OPTION NV

INTERIM FINANCIAL REPORT

Period ended June 30, 2010

Content

Report of the Board of Directors on the Condensed Consolidated Interim Financial Statements

SUMMARY

A. INDICATION OF SIGNIFICANT EVENTS THAT HAVE OCCURRED DURING THE FIRST SIX MONTHS OF THE FINANCIAL YEAR, AND THEIR IMPACT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

At the Option group (the "**Group**" or "**Option**") level, a number of significant events took place and were communicated via press releases on Option NV's – hereinafter referred to as the "**Company**" - website. Below you will find a summary of the most significant non-financial highlights during the first six months of the financial year 2010:

Overview

During the first half of the year, Option continued to suffer from an extremely difficult market environment. For the first time, there are signs that the pace of growth in the USB segment might be slowing. In addition, continued pricing pressure from the Company's Chinese competitors significantly impacted the expected potential of the Company's USB sales. As a result, three claims have been launched at the European Commission, including an anti-dumping claim, as the Company believes that the selling practices of these competitors is and has been illegal under EU law.

The Company has also had difficulty with the production of the GTM501 module and its two launch partners on ebook readers had either operational or financial difficulties severely impacting forecasted revenues. As a result, the expected revenue from these modules has not been realized. The positive from this experience is that the Company's investment in the form factor of these modules has enabled the Company to develop opportunities for the next generation of modules that leverages the know how from the GTM501.

Finally, the industrial transformation of the Company embarked on in late 2009 has continued in 2010. The Company continues to believe strongly in the three strategic pillars it identified at that time that utilize the Company's core strengths as it moves away from the highly commoditized parts of the market:

- Security devices
    - 3G connected secure USB sticks for banking, government and industrial applications
    - 3G connected security cameras
- M2M 3G modules
    - Automotive applications
    - Industrial applications
- Software
    - Highly customizable Connection Manager and other connectivity software and middleware

While most of these developments are expected to come to fruition in 2011, the Company announced the following events during the first half of the year:

Corporate

- In the first half of 2010 the Company has filed an anti-dumping complaint with the European Commission. The complaint is targeted at the imports of wireless wide area networking (WWAN) modems from China. On June 30th the European Commission opened an anti-dumping investigation of imports of wireless wide area networking (WWAN) modems from China. Option had requested the investigation and immediate registration of imports because of the severe injury caused by the sharp increase of obviously dumped imports into the European market. Because of the rapidity of the increase in imports and severity of the resulting injury, the Commission has at the same time initiated a safeguard investigation on the request of the Belgian Government with regard to imports of WWAN modems.
- Option announced changes to the Board of Directors: Olivier Lefebvre was elected as new Chairman while Patrick De Smedt and Jan Loeber resigned from the Board.

Software

- Option launched its uCAN 3.0 software. The software provides unique flexibility in the market through a modular design approach that allows Smart Skinning, multi-OS support from a single code and the addition of feature packs without changing the certified software.
- Option announced that it is working with Telenor Norway to develop the network operator’s new connection manager based upon the uCAN Connect platform. The new version allows operators to reduce data traffic on their 3G networks by off-loading it onto available Wi-Fi networks.

USB Modems

- Australian network operator Optus selected Option for series of personalized USB modems for the World Cup football tournament in South Africa
- Pioneer’s new car navigation system added iCON USB modem
- Further expanding its history of innovation, AT&T launched USBConnect Velocity, the premier mobile broadband USB modem offered by AT&T with built-in GPS
- Option announced a North American distribution agreement with GetWireless
- Option announced its agreement with Skinit for the customizable covers for the iCON XY (Express Yourself) USB modem

Embedded Modules

- Option announced collaboration with Qualcomm to provide new Gobi embedded solutions
- Option implemented Gobi embedded solutions in connected netbooks for Asian groups

Integrated Hardware and Services Solutions

- A new Option fully integrated hardware, application and services solution was announced in which Kobil Systems GmbH, a market-leading trendsetter of mobile IT solutions in the area of digital identities, is collaborating on the development and combined selling of a new strategic security product, the mIDentity 3G. The mIDentity 3G will be unique in combining wireless broadband 3G technology and digital security of data and identities

<u>Other Events or Decisions affecting the H1 Results</u>

- Following the close of the quarter, Option NV and one of its licensors entered into a commercial agreement. The agreement also settled an outstanding arbitration for the two companies. As a result the Company reversed a provision for the arbitration of EUR 3.9 million. This had the non-cash effect of improving the Sales, Marketing and Royalty line by EUR 3.9 million in the half year results.

- The Company has booked an impairment of EUR6.2 million relating to the investments in the chipset platform used in its GTM501 module and Z-Racer USB stick, having its source in the changing technologies and fast changing market conditions. This decision had a negative non-cash impact of EUR 6.2 million in the Research and Development line of the Income Statement and a positive non-cash tax effect of EUR 2.1 million.

- In addition, it is important to understand the cash movements of the Company from the fundraising in December 2009. Referring to the cash flow statement the Group reported a decrease of EUR 23.3 million in cash equivalents for the fist half of 2010, which includes the following exceptional items: EUR 4.3 million has been paid for the restructuring initiated in Q4 2009; EUR 1.7 million was paid in fees for the fundraising; EUR 1.5 million was used to fund the development projects and EUR 2.0 million was reported as cash restricted in use. As a result, the cash burn for the normal operations of the Company in H1 2010 were approximately EUR 13.7 million. In addition the loans decreased with EUR 1.7 million compared to year-end 2009.

Other than the events mentioned before, no other significant events have occurred during the first six months of the financial year that have a material financial impact on the condensed consolidated interim financial statements.

B. DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES FOR THE REMAINING MONTHS OF THE FINANCIAL YEAR

With respect to the main risks and uncertainties which the Group is likely to face during the remaining months of the financial year 2010, reference is made to the risk factors and uncertainties as described in detail in the Annual Report 2009 and the Prospectus dated December 2009 which continue to be actual.

In addition hereto, we would like to specifically emphasize the following risks and uncertainties for the remaining months of the current financial year:

Going concern.

Option has generated a negative cash flow from operations during the first six months of the year, reducing the group's liquidity and overall financial position. The Company's continued operational losses and the current trading environment could further materially adversely affect its business and financial position. These losses might cause the Company to have to implement further cost cutting and restructuring measures which require the Company to reprioritize the uses to which its capital is put to the potential detriment of its business needs, which, depending on the level of its borrowings, prevailing interest rates and exchange rate fluctuations, could result in reduced funds being available for the operation of the Company's business, including marketing activities, capital expenditures, acquisitions, dividend payments or other general corporate purposes. As a consequence, the Company may suffer from a competitive disadvantage compared to its competitors who may have greater liquidity and capital. Finally, if the situation would continue to worsen then the Company may be confronted with serious liquidity problems which could eventually jeopardize its going concern. In this respect, the Board of Directors *inter alia* decided on a plan to dispose of certain of the Group's assets that are expected to have a lesser impact on the Group's strategic plan for the mid to long term. The Group is actively seeking a buyers for these assets. The Company believes that the value of these assets will exceed their respective book values. These assets are included in the intangible assets of the balance sheet for an amount of EUR 5.3 million.

In addition, the Company will continue its efforts to secure additional liquidity in order to strengthen the Company's working capital position. In that respect the Company is in constant discussions with ING and Dexia, its current lending banks, as well as other institutions that could help with this exercise. The existing credit lines from ING and Dexia have a number of covenants. However, because of the incurred losses the Groups net equity has fallen below the threshold and thus the Group is at present in breach of the equity covenant. The banks have granted waivers for this breach in the past and the Company is currently discussing a possible temporary waiver or other solution for this covenant breach with ING and Dexia, however there is no assurance that ING and Dexia will continue to grant such a waiver.

C. MAJOR TRANSACTIONS WITH RELATED PARTIES THAT TOOK PLACE DURING THE FIRST SIX MONTHS OF THE FINANCIAL YEAR AND THEIR IMPACT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

During the first six months of the financial year 2010, the below transactions have taken place between the Company (including its related companies) and members of the Board of Directors that triggered the application of the conflict of interests procedure prescribed by the Belgian Company Code (Article 523 of the Belgian Company Code).

The relevant related party transactions can be summarized as follows:

(1) *CEO Remuneration Package*

Following the recommendation of the Remuneration Committee, the Board of Directors of May 26, 2010 modified the remuneration paid to the CEO of the Company (Mondo NV represented by Jan Callewaert). The remuneration previously paid to the CEO of the Company was fixed at a fee of EUR 540.000 per year and a variable of maximum EUR 67.500 per year. On top of that the Company provided for a representative car and petrol for the CEO as well as a mobile phone and laptop. Furthermore, Jan Callewaert was entitled to compensation in his capacity of member of the Board of Directors.

The Board was of the opinion that the amount of base salary of the CEO should be reduced and the amount of the variable remuneration should be increased. It was therefore decided to fix the remuneration package of the CEO as follows:

- base remuneration of EUR 430.000 per year;
- a variable compensation of maximum EUR 190.000 per year (as further outlined in the recommendation of the Remuneration Committee); and
- maintain the other benefits (representative car and petrol, mobile phone + subscription, laptop computer).

In addition, the Board of Directors suggested that the above remuneration paid to the CEO should also cover the compensation paid to Jan Callewaert in his capacity of member of the Board of Directors.

(2) *Brown Rudnick LLP*

In line with the decision taken by the Board of Directors in previous years, the Company reports on the professional fees charged by the US based law firm Brown Rudnick LLP, since Mr. Lawrence Levy who joined the Board of Directors of the Company early 2006 is one of the Senior Counsels of this law firm. As previously agreed, Mr. Lawrence Levy does not directly work on Company related matters in his capacity of Senior Counsel of Brown Rudnick LLP. In order to avoid any ambiguity the Board of Directors decided in 2006 to report every six months on the fees that were paid to Brown Rudnick LLP during the financial year. During the first six months of the financial year 2010, the fees paid to Brown Rudnick LLP amounted to EUR 12,712.65.

Except as outlined above, no changes have occurred in the related party transactions described in the last annual report that could have a material impact on the financial situation or performance of the Company in the first six months of the financial year 2010.

D. MANAGEMENT STATEMENT

Management states that, to the best of their knowledge:

a) the condensed set of financial statements, prepared in accordance with the applicable accounting standards, gives a true and fair view of the assets, liabilities, financial position and result of the Company and its affiliates.

b) the interim Report of the Board of Directors provides a fair overview of the major events and the major transactions with related parties that took place during the first six months of the financial year and their respective impact on the condensed financial statements, as well as a description of the main risks and uncertainties for the remaining months of the financial year.

Condensed Consolidated Interim Financial Statements

Condensed Consolidated Income Statement

For the period ended 30 June Thousands EUR (except per share figures)	Notes	6 months **30/06/2010**	6 months **30/06/2009**
Revenues		**30 873**	**92 043**
Cost of products sold[1]		(25 182)	(70 132)
Gross profit excluding restructuring charges		**5 691**	**21 912**
Gross margin/Total revenues excluding restructuring charges %		18.4%	23.8%
Restructuring charges		-	*(385)*
Gross profit		**5 691**	**21 527**
Gross margin/Total revenues %		18.4%	23.4%
Restructuring charges		-	*(1 282)*
Research and development expenses[1]		(16 692)	(15 299)
Sales, marketing and royalties expenses[1]		(3 666)	(16 905)
General and administrative expenses[1]		(6 380)	(8 464)
Total operating expenses	*4*	**(26 738)**	**(41 950)**
Profit / (loss) from operations (EBIT)		**(21 047)**	**(20 423)**
EBIT/Total revenues %		(68.2%)	(22.2%)
Depreciation and Amortization		14 536	9 456
EBITDA		(6 511)	(10 967)
EBITDA/Total revenues %		(21.1%)	(11.9%)
Exchange gain/(loss)		(677)	(2 631)
Interest income/(expense) and other financial income/(expense)		(213)	(1 305)
Finance result	*5*	**(890)**	**(3 936)**
Profit / (loss) before income taxes		**(21 937)**	**(24 359)**
Tax income / (expense)	*6*	1 428	7 548
Net profit / (loss)		**(20 509)**	**(16 811)**
Weighted average number of ordinary shares		82 498 592	41 249 296
Diluted average number of ordinary shares		82 498 592	41 249 296
Earnings / (loss) per share (in EUR)		(0.25)	(0.41)
Diluted earnings / (loss) per share (in EUR)		(0.25)	(0.41)

[1] The 2009 amounts are excluding restructuring charges

Condensed Consolidated Statement of Comprehensive Income

For the period ended 30 June Thousands EUR (except per share figures)	*Notes*	6 months **30/06/2010**	6 months **30/06/2009**
Profit / (Loss) for the period		(20 509)	(16 811)
<u>Other comprehensive income</u>			
Exchange difference arising on translation on foreign operations		810	(140)
Other comprehensive income for the period (net of tax)		810	(140)
Total comprehensive income for the period attributable to the owners of the parent		**(19 699)**	**(16 951)**

Condensed Consolidated Interim Statement of Financial Position

Thousands EUR	Notes	At 30 June 2010	At 31 Dec 2009
ASSETS			
Current assets			
Cash and cash equivalents	*7*	7 653	30 664
Cash restricted in use	*7*	2 092	-
Trade and other receivables	*8*	16 048	16 254
Income tax receivable		66	97
Inventories	*9*	15 517	17 336
		41 375	**64 351**
Non-current assets			
Property, plant and equipment		6 413	9 157
Intangible assets	*10*	13 894	21 385
Deferred tax assets	*11*	29 782	30 050
Other non current assets		53	328
		50 143	**60 921**
Total assets		**91 518**	**125 272**
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	*12*	36 332	42 595
Income tax payable		177	268
Other financial liabilities	*13*	6 963	8 648
Provisions (current)		3 231	7 529
		46 703	**59 040**
Non-current liabilities			
Other non-current liabilities		-	-
Deferred tax liabilities		57	1 893
		57	**1 893**
Equity			
Issued capital		12 232	12 232
Share premium		57 961	57 961
Reserves		7	(921)
Retained earnings		(25 442)	(4 933)
Shareholders' equity		**44 758**	**64 339**
Total liabilities and shareholders' equity		**91 518**	**125 272**

Condensed Consolidated Interim Statement of Cash Flows

Thousands EUR For the period ended	30 June 2010	30 June 2009
OPERATING ACTIVITIES		
Net profit / (loss) (A)	(20 509)	(16 811)
Depreciation and amortization	8 401	9 456
(Reversal of) write-offs non cur. & current assets	(1 726)	1 519
Impairment losses on intangible assets	6 135	-
Increase/(decrease) in provisions	(30)	347
Loss/(gain) on sale of property & plant and equipment	(48)	-
Loss/(gain) on sale of intangible assets	14	-
Unrealized Foreign exchange losses/(gains)	163	1 635
Interest income	(12)	(56)
Interest expense	177	174
Loss/(gain) on revaluation of fair value through profit or loss financial assets	-	2 709
Equity settled share based payment expense	118	484
Tax benefit	(1 428)	(7 548)
Total (B)	**11 764**	**8 720**
Cash flow from operating activities before changes in working capital (C)=(A)+(B)	**(8 746)**	**(8 091)**
Decrease/(increase) in trade and other receivables	571	11 784
Decrease/(increase) in inventories	3 551	11 296
Increase/(decrease) in trade and other payables	(6 213)	(16 673)
Use in provisions	(4 268)	-
Total changes in working capital (D)	**(6 359)**	**6 407**
Cash generated from / (used in) operations (E)=(C)+(D).......	**(15 105)**	**(1 684)**
Interests (paid) (F)	(209)	(60)
Interests received (G)	40	73
Income tax (paid)/received (H)	31	(56)
CASH FLOW FROM OPERATING ACTIVITIES (I)=(E)+(F)+(G)+(H)	**(15 244)**	**(1 726)**
INVESTING ACTIVITIES		
Proceeds from sale of plant & equipment……………….	362	-
Proceeds from sale of intangible assets………………...	-	-
Acquisition of property, plant and equipment	(33)	(813)
Acquisition of intangible assets	(50)	(141)
Development expenditures	(4 544)	(9 225)
CASH FLOW USED IN INVESTING ACTIVITIES (J)................	**(4 265)**	**(10 180)**
FINANCING ACTIVITIES		
Proceeds from borrowings	-	7 334
Repayment of borrowings	(1 661)	(37)
Proceeds from finance leases	-	23
Payment of finance lease liabilities	(23)	-
Cash restricted in use	(2 092)	-
CASH FLOW (USED IN) / FROM FINANCING ACTIVITIES (K)	**(3 776)**	**7 320**
Net increase/ (decrease) in cash and cash equivalents (I)+(J)+(K)	**(23 285)**	**(4 586)**
Cash and cash equivalents at beginning of period	30 665	33 328
Effect of exchange rate fluctuations on cash held	273	(517)
Cash and cash equivalents at end of period	7 653	28 224
Difference	**0**	**0**

Condensed Consolidated Interim Statement of Changes in Equity

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

	Notes							
As per 31 December 2009		**12 232**	**57 961**	**1 176**	**(399)**	**(1 698)**	**(4 933)**	**64 339**
Net result		-	-	-	-	-	(20 509)	(20 509)
Share based payments	*14*	-	-	118	-	-	-	118
Translation adjustment		-	-	-	810	-	-	810
Share issue costs		-	-	-	-	-	-	-
As per 30 June 2010		**12 232**	**57 961**	**1 294**	**411**	**(1 698)**	**(25 442)**	**44 758**

Notes to the Condensed Consolidated Interim Financial Statements

Note 1. Corporate Information

Option (EURONEXT Brussels OPTI, OTC: OPNVY), 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 is headquartered in Leuven, Belgium. The company also has Research & Development in Belgium (Leuven), Germany (Augsburg) and an ISO 9001 production engineering and logistics facility in Ireland (Cork). Option maintains offices in Europe, US, Greater China, Japan and Australia.

The accompanying Condensed Consolidated Interim Financial Statements (the “Interim Financial Statements”) have been subject to a limited review. In the opinion of management, these Condensed Interim Financial Statements include all adjustments which are necessary to present fairly the financial position and the results of operations for the interim periods. Results for the six months ended June 30, 2010 are not necessarily indicative of future results.

Note 2. Basis of preparation – Accounting Policies

The Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Group’s consolidated financial statements as of and for the year ended December 31, 2009.

The same accounting policies, presentation and methods of computation are followed in these Condensed Consolidated Interim Financial Statements as were applied in the preparation of the Group’s financial statements for the year ended 31 December 2009.

Note 3. Segment Information

The Group has adopted IFRS 8 “Operating Segments” with effect from 1 January 2009
The primary segment reporting format is determined to be business segment, each segment is a distinguishable component of the Group that is engaged in either providing products or services.
The “External devices” segment produces data cards, USB devices, routers and software products;
The “Module” business segment is principally the production of embedded devices or modules;
The “Other” business segment is mainly related to sales of components, accessories and non recurring engineering fees.

	Revenues from external customers		Segment result	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
External devices	24 484	74 036	(15 684)	(21 043)
Modules	4 440	10 602	(6 250)	(2 437)
Other	1 949	7 406	887	3 057
Totals	**30 873**	**92 043**	**(21 047)**	**(20 423)**
Finance (costs) / income			(890)	(3 936)
Income taxes / (expenses)			1 428	7 548
Net result			**(20 509)**	**(16 811)**

The segment result represents the result for each segment including the operating expenses. Part of those operating expenses, being depreciations, amortizations, impairments and royalty expenses are directly allocated to the segment. The remaining operating expenses have been allocated to the segments based on an allocation
key, being the percentage of revenue generated by this segment.

Note 4. Additional information on operating Expenses by nature

- Depreciation and amortization are included in the following line items in the income statement:

Thousands EUR	Depreciation on property and equipment		Amortization loss on intangible assets		Impairment loss on intangible assets		Total	
Period ended June 30	2010	2009	2010	2009	2010	2009	2010	2009
Cost of products sold	176	227	-	-	-	-	176	227
Research and development expenses	1 918	2 877	5 815	5 813	6 135	-	13 868	8 690
Sales, marketing and royalties expenses	45	36	32	28	-	-	77	64
General and administrative expenses	327	382	88	93	-	-	415	475
Total	**2 466**	**3 522**	**5 935**	**5 934**	**6 135**	**-**	**14 536**	**9 456**

During half year 2010, the Group reviewed the existing capitalized development projects which resulted in an impairment of EUR 6 135k mainly having its source in the changing technologies and fast changing market conditions.

- Payroll and related benefits are included in the following line items in the income statement:

Thousands EUR Period ended June 30	2010	2009
Restructuring charges	-	*1 667*
Cost of products sold	473	2 237
Research and development expenses	3 851	7 933
Sales, marketing and royalties expenses	2 630	4 504
General and administrative expenses	2 113	3 492
Total	**9 067**	**19 831**

In the first half year 2009, the payroll and related benefits included a one-off restructuring charge of EUR 1.7 million attributable to the cost of product sold and operating expenses.
As a result of the restructuring, initiated in the last quarter of 2009, the decrease in number of full time equivalents of the Group represents 61% compared to the same period in 2009.

Note 5. Financial result

The financial result of the first half year, compared to the same period in 2009, can be presented as follows:

Thousands EUR 6 months period ended June 30	2010	2009
Interest Income	12	56
Interest Expense	(246)	(174)
Net foreign exchange gains (losses)	(678)	(984)
Change in fair value of the existing derivative financial instruments	-	(2 709)
Other financial income & (expenses)	22	(125)
Net financial result	**(890)**	**(3 936)**

During the first half year of 2010, the Group obtained a negative financial result, mainly due to the volatility of the USD compared to the EUR.
During the first half year of 2010, the Group did not enter into derivative financial instruments, to manage its exposure on the USD cash flows.

Note 6. Income taxes

Tax income (expenses) includes:

Thousands EUR 6 months period ended June 30	2010	2009
Current tax income (expense)	(140)	(187)
Deferred tax income (expense)	1 568	7 734
Total tax income (expense)	**1 428**	**7 547**

The negative result, recorded in the first half year of 2009, gave rise to a tax loss in the Company and has lead to a deferred tax benefit for the Group. As from the third quarter 2009, the Group didn't account for the deferred tax asset resulting from the tax losses realized in the Company (Option NV). During the first half year 2010 a deferred tax income was recorded resulting from changes in the timing differences between the taxable basis and IFRS basis of capitalized development expenses.

Note 7. Cash and Cash equivalent / Cash restricted in use

Cash and cash equivalents for the first half year of 2010 includes EUR 6.7 million which has been used from existing credit facilities and EUR 2 million of restricted cash, mainly as guarantees to third party suppliers.

Note 8. Trade and other receivables

Thousands EUR	2010	2009
Trade receivables	15 108	14 559
Allowance for doubtful accounts	(257)	(281)
Subtotal	**14 851**	**14 278**
Recoverable VAT	872	1 056
Other receivables	325	920
Subtotal	**1 197**	**1 976**
	16 048	**16 254**

Note 9. Inventories

Inventories decreased by EUR 1.8 million compared to December 31, 2009, as a combination of lower inventory levels of components and work in progress and slightly increased levels of finished goods.

Note 10. Intangible assets

The decrease in intangible assets of EUR 7.5 million is primarily explained by the development costs which have been capitalized for an amount of EUR 4.5 million, the amortization which was charged on capitalized development of EUR 5.2 million and an impairment of EUR 6.1 million

Note 11. Deferred tax assets

The deferred tax asset following losses carried forward resulted from the 2007, 2008 and partly the 2009 negative result. As from the third quarter 2009, the Group didn't account for the deferred tax asset resulting from the tax losses realized in the Company (Option NV).

The Group is of the opinion that those deferred tax assets can be recognized due to the fact that:

- The main part of the tax asset is related primarily to the same taxation authority;
- The use of the tax losses carried forward is unlimited in time, except for the notional interest deduction which is limited to a 7 year period. An amount of EUR 2.8 million expires in 2014, an amount of EUR 2.6 million expires in 2015 and an amount of EUR 974k expires in 2016;
- The Group has a track record in utilizing tax losses carried forward in the past and;
- Moreover, it is more likely than not that sufficient future profits are foreseen to recover those tax losses carried forward.

The deferred tax asset decreased with EUR 0.3 million mainly as a result of a decrease in temporary differences.

Note 12. Trade and other payables

Thousands EUR	2010	2009
Trade payables	30 432	34 746
Salaries, tax and payroll related liabilities	2 932	3 598
Other payables, accrued expenses and deferred income	2 968	4 251
	36 332	**42 595**

Note 13. Other financial liabilities

Thousands EUR	2010	2009
Current portion of rent-to-buy agreement	20	43
Current portion of credit agreement	1	8
IMEC Loan	250	250
Credit facility ING	4 430	5 000
Credit facility Dexia	2 262	3 347
	6 963	**8 648**

Per June 2010 an amount of EUR 6.7 million has been drawn from the existing credit lines. The Group is currently negotiating a waiver on the net equity covenant with both ING and Dexia. Compared to last year, the maximum amount to be drawn in cash advances or loans has been lowered to EUR 5 million for ING (before EUR 7.5 million) and EUR 3 million for Dexia (before EUR 5 million).

Note 14. Shareholders equity – Share based payment reserve

Thousands EUR	2010	2009
Share based payment reserve	1 294	1 176

On 26 August 2008 the Shareholders' meeting approved the issuance of 2 500 000 warrants "V".

The following reconciles the outstanding share options granted under the share option plan at the beginning of the financial year and the end of the half year 2010.

Number of Warrants "V"	2010
Balance at the beginning of the financial year	**1 653 994**
Accepted during the first half year 2010	
Forfeited during the first half year 2010	(229 278)
Exercised during the first half year 2010	
Balance at the end of the first half year 2010	**1 424 716**

The fair values of the granted Warrants "V" were calculated at EUR 118 thousand for the first half year 2010.

Note 15. Events after the reporting period

On August 2nd, 2010 the Board of Directors decided on a plan to dispose of certain of the Group's assets that are expected to have a lesser impact on the Group's strategic plan for the mid to long term. The Group is actively seeking buyers for these assets. These assets are included in the intangible assets of the balance sheet for an amount of EUR 5.3 million.

Note 16. Contingencies and commitments

The status of the contingencies and commitments is not significantly different from their status as disclosed in the 2009 financial statements.

Deloitte.

Deloitte Bedrijfsrevisoren /
Reviseurs d'Entreprises
Berkenlaan 8b
1831 Diegem
Belgium
Tel. + 32 2 800 20 00
Fax + 32 2 800 20 01
www.deloitte.be

Option NV

Limited review report on the consolidated half-year financial information for the six-month period ended 30 June 2010

The original text of this report is in Dutch

Deloitte.

Deloitte Bedrijfsrevisoren /
Reviseurs d'Entreprises
Berkenlaan 8b
1831 Diegem
Belgium
Tel. + 32 2 800 20 00
Fax + 32 2 800 20 01
www.deloitte.be

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To the board of directors

We have performed a limited review of the accompanying consolidated interim condensed statement of financial position, condensed income statement, condensed statement of comprehensive income, condensed statement of cash flows, condensed statement of changes in equity and selective notes 1 to 16 (jointly the "interim financial information") of Option NV ("the company") and its subsidiaries (jointly "the group") for the six-month period ended 30 June 2010. The board of directors of the company is responsible for the preparation and fair presentation of this interim financial information. Our responsibility is to express a conclusion on this interim financial information based on our review.

The interim financial information has been prepared in accordance with IAS 34, *"Interim Financial Reporting"* as adopted by the EU.

Our limited review of the interim financial information was conducted in accordance with the recommended auditing standards on limited reviews applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren". A limited review consists of making inquiries of group management and applying analytical and other review procedures to the interim financial information and underlying financial data. A limited review is substantially less in scope than an audit performed in accordance with the auditing standards on consolidated annual accounts as issued by the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren". Accordingly, we do not express an audit opinion.

During the period, the group has not realized its projected objectives within the revised strategy and business plans and has yet again incurred significant losses and negative cash flows which severely weakened its financial position and liquidity. Therefore there exists a significant uncertainty concerning the group's ability to continue its business activities. We draw your attention to the section 1 of chapter B of the interim report, in which the board of directors describes the main measures in order to preserve the going concern of the group.

The extent to which the budgeted revenues and margins under the revised business plans will be realized, a potential increased need for working capital or requests for guarantees, the continuing availability of the group's credit lines despite the breach of the covenants, the successful sale of certain assets and the ability to secure sufficient new financial resources in a timely manner, will determine the group's ability to continue as a going concern on the short term. The accumulation of conditions that need to be fulfilled in order for the group to be able to continue as a going concern, present a fundamental uncertainty about the going concern of the group and about the relevance of the interim financial information. No adjustments have been recorded herein with respect to the valuation or the classification of certain balance sheet items, which would be required, should the group no longer be able to continue its operations.

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In particular, the group's balance sheet includes capitalized development expenses amounting to 13.894 (000) EUR and inventories amounting to 15.517 (000) EUR, which could be subject to significant impairments in case the group would not be able to continue as a going concern. Moreover, the group's balance sheet includes deferred tax assets for 29.782 (000) EUR, which could be subject to significant impairments in case the group would not be able to continue as a going concern or in case the group's legal entities would not be generating sufficient taxable profit.

Taking into account the considerable uncertainties with respect to the group's going concern described above, we are unable to express an opinion on whether the interim financial information for the six-month period ended 30 June 2010 is prepared, in all material respects, in accordance with IAS 34 "*Interim Financial Reporting*" as adopted by the EU.

Diegem, 30 August 2010

The statutory auditor

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BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Geert Verstraeten