OPTION

# Annual Report 2010

www.option.com

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# About Option

OPTION

# Message to our Shareholders

"Adequate financial resources give us time to continue the transformation of our Company and to develop the new market segments where we want to position ourselves and where we want to be successful."

Dear Option Shareholders,

2010 was, again, a very weak year for our Company. Throughout 2010 we continued to struggle with unfair competition from Chinese companies while working on the transformation of our Company. In the fast changing IT and Telecom industries this is not an easy task.

I firmly believe however that – given the needed time – Option can get back to the path of growth. Why do I think so? There are three main reasons.

*The first reason* is that our core assets have remained intact. Let me explain the Company's core assets.

For the past 25 years we have been developing wireless solutions at the crossroads of IT and Telecom and from that we have built-up **an impressive technological know-how and experience in wireless technologies**. Within the wireless industry we are widely respected for that. We are also an 'open' company that has **always worked with partners to bring in extra expertise or to open up new markets**. We all know that collaboration between industry leaders is the engine for progress and innovation in the market. Well, Option has a tradition of working together and most of the companies in our industry appreciate that position. During our 25 years working at the crossroads of IT and Telecom we have also **built up an enviable network of contacts and enduring relationships** in those industries. If an IT manufacturer wants to get in touch with a mobile operator they know who to talk to. If a security company wants to get into mobile communications they know whom to contact. Finally – and this may be an asset that we underestimated for some time – we are a **European company with respect for privacy and security concerns** from our customers and their end-users.

*The second reason* I believe in the potential of our Company has to do with financial resources. Our cash position has improved substantially. As most of you know we have not been sitting still with regards to the fierce competition from Chinese companies in 2010. As we were reviewing the situation we came to the conclusion that it is very important for Europe to foster a competitive environment where fair market practices and respect for relevant legislation protect the interests of all parties active in the market. The history of technology confirms that fair

competition delivers the most innovation and growth. Unfair competition jeopardizes jobs, hurts end-users and developers and in the long run delays technological progress.

As a result we filed two complaints with the European Commission: an anti-dumping complaint and an anti-subsidy complaint. Furthermore, The European Commission initiated a safeguard investigation on the request of the Belgian Government with regard to imports of WWAN modems.

At the same time we were looking at selling one of our small but promising divisions, M4S. An international road show learned us that M4S had (and still has) a very promising wireless Radio Frequency technology. One of the parties interested in the technology was the Chinese company Huawei. During the negotiations with Huawei about M4S they quickly grasped the innovative power of some of Option other solutions. After some months, and to the surprise of many, we came to a collaboration agreement with Huawei. The collaboration consisted of 3 parts: a commercial part whereas Huawei would license our *u*CAN® connection management software, a technology part where we agreed to further look at areas where we can work together on wireless related technologies and an agreement to acquire M4S from Option. Both the commercial part and the acquisition of M4S materialized in the subsequent months resulting in a greatly improved cash position for our Company. Adequate financial resources give us time to continue the transformation of our Company and to develop the new market segments where we want to position ourselves and where we want to be successful.

In the spirit of this collaboration agreement we decided to drop our complaints we filed with the European Commission. I think that one cannot underestimate the importance of this agreement. When looking at the history of the Company there have been a few pivotal moments where the seeds of a growth period were laid. The first moment was in 1995 when Option launched a breakthrough product called the GSM-Ready®. That product accelerated the sales of the Company rapidly and enabled Option to become the European PC Card market leader. A second pivotal moment came when Vodafone – a market leading telecom company – decided to work with Option to develop its data-business with Option's flagship product the GlobeTrotter® PC Data card. A third pivotal moment might have been the collaboration agreement with Huawei. History will tell us for sure.

*Finally, the third reason* I believe Option can return to the path of growth lies in its organization. The past years we have been making the company much smaller again. We went from 750 employees to 240 employees today. This more nimble organization allows us to be cost-effective, flexible in finding solutions for customers and quick on our feet to detect new market opportunities. With a more direct reporting structure and working in business units with P&L responsibilities we can also better navigate through this fast changing industry and steer our transformation process.

I would like to extend a very warm "thank you" to all Option's employees, our shareholders, our customers and our partners for their continued support and their patience while transforming the Company.

Let me end this letter by repeating part of what was written in the Message to Shareholders last year: "The market for mobile broadband continues to grow. Market research indicates that we are still at the early stages of mobile broadband adoption as more and more consumers and professionals discover the benefits of mobile services that are introduced almost daily now. This business opportunity, our heritage in the wireless industry and the unique solutions we have developed, is why we believe in the future of our Company. Let there be no doubt that we still face an uphill battle in 2010. In adversity however, we will not relent. In the entrepreneurial spirit of this Company, we will persevere." All this continues to be very true.

"When you are going through hell," Winston Churchill advised, "keep going."
We will continue to face an uphill battle in 2011 but knowing the strong points being our core assets, the financial resources and the lean & mean organization, I believe that – in the end – we will successfully transform this Company.

Olivier Lefebvre
Chairman of the Board
15 April 2011

# What we do

"Taking hardware, soft-
ware and services and
transforming them into
an integrated wireless
solution"

**Easy and secure solutions for wireless information sharing anywhere, anytime**

Option is an innovative company providing mobile broadband solutions to mobile network operators, laptop & consumer electronics manufacturers and IT & Telco distributors around the world. The company is a provider of total, secure and integrated broadband wireless solutions meaning that we aspire to integrate hardware, software and high value services into one wireless broadband offering.

All our wireless solutions, whether embedded in small mobile devices such as tablets or smartphones or provided in products like USB modems or 3G routers, provide consumers and business users with easy, secure, anytime, anywhere access to the Internet, e-mail, office documents, personal files, social media websites, online music stores and much more.

Option is headquartered in Belgium (Leuven). The company also has Engineering centers in Belgium (Leuven) and Germany (Augsburg) and a logistics facility in Ireland (Cork).

Option maintains offices in Europe, US, Greater China, Japan and Australia. We also collaborate with outsourcing partners that run dedicated manufacturing or supply chain operations on our behalf.

Option has been active for the past 25 years developing wireless solutions at the crossroads of IT and Telecom. This means that we have a strong expertise experience in both industries both technological and in terms of relationships. Our main goal is to drive and grow our customers business in different markets and in a secure way. To do so we have to actively engage in a customer dialogue to understand his needs and to turn those into customized solutions. While doing so we remain focused on our core assets:

1. An in depth expertise and experience in RF technologies recognized worldwide
2. An established and respected network of relationships within the ICT and Telecom industry
3. Being an ‘open’ company always ready to work with partners to increase expertise and/or to open new market opportunities
4. A trusted European company providing our customers trusted solutions

The solutions we have available are:

1. Mobile Devices & Solutions: this includes solutions like USB-modems, routers and data cards
2. Embedded Solutions: this includes our award winning LGA module – the thinnest and fastest LGA module available – for thin mobile devices such as tablets or smartphones and our PCIe Express modules for embedding into laptops and netbooks
3. Connection Manager (software solutions): this includes software based on *u*CAN® Connect, our cutting-edge, configurable, highly customizable and easy to use connection manager software platform. With this software also come feature packs that can be integrated within *u*CAN® Connect on request of a customer. An example of a feature pack is *u*CAN® Control providing an end-user the visibility on his/her bill status while roaming, avoiding bill shock. But the intuitive GUI not only reduces the roaming costs, it gives users also more flexibility to manage their self data tariff plans.
4. Mobile Security: this is a new area where Option is working closely with KOBIL Systems – a leading security company – to develop and market a secure 3G USB Modem for banking transactions or for providing enterprise security

With all these solutions comes a set of services including: baseband design, antenna design, mechanical design, product validation, certification, fulfillment, branding and customization, testing, firmware, integration support, software development etc.

# Wireless Broadband Solutions

"We have to actively engage in a customer dialogue to understand his needs and to transform those into wireless solutions."

*i*CON USB Modem for Optus

Option's GTM601 module for the Lumigon T1 smartphone

### Consumer Broadband Solutions

For the Australian network operator Optus we developed a solution to provide all the fans of the Australian football team with a personalized wireless USB solution. The USB modems are full mobile broadband solutions combining hardware, software and came with a simplified supply chain process. The devices come with a first class design and the latest technologies and features: HSPA speeds, very slim form factor, ergonomic design with rounded corners, a swivel USB connector, a micro-SD slot for storing applications and files and connection management software, Zero CD plug 'n' play technology and world-wide connectivity.

The ingredients of the solution are:

- USB Modem with latest technology on-board
- *u*CAN® Connection Manager software
- Personalization of hardware, software and software (Connection Manager)
- Simplified supply chain
- Development support
- Certification services
- Customized firmware

### Embedded Mobile Broadband

Lumigon, a manufacturer of design smartphones, called upon Option to provide 3G connectivity in its device. Option's GTM601 module was the perfect fit. Due to its ultra-thin form factor and excellent heat dissipation characteristics the module is perfect for integration in small consumer electronics devices or broadband M2M applications. Our LGA module is the thinnest modules available today. Ideally fitted to go into thin, fanless mobile devices such as tablets, smartphones or other mobile devices that require a thin module. The GPS, voice and optional EVDO capabilities give this module a unique position.

The ingredients of the solution are:

- LGA module with latest technology on-board
- Integration support
- Development support
- Certification services
- Customized firmware

GlobeSurfer® III

mIDentity 3G

## Mobile Broadband Routers

Packed with new and unique features, our GlobeSurfer III pushes the boundaries of conventional gateway routers. This clever router offers blistering speeds and can be used worldwide. It also provides full telephone functionality, including composing, reading and managing SMS text messages. Hard drives and printers can be connected via the integrated USB port, enabling users to share or back-up files across the LAN, while a printer can be conveniently located and used by all connected PCs.

The GlobeSurfer III is easy to use too, with just two buttons and a clear, color display screen, while unique Notifier software displays alerts and status information across the wireless network.

The ingredients of the solution are:

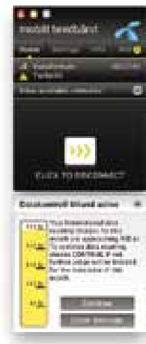
- 3G router with latest technology on-board
- Development support
- Certification services
- Customized firmware

## Mobile Security

mIDentity 3G is a unique smart card reader with encrypted memory with an integrated 3G modem all in a compact USB form factor. mIDentity 3G ensures highly secure and easy global communication whilst simultaneously its state-of-the-art security technologies protect your data and digital identity against third party attacks.
Combined with its management server and secured cloud storage the mIDentity 3G is the complete mobile data security and identity solution. mIDentity 3G is the first result of the collaboration between two European companies (Option and Kobil Systems) renowned for their innovation and professional design. Drawing on years of experience in their respective fields, the mIDentity 3G is the merging of several technologies (hardware encryption, PKI, device management and 3G connectivity) resulting in a solution that is much more than the sum of its parts.

The ingredients of the solution are:

- USB modem with security and encryption capabilities
- *u*CAN® Connection Manager software
- Software development (client, server side)
- Security applications
- Development support
- Design services
- Certification services
- Customized firmware and drivers



*u*CAN® Connect for Telenor

## Connectivity Solutions

*u*CAN® Connect is the software connection management platform Option developed for network operators facing the choice between complex connection manager solutions generally focused on enterprise customers or utility software from each hardware manufacturer. In both cases the solutions do not meet operator's requirements for a simple, modular and easy to use and easy to support connection manager that can be quickly customized to meet the needs of their different channels: regional operating companies, Mobile Virtual Mobile Operator's (MVNOs) and resellers. *u*CAN® Connect reduces the management costs associated with a connection manager through a unique combination of features such as Smart Skinning, incorporating a modular interface so that new devices can be supported easily, the cross platform approach etc.
Telenor was one of the first operators to deploy *u*CAN® Connect across all its USB devices recognizing the value and return of investment such a software platform can bring to them.

The ingredients of the solution are:

- *u*CAN® Connection Manager software
- *u*CAN® Control software
- Software development (client, server side)
- Certification services
- Testing on third party devices
- Customized firmware and drivers

# Board of Directors

(from left to right)

→ Jan Callewaert, Philip Vermeulen, Olivier Lefebvre, Francis Vanderhoydonck, Lawrence Levy, David Hytha

### Olivier Lefebvre

Chairman. Mr. Olivier Lefebvre has a rich experience in financial and capital markets. He was, until recently, member of the NYSE Euronext Inc. management committee, member of Euronext N.V management committee and CEO of the Brussels Stock Exchange. Prior to that, he was advisor and Chief of Staff to the Belgian Minister of Finance, in charge of the reform of the Belgian financial markets. Mr. Lefebvre holds an MBA from Cornell University and a PHD in economics from the Université Catholique de Louvain (UCL). In addition, he is one of the founding members of the Belgian Corporate Governance Committee.

### Jan Callewaert

Founder.Mr. Jan Callewaert is through Pepper NV the most important shareholder of Option. He[1] was appointed CEO of the Company until 12 December 2007 (when he was replaced by his management company, Mondo NV). Prior to founding Option, Mr. Jan Callewaert gained IT experience with Bull where he was product manager for the Dealer Channel. Then, with Ericsson where he was product-marketing manager for Office Automation products, he worked on the integration of hardware and software combining modems, data networks, fibre optics and videotext. Mr. Jan Callewaert is a qualified Commercial and Managerial Engineer in Management Informatics and has a Baccalaureat in Philosophy from the University of Leuven.

### Francis Vanderhoydonck

Francis Vanderhoydonck is Master of Law and Economic Sciences and obtained an MBA from New York University. From 1986 to 1998, he worked at Generale Bank, where he held a number of positions in the investment banking department. From 1995 to 1998, he was responsible for this department. Now, he works with Maple Finance Group, which is specialized in the management of private equity investment funds and corporate finance. He also is director in a number of companies.

### Philip Vermeulen

Mr. Philip Vermeulen served in various positions with Chase Manhattan Bank S.A. (Belgium), Sidel Computers Centers NV and IPPA Bank NV (Belgium). He also served as Executive Senior Investment Manager for Venture Capital with GIMV and later at FLV C.V.A. He is an advisor director of various companies active in the information technology business.

### Lawrence Levy

Mr. Lawrence Levy has been, and continues as, Senior Counsel at Brown Rudnick Berlack Israels LL P. For more than 30 years before that, Mr. Lawrence Levy had been a partner at Brown Rudnick, specializing in Corporate and Securities Law. Since 1998, Mr. Lawrence Levy has divided his time between Brown Rudnick's Boston and London offices, dealing with cross-border issues and transactions for the firm's clients. Mr. Levy is also a Director of Hologic, Inc., located in Bedford, Massachusetts, and of Scivanta Medical Corporation. Mr. Lawrence Levy received a B.A. from Yale University and a LLB from Harvard Law School.

### David Hytha

Mr. David Hytha is a wireless executive and entrepreneur and was Executive Vice President, Terminals for T-Mobile in Europe, responsible for the selection, marketing and development of all handsets for T-Mobile in Europe. His career includes leadership roles in mobile communications handsets, infrastructure, services and systems-on-chip solutions in industryleading firms and successful new ventures including: Silicon Wave (now RFMD), LGC Wireless, Motorola, McCaw Cellular (now Cingular Wireless), AT&T Network Systems (now Lucent) and AT&T Microelectronics (now Agere), including founding the first overseas department of Bell Laboratories. Mr. David Hytha is also a Venture Partner at Sofinnova Partners, one of Europe's leading venture capital firms. He holds a MBA from Columbia University in New York and a BA from the College of the Holy Cross.

[1] Mondo NV, a company incorporated and organized under Belgian law, represented by Jan Callewaert

# Executive Management Team

(from left to right)
→ Jan Callewaert, Jan Smits, Patrick Hofkens, Bart Goedseels, Frédéric Nys

### Jan Callewaert, Founder and Chief Executive Officer (CEO).

Prior to founding Option® in 1986, Jan Callewaert gained IT experience with BULL and Telecom experience with Ericsson, where he worked on office automation systems, integrating modems, data networks, fibre optics and videotext. He is a qualified Commercial and Managerial Engineer in Management Informatics and has a Baccalaureat in Philosophy from the University of Leuven. A regular speaker on mobile computing at industry conferences, Jan Callewaert is a recognized figure in the mobile data communication industry. Jan Callewaert also represents Mondo NV, a company incorporated and organized under Belgian law.

### Jan Smits, Chief Financial Officer (CFO).

Jan Smits, a business engineer, started his career at Coopers & Lybrand and Van Ussel Bedrijfsrevisoren. He also held accounting and finance management positions at Pluma and Massive. In 1990 he became CFO of Punch International in Belgium. After 15 years he became CFO and member of the Board of Punch Graphix in London via the IPO of the company on the London Stock Exchange (Aim). As of April 2007 he built and managed the factory of Punch Powertrain in Nanjing, China. As from 2010 he was consulting companies on corporate finance matters.

### Patrick Hofkens, Chief Development Officer (CDO).

Patrick Hofkens holds a Master's Degree in Law from the Catholic University of Louvain and a Master's Degree in Corporate Law from the Catholic Universities of Brussels and Louvain. He was previously Senior Legal Counsel for the Borealis Group, a petrochemical company with interests in Europe, Brazil and the US, and an advocate with Loyens & Loeff, a Benelux-based international law firm. He has returned to Option, having previously served as General Counsel to the Company between April 1998 and December 2002.

### Bart Goedseels, Chief Operating Officer (COO).

Bart Goedseels holds a Master's Degree in Law from the Catholic University of Louvain.
In 1992 he joined Leisureplanet (UK) in different management positions. He was working for Option between 2001 and 2007 as Vice President Operations and Sales. He returned to the company in 2011 to take up the position of Chief Operating Officer. Previous to his return to Option, he acted as General Manager of Waterleau, a Belgian company active in the environmental industry.

### Frédéric Nys, Executive Vice President Engineering & Technology

Frédéric Nys holds a Master's degree in Applied Mathematics Engineering from Catholic University of Louvain-la-Neuve. He started his career as System Engineer for aerospace embedded systems in the International Space Station, working indirectly for the European Space Agency. He then moved to different startup companies working in the embedded world around mesh computing and networking, holding multiple positions like real-time OS engineering manager, Application SW development manager and later Innovation Cell manager. He joined Option in 2002 as project manager of the world first 3G datacard then held multiple customer facing positions always at the convergence of engineering and business development and build a strong network of relationship in the IT and Telecom Industry.

# Our people

"A talented and tenacious team enables the Company to compete in the market of mobile data communications"

### Keeping talent

Option has been successful in building up a talented team during the past few years, which has unique R&D, sales, marketing and other competencies, enabling it to compete at a global level in the market of mobile data communication.

### International team

At the end of 2010, the staff of Option consisted of 410 full-time employees and 35 consultants. However, Option remains globally active on four continents, and it therefore employs an international team that maintains a cross-border co-operation, which makes frequent consultations necessary.

### Developing employees

Option continues to be a young company. The average age of the employees is 38 years and they have been employed for an average of 5 years. We stimulate our employees to perfect their professional skills. Evaluation interviews are held every six months or annually. During these, attention is also paid to the ambitions and expectations of the employees, including his/her educational and training requirements.

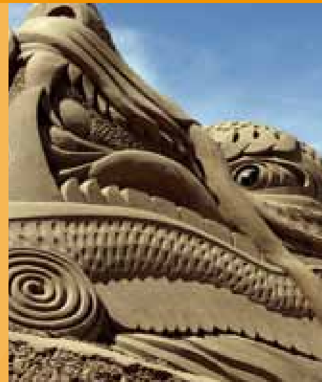
### Our people continue to be engaged

Also during the past year, we continue to inform people regularly about the state of affairs of our company. This occurs through various channels, including e-mail, intranet reports and presentations to the personnel. Within the context of the restructuring measures, communication with staff was more intensive than ever before, including consultation sessions with the personnel in conformity with the local legislation and usage.

### Healthy and safe working conditions

Option makes a point of creating a proper and safe working environment for its employees. In Belgium, this is done through consultations with the Prevention and Protection at Work Committee (PBW). Our production site in Cork meets the strict Irish standards. At all our other locations too, Option respects local regulations.

# Corporate Social Responsibility



"The organization recognizes its environmental responsibilities to its staff, shareholders, customers and the general public"

## Statement of Business Ethics

Option is mindful of its responsibilities to behave in an ethical manner in the course of pursuing its business goals and therefore makes the following ethical statement. Option NV, including all its subsidiaries, affiliates and/or consolidated holdings adopts the following practices:

### Investment

We will not invest in any of the following areas:
- marketing, development or production of nuclear, chemical or biological weapons
- marketing, development or production of weapons of war or other armaments
- marketing, development or production of products involving animal fur or animal testing
- production of strategic parts of weapon systems of any kind.
- marketing, development or production of pornography, the sex industry, hard drugs or tobacco

### Employment

We will not engage in any of the following activities:
- use of children under the legal age for employment
- use of forced, bonded or compulsory labour

### Discrimination

We will not discriminate against our employees in any of the following areas:
- on the grounds of race, color, sex, sexual orientation, religion, political opinion, age or nationality
- on the grounds of pregnancy or maternity leave

### Purchasing

We will put into place checks, controls and procedures to ensure all our suppliers and sub-contractors:
- have ethical standards that do not compromise any of the above
- have checks, controls and procedures that ensure their suppliers or sub-contractors do not compromise any of the above

### Prevention of Corruption

We will include in our distribution and supply agreements antibribery standard clauses. Our employment policies outline measures that can and will be taken in order to prevent corruption. Option, as a public company, respects the Corporate Governance rules, as it is member of the ETHIBEL Sustainability index.

## Environmental policy of the production and logistical unit

The scope of operations of Option Wireless Ltd includes: “Source, manufacture and supply of wireless communication products and solutions”. The organization recognizes its environmental responsibilities to its staff, shareholders, customers and the general public and is committed to the continual improvement of the operating environment of its facilities. To this end it will maintain and document an Environmental Management System which conforms to: ISO14001: 2004 and will take into account all regulatory and legislative requirements pertinent to its sector, local operating environment and customer requirements.

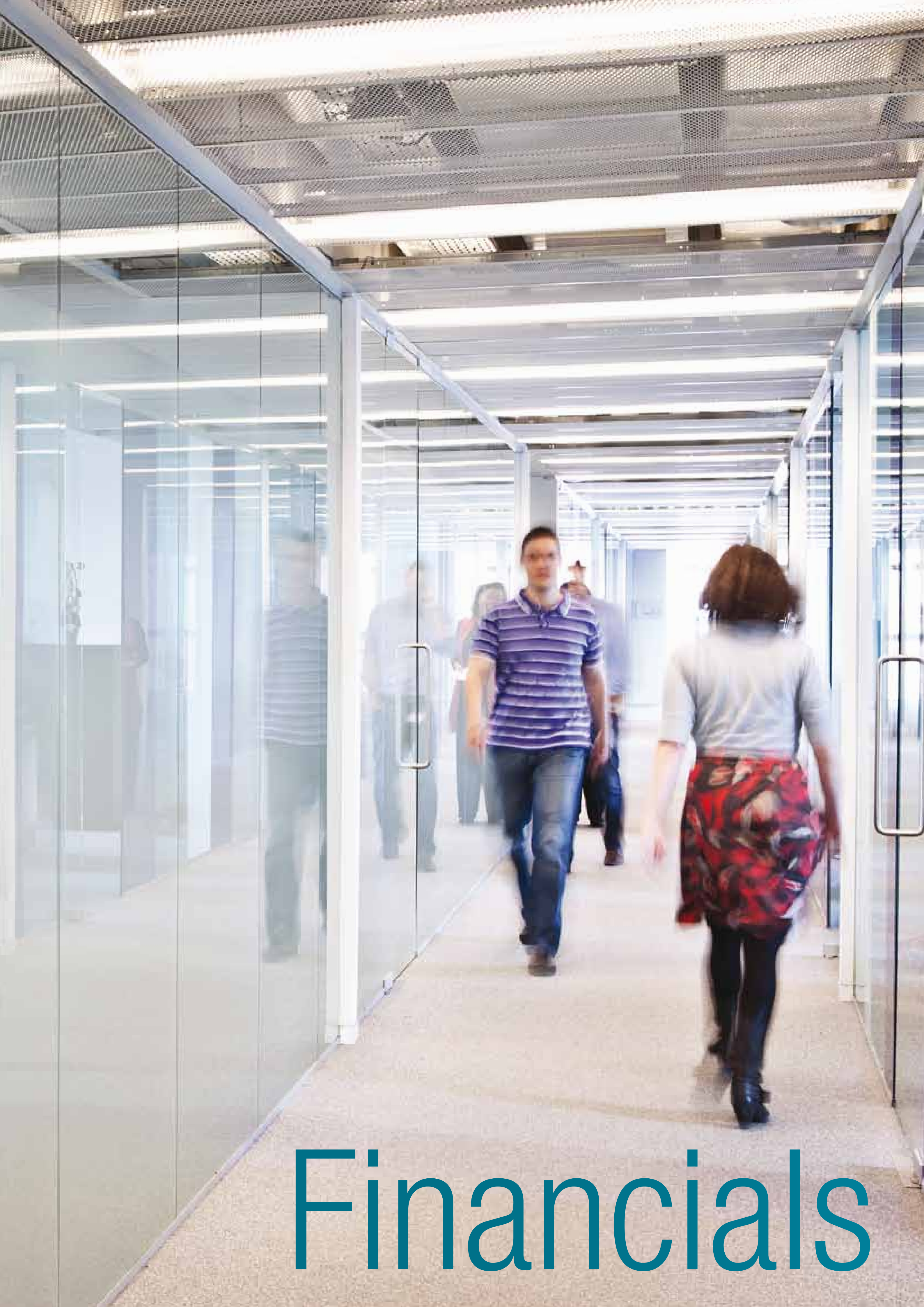
The organization’s objectives include the following:
- communicating it’s policies both internally and externally
- commitment to continual improvement in environmental performance
- using the input of staff, customers, shareholders, government, local authorities, interested third parties and the general public
- awareness and training on environmental issues
- creating a better environment for all, through the reduction, recycling and reuse of waste, the optimum usage of resources and the elimination of polluting releases of the environment
- compliance with all pertinent applicable regulations and legislation
- prevention of pollution
- manufacture and supply of product in a safe environment to customer specifications and requirements

The above policy is supported by the management of Option Wireless Ltd who shall commit the necessary resources in ensuring that the objectives and targets can be achieved. Appropriate programs are set up to achieve our objectives and will be reviewed at the Annual Management Review and Quarterly Objective Review Meetings.

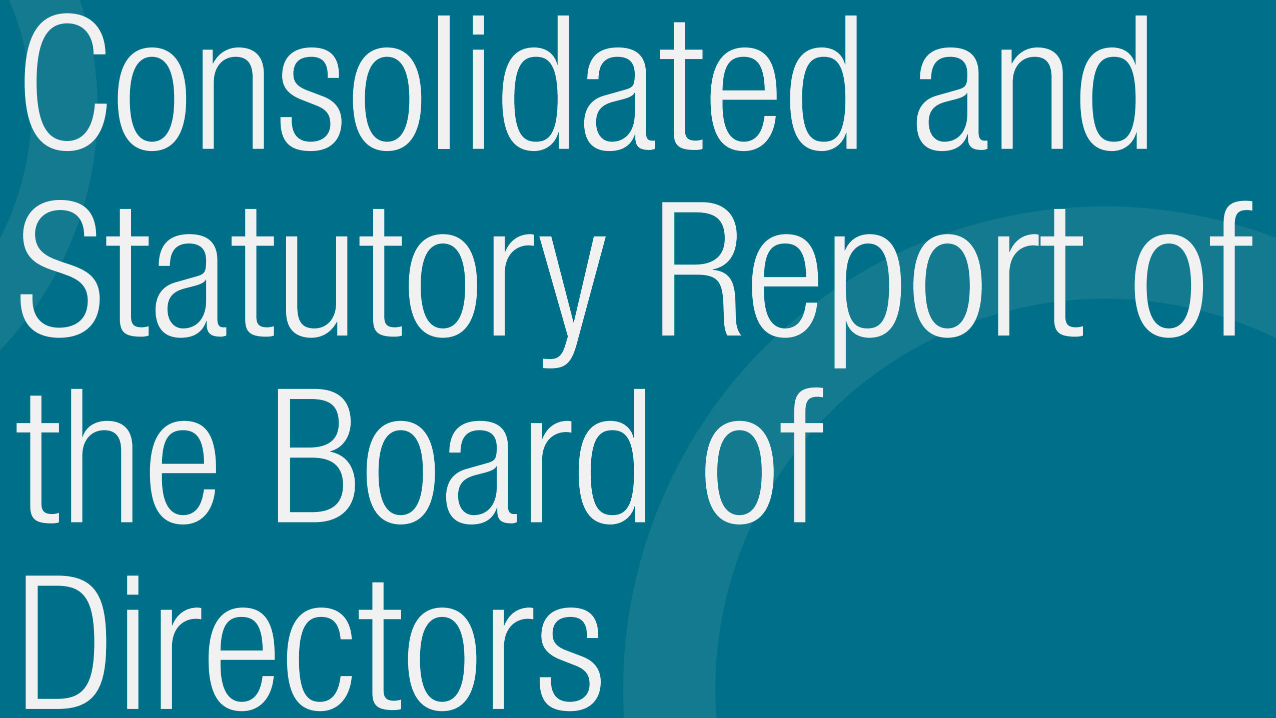
## Quality certification

The Certificate of Registration of Quality System to I.S. EN ISO 9001:2008 has been delivered by the National Standards Authority of Ireland to Option Wireless Ltd on 17 June 2010.

The Certificate of Registration of Environmental System to I.S. EN ISO 14001:2004 has been delivered by the National Standards Authority of Ireland to Option Wireless Ltd on April 24 2008.



# Financials



# Consolidated and Statutory Report of the Board of Directors

Ladies and gentlemen,
Dear shareholders,

We hereby present to you our report relating to the statutory and consolidated results of Option NV (also referred to as the "Company") for the financial year that ended on 31 December 2010.

The consolidated results include the financial statements of the parent company Option NV and all of its subsidiaries as per the end of the financial period, i.e.: Option Wireless Ltd. (Cork, Ireland), Option Germany GmbH (Augsburg, Germany), Option Inc. (Alpharetta, United States of America), Option Wireless Japan KK (Tokyo, Japan), Option Wireless Germany GmbH (Kamp-Lintfort, Germany), Option Wireless Hong Kong Limited (Hong Kong, PR China), Option Wireless Hong Kong Ltd. Representation Office (Suzhou, PR China), Option Wireless Hong Kong Limited Taiwan Branch (Taipei, Taiwan) (jointly "Option" or the "Group"). Intra-group trading has been eliminated upon consolidation.

During the financial year 2010, the Group sold all shares in Multi Mode Multi Media Solutions NV, abbreviated "M4S" (Leuven, Belgium) and Multi Mode Multi Media Solutions Wireless Ltd, abbreviated "M4S Wireless" (Cork, Ireland) to Huawei. This transaction was closed on the 17th of November 2010.

## OVERVIEW OF RESULTS AND ALLOCATION OF RESULTS OF THE COMPANY

### CONSOLIDATED RESULTS

For a detailed report on the consolidated Income Statement and Balance Sheet, including IFRS (International Financial Reporting Standards) disclosure notes, we refer to the financial report.
The highlights of the consolidated results include the following (in thousands EUR):

| | |
|---|---|
| • Full year revenues: | 57 731 |
| • Gross profit: | 15 047 |
| • Operating Expenses: | (47 804) |
| • Other income: | 871 |
| • EBIT: | (31 886) |
| • Result before taxes: | (32 724) |
| • Net result: | (61 038) |

Revenues for 2010 decreased by 60.7% to EUR 57 731k, compared with EUR 147 119k in 2009.

Product revenues decreased from EUR 146 876k in 2009 to EUR 51 037k in 2010, whilst software and license revenues increased from EUR 243k in 2009 to EUR 6 694k in 2010. Those 2010 license revenues were mainly the result of a cooperation agreement between the Group and Huawei Technologies in October 2010, in which Huawei, amongst others, agreed to license Option's *u*CAN® Connection Manager software and, for which an amount of EUR 27 million was paid, covering an initial period of 1 year (i.e. October 26, 2010 until October 25, 2011). The Group's accounting policy related to such license agreements foresees that license income is recognized as revenue over the period of the license. Therefore, for the financial year 2010, the Group has recognized EUR 4.9 million as revenue. The agreement included the potential for an extension of the license for an amount up to EUR 33 million.
Meanwhile, as a subsequent event:

- on January 31, 2011, a first extension of the software license agreement with Huawei was announced and a payment of EUR 11 million was received in this respect. This extension of the agreement will generate revenues in the period November 2011 until February 2012; and
- on March 8, 2011, the Group announced a final extension until October 25, 2012, for which a payment of EUR 22 million has been received. This extension will generate revenues in the period March 2012 until October 2012.

Gross margin for the full year 2010 was 26.1% on total revenues, compared with gross margin of 18.5 % in 2009 (including restructuring charges for an amount of EUR 2.4 million). Costs of products sold of EUR 42 684k during 2010 resulted in a gross profit of EUR 15 047k, a decrease of 44.6% compared to EUR 27 188k in 2009. The 2010 gross margin was positively impacted by increased software and license revenues, delivering higher margins compared to revenues generated by devices.

The operating expenses for the full year 2010, including depreciation, amortization and restructuring charges were EUR 47 804k compared to EUR 81 530k for the previous year. This represents a decrease of 41.4%. The reduced expenses are the result of the restructuring exercise initiated in 2009, combined with lower sales related costs as well as effective cost control within the Group.

The sale of the subsidiaries "M4S" and "M4S Wireless" to Huawei in the last quarter of 2010, for EUR 7.1 million in net proceeds, generated other income of EUR 871k in 2010.

During 2010, EBIT was EUR -31 886k (or -55.2% on revenues), compared to EUR -54 342k (or -36.9% on revenues) for 2009.

The Group obtained a negative financial result of EUR –838k (2009: EUR -6 673k). The 2010 net exchange rate result amounted to EUR -220k and was mainly due to the continued effect of the weakness of the USD. During the financial year 2009, the Group entered into financial instruments to manage its exposure on the USD to a certain predetermined rate. As a result of the volatility of the USD in 2009, the Group realized an important exchange loss on those transactions. Since the Group did not enter into such contracts in 2010, the Group has not realized important exchange losses or exchange gains on this type of agreements. The Group received EUR 59k from risk free investments of the available cash (2009: EUR 80k). The financial costs of EUR -720k are mainly related to paid interests with respect to the current credit line facilities as well as bank charges, penalty fees and payment differences (2009: EUR – 1 139k).

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, for an amount of EUR 29.7 million, which needs to be considered as a one-off, non cash item. This resulted in a negative tax result of EUR –28 314k (2009: positive tax result of EUR 7 333).

Net result, for the full year 2010, amounted to EUR –61 038k or EUR –0.74 per basic and diluted share. This compares to a= net result of EUR -53 682k or

EUR -1.27 per basic and diluted share during 2009.
At year-end 2010, total assets amounted to EUR 63 834k compared to EUR 125 272k at the end of the previous year.

Cash and cash equivalents slightly increased over the year from EUR 30 664k to EUR 30 930k at the end of 2010, including EUR 4 770k which has been drawn from existing credit lines (2009: EUR 8 347k). In the last quarter of the financial year 2010 the Group received an amount of EUR 27 million in cash related to the software and license agreement with Huawei.

Trade and other receivables decreased from EUR 16 254k to EUR 7 277k at the end of 2010. This decrease was attributable to the trade receivables which decreased due to lower revenues over the full year 2010.

Inventories decreased from EUR 17 336k to EUR 12 425k at the end of 2010. This lower inventory position is explained by decreased positions of the work in progress, finished goods and raw materials, combined with additional impairments on inventories. At the end of 2010, the total provision related to the inventory provision amounted to EUR 5 644k compared to EUR 10 146k in 2009.

The net book value of intangible and tangible fixed assets was EUR 13 106k at the end of 2010, compared with EUR 30 542k as at 31 December 2009. This decrease is mainly due to:

- In 2010, the existing capitalized R&D projects were reviewed which resulted in an impairment of EUR 6,1 million mainly having its source in changing technologies and fast changing market conditions. The value was determined based on an estimate of the projected contributions from these development projects in the coming quarters.
- In the last quarter of financial year 2010, the entities "M4S" and "M4S Wireless" were sold to Huawei. As a result thereof the Group removed the capitalized R&D projects related to M4S from her balance sheet, which had a value of EUR 6,1 million at the moment of sale. (at the end of 2009, the capitalized R&D projects were EUR 4,1 million).

During 2010, the total investments in tangible assets, mainly test equipment, amounted to EUR 64k (2009: EUR 934k) and the Group invested EUR 9 300k (2009: EUR 16 161k) in intangible assets of which EUR 8 726k (2009: EUR 15 929k) for capitalized development projects and investments of EUR 574k (2009: EUR 232k) mainly related to licenses.

The deferred tax asset, finding its source in the realized losses in Option NV, has been reversed in full following the IFRS guidance related to such deferred tax assets. The Group has determined that it is prudent to reverse the deferred tax asset in full. In addition, this reversal needs to be considered as a one-off, non cash item.

Total current liabilities during the year were EUR 59 768k, more or less stable compared to EUR 59 040k in 2009. This increase is mainly driven by:

- a decrease in trade payables (EUR -8 628k);
- an increase of the deferred revenues (EUR 21 515k) recognized on the balance sheet as a result of recent software license deals;
- a decrease in provisions, (EUR -5 432k) mainly as a result of the use of the restructuring provision set up in 2009;
- a decrease in other financial liabilities (EUR -3 878k) as a result of the repayments of the existing credit lines.

The Group generated a deferred tax liability mainly as a result of the capitalization of the commercial development projects under IFRS. In 2010, this deferred tax liability decreased by EUR 1 873k which was nearly fully related to an impairment of those capitalized development projects and for which the timing difference was not applicable anymore.

On a balance sheet total of EUR 63 834k, the total shareholders' equity represented EUR 4 046k.

At 31 December 2010 there were 206 full time equivalents in the Group. This compares with 411 full time equivalents in the previous year.

## STATUTORY RESULTS

Full year statutory operating income was EUR 18.9 million (based on EUR 8.2 million turnover, EUR 6.6 million capitalized development costs and EUR 4.1 million other operating intercompany income and recovery of expenses). This operating income remained stable compared to 2009 revenues of EUR 19.0 million (based on mainly EUR 4.4 million turnover, EUR 9.5 million capitalized development costs and EUR 5.8 million other operating intercompany income). The 2010 turnover increased with EUR 3.9 million, mainly as a result of recognized revenues related to the software and license agreement with Huawei.

The operating charges decreased from EUR 57.7 million to EUR 38.2 million resulting in an operational result or EBIT of EUR -19.3 million compared to an EBIT of EUR -38.7 million in 2009 representing an improvement of EUR 19.4 million. This decrease is mainly due to lower component purchases and lower operational costs as a result of the restructuring initiated in 2009.

The financial income decreased significantly from EUR 30.3 million in 2009 to EUR 0.6 million in 2010. In the financial year 2009, the Company received a dividend of EUR 29 million from its Irish entity Option Wireless Ltd. The financial costs decreased significantly as well, from EUR 7.3 million in 2009 to 0.9 million in 2010. In 2009 the Company entered into financial instruments to manage its exposure on the USD to a certain predetermined rate. As a result of the volatility of the USD in 2009, the Company realized an important exchange loss on those transactions. Since the Company did not enter into such contracts in 2010, the Company has not realized important exchange losses or exchange gains on these type of agreements.

During 2010, the Company reviewed the existing capitalized R&D projects, which resulted in an impairment of EUR –5 million (2009: EUR -1.7 million) having its source in changing technologies, shorter lifetime and fast changing market conditions. This amount was posted as an exceptional result in the Company's statutory results.

Due to the above, the negative net result increased from EUR -17.4 million to EUR -23.9, representing a decrease of EUR 6.5 million.

The intangible assets decreased from EUR 11.5 million to EUR 8 million, mainly explained by a combination of capitalized development costs and posted depreciations and impairments.

The tangible assets decreased from EUR 8 million to EUR 4 million mainly due to posted depreciations.

The financial fixed assets decreased from EUR 3.1 million in 2009 to EUR 2.6 million in 2010 as an immediate effect of the sale of "M4S" in the course of the financial year 2010.

The inventory position decreased from EUR 1.2 million to EUR 0.6 million, mainly due to a decrease on the inventory levels of components and finished goods.

The trade and other receivables increased from EUR 13.7 million in 2009 to EUR 23 million in 2010, mainly explained by an increase in intercompany receivables related to Option Wireless Ltd. (Cork, Ireland) and Option Wireless Ltd. Hong Kong (Hong Kong, China) with EUR 15.4 million, combined with a decrease of the intercompany receivables related to "M4S" with EUR 1.6 million (as a result of the sale), Option Wireless Germany GmbH (Kamp-Lintfort, Germany) and Option Wireless Japan KK (Tokyo, Japan) with EUR 4.8 million.

Cash and cash equivalents decreased over the year from EUR 21.4 million in 2009 to EUR 1.7 million at the end of 2010. This is mainly the result of cash transfers to other Group entities, because of better short term deposit conditions.

The provision of EUR 1.8 million, set up in 2009 with respect to the restructuring, has been used in full in 2010. The amount of EUR 0.5 million in 2010 mainly concerns provisions required for litigations.

The amounts payable within one year decreased from

EUR 28.8 million to EUR 13.3 million mainly explained by a decrease of EUR 13 million for debts related to intercompany transactions, mainly from its Irish subsidiary Option Wireless Ltd. At year the Company took up EUR 4.8 million from its existing credit facilities (2009: EUR 8.3 million).

On a balance sheet total of EUR 40.2 million, the total equity as of 31 December 2010 amounted to EUR 3.7 million, or less than half of the issued capital. As a result, the mandatory procedure set forth in Article 633 of the Company Code needs to be complied with, and a general shareholders meeting should be held at the latest two months after the losses have been determined by the Board of Directors dated 28 February 2011. In this respect, the Board of Directors has convened a special shareholders' meeting on 26 April 2011, and has prepared a special report in which they propose to continue the activities of the Company and identify the measures that have already been taken and still need to be taken in order to improve its financial situation.

On 31 December 2010 there were 115 people on the payroll of the Company representing 113 full time equivalents. This compares with 184 full time equivalents in the previous year.

## ALLOCATION OF THE STATUTORY RESULT

The statutory accounts of the Company (Belgian GAAP) reported a net loss for the year 2010 of EUR -23.9 million, compared with a net loss of EUR – 17.4 million in 2009.

The Board of Directors proposes to add the non-consolidated net loss of EUR -23.9 million of 2010 to the loss carried forward from the previous years.

| Abridged allocation account (According to Belgian Accounting Standards) | | |
|---|---|---|
| December 31- in Thousands EUR | 2010 | 2009 |
| Profit/(loss) carried forward from previous year | (44 132) | (26 714) |
| Profit/(loss) for the period available for appropriation | (23 942) | (17 418) |
| Profit/(loss) to be appropriated | (68 074) | (44 132) |

## ACTIVITIES IN THE FIELD OF RESEARCH AND DEVELOPMENT AND THE POSITION OF THE COMPANY AND THE GROUP

### MARKET OVERVIEW

In 2010 the wireless broadband market continued to grow. Mobile data is now a key element for the growth strategies of most major European and US operators. However, according to GSMA (the "GSM Association") European operators still have some way to go to reach the levels of non-voice revenue being achieved by operators in highly-developed markets such as Japan. SoftBank, Japan's third-largest operator, claims to have become the first operator in the world to generate more revenue from non-voice services than voice. Last year, the percentage of non-voice revenue at SoftBank was 54 percent. Its Japanese rivals are not far behind; non-voice accounted for 49 percent of service revenue at NTT Docomo in 2010, and 45 percent at KDDI. (source: GSMA Mobile Business Briefing, March 2011)

The increasing popularity of the Smartphone with both the enterprises and consumers is a major driver for the growth of wireless data. But connectivity for other devices such as tablets is expected to become increasingly important and to contribute significantly to overall connectivity revenues for the operators. The growth in the number of connections will drive greater need for applications, and content, security, expense and other mobile device-related services.

For many years it has been anticipated that the market of wireless modems would rapidly evolve from external (such as USB sticks) to embedded form factors (modules). However, today the USB-format modems continue to make up the lion's share of the mobile broadband modem market. Furthermore, ABI Research recently indicated that it expects the USB modems volume to continue to grow to nearly 125 million shipments in 2013. In contrast shipments of embedded modem modules slowed in 2010 compared to the previous year (source: ABI Research). The idea that 3G modem-equipped netbook sales through mobile network operators would kick-start embedded modem markets, turned out incorrect as the popularity of 3G enabled netbooks remained small and the mobile operators that sold these devices were not perceived as the best right channel for buying computers. The recent success of the Apple iPad and other tablet PC could change this as the attach rate for these devices (i.e. the number of tablet PCs sold with embedded 3G modem) is expected to be much higher than was the case for the netbook PCs.

The last 3 years the M2M or Machine-To-Machine market has gathered a lot of attention in our sector; two of Option's longstanding competitors in the mobile broadband market, Sierra Wireless and Novatel Wireless, acquired companies active in the M2M market (Wavecom by Sierra Wireless, Enfora by Novatel Wireless).

Although the growth in the M2M market has been rather slow in recent past (especially the growth in the 3G solutions for M2M), it is expected that going forward many more applications will allow this market to grow faster. However, cellular M2M module vendors are also expected to be confronted with increasingly challenging pressures on their abilities to earn a profit. These market pressures include commoditization, the threat of obsolescence in the value chain, and competition from contract custom module makers. The broad term M2M is in fact made up of many different market segments each with different control points, growth drivers and barriers. The cellular M2M market reflects this. There are a generally fragmented base of application developers and this will present challenges as suppliers seek to gain traction and grow shipment volumes, and the market looks ahead to the potential impact of 4G technologies. (source: ABI Research). Some broad themes are emerging. Operators are partnering with or selling via specialized M2M MVNE's and MVNO's that have the flexibility to adapt to the different business models required in each segment. Security is rearing its head as a key issue particularly as M2M systems are deployed into critical infrastructure or systems where privacy is a concern. Many parties are pushing for more module standardization at both the hardware and software interface levels.

Software and software applications (or apps) continue to be

a key driver for the mobile broadband market as evidenced by the success of Apple with the online apps store and Google with the Android platform and applications offerings.

The growing success of various cloud computing and social networking solutions has fueled discussions on related (perceived) security and privacy issues. As mentioned previously security is also emerging as a major concern for new M2M applications.

The widespread use of Smartphones and associated apps have increased bandwidth demand which in turn has created some congestion problems where the existing network capacity appeared to be insufficient to support the increased demand of the users. This in turn has created an increased focus on methods to offload the networks; e.g. via WiFi offloading and Femtocell roll out. High levels of signaling in 3G networks resulting in degraded service for network operator customers have also been caused by badly written apps.

The evolution of the download speeds has continued its upward path with network upgrades supporting download speeds up to 21Mbps and 28Mbps. Standard download speeds increased from 3.6Mbps to 7.2Mbps. In the US, Verizon's lack of a credible upgrade path for its CDMA network has forced it to aggressively roll out LTE which has spurred a speed war between the carriers with all of them taking aggressive strategies on network rollouts and claims on download speeds. AT&T initially focused on building out coverage on their 7.2Mbps HSPA network and focusing their high speed plans on LTE however in 2010 they changed strategy and also launched 21Mbps HSPA+. There has been much confusion on the real meaning of 4G or fourth generation of cellular networks. Initially this referred to LTE networks but T Mobile US referred to their roll out of HSPA+ 21Mbps network as 4G and even called devices that were restricted to 14.4Mbps 4G. T Mobile is also deploying dual channel HSPA+ which can reach 42Mbps, comparable to early LTE roll outs. This problem of terminology and large differences between theoretical maximum speeds and real life experiences may cause consumer confusion.

The roll out of new LTE network of Verizon started in 2010 with network "hotspots" up and running in limited regions before year end. The AT&T roll out is expected to start in early 2011. We expect HSPA+ speeds to evolve to 42Mb and then 84Mb simultaneously with LTE deployment.

In Europe the situation seems to be different. Although Telia Sonera launched LTE in December 2009 and Deutsche Telekom has been reported to have started the roll out of the LTE networks in 2010, there seems to be a general consensus that most operators will take some more time to start broad deployment of new LTE networks. A recent study by Juniper Research predicts that the real surge in LTE subscriber numbers will begin around 2012 with the research company forecasting 300 million LTE users by 2015.

In general, the LTE deployments may be slower than expected due to the large number of different bands allocated for use with LTE across different regions in the world. This is likely to restrict volumes on devices produced for specific regions and complicate LTE roaming.

### OPTION'S POSITION

2010 was an even more difficult year than 2009 for the Company. The fear of a double dip scenario and the price competition from Chinese vendors Huawei and ZTE resulted in the further decline of selling prices and profit margins on USB devices. In addition, the difficult economic environment increased customers' focus on price, favouring low end volume products. Option has responded by continuing to focus on hardware independent software solutions, end to end services for mobile operators and targeting our embedded module portfolio towards specific value added segments. New initiatives and developments were started in 2010 bringing new solutions and products to the Companies' product portfolio in 2011. However, the impact on the 2010 numbers has been significant.

The focus on the US market has allowed the Company to keep positive margins on the sale of USB sticks and further build out its US presence. In 2010, the importance of the US revenue for the overall Company figures increased further (from 17% in 2009 to 29% in 2010). Although price pressure has had an impact on the margins of the US sales, margins on the sale of USB sticks have remained throughout 2010 substantially better than the margins made on the sale of USB sticks in Europe.

In Europe price erosion has continued to impact the Company's business. In 2010, Option delivered 0.9 million devices, a 65.5% decrease versus 2009. Revenues for the year stood at EUR 57.7 million, a decline of 60.7% versus 2009.

During the year, USB devices remained the dominant form factor generating 68.7% of volumes and 52.4% of revenues. The data cards market continued to decline representing 11.2% of volumes and 10.1% of revenues. The embedded modules represented around 14.3% of the volumes and 10.8% of the revenues.

Following the considerable price pressure, initiated by Chinese competitors, Option had opened a number of cases by the European Commission:

- In June 2010, the European Commission opened an anti-dumping investigation of imports of wireless wide area networking (WWAN) modems from China. Option had requested the investigation and immediate registration of imports because of the injury caused by the sharp increase of imports into the European market. Because of the rapidity of the increase in imports and severity of the resulting injury, the Commission had at the same time initiated a safeguard investigation on the request of the Belgian Government with regard to imports of WWAN modems.
- In September 2010, the European Commission opened an anti-subsidy investigation for imports of wireless wide area networking (WWAN) modems from China. Option had requested the investigation because of the injury caused by the sharp increase of imports into the European market. Option had filed an anti-subsidy complaint with the European Commission for imports of subsidized wireless wide area networking (WWAN) modems.

In October 2010, the Company and Huawei Technologies entered into a cooperation agreement whereby the companies agreed to work together on different levels by sharing technology, exploring further co-operation on R&D projects, licensing Option's connection manager software and the acquisition by Huawei of the semiconductor company M4S (a wholly owned subsidiary of Option). In the spirit of the collaboration Option withdrew its above mentioned anti-dumping and anti-subsidy complaints against imports of wireless wide area networking modems from China, and asked the Belgian government to withdraw its safeguard request, and asked the European Commission to close all three investigations.

The Company continued to develop its uCAN Connect connection manager business. In February Option launched uCAN Connect 3.0 which was deployed by Telenor Norway as their MK6 connection manager. Option is gaining good traction with uCAN Connect with new deployments planned for 2011. Option's expertise in connection management was also recognized through our services agreement with Interdigital which has resulted in the integration of an advanced bandwidth management solution into the uCAN Connect platform. Bandwidth Management is a logical extension to our previous work on WiFi offloading and Mobile IP. While mobile broadband customers are using more and more applications that consume even more bandwidth, operators are looking for solutions to manage this growing demand and to keep their network performance up and their network operating costs in control. The joint development by Interdigital and Option focuses on meeting this growing need.

Towards the end of 2009 Option was able to acquire the assets (including the intellectual property) and key developers of iNEWiT, a Belgian company formerly located in Mechelen specialised in the design and development

of security camera solutions. With this acquisition Option added the necessary skill sets and technologies to enhance its capabilities in providing end to end solutions to operators. The first product to come out of this technology, the VIU2 home security camera, provides an out of the box home video security service incorporating not just the camera hardware and communications but also a full service supported by a back end server and web site solution. This allows operators to gain new customers and revenue streams with a minimum of effort. We intend to continue to build on this platform to deliver new end to end solutions that meet targeted opportunities for operator services.

Option's partnership with KOBIL Systems GmbH has resulted in the launch of the mIDentity 3G solution. mIDentity 3G is a unique combination of authentication, hardware encrypted storage, zero footprint application container and secure mobile communications in a single, compact USB device backed up by a complete management infrastructure. mIDentity 3G allows highly secure deployment of and access to secure portal, virtual desktop and document signing solutions for banks, governments and enterprises allowing verification and trust of user, application and network in a single, convenient product. Recently customers have become very concerned about the the security of mobile applications. This heightened awareness of security issues has been driven by high profile leaks from government and business and growing interest in the application of wireless technology to sensitive telemetric solutions. We believe that the expertise gained through the development of mIDentity 3G will allow us to add value to our wireless and mobile products through state of the art security features.

In 2010 Option focussed its embedded solutions business on module market segments where our technical capabilities allow us to add significant value. We launched the second generation of our Landed Grid Array (LGA) 3G modules the GTM601/GTM609 product range. The module family feature set is targeted towards speciality phone devices such as industrial handhelds and new tablet type devices. The GTM601/GTM609 deliver the thinnest HSPA+ modules in the world combined with a second generation pad layout providing excellent heat dissipation and ease of manufacture. We have already announced a design win with an Android Luxury SmartPhone, the Lumigon T1 and continue to work with customers on other unannounced products. Option also launched the GTM671/GTM679 modules. These are the first HSPA+ half size miniPCI modules to integrate both HSPA+ 3G modem and WiFi connectivity bringing new levels of miniaturization of wireless functionality for tablets, netbooks and specialized embedded systems. All the new modules come in versions offering CDMA connectivity allowing us to target devices which operate on all US network operators. We continue to market our modules in conjunction with our industry recognized design, integration and certification services.

### ENGINEERING

In light of the restructuring exercise initiated in 2009 and further implemented in 2010, Option decided to focus R&D efforts on its core differentiating capabilities. The Company therefore consolidated existing R&D capabilities and know-how acquired in its two R&D centres in Leuven and Kamp-Lintfort into one centre at Leuven, thereby significantly reducing the R&D costs. As a result the Kamp-Lintfort facility was closed in Q4, 2009. As a consequence Option Wireless Germany GmbH (Kamp-Lintfort) entered into liquidation.

In the course of 2010, Option continued to work with its wholly owned subsidiary M4S, a former spin off from IMEC, on the development of a reconfigurable transceiver, supporting different technologies (including 2G-3G and LTE) and with world class results in terms of power consumption and miniaturization. In light of the very difficult economical environment and the cash needs that Option was confronted with throughout the most of 2010, the Company decided to sell M4S and started in the second half of 2010 a formal sales process whereby different potentially interested parties were approached. This process led to the sale of M4S to Huawei for a total amount of EUR 8 million of which Option received approximately EUR 7.1 million. The sale of M4S to Huawei will enable the M4S technology to avail itself of the vast resources of Huawei's R&D and distribution capabilities.

Going forward the Company will continue to focus on the development of solutions (including a soft and hardware component). As a result the relative importance of software development in the engineering department is expected to further increase over time. Furthermore, the price pressure on the hardware products combined with the increase of the cost of product development requires the Company to focus and to evaluate its role in the development of an end-to-end solution, i.e. work around a development model whereby internal and outsourced product development allow the Company to lower its product development costs whilst offering a diversified product (and solutions) portfolio.

### ORGANIZATION

The restructuring, the Company initiated in 2009 had a very important impact on the organization. All the sites of the Option Group were affected by the cost reduction exercise. The Kamp-Lintfort site in Germany was closed in December 2009; in Cork (Ireland) the number of FTEs was further reduced in 2010 following the further decrease of the demand... In Belgium two collective dismissal procedures were initiated in 2009 and the last restructuring was finalized in 2010 resulting in an important headcount reduction; the size of the Japan office was reduced and moved to new offices.

The composition of the executive management of the Group was affected by the departure of Philippe Rogge (former COO) early 2010.

To support our market strategy the Company has decided to align its organization more with its target market and product segments. This alignment exercise is being implemented in 2011 and has exulted in the Company being organized in business units each one focussed on one of the Company'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 – Focussed on growing our uCAN Connect connection manager business.
- Security Solutions – Focussed on building on our new mIDentity 3G product to construct a new line of mobile security solutions.

Given the overall size of the Company 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 Company to increase the organization's focus on the profitable new market segments that each one of them are addressing.

### OPERATIONS

The Group continues to outsource the surface mounting of its most important product lines (USB Sticks, Embedded Modules and Routers) to different manufacturing partners in Asia (China and Japan). The finishing of the production is done in function of the product and the customers' requirements or proximity. The supply chain management and sourcing for all products continues to be managed from Europe (Ireland and Belgium).

### FINANCING

The last capital increase occurred in December 2009 leading to the issue of 41,249,296 new shares in Option.

## SIGNIFICANT EVENTS THAT TOOK PLACE AFTER THE END OF THE FINANCIAL YEAR

On Group level, a number of significant events took place and were communicated via the Company's website. We provide an overview of the different press releases that were issued during the first three months of the financial year 2011:

### OPERATION AND ORGANIZATION

- 14 February 2011: Option announced the appointment of Jan Smits as the new Chief Financial Officer (CFO)

of the Group.

- 3 March 2011: Option announced that Bart Goedseels rejoins the Company as Chief Operating Officer (COO).

### FINANCIAL NOTIFICATIONS

- 31 January 2011: The Group announced that it has extended its software license agreement with Huawei and has received a payment of EUR 11 million.
- 8 March 2011: The Group announced that it has further extended its software license agreement with Huawei and has received an additional payment of EUR 22 million. This transaction is the final extension under the current license agreement.

### TECHNOLOGICAL LEADERSHIP

- 5 January 2011: Option to CES Exhibitors: “Mobilize Your Products With The World’s Smallest 3G Module”
- 14 February 2011: Option and InterDigital showcase new Bandwidth Management solution at Mobile World Congress
- 23 February 2011: Option and KOBIL showcase unique 3G security solution at CeBIT

### BOARD COMPOSITION

- 3 March 2011: Option announced that the Board of Directors is strengthened with FVDH Beheer BVBA, represented by its permanent representative Francis Vanderhoydonck, as independent director, effective as of 1 January 2011.

## VALUATION RULES

The going concern valuation rules were used both for the annual accounts and the consolidated annual accounts of the Company. The Board of Directors is of the opinion that, notwithstanding the existence of substantial losses carried forward, and the fact that as a result hereof, the Company was under the conditions of Article 633 of the Company Code as per 31 December 2010, the use of going concern valuation rules is justified taking into account the below circumstances. This has been further developed and explained in the special report of the Board of Directors in accordance with Article 633 Company Code.

*Wireless Data – the market:*

The Company operates primarily in the wireless data segment. This segment continues to be one of the most important growth areas for the telecom sector. The growth potential of the sector is further evidenced by the development of new product categories (such as ebook readers and tablet PCs), by the focus of major IT companies, by the investments in innovation made by component suppliers (such as Intel and Qualcomm) and by the growth of the applications market (e.g. applications for the Google Android platform). Option has been active in this market segment for more than a decade and has build up valuable know how, partnerships and sales channels.

*Organization:*

In 2009 and 2010 the Company has taken measures to lower its cost base dramatically. Notwithstanding the effect of these measures on the Group as a whole, Option has been able to continue its product development and innovation path resulting in the launch of new hardware- and software products (uCAN family). The Group has continued to enter into interesting partnerships for the implementation of its new strategy (Kobil, Interdigital). Furthermore, the Group has entered into a cooperation agreement with Huawei Technologies whereby both companies agreed to work together on different levels by sharing technology and exploring further co-operation on R&D and licensing.

*Cost Reduction Plans:*

Option has taken steps to realign its cost basis in order to return to profitability. This cost reduction exercise has resulted in a very important reduction of the operational costs in 2010 (reduction by 46.9% over the year excluding restructuring and depreciation charges) compared to 2009. Going forward the Company will remained focused on further cost optimisation in order to ensure the return to profitability.

*Key Developments – strengthening the Group's cash position:*
In October 2010 the Group entered into an agreement with Huawei as mentioned above. In accordance with the terms of this agreement the Company has received a first payment of EUR 27 million in the fourth quarter of 2010. After balance sheet date the Group announced that it has received further payments for a total amount of EUR 33 million from Huawei delivering secured non recurring revenues for 2011 and 2012.

On the 17th of November 2010, the Group entered into a sale agreement to dispose of the M4S subsidiaries of the Group. The consideration received in cash amounted to EUR 7.1 million.

The above mentioned has led to a strong cash position which will enable the Group to further develop its defined market strategy. To support the Group's market strategy, the Company has aligned its organization with the targeted market and product segments. The Group is now organized into 4 different business units, which will allows the Group to increase its organizational focus on the profitable new market segments that the Group is addressing.

*Financing:*
In 2009, to secure additional liquidity and to strengthen its working capital, the Group has entered into a credit facility agreement with ING and Dexia. During the financial year 2010, the maximum amount to be drawn in cash advances has been reviewed and set at the greater of EUR 8.3 million or 60% of outstanding non-overdue receivables. Those credit lines have a number of covenants; a leverage covenant, a solvency covenant and a net equity covenant. Because of the incurred losses the Group's net equity has fallen below the threshold and thus the Company is at present in breach of the equity and solvency covenant. The Company is discussing a possible temporary waiver for these covenants with ING and Dexia.

## CORPORATE GOVERNANCE STATEMENT

### THE BELGIAN CORPORATE GOVERNANCE CODE

On 9 December 2004, the Corporate Governance Committee published the Belgian Corporate Governance Code. On 12 March 2009 an updated version of the Code was published, which supersedes and replaces the Code issued in 2004. Option explicitly adheres to this 2009 Code and has published on its website www.option.com (refer to the "invest" section), an updated Corporate Governance Charter, outlining its corporate governance structure and policies, in line with said 2009 Code.

The 2009 Code has a high degree of built-in flexibility, enabling it to be adapted to each company varying size, activities and culture. It is based on a "comply or explain" system, which allows companies to deviate from the provisions of the 2009 Code when their specificities so justify, subject to providing adequate explanation.

Option adopts the "comply or explain" system with regards the following topics:

- the combination Nomination Committee – Remuneration Committee: given the size of the Group, the Board of Directors decided to combine the two so that the Remuneration Committee is also exercising the function of a nomination committee.

- the grant of warrants to the Board of Directors: the Board of Directors is of the opinion that granting warrants to directors allows the Company to appoint directors of the highest international standing and allows the Company to ensure the continued involvement of the directors whilst at the same time limiting the financial burden upon the Company. The Board of Directors is convinced that the integrity and experience of the directors is the best guarantee of good judgment and decision-making. Finally the vesting schedule under the warrants plan is spread out over a period of four (4) years thereby mitigating the risk of short term driven decisions.

  The grant of warrants to the directors is at no real cost to the Company, and the exercise of the warrants to the directors can only result in a very small dilution. In addition, the grant of the warrants is in line with

OPTION WIRELESS TECHNOLOGY

common practice in the international and highly competitive high-tech and telecom sector.

## COMPOSITION OF THE BOARD OF DIRECTORS

The articles of association stipulate that the Board of Directors is composed of a minimum of three and a maximum of nine members, who are appointed by the general shareholders meeting for a maximum period of six years. In accordance with the principles of the Code the Company's directors are appointed for a maximum duration of four years. The Board of Directors must include at least three independent directors.

As of 31 December 2010, the Board was composed of five members, namely:

| |
|---|
| An Other Look To Efficiency SPRL, represented by Mr Olivier Lefebvre (permanent representative),<br>independent director , chairman |
| Mr Jan Callewaert, executive director |
| Mr Lawrence Levy, non-executive director |
| Mr David A. Hytha, independent director |
| Q-List BVBA, represented by Mr Philip Vermeulen (permanent representative), independent director |

The term of the office of Q-List BVBA and An Other Look To Efficiency SPRL, appointed by decision of the extraordinary general meeting of shareholders held on 26 August 2008, will expire immediately after the Annual General Meeting, which will be asked to approve the annual accounts for the year ending in 2011.

The term of the office of Mr. Callewaert, Levy and Hytha will expire immediately after the Annual General Meeting, which will be asked to approve the annual accounts for the year ending in 2012.

The following directors left the Board during 2010:

- Visinnova BVBA, represented by Mr Patrick De Smedt permanent representative) as per 15 March 2010;
- Mr Jan Loeber as per 30 April 2010; and
- Mr Arnoud De Meyer as per 17 September 2010.

As stated above, FVDH Beheer BVBA represented by Mr Francis Vanderhoydonck (permanent representative) was appointed as new independent director effective as of 1 January 2011.

## FUNCTIONING OF BOARD OF DIRECTORS

In 2010, the Board of Directors met 22 times, 5 times in person and 17 times via conference call. The average attendance rate amounts to 93.18% (2009: 93.50%), with the following individual attendance rate figures:

| | |
|---|---|
| Jan Callewaert: | 95,45% |
| Q-List BVBA: | 100,00% |
| David A. Hytha | 100,00% |
| Lawrence Levy: | 100,00% |
| An Other Look To Efficiency | 100,00% |
| Visinnova BVBA (until March 2010): | 50,00% |
| Jan Loeber (until 30 April 2010): | 66,67% |
| Arnoud De Meyer (until 17 September 2010) | 66,67% |

In the course of 2010 the non-executive directors met in order to discuss the relationship with the CEO and executive management of the Company. The Board further started preparations of an evaluation process that is scheduled to be completed in the course of 2011. The evaluation process is driven by the Chairman of the Board and focuses on the operation of the Board and the committees, the contribution of each director, the interaction with the executive management and the board's or committee's composition.

## RELATED PARTIES TRANSACTIONS – CONFLICT OF INTEREST PROCEDURE

In 2010 the Board of Directors of 26 May 2010 applied the procedure foreseen in Article 523 of the Belgian Code of Companies. In accordance with the provisions of this article an extract of the minutes where the procedure was followed is reproduced hereunder:

“Before the discussion on this and the next item on the agenda, Jan Callewaert informs the Board in accordance with the provisions of Article 523 of the Code of Companies that he 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. Jan Callewaert further explains that he is the owner of the majority of the shares in Mondo NV and that the success fee and overall compensation paid to Mondo NV as CEO of the Company is one of the subjects that will be discussed by the Board. Therefore, in accordance with the provisions of the aforementioned Article 523 of the Code of Companies, Jan Callewaert leaves the meeting and does not take part in the further discussion, deliberation and voting.

*CEO compensation package*

Following the recommendation of the Remuneration Committee, the Board of Directors discusses and deliberates the remuneration paid to the CEO of the Company.

The remuneration currently paid to the CEO of the Company is fixed at a fee of 540.000 EUR per year and a variable amount of maximum 67.500 EUR per year. On top of that the Company provides for a representative car and petrol for the CEO as well as a mobile phone and laptop.

Given the decrease of the Company’s turnover and size, and the worldwide economic slowdown, the Board discusses the adaptation of the total compensation of the CEO in line

with market practice. Based on the market input the Board is of the opinion that the amount of base salary should be reduced and the amount of the variable remuneration should be increased. In addition, a reduction of the total compensation package seems appropriate.

The HR responsible of the Company has asked Towers Watson for a market study on the CEO compensation. According to the results of this study:

- it would be good market practice to reduce the base remuneration and increase the variable component;
- similar positions in other companies have a benefits package that are approximately 15 % higher than the package proposed to the CEO;
- the long term incentive offered to the CEO is below market level where very often a CEO would receive an annual warrant grant.

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

After discussions the Board RESOLVES to fix the remuneration package of the CEO as follows:

- Base remuneration of € 430.000 per year
- A variable compensation of maximum € 190.000 per year (as further outlined in the recommendation of the Remuneration Committee)

And to maintain the other benefits (representative car and petrol, mobile phone including subscription, laptop computer)

Jan Callewaert rejoins the meeting."

The policy with regard to transactions between the Company or any of its affiliated companies on the one hand and members of the Board of Directors or the Executive Management Team (or members of their immediate families) on the other hand that could give rise to conflicts of interest (other than those defined in the Belgian Companies Act) has been defined in the Corporate Governance Charter. In line with the decision taken by the Board of Directors in 2006 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 Option 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 on an annual basis on the fees that were paid to Brown Rudnick LLP during the financial year. In 2010, the fees paid to Brown Rudnick LLP amounted to EUR 13k (2009: EUR 16k). At the end of 2010 Mr. Lawrence Levy retired from Brown Rudnick LLP and has no commercial ties with the lawfirm anymore.

In the course of normal operations, related party transactions entered into by the Group have been contracted on an arms-length basis.

## AUDIT COMMITTEE

IIn 2010 the Audit Committee of the Company was composed of two independent directors: Q-List BVBA and An Other Look To Efficiency SPRL, and one non-executive director Mr. Arnoud De Meyer. Following his resignation as director, Mr Arnoud De Meyer was replaced by Mr Lawrence Levy as member of the Audit Committee as per 17 September 2010.

All members of the Audit Committee comply, because of their training and professional activities, to the requirements of expertise in accounting and auditing. Mr Philip Vermeulen, representing Q-List BVBA has significant financial experience. Mr Vermeulen has held different position in the financial and venture capital sector, working for both Chase Manhattan and Ippa Bank, as well as for GIMV and FLV Fund. In addition, Mr Olivier Lefebvre, representing An Other Look To Efficiency SPRL, has a rich experience in financial and capital markets. He was, until recently, member of the NYSE Euronext Inc. management

committee, member of Euronext N.V management committee and CEO of the Brussels Stock Exchange. Prior to that, he was advisor and Chief of Staff to the Belgian Minister of Finance, in charge of the reform of the Belgian financial markets.

The Audit Committee gives guidance and controls the financial reporting of the Company. It ensures the presence of sufficient internal control mechanisms and, in co-operation with the statutory auditor of the Company, investigates questions relating to bookkeeping and valuation. The Audit Committee met 5 times in 2010 and reported to the Board of Directors on its activities and findings. The individual attendance rate figures (i.e. the attendance of the individual Committee member during the time he was member of the Committee) were as follows:

| | |
|---|---|
| Q-List BVBA | 100.00% |
| An Other Look To Efficiency SPRL | 100.00% |
| Arnoud De Meyer (until 17/09/2010) | 100.00% |
| Lawrence Levy (as of 17/09/2010) | 100.00% |

## REMUNERATION AND NOMINATION COMMITTEE

The Remuneration Committee was initially composed of one independent director, i.e. Q-List BVBA and two non-executive directors Mr. Arnoud De Meyer and Mr. Lawrence Levy who chairs the Committee. As per 17 September 2010 Mr Arnoud De Meyer was replaced by Mr David Hytha, independent director. As a result, the Remuneration Committee is composed of a majority of independent directors and one non-executive director.

The Remuneration Committee's role is to provide for a fair policy of remuneration for the employees and to ensure best international practices are respected when determining the remuneration and incentives of Directors and Officers, and the appointment of the latter. Given the size of the Group, the Remuneration Committee is therefore also combining the function of a nomination committee. The Remuneration Committee met 5 times in 2010 and reported to the Board of Directors on its activities and findings. The individual attendance rate figures (i.e. the attendance of the individual Committee member during the time he was member of the Committee) were as follows:

| | |
|---|---|
| Lawrence Levy | 100.00% |
| Q-List BVBA | 100.00% |
| Arnoud De Meyer (until 17/09/2010) | 100.00% |
| David Hytha (as of 17/09/2010) | 100.00% |

## REMUNERATION REPORT

The remuneration of non-executive directors is decided by the General Shareholder Meeting based on a proposal that the Board formulates after an advice of the Remuneration Committee. The remuneration of the CEO is decided by the Board after advice of the Remuneration Committee. The remuneration of executive managers is decided by the CEO after consultation of the Remuneration Committee. No individual can decide on his/her own remuneration.

As far as the level of remuneration for the non-executive directors is concerned, the Company offers a competitive package in line with their roles in the Board and Committees that is composed of a fixed base compensation plus attendance fees. In 2008 warrants were offered to the non-executive directors.

In setting the level of remuneration for the executive managers the Company offers a competitive total compensation based on a combination of base salary, variable salary, extra legal benefits and warrants. The methodology for setting the targets for and evaluating the performance and the variable salary of executive managers is reviewed by the Remuneration Committee.

The Remuneration Committee is assisted by remuneration specialists when needed and investigates market best practices and market reference data from time to time in order to advice on competitive remuneration levels.

## REMUNERATION OF THE DIRECTORS

The directors are remunerated for the execution of their mandate. The general meeting of shareholders who appointed the directors decided upon their remuneration. The remuneration includes both a fixed amount for Board

membership and an attendance fee for the meetings of the Board of Directors and the meetings of the Committees of the Board. The annual remuneration per director is limited to a maximum of 49,000 EUR with an exception for the Chairman (see below). The remuneration is composed of the following elements:

- an annual retainer of 25,000 EUR;
- an attendance fee of 2,000 EUR per Board meeting
- in person, provided the above maximum amount
- of director's annual remuneration is not exceeded:
- an attendance fee of 1,000 EUR per Board meeting
- via conference call, provided the above
- maximum amount of director's annual remuneration
- is not exceeded;
- an attendance fee of 1,500 EUR per Committee
- meeting in person and of 750 EUR per meeting
- via conference call, provided the above
- maximum amount of director's annual remuneration
- is not exceeded.

Following the split of the CEO and Chairman of the Board (early 2010) the Board of Directors proposes to the general meeting of shareholders to approve an additional compensation for (i) the Chairman of the Board of Directors of 18,750 EUR per year, and (ii) the Chairman of the Audit Committee of 5,000 EUR per year, as from the start of the financial year 2010. The remuneration of the Board members for 2010 was therefore as follows.

| | |
|---|---:|
| An Other Look To Efficiency SPRL: | € 67,750 |
| Jan Callewaert: | € N/A |
| Q-List BVBA: | € 49,000 |
| Lawrence Levy: | € 49,000 |
| David A. Hytha | € 45,750 |
| Visinnova BVBA (until March 2010): | € 6,910 |
| Jan Loeber (until 30 April 2010): | € 11,250 |
| Arnoud De Meyer (17 September 2010) | € 29,060 |

In addition to the aforementioned remuneration directors are also entitled to out-of-pocket expenses in line with the Company policies (especially travel policy) and provided such expenses are reasonable and required for the performance of their duties as director of the Company.

Although the Corporate Governance Code stipulates that it is not recommended to grant performance-related remuneration such as stock related long-term incentive schemes to the non-executive directors, warrants have been granted to all the directors of the Company in the following proportions:

At year end 2010 the following warrants "V" were held by the members of the Board of Directors.

| | |
|---|---:|
| Jan Callewaert: | 50,000 |
| David Hytha | 50,000 |
| Lawrence Levy | 50,000 |
| Q-List BVBA | 30,000 |
| An Other Look To Efficiency SPRL | 30,000 |
| **Total** | **210,000** |

The main terms and conditions of the warrants plan "V" governing the above warrants are as follows:

- the warrants are subject to a vesting scheme (20% vested 6 months after the offer; 20% 1 year after the offer, 20% 2 years after the offer, 20% 3 years after the offer and 20% 4 years after the offer);
- the exercise price of the above warrants amounts to EUR 2.84 per warrant for all the members of the Board of Directors;
- the exercise must take place during exercise windows (i.e. May, September or December);
- upon conversion of their warrants the warrant holders receive one ordinary share of the Company per warrant;
- the plan provides for an accelerated vesting and exercise in the event of a change of control.

The Board of Directors is of the opinion that granting warrants to directors allows the Company to appoint directors of the highest international standing and allows the Company to ensure the continued involvement of the directors whilst at the same time limiting the financial burden upon the Company. The Board of Directors is convinced that the integrity and experience of the directors is the best guarantee of good judgment and decision-making. Finally the vesting schedule under the warrants plan is spread out over a period of four (4) years thereby mitigating the risk of short term driven decisions.

The grant of warrants to the directors is at no real cost to the Company, and the exercise of the warrants to the directors can only result in a very small dilution. In addition, the grant of the warrants is in line with common practice in the international and highly competitive high-tech and telecom sector.

In 2010, the global compensation for the Board of Directors amounted to EUR 259k (2009: EUR 387k).

| Name | Board meetings attended | | Audit Committees attended | Remuneration Committees attended | Total remuneration Thousands EUR |
|---|---|---|---|---|---|
| | Physical attendance | calls | | | |
| Jan Callewaert (1) | 5/5 | 16/17 | N.A | N.A | N/A (2009: 49.00) |
| Arnoud De Meyer (2) | 1/3 | 7/9 | 3/3 | 5/5 | 29.06 (2009: 49.00) |
| Q-List BVBA | 5/5 | 17/17 | 5/5 | 5/5 | 49.00 (2009: 49.00) |
| Lawrence Levy | 5/5 | 17/17 | 2/2 | 5/5 | 49.00 (2009: 49.00) |
| Jan Loeber (3) | 1/2 | 3/4 | N.A | N.A | 11.25 (2009: 44.25) |
| David Hytha | 5/5 | 17/17 | N.A | N.A | 45.75 (2009: 48.75) |
| An Other Look To Efficiency SPRL | 5/5 | 17/17 | 5/5 | N.A | 67.75 (2009: 49.00) |
| Visinnova BVBA (4) | 1/2 | 1/2 | N.A | N.A | 6.91 (2009: 48.75) |

(1) Excluding CEO remuneration to Mondo NV – as of 2010 the Board of Directors Compensation is included in the fixed remuneration of the CEO.
(2) Until 17 September 2010
(3) Until 30 April 2010
(4) Until 15 March 2010

## EXECUTIVE MANAGEMENT TEAM

As per 31 December 2010, the Executive Management Team was composed of the following members:

| |
|---|
| Jan Callewaert[1], Founder and Chief Executive Officer (CEO) |
| John Patrick Ziegler[2], Chief Financial Officer (CFO) |
| Patrick Hofkens, General Counsel & Vice President Strategic Alliances |
| Chip Frederking, Vice President Sales & Distribution |
| Bernard Schaballie, Vice President Engineering |
| Martin Croome, Vice President Marketing |

1 Mondo NV, a company incorporated and organized under Belgian law, represented by Jan Callewaert

2 Brayoe Consultants BVBA, a company incorporated and organized under Belgian law, represented by John Patrick Ziegler.

## EXECUTIVE OFFICERS COMPENSATION (EXECUTIVE MANAGEMENT TEAM)

The management company of Mr Jan Callewaert (Mondo NV) is acting as CEO of the Group and performing management services for the Group. Following the recommendation of the Remuneration Committee, the Board of Directors decided on 26 May 2010 to modify the remuneration paid to the CEO of the Company (Mondo NV represented by Jan Callewaert) and decided to fix the base remuneration at EUR 430k per year and the variable remuneration to a maximum of EUR 190k per year. In addition, the Board of Directors suggested that the aforementioned remuneration, paid to the CEO, should also cover the compensations paid to Jan Callewaert in his capacity of member of the Board of Directors. Therefore, the remuneration for these management services in 2010 amounted to EUR 430k (2009: EUR 513k). For 2010, a variable compensation of EUR 190k was granted (2009: EUR 25k). The CEO received additional benefits for an amount of EUR 16k covering car, fuel and lump sum allowance costs (2009: EUR 32K).

For the year 2010, an aggregate gross amount of EUR 1 440k (2009: EUR 1 829k) was attributed to the other six members of the Executive Management Team (2009: eight members of the Executive Management Team). The 2010 gross amount includes redundancy fees for two members of the Executive Management Team who left the Company in the course of 2009 and 2010. In 2010, a gross amount of EUR 415k was granted as variable pay (2009: EUR 79k). For the members of the Executive Management Team, benefits include an extra-legal pension scheme, the cost of which amounted to EUR 46k (2009: EUR 76k). The members of the Executive Management Team received additional benefits for an amount of EUR 50K covering car, fuel, lump sum allowance and hospitalization insurance costs (2009: EUR 67K).

At year end 2010, 325,000 warrants “V” are held by the “current” members of the Executive Management Team (2009: 375,000 warrants “V”). In the course of 2010, 30 000 of 50 000 warrants granted to Piroque Consulting BVBA (Philippe Rogge) have lapsed upon his departure from the Executive Management Team.

At year end 2010, the following warrants “V” were held by the members of the Executive Management Team:

| | |
|---|---:|
| Mondo NV (Jan Callewaert) | 75,000 |
| Patrick Hofkens | 50,000 |
| Bernard Schaballie | 50,000 |
| Martin Croome | 50,000 |
| Brayoe Consultants BVBA | 50,000 |
| Chip Frederking | 50,000 |
| **Total** | **325,000** |

All the above warrants were timely accepted.

The main terms and conditions of the warrants plan "V" governing the above warrants are as follows:

- the warrants are subject to a vesting scheme (20% vested 6 months after the offer; 20% 1 year after the offer, 20% 2 years after the offer, 20% 3 years after the offer and 20% 4 years after the offer);
- the exercise price of the above warrants amounts to EUR 2.84 per warrant for all the members of the Executive Management Team, except Martin Croome (EUR 1.41) and Chip Frederking (20.000 warrants at EUR 1.86 and 30.000 warrants at EUR 0.95);
- the exercise must take place during exercise windows (i.e. May, September or December);
- upon conversion of their warrants the warrant holders receive one ordinary share of the Company per warrant;
- the plan provides for an accelerated vesting and exercise in the event of a change of control.

## RELEVANT INFORMATION IN THE EVENT OF A PUBLIC TAKE-OVER BID

### CAPITAL STRUCTURE – CAPITAL SHARES/SECURITIES - RIGHTS

The warrant plan "V" provides for an accelerated vesting in the case of a change of control.

### TRANSFER RESTRICTIONS IMPOSED BY THE LAW OR THE BYLAWS

Except as stated hereafter, none of the capital shares issued by the Company is subjected to any legal or statutory transfer restrictions.

The warrants granted under the warrant plan "V" may not be transferred by the warrant holders, except in the event of decease of the warrant holder.

### HOLDERS WITH SPECIAL RIGHTS

Pursuant to Article 14 of the bylaws of the Company Mr Jan Callewaert has a binding proposition right for the nomination of one director for each tranche of 3% (three percent) of the total amount of issued shares of the Company he holds directly or indirectly, with a maximum proposition right for the nomination of five (5) directors. He has this right on the condition that and as long as he holds at least 15% (fifteen percent) of the total amount of shares issued by the Company.

### SYSTEMS OF CONTROL OF ANY EMPLOYEE SHARE SCHEME WHERE THE CONTROL RIGHTS ARE NOT EXERCISED DIRECTLY BY THE EMPLOYEES

There are no such employee share schemes relating to the Company.

### RESTRICTIONS ON VOTING RIGHTS

None of the capital shares of the Company is subject to any legal or statutory voting power restrictions. Each capital share entitles its holder to one vote.

The voting rights attached to the capital shares issued by the Company are however suspended in the events outlined in the Belgian Code of Companies.

Furthermore, no one may, as a general rule, cast votes at a general meeting of shareholders of the Company attached to securities that he/she has not disclosed at least twenty (20) days prior to a general meeting in accordance with the legislation on important participations (Article 545 of the Code of Companies).

The voting rights attached to shares encumbered with a life tenancy ("vruchtgebruik") are exercised by the life tenant. As far as pledged shares are concerned, the voting rights are exercised by the owner-pledgee.

Holders of subscription rights (warrants) only have an advisory voting right at general meetings.

### SHAREHOLDERS' AGREEMENTS

To the best knowledge of the Board of Directors of the Company there are no shareholders' agreements, which may result in restrictions on the transfer of securities and/or the exercise of voting rights.

## RULES GOVERNING THE APPOINTMENT AND REPLACEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS OF THE COMPANY

The directors of the Company are appointed by the general meeting of shareholders, deciding by a simple majority of votes. There are no attendance requirements for the appointment of directors.

If a legal entity is appointed director, it must appoint a permanent representative from amongst its shareholders, directors or employees, who is to be charged with the execution of the task in the name of and for the account of the legal personality-director.

Pursuant to Article 14 of the bylaws of the Company Mr Jan Callewaert has a binding proposition right for the nomination of one director for each tranche of 3% (three percent) of the total amount of issued shares of the Company he holds directly or indirectly, with a maximum proposition right for five (5) directors. He has this right on the condition that and as long as he holds at least 15% (fifteen percent) of the total amount of shares issued by the Company.

At least three (3) members of the Board of Directors must be appointed as "independent director" who must meet the criteria specified in Article 524§4 of the Belgian Code of Companies.

Directors can at all times be dismissed by the general meeting of shareholders, by a simple majority of votes. There are no attendance requirements for the dismissal of directors.

The bylaws of the Company provide the possibility for the Board of Directors to appoint directors in the event of a vacancy. In that case the Board of Directors has the right to provide a temporary replacement. The next general meeting of shareholders is to decide on the definitive appointment. The new director completes the term of office of his/her predecessor.

## RULES GOVERNING THE AMENDMENTS TO THE BYLAWS OF THE COMPANY

Save for capital increases decided by the Board of Directors within the limits of the authorized capital, only the (extraordinary) general meeting of shareholders is entitled to amend the Company's bylaws.

The general meeting of shareholders may only deliberate on amendments to the bylaws – including mergers, de-mergers and a winding-up – if fifty percent (50%) of the share capital is represented. If that attendance quorum is not reached, a new extraordinary general of meeting of shareholders must be convened, which may deliberate regardless of the portion of the share capital represented.

Amendments to the bylaws are only adopted, if approved by seventy-five percent (75%) of the votes cast.

The following amendments to the bylaws require however a special majority approval of eighty percent (80%) of the votes cast:

- Amendments to the provisions regarding the appointment and the dismissal of directors (Article 14 of the bylaws);
- Amendments to the corporate purpose (Article 559 of the Belgian Code of Companies);
- Modification of the legal form (Article 781 of the Code of Companies).

## POWERS OF THE BOARD OF DIRECTORS RELATING TO THE ISSUANCE OR BUY-BACK OF SHARES OF THE COMPANY

The share capital of the Company may be increased following a decision of the Board of Directors, within the limits of the "authorized capital". The authorization thereto must be granted by an extraordinary general meeting of shareholders; it is limited in time and amount and is subject to specific justification and purpose requirements. The Board of Directors has been authorized by the Extraordinary Shareholders' Meeting of 21 May 2010 to increase the share capital of the Company with an amount of EUR 12,232,134.42 for a period of five years as from the date of the publication of said above decision. The Board of Directors has furthermore expressly been authorized to use

this "authorized capital" in the event of a public take-over bid, within the limits of the Belgian Code of Companies, for a period of three years from the same date.

The authorization granted to the Board of Directors of the Company to cause the Company to acquire own shares, where such acquisition is necessary to avoid serious and imminent harm to the Company, has evenso been renewed by said extraordinary shareholders' meeting.

Finally the Board of Directors has been authorized, for a period of five (5) years as from the date of the publication of the above resolution of the extraordinary general meeting of shareholders, to acquire the maximum number of own shares or profit-sharing certificates as permitted by the Companies Code, being such number whose aggregate par value does not exceed ten percent (10%) of the capital, at a price equal to the average closing price of the share over the last thirty (30) calendar days prior to the transaction, increased or decreased by ten percent (10%), as well as, as far as necessary, to renew the authorization to transfer the own shares through sale or exchange or on the stock exchange, according to the same conditions as those set for the acquisition of own shares.

### SIGNIFICANT AGREEMENTS TO WHICH THE COMPANY IS A PARTY AND WHICH TAKE EFFECT, ALTER OR TERMINATE UPON A CHANGE OF CONTROL OF THE COMPANY FOLLOWING A TAKE-OVER BID, AND THE EFFECTS THEREOF

*1. Supply agreements*

- Supply agreement entered into with Vodafone (possibility to terminate with immediate effect within 2 months after notification of change of control by the Company);
- T-Mobile Supply and Purchase Framework Agreement (possibility to terminate within a 30 days notice);
- Cingular Wireless/AT&T Supply Agreement (non-assignment rights/obligations without consent other party);
- Virgin Mobile Australia Supply Agreement (non-assignment of rights/obligations without consent other party);
- Telstra Sourcing Agreement Mobile Services (non-assignment of rights/obligations without consent other party);
- Sanshin Electronics Corporation Limited Supply Agreement (non-assignment of rights/obligations without consent other party);

*2. License agreements:*

- Qualcomm CDMA Modem Card License Agreement (non-assignment of rights/obligations without prior written consent of Qualcomm – change of control falls under definition of "assignment");
- Motorola License Agreement dated (non-assignment without prior written approval Motorola);
- Interdigital License Agreement dated (non-assignment of rights/obligations);

### AGREEMENTS BETWEEN THE COMPANY AND ITS DIRECTORS OR EMPLOYEES PROVIDING FOR COMPENSATION IF THEY RESIGN OR ARE MADE REDUNDANT WITHOUT VALID REASON OR IF THEIR EMPLOYMENT CEASES BECAUSE OF A TAKE-OVER BID

None of the agreements entered with the directors of the Company or any of its subsidiaries contains a provision providing for compensation (on top of the normal notice period) if they resign or are made redundant without valid reason or if their mandate is terminated because of a take-over bid.

## EVENTS THAT COULD INFLUENCE THE DEVELOPMENT OF THE GROUP: OVERVIEW OF RISKS AND UNCERTAINTIES

In accordance with Article 96 of the Belgian Company Code, the annual report must describe the main risks and uncertainties that Option is confronted with in the market. Whilst most of such risks and uncertainties are related to the evolution of the market in which the Group is active as further outlined in the Review of Operations we would like to specifically mention the following risks and uncertainties:

(1) Going concern. As indicated in this report, the Board of Directors is of the opinion that, notwithstanding the existence since the last four financial years of losses carried forward, the use of going concern valuation rules is justified. Nevertheless, the Company's recent operational losses and

the current trading environment could materially adversely affect its business and financial position. These losses might cause the Company to have to implement further cost cutting and restructuring measures which require the Company to reprioritize the uses to which its capital is put to the potential detriment of its business needs, which, depending on the level of its borrowings, prevailing interest rates and exchange rate fluctuations, could result in reduced funds being available for the operation of the Company's business, including marketing activities, capital expenditures, acquisitions, dividend payments or other general corporate purposes. As a consequence, the Company may suffer from a competitive disadvantage compared to its competitors who may have greater liquidity and capital. Furthermore, the Company may not be able to obtain the financing needed to fulfill its future capital and refinancing needs. There is no guarantee that the financing, if needed, will be available or will be available at attractive conditions. Furthermore each debt financing, if available, may contain covenants limiting the Company's freedom to do business and/or the Company could become in breach under such covenants in which case the debt financing may be stopped and the liquidity of the Company in jeopardy.

(2) Option depends on third parties to offer wireless data communications services. If these services are not deployed as anticipated, consumers would be unable to use Option innovative products and revenues could decline. The marketability of the Company's products may suffer if wireless telecommunications operators do not deliver acceptable wireless services or if the price of such services would become too high for mass market adoption. In addition, the future growth depends on the successful deployment of next generation wireless data networks provided by those third parties, including those networks for which the Company is currently developing products. If these next generation networks are not deployed, delayed or not widely accepted, there will be no market for the products the Company is developing to operate on those networks. If the Company does not properly manage the development of its business, the Company may experience significant strains on its management and operations as well as disruptions in its business.

(3) Option is outsourcing manufacturing of its products to third parties and can be dependent upon the development and deployment of these third parties' manufacturing abilities and the overall quality of their work. The inability of any supplier or manufacturer to fulfill Option's supply requirement, demands and production schedules could impact future results. Option has short term supply commitments to its outsource manufacturers based on its estimation of customer and market demand. Where actual results vary from those estimates, whether due to execution on Option's parts or market conditions, Option could be at commercial risk. Suppliers may not continue to supply products to the Company on commercially acceptable terms, or at all.

(4) The Group expects to continue to depend upon only a small number of its customers for a substantial portion of its revenues, i.e. the telecom operators. The Group deals with the individual affiliated companies of operator groups. Such individual affiliated companies are free to negotiate and manage their own contracts and placement of purchase orders. All these affiliated companies have different credit risk profiles and benefit from different terms and conditions. Moreover, the sale of the Company's products depends on the demand for broadband wireless access to enterprise networks and the internet and on the competitive pricing by the network operators of such wireless broadband access.

(5) The Company operates in a highly dynamic and competitive industry, which features substantial pricing pressure. If the Company is unable to compete effectively with its existing or any new competitor, its business, results of operations of financial condition could be materially adversely affected. Competition from more established companies with greater resources may prevent the Group from increasing or maintaining its market share and could result in price reductions and reduced revenues. The wireless data industry is intensely competitive and subject to rapid technological change. Competition might further intensify. More established and larger companies with

greater financial, technical and marketing resources can start selling products that might compete with Company products. Existing or future competitors may be able
to respond more quickly to technological developments and changes or may independently develop and patent technologies and products that are superior to those of the Group or achieve greater acceptance due to factors such as more favorable pricing or more efficient sales channels. If the Group would be unable to compete effectively with competitors' pricing strategies, technological advances and other initiatives, its market share and revenues may be reduced.

(6) Option may have difficulty managing its strategic repositioning, which may damage its ability to retain key personnel and to compete effectively. On the other hand, the Company may not be able to maintain and expand its business if the Company is not able to hire, retain and manage additional qualified personnel.

(7) The Company's products may contain errors or defects, which could prevent or decrease their market acceptance and lead to unanticipated costs or other adverse business consequences.

(8) The market is evolving rapidly and the product life cycles are becoming shorter every year. In the event Option would be unable to design and develop new innovative products that gain sufficient commercial acceptance, the Group may be unable to recover its research and development expenses and Option may not be able to maintain its market share and the revenues could decline. The transition from pure hardware product sales to solution sales may further impact this as the typical sales cycle for a hardware product are shorter than those for an end to end solution. Furthermore, because of the short product life cycles Option's future growth is increasingly depending upon designing and developing new products that may not have been commercially tested. The ability to design and develop new products depends on a number of factors, including, but not limited to the following;

- the ability of the Group to attract and retain skilled technical employees;
- the availability of critical components from third parties;
- the ability of the Group to successfully complete the development of products in a timely manner;
- the ability of the Group to manufacture products at an acceptable price and quality.

A failure by Option or its suppliers in any of these areas, or a failure of these products to obtain commercial acceptance, could result in Option being unable to recover its research and development expenses and could result in a decrease in bottom line result. If the Company fails to develop and introduce new products successfully, the Company may lose key customers or product orders and its business could be harmed

(9) If the Company fails to develop and maintain strategic relationships, the Company may not be able to penetrate new markets. A key element of the Company's business strategy is to penetrate new markets by developing new products through strategic relationships with industry leaders in wireless communications (open innovation). The Company is currently investing, and plans to continue to invest, significant resources to develop these relationships. The Company believes that its success in penetrating new markets for its products will depend, in part, on its ability to develop and maintain these relationships and to cultivate additional or alternative relationships. There can be no assurance, however, that the Company will be able to develop additional strategic relationships, that existing relationships will survive and successfully achieve their purposes or that the companies with whom the Company has strategic relationships will not form competing arrangements with others or determine to compete unilaterally with the Company. The Company may fail effectively to identify or execute certain strategic partnerships and if it does pursue such partnerships it may fail to realise anticipated benefits to the business in a timely manner.

(10) The Company may not be able to develop products that comply with applicable government regulations. The Company's products must comply with government regulations. For example, in many countries many aspects of communications devices are regulated, including radiation of electromagnetic energy, biological safety and rules for devices to be connected to telephone networks. Additionally, the Company cannot anticipate the effect that changes in domestic or foreign government regulations may have on its ability to develop and sell products in the future. Failure to comply with existing

or evolving government regulations or to obtain timely regulatory approvals or certificates for its products could materially adversely affect its business, financial condition and results of operations or cash flows.

(11) The Company might forecast customer demand incorrectly and order the manufacture of excess or insufficient quantities of particular products, or the Company depends on sole source suppliers for some components used in its products. The availability and sale of those finished products would be harmed if any of these suppliers is not able to meet the Company's demand and production schedule and alternative suitable components are not available on acceptable terms, if at all.

(12) The Company's business depends on its continued ability to license necessary third-party technology, which the Company may not be able to do or it may be expensive to do so. The Company licenses technology from third parties for the development of its products. Certain licenses do not have a specified term and may be terminated by the Company or by the licensor for cause or upon the occurrence of other specified events. There can be no assurance that the Company will be able to maintain its third-party licenses or that these licenses or the technologies that are the subject of these licenses will not be the subject of dispute or litigation, or that additional third-party licenses will be available to the Company on commercially reasonable terms, if at all. The inability to maintain or obtain third-party licenses required for its products or to develop new products and product enhancements could require the Company to seek to obtain substitute technology of lower quality or performance standards, if such exists, or at greater cost, which could seriously harm its competitive position, revenue and prospects.

(13) The Company may infringe on the intellectual property rights of others. Third parties could claim that the Company's products, or components within its products, infringe on their intellectual property rights. These claims may result in substantial costs, diversion of resources and management attention, harm the Company's reputation or interference with its current or prospective customer or supplier relation. The industry in which the Company operates has many participants that own, or claim to own, proprietary intellectual property. In the past we have received, and in the future may receive assertions or claims from third parties alleging that our products violate or infringe their intellectual property rights. The Company may be subject to these claims directly or through indemnities against these claims which the Company has provided to certain customers. Regardless of whether these infringement claims have merit or not, we may be subject to the following:

- We may be liable for potentially substantial damages, liabilities and litigation costs, including attorneys' fees;
- We may be prohibited from further use of the intellectual property and may be required to cease selling our products that are subject to the claim;
- We may have to license the third party intellectual property, incurring royalty fees that may or may not be on commercially reasonable terms. In addition, there is no assurance that we will be able to successfully negotiate and obtain such a license from the third party;
- We may have to develop a non-infringing alternative, which could be costly and delay or result in the loss of
- sales. In addition, there is no assurance that we will be able to develop such a non-infringing alternative;
- The diversion of management's attention and resources;
- We may be required to indemnify our customers for certain costs and damages they incur in such a claim.

## FINANCIAL INSTRUMENTS AND RISKS

(1) Derivative financial instruments are used to reduce the exposure to fluctuations in foreign exchange rates. These instruments are subject to the risk of market rates changing subsequent to acquisition. The risks of these changes are generally offset by the opposite effects of hedging, however not all financial risks can be fully hedged. To the extent the Group enters into contracts that are denominated in foreign currencies and does not adequate hedge that exposure, fluctuations in exchange rates between the Euro and the

foreign currencies may affect the Group's operating results.

(2) Credit evaluations are performed on all customers requiring credit over a certain amount. The credit risk is monitored on a continuous basis.

(3) Any changes to existing accounting pronouncements or taxation rules or practices may cause adverse fluctuations in the Company's reported results of operations or affect how the Company conducts its business.

(4) The Company may not be able to obtain the financing needed to fulfill its future capital and refinancing needs. There is no guarantee that the financing, if needed, will be available or will be available at attractive conditions. Furthermore each debt financing, if available, may contain covenants limiting the Company's freedom to do business and/or the Company could become in breach under such covenants.

(5) The Company is likely to continue to be negatively affected by the impact that the recent rapid economic downturn has had, and may continue to have, on consumer spending; this combined with the seasonality of the business limits visibility on results of operations.

(6)The continuing global financial crisis and current uncertainty in global economic conditions could have a material adverse effect on the results of operations and financial condition of the Company.

(7) The Group is subject to material currency risk, as the larger part of its purchase transactions are in US dollars. The Group aims to match foreign currency cash inflows with foreign cash outflows. In 2010, the Group entered into derivative financial instruments to manage its exposure on the US dollar cash flows. The effect of the foreign exchange contracts has been recognized as exchange rate gains/(losses) in the income statement.

(8) As indicated above, the wireless data industry is increasingly competitive and subject to rapid technological change. The arrival of more established and larger companies, as well as the rapid technological change may create price erosion and affect Option's margins and profitability. Furthermore the Group's failure to predict and comply with evolving wireless standards or with applicable governmental regulations could hurt its ability to introduce and sell new products.

(8) Any acquisitions the Company makes could disrupt its business and harm its financial condition and results of operations.

(10) The Company may require additional capital in the future, which may not be available to it. Future financings to provide this capital may dilute investor's ownership in the Company. Any additional capital raised through the sale of additional shares may dilute Shareholder's percentage ownership interest in the Company and may have an effect on the market price of the shares.

(11) The Company's quarterly operating results may vary significantly from quarter to quarter and may cause its stock price to fluctuate. The Company's future quarterly operating results may fluctuate significantly and may fall short of or not exceed the expectations of security analysts, investors or management.

## CONFLICTS OF INTERESTS

The conflict of interest procedure as set forth in Article 523 of the Belgian Code of Companies was applied in 2010 as set further out above in the corporate governance statement of this annual report.

## REPORT ON RISK MANAGEMENT AND INTERNAL CONTROLS

Option's Board of Directors is responsible for assessing risks inherent to the Group and the effectiveness of Internal controls. The Belgian Corporate Governance Code 2009 recommends highlighting risk factors and the measures the Board has taken to keep these risks at an acceptable level. The Group's internal control organization is based on the 5 pillars of the COSO 1 Framework:

- Control environment;
- Risk analysis;

- Control activities;
- Information and communication;
- Supervision and monitoring.

*Control environment*

The Board of Directors set up an Audit Committee and a Remuneration Committee. The Audit Committee gives guidance and controls the financial reporting of the Group. It ensures the presence of sufficient internal control mechanisms and, in co-operation with the statutory auditor of the Group, investigates questions which are in relation to accounting and valuation rules. The Remuneration Committee's role is to provide for a fair policy of remuneration for the employees and to ensure best international practices are respected when determining remunerations and incentives. Management defines the management style and values as well as the skills and job descriptions needed for all functions and tasks within the organization.

The Group has adopted the Corporate Governance Charter and the Board of Directors introduced a Code of Dealing, which explains the prohibition of using inside information for dealing in Option's financial instruments.

The Group has a clear organization chart, covering the different entities belonging to the Group. For all functions, areas of responsibilities are defined.

*Risk analysis*

We refer to the section "overview of risks and uncertainties" and "financial instruments" of this report which describes the risks related to the evolution of the market and business, the Group is operating in.

The Board of Directors and management determines the strategy, the budget and mid- to long term business plan for the coming periods. During this process, risks and uncertainties are discussed and taken into account to further finalize the Groups strategy and budgets. To complete the Board's impression on risks, in 2008 the Audit Committee requested management to prepare a risk analysis, which was performed by an external party. The analysis indentified the following risk categories:

- Physical risks: production driven and force majeure risks
- Financial risks: credit risk, liquidity risk and market risk
- Customer risks: product recalls
- Supplier risks: lead times, quality issues and dependency upon key suppliers
- Organizational risks: Strategy, IT risks, shortening product life cycle, product portfolio

*Physical risk*

In order to avoid a disruption in production, the Group has outsourced a part of its production to different third party manufacturers. However, this exposes the Group to a number of risks and uncertainties outside of its control. If one of these third-party manufacturers were to experience delays, disruptions, capacity constraints or quality control problems in its manufacturing operations, product shipments to customers of the Group could be delayed or rejected or its customers could consequently elect to cancel the underlying product purchase order. Because the Company outsources the surface mounting of almost all of its products, the cost, quality and availability of third-party manufacturing operations are essential to the successful production and sale of the Group's products. Force majeure risks could lead to property and material damage, cyber risks and business interruption.

*Financial risk*

A detailed description of the financial risk management, being the credit, liquidity and market risk is disclosed in note 20 of the annual report.

*Customer risk*

Product recalls is an identified risk the Group could be confronted with. The Company's products are technologically complex and must meet stringent industry, regulatory and customer requirements. The products produced by the Group may contain undetected errors or defects, especially when first introduced or when new models or versions are released. This could lead to a rejection or recall of this particular product.

*Supplier risk*

Quality issues can depend on one supplier for one specific product has been identified as a risk. The availability and sale of finished products would be harmed if any of these suppliers is not able to meet the Group's demand and production schedule and if alternative suitable components are not available on acceptable terms.

*Organizational risk*

Since the Group is operating in a fast moving and competitive technology sector, strategic pillars needs to be identified. The Group embarked on an industrial transformation that is continuing since the Group moved away from the highly commoditized segments of the market.

If the Group fails to develop and introduce successfully new products in its product portfolio, the Group could lose key customers or product orders and as a result, the Groups business could be harmed. In addition, as the Groups introduces new products or new versions of its existing products, its current customers may not require or desire the technological innovations of these products and may not purchase them or might purchase them in smaller quantities than the Company had expected. This, as well as fast changing technologies, could lead to shortened life cycles.

The Group has an ERP system which is used in its major entities (SAP). A failure could lead to a major impact with respect to financial data, master data, monitoring production, procurement and sales flows.

*Control activities*

The control activities include the measures taken by the Group to ensure that the principle risks, which were identified, are controlled or mitigated.

The Group manages its force majeure risks, being property and material damage, business interruption, cyber risk by entering into insurance contracts covering such risks.

Before commercializing its products, the Group performs the necessary tests to reach the level of technical acceptance. In order to try to assure the best possible quality standards during production, the Company has developed inhouse test and calibration systems. These systems are used in the production of most of the Company's products. The inhouse developed systems allow the Company to monitor the quality parameters used during production process that takes place in the factory of the Company's subcontractors. The test results are automatically uploaded in a database of the Company allowing it to check and verify the production history of those products. Furthermore, the Group has entered into a specific insurance contract to cover all external costs resulting from a potential recall risk.

The Group has changed its procurement process which is now processed by the third party manufacturer and supervised by the Group.

The Group has identified its strategic pillars. In order to cope with changing market conditions the Board and management have a number of strategic meetings in order to determine the further strategy of the Group. Product life cycles are monitored closely.

To guarantee the continuity of ERP system (SAP), back-ups are made on a daily basis and the maintenance is performed by an experienced third party. During 2009 and 2010 the current SAP security setup and access rights have been reviewed during an "SAP security project" under which new roles were developed. The driving factors of this project were based on control of integrity (segregation of duties) and completeness of figures / data.

An important element to control activities is the annual budget exercise in which strategy, risk, business plans and intended results are tested. The performance towards the targets is monitored monthly by the Finance team and discussed in management meetings.

*Information and communication*

In order to transmit reliable financial information a standardized information flow process has been defined, which is consistent for all entities belonging to the Group. This process flow includes the specific tasks to be completed by all entities for each monthly closing as well as specific deadlines. The Group has an accounting manual and works with a uniform reporting format, used by all its entities, to ensure the consistency of data as well as to detect potential anomalies.

The financial information is presented to the Audit Committee and to the Board of Directors on a quarterly basis. When approved, a financial press release or business update is

sent in due time to the market. Following such release, the whole organization of the Group is informed during a quarterly staff presentation. The information shared with the staff is not limited to a financial update, but includes as well business updates and in case this is required, strategically updates.

*Supervision and monitoring*

Supervision is done by the Board of Directors through the Audit Committee's activities and responsibilities. The Audit Committee reviews and discusses the quarterly closings based on a presentation of the Group's financial management. Minutes of the meeting are prepared including the follow up action points. Given the structure and current size of the Group, there is no internal auditor's function.

## STATEMENT

The Board, to the best of their knowledge, declares the following:

a) the annual financial statements were prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and of the undertakings included in the consolidation taken as a whole;

b) the annual report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Leuven, March 30, 2011

The Board of Directors

# Financial review

The Capital of the Company is represented by 82,498,592 shares. The shares are listed on the stock exchange "Euronext Brussels" under the code BE0003836534.

On 9 December 2009, the Board of Directors decided in the framework of the authorized capital to increase the capital of the Company with an amount of up to EUR 20,212,155.04 through the issuance of maximum 41,249,296 new shares in Option at a subscription price of EUR 0.49 per share (the Subscription Price).

The gross subscribed amount for the shares offered in this placement and during the preferential right subscription period amounted to EUR 20,212,155 (subscription to a total of 41,249,296 shares at EUR 0.49 per share).

At year-end 2010, all shares, except 1 (one) - which existed in registered form -, were dematerialized.

At year-end 2010, the Company had the following significant shareholders:

| Identity of the person, entity or group of persons or entities (*) | Number of shares | Percentage of financial instruments held |
|---|---|---|
| Jan Callewaert and Pepper NV (100% owned by Jan Callewaert) | 14,809,008 | 17,95% |
| Free float of which: | 67,689,584 | 82,05% |
| - UBS (Switzerland) | 1,283,492 | 1,56% |
| - SISU Capital Ltd (United Kingdom) | 1,331,495 | 1.61% |
| **Total outstanding shares** | **82,498,592** | **100%** |

*(*) Each class of the voting financial instruments of the Company, for each person, entity or group of persons, that represents at least 1,5% or more either directly or indirectly.*

The Extraordinary Shareholders' Meeting held on 26 August 2008 authorized to withdraw and destroy the 2 200 000 naked warrants "U" in order to issue 2 500 000 naked warrants "V". The new plan "V" was approved, granting warrants to Directors, members of personnel and other persons designated by name (as listed in the warrant plan "V"). Per year-end 2008, 2 241 540 warrants "V" have been granted (665 000 on August 26, 2008 and 1 576 540 on December 23, 2008) of which 665 000 have been accepted by the Board of Directors and members of the Executive Management Team. After the 2008 balance sheet date 1 169 750 warrants "V" have been accepted by employees and other persons designated by name. In May 2009, 100 000 warrants "V" have been granted to members of the Executive Management Team and accepted. In December 2009, 30 000 warrants "V" have been granted and accepted by a member of the Executive Management team. At year-end 2009, 2 371 540 warrants "V" have been granted, of which 1 982 450 warrants "V" have been accepted. 328 456 warrants "V" were forfeited during the year 2009. During the financial year 2010 no additional warrants "V" have been granted and 285 278 warrants "V" were forfeited during the year. We refer to Note 17 for more detailed information.

### Discussion of the consolidated annual accounts.

The Other financial costs of EUR -1 139k are mainly related to paid interests with respect to the current credit line facilities as well as bank charges, penalty fees and payment differences. Net result, for the full year 2009, amounted to EUR –53 682k or EUR –1.27 per basic and diluted share. This compares to a net result of EUR -19 001k or EUR -0.46 per basic and diluted share during 2008. Net result decreased by EUR 34 681k compared to 2008.

The consolidated accounts include the following subsidiaries:

- Option Wireless Ltd, Cork (Ireland)
- Option Germany GmbH, Augsburg (Germany)
- Option Wireless Germany GmbH, Kamp-Lintfort (Germany)
- Option Japan KK (Japan)
- Option Wireless Hong Kong Limited (China)
- Option Wireless Hong Kong Ltd. (Suzhou) Representation Office (China)
- Option Wireless Hong Kong Limited Taiwan Branch (Taiwan).
- Option Wireless USA Inc. (United States of America)
- Multi Mode Multi Media Solutions NV (M4S) (Belgium)
- Multi Mode Multi Media Solutions Wireless Ltd. (M4S) (Ireland)

On the 25th of June 2008, the "Group" acquired Multi Mode Multi Media Solutions (abbreviated "M4S"), a spin off of IMEC and specialized in the 4G development of parts related to radio frequencies. The Group sold her subsidiaries Multi Mode Multi Media Solutions NV (Belgium) and Multi Mode Multi Media Solutions Wireless Ltd. (Ireland) to a third party on the 17th of November 2010. We refer to Note 24 for more detailed information.

On the 29th of October 2009 the Group announced that, with respect to a cost reduction plan, the core activities of the research and development facility at Kamp-Lintfort (Germany) will be transferred to the Leuven (Belgium) R&D site and announced its intention to close the Kamp-Lintfort subsidiary. This liquidation process is ongoing and was not finalized in the course of financial year 2010.

### Revenues

Total revenues for 2010 decreased by 60.7% to EUR 57 731k, compared with EUR 147 119k in 2009. Product revenues decreased from EUR 146 876k in 2009 to EUR 51 037k in 2010, whilst software and license revenues increased from EUR 243k in 2009 to EUR 6 694k in 2010. We refer to note 3 of this annual report for further information.

### Geographical spread of sales

We refer to the note 3 Business segments and geographical spread of the financial statements in this annual report for additional information about the geographical spread of sales.

### Gross margin

Gross margin for the full year 2010 was 26.1% on total

revenues, compared with gross margin of 18.5 % in 2009 including restructuring charges (20.1% excluding restructuring charges). The 2010 gross margin was positively impacted by increased software revenues, delivering higher margins compared to revenues generated by devices. Costs of products sold of EUR 42 684k during 2010 resulted in a gross profit of EUR 15 047k, a decrease of 44.6% compared to EUR 27 188k in 2009.

### Operating expenses

The operating expenses for the full year 2010, including depreciation, amortization and restructuring charges were EUR 47 804k compared to EUR 81 530k for the previous year. This represents a decrease of 41.4%. The reduced expenses are the result of the restructuring exercise initiated in 2009, combined with lower sales related costs as well as effective cost control within the Group.

### Other income

The other income of EUR 871k was realized through the sale of a subsidiary in the course of the financial year 2010.

### Result from operations (EBIT)

During 2010, EBIT was EUR -31 886k (or -55.2% on revenues), compared to EUR -54 342k (or -36.9% on revenues) for 2009.

### EBITDA

EBITDA amounted to EUR -11 658k (or -20.2% on revenues) for the full year 2010, compared to EUR -31 630k (or -21.5% on revenues) for 2009 representing an increase of EUR 19 972k.

### Finance result

During 2010, the Group obtained a negative financial result of EUR -838k (2009: EUR -6 673k). The net exchange rate result amounted to EUR -220k and was mainly due to the continued effect of the weakness of the USD. During the financial year 2009, the Group entered into financial instruments to manage its exposure on the USD to a certain predetermined rate. As a result of the volatility of the USD in 2009, the Group realized an important exchange loss on those transactions. Since the Group did not enter into such contracts in 2010, the Group has not realized important exchange losses or exchange gains on this type of agreements. The Group received EUR 59k from risk free investments of the available cash (2009: EUR 80k). The financial costs of EUR -720k are mainly related to paid interests with respect to the current credit line facilities as well as bank charges, penalty fees and payment differences (2009: EUR -1 139k).

### Tax result

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, for an amount of EUR 29.7 million and which needs to be considered as a one-off, non cash item. This resulted in a negative tax result of EUR -28 314k (2009: positive tax result of EUR 7 333k).

### Net result and earnings per share

The earnings per share were as follows in 2010:
Net result, for the full year 2010, amounted to EUR –61 038k or EUR –0.74 per basic and diluted share. This compares to a net result of EUR -53 682k or EUR -1.27 per basic and diluted share during 2009

### Balance sheet

At year-end 2010, total assets amounted to EUR 63 834k compared to EUR 125 272k at the end of the previous year.

Cash and cash equivalents slightly increased over the year from EUR 30 664k to EUR 30 930k at the end of 2010, including EUR 4 770k which has been drawn from existing credit lines (2009: EUR 8 347k).

Trade and other receivables decreased from EUR 16 254k at the end of 2009 to EUR 7 277k at the end of 2010.This decrease was attributable to the trade receivables which decreased from EUR 14 278k to EUR 6 721k as well as a decrease of the other receivables (mainly due to lower VAT receivables).
The trade receivable portfolio is sound. Most sales in non-OECD countries are covered by letters of credit or by credit insurance, provided by Delcredere. As an autonomous body, guaranteed by the Belgian Government, Delcredere's

role is to promote international economic relations by covering risks relating to exports to, imports from and investments in non-OECD countries.

Inventories further decreased from EUR 17 336k at the end of last year to EUR 12 425k at the end of 2010.
This lower inventory position is explained by decreased positions of the work in progress (EUR -8 732k), finished goods (EUR -427k) and the raw material position, (EUR -254k) compared to 2009, combined with a decrease in inventory provision of EUR 4 502k.

The net book value of intangible and tangible fixed assets was EUR 13 106k at the end of 2010, compared with EUR 30 542k as at 31 December 2009. During 2010, the total investments in tangible assets, mainly test equipment, amounted to EUR 64k (2009: EUR 934k) and the Group invested EUR 9 300k (2009: EUR 16 161k) in intangible assets of which EUR 8 726k (2009: EUR 15 929k) for capitalized development projects and investments of EUR 574k (2009: EUR 232k) mainly related to licenses.

Total current liabilities increased during the year to EUR 59 768k in 2010, compared with EUR 59 040k in 2009.
This increase is mainly driven by a decrease in trade and other payables (EUR -11 304k), an increase in deferred revenues as a result of recent software license deals(EUR 21 515), a decrease in provisions, (EUR -5 431k) mainly as a result of the use of the restructuring provision (representing EUR -4 815k) and a decrease in other financial liabilities (EUR -3 878k) as a result of the repayment of the existing credit lines.

The Group generated a deferred tax liability mainly as a result of the capitalization of the commercial development projects under IFRS. In 2010, this deferred tax liability decreased by EUR 1 873k which was nearly fully related to an impairment of those capitalized development projects and for which the timing difference was not applicable anymore.

The deferred tax assets were reversed at the end of 2010 or a decrease of EUR 30 050k compared to year end 2009. 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, for an amount of EUR 29.7 million and which needs to be considered as a one-off, non cash item.

On a balance sheet total of EUR 63 834k, the total shareholders' equity represented EUR 4 046k. Therefore, at the end of 2010, the Group solvency ratio was 6.3%, compared to 51.4% in 2009.

The cash flow generated from operating activities during 2010 represented EUR 5 520k compared to EUR -12 476k in the previous year.

### Appropriation of the non-consolidated result

The statutory accounts of Option NV (Belgian GAAP) reported a net loss for the year 2010 of EUR –23 942k, compared with a net loss of EUR -17 418k in 2009.

The Board of Directors proposes to carry forward the non-consolidated net loss of EUR -23 942k of 2010.

| Abridged appropriation account (According to Belgian Accounting Standards) | | |
|---|---|---|
| **31 December - in thousands EUR** | **14,809,008** | **17,95%** |
| Profit/ (loss) carried forward from previous year | (44 132) | (26 714) |
| Profit/ (loss) for the period available for appropriation | (23 942) | (17 418) |
| Profit/ (loss) to be appropriated | (68 074) | (44 132) |

Financial Report
IFRS

## Consolidated Income Statement

| Year ended 31 December | Note | 2010 €000 | 2009 €000 |
|---|---|---|---|
| **Revenues** | **3** | **57 731** | **147 119** |
| *Product Revenue* | *3* | *51 037* | *146 876* |
| *Software and License revenue* | *3* | *6 694* | *243* |
| Cost of products sold[1] | 4 | (42 684) | (117 540) |
| **Gross Margin excl. restructuring charges** | | **15 047** | **29 579** |
| *Restructuring charges* | | *-* | *(2 391)* |
| **Gross Margin** | | **15 047** | **27 188** |
| *Restructuring charges* | | *-* | *(6 923)* |
| Research and Development expenses[1] | 4-5 | (24 016) | (31 808) |
| Sales, marketing and royalties expenses[1] | 4-5 | (11 146) | (26 896) |
| General and administrative expenses[1] | 4-5 | (12 642) | (15 903) |
| **Total Operating expenses** | | **(47 804)** | **(81 530)** |
| Other income | 24 | 871 | - |
| **Result from operations** | | **(31 886)** | **(54 342)** |
| Finance costs | 6 | (940) | (6 768) |
| Finance income | 6 | 102 | 95 |
| **Finance result-net** | | **(838)** | **(6 673)** |
| **Profit / (loss) before income taxes** | | **(32 724)** | **(61 015)** |
| Income tax benefits / (expenses) | 7 | (28 314) | 7 333 |
| **Net Result of the period attributable to the owners of the Company** | | **(61 038)** | **(53 682)** |
| **Earnings per share** | | | |
| Basic weighted average number of ordinary shares | | 82 498 592 | 42 266 402 |
| Diluted weighted average number of ordinary shares | | 82 498 592 | 42 266 402 |
| Basic earnings / (loss) per share | 18 | (0.74) | (1.27) |
| Diluted earnings / (loss) per share | 18 | (0.74) | (1.27) |

[1] These amounts are excluding restructuring charges

## Consolidated statement of comprehensive income

| Year ended 31 December | Note | 2010<br>€000 | 2009<br>€000 |
|---|---|---|---|
| Profit / (Loss) for the period | | (61 038) | (53 682) |
| **Other comprehensive income** | | | |
| Exchange difference arising on translation on foreign operations | | 482 | (238) |
| Other comprehensive income / (loss) for the period (net of tax) | | 482 | (238) |
| **Total comprehensive loss for the period attributable to the owners of the parent** | | **(60 556)** | **(53 920)** |

## Consolidated statement of financial position

| Year ended 31 December | Note | 2010 €000 | 2009 €000 |
|---|---|---|---|
| **ASSETS** | | | |
| Intangible assets | 8 | 8 596 | 21 385 |
| Property, plant and equipment | 9 | 4 510 | 9 157 |
| Deferred tax assets | 7 | - | 30 050 |
| Other non current assets | 10 | 48 | 328 |
| **Total non-current assets** | | **13 155** | **60 921** |
| Inventories | 11 | 12 425 | 17 336 |
| Trade and other receivables | 10 | 7 277 | 16 254 |
| Cash and cash equivalents | 12 | 30 930 | 30 664 |
| Income tax receivable | 7 | 47 | 97 |
| **Total current assets** | | **50 679** | **64 351** |
| **Total assets** | | **63 834** | **125 272** |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | |
| Issued capital | 17 | 12 232 | 12 232 |
| Share premium | 17 | 57 961 | 57 961 |
| Reserves | 17 | (176) | (921) |
| Retained earnings / (losses) | 17 | (65 971) | (4 933) |
| **Total shareholders' equity attributable to the owners of the Company** | | **4 046** | **64 339** |
| Deferred tax liabilities | 7 | 20 | 1 893 |
| **Total non-current liabilities** | | **20** | **1 893** |
| Trade and other payables | 14 | 30 136 | 41 440 |
| Deferred revenue | 14 | 22 670 | 1 155 |
| Provisions | 15 | 2 097 | 7 529 |
| Other financial liabilities | 13 | 4 770 | 8 648 |
| Income tax payable | | 95 | 268 |
| **Total current liabilities** | | **59 768** | **59 040** |
| **Total liabilities and shareholders' equity** | | **63 834** | **125 272** |

## Consolidated statement of cash flows

| Year ended 31 December | Note | 2010<br>€000 | 2009<br>€000 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| **Net Result (A)** | | **(61 038)** | **(53 682)** |
| Amortisation of intangible assets | 8 | 9 725 | 13 459 |
| Depreciation of property, plant and equipment | 9 | 4 368 | 6 541 |
| Loss/(gains) on sale of property, plant and equipment | | (300) | 839 |
| Loss/(gains) on sale of intangible assets | | 14 | 22 |
| (Reversal of) write-offs on current and non current assets | | (690) | 7 861 |
| Impairment losses on intangible assets | 8 | 6 135 | 2 034 |
| Impairment losses on tangible assets | 9 | - | 678 |
| Increase / (decrease) in provisions | 15 | 543 | 5 434 |
| Loss/(gain) on sale of subsidiaries | 24 | (871) | - |
| Unrealized foreign exchange losses/(gains) | | 624 | 506 |
| Interest (income) | 6 | (59) | (80) |
| Interest expense | 6 | 527 | 709 |
| Equity settled share based payment expense | 17 | 200 | 663 |
| Tax expense / (benefit) | 7 | 28 314 | (7 332) |
| **Total (B)** | | **48 530** | **31 335** |
| **Cash flow from operating activities before changes in working capital (C)=(A)+(B)** | | **(12 508)** | **(22 347)** |
| Decrease / (increase) in inventories | | 6 061 | 8 021 |
| Decrease / (increase) in trade and other receivables | | 10 421 | 28 481 |
| Increase / (decrease) in trade and other payables | | (13 805) | (23 473) |
| Increase / (decrease) in deferred revenue | | 21 515 | (2 425) |
| Use of provisions | | (5 912) | (342) |
| **Total changes in working capital (D)** | | **18 280** | **10 262** |
| **Cash generated from operations (E)=(C) + (D)** | | **5 772** | **(12 085)** |
| Interests (paid) (F) | | (319) | (412) |
| Interests received (G) | | 50 | 79 |
| Income tax (paid)/received (H) | | 17 | (58) |
| **CASH FLOW FROM OPERATING ACTIVITIES (I)=(E)+(F)+(G)+(H)** | | **5 520** | **(12 476)** |

| | | | |
|---|---|---|---|
| **INVESTING ACTIVITIES** | | | |
| Acquisition of intangible assets | 8 | (574) | (232) |
| Expenditures on product development, net of grants received | 8 | (8 726) | (15 929) |
| Acquisition of property, plant and equipment | 9 | (64) | (934) |
| Proceeds from sale of intangible assets | 8 | 6 | 8 |
| Proceeds from sale of property, plant and equipment | 9 | 628 | - |
| Cash inflow on disposal of subsidiary | 24 | 7 145 | - |
| **CASH FLOW USED IN INVESTING ACTIVITIES (J)** | | **(1 585)** | **(17 087)** |
| **FINANCING ACTIVITIES** | | | |
| Proceeds from issue of share capital | 17 | - | 20 212 |
| Payment for capital increase costs | 13 | - | (1 698) |
| Proceeds / (Payments) from finance lease liability | 13 | (43) | 43 |
| Proceeds from borrowings | 13 | 4 770 | 8 574 |
| Repayment of borrowings | 13 | (8 355) | (74) |
| **CASH FLOW PROVIDED BY / (USED IN) FINANCING ACTIVITIES (K)** | | **(3 628)** | **27 057** |
| **Net increase/(decrease) in cash and cash equivalents = (I)+(J)+(K)** | | **307** | **(2 506)** |
| Cash and cash equivalents at beginning of year | 12 | 30 664 | 33 328 |
| Effect of foreign exchange difference | | (41) | (158) |
| Cash and cash equivalents at end of year | 12 | 30 930 | 30 664 |
| **Difference** | | **307** | **(2 506)** |

## Consolidated 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 |
|---|---|---|---|---|---|---|---|---|
| **At 1 January 2009** | | **6 116** | **43 865** | **513** | **(161)** | **-** | **48 749** | **99 082** |
| Net result for the year | | - | - | - | - | - | (53 682) | (53 682) |
| Other comprehensive loss for the year, net of income tax | | - | | - | (238) | - | - | (238) |
| *Total comprehensive loss for the year* | | - | - | | *(238)* | - | *(53 682)* | *(53 920)* |
| Share based payments | 17 | - | - | 663 | - | - | - | 663 |
| Share issue costs | 17 | - | - | - | - | (1 698) | - | (1 698) |
| Issuance of new shares | 17 | 6 116 | 14 096 | - | - | - | - | 20 212 |
| **At 31 December 2009** | | **12 232** | **57 961** | **1 176** | **(399)** | **(1 698)** | **(4 933)** | **64 339** |
| Net result for the year | | - | - | - | - | - | (61 038) | (61 038) |
| Other comprehensive income for the year, net of income tax | | - | | - | 482 | - | - | 482 |
| *Total comprehensive loss for the year* | | - | - | - | *482* | | *(61 038)* | *(60 556)* |
| Share based payments | 17 | - | - | 200 | - | - | - | 200 |
| Share issue costs | 17 | - | - | - | - | 63 | - | 63 |
| **At 31 December 2010** | | **12 232** | **57 961** | **1 376** | **83** | **(1 635)** | **(65 971)** | **4 046** |

## Note 1: Corporate Information

Option NV (hereafter the Company) is active in the telecom sector, specialized in the design, development, manufacture, installation, purchase and sale of wireless data communication devices such as data cards, USB dongles, wireless routers and (embedded) modules. The Company was incorporated on 3 July 1986 and has been publicly listed since November 1997, first on the European stock exchange ("Easdaq" later "Nasdaq Europe") and since 2003 on the Eurolist of Euronext Brussels (Ticker: OPTI - code BE0003836534).

Option NV has the legal form of a public limited company (Naamloze Vennootschap (NV)) whose shares were offered for sale to the public and is incorporated under Belgian law. Its headquarters are located in Belgium (Gaston Geenslaan 14, 3001 Leuven). Option NV is present in different continents around the world. The main companies are the headquarters located in Leuven and the manufacturing and supply chain site in Cork (Ireland). A complete list of all the subsidiaries of the Company can be found at the end of this annual report (see Note 24 Option companies).

The consolidated financial statements of the Company for the year ended 31 December 2010 comprise the Company and its subsidiaries (hereinafter jointly referred to as "Option" or the "Group"). The financial statements were authorized for issue by the board of directors on March 30, 2011 and signed on its behalf by Mr. Jan Callewaert.

### BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments that have been measured at fair value.

The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (€000) except otherwise stated.

### STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union.

### BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and all the subsidiaries controlled by the Company. IAS 27 states that control exists when the Company has the power to govern the financial and operating policies and obtains the benefits from the entities' activities. Control is presumed to exist when the Company owns, directly or indirectly, more than 50 % of an entity's voting rights of the share capital. Option NV has a 100% stake in all its subsidiaries (cfr Note 24).

The results of subsidiaries acquired or disposed of during the year are consolidated from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated in full in preparing the consolidated financial statements. Unrealized losses are also eliminated in the same way as unrealized gains unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

## CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

Based on a review on its financial statements, the Group has changed the presentation and classification of some items and disclosures in the accounting policies. Those can be summarized as follows:

- Business segments (Note 3): In the financial year 2010, the Group has generated important revenues related to software and license agreements and which exceeds the threshold of 10%, and thus, require segment information. The Group has restated the 2009 segment information in Note 3 and reported the software and license revenues as a separate segment.
- Deferred revenues (Note 14): In the financial year 2010, the Group has generated important deferred revenues mainly related to the above mentioned software and license agreements. The Group has disclosed these deferred revenues on a separate line on its balance sheet and cash flow statement, included information in Note 14 and restated the 2009 information to be comparable with the 2010 information.

### *Standards and Interpretations effective in the current period*

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The IASB has issued the following new and amended IFRS and IFRIC interpretations:

- Amendment to IFRS 1 First Time Adoption of International Financial Reporting Standards - Additional Exemptions. (Issued in August 2009 and become effective for annual periods beginning on or after 1 January 2010);
- Amendment to IFRS 2 Share-based Payments. (Issued in June 2009 and became effective for financial year beginning on or after 1 January 2010);
- IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial statements. (Issued in January 2008 and became effective to business combinations for which the acquisition date is on or after the first annual reporting period beginning on or after 1 July 2009);
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items. (Issued in July 2008 and became applicable for annual periods beginning on or after 1 July 2009);
- Improvements to IFRS – 2008-2009. (Issued in April 2009 and most of them will be effective on or after 1 January 2010);
- IFRIC 12 – Service Concession Arrangements (applicable for annual periods beginning on or after 1 April 2009);
- IFRIC 15 – Agreements for the Construction of Real Estate (issued in July 2008 and effective for financial years beginning on or after 1 January 2010;
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation, effective for financial years beginning on or after 1 July 2009);
- IFRIC 17 Distributions of Non-cash Assets to Owners. (Issued in December 2008 and became effective on or after 1 July 2009);
- IFRIC 18 – Transfers of Assets from Customers (issued in February 2009 and effective for transfers received on or after 1 July 2009);

### *The principal effects of these changes are as follows:*

Amendment to IFRS 1 First Time Adoption of International Financial Reporting Standards - Additional Exemptions. These amendments were issued in August 2009 and became effective for annual periods beginning on or after 1 January 2010. The amendments to IFRS 1 provide additional exemptions for first-time adopters relating to oil and gas assets and arrangements containing leases. This amendment had no impact on the financial position or performance of the Group.

Amendment to IFRS 2 Share-based Payments. These amendments were issued in June 2009 and became effective for financial year beginning on or after 1 January 2010. This amendment provides additional guidance on the accounting for share-based payment transactions among group entities. This amendment will have no impact on the financial position or performance of the Group.

IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial statements. The revised standards were issued in January 2008 and became effective to

business combinations for which the acquisition date is on or after the first annual reporting period beginning on or after 1 July 2009. IFRS 3 introduces a number of changes in the accounting for business combinations occurring after this date that will impact the amount of goodwill recognized. IAS 27 requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. This revised standard had no impact on the financial position or performance of the Group.
Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items. These amendments to IAS 39 were issued in July 2008 and became applicable for annual periods beginning on or after 1 July 2009. The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of the financial instrument as hedged item. The Group has concluded that the amendment had no impact on the financial position or performance of the Group.

Improvements to IFRS (2008 – 2009). Have been issued in April 2009 and most of them became effective on or after 1 January 2010. This is the second omnibus Standard published under the IASB's annual improvement process which is intended to deal with minor amendments to Standards. The Group has adopted the improvement of IFRS 8 which required disclosure of total assets per segment, only when such amounts are regularly provided to the Chief Operating decision maker. Since the Group didn't provide amounts of total assets per segment the Group has adopted this improvement.

IFRIC 12 – Service Concession Arrangements. This interpretation is applicable for annual periods beginning on or after 1 April 2009 and applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements. No member of the Group is an operator and, therefore, this interpretation has no impact on the Group.

IFRIC 15 Agreement for the construction of real ESTATE. IFRIC 15 was issued in July 2008 and becomes effective for financial years beginning on or after 1 January 2010. The interpretation is to be applied retrospectively. It clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognized if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. IFRIC 15 will not have an impact on the consolidated financial statement because the Group does not conduct such activity.

IFRIC 16 Hedges of a Net Investment in a Foreign OPERATION was issued in July 2008 and becomes effective for financial years beginning on or after 1 July 2009. The interpretation is to be applied prospectively. IFRIC 16 provides guidance on the accounting for a hedge of a net investment. As such it provides guidance on identifying the foreign currency risks that qualify for hedge in the hedge of a net investment and how an entity should determine the amount of foreign currency gain or loss; relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment. No member of the Group has these instruments and, therefore, these amendments have no impact on the Group.

IFRIC 17 Distributions of Non-cash Assets to Owners. The interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders. This interpretation became effective on 1 July 2009 and had no impact on the financial statements of the Group, since the Group did not distribute non-cash assets to owners.

IFRIC 18 – Transfers of Assets from Customers. This new interpretation was issued to address divergent practice in the accounting by recipients for transfers of property, plant and equipment from 'customers'. This interpretation became effective for transfers made on or after 1 July 2009 and had no impact on the financial statements of the Group since no such transfers of assets occurred in 2009 or 2010.

*Early adoption of Standards and Interpretations*
The Group has elected not to adopt any Standards or Interpretations in advance of their effective dates.

***Standards and Interpretations in issue not yet adopted***
At the date of authorization of these financial statements, the following Standards and interpretations were in issue but not yet effective:

- *Amendment to IFRS 1 First Time Adoption of International Financial Reporting Standards – IFRS Exemptions. This* amendment was issued in February 2010 and became effective on or after July 2010. The amendment gives first-time adopters the same transitional provisions that the amendments to IFRS 7 provide to current IFRS prepares. This amendment is a short-term exemption and is applicable only to annual comparative periods ending before 31 December 2009, interim periods with an annual comparative period before 31 December 2009 and to any statement of financial position presented within these periods. This amendment will have no impact on the financial position or performance of the Group.
- *Amendment to IFRS 1 First Time Adoption of International Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters.* This amendment is applicable for annual periods beginning on or after 1 July 2011 and proposes to clarify how an entity should resume presenting financial statements in accordance with IFRS after a period when the entity was unable to comply with IFRS because it had a functional currency that was subject to severe hyperinflation. This amendment will have no impact on the financial position or performance of the Group.
- *Improvements to IFRS (2009 - 2010).* These amendments were issued in May 2010 and have not been adopted since they become effective for annual periods beginning on or after 1 January 2011 as part of the Annual Improvements Project (AIP). The Group, however, expects no impact from the adoption of the amendments on its financial position or performance.
- A*mendments to IFRS 7 Financial Instruments – Disclosures - Derecognition.* This amendment was issued in October 2010 and will become effective on or after 1 July 2011. The effect of the amendment is to encourage qualitative disclosures in the context of the quantitative disclosure required to help users to form an overall picture of the nature and extent of risk arising from financial instruments. This amendment also clarifies the required level of disclosure around credit risk and collateral held and provides relief from disclosure of renegotiated loans. The Group is evaluating whether it will have impacts.
- *FRS 9 Financial Instruments: Classification and Measurement.* This new standard was issued in November 2009 and become effective for financial years beginning on or after 1 January 2013. This Standard introduces new requirements for the classification and measurement of financial assets. The Standard may be early applied. However, the Group does not intend to take advantage of this possibility.
- *Amendment to IAS 12 Income taxes – Deferred Tax: Recovery of Underlying Assets.* This amendment is applicable for annual periods beginning or after 1 January 2012. This amendment relates to the determination of deferred tax on investment property measured at fair value. The amendments introduce a rebuttable presumption that deferred tax in relation to such property should be measured on the basis that the carrying amount will be recovered through sale as well. The Group is not involved in such transactions, thus this amendment will have no impact on the financial position or performance of the Group.
- *Amendment to IAS 24 Related Party Disclosures.* These amendments were issued in November 2009 and become effective for financial years beginning on or after 1 January 2011. This Standard supersedes IAS 24 – Related Party Disclosures - as issued in 2003. This amendment to IAS 24 simplify the disclosure requirements for entities that are controlled or significantly influences by a government and clarify the definition of a related party. This amendment will have no impact on the financial position or performance of the Group.
- *Amendment to IAS 32 Financial Instruments: Presentation - Classification of Rights Issues.* These amendments were issued in October 2009 and become effective on or after 1 February 2010. Under the amendment, rights, options and warrants issued to acquire a fixed number af an entity's own non-derivative

equity instruments for a fixed amount are classified as equity instruments, provided the offer is made pro-rata to all existing owners of the same class of the entity's own non-derivative equity instruments.

- *FRIC 19 Extinguishing Financial Liabilities with Equity Instruments.* This new interpretation has been issued in December 2009 and becomes effective on or after 1 July 2010. The interpretation addresses divergent accounting by entities issuing equity instruments in order to extinguish all or part of a financial liability, often referred to as "debt for equity swaps". This amendment will have no impact on the financial position or performance of the Group.
- *Amendment to IFRIC 14 / IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction - Prepayments of a Minimum Funding Requirement.* These amendments have been issued in December 2009 and become effective for financial years beginning on or after 1 January 2011. IFRIC 14 – IAS 19 has been amended to remedy an unintended consequence of IFRIC 14 where entities are in some circumstances not permitted to recognize prepayments of minimum funding contributions, as an asset. The Group has concluded that the amendment will have no impact on the financial position or performance of the Group.

The impact of drafts of standards or interpretations currently being studied by the IASB and the IFRIC were not anticipated in these financial statements.

## ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts in the financial statements and related notes. It concerns mainly the recoverability of fixed assets, deferred taxes, intangible assets, warranty obligations and other probable liabilities on the closing date of the financial statements and the reported amounts of revenues and expenses during the reported period.
The Group uses estimates in its normal course of business to evaluate the warranty, excess and obsolete inventory, the doubtful debtors, the useful life of R&D projects, the valuation of intellectual properties, the derivative financial instruments and other reserves. Actual results could differ from these estimates.

**Judgements** made by management in the application of IFRS that have significant effect on the amounts recognized in the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes hereafter.

*Operating Lease as Lessor*

The Group has entered into a sublease of own leased premises to a third party. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contract as operating lease.

*Going concern*

The Group is from the opinion that, notwithstanding the existence since the last four financial years of losses carried forward, the use of going concern valuation rules is justified, based on the facts that:

- In 2009 and 2010 the Group has taken measures to lower its cost base dramatically and adapting the organization to its newly defined strategy. The Group has continued to enter into interesting partnerships for the implementation of its new strategy (Kobil, Interdigital). Furthermore, the Group has entered into a cooperation agreement with Huawei Technologies whereby both companies agreed to work together on different levels by sharing technology and exploring further co-operation on R&D and licensing.
- In October 2010 the Group entered into a "software and license agreement" with Huawei technologies, licensing Option's basic connection manager software. The first year of the license was valued at EUR 27 million and prepaid. The agreement also includes the potential for an extension of the license for an amount of EUR 33 million. After balance sheet date, on January 31st 2011, the Group announced that

it has extended its software license agreement and received a payment of EUR 11 million in that respect. On March 8th 2011, the Group announced it has further extended the aforementioned agreement and received an additional payment of EUR 22 million. This transaction was the final extension under the current license agreement and will deliver secured revenues for 2011 and 2012.

- On the 17th of November 2010, the Group entered into a sale agreement to dispose of the M4S subsidiaries of the Group. The consideration received in cash amounted to EUR 7.1 million.
- The above mentioned has resulted in a strong cash position which will enable the Group to further develop its defined market strategy.
- In 2009, to secure additional liquidity and to strengthen its working capital, the Group has entered into a credit facility agreement with ING and Dexia. During the financial year 2010, the maximum amount to be drawn in cash advances has been reviewed and set at EUR 8.3 million. Those credit lines have a number of covenants; a leverage covenant, a solvency covenant and a net equity covenant. Following the successful capital increase in 2009, ING and Dexia have waived the leverage covenant for the first three quarters of 2010. However, because of the incurred losses the Group's net equity has fallen below the threshold and thus the Company is at present in breach of the equity and solvency covenant. The Company is discussing a possible temporary waiver for these covenants with ING and Dexia.

**The estimates and underlying assumptions** are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if there is a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within next financial year.

*Development costs*

Development costs are capitalized in accordance with the accounting policy in Note 2. Initial capitalization of costs is based on management's judgment that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. At 31 December 2010, the best estimate of the carrying amount of capitalized development costs was EUR 8 114k (2009: EUR 19 616k), see note 8 for further details.

*Impairment of non-financial assets*

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. At 31 December 2010, the company has recognized impairment losses on the capitalized development projects for EUR 6 135k (2009: EUR 1 993k), Further details, including a sensitivity analysis of key assumptions, are given in Note 8.

*Deferred Tax Assets*

Deferred tax assets are recognised for all unused tax losses and other timing differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. 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, for an amount of EUR 29.7 million. Therefore, there is no remaining carrying value of recognised tax losses at 31 December 2010 (2009: EUR 72 530k).

Although these tax losses are not recorded on the balance sheet, they do not expire nor may be used to offset taxable income elsewhere in the Group. Further details are contained in Note 7.

*Warranty provision*

The Group estimates the cost for the warranty coverage by applying statistical techniques on the sales recorded.

The warranty period is between 12 and 24 months, determined by the location of the customer.

At 31 December 2010, the estimated provision for warranty is EUR 201k (2009: EUR 510k). Further details are given in Note 15.

*Restructuring provision*

A restructuring provision is recognized when the Group has developed a detailed formal plan for the restructuring as explained in the accounting policy in Note 2. In the last quarter of 2009, the Group announced a second restructuring which affected the Company and a number of its affiliates. Therefore, at 31 December 2009, the estimate of this restructuring provision including the direct expenditures was EUR 5 912k. At the end of the financial year 2010 the remainder of this restructuring provision was estimated at EUR 1 096k. Further details are given in Note 15.

## Note 2: Significant Accounting Policies

### (1) FOREIGN CURRENCY TRANSLATION

#### FUNCTIONAL AND PRESENTATION CURRENCY

The individual financial statements of each of the Group's entities are presented in the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in euro, which is the Company's functional and presentation currency. All companies within the Group have the euro as their functional currency, except for:

- the Japanese subsidiary for which its functional currency is the Japanese Yen; and
- the Hong Kong, US and Taiwanese subsidiaries for which the functional currency is respectively the US dollar and New Taiwan dollar.

#### FOREIGN CURRENCY TRANSACTIONS

In preparing the financial statements of the individual entities, transactions in currencies other than euro are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the balance sheet date rate. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are retranslated at the foreign exchange rate prevailing at the date when the fair value was determined. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement of the period.

#### TRANSLATION OF THE RESULTS AND FINANCIAL POSITION OF FOREIGN OPERATIONS

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (US, Japanese, Hong Kong and Taiwanese subsidiaries) are translated to euro at foreign exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. The components of shareholders' equity are translated at historical rates. Exchange differences arising, if any, are classified as equity and recognized in the Group's foreign currency translation reserve. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

## (2) REVENUE RECOGNITION

The Group generates its revenue mainly from the sales of its products, ie data cards, USB Devices, router, embedded wireless modules and software products.

Customers of the Group are Value added Resellers, Original Equipment Manufacturers, wireless service providers, global operators and end-users.

Revenue from products is recognized by the Group when

- persuasive evidence of an arrangement exists,
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the products sold;
- the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the amount of revenue (the price) can be measured reliably,
- collection of the price is reasonably assured (it is probable that the economic benefits associated with the transaction will flow to the entity), and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Ilf any of these criteria are not met, recognition of revenues is deferred until such time as all of the criteria are met.
Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty.

The Company's product sales are generally not sold with a right of return unless the product is defective and covered by the warranty clause (See also Note 15).
The Company's sales typically include multiple product and/or service elements such as technical support for its products. In that case the total revenue is allocated to the fair value of the individual elements, each of which are then recognized in accordance with the accounting principle applicable to that element. Where the fair value of one or more of the elements cannot be determined, the revenue is spread over the expected remaining contractual lifetime. Although the products sold have embedded software, the Group believes that software is incidental to the products they provide.

Revenues from services are recognized when the services are performed, when there is no material continuing performance and collection is reasonably assured. Revenues on service arrangements contingent on final customer acceptance are deferred until such acceptance has been received, and all other criteria for revenue recognition have been met. The costs associated with these arrangements are recognized as incurred.

A part of the company's revenues have been derived from collaboration agreements. Pursuant to such collaborations, the group agrees to conduct research and test projects, as defined in the contract.
Most of these agreements provide for upfront fees for technology access, license fees and significant milestone fees. Agreements specifically related to license and software income are recognized as revenue over the period of the license.
Upfront non-refundable fees are only recognized as revenue at fair value when products are delivered and/or services are rendered in a separate transaction and the Group has fulfilled all conditions and obligations under the related agreement. In case of continuing involvement of the Group, the upfront fee would not be regarded as a separate transaction and the upfront non refundable fees will be deferred at fair value over the period of the collaboration.
Research milestone earnings are recognized as revenues when irrevocably earned, unless the Group has continuing involvement in the program. In such case the milestone revenue is only recognized in full to the extent cost has been incurred in light of the overall estimated project revenues and expenses.
Deferred revenue is recorded when cash in advance is received before the above revenue recognition criteria are met.

A limited number of sales contracts entitle customers to a subsequent credit note in case of price erosion during a

specific period after the initial sale. Subsequently granted discounts resulting from this type of contract clauses are estimated at the time of the initial sale and netted against revenue.

Any cash discount is netted against revenue.

### (3) ROYALTIES BASED ON THE SALE OF PRODUCTS

Under license agreements, the Group is committed to make royalty payments for the use of certain patented technologies in wireless data communication. The Group recognizes royalty obligations as determinable in accordance with agreement terms with those patent holders. Royalty obligations are recognized in the income statement in the caption "sales, marketing and royalties' expenses".

### (4) TAXES

Income tax charge on the profit or loss for the year comprises current and deferred taxation. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

*Current income tax*

Current tax is the expected tax payable on the taxable income for the year. Taxable base differs from net base as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates enacted, or substantively enacted, at the balance sheet date. For further details see Note 7.

*Deferred income tax*

Deferred income tax is provided in full, using the balance sheet liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Enacted or substantially enacted tax rates are used to determine deferred income tax.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all taxable temporary differences only to the extent that it is probable for management that future taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. For further details see Note 7.

### (5) INVENTORIES

Raw materials (mainly electronic components) and work in progress are stated at the lower of cost or net realizable value. Cost is determined on a first-in, first-out basis.

Finished goods inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and where applicable, direct labors costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

Net realizable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

The Group recognizes consignment stock in its balance sheet unless there has been a substantial transfer of the risks and rewards of ownership to the consignee.
The Group reviews inventories of slow-moving or obsolete items on an ongoing basis and creates allowances if needed.

## (6) PROPERTY PLANT AND EQUIPMENT

The Group's property, plant and equipment, including dedicated production equipment, is recorded at historical cost less accumulated depreciation and impairment losses. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset as appropriate only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are charged to the income statement as incurred.
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which are as follows:

| | |
|---|---|
| Machinery and computer equipment | 2 to 10 years |
| Furniture and Vehicles | 5 years |
| Leasehold improvements | 3 to 9 years |

The estimated useful lives, residual values and depreciation method are reviewed at each balance sheet date, with the effect of any changes in estimate accounted for on a prospective basis.

Assets under construction are stated at cost. This includes cost of construction, plant and equipment and other direct costs. Assets under construction are not depreciated until such time as the relevant assets are available for their intended use, at which stage the assets are also reclassified towards the relevant category within property, plant and equipment.

## (7) LEASES

Lease operations can be divided into two types of lease:

### FINANCE LEASE

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. They are measured at the lower of fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses.
Each lease payment is apportioned between reduction of the lease obligation and finance charges so as to achieve a constant periodic rate of interest on the remaining balance of the liability. The corresponding rental obligations, net of finance charges, are included in short and long-term payables. The interest element is charged to the income statement over the lease period. Assets under finance lease are depreciated over the useful life of the assets according to the rules set out by the Group. In case where it is not certain that the Group will acquire the ownership of the asset at the end of the lease term, depreciation is spread over the shorter of the lease term and the useful life of the asset.

#### OPERATING LEASE

Leases under which a substantial part of risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating lease are charged to the income statement on a straight-line basis over the term of the lease. For further details see Note 16.

### (8) INTANGIBLE ASSETS

Intangible assets acquired separately are measured upon initial recognition at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

#### (A) RESEARCH AND DEVELOPMENT COSTS AND RELATED GOVERNMENT DEVELOPMENT FUNDING

Research expenditure is recognized as an expense as incurred.

The Group follows the cost reduction method of accounting for government research funding whereby the benefit of the funding is recognized as a reduction in the cost of the related expenditure when certain criteria stipulated under the terms of those funding agreements have been met, and there is reasonable assurance the grants will be received.

Costs incurred on development projects (relating to the design and testing of new or improved products) are recognized as intangible assets pursuant IAS 38 Intangible Assets if following criteria of compliance are met and the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset;
- ts ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits (e.g. existence of a market or,
- if it is to be used internally, the usefulness of the intangible asset);
- the availability of adequate technical, financial and other resource to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible assets can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, these internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately. The amortization of capitalized development costs is recognized in the income statement under the caption “Research and Development costs”.

Other development expenditures are recognized as an expense as incurred. Research and Development costs recognized in the previous accounting year as an expense cannot be recognized as an asset in a subsequent period.

Development costs that have a finite useful life that have been capitalized are amortized from the commencement of the commercial shipment of the certified product on a straight-line basis over the period of its expected benefit, not exceeding two years.

Capitalization of development costs as detailed above creates a taxable temporary difference. Accordingly, a deferred tax liability is accounted for in this respect.

### (B) OTHER INTANGIBLE ASSETS

The Group's other intangible assets include

- Concessions, patents and licenses, and
- Software for Material Requirements Planning (MRP) and consolidation purposes.

These are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is computed using the straight-line method over the estimated useful lives of the assets, which are from 1,5 to 5 years depending to the specific license or software. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

## (9) IMPAIRMENT OF ASSETS

The Group assesses at each reporting date whenever events or changes in circumstances occur to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

For intangible assets initially recognized that no longer meet the criteria described for research and development costs (Accounting policy 8A) an impairment loss is recognized. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized in the income statement.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized in the income statement.

## (10) PROVISIONS

A provision is recognized when:

- there is a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

If these conditions are not met, no provision is recognized.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

*Warranty provision*

The Group provides warranty coverage on its products from date of shipment and/or date of sale to the end customer. The warranty period is in line with the applicable legislation and ranges from 12 to 24 months, determined by the location of the customer. The Group's policy is to accrue the estimated cost of warranty coverage at the time the sale is recorded.

The warranty on sales from the Group outside the European Union is limited to one year only.

*Restructuring provision*

A restructuring provision is recognized when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

## (11) EMPLOYEE BENEFIT PLANS

The Group operates a number of defined contribution plans, the assets of which are held in separate trustee-administered funds or group insurances. Payments for these defined contribution plans are recognized as a current year charge.

## (12) SHARE-BASED PAYMENT TRANSACTIONS

The Group operates equity-settled share-based compensation plans through which it grants share options (here after referred to as "warrants") to employees, contractors and directors. The cost of equity-settled transactions with employees for awards granted is measured by reference to the fair value at the grant date. The equity-settled share-based payments are expensed over the vesting period, with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the warrants granted, measured using the Black & Scholes model, taking into account the terms and conditions at which the warrants were granted. At each balance sheet date, the entity revises its estimates of the number of warrants that are expected to become exercisable except where forfeiture is only due to shares not achieving the threshold for vesting. It recognizes the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the warrants are exercised.

Further details are given in Note 17.

## (13) FINANCIAL ASSETS AND LIABILITITES

Financial assets and financial liabilities are recognized on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

*Trade and other receivables*

Trade debtors and other amounts receivable are shown on

the balance sheet at nominal value (in general, the original amount invoiced) less an allowance for doubtful debts. Such an allowance is recorded in the income statement when it is probable that the Group will not be able to collect all amounts due.
Customers for which overdue amounts rise from commercial discussions, are provided against revenue. In those cases, where the credit risk arises from the possibility that customers may not be able to settle their obligations as agreed, are provided against an allowance for doubtful debtors. Even if one particular brand or a global mobile operator would represent a substantial percentage of the Group's trade receivables, the Group is dealing with the individual affiliated operator who is free to negotiate and manage its own contracts and placement of purchase orders. All these affiliated operators have different credit risk profiles and benefit from different terms and conditions.
Other receivables are stated at their nominal value (in general, the original amount invoiced) less an allowance for doubtful debts if deemed necessary.

*Trade and other payables*
Trade payables and other payables are stated at amortized cost. This is computed using the effective interest method less any allowance for impairment.

*Cash and cash equivalents*
Cash includes cash and term deposits. Highly liquid investments with maturity of three months or less at date of purchase are considered cash equivalents. Cash equivalents consist primarily of term deposits with a number of commercial banks with high credit ratings.
For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and short-term deposits as defined above.

## (14) BORROWING COSTS
Borrowing costs are recognised as an expense when incurred.

## (15) DERIVATIVE FINANCIAL INSTRUMENTS
The Group uses derivatives financial instruments such as forward currency contracts to hedge its foreign market risk. These derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value through the income statement.
For financial instruments where there is no active market, an appropriate valuation technique is used to determine the fair value.
Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.
Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are taken directly to profit or loss.

## (16) EARNINGS PER SHARE
Basic net earnings per share are computed based on the weighted average number of ordinary shares outstanding during the period.
Diluted net earnings per share are computed based on the weighted average number of ordinary shares outstanding including the dilutive effect of warrants.

## (17) SEGMENT REPORTING
A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.
Segment results include revenue and expenses directly attributable to a segment and the relevant portion of revenue

and expenses that can be allocated on a reasonable basis to a segment.

The operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

### Note 3: Business Segments And Geographical Spread

Segment information is presented in respect of the Group's business and geographical segments. The Group is following up on its activities on a project-by-project basis, whereby each project includes one or more products with similar technologies.

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 financial year 2010, the Group generated important revenues from software and license agreements with external parties and will disclose this as a separate operating segment.

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 "External devices" business segment produces data cards, USB devices, routers and software products;
- The "Module" business segment is principally the production of embedded devices or modules;
- The "Software and license" business segment is related to revenues generated to software and license deals, closed with third parties;
- The "Other" business segment is mainly related to sales of components, accessories and non recurring engineering fees.

Although Option has an extended product range, the Group believes that, as the products have similar economic characteristics, they are similar in each of the following categories:

- the nature of the products;
- the nature of the production processes;
- the type or class of customer for these products;
- the methods used to distribute the products;
- the nature of the regulatory environment for these products.

The following is an analysis of the Group's revenue and results from operations by reportable segment:

| | Revenues from external customers | | Business segment result | |
|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 |
| External devices | 41 812 | 113 914 | (23 803) | (46 151) |
| Modules | 6 770 | 29 755 | (10 664) | (6 531) |
| Software and licenses | 6 694 | 243 | 1 357 | 154 |
| Other | 2 455 | 3 207 | 1 224 | (1 815) |
| **Totals** | **57 731** | **147 119** | **(31 886)** | **(54 343)** |
| Finance (costs) / income | | | (838) | (6 673) |
| Income taxes / (expenses) | | | (28 314) | 7 333 |
| **Net result** | | | **(61 038)** | **(53 682)** |

The segment result represents the result for each segment including the operating expenses. The internal reports of the Group are limited to report segments up until the margin level of its products. In order to disclose more relevant information, part of those operating expenses, being amortization, impairments and royalty expenses are directly allocated to the segment. The remaining operating expenses have been allocated to the segments based on an allocation key, being the percentage of revenue generated by this segment.

As of 2010, the "software- and license" revenues have exceeded the threshold of 10% compared to total revenues and therefore the Group will report those revenues as a separate segment. Those 2010 revenues were mainly the result of a cooperation agreement between the Group and Huawei Technologies in October 2010, in which Huawei, amongst others, agreed to license Option's uCAN® Connection Manager software and, for which an amount of EUR 27 million was paid, covering an initial period of 1 year (i.e. October 26, 2010 until October 25, 2011). The Group's accounting policy related to such license agreements foresees that license income is recognized as revenue over the period of the license. Therefore, for the financial year 2010, the Group has recognized EUR 4.9 million as revenue. The agreement included the potential for an extension of the license for an amount up to EUR 33 million.
Meanwhile, as a subsequent event:

(i) on January 31, 2011, a first extension of the software license agreement with Huawei was announced and a payment of EUR 11 million was received in this respect. This extension of the agreement will generate revenues in the period November 2011 until February 2012; and
(ii) on March 8, 2011, the Group announced a final extension until October 25, 2012, for which a payment of EUR 22 million has been received. This extension will generate revenues in the period March 2012 until October 2012.

Most of the equipment sales occur under global or international mobile brands and are invoiced to their local, national and partnership network operators or established outsourced equipment manufacturers, resulting in a spread risk of a solid portfolio of sound and different accounts receivable. In 2010, two customers (groups) represented more than 10% of the total revenues realized in 2010, or 36% for both combined.

| Revenues | 2010 | 2009 |
|---|---|---|
| Europe | 52% | 60% |
| Americas | 29% | 17% |
| Asia-Pacific | 16% | 17% |
| Other | 3% | 6% |

52% of the Group's revenues in 2010 are obtained within Europe compared with 60% in 2009. Given the limited number of customers, the Group is following up on its sales efforts on a global basis, rather than on a regional basis.
Since the Group does not report segments to the management of the Group on a balance sheet level, no information on assets and liabilities per segment can be disclosed.

### Note 4: Additional Information On Operating Expenses By Nature

*Depreciation, amortization and impairment loss are included in the following line items in the income statement:*

| Thousands EUR | Depreciation on property, plant and equipment | | Impairment on property, plant and equipment | | Amortization on intangible assets | | Impairment loss on intangible assets | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Cost of products sold | 226 | 454 | - | - | 229 | 7 | - | - | 455 | 461 |
| Operating Expenses including : | | | | | | | | | | |
| Research and development expenses | 3 449 | 5 290 | - | 678 | 9 267 | 13 210 | 6 135 | 2 034 | 18 851 | 21 212 |
| Sales, marketing and royalties expenses | 80 | 73 | - | - | 63 | 57 | - | - | 143 | 130 |
| General and administrative expenses | 613 | 724 | - | - | 165 | 185 | - | - | 777 | 909 |
| **Total** | **4 368** | **6 541** | **-** | **678** | **9 725** | **13 459** | **6 135** | **2 034** | **20 228** | **22 712** |

In 2010, the Group reviewed the existing capitalized R&D projects which resulted in an impairment of EUR 6 135k (2009: EUR 1 993k) mainly having its source in changing technologies and fast changing market conditions. The announced close down in 2009 of the Kamp-Lintfort R&D facility resulted in an impairment of EUR 41k on intangible assets (mainly software) and an impairment of EUR 678k in 2009 on property, plant and equipment.

The research and development expenses that were expensed as incurred amounted to EUR 6 004k (2009: EUR 12 044k).

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

| Thousands EUR | 2010 | 2009 |
|---|---|---|
| Cost of products sold | 530 | 4 098 |
| Research and development expenses | 1 812 | 5 604 |
| Sales, marketing and royalties expenses | 5 457 | 7 320 |
| General and administrative expenses | 4 103 | 6 297 |
| **Total excluding restructuring** | **11 901** | **23 319** |
| Restructuring charges | - | 6 320 |
| **Total including restructuring** | **11 901** | **29 639** |

In 2010 no costs incurred (2009: EUR 6 320k) relating to payroll related restructuring charges.

We refer to note 5: Payroll and related benefits of the financial statements in this annual report for further information.

*Cost of products sold*
At year-end 96.8%, or EUR 41 305k of the cost of product sold relates to materials (2009: 92.9% or EUR 111 399k)

### Note 5: Payroll And Related Benefits

| Thousands EUR | 2010 | 2009 |
|---|---|---|
| Wages and salaries | 7 010 | 16 012 |
| Social security contributions | 3 036 | 4 870 |
| Other personnel expenses | 1 432 | 1 775 |
| Contributions to pension plan | 423 | 662 |
| Payroll related restructuring charges | - | 6 320 |
| | **11 901** | **29 639** |
| a) Total number of people registered at year-end | 206 | 411 |
| b) Average number of people registered in full time equivalent | 231 | 537 |
| Direct and indirect labor | 12 | 160 |
| Employees | 215 | 372 |
| Management | 4 | 5 |

As from 2003, the Company and two of its subsidiaries contribute to local pension funds, which are managed by high rated insurance companies. It concerns defined contribution schemes and the contribution can be partially fixed and partially related to the operating profit. The contributions to the pension funds amounted to EUR 423k (2009: EUR 662k).

### Note 6: Finance Result-Net

| Thousands EUR | 2010 | 2009 |
|---|---|---|
| Interest income | 59 | 80 |
| Net foreign exchange gains | - | - |
| Change in fair value of the existing derivative financial instruments | - | - |
| Other | 43 | 16 |
| **Finance income** | **102** | **95** |
| Interest expense | (527) | (709) |
| Change in fair value of the existing derivative financial instruments | - | - |
| Net foreign exchange losses | (220) | (5 535) |
| Other, mainly bank charges and payment differences | (193) | (523) |
| **Finance costs** | **(940)** | **(6 768)** |
| **Finance net result** | **(838)** | **(6 673)** |

The net foreign exchange result amounted to EUR -220k or -0.4% of total revenues of 2010 (2009: EUR -5 535k or -3.7% of total revenues of 2009) mainly due to realized losses on the USD.

In 2009, the Group entered into derivative financial instruments to manage its exposure on the US dollar cash flows. All derivatives are recorded at fair value and classified as trading, which means that all volatility through changes in the fair value is recorded through the income statement as a financial result. All contracts related to those financial instruments expired before year-end 2009. The net foreign exchange loss resulting from those derivative financial instruments in 2009 amounted to EUR 3 051k and was recognized in the income statement as a financial loss. In the financial year 2010 the Group did not enter into such derivative financial instruments.

### Note 7: Income Tax

| Thousands EUR | 2010 | 2009 |
|---|---|---|
| **Tax benefit/(expense) comprises:** | | |
| Current tax benefit/(expense) | (379) | (329) |
| Deferred tax benefit/(expense) | (27 935) | 7 662 |
| **Total tax income/(expense)** | **(28 314)** | **7 333** |
| Result before tax | (32 724) | (61 015) |
| Tax benefit / (expense) calculated at 33.99% | 11 123 | 20 739 |
| Effect of non-taxable income | (466) | (219) |
| Effect of expenses that are not deductible in determining taxable profit | (411) | (768) |
| Effect of unused tax losses not recognized during the year | (8 692) | (8 246) |
| Effect of previously recognized unused tax losses and deductible temporary differences written off in the current year | (27 179) | - |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | (2 688) | (4 172) |
| **Tax income/(expense) recognized in the income statement** | **(28 314)** | **7 333** |

The tax rate used for the 2010 and 2009 reconciliations above is the corporate tax of 33.99% payable by companies in Belgium under Belgian tax law.

The loss recorded in 2010 gave rise to a significant tax loss in the Company (Option NV) and could have led to a deferred tax benefit for the Group in 2010. However, as from the third quarter 2009, the Group stopped accounting for deferred tax benefits resulting from losses arisen in the Company (Option NV). In 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. This resulted in a negative tax result of EUR -28 314k (2009: positive tax result of EUR 7 333).

DEFERRED INCOME TAX

| | Consolidated Balance Sheet | | | |
|---|---|---|---|---|
| | ASSETS | | LIABILITIES | |
| Thousands EUR | 2010 | 2009 | 2010 | 2009 |
| Property, plant and equipment | - | 272 | - | - |
| Intangible assets | - | 3 535 | - | (1 874) |
| Inventories | - | - | (20) | (19) |
| Other items | - | 1 261 | - | - |
| Tax value of loss carry forwards | - | 24 982 | - | - |
| **Gross tax assets/(liabilities)** | **-** | **30 050** | **(20)** | **(1 893)** |
| Netting by taxable entity | - | - | - | - |
| **Deferred tax assets/(liabilities)** | **-** | **30 050** | **(20)** | **(1 893)** |

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. 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. The tax effected value of the tax losses carried forward and not recorded (in Option NV) are calculated at EUR 41.8 million for which an amount of EUR 2.8 million expires in 2014, an amount of EUR 2.6 million expires in 2015, an amount of EUR 1 million expires in 2016 and an amount of EUR 0.3 million expires in 2017. The remaining part, being EUR 34.5 million are unlimited in time.

## Note 8: Intangible Assets

| Thousands EUR | Capitalized development | Concessions, patents, licenses | Software | Total 2010 |
|---|---|---|---|---|
| **Acquisition cost** | | | | |
| **Balance at 1 January 2010** | **81 994** | **8 925** | **2 879** | **93 798** |
| Effect of movements in foreign exchange | - | - | - | - |
| Additions | - | 547 | 27 | 574 |
| Expenditures on product development, net of grants received | 8 726 | - | - | 8 726 |
| Transfer to other asset categories | - | - | - | - |
| Disposals | (6 208) | (3 074) | (33) | (9 315) |
| Other movements | - | - | - | - |
| **Balance at 31 December 2010** | **84 512** | **6 398** | **2 874** | **93 783** |

| | | | | |
|---|---|---|---|---|
| Amortization and impairment loss | | | | |
| Balance at 1 January 2010 | (62 378) | (7 773) | (2 262) | (72 413) |
| Effect of movements in foreign exchange | - | - | - | - |
| Amortization | - | (1 578) | (262) | (1 840) |
| Amortization for expenditures on product development | (7 885) | - | - | (7 885) |
| Impairment loss | (6 135) | - | - | (6 135) |
| Disposals | - | 3 074 | 12 | 3087 |
| Transfer to other asset categories | - | - | - | - |
| **Balance 31 December 2010** | **(76 398)** | **(6 277)** | **(2 512)** | **(85 187)** |
| **Carrying amount** | | | | |
| **at 1 January 2010** | **19 616** | **1 152** | **617** | **21 385** |
| **at 31 December 2010** | **8 114** | **121** | **362** | **8596** |
| **Acquisition cost** | | | | |
| **Balance at 1 January 2009** | **66 065** | **8 910** | **2 692** | **77 667** |
| Effect of movements in foreign exchange | - | - | - | - |
| Additions | - | 15 | 217 | 232 |
| Expenditures on product development, net of grants received | 15 929 | - | - | 15 929 |
| Transfer to other asset categories | - | - | - | - |
| Disposals | - | - | (30) | (30) |
| Other movements | - | - | - | - |
| **Balance at 31 December 2009** | **81 994** | **8 925** | **2 879** | **93 798** |
| **Amortization and impairment loss** | | | | |
| **Balance at 1 January 2009** | **(48 557)** | **(6 452)** | **(1 918)** | **(56 927)** |
| Effect of movements in foreign exchange | - | - | - | - |
| Amortization | - | (1 321) | (310) | (1 631) |
| Amortization for expenditures on product development | (11 828) | - | - | (11 828) |
| Impairment loss | (1 993) | - | (41) | (2 034) |
| Disposals | - | - | 7 | 7 |
| Transfer to other asset categories | - | - | - | - |
| **Balance 31 December 2009** | **(62 378)** | **(7 773)** | **(2 262)** | **(72 413)** |
| **Carrying amount** | | | | |
| **at 1 January 2009** | **17 508** | **2 458** | **773** | **20 740** |
| **at 31 December 2009** | **19 616** | **1 152** | **617** | **21 385** |

In 2009, the Group obtained from the Flemish Innovation Institute (IWT or "Instituut voor de aanmoediging van Innovatie door Wetenschap en Technologie in Vlaanderen") a grant of EUR 607k to support the Groups innovation efforts on product development. The main part of this grant (EUR 486k) has been received in the course of 2009. The remaining part was received during the first half of 2010 and has, as in 2009, been deducted from the expenditures on product development. The sale of the subsidiaries M4S in 2010 resulted in a disposal of capitalized development expenses for an amount of EUR 6 208k.

**IMPAIRMENT OF INTANGIBLE ASSETS WITH DEFINITE USEFUL LIFE**

In 2010, the Group reviewed the existing capitalized R&D projects which resulted in an impairment of EUR 6 135k (2009: EUR 1 993k) mainly having its source in changing technologies and fast changing market conditions. This analysis was based on "platform related projects" with a faster than anticipated end-of-life, projects with reduced contributions and projects with no visibility on sales beyond end of 2010. The value was determined based on an estimate of the projected contributions from these development projects in the coming quarters.

This was recognized in the income statement in the line item "Research and development expenses".

## Note 9: Property, Plant And Equipment

| Thousands EUR | Machinery and computer equipment | Furniture and Vehicles | Leasehold improvements | TOTAL 2010 |
|---|---|---|---|---|
| **Acquisition cost** | | | | |
| **Balance at 1 January 2010** | **33 446** | **2 112** | **1 841** | **37 399** |
| Effect of movements in foreign exchange | 8 | 28 | 2 | 38 |
| Additions | 50 | 8 | 6 | 64 |
| Disposals | (2 368) | (238) | - | (2 606) |
| Other movements | (134) | (8) | 6 | (136) |
| **Balance at 31 December 2010** | **31 002** | **1 902** | **1 855** | **34 759** |
| **Depreciation** | | | | |
| **Balance at 1 January 2010** | **(25 599)** | **(1 449)** | **(1 194)** | **(28 242)** |
| Effect of movements in foreign exchange | 1 | (15) | (1) | (15) |
| Depreciation | (3 890) | (208) | (269) | (4 367) |
| Impairment loss | - | - | - | - |
| Disposals and cancellation | 2 140 | 86 | 15 | 2 241 |
| Other movements | 108 | 62 | (36) | 134 |
| **Balance at 31 December 2010** | **(27240)** | **(1 524)** | **(1 485)** | **(30 249)** |

| | | | | |
|---|---|---|---|---|
| **Carrying amount** | | | | |
| **at 1 January 2010** | **7 847** | **663** | **647** | **9 157** |
| **at 31 December 2010** | **3 762** | **378** | **370** | **4 510** |
| **Acquisition cost** | | | | |
| **Balance at 1 January 2009** | **35 177** | **2 171** | **1 771** | **39 119** |
| Effect of movements in foreign exchange | (1) | - | - | (1) |
| Additions | 817 | 30 | 87 | 934 |
| Disposals | (2 547) | (89) | (17) | (2 653) |
| Transfer to other asset categories | - | - | - | - |
| **Balance at 31 December 2009** | **33 446** | **2 112** | **1 841** | **37 399** |
| **Depreciation** | | | | |
| **Balance at 1 January 2009** | **(20 730)** | **(1 168)** | **(930)** | **(22 828)** |
| Effect of movements in foreign exchange | - | - | - | - |
| Depreciation | (5 937) | (323) | (281) | (6 541) |
| Impairment loss | (648) | (30) | - | (678) |
| Disposals and cancellation | 1 716 | 72 | 17 | 1 805 |
| Transfer to other asset categories | - | - | - | - |
| **Balance at 31 December 2009** | **(25 599)** | **(1 449)** | **(1 194)** | **(28 242)** |
| **Carrying amount** | | | | |
| **at 1 January 2009** | **14 447** | **1 003** | **841** | **16 291** |
| **at 31 December 2009** | **7 847** | **663** | **647** | **9 157** |

The main part of the disposed property, plant and equipment, for an amount of EUR 2 606k, is related to equipment which was located in the Kamp-Lintfort site (Option Wireless Germany GmbH), for which the liquidation was initiated at the end of 2009.

## Note 10: Trade And Other Receivables

### CURRENT TRADE AND OTHER RECEIVABLES

| Thousands EUR | | 2010 | 2009 |
|---|---|---|---|
| Trade receivables | | 7 424 | 14 559 |
| Allowance for doubtful accounts | | (703) | (281) |
| | *Subtotal* | *6 721* | *14 278* |
| Recoverable VAT | | 509 | 1 056 |
| Other receivables | | 47 | 920 |
| | *Subtotal* | *556* | *1 976* |
| | | **7 277** | **16 254** |

For terms and conditions relating to related party receivables, refer to Note 22.
Trade receivables are non-interest bearing and are generally on 60-90 days' terms.

The other receivables consist mainly of prepaid expenses and accrued income.

*Aging of trade receivables:*

| Thousands EUR | Gross Amounts | | Allowance for doubtful accounts | |
|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 |
| < 60 days (neither past due no impairment) | 6 570 | 14 457 | - | - |
| 60 - 90 days | 78 | 53 | - | (2) |
| 90 - 120 days | 13 | - | - | - |
| > 120 days | 763 | 49 | (703) | (279) |
| | **7 424** | **14 559** | **(703)** | **(281)** |

See also Note 20 for further information about credit risk.

Even if one particular brand or a global mobile operator would represent a substantial percentage of the Group's trade receivables, the Group is dealing with the individual affiliated operator who is free to negotiate and manage its own contracts and placement of purchase orders. All these affiliated operators have different credit risk profiles and benefit from different terms and conditions.

### OTHER NON-CURRENT ASSETS

| Thousands EUR | 2010 | 2009 |
|---|---|---|
| Cash guarantees | 48 | 328 |
| | **48** | **328** |

Other non current assets are cash guarantees that are mainly related to rent guarantees in the major facilities.

### Note 11: Inventories

| Thousands EUR | 2010 | % | 2010 | % |
|---|---|---|---|---|
| Raw materials | 4 606 | *37.1%* | 4 860 | *28.0%* |
| Work in progress | 7 164 | *57.7%* | 15 896 | *91.7%* |
| Finished goods | 6 299 | *50.7%* | 6 726 | *38.8%* |
| Provision for inventories | (5 644) | *(45.4%)* | (10 146) | *(58.5)%* |
| | **12 425** | | **17 336** | |

Raw materials consist of chipsets and components. Work in progress concern assembled printed circuit boards and finished goods are the products ready to be shipped to customers.

Inventories decreased from EUR 17 336k to EUR 12 425k at the end of 2010. This decrease is mainly explained by decreased inventory position in raw materials, work in progress and finished goods. At the end of 2010, the total provision for inventories amounted to EUR 5 644k (2009: EUR 10 146k).

The decrease in provision for inventories of EUR 4 502k is recognised in the cost of product sold. This provision is set-up mainly to cover excess positions and to lower the stock value to net realisable value for certain products. In addition an amount of EUR 3.6 million has been expensed as a result of inventory write offs during 2010 (2009: EUR 5.8 million).

There are no inventories pledged for security.

### Note 12: Cash And Cash Equivalents

| Thousands EUR | 2010 | 2009 |
|---|---|---|
| Bank accounts | 30 910 | 30 646 |
| Cash | 20 | 18 |
| | **30 930** | **30 664** |

Bank accounts include short term deposits (between one day and 3 months) in 2010 for an amount EUR of 18 896k (2009: EUR 0k).

The 2010 cash and cash equivalents includes EUR 4.8 million which has been drawn from existing credit lines (2009: EUR 8.3 million). We refer to NOTE 13 in which those existing credit lines are further explained.

### Note 13: Financial Assets And Liabilities

**OTHER FINANCIAL LIABILITIES**

*Current*

Current financial liabilities are composed as follow:

| Thousands EUR | 2010 | 2009 |
|---|---|---|
| Current portion of rent-to-buy agreement | - | 43 |
| Current portion of credit agreement | - | 8 |
| IMEC loan | - | 250 |
| Credit facility ING | 3 390 | 5 000 |
| Credit facility Dexia | 1 380 | 3 347 |
| **Other financial liabilities** | **4 770** | **8 648** |

In May 2009 a subsidiary entered into a short term loan agreement with IMEC (Interuniversitair Micro-Electronica Centrum vzw) for an amount of EUR 250k. The interest rate is 7% per year.
During 2008, the same subsidiary entered into a rent-to-buy agreement for an amount of EUR 93k with an equipment provider to support an investment in test equipment. This agreement is reimbursable in 24 monthly interest-free installments of EUR 3.9k. Those financial liabilities, finding their source on aforementioned agreements came to an end during 2010 as a result of the sale of this subsidiary to a third party.

Below you will find a brief description of the credit facilities the Company has entered into with ING and Dexia.

*Credit facility with ING*
On 15 May 2009, the Company entered into a credit agreement with ING, pursuant to which the Company was granted a facility of EUR 7,5 million (to be drawn in cash advances or loans). During the financial year 2010 the maximum amount to be drawn in cash advances or loans has been lowered to EUR 5 million. At the end of December 2010, Option has drawn an amount of EUR 3.4 million under this facility (2009: EUR 5 million).
In accordance with the ABB principle (the "Asset Borrowing Base") set forth in the agreement, the total aggregate amount of all utilisations made available under the ING facility, increased with all utilisations made available under the Dexia facility (see below) cannot exceed 60% of the aggregate amount of the Company's (consolidated) trade receivables (excluding receivables that are due and payable, intercompany receivables and receivables due after 60 days) outstanding in a certain month. To enable ING to verify the rate of outstanding trade receivables, Option has to provide ING with an overview of its (non payable) trade receivables on a bi-monthly basis. Furthermore, from the aggregate amount drawn under both facilities, 60% should be drawn from the ING facility and 40% from the Dexia facility.
The interest rate applicable to the ING facilities is EURIBOR +3 per cent.

*Credit facility with Dexia*
On 18 June 2009, the Company entered into a credit facility with Dexia Bank België NV for an amount of EUR 5 million. During the financial year 2010 the maximum amount to be drawn in cash advances or loans has been lowered to EUR 3.3 million. As indicated above, the ABB principle is applicable to all amounts made available under this facility (including the principle of the 60/40 ratio). As at 31 December 2010, the Company has drawn an amount of EUR 1.4 million under this facility (2009: EUR 3.3 million).
The interest rate applicable to cash advances equals the sum of the base rate (8.50 per cent. per annum as amended from time to time) and the mandatory costs (calculated in accordance with a schedule attached to the facility agreement). The interest rate applicable to loans equals the sum of the margin (300 per cent. per annum), EURIBOR and mandatory costs (calculated in accordance with a schedule attached to the facility agreement).

The credit lines from ING and Dexia have a number of covenants; a leverage covenant, a solvency covenant and a net equity covenant. Following the successful capital increase ING and Dexia have waived the net equity covenant for the first three quarters of 2010. However, because of the incurred losses the Company's net equity has fallen below the threshold and thus the Company is at present in breach of the equity and solvency covenant. The Company is in ongoing discussions to obtain possible temporary waivers for those covenants with ING and Dexia.

The pledge on the Company's business in favor of a financial institute for past loan facilities consist of the following:

| Thousands EUR | 2010 | 2009 |
|---|---|---|
| Pledge on the company's business (ING) | 15 000 | 15 000 |
| Pledge on the company's business (Dexia) | 5 000 | 5 000 |

The obligations of the Company, under the ING credit facility, are secured by a first ranking pledge on the business of the Company for an amount of EUR 15 million and a floating charge of book debts and specified account to be granted by Option Wireless Ltd.

Under the Dexia credit facility, Dexia was granted a receivables pledge on all present and future receivables of Option Wireless Ltd. and a pledge on the business of Option NV for a principle amount of EUR 5 million (which ranks pari passu with the pledge granted to ING).

## Note 14: Trade And Other Payables – Deferred Revenues

### TRADE AND OTHER PAYABLES

| Thousands EUR | 2010 | 2009 |
|---|---|---|
| Trade payables | 26 118 | 34 746 |
| Salaries, tax and payroll related liabilities | 1 370 | 3 598 |
| Other payables and accrued expenses | 2 648 | 3 096 |
| | **30 136** | **41 440** |

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on a 60 to 90 days terms.
- Other payables are non-interest bearing and have an average term of six months.
- Interest payable is normally settled quarterly throughout the financial year.
- For terms and conditions relating to related parties, refer to Note 22.

### DEFERRED REVENUES

| Thousands EUR | 2010 | 2009 |
|---|---|---|
| Deferred revenues | 22 670 | 1 155 |
| | **22 670** | **1 155** |

The increase in deferred revenues is mainly the result of the software license agreement closed with a third party in October 2010, which was prepaid an covering a 12 month period.

## Note 15: Provisions

| Thousands EUR | 2009 | Additions | (Use) | (Reversal) | 2010 |
|---|---|---|---|---|---|
| Warranty provision | 510 | - | - | (309) | 201 |
| Loss on supply agreements | 607 | - | - | (339) | 268 |
| Legal and other claims | 500 | 532 | (500) | - | 532 |
| Restructuring provisions | 5 912 | - | (4 816) | - | 1 096 |
| | **7 529** | **532** | **(5 316)** | **(648)** | **2 097** |

A large part of the provisions, set up in 2009, has been used or reversed .The outcome of the remaining legal and other claims may differ from the assessment made.

The main part of the loss on supply agreements has been reversed during 2010. The warranty provision has been reversed with an amount of EUR 309k, mainly due to a

decrease of the expected units which will be returned under warranty. During 2009, the Group announced and implemented a plan related to it's restructuring which resulted in a provision of EUR 5 912k. During 2010 the Group used an important portion of EUR 4 816k.

## Note 16: Operating And Finance Leases

### OPERATING LEASES

*LEASES AS LESSEE*

Non-cancelable operating lease rentals are payable as follows:

| Thousands EUR | 2010 | 2009 |
|---|---|---|
| Less than one year | 1 393 | 1 538 |
| Between one and five years | 3 268 | 3 847 |
| More than five years | - | - |
| | **4 660** | **5 385** |

The Group leases a number of office locations, car rentals and office equipment under operating leases. The leases typically run for an initial period of five to ten years, with an option to renew the lease after that date. Lease payments are increased annually to reflect indexations. None of the leases include contingent rentals. With respect to the restructuring of the Group some rental agreements have been terminated.

In 2010, EUR 2 210k was recognized as an expense in the income statement in respect of operating leases (2009: EUR 2 752k).

*LEASES AS LESSOR*

Non-cancelable operating sublease rentals are receivable as follows:

| Thousands EUR | 2010 | 2009 |
|---|---|---|
| Less than one year | 297 | 6 |
| Between one and five years | 202 | - |
| More than five years | - | - |
| | **499** | **6** |

During 2009, the Group's Irish entity subleased premises to a third party. This sublease ended in 2010. In the course of 2010 Option NV entered into a sublease with a third party, which will terminate in 2012 and a sublease which will terminate mid 2011. None of the leases include contingent rentals. In 2010, EUR 124k (2009: EUR 6k) was recognized as rental income in the income statement.

## Note 17: Shareholders'equity

### CAPITAL STRUCTURE – ISSUED CAPITAL

At year-end 2010, the Company announced the following significant shareholders:

| Identity of the person, entity or group of persons or entities | Number of shares | Percentage of financial instruments held |
|---|---|---|
| Pepper NV (100% Jan Callewaert) | 14 809 008 | 17.95% |
| Free float of which: | 67 689 584 | 82.05% |
| - UBS (Switzerland) | 1 283 492 | 1.56% |
| - SISU Capital Ltd (United Kingdom) | 1 331 495 | 1.61% |
| **Total outstanding shares** | **82 498 592** | **100%** |

| | Shares |
|---|---|
| 31 December 2010 – weighted average shares outstanding | 82 498 592 |
| 31 December 2009 – weighted average shares outstanding | 42 266 402 |

The authorized share capital, at the end of 2010 comprises 82 498 592 ordinary shares, for an amount of EUR 12 232k. The shares have no par value and have been issued and fully paid. All shares held in the Company carry the same rights.

On 9 December 2009, the Board of Directors decided in the framework of the authorised capital to increase the capital of the Company with an amount of up to EUR 20,212,155.04 through the issuance of maximum 41,249,296 new shares in Option at a subscription price of EUR 0.49 per share (the Subscription Price). The gross subscribed amount for the shares offered in this placement and during the preferential right subscription period amounted on the 23th of December to EUR 20,212,155 or a total of 41,249,296 shares.

As a result hereof, the weighted average shares outstanding at 31st of December 2009 were 42 266 402 shares and at the end of financial year 2010 the weighted average shares outstanding were 82 498 592.

### SHARE PREMIUM

| Thousands EUR | 2010 | 2009 |
|---|---|---|
| At 31 December 2010 and 2009 | 57 961 | 57 961 |

As a result of the capital increase the share premium, in 2009, increased with EUR 14 096k to EUR 57 961k.

In 2010 there were no movements on the share premium.

### SHARE BASED PAYMENT RESERVE

| Thousands EUR | 2010 | 2009 |
|---|---|---|
| At 31 December 2010 and 2009 | 1 376 | 1 176 |

The share based payment reserve is used to record the value of the equity-settled share option plan provided to employees as part of their remuneration.

*Warrants "V"*

On 26 August 2008 the Shareholders' meeting approved the issuance of 2 500 000 warrants "V". Upon acknowledgement that none of the 2 200 000 naked warrants "U" were granted to or subscribed by personnel of the company, the meeting resolved to withdraw and to destroy the 2 200 000 naked warrants "U".

The new plan "V" is offered to Directors, members of the Executive Management Team, employees and persons designated by name (as listed in the warrant plan "V").

A total of 2,241,540 warrants "V" were offered in the course of financial year 2008:

- 340,000 warrants were granted to the directors (100% accepted in 2008);
- 325,000 warrants were granted to the members of the Executive Management Team (100% accepted in 2008);
- 1,576,540 warrants were offered on the 23th of December 2008 to employees and self-employed advisors of Option NV and subsidiaries (of which 1,187, 450 were accepted in due time in 2009).

In addition a total of 130,000 warrants "V" have been offered new members of the Executive Management team in 2009 (100% accepted in 2009). No warrants "V" have been offered in the course of 2010.

The main terms and conditions of the warrants plan "V" governing the above warrants are as follows:

- the warrants are subject to a vesting scheme (20% vested 6 months after the offer; 20% 1 year after the offer, 20% 2 years after the offer, 20% 3 years after the offer and 20% 4 years after the offer);
- the exercise price of the above warrants amounts to EUR 2.84 per warrant granted in financial year 2008 for all the members of the Executive Management Team, Directors and self –employed advisors For warrants granted during the financial year 2009 to members of the Executive Management Team the exercise price was EUR 1.41 per warrant (granted in May 2009) and EUR 0.95 per warrant (granted in December 2009);
- the exercise price of the above warrants amounts to EUR 1.86 for employees;
- the exercise must take place during exercise windows(i.e. May, September or December);
- upon conversion of their warrants the warrant holders receive one ordinary share of the Company per warrant;
- the plan provides for an accelerated vesting and exercise in the event of a change of control.
- the lifetime of the warrant is 5 years.

The warrants were priced using the Black & Scholes model. Where relevant, the expected life used in the model has been adjusted on management's best estimate. Expected volatility is based on the historical share price volatility over the past 4 years. The risk free interest rate is based on the OLO Bonds as valued by the National Bank of Belgium.

The following inputs into the model were performed for the accepted warrants "V" in the course of 2008, 2009 and 2010 including the average weighted fair value of the warrants "V"

| Inputs into the model | Warrants granted to and accepted to Directors and EMT members in 2008 | Warrants granted in 2008 and accepted by employees during 2009 | Warrants granted in 2008 and accepted by self employed advisors in 2009 | Warrants granted and accepted by EMT members in 2009 | Warrants granted and accepted by EMT members in 2009 | Warrants granted and accepted by EMT members in 2009 |
|---|---|---|---|---|---|---|
| Grant date | 26 August 2008 | 23 December 2008 | 23 December 2008 | 8 May 2009 | 8 May 2009 | 3 December 2009 |
| Grant date share price | 2.09 | 1.58 | 0.85 | 1.93 | 1.29 | 0.61 |
| Exercise price | 2.84 | 1.86 | 2.84 | 1.41 | 2.84 | 0.95 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Expected volatility | 60.94% | 72.05% | 89.12% | 95.11% | 95.11% | 96.60% |
| Expected lifetime of the warrant "V" | 4 years | 3 years | 4 years | 4 years | 4 years | 4 years |
| Risk-free interest rate | 3.59% | 2.88% | 3.03% | 2.35% | 2.35% | 2.18% |
| Number of warrants "V" accepted | 665 000 | 1 141 950 | 45 500 | 50 000 | 50 000 | 30 000 |
| Number of shares outstanding | 41 249 296 | 41 249 296 | 41 249 296 | 41 249 296 | 41 249 296 | 41 249 296 |
| Average weighted fair value per warrant | 0.86 | 0.70 | 0.35 | 1.40 | 0.69 | 0.37 |

The following reconciles the outstanding warrants "V" granted and accepted under the plan at the beginning and end of the financial year and which were in existence during the current and prior reporting period:

| | Number of Warrants "V" | Weighted average exercise price |
|---|---|---|
| **Balance at beginning of the financial year 2008** | **0** | **-** |
| Accepted during the financial year | 665 000 | 2.84 |
| -Exercised during the financial year | - | - |
| Forfeited / lapsed during the financial year | - | - |
| **Balance at end of the financial year 2008** | **665 000** | **2.84** |
| **Balance at beginning of the financial year 2009** | **665 000** | **2.84** |
| Accepted during the financial year | 1 317 450 | 1.89 |
| Exercised during the financial year | - | - |
| Forfeited / lapsed during the financial year | (328 456) | 2.08 |
| **Balance at end of the financial year 2009** | **1 653 994** | **2.24** |
| **Balance at beginning of the financial year 2010** | **1 653 994** | **2.24** |
| Accepted during the financial year | - | - |
| Exercised during the financial year | - | - |
| Forfeited / lapsed during the financial year | (285 278) | 2.22 |
| **Balance at end of the financial year 2010** | **1 368 716** | **2.24** |

The fair value of the granted warrants "V" for the financial year 2010 were calculated at EUR 200k (2009: 816k €).
The weighted average remaining contractual life of warrants "V" outstanding at the end of the period is 23 months (2009: 37 months).
The following reconciles the number of warrants "V" vested during 2009 and 2010, according to their respective vesting schedule:

| NUMBER OF WARRANTS “V” | | |
|---|---|---|
| Grant date of the warrants “V” | Vesting date | Number |
| 26 August 2008 (Directors and EMT members) | 26/02/2009 | 133 000 |
| | 26/08/2009 | 123 000 |
| | 26/08/2010 | 97 000 |
| 23 December 2008 (Employees) | 23/06/2009 | 214 602 |
| | 23/12/2009 | 163 223 |
| | 23/12/2010 | 103 297 |
| 23 December 2008 (Self employed advisors) | 23/06/2009 | 9 100 |
| | 23/12/2009 | 8 100 |
| | 23/12/2010 | 5 600 |
| 23 December 2008 (EMT members) | 23/06/2009 | 4 000 |
| | 23/12/2009 | 4 000 |
| | 23/12/2010 | 4 000 |
| 8 May 2009 (EMT members) | 08/11/2009 | 20 000 |
| | 08/05/2010 | 12 500 |
| 3 December 2009 (EMT member) | 03/06/2010 | 6 000 |
| | 03/12/2010 | 6 000 |
| **Total** | | **913 422** |

None of the warrants “V” were exercised during the financial years 2009 and 2010

**FOREIGN CURRENCY TRANSLATION RESERVES**
The foreign currency translation reserves comprise all foreign exchange differences arising from the translation of the financial statements of foreign operations (see also the accounting policy 1).

### Note 18: Earnings per share

Basic net earnings per share are computed based on the weighted average number of ordinary shares outstanding during the period. Diluted net earnings per share are computed based on the weighted average number of ordinary shares outstanding including the dilutive effect of warrants.

The following is reconciliation from basic earnings per share to diluted earnings per share for each of the last two years:

| Earnings per common share | 2010 | 2009 |
|---|---|---|
| Net result (in Thousands EUR) | (61 038) | (53 682) |
| **Weighted average shares of common stock outstanding:** | | |
| Basic | 82 498 592 | 42 266 402 |
| Diluted | 82 498 592 | 42 266 402 |
| **Per Share (in EUR)** | | |
| Basic earnings per share | -0.74 | -1.27 |
| Diluted earnings per share | -0.74 | -1.27 |

Referring to IAS 33, warrants only have a dilutive effect when their conversion to ordinary shares would decrease the earnings per share. Taken into account the negative result of the Group, the basic and dilutive earnings per share remains equal.

## Note 19: Capital management

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the funding requirements.

The Group's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other shareholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group's overall strategy and objectives remain unchanged during the years ended 31 December 2010 and 31 December 2009.
The capital structure of the Group consists of the current portion of long term debt and cash and cash equivalents, issued capital, share premium, reserves and retained earnings.

In 2010 the debt, which is defined as long- and short-term borrowings (excluding derivatives) decrease with EUR 3 878k (2009: increased with EUR 8 573k), mainly as a result of the repayments of the existing credit facilities. The gearing ratio at year-end was as follows:

| Thousands EUR | 2010 | 2009 |
|---|---|---|
| Current portion of financial liabilities | (4 770) | (8 648) |
| Cash and cash equivalents | 30 930 | 30 664 |
| Net | 26 160 | 22 016 |
| Equity | 4 046 | 64 339 |
| GEARING RATIO | 646.6% | 34.2% |

## Note 20: Financial Risk Management

The Group Corporate Treasury function monitors and manages the financial risks relating to the operations of the Group, which include credit risk, liquidity risk and market risk on an ongoing basis.

Derivative financial instruments are used to reduce the exposure to fluctuations in foreign exchange rates . These instruments are subject to the risk of market rates changing subsequent to acquisition. These changes are generally offset by opposite effects on the item being hedged.

### CATEGORIES OF SIGNIFICANT FINANCIAL INSTRUMENTS:

| Thousands EUR | Notes | 2010 | 2009 |
|---|---|---|---|
| **Financial assets measured at cost or amortised cost** | | | |
| Cash and cash equivalents | 12 | 30 930 | 30 664 |
| Trade receivables | 10 | 6 721 | 14 278 |
| Recoverable VAT | 10 | 509 | 1 056 |
| Income tax receivable | 7 | 48 | 97 |
| **Derivative financial instruments** | 13 | - | - |
| **Financial liabilities measured at cost or amortised cost** | | | |
| Trade payables | 14 | 26 118 | 34 746 |
| Salaries, tax and payroll related liabilities | 14 | 1 370 | 3 598 |
| Current financial liabilities | 13 | 4 770 | 8 648 |
| Income tax payable | 7 | 95 | 268 |
| **Derivative financial instruments** | 13 | - | - |

### CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Before accepting any new customer, the Group uses external scoring systems to assess the potential customer's credit quality and defines credit limits by customer, this in respect of the internal "Credit Management Policy". Limits and scoring attributed to customers are reviewed on a regular basis.

Credit evaluations are performed on all customers requiring credit over a certain amount. The credit risk is monitored on a continuous basis.

Option grants credit to customers in the normal course of business. Generally, the Group does not require collateral or any other security to support amounts due. Management performs ongoing credit evaluations of its customers. All receivables are fully collectible except those doubtful accounts for which an allowance is accounted for.

Trade receivables consist of a large number of customers, spread across geographical areas. The receivables for

customers who belong to the same group, in different geographical areas, are treated separately. Only one customer represents 8.3% of the total trade receivables of the Group for the year ended 31 December 2010 and for which an important portion is not due at year end. In 2009, one customer represented 21.6 % of the total receivables of the Group.

The average credit period on sales of goods is 60 days. No interest is systematically charged on overdue payments. The group has performed a detailed analysis of its accounts receivable, which were more than 90 days overdue during 2010.

The carrying amount of financial assets recorded in the financial statements, represents the Group's maximum exposure to credit risk.

Included in the Group's trade receivable balance are debtors with a carrying amount of EUR 151k (2009: EUR 50k) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is between 60 and 90 days.

### AGING OF PAST DUE, BUT NOT IMPAIRED:

| Thousands EUR | 2010 | 2009 |
|---|---|---|
| 60 - 90 days | 78 | 50 |
| 90 - 120 days | 13 | - |
| > 120 days | 60 | - |
| | **151** | **50** |

### MOVEMENT IN THE ALLOWANCE FOR DOUBTFUL DEBTS:

| Thousands EUR | 2010 | 2009 |
|---|---|---|
| Balance at the beginning of the year | 281 | 612 |
| New reserves | 458 | 463 |
| (Write-offs) | (33) | (794) |
| (releases) | (3) | - |
| | **703** | **281** |

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the considerable spread in the customer base.

### AGING OF IMPAIRED TRADE RECEIVABLES:

| Thousands EUR<br>Gross Amounts | 2010 | 2009 |
|---|---|---|
| 60 - 90 days | - | - |
| 90 - 120 days | - | 2 |
| > 120 days | 703 | 279 |
| | **703** | **281** |

### LIQUIDITY RISK

The Group manages liquidity risk by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company has an existing credit agreement with ING, pursuant to which the Company was granted a facility of EUR 5 million (to be drawn in cash advances or loans) and a credit facility with Dexia Bank België NV for an amount of EUR 3.3 million. For further information we refer to note 13 section current financial liabilities. Moreover, in the last quarter of the financial year 2010, the Group received EUR 27 million in cash related to a software license fee, which covers a 12 month period.

The following table details the Group's remaining contractual maturity for its financial liabilities:

| Thousands EUR | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|
| **2010** | | | | |
| Trade payables | - | 26 118 | - | - |
| Salaries, tax and payroll related liabilities | - | 1 370 | - | - |
| Salaries, tax and payroll related liabilities | - | 1 370 | - | - |
| Income tax payable | - | 95 | - | - |
| Credit facilities and other loans | - | 4 770 | - | - |
| | - | **32 353** | - | - |
| **2009** | | | | |
| Trade payables | 34 746 | - | - | - |
| Salaries, tax and payroll related liabilities | 3 598 | | - | - |
| Income tax payable | 268 | - | - | - |
| Credit facilities and other loans | 8 648 | - | - | - |
| | **47 260** | - | - | - |

## MARKET RISK: INTEREST RATE RISK

The Group is exposed to interest rate risk because the Group borrows funds at a floating interest rate. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding per year-end 2010 (EUR 4.8 million) was outstanding for the whole year. A 50 basis point increase or decrease is used to determine the interest rate risk and represents management's assessment on the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Groups result for the year ending 31 December 2010 would have increased/decreased by EUR 24k (2009: EUR 42k).

## MARKET RISK: FOREIGN CURRENCY RISK

The Group is subject to material currency risk, as the larger part of its purchase transactions are in US dollars. The Group aims to match foreign currency cash inflows with foreign cash outflows. On the basis of the average volatility of the USD and the GBP, the Company estimated the reasonably possible change of exchange rate of this currency against the euro as follows:

| 2010 | Closing rate December 31,2010 | Possible volatility in % | Possible closing rate December 31,2010 |
|---|---|---|---|
| EUR/USD | 1.3362 | 13.35% | 1.1578 – 1.5146 |
| 2009 | Closing rate December 31,2009 | Possible volatility in % | Possible closing rate December 31,2009 |
| EUR/USD | 1.4406 | 13.50% | 1.2461 – 1.6351 |

## THE GROUP'S EXPOSURE IN USD AS OF 31 DECEMBER 2010 AND 2009 IS AS FOLLOWS:

| Carrying amounts - Thousands USD | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Trade payables | (11 365) | (11 913) |
| Trade receivables | 2 773 | 3 392 |
| Cash and cash equivalents | 1 489 | 4 106 |
| | **(7 103)** | **(4 415)** |

If the USD had weakened/strengthened during 2010 by the above estimated possible changes against the euro, the 2010 net result would have been EUR 710k higher/lower.

If the USD had weakened/strengthened during 2009 by the above estimated possible changes against the euro, the 2009 net result would have been EUR 414k higher/lower.

| 2010 | Closing rate December 31,2010 | Possible volatility in % | Possible closing rate December 31,2010 |
|---|---|---|---|
| EUR/GBP | 0.8608 | 11.35% | 0.7631 – 0.9585 |
| 2009 | Closing rate December 31,2009 | Possible volatility in % | Possible closing rate December 31,2009 |
| EUR/GBP | 0.8994 | 12.30% | 0.7888 – 1.0100 |

### THE GROUP'S EXPOSURE IN GBP AS OF 31 DECEMBER 2010 AND 2009 IS AS FOLLOWS:

| Carrying amounts - Thousands GBP | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Trade payables | (14) | (67) |
| Trade receivables | 37 | 22 |
| Cash and cash equivalents | 35 | 111 |
| | **58** | **66** |

If the GBP had weakened/strengthened during 2010 by the above estimated possible changes against the euro, the 2010 net result would have been EUR 8k higher/lower.
If the GBP had weakened/strengthened during 2009 by the above estimated possible changes against the euro, the 2009 net result would have been EUR 8k higher/lower.

In 2009, the Group entered into derivative financial instruments to manage its exposure on the US dollar cash flows. All contracts related to those financial instruments expired before year-end 2009. In 2010 the Group did not enter into such derivative financial instruments.

These analyses are representative for the Group's exposure throughout the year except for the derivative financial instruments, for which we refer to Note 6 of this report.

## Note 21: Contingent Liabilitites

Under license agreements, the Group is committed to royalty payments using certain essential patents - intellectual property rights (IPR) - to be used in 2.5G and 3G wireless products. The Group has progressively entered into license agreements with the basic patent holders, which brought down the uncertainty associated with such unasserted claims significantly. As in the prior fiscal year, the Group has continued to recognize its current best estimate of the obligations, including ongoing discussions with a patent holder. The Group believes it has adequately accrued for those essential patents at December 31, 2010. In the opinion of management, the amount of any ultimate liability with respect to these actions will not materially affect the Group's consolidated financial position.

## Note 22: Related Parties Transactions

The financial statements include the financial statements of Option NV and the subsidiaries listed in the following table:

| | 2010 | 2009 |
|---|---|---|
| - Option Wireless Ltd, Cork (Ireland) | 100% | 100% |
| - Option Germany GmbH, Augsburg (Germany) | 100% | 100% |
| - Option Wireless Germany GmbH, Kamp-Lintfort (Germany) | 100% | 100% |
| - Option Japan KK (Japan) | 100% | 100% |
| - Option Wireless Hong Kong Limited (China) | 100% | 100% |
| - Option Wireless Hong Kong Ltd. (Suzhou) Representation Office (China) | 100% | 100% |
| - Option Wireless Hong Kong Limited Taiwan Branch (Taiwan). | 100% | 100% |
| - Option Wireless USA Inc. (United States of America) | 100% | 100% |
| - Multi Mode Multi Media Solutions NV (M4S) (Belgium) | - | 100% |
| - Multi Mode Multi Media Solutions Wireless Ltd. (M4S) (Ireland) | - | 100% |

In November 2010, the Group sold its subsidiaries Multi Mode Multi Media Solutions NV (M4S Belgium) and Multi Mode Multi Media Solutions Wireless Ltd (M4S Ireland). For further information, we refer to note 24.

Since 1997 the Company has a professional relationship with the US based law firm Brown Rudnick LLP. Mr. Lawrence Levy who joined the Board of Directors of the Company early 2006 is one of the Senior Counsels of this law firm. Going forward, the Company will continue to work for certain matters with this law firm. It is being understood that Mr. Lawrence Levy will not directly work on Company related matters in his capacity of Senior Counsel of Brown Rudnick LLP.

In 2010, the fees paid to Brown Rudnick LLP amounted to EUR 13k (2009: EUR 16k).

In the course of normal operations, related party transactions entered into by the Group have been contracted on an arms-length basis.

### BOARD OF DIRECTORS COMPENSATION

In 2010, the compensation for the Board of Directors amounted to EUR 259k (2009: EUR 387k).

| Name | Board meetings attended | | Audit Committees attended | Remuneration Committees attended | Strategic Committees Attended | Total remuneration |
|---|---|---|---|---|---|---|
| | Physical attendance | calls | | | | |
| Jan Callewaert [(1)] | 5/5 | 16/17 | N.A | N.A | N.A | N/A (2009: 49.00) |
| Arnoud De Meyer [(2)] | 1/3 | 7/9 | 3/3 | 5/5 | N.A | 29.06 (2009: 49.00) |
| Q-List BVBA | 5/5 | 17/17 | 5/5 | 5/5 | N.A | 49.00 (2009: 49.00) |
| Lawrence Levy | 5/5 | 17/17 | 2/2 | 5/5 | N.A | 49.00 (2009: 49.00) |
| Jan Loeber [(3)] | 1/2 | 3/4 | N.A | N.A | N.A | 11.25 (2009: 44.25) |
| David Hytha | 5/5 | 17/17 | N.A | N.A | N.A | 45.75 (2009: 48.75) |
| An Other Look To Efficiency SPRL | 5/5 | 17/17 | 5/5 | N.A | N.A | 67.75 (2009: 49.00) |
| Visinnova BVBA [(4)] | 1/2 | 1/2 | N.A | N.A | N.A | 6.91 (2009: 48.75) |

*(1) Excluding CEO remuneration to Mondo NV – As of 2010 the Board of Directors Compensation is included in the fixed remuneration of the CEO.*
*(2) Until 17 September 2010*
*(3) Until 30 April 2010*
*(4) Until 15 March 2010*

In addition, one non-executive Board member received an amount of EUR 0k (2009: EUR 4k) in his capacity of member of the Board of Option Wireless Ltd. (Ireland).

The following number of Warrants “V” were granted to the Board of Directors and accepted in the course of 2008. No warrants “V” were granted to the Board of Directors in the course of 2009 and 2010. In the course of 2010 some changes incurred in the members of the Board of Directors. During the financial year, 30.000 warrants, 20.000 warrants and 18.000 warrants have lapsed since respectively Jan Loeber, Arnoud De Meyer and Visinnova BVBA (represented by Patrick De Smedt) resigned from the Board of Directors during 2010.

At year end 2010, the following warrants “V” were held by the “current” members of the Board of Directors:

| | |
|---|---|
| Jan Callewaert | 50,000 |
| David Hytha | 50,000 |
| Lawrence Levy | 50,000 |
| Q-List BVBA | 30,000 |
| An Other Look To Efficiency SPRL | 30,000 |
| **Total** | **210,000** |

## EXECUTIVE MANAGEMENT COMPENSATION

The CEO of the Group is the owner of a management company (Mondo NV), performing management services for the Group. Following the recommendation of the Remuneration Committee, the Board of Directors decided on 26 May 2010 to modifie the remuneration paid to the CEO of the Company (Mondo NV represented by Jan Callewaert). The remuneration previously paid to the CEO of the Company, was fixed at a fee of EUR 540k per year and a variable of maximum EUR 67,5k per year. The Board was of the opinion that the amount of the base remuneration of the CEO should be reduced and the amount of the variable remuneration should be increased. It was therefore decided to fix the the base remuneration at EUR 430k per year and the variable remuneration to a maximum of EUR 190k per year. In addition, the Board of Directors suggested that the aforementioned remuneration, paid to the CEO, should also cover the compensations paid to Jan Callewaert in his capacity of member of the Board of Directors. Therefore, the remuneration for these management services in 2010 amounted to EUR 430k (2009: EUR 513k). For 2010, a variable compensation of EUR 190k was granted (2009: EUR 25k). The CEO received additional benefits for an amount of EUR 16k covering car, fuel and lump sum allowance costs (2009: EUR 32K).

For the year 2010, an aggregate gross amount of EUR 1 440k (2009: EUR 1 829k) was attributed to the other six members of the Executive Management Team (2009: eight members of the Executive Management Team). The 2010 gross amount includes redundancy fees for two members of the Executive Management Team who left the Company in the course of 2009 and 2010. In 2010, a gross amount of EUR 415k was granted as variable pay relating to 2010 performance (2009: EUR 79k). For the members of the Executive Management Team, benefits include an extra-legal pension scheme, the cost of which amounted to EUR 46k (2009: EUR 76k). The members of the Executive Management Team received additional benefits for an amount of EUR 50K covering car, fuel, lump sum allowance and hospitalization insurance costs (2009: EUR 67K).

At year end 2010, 325,000 warrants “V” are held by the “current” members of the Executive Management Team (2009: 375,000 warrants “V”). In the course of 2009 and 2010 some changes incurred in the members of the Executive Management Team. 40,000 of 50,000 warrants granted to David Whelan in 2008 have lapsed as he resigned from the Executive Management Team in 2009. 30.000 of 50.000 warrants granted to Filip Buerms in 2008 have lapsed as he resigned from the Executive Management Team in 2009. 30.000 warrants “V” have been granted to Chip Frederking in 2009 on top of the 20.000 warrants which were granted and accepted in 2008. Chip Frederking joined the Executive Management Team in October 2009. In the course of 2010, 30 000 of 50 000 warrants granted to Piroque Consulting BVBA (Philippe Rogge) have lapsed upon his departure from the Executive Management Team in 2010.

At year end 2010, the following warrants “V” were held by the “current” members of the Executive Management Team:

| | |
|---|---|
| Mondo NV (Jan Callewaert) | 75,000 |
| Patrick Hofkens | 50,000 |
| Bernard Schaballie | 50,000 |
| Martin Croome | 50,000 |
| Brayoe Consultants BVBA (JP Ziegler) | 50,000 |
| Chip Frederking | 50,000 |
| **Total** | **325,000** |

### Note 23: Events After Balance Sheet Date

Subsequent to December 31, 2010, the following events or transactions occurred which required disclosure:

- On January 31, 2011 the Group announced that it has extended its software license agreement with Huawei 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 uCAN 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, triggered by having reached mutually agreed milestones, is the first of the potential extensions.
- On February 14, 2011 the Group announced the appointment of Jan Smits as the new Chief Financial Officer (CFO) of the Group. Jan Smits will become responsible for all international financial activities of the Option Group, as well as investor relations. As a consequence, the Group and JP Ziegler mutually agreed that JP Ziegler wil step down as CFO to pursue new opportunities.
- On March 3, 2011 the Group announced that the Board of Directors is strengthened with Mr. Francis Vanderhoydonck as independent Director, replacing Arnoud De Meyer. Mr. Vanderhoydonck will act as chairman of the Audit Committee. On the same date the Group announced that Mr. Bart Goedseels rejoined the Company as Chief Operating Officer.
- On March 8, 2011 the Group announced that it has 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 extension comes as part of the cooperation agreement signed with Huawei in October 2010 where Huawei agreed to license Option's uCAN Connection Management software. The agreement also included the potential for extensions of the license for an amount of up to EUR 33 million. This transaction is the final extension under the current license agreement.

## Note 24: Option Companies and Business Combination

### LIST OF COMPANIES, INTEGRALLY CONSOLIDATED IN THE FINANCIAL STATEMENTS

| NAME OF THE SUBSIDIARY | REGISTERED OFFICE | % OF SHAREHOLDING |
|---|---|---|
| **BELGIUM** | | |
| OPTION NV | Gaston Geenslaan 14<br>3001 Leuven, Belgium | Consolidating company |
| **IRELAND** | | |
| OPTION WIRELESS Ltd, Cork | Kilbarry Industrial Park<br>Dublin Hill, Cork | 100 % |
| **GERMANY** | | |
| OPTION GERMANY GmbH | Beim Glaspalast 1<br>D-86153 Augsburg - Germany | 100 % |
| **GERMANY** | | |
| OPTION WIRELESS GERMANY GmbH | SüdstraBe 9<br>47475 Kamp - Lintfort - Germany | 100 % |
| **USA** | | |
| OPTION WIRELESS USA INC. | 13010 Morris Road<br>Building 1, suite 600<br>Alpharetta, GA 30004<br>USA | 100 % |
| **JAPAN** | | |
| OPTION WIRELESS JAPAN KK | 5-1, Shinbashi 5-chome<br>Minato-ku<br>Tokyo 105-0004, Japan | 100 % |
| **CHINA** | | |
| OPTION WIRELESS HONG KONG LIMITED | 35/F Central Plaza<br>18 Harbour Road<br>Wanchai Hong Kong, China | 100 % |
| **CHINA** | | |
| OPTION WIRELESS HONG KONG LIMITED REPRESENTATION OFFICE | 909-1 Genway Building<br>188 Wangdun Road<br>Suzhou Industrial Park (SIP)<br>Suzhou 215123, Jiangsu<br>Province, China | 100 % |
| **TAIWAN** | | |
| OPTION WIRELESS HONG KONG LIMITED,TAIWAN BRANCH | 4F Theta Building<br>10, Lane 360, Ne-Hu Road, Sec<br>1, Taipei City, TAIWAN | 100 % |

## DE-CONSOLIDATED COMPANIES

| NAME OF THE SUBSIDIARY | REGISTERED OFFICE | % OF SHAREHOLDING BEFORE DECONSOLIDATION |
|---|---|---|
| **BELGIUM** | | |
| MULTI MODE MULTI MEDIA SOLUTIONS NV (M4S) | Gaston Geenslaan 14<br>3001 Leuven, Belgium | 100 % |
| **IRELAND** | | |
| MULTI MODE MULTI MEDIA SOLUTIONS WIRELESS Ltd. (M4S) | South Mall 12<br>Cork | 100 % |

## BUSINESS COMBINATION – DISPOSAL OF OPERATIONS

On August 2nd, 2010 the Board of Directors decided on a plan to dispose of he Group's subsidiary "Multi Mode Multi Media Solutions" (abbreviation M4S). The disposal is consistent with the Group's plan to dispose of assets that are expected to have a lesser impact on the Group's strategic plan for the mid to long term. The Group was actively seeking potential buyers.

On the 17th of November 2010, the Company entered into a sale agreement to dispose of the M4S entities, specialized in the 4G development of parts related to radio frequencies. The proceeds of sale exceeded the carrying amount of the related net assets. The disposal was completed on the 17th of November 2010, on which date control of the operations passed to the acquirer. Details of the assets and liabilities disposed of, and the calculation of the profit on disposal, are disclosed hereafter.

## CONSIDERATION RECEIVED

The consideration received in cash amounted to EUR 7 145k.

### ANALYSIS OF ASSETS AND LIABILITIES OVER WHICH CONTROL WAS LOST

| Thousands EUR | 2010 | 2009 |
|---|---|---|
| **Current assets** | | |
| Cash and cash equivalents | 5 | - |
| Trade and other receivables | 114 | - |
| **Non-current assets** | | |
| Intangible assets | 6 208 | - |
| Property, plant and equipment | 29 | - |
| Deferred tax asset | 104 | - |
| **Current liabilities** | | |
| Trade and other payables | (186) | - |
| **Net assets disposed of** | **6 274** | **-** |

### GAIN ON DISPOSAL OF SUBSIDIARIES

| Thousands EUR | 2010 | 2009 |
|---|---|---|
| Consideration received | 7 145 | - |
| Net assets disposed of | (6 274) | - |
| **Gain on disposal** | **871** | **-** |

## Note 25: Information on the Auditor's Assignments and Related Fees

The following auditor's fees were recognized as an expense in the reporting period:

The gain on disposal is included in the income statement
and cash flow statement, under operating activities.

| Thousands EUR | 2010 | 2009 | 2008 |
|---|---|---|---|
| Worldwide audit services for the annual financial statements | 271 | 356 | 474 |
| Worldwide tax and legal services | 79 | 171 | 139 |
| Other worldwide services | 11 | 126 | 156 |
| | **361** | **653** | **769** |

To the shareholders

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the consolidated financial statements together with the required additional comment.

## UNQUALIFIED AUDIT OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS, WITH AN EXPLANATORY PARAGRAPH

We have audited the accompanying consolidated financial statements of Option NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. Those consolidated financial statements comprise the consolidated statement of financial position as of 31 December 2010, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of 63.834 (000) EUR and the consolidated income statement shows a consolidated loss for the year then ended of 61.038 (000) EUR.

The board of directors of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. We have assessed the basis of the accounting policies used, the reasonableness

of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole.

Finally, the board of directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained, provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as of 31 December 2010, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium.

Despite the fact that the group has incurred significant losses over the past years that severely impact its financial position, the consolidated financial statements have 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 developed and explained in the special report in accordance with article 633 of the Company Code and the consolidated annual report of the board of directors, 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 8.114 (000) EUR, which could be subject to significant impairments in case the group would not be able to contin ue as a going concern.

## ADDITIONAL COMMENT

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the board of directors.

Our responsibility is to include in our report the following additional comment which does not change the scope of our audit opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law and is in agreement with the consolidated financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the group, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.

Diegem, 14 April 2011

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

# Abbreviated Statutory Accounts of Option nv and Explanatory Notes

OPTION WIRELESS TECHNOLOGY

## ABBREVIATED STATUTORY ACCOUNTS OF OPTION NV AND EXPLANATORY NOTES

The following documents are extracts of the statutory annual accounts of Option NV prepared under Belgian GAAP in accordance with article 105 of the Company Code.

Only the consolidated annual financial statements as set forth in the preceding pages present a true and fair view of the financial position and performance of the Option Group.

The statutory auditor's report is an "unqualified opinion with an explanatory paragraph" on the non consolidated financial statements of Option NV for the year ended 31 December 2010.

*Abbreviated statutory balance sheet (according to Belgian Accounting Standards)*

| ASSETS<br>Thousands EUR | 2010 | 2009 | 2008 |
|---|---|---|---|
| **Fixed assets** | **14 664** | **22 709** | **28 233** |
| Intangible assets | 7 973 | 11 542 | 12 675 |
| Tangible assets | 4 082 | 8 033 | 12 376 |
| Financial assets | 2 609 | 3 134 | 3 182 |
| **Current Assets** | **25 502** | **36 384** | **49 489** |
| Stocks and contracts in progress | 638 | 1 170 | 3 037 |
| Accounts receivable within one year | 23 078 | 13 658 | 40 749 |
| Cash & cash investments | 1 701 | 21 408 | 5 428 |
| Deferred charges and accrued income | 85 | 148 | 275 |
| **Total Assets** | **40 166** | **59 093** | **77 722** |

| LIABILITIES<br>Thousands EUR | 2010 | 2009 | 2008 |
|---|---|---|---|
| **Capital and reserves** | **3 714** | **27 656** | **24 861** |
| Capital | 12 232 | 12 232 | 6 116 |
| Share premium | 58 944 | 58 944 | 44 848 |
| Legal reserve | 612 | 612 | 612 |
| Profit/(loss) carried forward | (68 074) | (44 132) | (26 714) |
| **Provisions** | **526** | **1 826** | **-** |
| **Creditors** | **35 926** | **29 611** | **52 861** |
| Amounts payable after more within one year | 13 294 | 28 731 | 51 879 |
| Accrued charges and deferred income | 22 632 | 860 | 982 |
| **Total liabilities** | **40 166** | **59 093** | **77 722** |

On a balance sheet total of EUR 40.2 million, the total equity as of 31 December 2010 amounted to EUR 3.7 million, or less than half of the issued capital. As a result, the mandatory procedure set forth in Article 633 of the Company Code needs to be complied with, and a general shareholders meeting should be held at the latest two months after the losses have been noted by the Board of Directors dated 28 February 2011. In this respect, the Board of Directors has convened a special shareholders' meeting on 26 April 2011, and has prepared a special report in which they propose to continue the activities of the Company and identify the measures that have already been taken and still need to be taken in order to improve its financial situation.

***Abbreviated statutory income statement (according to Belgian Accounting Standards)***

| ABBREVIATED PROFIT AND LOSS ACCOUNT<br>Thousands EUR | 2010 | 2009 | 2008 |
|---|---|---|---|
| **I. Revenues** | **18 880** | **19 004** | **49 039** |
| Turnover | 8 250 | 4 396 | 11 905 |
| Increase (decrease) in stocks in finished goods, work and contracts in progress | (113) | (772) | (151) |
| Capitalized development costs | 6 609 | 9 531 | 15 440 |
| Other operating income (mainly intercompany transactions) | 4 134 | 5 839 | 21 845 |
| **II. Operating charges** | **(38 178)** | **(57 738)** | **(75 827)** |
| Raw materials, consumables and goods for resale | 1 029 | 3 898 | 10 028 |
| Services and other goods | 17 436 | 21 843 | 32 744 |
| Remuneration, social security costs and pensions | 11 606 | 15 736 | 17 309 |
| Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets | 9 141 | 14 021 | 15 357 |
| Increase, decrease in amounts written off stocks, contracts Contracts in progress and trade debtors | 234 | 387 | 173 |
| Provision for contingencies | (1 299) | 1 826 | - |
| Other operating charges | 32 | 28 | 215 |
| **III. Operating profit/(loss)** | **(19 299)** | **(38 734)** | **(26 788)** |
| **IV. Financial income** | **617** | **30 315** | **2 616** |
| **V. Financial charges** | **(914)** | **(7 267)** | **(2 700)** |
| **VI. Profit/(loss) on ordinary activities before taxes** | **(19 596)** | **(15 686)** | **(26 872)** |
| **VII. Exeptional income** | **640** | **-** | **-** |
| **VIII. Exeptional charges** | **(4 985)** | **(1 732)** | **(12 241)** |
| **IX. Profit/(loss) for the period before taxes** | **(23 942)** | **(17 418)** | **(39 113)** |
| **X. Income tax expense** | | **-** | **(11)** |
| **XIII. Profit/(loss) for the period available for appropriation** | **(23 942)** | **(17 418)** | **(39 124)** |

| ABBREVIATED APPROPRIATION ACCOUNT (ACCORDING TO BELGIAN ACCOUNTING STANDARDS) Thousands EUR | 2010 | 2009 | 2008 |
|---|---|---|---|
| Profit/(loss) to be appropriated | (44 132) | (26 714) | 12 410 |
| Profit/(loss) for the period available for appropriation | (23 942) | (17 418) | (39 124) |
| Profit/(loss) carried forward from previous year | (68 074) | (44 132) | (26 714) |

***Summary of most significant valuation rules - Abbreviated statutory accounts - Belgian GAAP***

*Formation expenses*
Formation expenses are charged against income except for costs capitalized.

*Intangible assets*
Patents, licenses and software are linearly depreciated at rates of 20% to 50%.

*Machinery and equipment*
Lab equipment, test equipment and computer equipment are linearly depreciated at rates of 20% to 50%. Test equipment (under lease) is linearly depreciated at a rate between 10% and 50%.

*Research and development*
As from January 1st 2005: Research expenditure is recognized as an expense as incurred.
Costs incurred on development projects (relating to the design and testing of new or improved products) are recognized as intangible assets only if all of the following conditions are met:

- An asset is developed that can be identified;
- It is probable that the asset developed will generate future economic benefits; and
- The development costs of the asset can be measured reliably.

Other development expenditures are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Development costs that have a finite useful life that have been capitalized are amortized from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding three years.

*Vehicles*
Vehicles are linearly depreciated at rate of 20%.

*Office Furniture*
Office furniture and equipment are linearly depreciated at rates of 10% to 33.3%. Leased office equipment is linearly depreciated at rates between 20% and 50%.

*Financial assets*
During the financial period investments are not revalued.

*Stocks*

Stocks (raw materials, consumables, work in progress, finished goods and goods for resale) are valued at acquisition cost determined according to the FIFO-method or by the lower market value.

*Products*

The products are valued at costs that only directly attribute.

*Contracts in progress*

Contracts in progress are valued at production cost.

*Debts*

Liabilities do not include long-term debts, bearing no interests at an unusual low interest.

*Foreign currencies*

Debts, liabilities and commitments denominated in foreign currencies are translated using the exchange rate of 31 December 2010. Transactions are converted at the daily exchange rate.

Exchange differences have been disclosed in the annual accounts as follows:

- Positive exchange results in caption IV. Financial income of the profit and loss account;
- Negative exchange results in caption V. Financial charges of the profit and loss account

*Explanatory notes - Abbreviated statutory accounts - Belgian GAAP*

*Participating Interests*

The following participations in subsidiaries are retained with mention of the number of registered rights and percentage of ownership:

| 31 December, 2010 | Shares held by company (by number) | % held by company | % held by company |
|---|---|---|---|
| Option Germany – Augsburg (D) | 1 | 100% | 0% |
| Option Wireless– Cork (IRL) | 2 000 000 | 100% | 0% |
| Option Wireless Hong Kong Limited – China | 10 000 | 100% | 0% |

As mentioned in note 24 of this annual report, the 100% participation in Multi Mode Multi Media Solutions (M4S) was sold on November 17, 2010.

Statement of Capital

| Issued capital 31 December, 2010 | Amounts (in EUR) | Number of shares |
|---|---|---|
| At the end of the preceding period | 12 232 134 | 82 498 592 |
| At the end of the period | 12 232 134 | 82 498 592 |

| Structure of the capital 31 December, 2010 | Amounts (in EUR) | Number of shares |
|---|---|---|
| Different categories of shares | | |
| Registered shares and bearer shares | | 82 498 592 |
| Registered | | - |
| Bearer | | 82 498 592 |

| Authorized capital |
|---|
| On 31 December 2010 the authorized (but non-issued) capital amounted to EUR 12 232k |

## THE OPTION SHARE ON EURONEXT

Option's ordinary shares were originally listed in USD on NASDAQ Europe (ex EASDAQ) following the Initial Public Offering of November 26, 1997. Option's shares started to be listed in EUR on the First Market of Euronext Brussels as from August 5th, 2003. Option NV's shares are quoted on the continuous trading market under the trading symbol "OPTI".

In September 2003, the OPTION stock became part of the NextEconomy quality index. Before Option was already part of the CSR Ethibel quality label.

With a view to increasing the liquidity of the Option shares and their visibility to the US investors, Option has decided to implement a Level I American Depositary Receipts ("ADR") Program. An F-6 registration statement has been filed with The Securities and Exchange Commission.
This Level I ADR Program has the following characteristics:

- ADRs are U.S. securities issued by a depositary bank representing shares of a non-US company. In this case, The Bank of New York has been selected as depositary bank;
- An ADR gives, investors a voting right and future dividend rights according to the terms and conditions of the deposit agreement entered into between The Bank of New York, Option and future ADR holders;
- An ADR gives US investors access to the Option shares through the over-the-counter market on which ADRs are freely negotiable in the US. The ADR ticker is OPNVY.

## SHARE HISTORY IN 2008-2010 ON EURONEXT

| | 2010 | 2009 | 2008 |
|---|---|---|---|
| Number of shares outstanding | 82 498 592 | 82 498 592 | 41 249 296 |
| Year-end share price | 0.58 | 0.78 | 1.90 |
| Market capitalization (million) | 48 | 64 | 78 |
| Share price High | 0.91<br>(January 6, 2010) | 1.52<br>(September 4, 2009) | 7.92<br>(January 3, 2008) |
| Share price Low | 0.34<br>(September 24, 2010) | 0.57<br>(March 17, 2009) | 1.62<br>(December 9, 2008) |
| Free float | 82.05% | 82.05% | 82.66 % |

## SHARE HISTORY IN 2008-2010 ON EURONEXT

During 2010, a total of 201.769.911 shares were traded on Euronext on 258 trading days, meaning an average for the year of nearly 782.054 shares per day.

## FINANCIAL CALENDAR

For 2010 and beyond, The Board of Directors of Option has elected to change the reporting timetable to biannual reporting with business updates for the first and third quarters of each year. Option's current reporting with full quarterly reporting dates back from the days of its IPO on the EASDAQ. Option believes this change will be helpful to the Market as well as to the Company

A view of Option's performance which is Bi-Annual will be more meaningful and less confusing than Quarterly because two major restructurings in the business of the Company were implemented in 1H2010. Firstly, the major operating cost reductions which Option has largely completed have both the effect of triggering one-time costs as well as re-engineering the supply chain for the company towards a more cost effective Asian Fulfillment model. As a result, there will be short term financial impacts to the company during this transitional period.

Secondly, the company, since 1H2010, shifted from selling products which are technologically excellent and aggressively priced against competitor "commodity" products to a product line which, through integration with embedded software, can be customized by our distributors. This will create a more competitive positioning.

Option intends to release its biannual financial information and business updates in 2011 on the following dates – before market hours:

| | |
|---|---|
| 1Q Business update | Thursday 28 April, 2011 |
| 2Q Results and "Interim Financial Report" | Wednesday 31 August, 2011 |
| 3Q Business update | Thursday 27 October, 2011 |
| General Meeting of Shareholders 2011 | Friday 29 April, 2011 at 10 AM in Leuven |
| General Meeting of Shareholders 2012 | Monday 30 April, 2012 at 10 AM in Leuven |

For clarification concerning the information contained in this annual report or for information about Option NV and about transparency filings regarding declaration of interests of shares, please contact:

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Gaston Geenslaan 14
B-3001 Leuven, Belgium
Phone: +32 (0)16 31 74 11
Fax: +32 (0)16 31 74 90
E-mail: investor@option.com

| | |
|---|---|
| NAME | OPTION NV |
| FORM | Limited Company as per Belgian Law |
| ADDRESS | Gaston Geenslaan 14, B-3001 LEUVEN |
| PHONE | +32(0)16 31 74 11 |
| FAX | +32(0)16 31 74 90 |
| E-Mail | investor@option.com |
| WEBSITE | www.option.com |
| ENTERPRISE No. | 0 429 375 448 |
| VAT | BE 429 375 448 |
| ESTABLISHMENT DATE | July 3rd, 1986 |
| DURATION | Indefinite duration |
| AUDITOR | Deloitte-Auditors represented by Mr; Geert Verstraeten. |
| FINANCIAL YEAR CLOSING | 31 December |
| CAPITAL | 12 232 134,42 EUR |
| NUMBER OF SHARES | 82 498 592 |
| ANNUAL MEETING | Last business day of April |
| LISTING | Euronext -– continumarktStock – Ordinary Stock - Continuous - compartment B - ticker OPTI |
| DEPOSIT BANK | FORTIS |
| MEMBER OF INDEX | Next Economy<br>Next 150<br>Bel SmallMid<br>VLAM 21 |
| OTHER LABELS | Ethibel Pioneer<br>Europe 500<br>SRI Kempen |

## LANGUAGE OF THIS ANNUAL REPORT

Pursuant to Belgian Law, Option is required to prepare its Annual Report in Dutch. Option has also made an English language translation of this Annual Report. In case of differences in interpretation between the English and Dutch versions of the Annual Report, the original Dutch version shall prevail.

## AVAILABILITY OF THE ANNUAL REPORT

The Annual Report is available to the public free of charge upon request to:

Option NV
Attention Investor Relations
Gaston Geenslaan 14
3001 Leuven, Belgium
Phone: +32(0)16 317 411
Fax: +32(0)16 317 490
E-mail: investor@option.com

An electronic version of the Annual Report is also available, for information purposes only, via the internet on the website of Option (address: www.option.com). Only the printed Annual Report, published in Belgium in accordance with the applicable rules and legislation is legally valid, and Option takes no responsibility for the accuracy or correctness of the Annual Report available via the Internet. Other information on the website of Option or on any other website does not form part of this Annual Report.

## FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements, including, without limitation, statements containing the words “believes”, “anticipates”, “expects”, “intends”, “plans”, “seeks”, “estimates”, “may”, “will”, and “continue” and similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties, and other factors witch might cause the actual results, financial condition, performance or achievements of Option, or industry results, to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Given these uncertainties, the public is cautioned not to place any undue reliance on such forward-looking statements. These forward-looking statements are made only as of the date of this Annual Report. Option expressly disclaims any obligation to update any such forward-looking statements in this Annual Report to reflect any change in its expectations with regard thereto or any change in events, conditions, or circumstances on witch any such statement is based, unless such statement is required pursuant to applicable laws and regulations.

## GLOSSARY

*BOOK VALUE PER SHARE*
Total Shareholders' equity divided by the number of weighted average number of ordinary shares.

*CASH FLOW PER SHARE*
Net result plus non-cash charges such as depreciation and impairment loss divided by number of weighted average number of ordinary shares.

*EBIT*
Earnings Before Interest and Taxes. Profit from operations.

*EBITDA*
Profit from operations plus depreciation and amortization.

*EPS*
Earnings Per Share. Net result divided by the weighted average number of ordinary shares.

*GEARING RATIO*
Net debt divided by shareholders' equity

*NET CAPEX*
Acquisitions of property and equipment, intangible assets and the expenditures on product development, minus proceeds from sale.

*NET FINANCIAL DEBT*
Non-current and current debts minus cash.

*SOLVENCY RATIO*
Shareholder's' equity divided by total assets.

*WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES*
Number of shares outstanding at the beginning of the period, adjusted by the number of shares cancelled, repurchased or issued during the period multiplied by a time-weighting factor.

*WORKING CAPITAL*
Current assets less current liabilities.

## CHRONOLOGICAL OVERVIEW OF PRESS RELEASES

- Option and InterDigital sign software services agreement
- Huawei & Option sign acquisition agreement for M4S
- Option trading update - third quarter 2010
- Huawei and Option announce cooperation agreement
- Option wireless module in Android powered design smartphone
- European Commission opens investigation for subsidized WWAN modem imports
- Option reports First Half Year 2010 results
- European Commission opens investigations of WWAN modem imports
- Option collaborates with Qualcomm to provide new Gobi embedded solutions
- iCON USB modem adds wireless broadband to Pioneer's new car navigation system
- Optus offers Australian mobile users a USB modem personalised for football tournament in South Africa
- Option trading update - first quarter 2010
- Option announces changes to the Board and publishes consolidated and statutory report 2009 of the Board of Directors
- GetWireless Announces North American Distribution Agreement with Option
- Option to bring premier USB modem to AT&T
- Option and Kobil to develop revolutionary 3G solution for secured transactions
- Option elects Olivier Lefebvre as new Chairman of the Board of Directors
- Option and Skinit partner to deliver on-demand personalization of mobile devices
- Option announces world's first ultra customizable USB modem solution: *i*CON XY
- Option announces *u*CAN Connect 3.0
- Option integrates 3G/EV-DO solution into IREX's new e-reader
- *u*CAN software shipping with new *i*CON 505M USB modem

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OPTION