OPTION NV

INTERIM FINANCIAL REPORT

Period ended June 30, 2011

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

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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 2011:

Overview

In the first half year of 2011, to support its current market strategy, the Group has further aligned its organization more with its target markets and product segments. This alignment exercise implemented in 2011 has resulted in the Group being organized in business units each one focussed on one of the Group’s core activities:

- Embedded Solutions – Focussed on our segmented module offerings and associated integration and certification services.
- Mobile Devices & Solutions – Focussed on our new end to end service offerings (such as the VIU² camera) and maintenance of our traditional stick and router business.
- Connection Manager Software – Focussed on growing our uCAN Connect connection manager software business.
- Security Solutions – Focussed on building on our new mIDentity 3G product to construct a new line of mobile security solutions.
- Licenses – Focussed on closing license deals.

Given the overall size of the Group and the diversified activity it deploys, the engineering and manufacturing resources continue to work in a matrix structure, i.e. they constitute an engineering and manufacturing support pool working on the projects that are driven by the different business units. The business unit organization allows the Group to increase the organization’s focus on the new market segments that each one of them are addressing.

In the first half year of 2011, the Group announced that it has extended its software license agreement with Huawei Technologies and therefore received payments of EUR 11 million in January and EUR 22 million in March. This last transaction was the final extension under the current license agreement. The related revenues (EUR 33 million) will be recognized in the income statement in the period November 2011 until October 2012.

After balance sheet date, the Group announced the acquisition of the Connected Consumer Electronics asset of MobiWire. These assets include Surface UX™ software, related IP, and a core team of user experience experts. Surface UX™ is an Android user interface (UI) overlay for smartphones and tablets that provides simplified access to aggregated cloud-based content and services. The acquisition, for an amount of EUR 220 thousand, is a further step in Option’s transition from supplier of commoditized products to wireless solutions combining software, services, hardware while improving end-user convenience and user experience.

As part of this agreement, Jerome Nadel joined Option as Chief Experience Officer. He has formerly held executive user experience and marketing positions at IBM, Unisys, Human Factors International, Gemplus, and most recently MobiWire. The team of user experienced experts will be based in Paris and the Company will operate under the name of “Option France SAS” (Société Anonyme Simplifiée) which was established.

In addition, the Group announced the following events during the first half year 2011:

Corporate

- Option announced that the Board of Directors was strengthened with Mr. Francis Vanderhoydonck as independent Director, replacing Mr. Arnoud De Meyer. Mr. Vanderhoydonck will also act as chairman of the Audit Committee.
- Option announced that the Executive Management Team was strengthened with Mr. Bart Goedseels, who rejoined the Group as Chief Operating Officer (COO).
- The Group announced the appointment of Mr. Jan Smits as the new Chief Financial Officer (CFO), responsible for all international financial activities of the Group.

Business

- At CES (US) Option announced the world's smallest module to combine GSM/HSPA, CDMA/EV-DO, GPS/ GLONASS and circuit-switched voice, all on a component the size of a postage stamp and as thin as a five-cent coin or a Euro. This second-generation GTM601/GTM609 embedded modules will power a new breed of consumer and business devices that are ultra-thin, super-fast and globally ready. The modules provide makers of smartphones, tablets, handheld industrial terminals, mobile healthcare devices, digital signage, interactive kiosks, security systems, vehicle infotainment systems and other connected devices with a cost-effective, turnkey solution for adding voice and mobile broadband to their products.
- At the Mobile World Congress (Spain) Option and InterDigital showcased a new bandwidth management software solution integrated with Option's uCAN® Connect software platform. This bandwidth management solution includes software that allows devices to communicate simultaneously with multiple wireless networks to match network performance to application requirements in real-time. This intelligent connection increases coverage, reliability, security, and aggregates the available bandwidth to the sum of all networks combined.
- At CeBIT (Germany) Option and KOBIL demonstrated mIDentity 3G a unique 3G security solution delivering endpoint security that makes access to sensitive data effortless, wherever you are. The user simply needs to insert mIDentity 3G into a computer to get access to a fully secured and centrally managed application. No administration rights are required and nothing is installed on the PC. When the product is removed, no trace of the activity is left. This allows the user to work with highly sensitive information without having to worry about security.
- In April, Option and Avnet Embedded signed a distribution agreement covering 17 European countries for the distribution of Option's portfolio of embedded wireless products and the *u*CAN® connection management software.
- In June Option announced that five embedded modules were now data certified by AT&T. The modules are designed for a wide variety of mobile devices including tablets, consumer electronic devices, netbooks, routers and notebooks. They are also a perfect fit for a wide range of high bandwidth M2M applications such as digital signage, automotive, security cameras and more. The certification of these modules will help manufacturers and developers get to market more quickly with 3G connected devices or M2M applications on AT&T's network.
- The same day as the announcement of the data certification of the modules, AT&T and Option also introduced a 4G connection kit for Emerging Device Developers including a network-ready certified 4G module and streamlined integration tools to speed up the development Cycle and time to market for new consumer and M2M solutions.
- Also in June the Company unveiled the GlobeSurfer® III+ and announced Turkcell as a customer for this new product. The GlobeSurfer III+ is the new and next generation of mobile broadband 3G routers. Being very portable, not bigger than a regular book, and with Plug 'n Play connectivity, this new 3G router is the ideal solution for anyone who wants to share a 3G connection with multiple users via the router's powerful Wi-Fi connection. As such the GlobeSurfer III+ is a perfect fit for a wide range of uses such as sharing a 3G connection at home or in a mobile office or any kind of "mobile home or office" like a boat or caravan, holiday homes or a construction site where a single 3G connection needs to be shared with several family members or colleagues. Its smooth and smart design makes it look good in both home and office, either on a desktop, a table or wall-mounted. The new product is currently being shipped to Turkcell, the leading Communications and Technology Company in Turkey.
- On July 4th Option announced the VIU^2, the new mobile 3G camera that allows anyone to easily set up and manage their own professional-level security solution. This security solution is ideally suited for the surveillance of homes, warehouses, vacation homes, construction sites, offices and

much more. The VIU² is the only plug & play stand-alone security solution that can stream live video and audio from anywhere to any device that has a connection to the Internet, making it unique in its kind.

Financial

- On January 31, 2011 the Group announced that it had extended its software license agreement with Huawei Technologies and has received a payment of EUR 11 million in that respect. The related revenue will be recognized in the income statement in the period November 2011 until February 2012. This extension came as part of the cooperation agreement signed with Huawei in October 2010 where Huawei agreed to license Option's *u*CAN connection Management software, for which the first year of the license was valued at EUR 27 million. The agreement also included the potential for extensions of the license for an amount of EUR 33 million. This transaction was the first of the potential extensions.
- On March 8, 2011 the Group announced that it had further extended its software license agreement with Huawei and has received an additional payment of EUR 22 million. The related revenue will be recognized in the income statement in the period March 2012 until October 2012. This transaction was the final extension under the current license agreement.

Other disclosures related to the H1 Results

- Movements in Research and Development expenses: compared to the first half year of 2010, the Research and Development expenses decreased by EUR 10 million. The main reason of this decrease is an impairment booked on intangible assets of EUR 6.2 million in the first half year of 2010, recognized in the income statement in the line item "Research and Development expenses". In the first half year 2011, the Group reviewed the existing capitalized development projects but have not led to impairments on intangible assets. The remaining part, being EUR 3.8 million is explained by lower depreciations and amortizations (we refer to note 4 for additional information) and reduced expenses, resulting from the 2009 restructuring exercises.
- Movements in Sales, Marketing and Royalties expenses: compared to the first half year of 2010, the Sales, Marketing and royalties expenses increased by EUR 1.7 million. The main reason of this increase is that in the first half year of 2010, Option NV and one of its licensors entered into a commercial agreement. As a result, the Group reversed a provision for the arbitration of EUR 3.9 million. Excluding the afore mentioned one-off event, Sales Marketing and Royalty expenses decreased mainly as a result of a decrease in product revenues as well as reduced expenses as a result of the restructuring exercises initiated in 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 2011, reference is made to the risk factors and uncertainties as described in detail in the Annual Report 2010 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.

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. 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 and solvency covenant. The banks have granted waivers for this breach for the first half year 2011. 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 2011 no 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).

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 2011, no fees were paid to Brown Rudnick LLP. At the end of 2010 Mr. Lawrence Levy retired from Brown Rudnick LLP and has no commercial ties with the law firm anymore.

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 2011.

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 **30/06/2011**	6 months **30/06/2010**
Revenues		**25 834**	**30 873**
Product Revenue		*11 569*	*30 668*
Software and License Revenue		*14 265*	*205*
Cost of products sold		(11 735)	(25 182)
Gross profit		**14 099**	**5 691**
Gross margin/Total revenues %		54.6%	18.4%
Research and development expenses		(6 726)	(16 692)
Sales, marketing and royalties expenses		(5 390)	(3 666)
General and administrative expenses		(5 436)	(6 380)
Total operating expenses	*4*	**(17 552)**	**(26 738)**
Profit / (loss) from operations (EBIT)		**(3 453)**	**(21 047)**
EBIT/Total revenues %		(13.4%)	(68.2%)
Depreciation, amortization and impairment losses		4 574	14 536
EBITDA		1 121	(6 511)
EBITDA/Total revenues %		4.3%	(21.1%)
Exchange gain/(loss)		83	(677)
Interest income/(expense) and other financial income/(expense)		404	(213)
Finance result	*5*	**487**	**(890)**
Profit / (loss) before income taxes		**(2 966)**	**(21 937)**
Tax income / (expense)	*6*	93	1 428
Net profit / (loss)		**(2 873)**	**(20 509)**
Weighted average number of ordinary shares		82 498 592	82 498 592
Diluted average number of ordinary shares		82 498 592	82 498 592
Earnings / (loss) per share (in EUR)		(0.03)	(0.25)
Diluted earnings / (loss) per share (in EUR)		(0.03)	(0.25)

Condensed Consolidated Statement of Comprehensive Income

For the period ended 30 June Thousands EUR (except per share figures)	*Notes*	6 months **30/06/2011**	6 months **30/06/2010**
Profit / (Loss) for the period		(2 873)	(20 509)
<u>Other comprehensive income</u>			
Exchange difference arising on translation on foreign operations		(126)	810
Other comprehensive income for the period (net of tax)		(126)	810
Total comprehensive income for the period attributable to the owners of the parent		**(2 999)**	**(19 699)**

Condensed Consolidated Interim Statement of Financial Position

Thousands EUR	*Notes*	At 30 June 2011	At 31 Dec 2010
ASSETS			
Current assets			
Cash and cash equivalents	*7*	41 299	30 930
Trade and other receivables	*8*	2 713	7 277
Income tax receivable		20	47
Inventories	*9*	8 915	12 425
		52 947	**50 679**
Non-current assets			
Property, plant and equipment		3 013	4 510
Intangible assets	*10*	8 869	8 596
Deferred tax assets	*11*	-	-
Other non current assets		37	48
		11 919	**13 155**
Total assets		**64 866**	**63 834**
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	*12*	19 143	30 136
Deferred revenue	*13*	41 705	22 670
Income tax payable		42	95
Other financial liabilities	*14*	1 271	4 770
Provisions (current)		1 615	2 097
		63 776	**59 768**
Non-current liabilities			
Deferred tax liabilities		-	20
		-	**20**
Equity			
Issued capital		12 232	12 232
Share premium		57 961	57 961
Reserves		(259)	(176)
Retained earnings		(68 844)	(65 971)
Shareholders' equity		**1 090**	**4 046**
Total liabilities and shareholders' equity		**64 866**	**63 834**

Condensed Consolidated Interim Statement of Cash Flows

Thousands EUR For the period ended	30 June 2011	30 June 2010
OPERATING ACTIVITIES		
Net profit / (loss) (A)	(2 873)	(20 509)
Depreciation and amortization	4 574	8 401
(Reversal of) write-offs non cur. & current assets	(789)	(1 726)
Impairment losses on intangible assets	-	6 135
Increase/(decrease) in provisions	(275)	(30)
Loss/(gain) on sale of property & plant and equipment	(16)	(48)
Loss/(gain) on sale of intangible assets	-	14
Unrealized Foreign exchange losses/(gains)	(125)	163
Interest income	(225)	(12)
Interest expense	127	177
Equity settled share based payment expense	43	118
Tax benefit	(93)	(1 428)
Total (B)	**3 221**	**11 764**
Cash flow from operating activities before changes in working capital (C)=(A)+(B)	**348**	**(8 746)**
Decrease/(increase) in trade and other receivables	6 545	571
Decrease/(increase) in inventories	2 573	3 551
Increase/(decrease) in trade and other payables	8 173	(6 213)
Use in provisions	(207)	(4 268)
Total changes in working capital (D)	**17 084**	**(6 359)**
Cash generated from / (used in) operations (E)=(C)+(D)	**17 432**	**(15 105)**
Interests (paid) (F)	(339)	(209)
Interests received (G)	140	40
Income tax (paid)/received (H)	(8)	31
CASH FLOW FROM OPERATING ACTIVITIES (I)=(E)+(F)+(G)+(H)	**17 225**	**(15 244)**
INVESTING ACTIVITIES		
Proceeds from sale of plant & equipment	32	362
Acquisition of property, plant and equipment	(59)	(33)
Acquisition of intangible assets	(8)	(50)
Development expenditures	(3 299)	(4 544)
CASH FLOW USED IN INVESTING ACTIVITIES (J)	**(3 334)**	**(4 265)**
FINANCING ACTIVITIES		
Repayment of borrowings	(3 500)	(1 661)
Payment of finance lease liabilities	-	(23)
Cash restricted in use	-	(2 092)
CASH FLOW (USED IN) / FROM FINANCING ACTIVITIES (K)	**(3 500)**	**(3 776)**
Net increase/ (decrease) in cash and cash equivalents (I)+(J)+(K)	**10 391**	**(23 285)**
Cash and cash equivalents at beginning of period	30 930	30 665
Effect of exchange rate fluctuations on cash held	(22)	273
Cash and cash equivalents at end of period	41 299	7 653
Difference	**0**	**0**

Condensed Consolidated Interim Statement of Changes in Equity

Thousands EUR	*Note*	Issued capital	Share premium	Share- based payment reserve	Foreign currency translation reserves	Share Issue costs	Retained earnings / (losses)	Total
As per 31 December 2009		**12 232**	**57 961**	**1 176**	**(399)**	**(1 698)**	**(4 933)**	**64 339**
Net result		-	-	-	-	-	(20 509)	(20 509)
Other comprehensive loss for the year, net of income tax		-	-	-	810	-	-	810
Total comprehensive loss for the year ..		-	-		*810*	-	*(20 509)*	*(19 699)*
Share based payments	*15*	-	-	118	-	-	-	118
As per 30 June 2010		**12 232**	**57 961**	**1 294**	**411**	**(1 698)**	**(25 442)**	**44 758**
As per 31 December 2010		**12 232**	**57 961**	**1 376**	**83**	**(1 635)**	**(65 971)**	**4 046**
Net result		-	-	-	-	-	(2 873)	(2 873)
Other comprehensive income for the year, net of income tax		-	-	-	(126)	-	-	(126)
Total comprehensive loss for the year ..		-	-	-	*(126)*	-	*(2 873)*	*(2 999)*
Share based payments	*15*	-	-	43	-	-	-	43
As per 30 June 2011		**12 232**	**57 961**	**1 419**	**(43)**	**(1 635)**	**(68 844)**	**1 090**

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 and Japan.

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, 2011 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, 2010.

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 2010.

Note 3. Segment Information

The Group has adopted IFRS 8 “Operating Segments” with effect from 1 January 2009. 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 in order to allocate resources to the segments and to assess their performance. In the first half year of 2011, to support its current market strategy, the Group has further aligned its organization more with its target markets and product segments into business units. Therefore the Group changed its internal reports and thus, segment information.

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 “Devices & Solutions” business segment produces data cards, USB devices, routers as well as the new end to end service offerings;
- The “Embedded & Solutions” business segment is principally the production of embedded devices or module offerings and associated integration and certification services;
- The “License” business segment is related to revenues generated to license deals, closed with third parties;
- The “Other” business segment is mainly related to revenues generated out of the connection manager software business, mobile security solutions and other not product or not license related income. They are not reported separately at this stage since they represent less than 10% of total revenue.

	Revenues from external customers		Segment result	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
Devices & Solutions	9 039	25 271	(4 861)	(5 657)
Embedded & Solutions	2 428	4 707	(1 358)	(4 795)
Licenses	13 454	205	13 310	205
Other	913	691	(2 013)	(806)
Totals	**25 834**	**30 873**	**5 078**	**(11 053)**
Unallocated Operating Expenses			(8 531)	(9 994)
Finance (costs) / income			487	(890)
Income taxes / (expenses)			93	1 428
Net result			**(2 873)**	**(20 509)**

The segment result represents the result for each segment including the operating expenses which could be allocated to the business segment, The operating expenses which can be allocated are mainly amortizations, royalty expenses and staff related expenses, dedicated to the business 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”. The segment results for the first half year 2010 have been restated in order to be comparable to the half year 2011 segment results.

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	2011	2010	2011	2010	2011	2010	2011	2010
Cost of products sold	65	176	-	-	-	-	65	176
Research and development expenses	1 232	1 918	2 950	5 815	-	6 135	4 182	13 868
Sales, marketing and royalties expenses	29	45	30	32	-	-	59	77
General and administrative expenses	215	327	53	88	-	-	268	415
Total	**1 541**	**2 466**	**3 033**	**5 935**	**-**	**6 135**	**4 574**	**14 536**

During half year 2011, the Group reviewed the existing capitalized development projects but have not led to impairments on intangible assets (half year 2010: EUR 6 135).

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

Thousands EUR Period ended June 30	2011	2010
Cost of products sold	206	473
Research and development expenses	3 049	3 851
Sales, marketing and royalties expenses	2 671	2 630
General and administrative expenses	2 156	2 113
Total	**8 082**	**9 067**
Average number of full time equivalents	191	248

As a result of the restructuring, initiated in the last quarter of 2009 and partly executed in 2010, the decrease in number of average full time equivalents of the Group in the first six months of 2011 represents 23% compared to the same period in 2010.

Note 5. Financial result

The financial result of the first half year, compared to the same period in 2010, can be presented as follows:

Thousands EUR 6 months period ended June 30	2011	2010
Interest Income	421	12
Interest Expense	(69)	(246)
Net foreign exchange gains (losses)	83	(678)
Change in fair value of the existing derivative financial instruments	-	-
Other financial income & (expenses)	52	22
Net financial result	**487**	**(890)**

During the first half year of 2011, the Group obtained a positive financial result, mainly due to the volatility of the USD compared to the EUR.

Note 6. Income taxes

Tax income (expenses) includes:

Thousands EUR 6 months period ended June 30	2011	2010
Current tax income (expense)	(6)	(140)
Deferred tax income (expense)	99	1 568
Total tax income (expense)	**93**	**1 428**

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. At year end of the financial year 2010, following the IFRS guidance related to deferred tax assets, the Group has determined that it is prudent to reverse the deferred tax asset in full. Therefore, in the first half year 2011 no deferred tax income has been recorded.

Note 7. Cash and Cash equivalent.

Cash and cash equivalents at year end 2010 includes EUR 4.7 million which has been used from existing credit facilities. In the first half year 2011 the Group did not make use in full of its existing credit and paid back EUR 3.5 million. As well during the first half year 2011, the Group announced that an additional amount of 33 million Euro has been received (EUR 11 million in January 2011 and EUR 22 million in March 2011) which relates to the extensions of the software license agreement entered into with Huawei. The amount received in March 2011 was the final extension under the current license agreement.

Note 8. Trade and other receivables

Thousands EUR	2011	2010
Trade receivables	2 296	7 424
Allowance for doubtful accounts	(600)	(703)
Subtotal	**1 696**	**6 721**
Recoverable VAT	577	509
Other receivables	440	47
Subtotal	**1 017**	**556**
	2 713	**7 277**

Note 9. Inventories

Inventories decreased by EUR 3.5 million compared to December 31, 2010, as a combination of lower inventory levels of components, finished goods and work in progress.

Note 10. Intangible assets

The minor increase in intangible assets of EUR 273 thousand is primarily explained by the development costs which have been capitalized for an amount of EUR 3.3 million and the amortization which was charged on capitalized development of EUR 3 million.

Note 11. Deferred tax assets

At year end of the financial year 2010, following the IFRS guidance related to deferred tax assets, the Group has determined that it is prudent to reverse the deferred tax asset in full. Therefore, in the first half year 2011 no deferred tax income has been recorded. Although the deferred tax asset is not recorded on the balance sheet of the Group, the use of those tax losses are still valid and unlimited in time, except for the part which relates to the notional interest deduction, which is limited to a 7 year period.

Note 12. Trade and other payables

Thousands EUR	2011	2010
Trade payables	16 467	26 118
Salaries, tax and payroll related liabilities	1 651	1 370
Other payables and accrued expenses	1 025	2 648
	19 143	**30 136**

Note 13. Deferred revenue

Thousands EUR	2011	2010
Deferred revenue	41 705	22 670

The deferred revenues at year end 2010 were mainly the result of the software license agreement closed with Huawei Technologies in October 2010, of which an amount of EUR 27 million was prepaid and covering a 12 month period. In addition, the Group announced that an additional amount of 33 million Euro has been received (EUR 11 million in January 2011 and EUR 22 million in March 2011) which relates to the extensions of the software license agreement entered into with Huawei. Both transactions were included as deferred revenue, since they cover the period from November 2011 to October 2012 and are reported in the working capital movements in the cash flow statement.

Note 14. Other financial liabilities

Thousands EUR	2011	2010
Credit facility ING	763	3 390
Credit facility Dexia	508	1 380
	1 271	**4 770**

Per year end 2010 an amount of EUR 4.7 million has been drawn from the existing credit lines. During the first half year 2011, the Group had lowered the amounts borrowed to EUR 1.2 million.

Note 15. Shareholders equity – Share based payment reserve

Thousands EUR	2011	2010
Share based payment reserve	1 419	1 376

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 2011.

Number of Warrants “V”	2011
Balance at the beginning of the financial year	**1 368 716**
Accepted during the first half year 2011	-
Forfeited during the first half year 2011	(143 960)
Exercised during the first half year 2011	-
Balance at the end of the first half year 2011	**1 224 756**

The share based payment expense of the granted Warrants “V” was calculated at EUR 42 thousand for the first half year 2011.

Note 16. Events after the reporting period

After balance sheet date, the Group announced the acquisition of the Connected Consumer Electronics asset of MobiWire. These assets include Surface UX™ software, related IP, and a core team of user experience experts. Surface UX™ is an Android user interface (UI) overlay for smartphones and tablets that provides simplified access to aggregated cloud-based content and services.

As part of this agreement, Jerome Nadel joined Option as Chief Experience Officer. He has formerly held executive user experience and marketing positions at IBM, Unisys, Human Factors International, Gemplus, and most recently MobiWire.

The team of user experienced experts will be based in Paris and the Company will operate under the name of “Option SAS” (Société Anonyme Simplifier) which is being established.

Note 17. Contingencies and commitments

The status of the contingencies and commitments is not significantly different from their status as disclosed in the 2010 financial statements.

Review Report of the Statutory Auditor

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 2011

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

Option NV

Limited review report on the consolidated half-year financial information for the six-month period ended 30 June 2011

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 17 (jointly the "interim financial information") of Option NV ("the company") and its subsidiaries (jointly "the group") for the six-month period ended 30 June 2011. 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.

Based on our limited review nothing has come to our attention that causes us to believe that the interim financial information for the six-month period ended 30 June 2011 is not prepared, in all material respects, in accordance with IAS 34, "Interim financial reporting" as adopted by the EU.

Despite the fact that the group has incurred significant losses over the past years that severely impact its financial position, the interim financial information has been drafted using the going concern assumption. This assumption is only justified to the extent that the group succeeds in its transformation process towards a profitable business model, as well as continues to have access to means of financing. No adjustments have been made with respect to the valuation or the classification of certain balance sheet items, which would be required should the group not be able to continue its operations. More specifically, the group's balance sheet includes capitalized development expenses amounting to 8.553 (000) EUR and inventories amounting to 8.915 (000) EUR, which could be subject to significant impairments in case the group would not be able to continue as a going concern.

Diegem, 29 August 2011

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Geert Verstraeten

Deloitte Bedrijfsrevisoren / Reviseurs d'Entreprises
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Société civile sous forme d'une société coopérative à responsabilité limitée
Registered Office: Berkenlaan 8b, B-1831 Diegem
VAT BE 0429.053.863 - RPR Brussel/RPM Bruxelles - IBAN BE 17 2300 0465 6121 - BIC GEBABEBB

Member of Deloitte Touche Tohmatsu Limited