



# OPTION REPORTS THIRD QUARTER 2008 RESULTS

**LEUVEN, Belgium – October 30, 2008** – Option N.V. ([EURONEXT Brussels: OPTI](#); [OTC: OPNVY](#)), the wireless technology company, today announced its results for the third quarter ended September 30, 2008. The financial information reported in this release is presented in Euros and has been prepared in accordance with the recognition and measurement criteria of IFRS as adopted by the European Union. The accounting policies and methods of computation followed in the attached financial statements are the same as those followed in the most recent annual financial statements.

## Financial Highlights of the third quarter 2008

- Total revenues for the third quarter of 2008 were EUR 60.3 million compared with EUR 80.4 million realized in the third quarter of 2007.
- Gross margin in the third quarter 2008 was 26.6% on total revenues, compared with a gross margin of 31.1% of Q3 2007.
- The quarterly EBIT amounted to EUR -6.8 million or -11.2% on total revenues compared with EUR -0.6 million or -0.8% during the corresponding period in 2007.
- Net result for the third quarter of fiscal year 2008 amounted to EUR -2.9 million, or EUR -0.07 per basic share. This compares with a net profit of EUR 0.4 million, or EUR 0.01 per basic share. The Q3 2008 net result was positively impacted by taxes of EUR 2.0 million and EUR 1.8 million in financial result, mainly related to a positive fair value of financial instruments.
- The Group's balance sheet remained strong with EUR 35 million in cash and reduced inventory levels to EUR 21.2 million. Receivables are an average of 64 days outstanding, net of subcontracting parties.

## Financial Highlights of the year to date result 2008

- The revenues year to date were EUR 197.8 million, a decrease of 14.5% compared with EUR 231.6 million revenues realized during the comparable period in 2007.
- Gross profit year to date was EUR 57.7 million, a decrease of 24% compared with EUR 75.9 million in 2007. Gross margin year to date in 2008 was 29.1%, compared with a gross margin of 32.8% in 2007.
- EBIT decreased to EUR -10.3 million or -5.2% on total revenues during the three first quarters 2008 compared with EUR 16.6 million in 2007.
- Net result decreased to EUR -5.7 million, or EUR -0.14 per basic share. This compares with a net profit of EUR 14.9 million, or EUR 0.36 per basic share in 2007. The 2008 net result was positively impacted by taxes of EUR 4.8 million resulting from the adjustments posted.

## CONSOLIDATED PERFORMANCE

For the period ended 30 September Million EUR (except per share figures)	Q3 2008	Q3 2007	YTD 2008	YTD 2007
Revenues.....	60.3	80.4	197.9	231.6
Gross profit .....	16.0	25.0	57.7	75.9
Operating expenses .....	22.8	25.7	67.9	59.3
EBIT .....	(6.8)	(0.6)	(10.3)	16.6
Net profit .....	(2.9)	0.4	(5.7)	14.9
Weighted average number of ordinary shares ..	41 249 296	41 249 296	41 249 296	41 249 296
Earnings per share (EUR) .....	(0.07)	0.01	(0.14)	0.36

## Non-Financial Highlights of the Third Quarter

- In August Option unveiled Compal, the world's second largest ODM (Original Device Manufacturer) as its first MID customer. Both the embedded wireless modules and Linux-based connection management software have been selected by Compal Electronics to provide HSPA 3G connectivity to a new range of Mobile Internet Devices (MIDs).
- Also in August Option announced the availability of the GTM501 Developers Kit enabling ODMs to develop 3G connectivity solutions for their mobile internet devices and other portable consumer electronic devices.
- During the quarter Option started shipping the HSPA ExpressCard designed exclusively for Vodafone. The new ExpressCard is designed to achieve peak HSDPA download speeds of 7.2 Mbps with HSUPA uploads at up to 5.76 Mbps. This is the first commercial device in the market based on Qualcomm's state-of-the-art MSM7225 chipset. The product also set a new benchmark by supporting HSDPA and HSUPA in the 900 MHz band.
- Distribution partners in South Africa, Norway, Finland, Germany, Italy and the UK started shipping the iCON 401 USB modem. An important milestone as the company is working with distribution partners to open up indirect channels to fulfill incremental sales opportunities.

The iCON 401 USB modem received the Red Dot Design award. The international "red dot design award" ranks among the largest and most renowned design competitions in the world. It is the second major award for the iCON 401 having also won the German iF product design award earlier in the year.

- Option extended its collaboration with Intel on wireless modules for Mobile Internet Devices as the company announced that it is developing a new 3.5G HSPA embedded module for the "Moorestown" platform, Intel's next generation Mobile Internet Device (MID) platform based on the Intel® Atom™ processor.
- AT&T and Option announced the availability of the USBConnect Quicksilver, a new USB mobile broadband device. The Quicksilver is the newest addition to AT&T's High Speed Packet Access (HSPA)-capable lineup of LaptopConnect devices on the nation's fastest third-generation (3G) network. The product is also the first USB mobile broadband device worldwide to use the Icera Livanto® chipset, providing the latest features in one of the world's smallest HSPA USB devices that weighs just 1.2 ounces.

## Comments on the results

Commenting on the results, Jan Callewaert, CEO of Option, said:

"The third quarter continued to present challenges to Option. For the third straight quarter, we shipped more products than in any prior quarter, but continued pricing pressure restricted our revenue growth. That said, for the first time in more than a year we saw selling prices stabilize across our product portfolio, which should lead to renewed revenue growth with increased volumes going forward.

Also, as we had committed to the markets in the early part of the year, Option launched three new products towards the end of the quarter. The timing of the launches limited the revenue impact of these products on the quarter's result. However, these product launches, coupled with the continued success of our existing products, have given us our strongest sales pipeline since 2007 heading into the fourth quarter.

These products represent significant strides forward for Option on a number of fronts. We launched the first commercial HSUPA devices in the market signifying our return to the forefront of technology development, we successfully reentered AT&T in their significant USB market while maintaining our position with datacards and we launched the upgrade to our wireless 3G router which is the only device of its kind enabling simultaneous voice and data transmission over 3G networks.

In addition, we were very pleased to announce the agreement with Compal to include the Option embedded module in its MID device. We have subsequently announced the inclusion of our module in a USI MID device. Then this week, as we promised the market in Q2 of this year, the first commercial operator announced the launch of the Compal MID device in France for November. We continue to believe that if the market for MID devices develops, it will represent significant growth potential for Option.

These successes, combined with longer term initiatives including our growing relationship with Intel, position us very well to move back to the forefront of our industry.

I continue to believe that the changes and initiatives we have driven through our company in the last year are beginning to pay off, and I look forward to continuing our progress in the fourth quarter and 2009.”

## - OPTION N.V. -

Financial report prepared in accordance with IFRS measurement and recognition principles

### CONSOLIDATED INCOME STATEMENT

For the 3 and 9 month period ended 30 September Thousands EUR (except per share figures)	Q3/2008	Q3/2007	September 30, 2008	September 30, 2007
<b>Revenues</b> .....	<b>60 287</b>	<b>80 367</b>	<b>197 887</b>	<b>231 578</b>
Cost of products sold .....	(44 234)	(55 342)	(140 206)	(155 725)
<b>Gross profit</b> .....	<b>16 052</b>	<b>25 025</b>	<b>57 681</b>	<b>75 852</b>
Gross margin/Total revenues % .....	26.6%	31.1%	29.1%	32.8%
Research and development expenses .....	(8 761)	(9 056)	(24 304)	(20 838)
Sales, marketing and royalties expenses .....	(9 514)	(12 526)	(29 324)	(26 602)
General and administrative expenses .....	(4 538)	(4 073)	(14 328)	(11 853)
<b>Total operating expenses</b> .....	<b>(22 813)</b>	<b>(25 655)</b>	<b>(67 956)</b>	<b>(59 293)</b>
<b>Profit from operations (EBIT)</b> .....	<b>(6 761)</b>	<b>(630)</b>	<b>(10 275)</b>	<b>16 559</b>
EBIT/Total revenues % .....	(11.2%)	(0.8%)	(5.2%)	7.2%
Depreciation and amortization .....	5 455	5 854	15 137	13.103
EBITDA .....	(1 306)	5 224	4 862	29 662
EBITDA/Total revenues % .....	(2.2%)	6.5%	2.5%	12.8%
Exchange gain/(loss) .....	(1 044)	293	(1 308)	493
Interest income/(expense) and other financial income/(expense) .....	2 888	(15)	1 095	(17)
<b>Finance result</b> .....	<b>1 844</b>	<b>278</b>	<b>(213)</b>	<b>476</b>
<b>Profit before taxes</b> .....	<b>(4 917)</b>	<b>(352)</b>	<b>(10 489)</b>	<b>17 035</b>
Tax expense .....	2 050	800	4 775	(2 121)
<b>Net profit</b> .....	<b>(2 867)</b>	<b>448</b>	<b>(5 713)</b>	<b>14 914</b>
Weighted average number of ordinary shares.....	41 249 296	41 249 296	41 249 296	41 249 296
Diluted average number of ordinary shares.....	41 249 296	41 249 296	41 249 296	41 249 296
Earnings per share (in EUR).....	(0.07)	0.01	(0.14)	0.36
Diluted earnings per share (in EUR).....	(0.07)	0.01	(0.14)	0.36

**- OPTION N.V. -**

**CONSOLIDATED BALANCE SHEET PREPARED IN ACCORDANCE WITH IFRS  
MEASUREMENT AND RECOGNITION PRINCIPLES.**

Thousands EUR For the period ended	30 September 2008	31 December 2007
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents .....	35 146	36 299
Trade and other receivables .....	59 013	55 464
Income tax receivable.....	560	2 958
Inventories .....	21 248	39 251
	<b>115 967</b>	<b>133 972</b>
<b>Non-current assets</b>		
Property, plant and equipment.....	17 328	20 139
Intangible assets.....	27 315	20 462
Deferred tax assets .....	14 514	11 333
Other receivables .....	342	82
	<b>59 499</b>	<b>52 016</b>
<b>Total assets.....</b>	<b>175 466</b>	<b>185 988</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables.....	57 925	59 505
Income tax payable .....	166	1 573
Current portion of long-term debt.....	47	75
Provisions (current) .....	4 485	5 976
	<b>62 623</b>	<b>67 129</b>
<b>Non-current liabilities</b>		
Non-current portion of long-term debt.....	90	74
Deferred tax liabilities .....	235	691
	<b>325</b>	<b>765</b>
<b>Equity</b>		
Issued capital.....	6 116	6 116
Share premium .....	43 865	43 865
Reserves .....	500	363
Retained earnings .....	62 037	67 750
<b>Shareholders' equity .....</b>	<b>112 518</b>	<b>118 094</b>
<b>Total liabilities and shareholders' equity .....</b>	<b>175 466</b>	<b>185 988</b>

## - OPTION N.V. -

### CONSOLIDATED CASH FLOW STATEMENT

Prepared in accordance IFRS measurement and recognition principles

Thousands EUR For the period ended	30 September 2008	30 September 2007
<b>OPERATING ACTIVITIES</b>		
Net Result (A) .....	(5 713)	14 913
Depreciation and amortization .....	15 137	11 992
Write-offs on inventories .....	6 183	1 232
Impairment losses	-	1 111
(Increase) Decrease in provisions	(1 859)	-
(Gains) Losses on cash flow hedges	(573)	-
Unrealized foreign exchange losses/(gains) .....	891	962
Interest income .....	(662)	(889)
Interest expense .....	104	92
Tax expense / (income) .....	(4 776)	2 121
<b>Total (B) .....</b>	<b>14 445</b>	<b>16 621</b>
<b>Cash flow from operating activities before changes in working capital</b>		
(C)=(A)+(B) .....	<b>8 732</b>	<b>31 535</b>
Decrease/(increase) in trade and other receivables .....	(12 875)	(15 944)
Decrease/(increase) in inventories .....	18 002	(1 540)
Increase/(decrease) in trade and other payables .....	765	13 489
<b>Total changes in working capital (D) .....</b>	<b>5 892</b>	<b>(3 995)</b>
<b>Cash generated from operations (E)=(C)+(D) .....</b>	<b>14 624</b>	<b>27 540</b>
Interests (paid) (F) .....	(90)	(54)
Interests received (G) .....	354	883
Income tax (paid)/received (H) .....	2 928	(4 797)
<b>CASH FLOW FROM OPERATING ACTIVITIES (I)=(E)+(F)+(G)+(H) .....</b>	<b>17 816</b>	<b>23 572</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale of plant & equipment	-	(77)
Acquisition of property, plant and equipment .....	(2 045)	(9 183)
Acquisition of intangible assets .....	(878)	(700)
Development expenditures .....	(16 249)	(12 168)
<b>CASH FLOW FROM INVESTING ACTIVITIES (J) .....</b>	<b>(19 173)</b>	<b>(22 128)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from borrowings	43	(55)
Repayment of borrowings .....	(55)	-
<b>CASH FLOW FROM FINANCING ACTIVITIES (K) .....</b>	<b>(13)</b>	<b>(55)</b>
<b>Net increase/(decrease) in cash and cash equivalents (I)+(J)+(K) .....</b>	<b>(1 370)</b>	<b>1 389</b>
Cash and cash equivalents at beginning of period .....	36 299	36 062
Effect of exchange rate fluctuations on cash held .....	217	(23)
Cash and cash equivalents at end of period .....	35 146	37 428
<b>Difference .....</b>	<b>(1 370)</b>	<b>1 389</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Thousands EUR For the period ended 30 September 2008	Shareholders' equity					
	Issued capital	Share premium	Share-based payment reserves	Translation reserves	Retained earnings	Total equity
<b>As per 1 January 2008.....</b>	<b>6 116</b>	<b>43 865</b>	<b>360</b>	<b>3</b>	<b>67 750</b>	<b>118 094</b>
Net result .....	-	-	-	-	(5 713)	(5 713)
Conversion Translation adjustment .....	-	-	-	137	-	137
<b>As per 30 September 2008</b>	<b>6 116</b>	<b>43 865</b>	<b>360</b>	<b>140</b>	<b>62 037</b>	<b>112 518</b>



This press release contains forward-looking information that involves risks and uncertainties, including statements about the company's plans, objectives, expectations and intentions. Such statements include, without limitation, discussions concerning the company's strategic direction and new product introductions and developments. Readers are cautioned that such forward-looking statements involve known and unknown risks and uncertainties that may cause actual results to differ materially than those set forth in the forward looking statements. The risks and uncertainties include, without limitation, the early stage of the market for connectivity and integrated wireless products and solutions for portable and handheld computers and mobile telephones, the management of growth, the ability of the company to develop and successfully market new products, rapid technological change and competition. Some of these risk factors were highlighted in the Consolidated and Statutory Report 2007 of the Board of Directors which can be found in the Annual Report 2007 page 39-40. The forward-looking statements contained herein speak only as of the date of this press release. The company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any such statement to reflect any change in the company's expectations or any change in events, conditions or circumstance on which any such statement is based.

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**ABOUT OPTION**

Option, the wireless technology company, is a leading innovator in the design, development and manufacture of 3G HSUPA, HSDPA, UMTS, EDGE, and WLAN technology products for wireless connectivity solutions. Option has built up an enviable reputation for creating exciting products that enhance the performance and functionality of wireless communications. Option's headquarters are in Belgium (Leuven). The company has Research & Development in Belgium (Leuven) and Germany (Düsseldorf and Adelsried), and an ISO 9001 production engineering and logistics facility in Ireland (Cork). Option maintains offices in Europe, US, Asia, Japan and Australia. For more information please visit [www.option.com](http://www.option.com).