Table of contents

- MESSAGE TO OUR SHAREHOLDERS
- CONDENSED CONSOLIDATED INCOME STATEMENT AND CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE
- CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
- CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE
- CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
- EXPLANATORY NOTES FOR OPTIONS' SIX MONTHS RESULTS ENDED 30 JUNE
- CORPORATE INFORMATION

MESSAGE TO OUR SHAREHOLDERS

Dear Option Shareholders,

Earlier this year, Option announced a restructuring plan with a view to restore credibility and viability of the Company.

Seven steps were outlined and progress has been made on each step.

The first step was realized at the end of 2016, by the sale of Innolumis BV and the according cash generation necessary to overcome the first few months of 2017. In that respect the comparative figures for the first half-year of 2016 have been restated in order to present the net results of Innolumis BV as discontinued operations.

Second, we further secured EUR 2.6 million of new bridge loans from key investors to address the financial needs of the first half-year of 2017. As per August 31st , an amount of EUR 0.5 million was still to be received and shall be in September 2017.

Third, we converted a substantial amount of debt (EUR 23.8 million) into equity as elaborated in the notes to this report.

Fourth: we aligned operating expenses in better harmony with margin generations and are confident that we will have directed the company for positive EBITDA generation by the end of 2017.

Operating expenses have decreased by 31%, compared to the first half-year of 2016. These expenses comprised still an amount of EUR 0.8 million relating to non-recurring expenses. The sales and support operations of the North American subsidiary have been centralized in the Belgian Headquarters, leaving the Belgian parent company as the sole operational entity of the group.
During the second semester 2017, operating expenses will further decrease by 15% to 25%.

Fifth: We are in the process to refocus the company strategically together with the hiring of a new CEO, based on Option's recognized core competencies related to IoT communication platforms.

Sixth: We have empowered senior management to lead daily operations under review of the Board of directors.

Mr. Jan Callewaert has ended his mandate as interim CEO of the Company effective 31 May 2017.

The daily management of the Company has been transferred to the executive committee, chaired by Mr Eric Van Zele (who joined the Company on 7 March 2017 as new president of the Board) and operating under the general supervision of the Board of directors.

Last and 7th point of the restructuring plan: now that we can demonstrate viability through operational profitability by the end of 2017, the Company will speed up its efforts to secure a credit line for funding of additional 'working capital' needs and cope with the remaining outstanding liabilities so that the company could enter 2018 leaner than years before and with a clean bill of health and financial stability.

The Board remains cautiously optimistic to continue the above plan and bring it to a positive conclusion and successful completion for the benefit of all stakeholders.

SUMMARY

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

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

C. MANAGEMENT STATEMENT

A. INDICATION OF SIGNIFICANT EVENTS THAT HAVE OCCURRED DURING THE FIRST SIX MONTHS OF THE FINANCIAL YEAR, AND THEIR IMPACT ON THE 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 and financial highlights during the first six months of the financial year 2017:

Overview

During the first half-year, Option realized sales of EUR 2.8 million, compared to EUR 2.1 million (+34%) in the first half of the previous year (without considering sales of the divested Public Lighting division). Engineering Services are up from EUR 712k to EUR 856k (+21%), and sales from products increased from EUR 1 371k to EUR 1 941k (+42%).

Corporate

<u>Debt restructuring</u>

In March and June of 2017, two rounds of debt restructuring resulted in the increase of share capital by contribution of in total EUR 9,957,077 details of which are below:

in EUR	Nominal value at emission	Nominal Value 31/12/2016	Capital Increase March 2017	Capital Increase June 2017	Nominal Value 30/06/2017
Convertible debt 2013	9,000,000	5,000,000	-2,600,000	-2,400,000	-
Convertible debt 2014	12,000,000	11,500,000	-6,200,000	-4,800,000	500,000
Convertible debt 2015	6,000,000	6,000,000	-2,921,000	-3,079,000	-
Total	27,000,000	22,500,000	-11,721,000	-10,279,000	500,000
Bridge Loans	4,659,000	4,659,000	-432,600	-1,367,400	2,859,000
Contribution			**-12,153,600**	**-11,646,400**	
Issued Capital		4,922,127	4,133,877	5,823,200	14,879,204
Share Premium		3,765,973	8,019,723	5,823,200	17,608,896

In March 2017, a total amount of EUR 12,153,600 of financial liabilities (bridge and bond loans) has been converted into equity instruments of the Company at EUR 0.147 per share, corresponding to the 30 days average closing share price prior to the day of the transaction. For each new share, EUR 0.05 was accounted as new capital and EUR 0.097 was recognized as share premium.

As a result of this capital increase 82,677,545 new shares were issued, bringing the total number of shares, subject to approval for listing on Euronext, from 98,442,546 to 181,120,091 shares after listing.

The share capital of the Company has accordingly been increased with EUR 4,133,877.25 bringing the share capital from EUR 4,922,127.30 before capital increase to EUR 9,056,004.55 after capital increase. A total of EUR 8,019,722.75 has been recognized as share premium.

Furthermore, the Company secured in March new financing for a total amount of EUR 2.6 million. These funds are structured as a new 2 year loan at 1% interest during the first year and 2% in the second year.

In June, a second round of conversion of financial liabilities (bonds and debts) has been executed. A total of EUR 11,646,400.00 of liabilities was converted into equity instruments of the Company at an average share price of EUR 0.10 per share, resulting in an increase of EUR 5,823,200 in share capital from EUR 9,056,004.55 before transaction to EUR 14,879,204.55 after transaction with the issue of 116,464,000 new shares. As such, the total number of shares amounted to 297,584,091 shares without nominal value.

As a result of the debt restructuring during the first half-year of 2017, 199,141,545 new shares have been issued.

At 30 June 2017, the Company had the following significant shareholders in accordance with the received transparency declarations:

- Total share capital EUR 14,879,204.55
- Total number of voting securities 297,584,091
- Shareholders (>3%)
    - Jan Callewaert 23.94%
    - Danlaw Inc. 17.02%
    - Eric Van Zele 11.40%
    - Alychlo (1) 8.00%
    - Vermec/Michel Verhaeren 3.22 %

(1) Alychlo NV, Mylecke Management, Art & Invest NV & Marc Coucke.

The updated shareholders information can always be consulted on our website.

The Company is currently working towards the contribution of the remaining balance of EUR 8.25 million of financial debt into the equity of the Company.

<u>Change of Management</u>

In accordance with Article 21 of the statutory bylaws of the Company, the Board of directors has approved the delegation of powers to the following people, who are authorized to be a member of the Option Executive Management Team, within the context of Option's Corporate Governance Charter:

Areas of responsibility	**Authorized representative**
Finance, bank authorities, insurance	CFO (Edwin Bex)
Legal, Compliance, investor relations, HR, Board Secretary, intellectual property	General Counsel (Steve Theunissen)
Operations, procurement, facilities, IT, safety	Director of Operations (Rudy Snoeks)
Sales, services, customer relations, marketing	Sales Director (Patrick Willekens)
Engineering, product research and development	Director of Engineering (Ben Cober)

The authorized representatives meet on regular occasions to organise the daily management of the Company, under temporary supervision of Mr Eric Van Zele.

Mr Eric Van Zele has been authorized by the Board on a temporary basis to chair the Executive Management Meeting and report to the Board of its activities, until a new CEO has been found.

Changes in the Board of Directors

The Shareholders' Meeting of 30 June 2017 has decided upon several changes in the Board as follows:
The Meeting has decided to approve the termination of the mandates of directors (1) Sabine Everaet as from 12 July 2016, (2) QUNOVA BVBA, represented by Mr. Jan Vorstermans as from 7 March 2017 and (3) FVDH Beheer BVBA, represented by Mr. Francis Vanderhoydonck as from 27 May 2017.
The Meeting has accepted and approved the cooptation as new directors (1) Vermec NV, represented by Mr. Peter Cauwels as from 1 July 2016, (2) Mr. Eric Van Zele as from 7 March 2017 and (3) Crescemus BVBA, represented by Mr. Pieter Bourgeois as from 7 March 2017.

The Meeting has decided to renew the mandate of Mr. Jan Callewaert as director of the Company for a period of 4 years ending at the general shareholders' meeting of 2021.

Financial Highlights of the first half-year 2017

- Option realized sales of EUR 2.8 million as opposed to EUR 2.1 million (+34%) in the first half of previous year (without considering sales of the divested Public Lighting division). Engineering Services are up from EUR 712k to EUR 856k (+21%), and sales from products increased from EUR 1 371k to EUR 1 941k (+42%).
- Gross margin for the first half year of 2017 was 59.1% on total revenues compared with a gross margin of 41.3 % for the comparable period in 2016. The increase was mostly explained by a reversal of excess and obsolescence inventory provision for EUR 366k, normalized gross margin would have been 46%. (The financials of the first half of previous year are restated with a re-class of EUR 156k from research and development expenses to cost of products sold for the labour expenses spent on sold engineering services.)
- Thanks to the continuous cost reductions, the operating expenditure decreased with EUR 1.1 million.
- The operational loss decreased from EUR -3.2 million in the first half year of 2016 to EUR -1.3 million.
- EBITDA or profit from operations plus depreciation and amortization evolved from a negative EUR -2.4 million to EUR -1.1 million.
- The financial result increased from EUR -1.3 million in 2016 to EUR 0.7 million in 2017, mainly as a result of the debt restructuring on the convertible bonds and the bridge funding.
- The net result amounted to EUR -0.5 million compared to EUR -4.5 million as per June 30 2016.
- The cash position decreased from EUR 0.8 million at the end of 2016 to EUR 0.1 million at the end of June 2017.
- During the first half of 2017, 199,141,545 new shares were issued as a result of the conversion of financial debts into equity instruments of the Company. Share capital increased by EUR 9.9 million; share premium by EUR 12.1 million; total shareholders' equity amounts to EUR -13.6 million against EUR -35.1 million at the end of 2016.
- Of the 2017 bridge loans (committed total EUR 2.6 million), an amount of EUR 1.1 million remain still to be received by the end of June 2017 and EUR 0.5 million by the end of August 2017.
- Intangible fixed assets decreased from EUR 427k at the end of 2016 to EUR 224k. All development costs have been directly expensed in the first half of 2017.
- Trade and other payable deceased by EUR 1.9 million from EUR 8.6 million at the end of 2016. New payment plans have been negotiated.

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

Risks and uncertainties

With respect to the main risks and uncertainties which Option is likely to face during the remaining months of the financial year 2017, reference is made to the risk factors and uncertainties as described in detail in the Annual Report 2016 (made available on Option's website (www.option.com) on June 30, 2017) which continue to be actual.

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

Going concern

To date the Company has limited financial means of about EUR 670,000 (consolidated), out of which EUR 540,000 are contributions still due under the 2017 bridge loan, which have been confirmed to be paid within the next weeks.

Sales are in line with projections made under current restructuring plan, but need to increase in the second half in order to operationally break even.

The Company is still working to secure a credit line for about EUR 2 million, of funding of additional 'working capital' needs and cope with the remaining outstanding liabilities.

To facilitate this process, the Company is planning to convert the remaining financial debt into the capital (which amounts currently to about EUR 5 million nominal value and EUR 3.7 million interests)

Given the current sales outlook and the ongoing efforts under current restructuring plan, the Board decided to prepare the interim accounts under the going concern principle.

Related party transactions – conflict of interests

During the first half of 2017, the conflict of interest procedure foreseen in Article 523 of the Belgian Code of Companies was applied by the Board of Directors on March 4 (issue of Term Sheet presented to the Board).

It was stated as follows:

Before further discussion on this item, Mr. Jan Callewaert, Mr. Raju Dandu, FVDH Beheer BVBA, represented by Mr. Francis Vanderhoydonck and Vermec NV, represented by Peter Cauwels inform the Board in accordance with the provisions of Article 523 of the Code of Companies that as a Bondholder, they may have a conflicting interest of a monetary nature with the Company in respect of the decisions that the Board may take in relation hereto.

This means that these directors cannot participate on any decision in relation to the Term Sheet.

The Secretary informs the Board that the Company's attorney has advised that no decision can be taken by the Company by only one director (i.e. Qunova BVBA, represented by Jan Vorstermans) who is the only remaining director who did not expressed a potential conflict of interest.

As a result, the term sheet has not been discussed.

During the first half of 2017, the conflict of interest procedure foreseen in Article 523 of the Belgian Code of Companies was applied by the Board of Directors on March 6 (related to the issue of warrants and the contribution of debt into share capital of the Company).

It was stated as follows (only Dutch version available):

Verklaringen inzake tegengesteld belang van vermogensrechtelijke aard

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Voor de aanvang van de beraadslaging door de raad van bestuur worden neergelegd door of namens de volgende bestuurders

1. De heer CALLEWAERT Jan, Jozef, Alfons, wonend te 3000 Leuven, Vanden Tymplestraat 43 bus 5, met rijksregister nummer 56.06.07-065.70

2. De besloten vennootschap met beperkte aansprakelijkheid "VERMEC", gevestigd te 1800 Vilvoorde, Drie Kastelenstraat 60, RPR Brussel, Nederlandstalige afdeling met ondernemingsnummer 0473.749.780, BTW-plichtige, met als vaste vertegenwoordiger de heer CAUWELS Peter, Paul, wonend te 9310 Brugge, 's Heer Boudewijnsburg 22, met rijksregister nummer 73.02.26-061.27.

3. De heer DANDU Raju Satyanarayana, wonend te 305800 Sudbury CI, Farmington Hills, MI 48331-1368 (Verenigde Staten van Amerika), met BIS-register nummer 51.41.01-491.61

Waarin zij de raad van bestuur ervan op de hoogte brengen dat zij de voorgenomen kapitaalverhoging door inbrengen in natura van schuldvorderingen die zij bezitten op de vennootschap, potentieel een belang van vermogensrechtelijke aard hebben dat strijdig is met de belangen van de vennootschap.

1. De heer CALLEWAERT Jan, Jozef, Alfons, wonend te 3000 Leuven, Vanden Tymplestraat 43 bus 5, met rijksregister nummer 56.06.07-065.70

2. De heer DANDU Raju Satyanarayana, wonend te 305800 Sudbury CI, Farmington Hills, MI 48331-1368 (Verenigde Staten van Amerika), met BIS-register nummer 51.41.01-491.61

Waarin zij de raad van bestuur ervan op de hoogte brengen dat zij als uitvoerende of niet-onafhankelijke bestuurders bij de voorgenomen kapitaalverhoging door uitgifte van warranten, een potentieel een belang van vermogensrechtelijke aard hebben dat strijdig is met de belangen van de vennootschap.

Een exemplaar van deze verklaringen wordt aan dit proces verbaal gehecht in het document genaamd "BIJLAGE - Verklaringen inzake tegengesteld belang van vermogensrechtelijke aard" dat na te zijn gedateerd en ondertekend, voor "Ne varietur" wordt getekend door de instrumenterende notaris teneinde een integrerend onderdeel van dit proces verbaal te vormen. Betreffende bestuurders hebben niet deelgenomen aan de beraadslaging en besluitvorming inzake vermelde agendapunten.

De commissaris van de vennootschap zal van voornoemde verklaringen worden ingelicht door de betrokken bestuurders.

Conform de voorschriften van artikel 523 van het Wetboek van vennootschappen zullen de betrokken bestuurders niet deelnemen aan de beraadslagingen en stemmingen over de agendapunten waarvoor zij hebben verklaard een potentieel belang te hebben van vermogensrechtelijke aard dat tegengesteld is aan de belangen van de vennootschap.

Beraadslagingen - Besluiten:

Hierna neemt de raad van bestuur de agenda in behandeling en treft, na beraadslaging de volgende besluiten.

C. MANAGEMENT STATEMENT

Management states that, to the best of their knowledge:

a) The 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 financial statements, as well as a description of the main risks and uncertainties for the remaining months of the financial year.

Leuven, 29 August 2017

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE

For the half year period 30 June Thousands Euro except number per share	Jun 30, 2017	Jun 30, 2016 (* Restated)
Revenues	**2 797**	**2 083**
Product revenue	2 797	2 083
Cost of products sold (*)	(1 145)	(1 223)
Gross Margin	**1 652**	**860**
Research and development expenses (*)	(957)	(1 569)
Sales, marketing and royalty expenses	(606)	(835)
General and administrative expenses	(1 379)	(1 664)
Total operating expenses	**(2 942)**	**(4 068)**
Profit / (loss) from operations (EBIT)	**(1 290)**	**(3 208)**
Depreciation, amortization and impairment losses	223	797
EBITDA	(1 067)	(2 411)
Result from operations	**(1 290)**	**(3 208)**
Exchange gain / (loss)	98	(15)
Interest income / (expenses) and other financial income / expense)	643	(1 249)
Finance result - net	**741**	**(1 264)**
profit / (loss) before income taxes	**(549)**	**(4 472)**
Income tax benefits / (expenses)	0	5
Net result of the period	**(549)**	**(4 467)**
Result of discontinued operations	(8)	10
Net result of the period attributable to the owners of the company	**(557)**	**(4 457)**
Earning per share		
Basic weighted average number of ordinary shares	151 429 260	97 312 417
Diluted weighted average number of ordinary shares	151 429 260	97 312 417
Basic earnings / (loss) per share before discontinued operations	(0,00)	(0,05)
Diluted earnings / (loss) per share before discontinued operations	(0,00)	(0,05)
Basic earnings / (loss) per share	(0,00)	(0,05)
Diluted earnings / (loss) per share	(0,00)	(0,05)

* The financials of the first half of previous year are restated:
    - With a re-class of EUR 156k from research and development expenses to cost of products sold for the labour expenses spent.
    - the net results of Innolumis BV reported as discontinued operations.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE

For the half year period 30 June Thousands euro	Jun 30, 2017	Jun 30, 2016
Profit / (Loss) for the period	(557)	(4 457)
<u>Other comprehensive income</u>		
Items that may be reclassified subsequently to profit or loss		
Exchange difference arising on translation on foreign operations	(9)	(9)
Other comprehensive income / (loss) for the period (net of tax)	(9)	(9)
Total comprehensive income / (loss) for the period attributable to the owners of the parent	**(566)**	**(4 466)**

All items of the comprehensive income are recyclable to the income statement.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Thousands Euro	Jun 30, 2017	Dec 31, 2016
Assets		
Intangible assets	224	427
Property, plant and equipment	0	20
Other financial assets	137	137
Other non-current assets	9	9
Total non-current assets	**370**	**593**
Inventories	678	619
Trade and other receivables	767	1 103
Cash and cash equivalents	101	774
Income tax receivable	10	19
Total current assets	**1 556**	**2 515**
Total assets	**1 926**	**3 108**
Liabilities and shareholders' value		
Issued capital	14 879	4 922
Share premium	17 610	5 466
Reserves	0	0
Retained earnings / (losses)	(46 047)	(45 486)
Total shareholders' equity attributable to the owners of the company	**(13 558)**	**(35 098)**
Financial debt	6 475	27 076
Total non-current liabilities	**6 475**	**27 076**
Financial debt	1 775	1 984
Trade and other payables	6 778	8 554
Provisions	205	422
Taxes payable	251	170
Total current liabilities	**9 009**	**11 130**
Total liabilities and shareholders' value	**1 926**	**3 108**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE

For the half year period 30 June Thousands Euro	Jun 30, 2017	Jun 30, 2016 (* Restated)
OPERATING ACTIVITIES		
Net Result (A)	**(557)**	**(4 467)**
Amortization of intangible assets	203	744
Depreciation of property, plant and equipment	20	53
(Reversal of) write-offs on current and non current assets	(328)	163
Loss/(gains) on sale of property, plant and equipment	0	0
Loss/(gains) on financial fixed assets	8	0
Increase / (decrease) in provisions	(211)	0
Unrealized foreign exchange losses / (gains)	(139)	0
Interest income	(778)	0
Interest expense	177	1 076
Equity settled share based payment expense	5	28
Tax expense / (benefit)	0	(5)
Total (B)	**(1 043)**	**2 059**
Cash flow from operating activities before changes in working capital (C) = (A) + (B)	**(1 600)**	**(2 408)**
Decrease / (increase) in inventories	253	163
Decrease / (increase) in trade and other receivables	362	661
Decrease / (increase) in trade and other payables	(831)	(999)
Use of provisions	(4)	68
Total changes in working capital (D)	**(220)**	**(107)**
Cash generated from operation (E) = (C) + (D)	**(1 820)**	**(2 515)**
Interests and other finance costs (paid) (F)	(143)	(388)
Cash flow from operating activities (I) = (E) + (F) + (G) + (H)	**(1 963)**	**(2 903)**
INVESTING ACTIVITIES		
Expenditure on product development, net of grants received	0	(471)
Acquisition of property, plant and equipment	0	(391)
Acquisition of participation	0	(1 701)
CASH FLOW USED IN INVESTING ACTIVITIES (J)	**0**	**(2 563)**
FINANCING ACTIVITIES		
Proceeds of borrowings	1 490	1 511
Repayment of borrowings	(200)	0
CASH FLOW PROVIDED BY / (USED IN) FINANCING ACTIVITIES (K)	**1 290**	**1 511**
Cash flow from discontinued operations	**0**	**272**
Net increase / (decrease) of cash and cash equivalents = (I) + (J) + (K)	**(673)**	**(3 683)**
Cash and cash equivalents at beginning of year	774	4 068
Cash and cash equivalents at end of period	101	385
Difference	**(673)**	**(3 683)**

*The 2016 comparative cash flow statement has been restated to present the cash flows from discontinued operations related Innolumis. The cash flows from discontinued operations amounting to EUR 272k consists of a cash outflow from operating activities of EUR 1.231k, a cash inflow from investing activities of EUR 1.487k, and a cash inflow from financing activities of EUR 16k

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In Thousand EUR	Issued Capital	Share premium	share-based payment reserve	Currency translation reserve	Share issue costs	retained earnings / (losses)	Total
At 1 january 2016	**4 845**	**5 076**	**130**	**199**	**(2 617)**	**(35 335)**	**(27 702)**
Net result of the year	-	-	-	-	-	(7 920)	(7 920)
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	(7 920)	(7 920)
Equity component of the convertible loan	-	11	-	-	-	-	11
Transfer to/from							
Capital increase	77	379	-	-	-	-	456
Capital decrease							
Share based payments	-	-	57	-	-	-	57
At 31 December 2016	**4 922**	**5 466**	**187**	**199**	**(2 617)**	**(43 255)**	**(35 098)**
Net result of the year	-	-	-	-	-	(557)	(557)
Other comprehensive income for the year, net of income tax	-	-	-	(9)	-	-	(9)
Total comprehensive loss for the year	-	-	-	(9)	-	(557)	(566)
Equity component of the convertible loan	-	(1 699)	-	-	-	-	(1 699)
Transfer to/from							
Capital increase	9 957	13 843	-	-	-	-	23 800
Capital decrease							
Share based payments	-	-	5	-	-	-	5
At 30 June 2017	**14 879**	**17 610**	**192**	**190**	**(2 617)**	**(43 812)**	**(13 558)**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017

Note 1: Accounting policies and corporate information

The condensed consolidated interim financial statements of the Group for the half year ended June 30, 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union. They do not include all the information required for the preparation of the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2016 of the Group, which can be found on the website: http://www.option.com.

The interim condensed consolidated financial statements of the Group for the first six months ended 30 June 2017 were authorized for issue in accordance with a resolution of the Board on August 29, 2017.

Relevant IFRS accounting pronouncements adopted as from 2017

There are no new standards, amendments to standards or interpretations which are applicable for the reporting period beginning on 1 January 2017.

Relevant IFRS accounting pronouncements to be adopted as from 2018 onwards

A number of new standards, amendments to existing standards and annual improvement cycles have been published and are mandatory for the first time for reporting periods beginning on or after 1 January 2018, and have not been early adopted. Those which may be the most relevant to the Group's consolidated financial statements are set out below.

IFRS 9 Financial instruments

IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Classification and Measurement and bring together the following aspects of accounting for financial instruments: classification and measurement, impairment, and hedge accounting. IFRS 9 changes the classification and measurement of financial assets and includes a new model for assessing the impairment of the financial assets based on expected credit losses. Most of the basics of hedge accounting do not change as a result of IFRS 9. However, hedge accounting can be applied to a larger number of risk exposures than before and hedge accounting principles have been harmonized with those used in risk management.

Based on the preliminary analysis conducted until now, the Group does not expect a significant impact of the application of the new principles of IFRS 9, compared to the current principles under IAS 39.

IFRS 9 Financial Instruments is to be applied for the reporting periods beginning on 1 January 2018. The Group will apply the new standard in its consolidated financial statements for the year ending 31 December 2018. Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, but the guidance allows certain exemptions on retrospective application. However, the Group has not made a decision yet in relation to the exemptions and elections that IFRS 9 allows.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 18 Revenue and IAS 11 Construction Contracts and establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize for all contracts with customers, except for revenue from leases, financial instruments and insurance contracts. The timing of the revenue recognition can take place over time or at a point in time, depending on the transfer of control. The standard also introduces new guidance on costs of fulfilling and obtaining a contract, specifying the circumstances in which such costs should be capitalized or expensed when incurred. Furthermore, the new disclosures included in IFRS 15 are more detailed than those currently applicable under IAS 18.

The Group is yet to assess IFRS 15's full impact, but does not expect a major impact from the application of the standard on the Group's consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers is to be applied for the reporting periods beginning on 1 January 2018. The Group will apply the new standard in its consolidated financial statements for the year ending 31 December 2018.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases and related interpretations. For lessees, IFRS 16 requires most leases to be recognized on-balance (under a single model), eliminating the distinction between operating and finance leases. In accordance with the new standard, the lessee will recognize assets and liabilities for the rights and obligations created by leases. The new standard will increase interest-bearing liabilities and property, plant and equipment in the consolidated financial statements of the Group. In addition, the rental expenses recognized in profit or loss will decrease and depreciation and amortization as well as interest expenses will increase. This will affect operating profit.

The Group is currently assessing the impact of the new standard. The Group expects main impacts for leases currently classified as operating leases and for which the Group acts as a lessee. As at June 30, 2017, the Group had non-cancellable (undiscounted) operating lease commitments of EUR 1.246 thousands.

If adopted by the European Union, IFRS 16 will be effective for the reporting periods beginning on 1 January 2019. The Group has not yet determined whether to early adopt or not and which transition approach to apply, and has not yet decided whether it will use any of the optional exemptions.

The other issued standards, amendments to standards and interpretations which are applicable for reporting periods beginning on or after 1 January 2018 are expected not to have a significant impact on the Group's consolidated financial statements.

Note 2 – Significant judgements and estimation uncertainties

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.
In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2016.

Going concern

To date the Company has limited financial means of about EUR 670,000 (consolidated), out of which EUR 540,000 are contributions still due under the 2017 bridge loan, which have been confirmed to be paid within the next weeks.

Sales are in line with projections made under current restructuring plan, but need to increase in the second half in order to operationally break even.

The Company is still working to secure a credit line for about EUR 2 million, of funding of additional 'working capital' needs and cope with the remaining outstanding liabilities.

To facilitate this process, the Company is planning to convert the remaining financial debt into the capital (which amounts currently to about EUR 5 million nominal value and EUR 3.7 million interests)

Given the current sales outlook and the ongoing efforts under current restructuring plan, the Board decided to prepare the interim accounts under the going concern principle.

Note 3: Operating segments

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the management of the Group (i.e. chief operating decision maker) in order to allocate resources to the segments and to assess their performance.

The primary segment reporting format is determined to be the business segment; each segment is a distinguishable component of the Group that is engaged in either providing products or services:

- The "Products" operating segment produces data cards, USB devices, routers, embedded devices, Cloudgate as well as the new end to end service offerings;
- The "Engineering services" operating segment is related to revenues generated through engineering or product design deals, closed with third parties;

Thousand Euros	**Revenues from external customers**		**Operating segment result**	
	Jun 30, 2017	**Dec 31, 2016**	**Jun 30, 2017**	**Dec 31, 2016**
Products	1 941	1 371	(338)	(1 675)
Engineering Services	856	712	576	590
Totals	**2 797**	**2 083**	**238**	**(1 085)**
Unallocated Operating Expenses			(1 528)	(2 123)
Finance (costs) / income			741	(1 263)
Income taxes / (expenses)			0	5
Result of discontinued operations			(8)	10
Net result			**(557)**	**(4 457)**

The segment result represents the result for each segment including the operating expenses which could be allocated to the operating segment. The operating expenses which can be allocated are mainly amortizations, royalty expenses and staff related expenses, dedicated to the operating segment. The remaining operating expenses, mainly including the general and administrative, depreciations and staff related expenses not dedicated to a specific segment, have been reported under the "unallocated operating expenses".

Note 4: Other disclosures

As a result of the further downsizing of the Group, operating expenditure decreased by EUR 1.1 million during the first half of 2017. Of which:

- Movements in Research and Development expenses: the Research and Development expenses decreased by EUR 612k in the first half year of 2017.

- Movements in Sales, Marketing and Royalties expenses: the Sales, Marketing and royalties expenses decreased by EUR 229k in the first half year of 2017.

- Movements in General and Administrative expenses: the general and administrative expenses decreased by EUR 285k in the first half year of 2017.

Bridge financing & Convertible Debt:

CONSOLIDATED FINANCIAL DEBT

(Thousands Euro)

Creditor	**Jun 30, 2017**	**Dec 31, 2016**
Jan Callewaert (consolidated)	2 233	7 763
Danlaw Inc	464	5 212
Eric Van Zele	1 565	5 085
Alychlo	972	3 324
Vermec	587	2 007
Others	2 429	5 668
Totals	**8 250**	**29 060**

CONSOLIDATED FINANCIAL DEBT

(Thousands Euro)

Financial Debt	**Jun 30, 2017**	**Dec 31, 2016**
Convertible bond EUR 9 million	222	4 866
Convertible bond EUR 12 million	3 619	14 322
Convertible bond EUR 6 million	344	5 212
Bridge 2015	800	2 675
Bridge 2017	1 490	0
Non-Current Financial Debt	6 475	27 076
Bridge 2016	1 775	1 975
Other Financial Debt in Option Wireless Japan KK	*0*	*9*
Current Financial Debt	1 775	1 984
Reported	8 250	29 060

Under the convertible loans, a nominal value of EUR 0.5 million is included, next to interest charges payable of EUR 3.7 million.

As the convertible bonds for a total nominal amount of EUR 9 million and EUR 6 million have been converted into equity during the first half year of 2017, this resulted into the reclassification of the liability component with a carrying amount of respectively EUR 804k and EUR 895k to equity. Per June 30, 2017, an amount of EUR 500k is still outstanding as a liability related to the convertible bonds.

Pension Plans

A net liability of EUR 208k (2016: EUR 42k) was recognized in the statement of financial position at June 30, 2017 and included in trade and other payables, based on the sum of the positive differences, determined by individual plan participant, between the minimum guaranteed reserves and the accumulated contributions based on an actuarial computation in accordance with IAS 19 for the defined contribution plans with minimum guaranteed returns.

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

CORPORATE INFORMATION

This interim report 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 2016 of the Board of Directors which can be found in the Annual Report 2016 page 22-27. 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 connects Things to the Cloud. With more than 20 years of experience and many industry's firsts in the wireless industry, the Company is ideally positioned to bring the most efficient, reliable and secure wireless solutions to business markets (B2B) and industrial markets (M2M). The Company partners with system integrators, value added resellers, application platform providers, value add distributors and network operators to bring tailor made solutions to end-customers. Option is headquartered in Belgium, has a production engineering and logistics facility and maintains offices in Europe, the US, Greater China, Japan and Australia. More information:www.option.com