



OPTION REPORTS SECOND HALF YEAR AND FULL YEAR 2011 RESULTS

Leuven, Belgium – March 1, 2012 – Option N.V. ([EURONEXT Brussels: OPTI](#); [OTC: OPNVY](#)), a global leader in wireless connectivity, security and experience, today announced its results for the full fiscal year and second half year ended December 31, 2011. The financial information reported in this release is presented in Euros and has been prepared in accordance with the recognition and measurement criteria of IFRS as adopted by the European Union. The accounting policies and methods of computation followed in the attached financial statements are the same as those followed in the most recent annual financial statements.

Business Overview

“Mobile broadband is increasingly seen as a utility,” said Jan Callewaert, CEO at Option. “The market has moved to a point where today it is not enough to simply enable broadband connectivity, it has to be connectivity with a purpose. Option is at the forefront of combining excellent connectivity with world-class security and great user experience.”

The industrial transformation, the Company embarked on in 2011, is being completed. The Company rebuilt its business by creating innovative and compelling products that enable new connected and secure services.

During the second half of 2011 the company deployed the following initiatives:

- The launch of the VIU², an elegant mobile 3G camera that enables anyone to easily set up and manage the remote monitoring of homes, warehouses, vacation homes, construction sites, offices and much more. Since its launch VIU² has been upgraded to a Plug ‘n Play 3G camera, streaming anywhere anytime to any iOS or Android device.
- In partnership with VASCO Data Security International, Inc (Nasdaq: VDSI), a leading software security company specializing in authentication products, Option is co-developing and bringing to market a new product called Cloudkey. This is a mobile security solution that provides simple and secure access to cloud applications and data, combining VASCO’s Digipass authentication capability with Option’s 3G USB modem and connection management software.
- The Group has announced the acquisition of the Connected Consumer Electronics assets of Mobewire SA. These assets include Surface UX software, related IP and a core team of user experience experts. Surface UX is a complete solution to support Mobile Operators, Mobile Device Manufacturers and Retailers in managing and highlighting their offers to consumers. The Surface UX software will be integrated into future Option products.
- Option successfully completed the data interoperability testing (IOT) of its GTM 601W wireless module on the mobile broadband network of NTT DOCOMO, INC.
- AT&T introduced the GTM601 LGA module in its Mobile Broadband Accelerator Program. This extended program includes faster network technology, additional form factors and equipment

providers, offering next generation consumer electronics, embedded computing and machine-to-machine device makers access to a more efficient path to production.

- The Group announced its investment of \$1.5 million and partnership with San Francisco, US-based Autonet Mobile, Inc; a leading provider of in-car connectivity. The partnership will use Option's wireless modules and software to deliver the first mobile IP-based Telematics Control unit (TCU) for cars. Option's wireless modules combined with Autonet TCU and managed network, make this the first intelligent communication and control device designed to create a new and verticalized mobile automotive ecosystem. The first car model with the TCU will be available later on this year.
- Option's management team was strengthened with the arrival of Jerome Nadel. Jerome joined Option via the MobiWire acquisition and is now Chief Experience Officer (CXO). He is responsible for bringing innovative user-centric connected devices and services to market.
- Option was present at the Mobile World Congress (Barcelona, February 2012) showcasing Cloudkey and the VIU². There the Company also officially introduced the XYFI, the world's smallest 3G & WIFI personal hotspot. The XYFI will offer a set of elegant power accessories, including a wall and car plug, and a unique extended battery pack for the longest autonomy of any battery-powered personal hotspot router.

Financial Highlights of the second half year 2011

- Total revenues for the second half year of 2011 were EUR 24.1 million compared with EUR 26.9 million realized in the second half year of 2010. Product related revenues decreased from EUR 20.4 million in the second half of 2010 till EUR 7.7 million in the same period of 2011, while software and license revenues increased from EUR 6.7 million in the first half of 2010 to EUR 16.4 million in the same period of 2011. EUR 14.6 million of that amount came out of licenses.
- Gross margin for the second half year 2011 was 69.1% on total revenues, compared with a gross margin of 34.8% for the comparable period in 2010. The gross margin for the second half year 2011 was positively influenced by more important license revenues.
- Compared to the second half year 2010, total operating expenses, in the second half of 2011 decreased with EUR 4.3 million from EUR 21 million to EUR 16.7 million as a result of the continuing efforts of an effective cost control within the Group.
- The second half year 2011 EBIT amounted to EUR -0.1 million compared with EUR -10.8 million during the corresponding period in 2010.
- Result before taxes amounted to EUR 0.06 million in the second half of 2011 compared with EUR -10.8 million in 2010.

Financial Highlights of the full fiscal year result 2011

- Total revenues for the full year 2011 were EUR 49.9 million, a decrease of 13.5% compared with EUR 57.7 million revenues realized during the comparable period in 2010. Software and license revenues increased from EUR 6.7 million in 2010 to EUR 30.7 million in 2011. EUR 28.0 million of that amount came out of licenses. Product related revenues decreased from EUR 51.0 million in 2010 to EUR 19.3 million in 2011, due to the phasing out of the old products and the fact that the new products are only just entering the market.
- Gross margin for the full year was EUR 30.7 million compared with EUR 15 million in 2010. Gross margin year to date in 2011 was 61.6%, compared with a gross margin of 26.1% in 2010. The 2011 gross margin was positively impacted by increased license revenues, delivering higher margins compared to revenues generated by products.

- Compared to the full year 2010, total operating expenses decreased with EUR 13.5 million from EUR 47.8 million to EUR 34.3 million. The reduced expenses are the result of the downsizing of the Company, combined with lower sales related costs as well as effective cost control within the Group.
- EBIT was EUR –3.6 million or –7.2% on total revenues during the full year 2011, compared with and EBIT of EUR –31.9 million or –55.2% on total revenues in 2010.
- The 2011 net result was EUR –2.9 million compared with a net result of EUR –61 million, or EUR –0.035 per basic share in 2011 compared with EUR -0,74 per basic share in 2010.
- The Group’s balance sheet includes EUR 25.2 million in cash. The trade and other receivable position decreased from EUR 7.3 million to EUR 3.9 million and the inventory levels from EUR 12.4 million to EUR 6.8 million by the end of 2011. The intangible assets remained at the same level of EUR 8.8 million. The trade and other payable position decreased to EUR 18.1 million from EUR 30.1 million. The Group received EUR 33 million in Q1 2011 as prepaid licenses from Huawei. As result, there is an increase of deferred revenue from EUR + 4.4 million. No deferred tax asset was recognized.

CONSOLIDATED PERFORMANCE

For the period ended 31 December Million EUR (except per share figures)	2 nd HY 2011	2 nd HY 2010	YTD 2011	YTD 2010
Revenues.....	24.1	26.9	49.9	57.7
Gross profit	16.6	9.4	30.7	15.0
Operating expenses and other income	16.8	20.2	34.3	46.9
EBIT	(0.1)	(10.8)	(3.6)	(31.9)
Net result	0	(40.5)	(2.8)	(61.0)
Weighted average number of ordinary shares ..	82 498 592	82 498 592	82 498 592	82 498 592
Basic earnings / (loss) per share (EUR)	0	(0.49)	(0.04)	(0.74)

Annual Financial Report 2011

Option is currently finalizing its IFRS financial statements for the year ended 31 December 2011. The auditor has not yet completed his audit procedures as of today. Should any material changes arise during the audit finalization, and additional press release will be issued. Option expects to be able to publish its fully audited Annual Financial Report for the year 2011 on or before April 13, 2012.

- OPTION N.V. -

FINANCIAL REPORT PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS).

CONSOLIDATED INCOME STATEMENT

For the 6 and 12 month period ended 31 Dec. Thousands EUR (except per share figures)	2 nd HY 2011	2 nd HY 2010	2011	2010
Revenues	24 081	26 858	49 915	57 731
Product revenue	7 686	20 369	19 255	51 037
Software and license revenue	16 398	6 489	30 663	6 694
Cost of products sold	(7 446)	(17 502)	(19 181)	(42 684)
Gross margin	16 635	9 356	30 733	15 047
Gross margin	69.1%	34.8%	61.6%	26.1%
Research and development expenses	(7 699)	(7 324)	(14 424)	(24 016)
Sales, marketing and royalties expenses	(4 462)	(7 480)	(9 852)	(11 146)
General and administrative expenses	(4 600)	(6 262)	(10 036)	(12 642)
Total operating expenses	(16 761)	(21 066)	(34 313)	(47 804)
Other income	-	871	-	871
Profit from operations (EBIT)	(126)	(10 839)	(3 580)	(31 886)
EBIT/Total revenues %	(0.5%)	(40.4%)	(7.2%)	(55.2%)
Depreciation and amortization	4 195	5 692	8 768	20 228
EBITDA	4 069	(5 147)	5 188	(11 658)
EBITDA/Total revenues %	16.9%	(19.2%)	10.4%	(20.2%)
Exchange gain/(loss)	176	458	259	(219)
Interest income/(expense) and other financial income/(expense)	13	(406)	417	(619)
Finance result	189	52	676	(6 673)
Result before taxes	63	(10 787)	(2 904)	(32 724)
Tax benefits / (expense)	(51)	(29 742)	42	(28 314)
Net result	12	(40 529)	(2 862)	(61 038)
Weighted average number of ordinary shares	82 498 592	82 498 592	82 498 592	82 498 592
Diluted average number of ordinary shares	82 498 592	82 498 592	82 498 592	82 498 592
Basic earnings / (loss) per share (in EUR)	0.00	(0.49)	(0.04)	(0.74)
Diluted earnings / (loss) per share (in EUR)	0.00	(0.49)	(0.04)	(0.74)

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

Thousands EUR For the period ended	31 December 2011	31 December 2010
ASSETS		
Current assets		
Cash and cash equivalents.....	25 216	30 930
Trade and other receivables.....	3 924	7 277
Income tax receivable.....	32	47
Inventories.....	6 792	12 425
	35 964	50 679
Non-current assets		
Property, plant and equipment.....	1 603	4 510
Intangible assets.....	8 812	8 596
Other financial assets.....	1 173	48
	11 588	13 155
Total assets.....	47 552	63 834
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables.....	18 125	30 136
Deferred revenue.....	27 128	22 670
Income tax payable.....	69	95
Other financial liabilities.....	14	4 770
Provisions (current).....	948	2 097
	46 285	59 768
Non-current liabilities		
Deferred tax liabilities.....	22	20
	22	20
Equity		
Issued capital.....	12 232	12 232
Share premium.....	57 961	57 961
Reserves.....	(115)	(176)
Retained earnings.....	(68 834)	(65 971)
Shareholders' equity.....	1 245	4 046
Total liabilities and shareholders' equity.....	47 552	63 834

CONSOLIDATED CASH FLOW STATEMENT

Prepared in accordance with International Financial Reporting Standards (IFRSs)

Thousands EUR
For the period ended

	31 December 2011	31 December 2010
OPERATING ACTIVITIES		
Net Result (A)	(2 862)	(61 038)
Depreciation and amortization	8 404	14 093
(Reversal of) Write-offs on current and non current assets	(2 309)	(690)
Impairment losses on intangible assets	365	6 135
Impairment losses on tangible assets	-	-
Increase/(decrease) in provisions	(842)	543
Loss/ (gains) on sale of property, plant & equipment	(75)	(300)
Loss/ (gains) on sale of intangible assets	-	14
Unrealized foreign exchange losses/(gains)	-	625
(Gains)/Losses on sale of financial fixed assets	(123)	(872)
Interest income	(435)	(59)
Interest expense	20	527
Equity settled share based payment expense	69	200
Tax expense / (benefit)	(42)	28 314
Total (B)	5 032	48 530
Cash flow from operating activities before changes in working capital (C)=(A)+(B)	2 170	(12 508)
Decrease/(increase) in trade and other receivables	3 258	10 421
Decrease/(increase) in inventories	8 038	6 061
Increase/(decrease) in trade and other payables	(11 516)	(13 805)
Increase/(decrease) in deferred revenue	4 458	21 515
Use in provisions	(307)	(5 912)
Total changes in working capital (D)	3 931	18 280
Cash generated from operations (E)=(C)+(D)	6 101	5 772
Interests (paid) (F)	(386)	(319)
Interests received (G)	320	50
Income tax (paid)/received (H)	(3)	17
CASH FLOW FROM OPERATING ACTIVITIES (I)=(E)+(F)+(G)+(H)	6 030	5 520
INVESTING ACTIVITIES		
Proceeds from sale of plant & equipment	395	628
Proceeds from sale of intangible assets	-	6
Investment in non-consolidated companies	(1 043)	-
Acquisition of business, net of cash disposed of	(220)	-
Acquisition of property, plant and equipment	(167)	(64)
Acquisition of intangible assets	(264)	(574)
Development expenditures	(5 744)	(8 726)
Cash inflow on disposal of subsidiary	-	7 145
CASH FLOW FROM INVESTING ACTIVITIES (J)	(7 043)	(1 585)
FINANCING ACTIVITIES		
Finance Lease liabilities	35	-
Proceeds from borrowings	-	4 770
Repayment of borrowings	(4 770)	(8 355)
Payment of finance lease liabilities	-	(43)
CASH FLOW FROM FINANCING ACTIVITIES (K)	(4 735)	(3 628)
Net increase/(decrease) in cash and cash equivalents (I)+(J)+(K)	(5 748)	307
Cash and cash equivalents at beginning of period	30 930	30 664
Effect of exchange rate fluctuations on cash held	35	(41)
Cash and cash equivalents at end of period	25 216	30 930
Difference	(5 748)	307

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Thousands EUR For the period ended 31 December 2011	Shareholders' equity						
	Issued capital	Share premium	Share- based payment reserves	Translation reserves	Share issue costs	Retained earnings	Total equity
As per 31 December 2010 ...	12 232	57 961	1 376	83	(1 635)	(65 971)	4 046
Net result	-	-	-	-	-	(2 862)	(2 862)
Share based payments.....	-	-	69	-	-	-	69
Translation adjustment	-	-	-	(8)	-	-	(8)
As per 31 December 2010 ...	12 232	57 961	1 444	76	(1 635)	(68 837)	1 245

FINANCIAL CALENDAR

Annual Shareholders Meeting:	Monday April 30, 2012 at 10 AM in Leuven
Q1 business update:	Thursday April 26, 2012
Q2 results and "Interim Financial Report":	Friday August 31, 2012
Q3 business update:	Thursday October 25, 2012

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 latest available Consolidated and Statutory Report of the Board of Directors which can be found in the Annual Report. 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 is a global leader in wireless connectivity, security and experience. Option enhances the performance, functionality and usability of wireless communications through a portfolio of 3G, 4G HSPA/LTE and WLAN connectivity solutions. The company works with mobile operators, OEMs, retailers and enterprise customers to create compelling products that enable new connected and secure services. Option is headquartered in Belgium, with further R&D facilities in Germany and an ISO 9001 production engineering and logistics facility in Ireland. Option maintains offices in Europe, the US, Greater China, Japan and Australia. More at www.option.com

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