split by 144

3 Per December, 31st. Source: Generale Bank




FirstFone®
Radio Card
for GSM-900
GSM
OPTION
INTERNATIONAL
Mobile Data Communications
CE
3Com
PalmIII

Product Review

In 1998, Option International continued with their 3 distinct product lines, i.e. GSM-Ready PC Cards, Snap-On, and FirstFone. Each product line addresses a market segment and brings specific benefits to its users. Through it all Option International have strived to maintain and enhance the Company's phylosophy: 'GSM Data: Nobody else makes it this easy'.

GSM-Ready

This line was first introduced in late 1995, allowing a user to connect his notebook to both a normal telephone line as well as a range of GSM phones. The latest addition to the GSM-Ready family has recently been announced: a 3-in-1 GSM-Ready PC Card combining not only a 56K analogue modem with an ISDN function but also including a GSM connectivity function. The GSM-Ready range will continue to thrive on the success of the 56K PC Card introduced in the first quarter of 1998, allowing mobile workers to connect anywhere, anytime to their corporate data. The GSM-Ready PC Cards are approved in most of the world's important business areas and are compatible with most of the popular mobile phones.

Snap-On

Option International's Snap-On combined with 3Com's PalmPilot or IBM's Workpad allows a user to connect to the world from the palm of his hand. Accessing the Internet, sending and retrieving messages, synchronizing databases or simple agenda-setting and -keeping can now be done from anywhere, anytime. Snap-On uses its own power supply and does not drain the energy resources of the PDA, thereby allowing extended use of the device for data communications. In line with its phylosophy to make data communications easy, Option International have made their Snap-On compatible with all popular GSM handsets currently on the market. Further enhancements to Snap-On will be made as the importance of the PDA market grows and demands for additional functionalities increase.

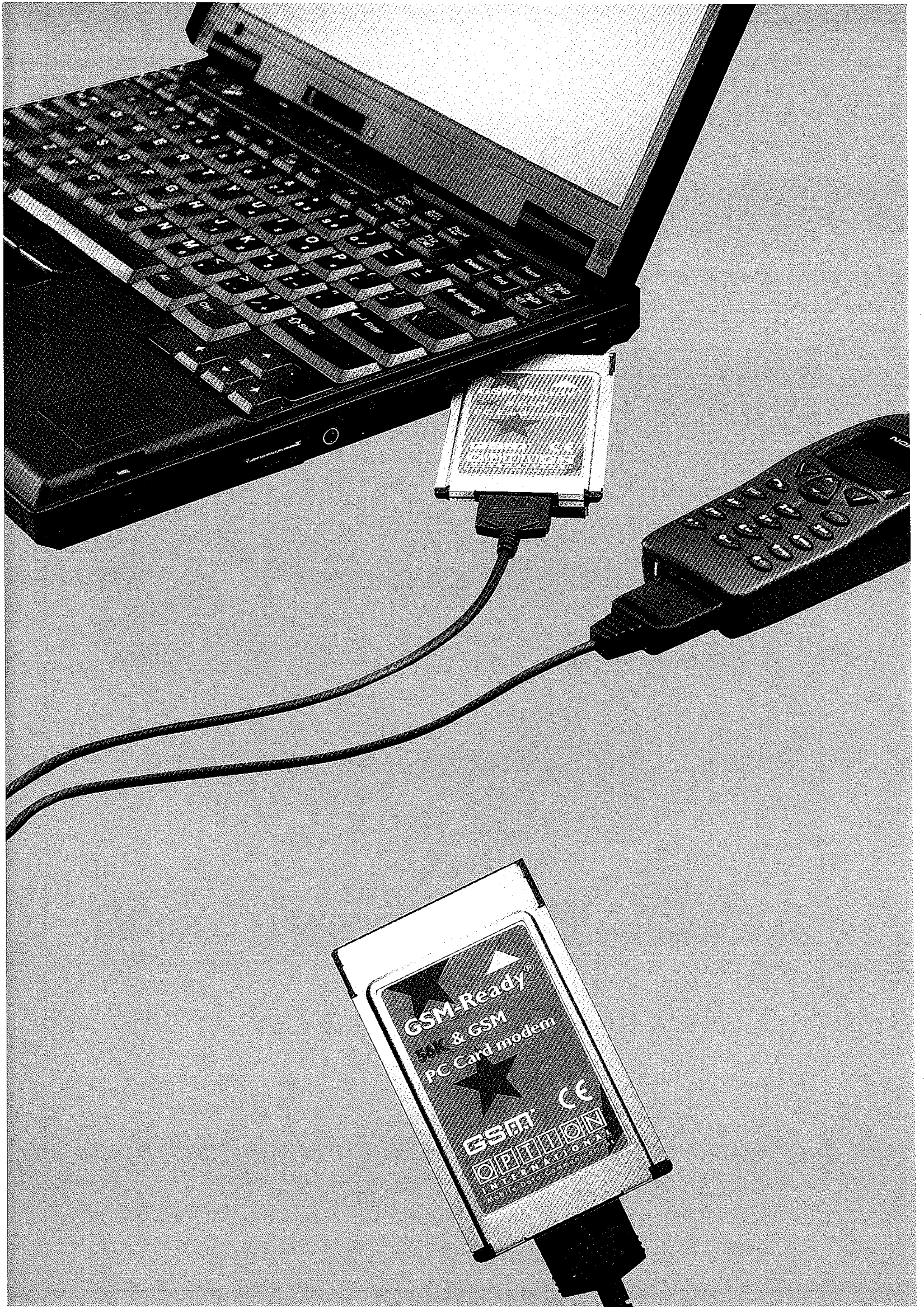
FirstFone

FirstFone was presented at CeBIT in March 1998 and was welcomed with enthusiastic reviews. FirstFone represents a very important technological step for the Company since it demonstrates the shift Option International have made from GSM connectivity player to GSM integrator. Thanks to the development of FirstFone, the Company was able to bid for a major contract in China since this development gave Option International the in-house technology and the necessary skills to develop and build other complex wireless products such as a GSM mobile phone. FirstFone is not just a product but also represents a technology platform allowing third party manufacturers to integrate a GSM functionality in their devices. Therefore Option International will not only market FirstFone and its derived products as such, but also will sell the technology for integration into handheld and portable computers, as well as into various processor-based devices such as telemetry applications, automotive systems, etc... Option International will continue their development of the FirstFone platform and will be announcing substantial evolutions and business references for this line in 1999.

Market Creation

When launching the GSM-Ready in 1995, Option International were the first to introduce a dual function (PSTN/GSM) PC Card. The Company has successfuly created the market for such PC Cards and established itself as a market leader in this niche with a market share of 36% ([4]). A similar situation is encountered with FirstFone. Since FirstFone's success is related to the evolution of the GSM data communications, Option International welcome initiatives like the scheme set up by Microsoft and BT aiming at the promotion of wireless data communications towards corporate end-users. Such initiatives are testimony to the increased awareness wireless data communication is enjoying at corporate level. It also provides a long term perspective for the commercialisation of Option International's products and technology.

[4] Source: Dataquest report July, 1998


GSM-Ready®
56K & GSM
PC Card modem
OPTION
INTERNATIONAL

Management Discussion

Discussion of the consolidated Annual Accounts

The highlights of the 1998 accounts were as follows:

Net Sales

Net Sales for 1998 were BEF 739.9 million. This represents an increase of 31% over 1997 (BEF 564.5 million). The majority of this revenue came from the GSM-Ready PC Card range supporting a variety of the most popular mobile phones. The Snap-On GSM adapter for 3Com's Palm Pilot accounted for 5% of the 1998 revenue. Revenues of FirstFone have been disappointingly low in 1998 but are expected to increase substantially in 1999. The 1998 revenue is still primarily realized in Europe (91%), although the revenues from the Asia Pacific Region are growing rapidly (2% in 1997, 7% in 1998) and are expected to continue to grow strongly in the following years.

Gross margin

The gross margin for the year was 39.5% which is a slight improvement on the 38.8% achieved last year.

Operating expenses

The Company continued to invest in the set up of an international structure and in the competencies necessary to support a growing global business. Total operating expenses increased as planned to BEF 300.8 million to compare with BEF 119.1 million in 1997. Major investments were going into Research and Development (+116%) and Sales and Marketing (+214%). Administration cost increased with 34%, in line with sales. Depreciation and amortization increased with BEF 15 million.

Net results

The net result over the year amounted to BEF -20.7 million, including a loss of BEF 15.2 million from deferred taxation. Due to the profits realised by Option International N.V., the deferred tax credit of the Company was reduced to BEF 2 million, whilst in Thwing Ltd. (Option Ireland) only BEF 0.3 million deferred tax credit was accounted for.

Balance sheet

Cash and cash equivalents have been used for investments in accounts receivable, inventories, fixed and intangible assets:

Accounts receivable reflect high sales in the month of December. Ratio Inventory/Sales is too high but is expected to improve as FirstFone sales will start to take off. Order times of some critical components have gone up to 16 weeks in 1998.

Investments in property, equipment (BEF 34 million) and intangible assets (BEF 56 million) increased considerably compared to the year 1997. This is mainly due to the fact that the production plant in Ireland is now fully equipped with the necessary production tools and software in order to be able to produce FirstFone and similar products on a large scale.

Intangible assets breakdown (in 000 BEF):

	Capitalized Amount	*Depreciation*	*Net Book Value*
Thwing Ltd.	39,318	-7,614	31,704
Option International NV	16,033	-2,698	13,335
Rindle & Partners GmbH	574	-200	374
Consolidated Accounts	**55,925**	**-10,512**	**45,413**

Management Discussion

· Deferred Tax Assets (in 000 BEF):

	Option International NV	*Thwing Ltd.*	*Consolidated*
Tax Loss Carryforward	5,155	349	**5,504**
Tax rate	40.17%	10.00%	
Deferred Tax Credit (B/S)	2,071	35	**2,106**
Amount already accrued/offset	-17,336	-0-	**-17,336**
Net Tax credit affecting P&L	-15,265	35	**15,230**

Key developments

Shift Towards a Market Driven Culture.

Spending on Sales and Marketing expenses grew to BEF 164 million (+214%) in 1998. The sales and marketing network of Option International now includes offices in the UK, Germany and France as far as Europe is concerned. In addition, operational offices have been opened in the USA to cover North America, and in Australia to cover the Asia Pacific Region. In these two regions the Company is a first and focused GSM data player. The sales and marketing staff has increased from 9 people at the end of 1997 to 21 at the end of 1998.

In 1998, the Company has moved from a strategy of having exclusive partners in each of the countries we operate in, to one with multiple partners particularly in the UK, Germany and France.

Gain and Maintain Leadership in Mobile Data Solutions market

During the year we have increased our spending in Research & Development by 116%. We have hired additional engineers with the result that this internationally based department now accounts for 36% of total personnel.

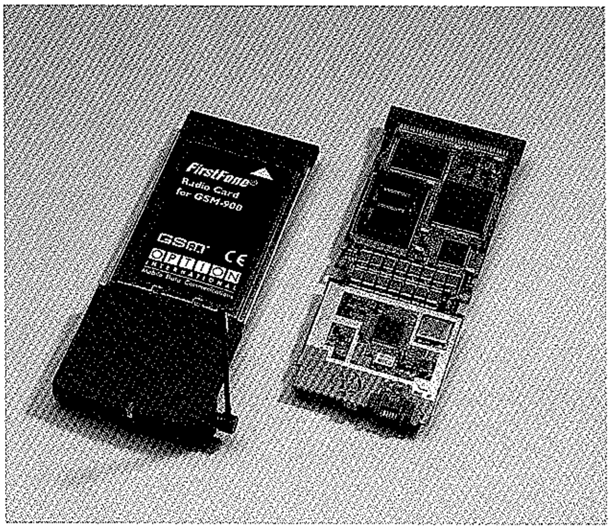
Reduce Manufacturing by International Sourcing

Last year the Company announced that it would reduce the costs of manufacturing by establishing high volume manufacturing sources in low cost regions to maximise the gross margin. In order to execute this plan, Option International opened, in a first stage, a production facility in Ireland. In addition, the Company's negotiations with the Irish Development Authority (IDA) and with a subcontractor based in Cork were successful. The Company choose Ireland because of its strong electronic infrastructure and Cork because of the presence of many high tech companies and the reputation of the UCC graduates. Since the Irish subsidiary is expected to grow rapidly in the years to come, the availability of well trained engineers is an invaluable asset. The set up of the production facility enabled the Company to start the production of FirstFone in Ireland.

Acquisition of Rindle & Partners GmbH

Rindle & Partners were incorporated in 1988 by Kurt and Susanne Rindle, initially offering Electronic Data Processing services. When the handheld concept was introduced in 1993 by Apple Computer and its Newton MessagePad, Rindle & Partners started developing software solutions for mobile devices. Over the years the company has developed several software solutions for the mobile market where user interface, functionality and complexity require careful design and competence. Thanks to this experience the company is regarded as an expert in mobile computing platforms such as Windows CE. At CeBIT 1998, Rindle & Partners GmbH presented their Mobile Communication Manager along with Option International's FirstFone GSM Radio PC Card on different Windows CE devices from Compaq, LG Electronics, Microsoft, Philips and Sharp. The excellent cooperation between Option International and Rindle & Partners made the two companies decide to join forces. With the acquisition of Rindle & Partners, Option International have strengthened their R&D team with 5 highly qualified computer scientists specialised in C and Java programming.

Management Discussion



Thanks to the acquisition, Option International's FirstFone is the only GSM Radio PC Card that supports both Windows CE and Windows NT software.

Bluetooth

Option International became a member of the Bluetooth Special Interest Group (SIG). Bluetooth utilises a short-range radio link to exchange information, enabling effortless wireless connectivity between mobile phones, portable PCs, handheld computers and other peripherals. The radio will operate on the globally available 2.45GHz ISM 'free band', allowing international travelers to use Bluetooth-enabled equipment worldwide. Bluetooth will eliminate the need for business travelers to purchase or carry numerous, often proprietary cables by allowing multiple devices to communicate with each other through a single port. Enabled devices will not need to remain within line-of-sight, and can maintain an uninterrupted connection when in motion, or even when placed in a pocket or briefcase.

Option International will be using the Bluetooth core technology to develop their next generation products and will be working with the members of the SIG to establish Bluetooth as a technology standard.

Option expect to launch their first Bluetooth-enabled PC Card product in the first half of 2000.

Management Discussion

Social Report

Employees

As at 31 December the number of full time employees in the Option International group was 69, an increase of 33 over the prior year (1997: 36, 1996: 23).

Management

Ernest O'Leary, former CFO of Option International, resigned as of March 1, 1998 due to private family reasons. Mr. O'Leary is temporarily replaced by Paul Vets.

As of October 1, 1998, Eddy Cormon, former VP Operations, has left the Company.

New Managers

- Wim Duson joined Option International as VP Finance and Operations.

- Jeff Elias was appointed VP Business Development to spearhead the US office.

- Alfred Tsoi was selected as VP Business Development to spearhead the Asia-Pacific office.

- Wouter Van Roost joined the Company as VP Marketing.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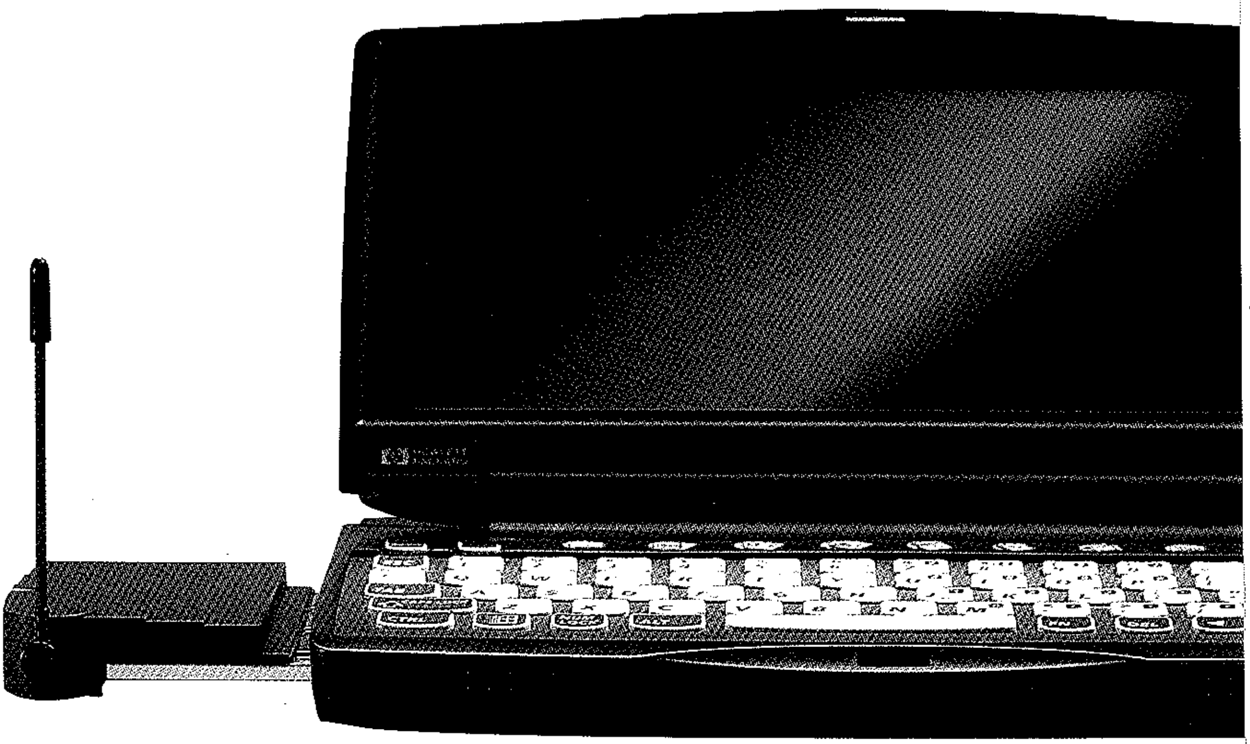


Key figures (Longer term - US GAAP)

Profit & Loss Account (000 BEF) December 31	1998	1997	1996	1995
Net Sales	**739,969**	**564,509**	**286,314**	**94,040**
EBIT	-8,274	100,410	-8,122	-12,852
Profit on Ordinary activities after tax [5a]	**-20,712**	**61,246**	**-1,816**	**-12,708**
Profit after tax	-20,712	7,741	-1,816	-12,708
Per Share (in BEF)				
Profit on Ordinary activities after tax	-0.45	13.5	-0.8	-6.5
Equity [5b]	121	165	6.6	0.3
Number of shares				
average	5,959,231	4,525,000	2,295,360	1,959,408
total at 31/12	5,992,364	5,958,956	2,463,408	1,959,408
Balance sheet (000 BEF)				
Equity	727,193	747,095	15,142	-542
Balance sheet total	866,276	848,604	184,482	65,901

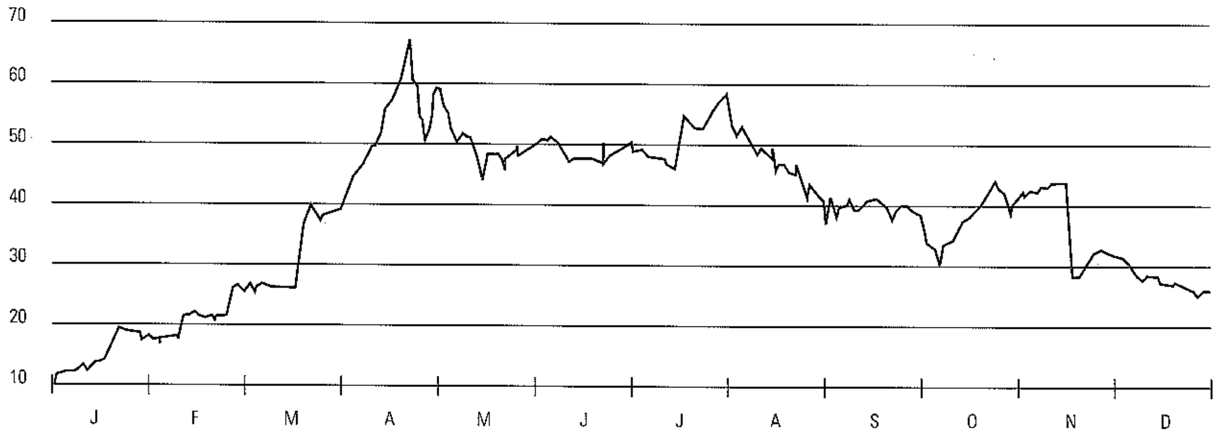
[5a] (Earnings before Income Taxes + Extraordinary Costs)*(1-Tax Rate)

[5b] Equity/average number of shares outstanding

The Option International Share on EASDAQ

Option International [6] are listed on Easdaq since November 26, 1997. At the IPO 2,567,804 shares were sold, 1,600,000 resulting from a capital increase. The shares were offered at USD 10.

Stock price evolution



Year high 67.63

Year low 11.00

	Jan 2, 1998	December 31, 1998
Closing price	11.13	27.25

At the end of 1998, total equity was represented by 5,992,364 shares. On December 31, 1998 total market capitalisation amounted to BEF 5.65 billion.

Shareholders' structure (At December 31, 1998)

Identity of person or group	*Number*	*Percentage*
	of ordinary shares held	
J. Callewaert	1,341,680	22.39 %
Take Off Fonds (Venture capital - depending from Gimv)	1,254,432	20.93 %
Management	88,704	1.48 %
Public	3,307,548	55.19 %
Total	**5,992,364**	**100 %**

[6] Ticker on Bloomberg 'OPINES'; on Reuters 'OPIN.ED'

The Option International Share on EASDAQ

NOTE At the IPO, a lock-up period had been agreed during which no director of the company could dispose of any share which he held during a term of six months as of the first day of admission to trading of the shares on EASDAQ, except in a public offering, and that no shareholder who held more than 10 % of the shares could dispose of more than 20 % of his shareholding during the aforementioned six month's period. This period ended on May 25th, 1998.

In addition, the controlling shareholders have agreed, in their shareholders' agreement of October 14, 1997, not to sell any of their shares during the same six month's period contemplated in the preceding paragraph. Furthermore, the controlling shareholders agreed in the Underwriting Agreement not to dispose of any share during said six months period. This period ended on May 25th, 1998.

Dividend policy

The Company has never declared or paid any dividends on its shares since its incorporation.

Any longer term determination to declare dividends will depend on the Company's operating results, financial condition, capital requirements and other factors deemed relevant by the Board of Directors and/or the general shareholders' meeting. The Company expects to retain earnings, if any, in the next years for the development of its activities.

The distribution of dividends is ultimately decided by the general shareholders' meeting upon proposal of the Board of Directors.

Management and Supervision

Members of the Board of Directors

Name	*Age*	*Position*
Jan Callewaert	42	Chairman and Member of the Board
Dirk Beeusaert	34	Member of the Board
Alex Brabers	33	Member of the Board
Arnoud De Meyer	44	Member of the Board
Lucien De Schamphelaere [7]	67	Member of the Board
Pol Hauspie	47	Member of the Board
Tom Lawrence	63	Member of the Board
Philip Vermeulen	42	Member of the Board

Jan Callewaert, Company Founder and CEO

Prior to founding Option, Mr. Callewaert gained IT experience with BULL where he was product manager for the Dealer Channel. Then, with ERICSSON where he was product marketing manager for Office Automation products, he worked on the integration of hardware and software combining modems, data networks, fibre optics and videotext. Mr. Callewaert is a qualified Commercial and Managerial Engineer in Management Informatics and has a Baccalaureat in Philosophy from the University of Leuven. He has presented papers on mobile computing to industry conferences, and is a recognized figure in the mobile data communications industry.

Dirk Beeusaert

He holds a Law Degree (University of Ghent) and a special Degree in Tax Law and Accountancy (Vlerick). After serving as a lawyer with Storme, Leroy, Van Parys & Doolaege (Ghent) and as a member of the management team of Gamma Belgium, he became in 1995 legal advisor to the GIMV. He is also a member of the Board of Directors of Car Hotel, Keylogic Europe and Antwerp Bionic Systems.

Alex Brabers

He holds a Degree in Economic Science (K.U. Leuven) and followed the Bachelor's Program in Philosophy (K.U. Leuven). He first joined BACOB Bank in Brussels and was there involved in strategic planning and financial markets. As a Senior Investment Manager at GIMV (Investment Company for Flanders) since 1990, he was involved in developing different new ventures and is responsible for several venture capital investments. He is also director of various companies, mainly in the Telecommunications and information technology area (e.g. Mobistar N.V.).

Arnoud De Meyer

Arnoud De Meyer is Professor of Technology Management and Associate Dean for Executive Education at INSEAD. He is also part time professor at the Vlerick School of Management at the University of Ghent. He is an electrotechnical engineer and has a Ph.D. in Business Administration. As an academic he has worked as a visiting scholar at M.I.T. (Cambridge, USA), Keio Business School (Tokyo, Japan) and Kiel University. He has published widely on International R&D Management, the interface between R&D and Manufacturing and Manufacturing Strategy. Arnoud De Meyer is currently also the Director of the INSEAD Euro Asia Centre and has extensive experience in Asia/Pacific. He has consulted with several Asian and European organizations on Technology Management and is currently board member of four entrepreneurial organizations.

Lucien De Schamphelaere

Lucien De Schamphelaere founded Xeikon in 1988 and today serves as its chairman. Prior to founding Xeikon he held, during a period of over 35 years, several positions in the field of process control and instrumentation at Afga-Gevaert. Most recently he served as a General Manager in charge of the digital imaging division and as Managing Director of AGIF NV, Agfa-Gevaert's venture capital fund. Mr. De Schamphelaere is also a Director of Imec NV, a Belgium-based semiconductor development and manufacturing company. He holds a degree in electronic engineering and several patents in the fields of automatic control and electronic printing.

[7] Represents Triakon N.V.

Management and Supervision

Pol Hauspie

In 1977, Mr. Hauspie founded HPP Computer Center (HPP), a developer and marketer of software for accountants and financial advisors and served as its president until selling HPP in 1987. Pol Hauspie was co-founder of Lernout & Hauspie Speech Products (LHSP) in December 1987 and acted as Managing Director since then and acted as its Chairman from January 1994 until October 1996. He also is co-chairman of the Board of Directors since October 1996 and member of the Office of the Chief Executive since February 1996. He became co-member of the Office of the Chief Executive since October 1996. Mr. Hauspie also served as Director of the Fund Manager of the Flanders Language Valley C.V.A. from 1996 to May 1997.

Tom Lawrence

Mr. Thomas J. Lawrence is the founder and chairman of TLJ Inc., Worldwide Strategic Services. Mr. Lawrence gained BSEE degrees in computer sciences and mathematics at the University of Michigan (1957). He also holds a Masters degree in computer sciences form Stanford University (1965).

Mr. Lawrence's experience includes 12 years of progressive positions in the design of computer systems at Lockheed Missiles and Space (4 years), Stanford University (6 years) and RCA Corporation (2 years).

He also held positions of Vice President and General Manager of Europe for Intel Corporation (1970-1979), Vice President and General Manager of Europe for Apple Computer (1979-1983), Vice President and General Manager of Valid Logic Systems Europe (1983-1986) and chairman and CEO of TLJ Inc. from 1988 until present.

Philip Vermeulen

Mr. Vermeulen served in various positions with Chase Manhattan Bank S.A. (Belgium), Sidel Computers Centers N.V. and IPPA Bank N.V. (Belgium). He also served as Executive Senior Investment Manager for Venture Capital with GIMV. He is a Director of various companies active in the information technology business.

Since September 1, 1997, Mr. Vermeulen also acted as Director of the Fund Manager of Flanders Language Valley C.V.A. where he was appointed as Chief Executive Officer since September 1997.

Statutory auditor

DELOITTE & TOUCHE Bedrijfsrevisoren B.C.V.
Represented by
Leo Van Steenberge
Statutory Auditor

Executive Officers

Name	*Age*	*Position*
Jan Callewaert	42	Chief Executive Officer
Paul Vets	55	Chief Financial Officer
Jan Vercruysse	40	VP R&D
Bruno Spaas	31	VP Sales
Wouter Van Roost	39	VP Marketing
Wim Duson	41	VP Finance and Operations
Alfred Tsoi	45	VP Business Development Asia Pacific
Jeff Elias	42	VP Business Development North America

Management and Supervision

Paul Vets, CFO

Paul Vets holds a degree of Civil Engineer (KU Leuven), a Masters Degree in Engineering from the Pennsylvania state University and a Degree in Business Administration from IPO (Antwerp Business school). Prior to joining Option International, Paul Vets worked as Director of ISEP, a Belgian venture capital fund and as an independent financial advisor for a number of high tech companies.

Jan Vercruysse, VP Research & Development

Jan Vercruysse holds a degree of Telecommunication Engineering (KU Leuven). Prior to joining the Company, Jan Vercruysse held positions at Telindus Networks N.V. and Sparnex N.V.. At Telindus he specialized in Data Communication and modems, including design, layout and routing of PCB's (printed board circuits). He acquired specialist knowledge of Radio Frequency, and antenna design for data communications at Sparnex.

Bruno Spaas, VP Sales

Bruno Spaas holds a degree in Applied Economic Science (KU Leuven). Prior to joining Option International in 1995, Bruno Spaas was Sales Manager at Mainware N.V., a leading Value Added Reseller of IT systems. He gained experience in the international market with FDR, a Paris based paper & print distribution business.

Wouter Van Roost, VP Marketing

Wouter Van Roost holds a degree in Literature and Filology (University of Brussels). He has previously worked as Director of Corporate Marketing of RAM Mobile Data where he was responsible for the marketing and business development of RAM Mobile Data Benelux

Wim Duson, VP Finance and Operations

Wim Duson holds a degree in Applied Economic Science (KU Leuven). He previously worked at Motorola for almost 12 years, where he held various management positions in the company. For the last 6 years Mr. Duson worked as Director of Finance and Operations in Motorola Belgium and Motorola Sweden.

Alfred Tsoi, VP Business Development Asia Pacific

Alfred Tsoi holds a Master Degree of Business Administration (Chinese University of Hong Kong). He gained valuable experience from his time with Fujitsu Australia, and with Lotus Development Ltd. where he worked as Regional Development Manager and Regional Corporation Accounts Director Asia Pacific with overall responsibility for the business development of Lotus in Hong Kong, the Philippines and in the People's Republic of China.

Jeff Elias, VP Business Development North America

Jeff Elias holds a degree in Engineering and has also obtained a MBA from the University of Santa Clara (USA). Jeff Elias has fifteen years experience in Sales and Marketing services for telecommunication companies such as Alcatel and Matra.

Contents of the Financial Report (consolidated and audited)

Balance Sheet at December 31, 1998 - 1997 - 1996 - 1995 | US GAAP (consolidated and audited)

Amounts in Thousands BEF

	1998	1997	1996	1995
Assets				
Cash & cash equivalents	350,805	587,432	14,460	367
Accounts receivable	197,743	93,071	51,052	29,213
Other receivables	15,031	12,251	12,607	1,249
Inventories (Note H)	209,740	116,579	76,574	21,476
Deferred taxes (Note I)	2,106	17,336	21,026	6,132
Total current assets	*775,425*	*826,669*	*175,719*	*58,437*
Property & equipment (Note G)	45,438	21,935	8,763	7,464
Intangible assets (Note M)	45,413	0	0	0
Total Fixed assets	*90,851*	*21,935*	*8,763*	*7,464*
Total Assets	***866,276***	***848,604***	***184,482***	***65,901***
Liabilities and Shareholders' Equity				
Accounts payable	108,898	73,305	126,133	49,887
Salaries and payroll related liabilities	23,138	19,206	5,187	7,276
Accrued expenses	2,112	252	4,762	0
Total current liabilities	134,148	92,763	136,082	57,163
Long-term debt (Note J)	4,530	8,246	21,258	9,280
Other liabilities (Note D)	405	500	12,000	0
Common Stock (no par value)	143,553	142,752	48,730	31,230
Share premium	630,225	630,190	0	0
Translation differences	-26	0	0	0
Retained earnings	-46,559	-25,847	-33,588	-31,772
Total Equity	727,193	747,095	15,142	-542
Total Liabilities + Equity	***866,276***	***848,604***	***184,482***	***65,901***

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Income Statements at December 31, 1998 - 1997 - 1996 - 1995 | US GAAP (consolidated and audited)

Amounts in Thousands BEF

	1998	1997	1996	1995
Net Sales	739,969	564,509	286,314	94,040
Cost of Sales	-447,351	-344,960	-208,979	-60,957
Gross Profit	***292,618***	***219,549***	***77,335***	***33,083***
Research & Development	-87,785	-40,499	-26,835	-11,296
Sales & Marketing	-164,079	-52,277	-17,247	-13,750
General & Administrative	-49,028	-26,363	-41,375	-20,889
Total Operating Expenses	***-300,892***	***-119,139***	***-85,457***	***-45,935***
Income/(Loss) from Operations (EBIT)	***-8,274***	***100,410***	***-8,122***	***-12,852***
Interest Income/(Expense)	13,603	-5,240	-7,476	-5,189
Exchange Gain/(Loss)	-9,857	7,196	-1,112	899
Extraordinary Items	-954	-90,935	0	0
Income/Loss before Taxes	-5,482	11,431	-16,710	-17,142
Income tax (see Note I)	*-15,230*	*-3,690*	*14,894*	*4,434*
Net Result	***-20,712***	***7,741***	***-1,816***	***-12,708***
Net Result on Ordinary Activities [8]	*-19,758*	*61,246*	*-1,816*	*-12,708*
Average Shares outstanding	5,959,231	4,525,000	2,295,360[9]	1,959,408[9]
Net Result on Ordinary Activities per share in BEF	-0.45	13.5	-0.8	-6.5
Net Result on Ordinary Activities per Share in USD [10]	-0.01	0.36	-0.02	-0.21

[8] (Earnings Before Income Taxes + Extraordinary Costs)*(1-Tax Rate)

[9] After stock split by 144

[10] USD 31/12/98 = BEF 34,6, USD 31/12/97 = BEF 37,2, USD 31/12/96 = BEF 32,0, USD 31/12/95 = BEF 30 (Source Generale Bank)

Statement of Shareholder's Equity at December 31, 1998 - 1997 - 1996 - 1995 | US GAAP

	Common stock: number of shares	Common stock: amount in 000 BEF	Net Result in 000 BEF	Total Retained Earnings in 000 BEF	Total Share-holders' equity in 000 BEF
Balance at December 31, 1993	7,200	7,200			824
Increase of capital on Dec. 21, 1994	*+6,407*	*+26,030*			
Balance at December 31, 1994	13,607	31,230	-12,688	-6,371	12,166
Balance at December 31, 1995	13,607	31,230	-12,708	19,064	-542
Increase of capital on May 9, 1996	*+3,500*	*+17,500*			
Balance at December 31, 1996	17,107	48,730	-1,816	-31,772	15,142
Increase of capital on August 6, 1997	*+8,341*	*+20,109*			
Increase of capital on October 10, 1997	*+880*	*+21,983*			
Balance at October 14, 1997	26,328	90,822			
Stock split by 1/144	3,791,232				
Increase of capital on October 24, 1997					
• Conversion of bonds	567,724	13,600			
• IPO	1,600,000	38,329			
Balance at December 31, 1997	5,958,956	142,752		-25,847	747,095
Increase of capital on December 29, 1998					
• Execution of warrants	33,408	+801			
Balance at December 31, 1998	***5,992,364***	***143,553***	***-20,712***	***-25,847***	***727,193***

Statements of Cash Flows at December 31, 1998 - 1997 - 1996 - 1995 I US GAAP

Amounts in Thousands BEF

	1998	1997	1996	1995
Cash Flows from Operating Activities				
Net earnings (A)	***-20,712***	***7,741***	***-1,816***	***-12,708***
Non cash adjustments				
Depreciation	19,140	3,994	20,920	23,280
Accrual 1996/93	0	0	-4,050	0
Accrual 1996/95	0	0	-1,676	1,676
Translation differences	-26	0	0	0
Deferred taxes	15,230	3,690	-14,894	-4,434
Other non cash adjustments/provisions	2,085	-11,500	12,000	9
Total non cash adjustments (B)	***36,429***	***-3,816***	***12,300***	***20,531***
Change in assets and liabilities				
Accounts receivable	-106,852	-42,019	-25,953	-17,242
Inventories	-93,161	-40,005	-55,097	-602
Other assets	-2,780	4,814	-11,357	1,886
Account payable	40,264	-16,490	71,557	4,307
Sal. and payroll related liabilities	3,932	14,019	-5,633	2,496
Accrued expenses	1,860	-4,510	480	20
Prepaid taxes	0	-4,458	0	0
Total change in assets & liabilities (C)	***-156,737***	***-88,649***	***-26,003***	***9,135***
Cash Flows from Operating Activities	**-141,020**	**-84,724**	**-15,519**	**-1,312**

Statements of Cash Flows at December 31, 1998 - 1997 - 1996 - 1995 I US GAAP

Amounts in Thousands BEF

	1998	1997	1996	1995
Cash Flows from Investing Activities				
Intangible fixed assets	-56,238	0	0	0
Purchases of plant equipment	-31,818	-17,165	-18,106	-20,105
Total cash flow from investing activities (D)	***-88,056***	***-17,165***	***-18,106***	***-20,105***
Cash Flows from Financing Activities				
Net proceeds (payments) on notes payable	-2,422	-36,338	18,240	16,974
Proceeds from long term debt	994	3,671	15,000	2,931
Repayments long term debt	-6,958	-16,683	-3,022	-2,000
Capital increase	835	724,212	17,500	0
Net cash provided by financing activities (E)	***-7,551***	***674,862***	***47,718***	***17,905***
Net Cash Flow (A)+(B)+(C)+(D)+(E)	**-236,627**	**572,972**	**14,093**	**-3,512**
Net Increase / Decrease in Cash and Cash Equivalents				
Cash at beginning of period	587,432	14,460	367	3,879
Cash at end of period	350,805	587,432	14,460	367
Difference	***-236,627***	***572,972***	***14,093***	***-3,512***

Note A: Significant Accounting Policies

The financial statements in this section have been prepared in accordance with US GAAP.

The significant accounting policies can be summarized as follows:

1) Revenue recognition

The Company generates revenue from the sales of its products and technology, as well as the licensing of its technology. The sales of products are recognized as revenue when shipped. The revenues generated out of sales of technology and licenses are recognized as revenue when invoiced.

2) Income taxes

Deferred income tax assets and liabilities are computed annually for differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes using enacted tax rates in effect for the year in which the differences are expected to reverse.

3) Cash and cash equivalents

Highly liquid investments with a maturity of three months or less at date of purchase are considered cash equivalents.

4) Accounts receivable

The Company grants credit to customers in the normal course of business. Generally they do not require collateral or any other security to support amounts due. Management performs ongoing credit evaluations of its customers. All receivables are fully collectible except those doubtful accounts for which a 100 % allowance is accounted for.

5) Inventories

Raw materials are stated at the lower of cost (FIFO method) or market. The company reviews inventories for slow-moving or obsolete items on an ongoing basis and establishes allowances if needed. Work in progress and finished goods are valued at direct cost.

6) Property and equipment

The company's property and equipment, including dedicated production equipment, is recorded at purchase price. Depreciation is computed using the straight line method over the estimated useful lives of the assets which are as follows:

Leasehold improvements	9 years
Office furniture & equipment	5 to 10 years
Research equipment & machinery	2 to 10 years
Automobiles	5 years

7) Intangibles

a. The Company's intangible assets include licenses, recorded at purchase price, acquired for the integration into its product or as a means for exploitation.

c. Research and development

Research and development are expensed as incurred. Under Belgian GAAP, they were capitalised until the end of 1995. From 1996 on, Belgian valuation rules are in line with US GAAP prescriptions, stating that all these expenses are charged to the Profit & Loss account in the year when incurred. However, research and development charges that are related to the development and the realization of own specific product machinery, methods, testing equipment and other software used in the production of a specific product, are capitalized and depreciated over the expected life time of the products for which the development has taken place.

8) Guarantee

A lifetime guarantee is provided on all Option-products. However, no provision is set up to cover possible losses for this guarantee, as no considerable extra charges are expected from it.

Note B: Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note C: Subsequent events

No material events took place after December 31, 1998, which might have a material impact on the annual accounts reported on in this section.

Note D: Litigation

The Company is not involved in any material, legal or arbitration proceedings.

Note E: Commitments

The Company leases its current facilities under an operating lease which expires in April 1999 (after 9 years). Future minimum lease payments (of BEF 0.3 million per month) under the operating lease, linked to the consumer goods index, are as follows:

01.01.1999 - 30.04.1999: BEF 1.3 million

The Company has engaged into a new operating lease which will expire in 2002. Future lease payments amount to BEF 28,473,000 over the 3 years period. The Company will sublease partially to another company. Office furniture, vehicles and computer equipment are leased (financial lease over 3 to 4 years). Total outstanding lease debt on December 31, 1997 is BEF 4.5 million.

Note F: Credit Facilities

The Company is able to draw down funds from line of credit available from the Generale Bank. The total borrowing capacity of these facilities at December 31, 1998, amounts to BEF 80 million. The credit facilities are secured by a pledge of the Company's assets.

Note G: Business Segments and Exports

The Company operates in a single industry segment, encompassing research & development, sales and support of PC Cards, GSM radio cards and adapters for mobile wireless communications. The Company sells and markets its products through a sales force operating from offices located in Belgium, France, UK, Ireland, Germany, US and Australia, coordinating sales through its international distributors and through Original Equipment Manufacturers (OEM's).

Note H: Property and equipment

Major classes of property and equipment can be summarized as follows:

December 31 - 000 BEF	1998	1997	1996	1995
Leasehold improvements	1,249	1,249	855	0
Office furniture & equipment	24,716	17,867	10,181	7,455
Research equipment	44,415	17,178	10,005	8,948
Cars	4,797	4,797	4,163	4,163
Total property & equipment	**75,177**	**41,091**	**25,204**	**20,566**
Accumulated depreciation	29,739	19,156	16,441	13,102
Net property & equipment	**45,438**	**21,935**	**8,763**	**7,464**

Note I: Inventories

Inventories consist of the following:

December 31 - 000 BEF	1998	1997	1996	1995
Raw materials	157,155	92,044	48,392	7,122
Work in process	33,558	21,180	9,673	0
Finished goods	19,027	3,355	18,509	14,354
Total	**209,740**	**116,579**	**76,574**	**21,476**

Note J: Taxes on income

The Company accounts for deferred income taxes on temporary differences between financial and tax reporting in accordance with US GAAP. From 1994 to 1996 this had a positive impact on the Profit and Loss account. These losses were partially offset in 1997 to the pre tax profits which has lead to a negative impact on the Profit and Loss account.

In 1998, due to the profit realised in Belgium, losses decreased further, bringing the amount of Option International N.V. 's deferred tax benefits to BEF 2.071 million. For Thwing Ltd., Option Ireland, no deferred tax benefit has been accounted for.

The amounts of the tax benefits resulting from this were calculated as follows:

Option International N.V.

December 31 - 000 BEF	**1998**	**1997**	**1996**	**1995**
Tax loss carry forward	5,155	43,156	52,341	15,264
Tax rate (in %)	40.17	40.17	40.17	40.17
Deferred taxes (benefit)	2,071	17,336	21,026	6,132
Amount already accrued/offset	-17,336	-21,026	-6,132	-1,698
Net tax benefit affecting P&L	-15,265	-3,690	14,894	4,434

Thwing Ltd. (Option Ireland)

December 31 - 000 BEF	**1998**
Tax loss carry forward	349
Tax rate (in %)	10.0 %
Deferred taxes (benefit)	35
Amount already accrued/offset	-0-
Net tax benefit affecting P&L	35

Note K: Long term debt

Long term debt consists of the following at the end of each of the periods involved:

December 31 - 000 BEF	1998	1997	1996	1995
Long term leasing debt - equipment	1,935	4,161	2,575	2,990
Long term leasing debt - automobiles	0	0	433	1,040
Long term loan - automobiles	1,595	2,086	0	0
Long term loan ASLK	1,000	2,000	3,000	4,000
Long term loan private person	0	0	250	1,250
Convertible loan	0	0	15,000	-
	4,530	**8,247**	**21,258**	**9,280**

Note L: Basis of consolidation

The consolidated financial statements include the financial statements of the parent company and all its subsidiaries made up to the end of the financial period. Intra-group trading has been eliminated upon consolidation.

Principles of consolidation:
At December 31, 1998 the Company owns all of the outstanding shares of Rindle & Partners GmbH, Thwing Ltd. (Option Ireland) and Park W.

Accordingly, the consolidated financial statements include the accounts of Option International and its three wholly owned subsidiaries (Thwing Ltd. (Option Ireland), Rindle & Partners and Park W).

Note M: Employee benefit plans

Employee Stock Option Plan

In 1998, pursuant to the provisions of the plan, warrants were allocated to employees of the Company as pointed out in the notarial deed passed at the creation of the warrants. At the end of 1998, 33,408 warrants, each entitling the holder to one share, have been executed, which resulted in a net capital increase of BEF 800,320.

Management Stock Option Plan

In 1998 the Company hired four new key managers who hold 31,680 shares. These shares can be sold over a period of 4 years.

Note N: Intangible fixed assets

The amount of intangible fixed assets at December 31, 1998 can be detailed as follows:

	Amount capitalised	Depreciations 1998	Net value December 31, 1998
Thwing Ltd. (*)	39,318	-7,614	31,704
Option Int. N.V.	16,033	-2,698	13,335
Rindle & Partners Gmbh (**)	574	-200	374
Consolidated accounts	**55,925**	**10,512**	**45,413**

(*) Option Ireland

(**) 100 % owned by Option International N.V.

Note O: Compensation of Directors and Executive officers

At the general shareholders' meeting held on October 14, 1997, it was decided that only the independent Directors of the Company would be compensated for an amount of BEF 100,000 for each meeting of the Board of Directors they attend to.

The Board of Directors will present to the General Meeting of the Shareholders to be held on the 31st of March 1999, a new compensation scheme. This scheme provides for all Board Members to receive, for 1998 and future years, a compensation of BEF 50,000 for each Board meeting, and BEF 50,000 attendance fee for each Board meeting were they were present.

An aggregate amount of BEF 24.9 million has been paid to the executive officers in 1998.

Balance Sheet at December 31, 1998 - 1997 - 1996 - 1995 | Belgian GAAP (Consolidated and audited)

Amounts in Thousands BEF

		1998	1997	1996	1995
Assets					
Fixed Assets		***91,957***	***25,672***	***8,813***	***20,309***
I.	Formation expenses	0	0	0	543
II.	Intangible assets	45,413	0	0	12,038
III	Tangible assets	45,438	21,935	8,763	7,463
III.B.	Plant, machinery and equipment	28,933	7,401	1,585	1,265
III.C.	Furniture and vehicles	6,070	3,566	1,798	2,554
III.D	Leasing and other similar rights	8,291	9,937	4,620	3,644
III.E.	Other tangible assets	2,144	1,031	760	0
IV.	Financial assets	1,106	3,737	50	265
Current Assets		***772,213***	***800,690***	***154,642***	***52,041***
VI.	Stocks and contracts in progress	209,740	116,579	76,574	21,476
VII.	Amounts receivable within one year	208,202	104,157	63,421	29,213
VII.A.	Trade debtors	197,743	92,765	51,052	29,213
VII.B.	Other amounts receivable	10,459	11,392	12,369	0
VIII.	Investments	252,676	545,733	0	0
IX.	Cash at bank and in hand	98,129	33,599	14,460	367
X.	Deferred charges and accrued income	3,466	622	187	984
Total Assets:		**864,170**	**826,362**	**163,455**	**72,350**

Balance Sheet at December 31, 1998 - 1997 - 1996 - 1995 | Belgian GAAP (Consolidated and audited)

Amounts in Thousands BEF

		1998	1997	1996	1995
Liabilities					
Shareholders' Equity		***725,086***	***725,091***	***-5,884***	***11,633***
I.	Capital	143,553	142,752	48,730	31,229
II.	Share premium	630,225	630,191		
IV.	Loss carried forward	-48,666	-47,852	-54,614	-19,597
V.	Translation Differences	-26			
Provisions and Deferred Taxes		***405***	***500***	***12,000***	***0***
VII.A.	Provisions for liabilities and charges	405	500	12,000	0
Creditors		***138,679***	***100,771***	***157,339***	***60,717***
VIII.	Amounts payable after more than one year	4,530	8,246	21,258	9,280
VIII.A.	Financial debts	4,530	8,246	21,258	9,280
IX.	Amounts payable within one year	132,037	92,273	135,355	51,437
IX A.	Current portion of amounts payable after more than one year	4,710	6,958	4,513	4,236
IX.B.	Financial debts	0	2,422	38,760	20,520
IX.C.	Trade debts	101,571	63,687	84,420	13,140
IX.E.	Taxes, remunerations and social security	23,138	19,119	7,574	13,206
IX.E.1.	Witholding Taxes & VAT payable	13,326	6,024	2,413	5,930
IX.E.2.	Remuneration and social security	9,812	13,095	5,160	7,276
IX.F.	Other amounts payable	2,618	87	88	334
X.	Accrued charges and deferred income	2,112	252	726	0
Total Liabilities		**864,170**	**826,362**	**163,455**	**72,350**

Income Statements at December 31, 1998 - 1997 - 1996 - 1995 I Belgian GAAP (Consolidated and audited)

Amounts in Thousands BEF

	1998	1997	1996	1995
I.A. Turnover	739,969	564,509	287,784	95,220
I.D. Other operating income	679	335	13	7,487
II.A. Raw materials, consumables and goods for resale	-428,937	-330,488	-197,107	-55,383
Gross Margin	***311,711***	***234,356***	***90,690***	***47,324***
II.B. Services and other goods	-202,074	-81,798	-39,912	-16,157
II.C. Remunerations, social security costs and pensions	-94,183	-55,244	-26,729	-18,390
II.D. Depreciation of formation expenses, intangible and tangible fixed assets and other amounts written off	-19,140	3,994	-16,929	-14,039
II.E. Allowance doubtful debtors	-2,180			
II.F. Increase (+); decrease (-) in provisions for liabilities and charges	250	11,500	-12,000	-6,200
II.G. Other operating charges	-2,223	-1,021	-456	-591
Operating Profit/Loss	***-7,839***	***103,799***	***-5,337***	***-8,054***
IV. Financial income	51,517	22,479	231	1,166
V. Financial costs	-43,251	-25,191	-8,848	-5,528
Profit /Loss on Ordinary Activities before Taxes	***427***	***101,087***	***-13,955***	***-12,416***
VII. Extraordinary income	0	0	0	0
VIII. Extraordinary charges	-1,241	-94,325	-21,063	0
Profit/Loss for the Period before Taxes	***-814***	***6,762***	***-35,017***	***-12,416***
X. Income tax	0	0	0	0
Net profit	**-814**	**6,762**	**-35,017**	**-12,416**
Net Profit on Ordinary Activités [11]	**+427**	**60,480**	**-13,955**	**-12,416**

[11] (Earnings Before Income Taxes + Extraordinary Costs)*(1-Tax Rate)

Statements of Cash Flows at December 31, 1998 - 1997 - 1996 - 1995 I Belgian GAAP

Amounts in Thousands BEF

	1998	1997	1996	1995
Cash Flows from Operating Activities				
Net earnings (A)	***-814***	***6,763***	***-35,017***	***-12,416***
Non Cash adjustments				
Depreciation and amortization	19,140	3,994	33,501	20,239
Consolidation translation difference	-26			
Other non cash adjustments	2,085	-11,500	12,000	-
Total non cash adjustments (B)	***21,199***	***-7,506***	***10,484***	***7,823***
Change in assets and liabilities				
Accounts receivable	-107,158	-41,713	-25,953	-17,242
Inventories	-93,161	-40,005	-55,097	-602
Prepaid expenses and other	-2,844	-435	798	78
Other assets	6,095	-437	214	66
Account payable	37,884	-20,734	71,557	4,307
Salaries and payroll related liabilities	-3,283	11,429	-5,633	2,496
VAT payable/receivable	7,302	5,799	-12,369	1,742
Accrued expenses	1,860	-474	480	20
Prepaid taxes		-4,458		
Total change in assets and liabilities (C)	***-153,305***	***-91,028***	***-26,003***	***-9,135***
Cash Flows from Investing Activities				
Intangible fixed assets	-56,238			
Purchases of plant equipment	-31,818	-17,165	-18,106	-20,105
Investments	293,057	-549,233	-	-
Total cash flow from investing activities (D)	***205,001***	***-566,398***	***-18,106***	***-20,105***

Statements of Cash Flows at December 31, 1998 - 1997 - 1996 - 1995 | Belgian GAAP

Amounts in Thousands BEF

	1998	1997	1996	1995
Cash Flows from Financing Activities				
Net proceeds (payments) on notes payable	-2,422	-36,338	18,240	16,974
Proceeds from long term debt	994	3,671	15,000	2,931
Principal repayments on long term debt	-6,958	-14,237	-3,022	-2,000
Capital increase/IPO	835	724,212	17,500	-
Total cash flow from financing activities (E)	***-7,551***	***677,308***	***47,718***	***17,905***
Total Net Cash Flow (A)+(B)+(C)+(D)+(E)	**64,530**	**19,139**	**14,093**	**-3,512**
Net Increase (Decrease) in Cash and Cash Equivalents				
Cash at beginning of period	33,599	14,460	367	3,879
Cash at end of period	98,129	33,599	14,460	367
Difference	64,530	+19,139	+14,093	-3,512

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NOTE A: STATEMENT OF INTANGIBLE ASSETS AS AT DECEMBER 31, 1998

	Amounts in Thousands BEF
A) ACQUISITION COST	
At the end of the preceding period	35,985
Movements during the year	56,237
At the end of the year	92,222
C) DEPRECIATION AND AMOUNTS WRITTEN OFF	
At the end of the preceding period	35,985
Movements during the year	10,825
At the end of the year	46,810
D) NET CARRYING VALUE AT THE END OF THE PERIOD	45,412

NOTE B: STATEMENT OF TANGIBLE ASSETS AS AT DECEMBER 31, 1998

	Amounts in Thousands BEF
A) ACQUISITION COST	
At the end of the preceding period	41,091
Movements during the year	
Expenditure	34,087
Sales and disposals	-0-
At the end of the year	75,178
C) DEPRECIATION AND AMOUNTS WRITTEN OFF	
At the end of the preceding period	19,156
Movements during the year	
Expenditure	+10,584
Sales and disposals	-0-
At the end of the year	29,740
D) NET CARRYING VALUE AT THE END OF THE PERIOD	45,438

NOTE C: STATEMENT OF FINANCIAL FIXED ASSETS AS AT DECEMBER 31, 1998

	Amounts in Thousands BEF
A) ACQUISITION COST	
At the end of the preceding period	238
Movements during the year	
Expenditure	868
Sales and disposals	-
At the end of the year	1,106

NOTE D: STATE OF THE CAPITAL AS AT DECEMBER 31, 1998

	Amounts in Thousands BEF	Number of Shares
A) CAPITAL		
1. Issued capital		
At end of preceding period	142,752	5,958,956
Changes during the period		
Capital increase	800	5,992,364

NOTE E: STATE OF DEBT AS AT DECEMBER 31, 1998

Amounts in Thousands BEF	Maximum 1 year	Between 1 and 5 years
A. Analysis of debts with an original maturity of over one year, by remaining maturity	4,710	4,530

NOTE F: STATE OF PERSONNEL CHARGES AS AT DECEMBER 31, 1998

	1998	**1997**	**1996**
1. STAFF INCLUDED ON THE STAFF REGISTER			
a) Total number of people registered at year-end	69	36	23
b) Average number of people registered in full-time equivalent	43	32.1	20.6
c) Effective number of hours worked	72,745	55,270	35,625
2. PERSONNEL CHARGES (000 BEF)			
a) Remuneration and direct benefits	68,822	39,093	19,422
b) Employer's contributions for social security	21,524	15,896	5,672
d) Other personnel charges	708	255	1,635

Reconciliation between P & L according to Belgian GAAP and P & L according to US GAAP

As the accounts of Option International are kept in accordance with accounting principles generally accepted in Belgium (Belgian GAAP), adjustments had to be made to conform to US GAAP. As this translation of the financial statements did result in differences in Net Profit/Loss, a full reconciliation is presented.

Most important is the provision for deferred taxes. As Option International had tax recoverable losses in 1996, 1995 and 1994, a positive deferred tax provision was accounted for. In accordance with FAS 109 the asset is realisable. Due to the profit of 1997 and 1998, the tax recoverable losses could be partially offset against this profit.

Further adjustments were made to offset certain capitalized R&D, marketing and some consulting charges from the 1994 and 1995 accounts. This is allowed by Belgian GAAP, as intangible assets and formation expenses. Under US GAAP, these expenses have been charged to P&L. In 1996 the Board of Directors changed his accounting policy, expensing R & D, marketing and some consulting charges, when incurred. Consequently to the cumulative effect of US GAAP adjustments on December 31, 1995, Equity had to be reversed

The prior year adjustments refer to changes that only came up in 1996, but should have been taken into P & L in 1993 (BEF 4.050 million) and 1995 (BEF 1.676 million). Therefore an adjustment was made in US GAAP - reporting.

As bringing unrealised exchange profits to P & L was not foreseen by the valuation rules, but is allowed by Belgian GAAP if explicitly mentioned in the valuation rules, a last adjustment had to be made in order to account for the unrealised exchange profits on the USD-exchange rate at year-end 1997, especially on the investments. However, again to be in line with US-GAAP, the Board of Directors changed also this accounting policy in 1998.

December 31 - 000 BEF	**1998**	**1997**	**1996**	**1995**
Net Result According to Belgian GAAP	**-814**	**6,762**	**-35,017**	**-12,416**
Deferred Taxes	-15,230	-3,690	14,894	4,434
Formation Expenses to be transferred to P&L	0	-	543	-543
Intangible Assets to be transferred to P&L	0	-	12,038	-2,507
Prior Year Adjustments 1995/1996	0	-	1,676	1,676
1993/1996	0	-	4,050	-
Unrealised exchange gains	-4,668	4,668	-	-
Net Result According to US GAAP	**-20,712**	**7,741**	**-1,816**	**-12,708**

Reconciliation between P & L according to Belgian GAAP and P & L according to US GAAP

December 31 - 000 BEF	**1998**	**1997**	**1996**	**1995**
Equity according to Belgian GAAP at closing date	**725,086**	**725,091**	**-5,884**	**11,633**
Deferred Taxes	-15,230	-3,690	14,894	4,434
Formation Expenses to be transferred to P&L	0	-	543	-543
Intangible Assets to be transferred to P&L	0	-	12,038	-2,507
Prior Year Adjustments 1995/1996	0	-	1,676	-1,676
1993/1996	0	-	4,050	-
Unrealised exchange gains	-4,668	4,668	-	-
US GAAP Adjustments prior years	22,005	21,026	-12,175	11,883
Equity according to US GAAP at closing date	**727,193**	**747,095**	**15,142**	**-542**

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Report of the Statutory Auditor on the Consolidated Financial Statements (US GAAP) for the year ended December 31, 1998

To the shareholders,

In accordance with legal and statutory requirements, we are pleased to report to you on the performance of the audit mandate which you have entrusted to us.

We have audited the consolidated financial statements as of and for the year ended December 31, 1998 which have been prepared under the responsibility of the board of directors and which show a balance sheet total of BEF 866.276 million and a consolidated loss for the year of BEF 20.712 million. We have also examined the consolidated directors' report.

Unqualified audit opinion on the consolidated financial statements

We conducted our audit in accordance with the standards of the 'Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren'. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, taking into account the legal and regulatory requirements applicable to consolidated financial statements according to US GAAP.

In accordance with those standards, we considered the group's administrative and accounting organization, as well as its internal control procedures. We have obtained explanations and information required for our audit. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing accounting principles used, the basis for consolidation and significant accounting estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the consolidated financial statements give a true and fair view of the group's assets, liabilities, consolidated financial position as of December 31, 1998 and the consolidated results of its operations for the year 1998 then ended, in accordance with the legal and regulatory requirements applicable for US GAAP and the information given in the notes to the consolidated financial statements is adequate.

Report of the Statutory Auditor on the Consolidated Financial Statements (US GAAP) for the year ended December 31, 1998

Other certification and information

We supplement our report with the following certification and information which do not modify our audit opinion on the consolidated financial statements:

- The consolidated directors' report contains the information required by law and is consistent with the consolidated financial statements.

Brussels, February 12, 1999

The Statutory Auditor

DELOITTE & TOUCHE
Bedrijfsrevisoren b.c.v.
Represented by Leo Van Steenberge

Report of the Statutory Auditor on the Consolidated Financial Statements (Belgian GAAP) for the year ended December 31, 1998

To the shareholders,

In accordance with legal and statutory requirements, we are pleased to report to you on the performance of the audit mandate which you have entrusted to us.

We have audited the consolidated financial statements as of and for the year ended December 31, 1998 which have been prepared under the responsibility of the board of directors and which show a balance sheet total of BEF 864,170 million and a consolidated loss for the year of BEF 814,000. We have also examined the consolidated directors' report.

Unqualified audit opinion on the consolidated financial statements

We conducted our audit in accordance with the standards of the 'Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren'. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, taking into account the legal and regulatory requirements applicable to consolidated financial statements in Belgium.

In accordance with those standards, we considered the group's administrative and accounting organization, as well as its internal control procedures. We have obtained explanations and information required for our audit. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing accounting principles used, the basis for consolidation and significant accounting estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the consolidated financial statements give a true and fair view of the group's assets, liabilities, consolidated financial position as of December 31, 1998 and the consolidated results of its operations for the year 1998 then ended, in accordance with the legal and regulatory requirements applicable in Belgium and the information given in the notes to the consolidated financial statements is adequate.

Report of the Statutory Auditor on the Consolidated Financial Statements (Belgian GAAP) for the year ended December 31, 1998

Other certification and information

We supplement our report with the following certification and information which do not modify our audit opinion on the consolidated financial statements:

- The consolidated directors' report contains the information required by law and is consistent with the consolidated financial statements.

Brussels, February 12, 1999

The Statutory Auditor

DELOITTE & TOUCHE

Bedrijfsrevisoren b.c.v.

Represented by Leo Van Steenberge

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Financial Calendar

General Meeting of Shareholders 1998	March 31, 1999
1Q Results	Third week of May
2Q Results	Third week of August
3Q Results	Third week of November
Annual results 1999	Third week of February 2000

Financial Information

For clarification concerning the information contained in this annual report please contact

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