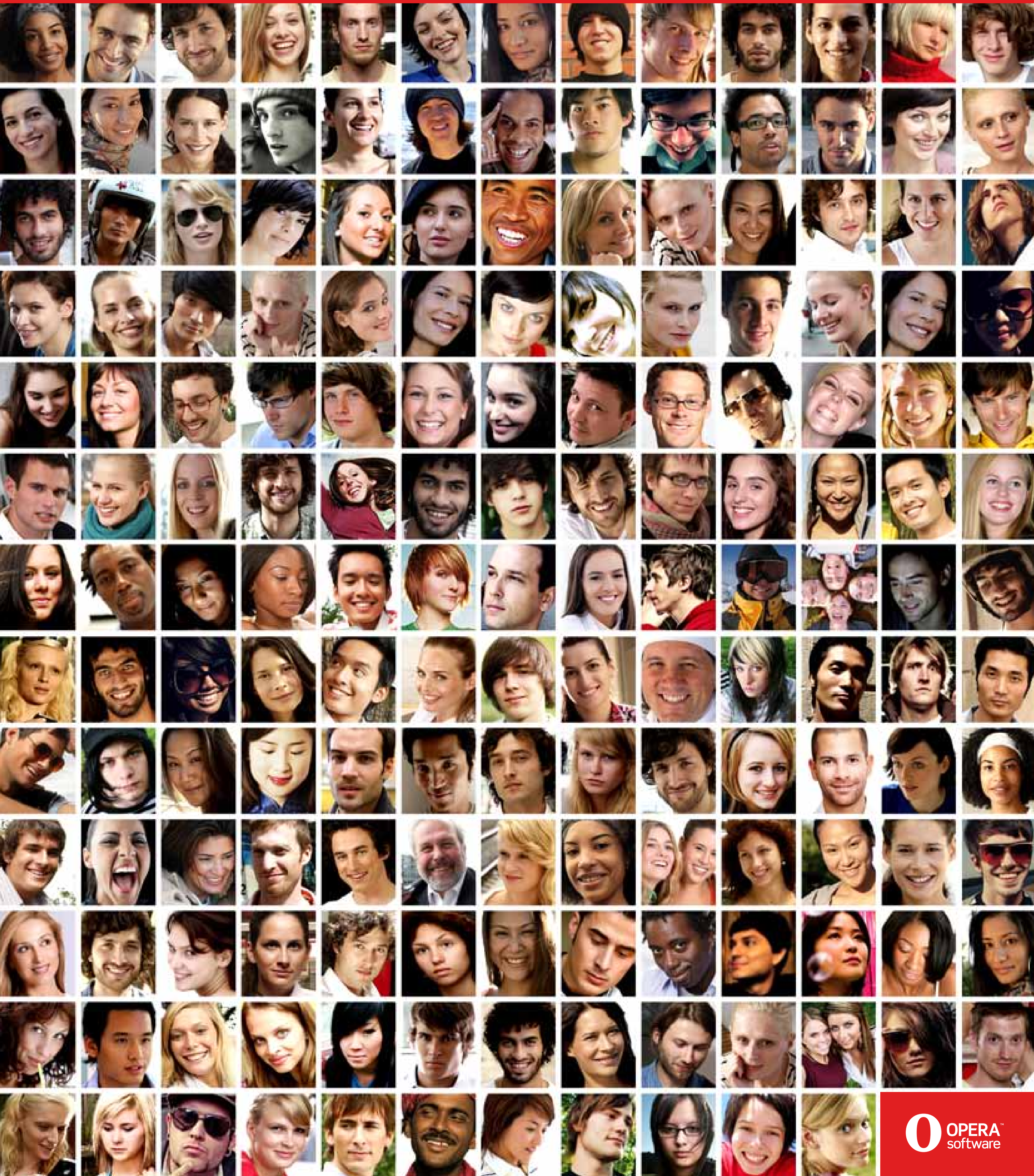
Opera Software

Annual Report 2010



Annual Report 2010
Opera Software ASA

The Annual Report for Opera Software ASA contains the following:

The consolidated financial statements, which have been drawn up by the board and management, must be read in conjunction with the annual report and the independent auditor's opinion.

Letter from the Chief Executive Officer

Looking to the year ahead, we are poised to build upon lessons learned in 2010 to make 2011 our best year yet.

January 2011 marks my 12-month anniversary as Chief Executive Officer of Opera Software. In 2010, we put the Web on the map in more markets around the world and exceeded 160 million users. I'm proud of the work we've done and feel honored to be a small part of making a difference. The Web is the great equalizer, and everyday Opera is providing access to more people around the world. Our vision is to deliver the best Internet experience on any device.

Transforming Opera Software

In 2010, we at Opera continued to build on our solid historical roots and focused our business even more into a scalable and consumer-centric operation. In the beginning of the year, we spent a lot of time providing customized versions of Opera to our large OEM customers. This business was labor intensive, not scalable and not profitable enough. We said that we would transform Opera by focusing on scalable software licensing models, based on standardized products. As a result, most of our engineers now spend their time on making sure a standardized version of Opera runs well on all platforms.

Over the course of the year we set out to achieve five goals:

- to build volume in existing tier-one operator deals;
- to sign agreements with more tier-one operators;
- to focus on monetizing our millions of mobile users;
- to strengthen our leadership position in the growing connected television market; and
- to continue growing our desktop user base.

I'm pleased to say we've succeeded in meeting or surpassing every one of the goals.

We have signed up many major worldwide operators including AT&T, MTN, Telenor and Vodafone. In 2010, we acquired AdMarvel and Fastmail. This enabled us to expand our portfolio of products and services to include highly scalable ad monetization and email services for opera-branded products.

Additionally, Opera is now the leading provider of browsing solutions for connected TVs. We are significantly growing our revenues on desktop, and have started to build revenue around the large traffic our products generate.

In Asia, we have successfully targeted rapidly growing manufacturers, such as Huawei and MediaTek. We have also managed to secure Opera Mini on Android phones from Samsung and Motorola as well as on Nokia's S40 handsets.

We remain optimistic about the growth in the mobile, desktop and TV space and are confident that in years to come each will continue to increase in terms of average revenue per user as well as actual user uptake.

Growing our base

Speaking of users, we saw very strong end-user growth in 2010 and finished the year at 160 million users. We hit many milestones over the past year including nearly doubling the number of Opera Mini users (to 85 million); growing desktop users from 46 million to 51 million and shipping Opera on TVs from well-known vendors like Philips and others.

Innovation is our foundation

Innovation has always been a cornerstone of our business. Some of our highlights include launching, at the time, the fastest browser in the world (Opera 10.5) according to external tests. With Opera 11, we introduced tab stacking, extensions and visual mouse gestures. In the mobile space we introduced Opera Mini 5, that combined with other versions of Opera Mini, runs on more than 3,000 devices worldwide. Opera also became the first browser to compete with Safari in the Apple App Store. The Opera Mini product was downloaded one million times in the first 24 hours. Finally, we introduced HTML5 on TVs, making it possible for connected device manufacturers to benefit from Opera's versatility.

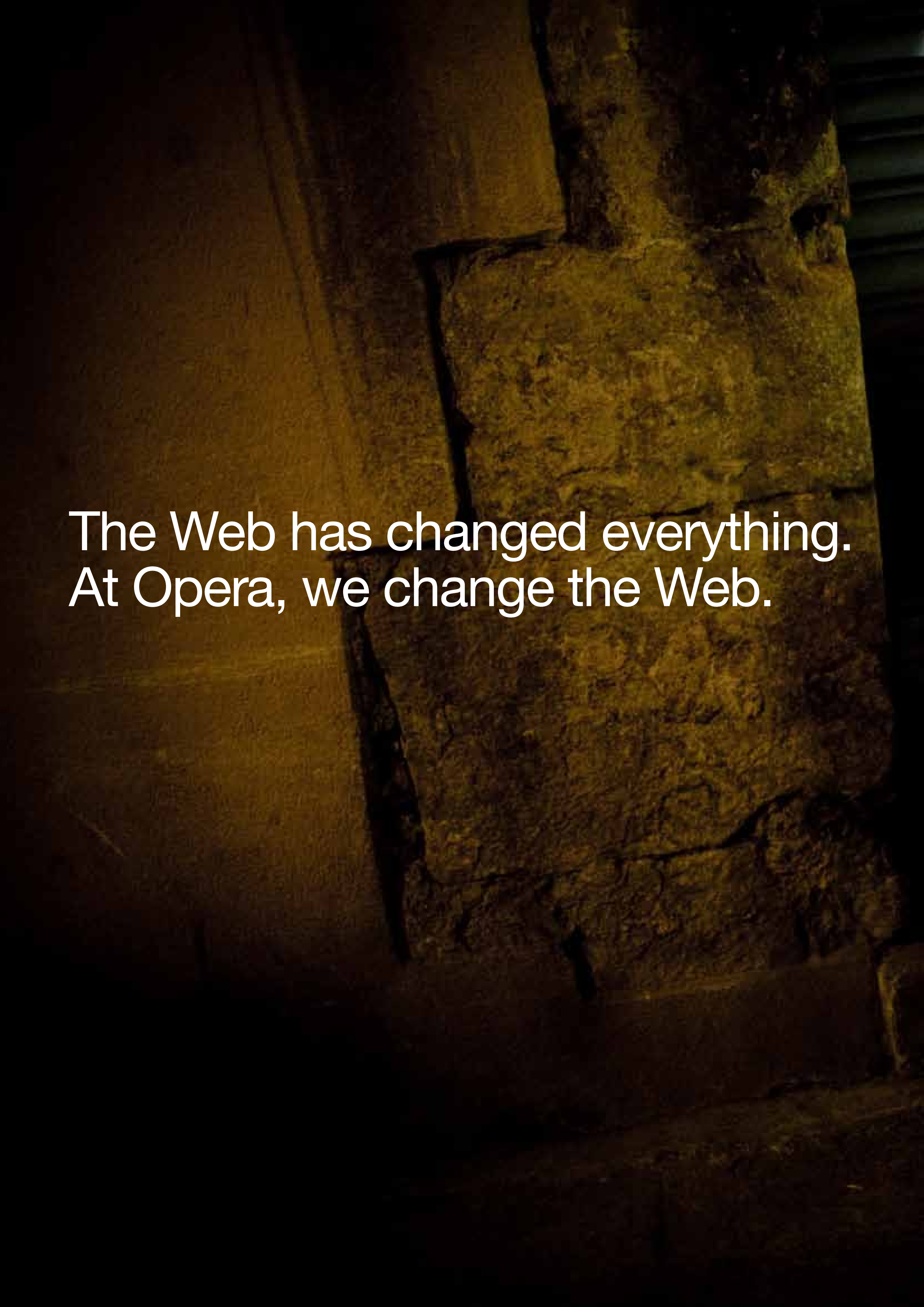
The next steps...2011

Looking to the year ahead, we are poised to build upon lessons learned in 2010 to make 2011 our best year yet, In 2011, Opera will invest in and develop monetization opportunities beyond operators, through initiatives such as the Opera Mobile Store, mail, payment integration, smartphone projects such as Opera for Android, and Opera properties such as the portal and homepage. We continue to deliver new and exciting consumer products across all our segments, working closely with operator and manufacturer partners to deliver an optimal Web experience. We remain vigilant in our journey to become even more consumer-driven and scalable.

I know I can speak for everyone at Opera Software when I say we believe people should have universal and equal access to the best possible Internet experience regardless of device capability or network quality. We strive to make that happen on a global scale and look forward to checking back with you this time next year to update you on our progress. Until then, we pride ourselves in our strong work ethic built around customer centricity, cutting-edge products and the ability to deliver value to shareholders.

Kind regards,

Lars Boilesen, CEO.


The Web has changed everything.
At Opera, we change the Web.

Report from the Board of Directors

In 2010, Opera delivered strong financial and operational performance. Profitability and margins increased significantly compared to 2009 and cash flow was strong. Opera's position with major mobile operators, connected TV manufacturers and consumers grew substantially during the year. In total, Opera ended 2010 with more than 160 million active monthly users, 60 million more than at the end of 2009.

Moreover, during 2010, Opera made major strides in its transformation to a more scalable and profitable company, as consumers continue to become an increasingly larger portion of the Company's revenue streams and as its products and services towards Operators, Connected TV manufacturers, and Mobile OEMs become even more standardized.

FINANCIAL SUMMARY

Opera's operating revenues grew 13% to MNOK 692.2 in 2010 (MNOK 612.7 in 2009). Revenues grew 31% in the Desktop segment and 5% in the Internet Device segment. Operating expenses increased by 5% to MNOK 588.6 (MNOK 558.4), with non-headcount expenses increasing primarily due to higher hosting costs related to Opera Mini's hosting infrastructure. Opera delivered EBIT (excluding one-time costs) of MNOK 103.6 (MNOK 54.3), an increase of 93%, and profit before income taxes (including one-time costs) ended at MNOK 47.2 (MNOK 44.5). Income taxes were MNOK 24.0 (MNOK 13.6), and the Company's profit for the period was MNOK 23.1 (MNOK 30.9). Earnings per share were NOK 0.19 (NOK 0.26), and diluted earnings per share were NOK 0.19 (NOK 0.26).

Net cash flow from operating activities in 2010 totaled MNOK 75.9 (MNOK 63.6). Opera's cash balance in 2010 versus 2009 was impacted positively by pre-tax profits and proceeds from the exercise of stock options of MNOK 20.6 (MNOK 19.9). Opera's cash balance in 2010 versus 2009 was impacted negatively by investments of MNOK 89.9 (MNOK 43.4) related to the acquisitions of AdMarvel and Fastmail, the purchase of computer servers (mainly for Opera's Opera Mini infrastructure), the purchase of own shares, which totaled MNOK 26.7 (MNOK 9.5), and a dividend payment of MNOK 19.0 (MNOK 47.6). As of December 31, 2010, the Company had a cash balance of MNOK 507.4 (MNOK 546.5) and no interest-bearing debt. It is the Board's opinion that the annual accounts provide a true and fair view of the Company's activities in 2010.

BUSINESS SEGMENT OVERVIEW

Opera Software is an established industry leader in the development of Web browsers for the desktop, device and mobile markets. By the end of 2010, Opera had more than 160-million active monthly users of its products worldwide, with Opera powering the Internet on mobile phones, gaming consoles, Internet-connected TVs, set-top boxes, tablets, netbooks, desktop computers and laptops. Of this more than 160-million active user base, approximately 51 million were desktop users, 10.6 million were related to Opera Mini agreements with operators and 81 million were 100% Opera-branded Opera Mini users. In addition, Opera has over 10 million users on devices such as TVs and approximately 15 million users of Opera Mobile. According to Global Statcounter, Opera is the most-used mobile browser worldwide.

Opera divides its business into two segments: Internet Devices and Desktop. Internet Devices includes revenue from mobile phones and other Internet-connected devices, such as game consoles, Connected TVs, IPTV set-top boxes, and portable media players, Opera Mini revenue from operators such as Motricity (AT&T) and MegaFon, revenue generated from the 100% Opera-branded Opera Mini product and revenue from Admarvel and Fastmail. Desktop revenue includes revenue from partnerships related to search and ecommerce.

Internet Devices

Total revenue from Internet Devices was MNOK 450 in 2010, compared to MNOK 428 in 2009, an increase of 5%. Internet Device revenue was driven largely by revenue from Operator and Device OEM customers. Revenue from Operators comprised the largest source of revenue for Internet Devices in 2010, comprising approximately 45% of Internet Device revenue, up more than 17% compared to 2009. Operator revenue was driven largely by increases in license revenue from a significant increase in the number of Operator Opera Mini active users. Device OEM revenue, comprising 29% of Internet Device revenue, was up 15% compared to 2009, driven largely by tremendous growth among Opera's Connected TV customers. In contrast, Mobile OEM revenue, comprising 18% of Internet Device revenue, was down by 33% in 2010 compared to 2009, as a result of declining license and development revenue. While Opera experienced declining revenues from its Mobile OEM customers, these customers shipped Opera on more than 100 million mobile devices in 2010, up significantly compared to 2009 and an all-time record for the Company.

*Note: The comments in the Board of Directors' report apply to both the Group and the parent company.

Operators: Drive More Data Revenue through the Deployment of the Mobile Internet

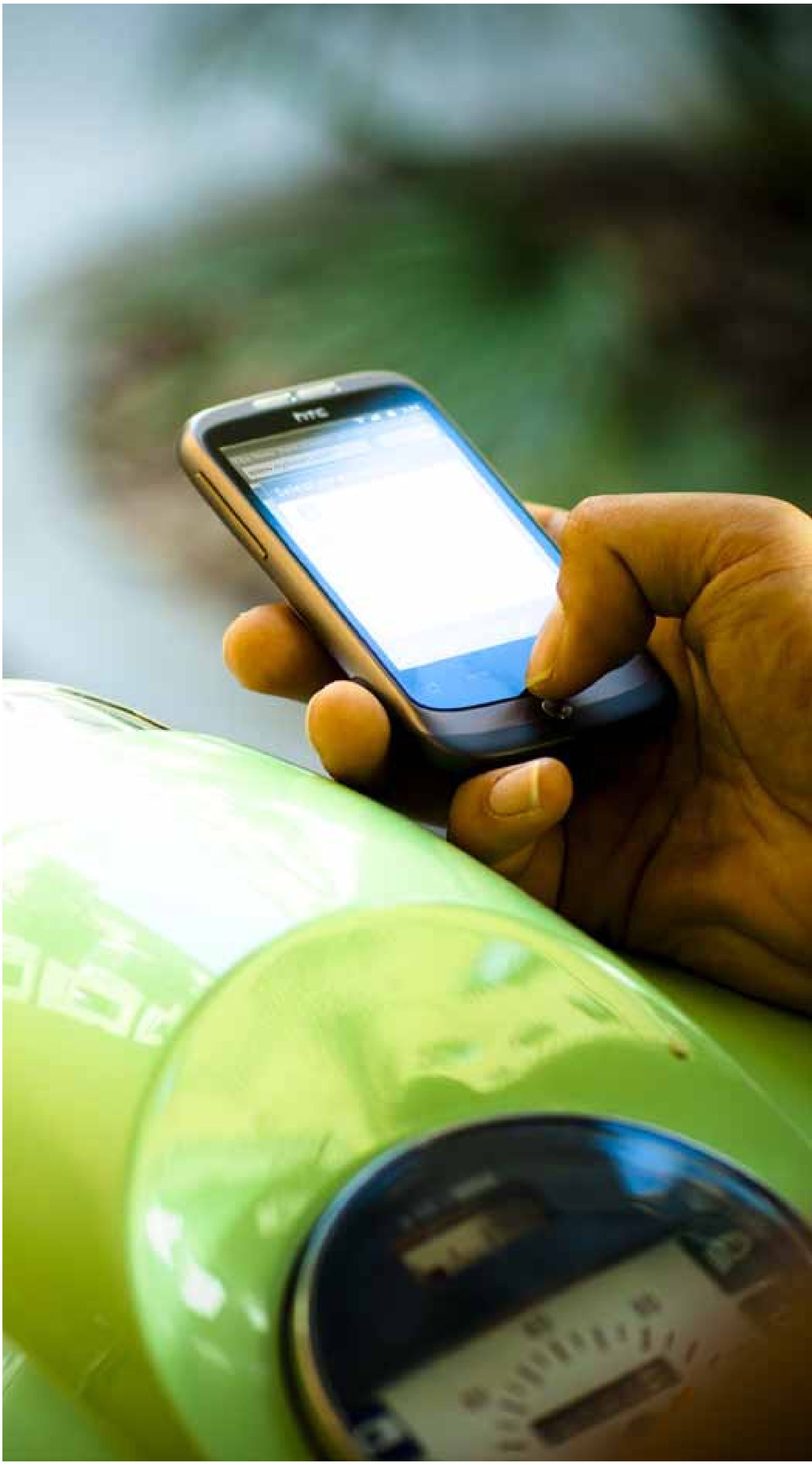
As many operators face increasing downward pressure on average voice revenue per user, and as competition heightens, operators around the world are looking for new sources of revenue and differentiation through the deployment of data services.

In 2010, Opera saw an acceleration of interest among operators for the Opera Mini browser in particular and a massive ramp up in Operator Opera Mini users compared to 2009, as Opera's customers deployed Opera Mini aggressively to their respective customer bases. During the year, Opera signed agreements for operator-branded and joint Opera-operator co-branded solutions with 15 operators, compared to 6 in 2009 and 4 in 2008. Key deals signed in 2010 for Opera Mini include Telenor Group, Verizon Wireless, MTS Russia, and Telkomsel, which, combined, constitute approximately 375 million in total global mobile subscribers. Moreover, the number of operator branded and co-branded Opera Mini users increased to 10.6 million at the end of 2010, compared to 1.7 million at the end of 2009, an increase of 536%.

Operator interest in Opera Mini stems from five major sources: (i) proven high consumer adoption of high quality, full HTML browsers (which then drive data traffic and revenue); (ii) the desire to extend data plans to mass market feature phones; (iii) higher profitability on flat-fee/fixed price data packages due to Opera Mini's server compression of web pages up to 90% compared to normal mobile Web browsers (which also lowers an operator's capital expenditure requirements); (iv) provides a platform for operators to increase the adoption of data services in general and of data packages/plans in particular; and (v) the browser home page serves as the "door" to operator portals and services (which operators are keen to promote to drive more services revenue).

In total, at the end of 2010, Opera had active agreements with 21 operators worldwide, including 13 out of the top 30 operators, which have approximately 1.4 billion subscribers combined or close to 25% of the total global subscriber base.

Going into 2011, Opera is seeing increasing interest among operators in the emerging markets in particular for the operator co-branded Opera Mini solution, for which



the browser home page promotes content services from both Opera (such as search) and the operator (such as games and music). For such agreements, Opera and the operator work together and undertake joint marketing initiatives to convert existing Opera only branded Opera Mini users to the co-branded solution. Opera sees this as a compelling way to increase ARPU on its more than 100 million Opera branded Opera Mini users, while operators see such agreements as a way to increase data ARPU and profits.

Mobile OEMs: Very High Focus on Shipping Full Internet Browsers on Mobile Phones

Global mobile OEMs are currently responding aggressively to operator and consumer demands for devices which come bundled with compelling services and applications. As a result, more than ever before, mobile OEMs are highly focused on providing operators and their subscribers with compelling browsing solutions on their devices – i.e., full HTML browsers that enable browsing of the full Web and access to rich Web applications.

As Opera's existing and future primary revenue sources become increasingly operator and consumer driven, the Company has focused increasingly on the Mobile OEMs as sources of distribution to drive Opera's overall mobile Internet user base. During 2010, Opera made tremendous progress on the Mobile OEM distribution front, with Opera's mobile browsers (Opera Mini, in particular), shipped on more than 100 million mobile phones, with more than 15 manufacturers.

Going into 2011, Opera will continue to put a very high emphasis on the Mobile OEMs as sources of distribution, not only for Opera Mini, but also for Opera Mobile with Turbo, with a particular focus on the Android platform. Overall, Mobile OEM distribution has become a very important complement to the distribution of Opera's products on Opera.com. In addition, Opera has been focused on expanding its distribution partners in this space to include the chipset manufacturers, which Opera believes will be a much larger source of distribution going forward than in the past.

Device OEMs: Connected TVs have arrived

2010 was clearly a breakthrough year for the Connected TV industry, as many of the traditional consumer electronics manufacturers launched and announced connected TV devices during the year.

Traditionally, television has been referred to as a "lean back" medium, where interaction is passive. Today, television manufacturers are trying to encourage consumers to become more actively engaged with their TV sets, referred to as a "lean forward" model, by providing Web applications, Web browsing and other digital content on TVs. This has been spurred not only by the desire of the TV manufacturers to differentiate and obtain premium pricing for their product offerings, but also by the perceived opportunity to bring many of the same services that have been deployed successfully in the mobile phone ecosystem, such as mobile Web browsing and application stores, to their TV consumer customers.

2010 was not only a strong year in terms of revenue growth, but also in terms of new agreements. During the year, Opera signed new agreements or expanded on existing ones with the following Connected TV manufacturers: Acer, Huawei, Loewe, MediaTek, Philips , Realtek, Sagem, Sharp, Sony, Technicolor, TechniSat, Toshiba and Vestel.

Going into 2011, Opera expects to see its browser shipped in much higher volumes than in 2010, with a full range of manufacturers. In addition, as the ConnectedTV market takes off, Opera intends to put an even greater emphasis on innovation in this space than in the past.

Mobile Consumers: The Internet in every pocket

In 2010, mobile Internet usage continued to grow dramatically. Based on statistics garnered from Global Statcounter, more than 375 million consumers accessed the

Internet via a full Web mobile browser by the end of 2010, almost twice as many when compared to the end of 2009; and according to IDC, the number of consumers accessing the Internet via a full Web mobile browser could reach 1 billion by the end of 2013.

During the year, Opera continued to maintain its leading market share of approximately 25%, according to Global Statcounter. In December 2010, 85.5 million unique active users worldwide browsed the Web using the Opera branded and co-branded version of Opera Mini, up from 46.3 million users in December 2009.

Opera Mini's tremendous success with consumers has occurred for a variety of reasons. First, Opera Mini is significantly faster than the competition, due to the up to 90% compression compared to a normal full Web browser. This makes for a much more enjoyable and efficient browsing experience for consumers. Second, Opera Mini is much cheaper for consumers – i.e., consumers save up to 90% browsing with Opera Mini compared to competitive products due to Opera's unique proxy browsing technology. Third, Opera works on the vast majority of mobile phones, supporting more than 3,000 different mobile phone models. Fourth, Opera believes its user interface design and rendering quality is superior to the competition.

Historically, Opera's primary focus has been consumer acquisition and growing its user base and much of the monetization focus has been on converting Opera Mini consumer users to joint Operator – Opera branded users, for which ARPU is significantly higher than for the 100% Opera branded Opera Mini users.

Going into 2011, Opera is significantly more focused than in the past on making money from its rapidly growing active user base via more consumer oriented business and revenue models. To this end, in March 2011, Opera established a Consumer Mobile team, whose primary responsibility is to drive ARPU for its consumer mobile users. Opera expects the primary sources of future revenue for its pure consumer mobile users to come from mobile advertising, mobile search and mobile applications.

Desktop

Desktop revenue in 2010 was MNOK 242.3 versus MNOK 184.9 in 2009, an increase of 31%. While user growth was less than expected going into 2010, up 11% compared to the end of 2009, revenue growth grew at a strong rate due to higher than expected ARPU. Higher ARPU was driven by both more searches per user compared to 2009, which helped boost search revenue, and strong growth in revenue from local search providers such as Yandex.

Desktop: More Important a Platform than Ever

In 2010, global desktop Internet usage continued to grow. Based on World Internet Stats, more than 2.0 billion consumers accessed the Internet via a desktop browser in 2010, almost 12% higher when compared to the end of 2009; and according eMarketer, the number of consumers accessing the Internet via a desktop browser is expected to grow by an additional 700 million users over the next 4 years to reach around to 2.7 billion.

Today, the desktop browser is more important a platform than ever. This is seen most saliently with the clear dominance of Web applications over device-centric computing. This trend is no more pronounced than with social networking, where Facebook, for example, has more than 650 million active users. In addition, the rapid adoption and innovation around HTML5 is making Web applications more powerful and always available. For example, playing video without the need for third-party applications or plug-ins and using geo-location to provide locally targeted information are some clear examples where HTML5 is making the browser and browser-based applications much more powerful than in the past.

During 2010, while Opera Desktop experienced strong growth rates in countries such as Russia, Ukraine and India, Opera Desktop growth overall was essentially in line with industry growth, which was quite disappointing.

Going into 2011, however, Opera's aim is to grow faster than the general desktop Internet market, which is what the Company achieved in 2009 and prior years. The Company believes this is possible, as Opera's strength is in the emerging markets, where growth rates are higher than average for the industry. In addition, in late 2010, Opera launched Opera 11 for Desktop. New features include tab stacking, extensions (which allow for browser personalization), and visual mouse gestures.

CORPORATE OVERVIEW

Organization

Opera Software's headquarters are in Oslo, Norway. The Company also has offices in Linköping, Stockholm, and Gothenburg (Sweden); Beijing (China); Tokyo (Japan); Chandigarh (India); Seoul (South Korea); Warsaw and Wroclaw (Poland); San Mateo (United States); Melbourne (Australia); Saint Petersburg (Russia) and Taipei (Taiwan). The Company had 747 full-time employees and equivalents as of December 31, 2010.

Board of Directors Composition

At the Annual General Meeting on June 15, 2010, William Raduchel, Kari Stautland, Audun Iversen and Arve Johansen were re-elected to the Board of Directors. Marianne Blystad joined the Board of Directors. In addition, three employee-elected representatives have seats on the Board.

Corporate Governance

The Company's guidelines for Corporate Governance are in accordance with the Norwegian Code of Practice for Corporate Governance, dated October 21, 2010, as required by all listed companies on the Oslo Stock Exchange. Please see the section entitled "Principles of Corporate Governance" in the Annual Report for more information.

Work Environment

"Opera has been behind the majority of Web-browsing innovations over the last decade. Why? It's simple: we have smart, dedicated people solely focused on creating the best Web experience on any device. Nothing more. Nothing less." Jon S von Tetzchner, co-founder, Opera Software.

Opera Software's goal is to create a work environment that is attractive, motivating and empowering, while at the same time stimulating. The combination of a flat organizational structure and an open door policy creates a short distance between an idea and management. While it is management who gives the green light for development, all employees have the opportunity to influence their work and innovation at Opera.

Employee job satisfaction is measured via an annual Job Satisfaction Survey. This survey focuses on management, teamwork, innovation, health and safety, policy and compliance, quality focus and customer orientation, among other areas. The survey from 2010 shows that more than 85% of employees are proud to work at Opera Software. Improvements were seen in the areas of health and safety, quality focus and customer focus. All other survey factors were generally stable. The management team at Opera sees the value in following up on the survey results and leveraging them to create an even better workplace environment.

Our recruitment policy is to be non-discriminatory in our screening and selection processes. Our aim is, and always has been, to recruit the best employees irrespective of race, color, nationality, age, sex, sexual orientation, gender identity, ethnic origin, marital status, disability, geographic location or religion. When recruiting, we focus on the skills that candidates bring to the table, combined with a strong motivation, conviction and passion for Opera Software's work.

During 2010, the Company focused heavily on investing in and recruiting from the talent pool based in the emerging markets. As our business expands, we believe in the power of investing in the geographies where we are experiencing growth.

At Opera Software, we believe that a diverse work force is a profitable investment. People with diverse backgrounds and perspectives are imperative for innovation as it allows us to draw from the experience of skilled individuals globally. We believe that our diverse employee base gives us a competitive advantage and a greater understanding of the markets in which we operate. At our headquarters in Oslo, for example, 51% of our employees are non-Norwegians, representing 55 different nationalities.

Harassment and other improper conduct are not tolerated, and the workplace must be free of this kind of behavior. This point is also surveyed during our annual Job Satisfaction Survey, and followed-up closely. Mutual respect is core to the values we uphold.

Absence due to illness in 2010 was less than 1.5%. No work-related accidents involving personal injury were reported. No incidents involving material damage occurred.

As of December 31, 2010, Opera had 747 employees, of which 16% were women and 84% were men. As part of its core values, Opera promotes cultural diversity and gender equality. Opera has two female board members and one female on the senior executive team. Equal opportunity to all Opera employees and potential employees is an important factor throughout the organization. When recruiting, we use assessment methods such as programming tests and test cases to give equal opportunity to all qualified applicants. Opera strives to continue improving the company's gender balance.

External Environment
In 2010, we opened up a new data center to accommodate the significant growth of the Opera Mini browser. Power usage effectiveness (PUE) was a priority in the selection process to ensure data center efficiency. We expanded in Iceland at one of the world's most efficient geothermal powered data centers.

Opera has also worked with existing data center vendors to improve PUE and reduce power consumption and costs by moving to power-saving servers. By providing data to development teams, we were further able to drive awareness and improvements. As Opera Mini and other new hosted services grow, we continue to evaluate our performance and adjust our strategy accordingly. As we procure additional servers and facilities during 2011, our requirements for power-saving chips, efficient cooling, and green-source power remain a priority.

Opera has invested in video conferencing equipment, which not only aims to improve internal/inter-office communications, but also reduces travel costs and environmentally unfriendly emissions.

In addition, our products contribute to less usage of paper.

Risk Factors
Each of the following risk factors can have a significant negative impact on Opera's business, financial results, operations, cash flow, and the trading price of our common stock:

Financial Risk
Opera's sales and expenses are exposed to foreign currency exchange risk. Most of the Company's foreign exchange risk relates to sales and is the result of revenue contracts signed in USD and EUR. For 2010, approximately 50% of revenues were in EUR and 47% in USD. The majority of the Company's purchases are made in the following denominations: NOK, EUR, SEK, PLN, USD, JPY, CZH, CNY, KRW, TWD, AUD and INR. Exchange rate fluctuations in these currencies can have a significant impact on our operating and financial results. Exchange rate fluctuations may also affect the value of Opera's capital expenditures as a result of investments made by its subsidiaries.

Liquidity and Credit Risk
Opera is exposed to customer-related credit risk, which is primarily influenced by the financial strength and characteristics of each customer. There is always a risk of loss on accounts receivable from our customers and reduced sales to our customers if they face liquidity challenges.
As of December 31, 2010, Opera had no current funding requirements and no interest-bearing debt and the cash balance was MNOK 507. Investments are only made in funds operated by institutions rated by S&P or Moody's, with a minimum rating of BBB or Baa2, respectively. As of December 31, 2010, the Company had invested in three money market funds. The Company's money market funds are booked at a fair market value of MNOK 232 and are included in cash and cash equivalents since the money can be redeemed from the funds at will. Although Opera does invest its money conservatively, all its investments are subject to risk. For example, Opera's cash and other investments placed in Norwegian financial institutions are not federally insured above MNOK 2 per institution. If the financial institution were to go bankrupt, a portion of Opera's cash or investment could be lost.

Tax Risk
From time to time, Opera faces tax audits and investigations by both domestic and foreign tax authorities, and the outcome of any audit could have a negative impact on our operating results and financial condition. Furthermore, the tax treatment of many transactions relies on the judgment of the company and its auditors, since the tax codes are not always clear. Based on the uncertainty that exists, the ultimate tax outcome may differ from the amounts recorded in our financial statements and if Opera were required to re-file its taxes based on an adverse tax judgment, it could materially affect our financial results during the relevant period(s).

Competition
Opera's competitors include some of the largest technology, IT and telecommunication companies in the world, with significantly larger financial resources and headcount and broader distribution channels than Opera has. These large companies are better able to make strategic acquisitions, invest in new technology and research and development, market their products, and compete for customers. Furthermore, due to the dynamic nature of the market, there is always a risk that our large competitors and even smaller startup competitors could take a large share of the markets we are operating in during a very short period of time by developing more attractive products and taking customers away from our own products and services.

R&D / Product Development
Opera's revenue is dependent on expanding its user base by developing and marketing products that are more attractive than our competitors' products. If the attractiveness of our products does not continuously improve and evolve to keep pace with the industry, we will have challenges retaining our current user base and gaining new customers. Our competitors are constantly improving their products

and associated services. In order to stay attractive, Opera has to invest significant resources in research and development. Investing significantly in R&D is, however, no guarantee that consumers and customers will, in fact, find our products to be attractive enough to begin or continue using them, as it is impossible to accurately predict the behavior of our consumer and business customers.

Customer/Partner Risk

There is always a risk that existing customers will terminate or fail to renew their contracts with us if for example, Opera's technology does not remain competitive enough to provide value to our customers or our customers' products, which incorporate Opera's technology, or does not generate revenue and users as the customer expected. There is also a risk that consumers will stop using Opera's technology and begin using a competitor's technology. The negative impact of a loss of customer(s) and/or end users on Opera's revenues and business could be significant. For example, in 2010, Opera had sales to one customer that accounted for more than 10% of total revenues. Loss of that customer or a change in the commercial terms of that deal would negatively harm our revenues and business. Similarly, not being able to attract new customers, partners, and consumers to our products would have a negative impact on revenues and business.

Data Center Risk

Many of our products and services are dependent on the continuous operation of data centers and computer hosting and telecommunications equipment. If Opera's internal IT systems fail or are damaged, or if a third party gains unauthorized access to such systems, and data is lost or compromised, it could have a material impact on Opera's operations. Downtime can, for example, hurt our reputation with our consumer customers, as well as increase the risk of damage claims and monetary penalties from our customers.

If our data centers malfunction or become damaged, service can be interrupted for long periods of time. Damage can result from any number of factors, including natural disasters such as earthquakes, floods, lightning strikes, and fires, terrorist attacks, power loss or failure, telecommunication equipment failures, severed or damaged fiber optic cables, computer viruses, security breaches, sabotage, vandalism, negligence of our suppliers, or deliberate attempts to harm our equipment and/or systems. Furthermore, actions or inactions of third party hosting centers or telecommunications providers, including financial difficulties, can result in service disruption, which would have negative impact on our products and services.

If our centers or systems are subject to a security breach, customers' confidential or personal information could be obtained and used by third parties, which could have a negative impact on our brand and the market perception that we are a reliable company, as well as subjecting us to significant regulatory fines or claims or damages from our customers.

For certain business models, we are dependent on internal systems to collect and produce accurate statistics regarding the use of our products and services, especially for products that rely on an active user royalty model. Failures or malfunctioning of these systems can have a significant impact on our financial results. Failures to adequately back up our internal systems can also have a material impact on the running of our business.

Brand Name

Opera has a strong brand name in its markets. In order to expand our user and customer base, we must maintain and strengthen the "Opera" brand by producing excellent products and maintaining and improving end users' perception of Opera. Issues such as data privacy and security issues, product and service outages, compatibility issues, and product/service malfunctions can have a negative impact on our brand name, which can, in turn, impact our results and business.

Opera is exposed to reputational risk as Opera is heavily reliant on browser products and other related products and services while maintaining a relatively low marketing budget. In the past, Opera's reputation has been spread via word of mouth by satisfied users. Failure to continue to release high quality, user-friendly products would adversely impact our reputation, this marketing channel, and Opera's business.

Growth or Change in Headcount

Our business has always experienced growth and dynamic change, which may require an increase in headcount and/or the need to restructure the work force's competence, leading to downsizing and the rehiring of people with different skill sets. If we fail to effectively manage this growth and change, the quality of our products, services and technology could be negatively affected and our business and operating results could be impacted. Our

presence and expansion in many international markets amplifies these risks due to multiple legal and regulatory systems, languages, cultures, and customs. Failing to continuously improve our operational, financial, management, reporting and compliance procedures could negatively impact our growth and financial position.

Senior Management and Key Employees

Executing on our strategic objectives depends on our ability to retain and attract key executives and members of senior management, as well as skilled personnel, including software engineers and developers. There is strong competition for employees in our business segments, and our competitors often try to lure away our personnel. If our competitors are able to offer more competitive compensation arrangements and/or more attractive workplaces, our ability to attract and retain key employees will be hampered. Losing members of the team can negatively affect our ability to execute on our strategic objectives and compete effectively.

Regulatory Risk

Opera operates on a global scale, and is therefore subject to regulatory regimes across the globe. Not only is it a challenge for a company the size of Opera to remain current on all the regulatory regimes that may apply to Opera at any one time, but also some regulators have a particular interest in the markets Opera is operating within. As a result, Opera may become subject to increased regulatory scrutiny in the future. If lawmakers and regulators make new laws or interpret current laws in different ways or subject Opera to regulatory scrutiny, Opera may be required to, for example, invest significant amounts of money to participate or defend itself in regulatory proceedings in multiple jurisdictions and to adapt its products and services to conform to the regulatory regimes in multiple jurisdictions. Such product adaptations may be very costly and might ultimately result in Opera's products and services becoming less attractive to its customers and end users and/or in Opera being forced to maintain different software builds for different countries.

Lawsuits, Government Investigations, and Other Claims

Opera has many customers, partners and end users around the world, and as a result Opera can be exposed to lawsuits, government investigations, and other claims or proceedings on a global basis. Such lawsuits, investigations and proceedings could be related to, for example, intellectual property (issues including trademark and patent suits), labor law issues, commercial lawsuits, data protection and privacy matters, consumer law, marketing law, tax issues, etc. All such proceedings can have a significant impact on Opera, whether we are ultimately successful or not, due to the legal cost and the internal resources Opera would have to use to defend itself. In the event of an adverse result against Opera in such a proceeding, Opera could be required to pay significant monetary damages or fines and/or re-design its products or services, causing a material impact on Opera's business, financial results, operations, and cash flow.

Intellectual property lawsuits are very common in the market segments Opera operates in. Regardless of the merits of such lawsuits, they are extremely expensive to defend and litigate and the damages awarded in such suits can be high. In addition, Opera has indemnified its customers and partners, so in the event they are sued for alleged intellectual property infringement, Opera would be required to defend them and pay their damages. Furthermore, an adverse judgment could require Opera to cease using certain technologies in its products or names for its products, requiring Opera to re-engineer or re-name its products.

Many of our competitors own large numbers of patents and other intellectual property rights compared to Opera. Although we do seek patent protection for certain innovations, we may not have sufficient protection for important innovations. Furthermore, because many large companies are able to settle intellectual property lawsuits by cross-licensing each other's technology, the fact that our patent portfolio is not as extensive as our competitors' portfolios could have a negative impact in a cross licensing situation.

Acquisitions

Opera has made various acquisitions in the past and will likely make future acquisitions. Acquisitions and other strategic transactions can create operational and integration challenges, diversion of management attention, dilution, cultural challenges, assumption of liabilities or debt, and other challenges that can impact our business and results. In addition, making such acquisitions requires significant costs for legal and financial advice and can take management's focus away from achieving other strategic objectives.

Fluctuations

Opera's operating results fluctuate from period to period, due to, for example, changing business models and factors that are outside our span of control. Furthermore, our business and the market is dynamic and evolving, and our spending has historically been cyclical in nature and user traffic tends to be seasonal.

Shareholders and Equity-related Issues

As of December 31, 2010, Opera Software had 119,574,782 outstanding shares. Total stock option costs for employees in 2010 were MNOK 16.7 compared to MNOK 14.1 in 2009.

As of December 31, 2010, the Group had MNOK 457.0 in additional paid in capital. Total equity was MNOK 621.5. Free equity for Opera Software ASA per December 31, 2010 was MNOK 73.3.

Allocation of the Annual Profit

The total comprehensive income for the period for Opera Software ASA was MNOK 41.4 in 2010. The Board of Directors recommends a NOK 0.18 per share dividend payment for the 2010 accounting year. The proposed dividend payout is consistent with the Company's dividend policy. The dividend disbursement amounts to approximately MNOK 22. The Board proposes that the remainder of the total comprehensive income for the period is transferred to other equity. As the financial statements for the parent company are reported according to IFRS, the total comprehensive income is included in other equity. The Company's unrestricted capital as of December 31, 2010, after deducting allocations for the proposed dividend disbursement for the 2010 accounting year, amounted to approximately MNOK 52.

Going Concern

In accordance with Norwegian accounting regulations, the Board confirms the annual financial statements have been prepared on a going concern basis.

Subsequent Events

Opera Software announced on March 4, 2011 that it is has established a partnership with a major Chinese mobile phone distributor, Telling Telecom. The partnership will enable Opera and Telling Telecom to accelerate their growth in users in the Chinese market by combining browser technology from Opera with local content, operations and Telling's unparalleled distribution network in China. Opera has invested in the partnership and is guaranteed a minimum amount of revenue from the partnership corresponding to Opera's initial investment during the first three years of operation.

No subsequent events have occurred after the reporting date that would require the consolidated financial statements to be adjusted.

More information about subsequent events is given in the accompanying note 16 to the consolidated financial statements.

Share Buyback Program

During 2010, Opera purchased 1,039,500 own shares for KNOK 26,682 as part of the share buyback program. The shares have been acquired on the Oslo Børs at an average price of 26.26. During 2010, Opera has, as part of the employees options exercise, sold 1,513,105 own shares for KNOK 20,634. As at December 31, 2010, the Company held 526,319 shares in Opera Software ASA. The purpose of this program is to minimize dilution for existing shareholders resulting from the exercise of employee and Board stock options.

The Board of Directors approved a new stock repurchase program on November 15, 2010. The new program allows for the repurchase of up to 6 million shares. The buy-back program will be carried out in accordance with any authorization the Board of Directors receives as resolved by the General Meeting. The new repurchase program replaces the former program which was announced on March 3, 2008 and October 17, 2008. The total number of shares repurchased under the new buy-back program was 689,000 shares by the end of FY 2010.

Shareholders

As of December 31, 2010, there were 119,574,782 (119,574,782 as of December 31, 2009) shares outstanding. The Company had 2,751 (3,218) shareholders at year-end. At that time, 74.0% (73.0%) of the shares were held in Norway-based accounts, 15.4% (15.4%) in U.S.-based accounts, 3.1% (3.9%) in U.K.-based accounts and 7.4% (7.7%) in accounts based elsewhere around the world.

Environmental Statement

Opera Software ASA understands the importance of protecting the environment. Opera shall:

- act according to environmental laws
- commit to using environmentally safe products in the workplace
- educate staff about company environmental regulations
- evaluate the consumption of energy and other resources to determine means of control
- ensure the development of environmentally protective procedures

Outlook

Opera remains positive about the Company's growth prospects. Within Internet Devices, the success that key Opera customers, such as Motricity (AT&T) and Telkomsel, have experienced with their mobile Web initiatives powered by Opera has heightened interest among operators in particular for Opera's solutions. Opera also sees accelerating interest among consumer electronic device manufacturers for Opera's solutions, particularly in the Connected TV segment, as Web browsers become a more common component of a broad array of device types.

Opera believes it is well positioned to continue to take advantage of "megatrends" within the operator, mobile phone and consumer electronics industries.

Opera also expects to see increased revenue streams from Opera's consumer mobile products such as Opera Mini, as usage expands and as revenue and business models evolve further in the mobile Internet space. In particular, Opera sees rising mobile revenue streams from advertising, applications and search.

The Company also sees positive growth prospects from its Desktop product, particularly as a result of user growth in the emerging markets.

Opera's key operational priorities in 2011 include continuing to (i) sign up additional leading operators and grow active users of Opera products and services with existing operator customers, (ii) grow revenues and users of Opera's consumer products (Desktop, Opera-branded Opera Mini and Opera Mobile), (iii) increase Opera's position with top mobile phone OEMs and chipset manufacturers globally to drive greater distribution of Opera's mobile products, (iv) build on the momentum Opera has with major consumer electronic OEMs, particularly in the Connected TV space, and (v) increase Opera's overall profitability and margins.

Oslo, April 27, 2011

William J. Raduchel
Chairman of the Board

Audun Wickstrand Iversen

Kari Stautland

Marianne Blystad

Arve Johansen

Stig Halvorsen
Employee representative

Karl Anders Øygard
Employee representative

Charles McCathieNevile
Employee representative

Lars Boilesen
CEO

Statement by the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer (CEO) have reviewed and approved the Board of Directors' Report and the financial statements for Opera Software Group and Opera Software ASA as of December 31, 2010 (Annual Report for FY 2010).

The consolidated financial statements and the financial statements for the parent company have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the EU and the interpretations adopted by the International Accounting Standards Board (IASB). The consolidated financial statements have also been prepared according to applicable regulations and paragraphs in the Norwegian Accounting Act and the relevant paragraphs in the Security Trading Act.

To the best of our knowledge:

- the consolidated financial statements and the financial statements for the parent company for 2010 have been prepared in accordance with applicable accounting standards
- the consolidated financial statements and the financial statements for the parent company give a true and fair view of the assets, liabilities, financial position and profit as a whole as of December 31, 2010 for the Group and the parent company
- the Board of Directors' Report for the group and the parent company includes a true and fair review of:
  - the development and performance of the business and the position of the Group and the parent company
  - the principal risks and uncertainties the Group and the parent company face

Oslo, April 27, 2011

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Arve Johansen

Stig Halvorsen
Employee representative

Karl Anders Øygard
Employee representative

Charles McCathieNevile
Employee representative

Lars Boilesen
CEO

Mankind + the Web
= unlimited possibilities


cooltra.com

Presentation of the Board of Directors

Chairman, William J. Raduchel

William J. Raduchel is a strategic advisor who serves as an independent director and investor for multiple companies. From 2004 to 2006, he was chairman of Ruckus Network, Inc. Prior to that he was a strategic advisor to AOL after being senior vice president and Chief Technology Officer of AOL Time Warner (and AOL before that). He joined AOL from Sun Microsystems in 1999 where he was last Chief Strategy Officer and a member of its executive committee.

Member, Marianne Heien Blystad

Marianne Heien Blystad has been an Attorney at Law with the law firm Ro and Sommernes since 2008. Apart from her professional legal experience from corporate banking, shipping and offshore, she holds directorships with Eksportfinans ASA, Sørenga Utvikling AS, Edda Utvikling AS and Songa Shipping. Ms. Blystad holds a business degree from the Norwegian School of Management, (Handelshøyskolen BI) and a Law degree from the University of Oslo.

Member, Arve Johansen

Arve Johansen has been a key figure in shaping Norway's telecom giant, Telenor, into the global company it is today. Johansen holds degrees from both the Norwegian Institute of Technology (NTNU) and the Harvard Business School. He has a background as a technical manager for EB Telecom where he served as chief engineer on several large-scale projects. This career foundation lead him to Telenor, first as CEO of Telenor International and later Deputy Group CEO responsible for all of Telenor's activities in Asia. Arve Johansen currently serves as an independent board member for multiple companies.

Member, Audun Wickstrand Iversen

Audun Wickstrand Iversen is CEO of EAM Solar. Over the last ten years, he has focused primarily on the telecom, IT and alternative energy industries. Previously, Iversen worked as a financial analyst at DnB Markets and as a portfolio manager at DnB Asset Management, with responsibility for global telecoms and alternative energy. He holds a degree in business administration from the Norwegian School of Management (BI) as well as degrees from Norwegian School of Economics and Business Administration (NHH) and the University of Oslo.

Member, Kari Stautland

Kari Stautland has a background in human resources. Most recently, she was Human Resources Manager at GE Healthcare AS – a leading global medical company. She has been working in HR for many years and has extensive knowledge within this area. Kari holds a Masters degree in Business and Marketing.

Employee representative, Karl Anders Øygard

Karl Anders Øygard is Product Architect for Opera's desktop product. Prior to joining Opera in 1998, he spent three years at Telenor R&D. Øygard has an engineering degree in informatics from Ålesund College and a Bachelor in Informatics from the University of Oslo.

Employee representative, Stig Halvorsen

Halvorsen is a Senior Core Developer at Opera. He has worked at Opera since December 2000. Prior to joining Opera, Halvorsen studied at the Norwegian University of Science and Technology (NTNU), Trondheim and holds a Sivilingeniør degree in Computer Science (MSc).

Employee representative, Charles McCathieNevile

Charles McCathieNevile has been Chief Standards Officer at Opera since 2005, and is responsible for Opera's leading role in ensuring that the best of Web development is available to the world in the form of open standards. With more than two decades of experience in both commercial and academic hypertext systems, his personal interests are broad but include accessibility of the Web to all people from all devices, and better ways to make information help people reach more of their goals more easily. He is co-chair of the W3C Web Applications Working Group, and also involved in several other W3C working groups. Before joining Opera, Charles worked on the Staff of W3C.

Consolidated Group

Annual Accounts 2010

Consolidated Statement of Comprehensive Income

[Numbers in KNOK]	Note	1/1 - 12/31 2010	1/1 - 12/31 2009
Revenue	1, 2, 5	**692 239**	612 738
Total operating income		**692 239**	612 738
Cost of goods sold		**308**	958
Payroll and related expenses	3, 5	**412 484**	403 699
Depreciation expenses	5, 7	**22 915**	13 272
Other operating expenses	3, 4, 5, 7, 14	**152 932**	140 494
Results from operating activities ("EBIT") excl. one-time costs		**103 599**	54 314
One-time costs	12	**34 630**	0
Results from operating activities ("EBIT")		**68 969**	54 314
Interest income	5	**10 184**	10 675
Other financial income	5	**10 119**	57 620
Interest expenses	5	**-9**	-636
Interest expense related to VAT case	11	**-2 375**	0
Interest expense related to contingent consideration	11	**-9 233**	0
FX gains/losses related to contingent consideration, net	11	**-724**	0
Revaluation of contingent consideration	11	**-14 649**	0
Other financial expenses	5	**-15 106**	-77 482
Profit before income tax		**47 175**	44 491
Income tax on ordinary result	6	**-24 049**	-13 631
Profit for the period		**23 126**	30 860
Foreign currency translation differences for foreign operations		**2 685**	-2 404
Total comprehensive income for the period		**25 812**	28 456
Profit attributable to:			
Owners of the Company		**23 126**	30 860
Non-controlling interest		**0**	0
Profit for the period		**23 126**	30 860
Total comprehensive income attributable to:			
Owners of the Company		**25 812**	28 456
Non-controlling interest		**0**	0
Total comprehensive income for the period		**25 812**	28 456
Earnings per share:			
Basic earnings per share (NOK)	15	**0.194**	0.260
Diluted earnings per share (NOK)	15	**0.191**	0.255

Consolidated Statement of Financial Position

[Numbers in KNOK]	Note	**12/31/2010**	12/31/2009
Assets			
Non-current assets			
Intangible assets			
Goodwill	7, 8	**114 903**	16 416
Other intangible assets	7, 8	**20 252**	1 716
Total intangible assets		**135 155**	18 132
Property, plant and equipment			
Office machinery, equipment etc.	7	**55 872**	42 848
Total property, plant and equipment		**55 872**	42 848
Financial assets and deferred tax assets			
Deferred tax assets	6	**28 138**	37 833
Other investments and deposits	4	**17 210**	15 811
Total financial assets and deferred tax assets		**45 348**	53 644
Total non-current assets		**236 375**	114 624
Current assets			
Trade and other receivables			
Accounts receivable	5, 10	**121 193**	65 650
Unbilled revenue	10	**64 462**	58 816
Other receivables	6, 10	**24 718**	36 144
Total trade and other receivables		**210 373**	160 609
Cash and cash equivalents	5	**507 422**	546 482
Total current assets		**717 794**	707 091
Total assets		**954 170**	821 715

Consolidated Statement of Financial Position

[Numbers in KNOK]	Note	12/31/2010	12/31/2009
Shareholders' equity and liabilities			
Equity			
Paid in capital			
Share capital	9	**2 381**	2 371
Share premium reserve		**457 005**	457 109
Other reserves		**60 639**	43 768
Total paid in capital		**520 025**	503 248
Retained earnings			
Other equity		**101 514**	99 679
Total retained earnings		**101 514**	99 679
Total equity		**621 539**	602 928
Liabilities			
Non-current liabilities			
Provisions	11	**39 442**	0
Total non-current liabilities		**39 442**	0
Current liabilities			
Accounts payable	10	**25 254**	9 357
Taxes payable	6	**4 546**	5 130
Social security, VAT and other taxation payable	10	**29 345**	21 399
Other short-term liabilities	5, 10	**191 139**	174 377
Provisions	10, 11	**42 903**	8 525
Total current liabilities		**293 188**	218 787
Total liabilities		**332 630**	218 787
Total equity and liabilities		**954 170**	821 715

Oslo, April 27, 2011

William J. Raduchel
Chairman of the Board

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Arve Johansen

Stig Halvorsen
Employee representative

Karl Anders Øygard
Employee representative

Charles McCathieNevile
Employee representative

Lars Boilesen
CEO

Consolidated Statement of Cash Flows

[Numbers in KNOK]	Note	1/1 - 12/31 2010	1/1 - 12/31 2009
Cash flow from operating activities			
Profit/loss before taxes		**47 175**	44 491
Taxes paid	6	**-3 519**	-84 517
Depreciation expenses	7	**22 915**	13 272
Profit/loss from sales of property, plant and equipment		**-31**	0
Impairment of intangible assets	8	**1 716**	0
Changes in accounts receivable **		**-63 119**	61 553
Changes in accounts payable		**10 786**	-9 938
Changes in other liabilities and receivables, net		**13 103**	11 513
Share-based remuneration	3	**16 708**	13 393
Interest and FX related to contingent payment *	8, 11	**24 607**	0
Conversion discrepancy		**5 594**	13 783
Net cash flow from operating activities		**75 934**	63 550
Cash flow from investment activities			
Capital expenditures	7	**-32 270**	-30 889
Acquisitions ***	8	**-57 649**	-12 525
Net cash flow from investment activities		**-89 919**	-43 414
Cash flow from financing activities			
Proceeds from exercise of stock options	9	**20 634**	19 905
Proceeds of share issues, net		**0**	0
Dividends paid	9	**-19 027**	-47 599
Purchase of own shares	9	**-26 682**	-9 508
Net cash flow from financing activities		**-25 075**	-37 202
Net change in cash and cash equivalents		**-39 060**	-17 066
Cash and cash equivalents (beginning of period)		**546 482**	563 548
Cash and cash equivalents **`*******		**507 422**	546 482

* Interest income and interest expenses are included in the profit and loss. Interest paid and interest received are recognized in the same year that interest income and interest expenses are recognized in the profit and loss, with the exception of interest related to re-evaluation of the contingent payment. Conversion differences and interest related to re-evaluation of the contingent payment are booked on a separate line as net cash flow from operating activities.

** Changes in unbilled revenue are included in changes in accounts receivables in the statement of cash flows.

*** On April 30, 2010, Opera entered into an asset purchase agreement with the Fastmail Partnership. Identifiable assets acquired and liabilities assumed are not presented on separate lines in the consolidated statement of cash flows but are presented as acquisitions. For more details about the acquisition, please see note 8.

**** Cash and cash equivalents of KNOK 8,443 were restricted assets as of December 31, 2010, and Cash and cash equivalents of KNOK 37,855 were restricted assets as of December 31, 2009.

***** As of December 31, 2010, the conversion discrepancy loss booked on Cash and cash equivalents was KNOK 1,365, and the comparative number as of December 31, 2009 was KNOK -3,098.

Consolidated Statement of Changes in Equity

[Numbers in KNOK]	Face value	Number	Share capital	Share premium	Other reserves	Reserve for own shares	Translation reserve	Other equity	Total equity
Balance as of 12/31/2009	**0.02**	**118 575**	**2 391**	**457 109**	**43 769**	**-20**	**-1 230**	**100 910**	**602 928**
Comprehensive income for the period									
Profit for the period								23 126	23 126
Other comprehensive income									
Foreign currency translation differences							2 685		2 685
Total comprehensive income for the period			**0**	**0**	**0**	**0**	**2 685**	**23 126**	**25 812**
Contributions by and distributions to owners									
Dividend to equity holders								-19 027	-19 027
Own shares acquired	0.02	-1 040				-21		-26 661	-26 682
Own shares sold	0.02	1 513				30		20 604	20 634
Tax deduction loss own shares								1 260	1 260
Issue expenses									0
Tax deduction on equity bookings				40					40
Share-based payment transactions					16 708				16 708
Total contributions by and distributions to owners	**0.02**	**474**	**0**	**40**	**16 708**	**9**	**0**	**-23 824**	**-7 066**
Other equity changes									
Other changes				-144				11	-133
Total other equity changes			**0**	**-144**	**0**	**0**	**0**	**11**	**-133**
Balance as of 12/31/2010	**0.02**	**119 048**	**2 391**	**457 005**	**60 476**	**-11**	**1 455**	**100 223**	**621 539**

Consolidated Statement of Changes in Equity (Continued)

[Numbers in KNOK]	Face value	Number	Share capital	Share premium	Other reserves	Reserve for own shares	Translation reserve	Other equity	Total equity
Balance as of 12/31/2008	**0.02**	**117 494**	**2 391**	**457 212**	**30 375**	**-42**	**1 174**	**107 103**	**598 214**
Comprehensive income for the period									
Profit for the period								30 860	30 860
Other comprehensive income									
Foreign currency translation differences							-2 404		-2 404
Total comprehensive income for the period			**0**	**0**	**0**	**0**	**-2 404**	**30 860**	**28 456**
Contributions by and distributions to owners									
Dividend to equity holders								-47 599	-47 599
Own shares acquired	0.02	-529				-11		-9 497	-9 508
Own shares sold	0.02	1 609				32		19 873	19 905
Tax deduction loss own shares								156	156
Issue expenses				-144					-144
Tax deduction on equity bookings				40					40
Share-based payment transactions					13 393				13 393
Total contributions by and distributions to owners	**0.02**	**1 081**	**0**	**-103**	**13 393**	**22**	**0**	**-37 067**	**-23 756**
Other equity changes									
Other changes								14	14
Total other equity changes			**0**	**0**	**0**	**0**	**0**	**14**	**14**
Balance as of 12/31/2009	**0.02**	**118 575**	**2 391**	**457 109**	**43 769**	**-20**	**-1 230**	**100 910**	**602 928**

Other reserves
Other reserves consists of option costs booked according to the Equity Settled Method and issued shares registered in the period after the current financial year.

Reserve for own shares
The reserve for the Group's own shares comprises the face value cost of the Company's shares held by the Company.

Translation reserve
The translation reserve consists of all foreign currency differences arising from the translation of the financial statements of foreign operations.

Other equity
Other equity consists of all other transactions, including but not limited to, total recognized income and expense for the current period and excess value of the Company's own shares.

Note 1 - Accounting Principles

Opera Software ASA (the "Company") is a company domiciled in Norway. The consolidated financial statements of the Company for the year ended December 31, 2010 comprise the Company, its subsidiaries Hern Labs AB, Zizzr AS and Opera Software International AS (which, in turn, includes the subsidiaries Opera Software Korea Ltd, Opera Software Technology (Beijing) Co., Ltd, Opera Software Poland Sp. z o.o, Opera Software Australia PTY LTD, AdMarvel, Inc., LLC Opera Software (Russia), Opera Software Iceland ehf, and Opera Web Technologies Pvt. Ltd), and the limited company Beijing Yuege Software Technology Service Co., Ltd. (of which Opera had full control) together referred to as the "Group". In 2010, Opera Software International AS had branches in the Czech Republic, Japan, USA, China, Taiwan and Poland.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the EU and the interpretations adopted by the International Accounting Standards Board (IASB). The consolidated financial statements have also been prepared according to applicable regulations and paragraphs in the Norwegian Accounting Act and the relevant paragraph in the Securities Trading Act.

Basis of preparation

The consolidated financial statements are presented in NOK, rounded to the nearest thousand. They are prepared on the historical cost basis.

Except for liabilities for derivative financial instruments, cash-settled share-based payment arrangements and contingent considerations obtained in business combinations, no other assets or liabilities are stated at their fair value. Receivables and debts are assumed to have a market value equal to book value.

Preparation of consolidated financial statements, in conformity with IFRS, requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities. Actual results may differ from these estimates.

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 the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Judgments made by management in the application of IFRS, that have a significant effect on the consolidated financial statements and estimates, with a significant risk of material adjustment in the next year, are discussed in note 13.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The accounting policies have been applied consistently by Group entities.

Changes in accounting policies

The Group has changed its accounting policies in the following areas:

- accounting for business combinations
- accounting for acquisitions of non-controlling interests
- distributions of non-cash assets to owners of the Company

Accounting for business combinations

From January 1, 2010 the Group has applied IFRS 3 Business Combinations (2008) in accounting for business combinations. The change in accounting policy has been applied prospectively and has had no material impact on earnings per share.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Acquisitions on or after January 1, 2010

For acquisitions on or after January 1, 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the aquiree plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in the profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in the profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.
Any contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not premeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in the profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquiree's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions between January 1, 2004 and January 1, 2010

For acquisitions between January 1, 2004 and January 1, 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognized amount (generally, fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognized immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities that the Group incurred in connection with business combinations, were capitalized as part of the cost of the acquisition.

Acquisitions prior to January 1, 2004 *(date of transition to IFRS)*
As part of its transition to IFRS, the Group elected to restate only those business combinations that occurred on or after January 1, 2004. A portion of the goodwill relates to the purchase of Hern Labs AB. As the goodwill existed before January 1, 2004, the goodwill is based on the amount recognized according to NGAAP. Goodwill from the purchase of Hern Labs AB booked on December 31, 2010 has the same value as goodwill on January 1, 2004.

Accounting for acquisitions of non-controlling interests
From January 1, 2010, the Group has applied IAS 27 Consolidated and Separate Financial Statements (2008) in accounting for acquisitions of non-controlling interests. The change in accounting policy has been applied prospectively and has had no impact on earnings per share.

Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognized on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

Distributions of non-cash assets to owners of the Company
From January 1, 2010 the Group has applied IFRIC 17 Distributions of Non-cash Assets to Owners in accounting for distributions of non-cash assets to owners of the Company. The new accounting policy has been applied prospectively.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is re-measured at each reporting date and at the settlement date, with any changes recognized directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognizes the difference, if any, between the carrying amounts of the assets distributed and the carrying amount of the liability in the profit or loss.

Basis of consolidation

Business combinations
The Group has changed its accounting policy with respect to accounting for business combinations. Please see above.

Subsidiaries
Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible, are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Loss of control
Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in the profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained

Investments in associates
Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Investments in associates are accounted for using the equity method (equity-accounted investees) and are recognized initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, after adjustments, to align the accounting policies with those of the Group from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation
Intra-group balances and any unrealized gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Foreign currency

Foreign currency transactions
Transactions in foreign currencies are translated at the foreign exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to NOK at the foreign exchange rate prevailing on that date. Foreign exchange differences arising on translation are recognized in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate prevailing on the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to NOK at foreign exchange rates prevailing on the date the fair value was determined.

Foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from consolidation, are translated to NOK at foreign exchange rates prevailing on the balance sheet date. Revenues and expenses of foreign operations are translated to NOK using the approximate foreign exchange rates prevailing on the transaction date. Foreign exchange differences arising from re-translation are recognized directly in a separate component of equity.

Property, plant and equipment

Owned assets
Property, plant and equipment are stated at cost, less accumulated depreciation (see below) and impairment losses (see accounting policy regarding impairment).

Where parts of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leased assets
Leases, where the Group assumes substantially all the risks and rewards of ownership, are classified as finance leases. The group has only operational lease contracts as of December 31, 2010. Expenses concerning the upgrading of leased premises have been capitalized and are amortized over the remaining term of the contract.

Subsequent costs
The Group recognizes, in the carrying amount of an item of property, plant and equipment, the cost of replacing part of such an item when that cost is incurred, if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognized in the statement of comprehensive income as an expense as incurred.

Depreciation
Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives are as follows:

cost rented premises	**Up to 5 years**
machinery and equipment	**Up to 5 years**
fixtures and fittings	**Up to 5 years**

The residual value, if not insignificant, is reassessed annually.

Intangible assets

Goodwill
Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see above.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortized but is tested annually for impairment (see accounting policy regarding impairment).

Negative goodwill arising on an acquisition is recognized directly in the profit or loss.

Research and development
Expenses related to research activities, which are expected to lead to scientific or technological knowledge and understanding, are recognized as costs in the statement of comprehensive income in the period they are incurred.

The Company develops specially designed browsers for use in its customers' products. A fee is paid to the Company for this service and this fee should cover the costs related to the development of these custom made browsers. As the customer's payment covers the development costs, these costs are not reported in the statement of financial position. Activities that are not specifically customer related are defined as research. See also principles of revenue recognition.

Other intangible assets
Other intangible assets, excluding deferred tax assets (see accounting policy regarding income tax) that are acquired by the Group, are stated at cost less accumulated amortization (see below) and impairment losses (see accounting policy regarding impairment).

Subsequent expenditure
Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are expensed as incurred.

Amortization
Amortization is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with indefinite useful lives are systematically tested for impairment at each balance sheet date.

Financial instruments

Non-derivative financial instruments
Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognized initially at fair value, plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Derivative financial instruments
From time to time, the Group holds derivative financial instruments to hedge its foreign currency exposures. Derivatives are recognized initially at fair value; associated transaction costs are recognized in the profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes in fair value are recognized in the profit or loss. No hedge accounting has been applied.

Trade and other receivables
Trade and other receivables are stated at their cost less impairment losses (see accounting policy regarding impairment).

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. Deposits in money market funds are included in cash and cash equivalents as the funds can be withdrawn from the money market fund at will.

Impairment

Financial assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-financial assets
The carrying amounts of the Group's assets are reviewed at each

balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below).

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive income.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity, and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized directly in equity is recognized in the profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in the profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in the profit or loss.

Calculation of recoverable amount

The recoverable amount of the Group's assets is the greater of their net selling price 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of goodwill is not reversed.

With respect to other assets, 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.

Determination of fair values

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Dividends

Dividends on shares are recognized as a liability in the period in which they are declared.

Treasury shares

The purchase and sale of treasury shares have been recognized directly in equity.

Employee benefits - Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in the profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

Termination benefits

Termination benefits are recognized as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Share-based payment transactions

The share option program allows Group employees to acquire shares of the Company. The fair value of options granted is recognized as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black & Scholes model, taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting. For options granted before March 2007, Opera has programs for options that last for four years. The program gives the option holder the right to exercise 25% of the options after one year, the next 25% after two years, the next 25% after three years and the last 25% after four years. The option costs are accrued according to the principle of graded vesting. The social security taxes connected to the options are accrued according to the intrinsic value. This means that the expensed social security tax is calculated based on the difference between the market value and the strike price and accrued over the vesting period. For options granted between March 2007 and June 15, 2010, 20% of the options vest after one year, another 20% after two years, 25% after three years and the last 35% after four years. For options granted from June 16, 2010, 50% of the options vest after three years and the last 50% after four years. Option costs related to the options granted in 2007, 2008, 2009 and 2010 are accrued according to the principle of graded vesting. Those employees, who were granted options in 2007, 2008, 2009 and 2010, are responsible for the social security taxes. Opera pays the social security taxes, but is reimbursed by the employee. The employees can exercise the options until three years after they have vested. This condition is included in the calculation of the fair value of the options.

Provisions

A provision is recognized in the statement of financial position when the Group has a current existing legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The fair value of contingent consideration is calculated using the income approach based on the expected payment amounts and their associated probabilities (i.e. probability-weighted). Since parts of the contingent consideration is long-term in nature, it is discounted to present value.

Warranties

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Trade and other payables

Trade and other payables are stated at cost.

Revenue recognition

The Company has the following primary sources of revenue:

- Licenses/royalties
- Development fees
- Maintenance, support and hosting
- Search
- Advertising
- Affiliate
- Subscription

Opera's main revenue recognition principles are as follows: Opera only recognizes revenues when: (i) persuasive evidence of an arrangement exists (signed agreement) , (ii) delivery of the product and/or service has occurred, (iii) revenue is fixed and determinable and the amount of revenue can be measured reliably and (iv) collection is reasonably assured.

Licenses/royalties

Customer agreements within the Internet Devices segment typically involve multiple sources of revenue, including license/royalty income, development fees and maintenance and support. For customer contracts where development and customization have already been completed or if no development or customization is required, Opera typically recognizes license/royalty revenue in the same period as the customer ships the Internet devices with Opera pre-installed. In cases where Opera is not pre-installed, Opera recognizes license/royalty income when the customer or customer's customer downloads the Opera browser to their Internet device.

In some contracts, the customer prepays for a minimum number of copies of the customized browser. Opera receives this license/royalty fee irrespective of whether the customer actually uses or ships the number of minimum licenses or not. Where there is significant customization of the browser or significant engineering is required to port the browser to the operating system, the prepaid minimum license/royalty fees are recognized on a percentage of completion bases along with the development fee revenue. Where there is no customization or no significant customization of the browser is required or if there is no porting or no significant engineering is required to port the browser to the operating system, then the prepaid minimum license/royalty fees are typically recognized at the time the master copy of the product is delivered to the customer. For certain agreements, a customer commits on contract signature to pay for a fixed or unlimited number of licenses in installments over an extended time period; in these cases, provided that Opera has no substantive customization obligations attached to these committed licenses, Opera recognizes revenues on these licenses in the accounting period in which the installment payment is due from the customer as these contracts include extended payment terms.

Opera also enters into customer agreements for a customer branded or joint customer-Opera "co-branded" version of its Opera Mini product-offering (typically with operators), where license/royalty income is generated on a monthly or quarterly basis predicated on the number of active users of the browser in that period (where an active user is generally defined as a user who uses the Mini browser to access the Internet at least once in that period). Opera also enters into agreements with operators where a portion of revenue generated by the operator from data services and content is shared with Opera. For these revenue share agreements, Opera typically hosts the Opera Mini solution and recognizes the revenue according to revenue share reports provided by the operator. For the active user agreements, Opera typically hosts the Opera Mini solution and recognizes the revenue based on the active user information the Company has available from its own computer servers. Opera also enters into customer agreements where the customer pays for delivery of an unlimited number of copies of active user licenses in a limited time frame with no future obligations for Opera. These revenues are recognized on an installment basis as these contracts include extended payment terms.

Development fees

Development fees are recognized in the month the service is provided. Development fees, or non-recurring engineering, where the Company customizes the browser for its customers and/or ports the browser to an operating system, typically span a number of accounting periods. Consequently, a portion of the revenues is taken each period using the percentage of completion method. This calculation is made by taking the total number of hours delivered during an accounting period divided by the total estimated hours to fulfill the terms of the contract. The total estimated hours to fulfill the contract are constantly monitored by the Company and updated periodically where appropriate. The portion of income not yet invoiced to the customer is presented as unbilled revenue. Percentage of completion calculations are made using the contract currency and converted to NOK using the average exchange rate for the applicable period.

Maintenance, support and hosting

Maintenance, support and hosting revenues are recognized ratably over the term of the maintenance, support and hosting agreements with the customer. Some customers also pay a "Technology Fee" that covers the set-up of the Co-branded Opera mini product and the right to use the Co-branded product technology, links, trademarks, etc as specified in the agreements. These revenues are also recognized ratably over the term of the agreements.

Search

Search revenue is generated when an Opera user conducts a search using an Opera search partner (such as Google and Yandex) through the "built-in search" bars provided on the Opera desktop browser and the Opera Mini and Mobile browser.

Advertising

Advertising revenue is generated primarily by Opera's Admarvel subsidiary. Admarvel owns a proprietary, patented software platform (Admarvel platform), which enables mobile publishers to appropriately manage and monetize their mobile inventories. The platform's secondary focus is mobile advertisers, enabling them to gain access to publisher inventory for the purpose of delivering their mobile ad campaigns.

Advertising revenue is recognized when there is evidence that qualifying transactions have occurred. The Admarvel platform tracks ad requests made by publishers, those requests are paired with ad impressions from all possible ad suppliers. If the resulting ad impression came from an ad campaign that was served from the Admarvel platform, associated revenue is tracked, calculated and compiled on a monthly basis. If the resulting ad impression came from an external ad source, then Admarvel interacts with that external source and associated revenue is tracked, calculated and compiled on a monthly basis. Such calculations are done on the basis of contracted volume and price terms.

Admarvel has primarily two types of transaction models with its customers:
Fixed CPM (cost per thousand impressions) transaction model, where advertising revenue is recognized per advertising impression delivered by Admarvel. Advertising revenue share model, where advertising revenue is recognized either on a gross or net basis.

- When the publisher decides which advertising supplier it would like to work with and has a direct contractual and financial relationship with such advertising suppliers, revenue is recognized on a net basis. Admarvel invoices the publisher for its share of the advertising revenue.

- When Admarvel has the contractual relationship with both the publisher and the associated advertisement supplier, revenue is recognized on a gross basis. Admarvel recognizes and invoices the advertisement suppliers for the full value of the delivered advertising campaigns.

Affiliate

Affiliate revenue is generated from the Opera browsers downloaded free of charge from the Internet. Affiliate revenue is earned on a "click through" basis where revenue is shared with the advertising partner (for example, from the "Speed Dials" on Opera's desktop and mobile browser products) or on a "display" basis, when an advertisement is delivered within content displayed on the browser (for example, from Opera's Livescores.com portal). Invoicing of advertising/affiliate revenue typically occurs on a monthly basis and the sales are booked as income in the period that the income is generated.

Subscription

Subscription revenue is generated by our Fastmail e-mail service. Fastmail provides both a paid premium subscription based e-mail service and a free e-mail service. For Fastmail's paid premium subscription based e-mail service, the company offers subscription based options to customers for a range of periods, generally one year, all of which require payment in advance. Revenue is recognized on a straight line basis over the periods which the subscription relates. That portion of revenue recorded as received in advance is carried on the balance sheet as deferred income.

Bundled agreements

Some agreements are bundled agreements, where Opera receives a fee that covers development, licenses, maintenance and other services. The total fee is allocated to the different elements and the allocated fee is recognized according to the principles described above.

Cost of goods sold

Purchased licenses are expensed as cost of goods sold.

Other income (costs)

Material income and costs, which are not related to the normal course of business, are classified as other operating income (cost).

Expenses

Operating lease payments

Payments made under operating leases are recognized in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognized in the statement of comprehensive income as an integral part of the total lease expense.

Net financing costs

Other finance income and costs comprise foreign exchange gains and losses and contingent consideration, which are recognized in the statement of comprehensive income.

Interest income is recognized in the statement of comprehensive income as it accrues, using the effective interest method.

Dividend income is recognized in the statement of comprehensive income on the date the entity's right to receive payments is established.

Income tax

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable profit, nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is only recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Taxes paid abroad for the parent company will be deducted in Norwegian taxes if the Company has taxes payable in Norway. If Opera has no Norwegian taxes payable, the taxes paid abroad will be carried forward as a deductible in future taxes payable.

Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit risk

Credit risk is the risk of financial loss that exists due to the potential failure of a customer or counterparty meeting their contractual obligations. Credit risk arises principally from the Group`s customer receivables.

The Group's exposure to credit risk is primarily influenced by the characteristics of each customer. Opera's customers are mainly large global companies. Each new customer is analyzed individually for creditworthiness, and customers are arranged by region and monitored by the account executive responsible for that region. The guidelines for extending credit to customers are determined by management and the credit risk exposure is evaluated continuously.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individual exposures. The provision for bad debt is determined case by case upon evaluation of each customer in addition to a collective loss component. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as much as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and abnormal circumstances, without incurring unacceptable losses or risking damage to the Group's reputation.

The Company currently has limited exposure to financial risks, as the Company has no current funding requirements and no interest bearing debt. The Board has instructed management to invest surplus cash in instruments with low credit and liquidity risk. Investments are only made in funds operated by institutions rated by S&P or Moody's, with a minimum rating of BBB or Baa2, respectively.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The majority of the financial risk that the Group carries, as a result of its subsidiaries, relates to foreign exchange fluctuations. The Group is exposed to currency risk on both sales and purchases.

Capital management

In order to achieve the Company's aggressive, long-term objectives, the policy has been to maintain a high equity-to-asset ratio and to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company has issued options to its employees in accordance with its objective that employees shall hold company shares.

From time to time, the Group purchases its own shares on the market, as determined by the Board of Directors, if mandated by the General Assembly. These shares are primarily intended to be used for issuing shares under the Group's share option program.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which include share options granted to employees.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Opera's chief operating decision-makers are members of the Executive Team. The Executive Team meets regularly to review significant revenues and costs for the period, for the Group as a whole, and to make decisions about how resources are to be allocated based on this information.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2010, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

Note 2 - Revenue and Segment Information

The Company has one product, the browser. This browser product is, in turn, modified for various devices depending on customer and market requirements. These derivative products all share the same core code base.

Opera's business activities are related to the sale of the browser.

Opera's chief operating decision-makers are members of the Executive Team. The Executive Team meets regularly to review significant revenues and costs for the period, for the Group as a whole, and to make decisions about how resources are to be allocated based on this information. Members of the Executive Team are specified in note 3.

Based on the above, Opera has determined that it has only one segment. However, Opera has chosen to give the following additional information about the revenue.

Revenue by region	2010	2009
[Numbers in KNOK]		
EMEA	**161 213**	149 481
Americas	**290 016**	199 275
Asia Pacific	**241 010**	263 982
Total	**692 239**	612 738

The geographic revenue breakdown reflects the location of Opera's customers and partners. Because the products of Opera's customers and partners are distributed on a global basis, the geographic breakdown below does not accurately reflect where Opera's derivative products are actually used.

Revenues generated in Norway for FY 2010 were KNOK 2,334 and KNOK 55 for FY 2009.

An overview of the assets domiciled in Norway are provided in the Statement of Financial Position for the parent company.

In 2010, Opera had sales to one customer that accounted for more than 10% of total Group revenues.

Revenue	2010	2009
[Numbers in KNOK]		
Internet devices	**449 964**	427 826
Desktop	**242 275**	184 912
Total	**692 239**	612 738

Internet devices includes revenue from mobile phones and other Internet-connected devices, such as game consoles, Connected TVs, IPTV set-top boxes, and portable media players, Opera Mini revenue from operators such as T-Mobile International and MegaFon, revenue generated from the 100% Opera-branded Opera Mini product and revenue from Admarvel and Fastmail.

Desktop revenue includes revenue related mostly to search and eCommerce.

continuation Note 2

Revenue Customer Type [Numbers in MNOK]	2010	2009
Operator revenue	**203**	173
Mobile OEM revenue	**83**	123
Device OEM revenue	**129**	112
Desktop revenue	**242**	185
Other revenue	**35**	20
Total	**692**	613

Operator revenue: Operator revenue includes revenue from mobile operators such as Vodafone, Telkomsel and Motricity (AT&T). The company currently offers three main operator-branded, hosted solutions to operators: Opera Mini, Opera Turbo and Opera Widgets. Opera Mini is a hosted solution for mass-market phones, offering server-side content compression and fast Internet download speeds. A similar cloud-based content compression technology is also offered for Opera Mobile and Opera Desktop, which is packaged for distribution to Operators and OEMs as Opera Turbo. Opera's revenue sources from these hosted solutions include license fees, active-user fees, NRE/development fees, hosting services, and maintenance and support.

Global mobile Original Equipment Manufacturers (OEMs): Opera currently offers Opera Mobile to mobile OEMs, with widgets and Turbo capabilities as optional pre-installations. Opera Mobile offers mobile OEMs, and ultimately operator subscribers, a desktop-capable browser on a mobile device, enabling the use of rich Web applications. Opera also offers Opera Mini to mobile OEMs. Opera Mini enables operator customers the ability to offer a high-quality and consistent Web experience across a range of handsets, while using Opera Mini's compression technology to solve bandwidth and network bottleneck issues. Opera currently has license agreements with a wide range of mobile OEMs, including, HTC, HP, Motorola, Samsung, Sharp and MTK.

Global device Original Equipment Manufacturers (OEMs): With the Opera Devices SDK, device manufacturers are able to use their own (and third-party) developers to create user interfaces and menu systems using Web technology, such as HTML and CSS, quickly and easily. Moreover, Opera's SDK enables device manufacturers to offer not only Web-browsing capabilities and full Internet access to their operator and consumer end-customers, but also customized Web applications or widgets which are accessible from the home screen of the device. Opera currently has license agreements with a wide range of consumer electronic device OEMs, including ARCHOS, Nintendo, Philips, Sony, Loewe and Thales.

Note 3 - Wage Costs/Number of Employees/Remuneration

[Numbers in KNOK]	2010	2009
Salaries/bonuses	**300 525**	296 632
Social security cost	**53 579**	45 585
Pension cost	**14 729**	13 459
Share-based remuneration including social security cost	**16 708**	14 074
Other payments	**19 382**	20 046
Consultancy fees for technical development	**7 561**	13 903
Wage cost	**412 484**	403 699
Average number of employees	**751**	716

The company has incorporated the requirements with regards to Obligatorisk Tjeneste Pensjon (OTP).

Fees to the CEO and Chairman of the Board
In January 2010, Opera appointed Mr. Lars Boilesen as the new Chief Executive Officer, and Mr. Jon von Tetzchner assumed a new role with Opera as co-founder. The new CEO has waived his rights under Section 15-16 of the Norwegian 2005 Act related to Employees' protection etc. As compensation, Mr. Boilesen is entitled to a termination amount of two years' base salary if the employment is terminated by the Company. In order to retain the services of the former chief executive officer, Jon von Tetzchner, he was paid KNOK 4,000 in 2010, and he will be paid KNOK 4,000 in 2011

As of December 31, 2010 there was no existing severance agreement between Opera and the Chairman of the Board.

The Group has not given any loans or security deposits to the CEO or the Chairman of the Board, or their related parties.

A bonus program exists for the senior executive team at Opera. For each individual executive, there is a limited amount of bonus that can be achieved. The size of the bonus payment is dependent on actual company performance compared to a set of predefined targets.

2010 bonuses for senior executives have been accrued for in the accounts. Bonuses will be paid in 2011.

Independent auditors
The total fees billed by independent auditors during 2010 was KNOK 2,697 (2009: 2,250). This is broken down as follows:

[Numbers in KNOK]	2010	2009
Statutory audit	**1 198**	1 316
Assurance services	**0**	28
Tax advisory fee	**879**	266
Other services	**620**	640
Total	**2 697**	2 250

Other services includes services from KPMG Law.

continuation Note 3

Employee Stock Option Plan
The Company has established a stock option program for eligible employees.

Options granted prior to March 14, 2007
The options were granted by the Board of Directors at an exercise price equal to the market price at grant date. Options vest 25% per year over 4 years and each tranche can only be exercised at a fixed given date every year. If the employee does not exercise the vesting options on that given date, the employee loses his/her right to those options.

New stock option program in 2007
On March 14, 2007, the Board of Directors approved a new stock option program. Options are granted by the Board of Directors at an exercise price equal to the market price at grant date. Options vest 20% in year 1 after the grant, 20% in year 2, 25% in year 3 and 35% in year 4. Option holders have an exercise period of 1 year after vesting, and the option holder loses his/her right to those options unless exercised during that period.

Option holders are responsible for paying any social security tax resulting from the exercise of options.

The options are considered non-transferable. If the option holder leaves the company for any reason, any options which vest after the termination date are lost. However, the option holder may keep shares purchased through previously exercised options.

The number of options and exercise prices will be adjusted for any share or reverse share splits.

Modification to the option program in 2009
In 2009, the conditions for some options were modified by extending the lifetime of the options. The original fair value of the options continues to be accrued over the vesting period. In addition, the increased value of the options, calculated with assumptions at the date of the modification, is expensed over the vesting period. The modification related to 1,779,000 options. The increased cost in 2009 due to the modifications was KNOK 1,338. The increased average value of the options due to the modifications was NOK 0.74. After this, the option holders that are granted options have an exercise period of 3 years after vesting, and the option holder loses his/her right to those options unless exercised during that period. Each tranche which has become exercisable may be exercised in whole or in part at any of the dates set out below during a period of three years from the vesting date set out in the employee contract, which are: March 1, June 1, September 1 or December 1.

Modification to the option program in June 2009
The Annual General Meeting approved the proposal from the Nomination Committee to change the exercise period of vested options from one to three years for new and current options held by the shareholder elected Directors of the Board. The option program for the Executive Team has also been changed accordingly. For all other employees, the exercise period of vested options has been increased from one to three years for options granted in FY 2009.

The Annual General Meeting approved the proposal from the Nomination Committee to reduce the strike price for unvested options to shareholder elected Directors by the amount of any accumulated dividend. The option program for the Executive Team and Company employees has also been changed accordingly. The strike price of non-vested options was adjusted for the dividend of NOK 0.40 that was paid out following the resolution of the Annual General Meeting.

The Annual General Meeting approved the proposal from the Nomination Committee that all granted options to the shareholder elected Directors of the Board shall be vested in the case of a Change of Control. The option program for the Executive Team and employees of the Company has also been changed accordingly.

Modification in January 2010
In January 2010, Opera appointed Mr. Lars Boilesen as the new Chief Executive Officer, and Mr. Jon von Tetzchner assumed a new role with Opera as co-founder. Mr. Boilesen was granted 1,200,000 options with a strike price of NOK 19.90, and the options will vest over a four year period based on the following dates: December 1, 2010 (25%); December 1, 2011 (25%); December 1, 2012 (25%) and December 1, 2013 (25%). Mr. von Tetzchner was granted 1,000,000 options with a strike price of NOK 19.90, and the options will vest over a three year period based on the following dates: December 1, 2010 (25%); December 1, 2011 (35%) and December 1, 2012 (40%). Any tranche of the options which have become exercisable may be exercised in whole or in part during a period of three years from the vesting date.

Modification to the option program in June 2010
Agreements prior to June 15, 2010 provided for vesting over four years on a 20%, 20%, 25% and 35% basis. On June 15, 2010, the Annual General Meeting approved the proposal from the Board of Directors to implement the new option program with the new vesting structure of 50% after 3 years and 50% after 4 years. The program has also clarified the effect of termination. Now all unvested options are lost in the event of termination for cause or voluntary termination, and any vested options not exercised during the next exercise period are also lost. In the event of no-fault termination, unvested options accelerate by one year and vested options not exercised within one year of termination are lost. Subject to any contractual restrictions, the Opera's standard option agreement shall be applicable to all options in the Company which are granted but not terminated, with the caveat that the new vesting structure of 50% after 3 years and 50% after 4 years applies only for options granted after June 15, 2010.

continuation Note 3

Annual grants
The current stock option program was approved by the Annual General Meeting in 2007. The program includes grants of up to 19 million options in the period of 2007 - 2011, with an annual grant after 2007 of up to 3 million options. On June 3, 2010 the Board of Directors approved that only 3 million of the remaining 5,997,748 options could be granted under the current program. As at June 2, 2010, a total of 13,102,252 options had been granted under the program. As from June 3, 2010 to year end, a total of 2,055,000 options have been granted. This left a total of up to 945,000 options to be granted in 2011 which also have been granted to employees in 2011, meaning no options are currently available for grants. As the current program is fully granted and expires in 2011, the Board of Directors will propose to the 2011 Annual General Meeting that a new program is approved. Such new program will comprise a maximum number of options to be granted for a certain period. Any new program will be in accordance with and subject to the terms and conditions of the standard option agreement approved at the 2010 Annual General Meeting. The proposal for a new program will be included in the calling notice for the 2011 Annual General Meeting.

Own shares and Capital increase
On June 15, 2010 the General Meeting decided to give the Board of Directors the authority to increase the share capital. Please see note 9 for more information in this connection.

On June 15, 2010, the General Meeting decided to authorize the Board of Directors to buy back Opera shares. Please see note 9 for more information.

Weighted average exercise price

The number and weighted average exercise price of share options are as follows:

[In thousands of options]	**Weighted average exercise price 2010 (NOK)**	**Number of options 2010**	Weighted average exercise price 2009 (NOK)	Number of options 2009
Outstanding at the beginning of the period	**16.95**	**7 203**	14.18	8 179
Terminated (employee terminations)	**17.88**	**374**	18.97	856
Forfeit during the period	**0**	**0**	0	0
Expired during the period		**35**		
Exercised during the period	**15.10**	**1 558**	12.40	1 685
Granted during the period	**20.91**	**4 285**	23.36	1 566
Outstanding at the end of the period		**9 521**		7 203
Exercisable at the end of the period		**1 874**		850

The fair value of services received in return for stock options granted is measured by using the Black & Scholes option pricing model.

The expected volatility is based on historic volatility (calculated using the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information.

Share options are granted under service conditions, not market based conditions. Such conditions are not taken into account in the grant date fair value measurement. There are no market conditions associated with the share option grants. For both 2010 and 2009, an annual average attrition rate of 15% is used. This average attrition rate, and the employees responsibility for paying the Company`s contributions related to the options, are taken into consideration when estimating the cost of the options in accordance with IFRS 2. Given that employees have the right to exercise their options one or three years after the vesting date, (depending on when the options were granted), the estimate is based on an assumption that the employees, on average, are exercising their options 6/18 months after the vesting date.

Total options granted in 2010 were 4,285,000.

Fair value of share options and assumptions	**2010**	2009
[Numbers in NOK]		
Fair value at measurement date (average per option)	**7.42**	8.39
Expected volatility (weighted average)	**45.00**	45.00
Option life (adjusted for expectations of early exercise)	**4.33**	4.26
Expected dividends	**0.00**	0.00
Risk-free interest rate (based on national government bonds)	**2.95**	2.12

Options that have not yet vested shall be adjusted for any dividend paid out during the vesting period.

The table below shows the number of options issued to employees at various strike prices and exercise dates.

	Total outstanding options			Vested options	
[In thousands of options]					
Exercise price	Outstanding options per 12/31/2010	Weighted average remaining lifetime	Weighted average exercise price (NOK)	Vested options 12/31/2010	Weighted average exercise price (NOK)
10.00 - 12.30	1 795	1.93	12.00	342	12.00
12.30 - 15.00	958	2.17	13.15	448	12.98
15.00 - 20.00	3 493	3.96	18.82	783	19.04
20.00 - 25.00	2 428	6.25	22.12	139	23.59
25.00 - 30.00	846	4.32	27.95	161	27.93
Total	**9 521**	**3.97**	**18.62**	**1 874**	**17.41**

Exercise price = strike price

The table below shows the date, number and achieved selling price of options exercised.

Date of exercise	Number of exercised options	Achieved selling price (NOK)
[In thousands of options]		
2/24/2010	530	18.32
5/21/2010	202	19.71
8/27/2010	415	23.53
11/17/2010	412	28.14

Compensation to Executive Management

The Group has an Executive Management team consisting of senior executives hired in Opera Software ASA.

Compensation to Executive Management 2010

[Numbers in KNOK]	Remuneration	Salary	Bonus	Other compensation	Pension compensation	Benefit exercised options	Total compensation
Executives							
Lars Boilesen, *Chief Executive Officer*		2 034	1 000	6	52		**3 092**
Erik C. Harrell, *Chief Operating Officer/Chief Financial Officer*		1 452	300	6	52		**1 810**
Rolf Assev, *Chief Strategy Officer*		1 220	100	6	52		**1 378**
Christen Krogh, *Chief Development Officer*		1 152	100	4	52	895	**2 203**
Rikard Gillemyr, *EVP Engineering*		1 268	200	4	52		**1 524**
Tove Selnes, *EVP Human Resources*		1 082	50	6	52	186	**1 375**
Andreas Thome, *EVP Sales*		1 216	218	4	52	103	**1 593**
The Board of Directors							
William J Raduchel, *Chairman of the Board*	1 100						**1 100**
Kari Stautland, *Board member*	345					101	**446**
Audun Wickstrand Iversen, *Board member*	355						**355**
Arve Johansen, *Board member*	343						**343**
Marianne Blystad, *Board member from June 15, 2010*	133						**133**
Anne Syrrist, *Board member to June 15, 2010*	205						**205**
Stig Halvorsen, *Employee representative*	50	656			35	82	**823**
Karl Anders Øygard, *Employee representative*	50	746			42	48	**886**
Charles McCathieNevile, *Employee representative from November 2010.*		563		4	28	41	**636**
The Nomination Committee							
Christian Jebsen *(Chairman)*	60						**60**
Torkild Varran	30						**30**
Michael Tetzschner	30						**30**
Jakob Iqbal	30						**30**
Total	**2 730**	**11 388**	**1 968**	**40**	**470**	**1 456**	**18 053**

Presented above are the actual bonuses paid out in 2010. Bonuses earned, but unpaid in 2010, have been excluded from the table.

Other remuneration mentioned in the Norwegian Accounting Act § 7-31b has no relevance for the Company.
The Executive Group is included in the Company`s employee pension scheme, which is a defined contribution plan.
There has been no compensation or other economic benefit provided to any member of the Executive Group or Board of Directors from the Company or any business owned by the Company, except that mentioned above.
There has been no significant additional compensation given to a director with regard to special services performed outside of their normal function.

Compensation to Executive Management 2009

[Numbers in KNOK]	Remuneration	Salary	Bonus	Other com-pensation	Pension compen-sation	Benefit exercised options	Total com-pensation
Executives							
Jon S. von Tetzchner, *Chief Executive Officer* *		1 939	888	4	52		**2 883**
Erik C. Harrell, *Chief Operating Officer/Chief Financial Officer*		1 292	519	6	52	851	**2 721**
Rolf Assev, *Chief Strategy Officer*		1 211	826	6	52	973	**3 068**
Christen Krogh, *Chief Development Officer*		1 124	300		52	1 018	**2 494**
Håkon Wium Lie, *Chief Technology Officer*		599		4	32	378	**1 013**
Rikard Gillemyr, *EVP Engineering*		1 122	476	4	52		**1 654**
Tove Selnes, *EVP Human Resources*		1 020	25	6	52	53	**1 156**
Lars Boilesen, *Chief Commercial Officer* *		1 086	700	6	48	191	**2 032**
The Board of Directors							
William J Raduchel, *Chairman of the Board*	600						**600**
Kari Stautland, *Board member*	165			4		96	**265**
Anne Syrrist, *Board member*	165						**165**
Audun Wickstrand Iversen, *Board member*	165						**165**
Arve Johansen, *Board member from July 2009*	75						**75**
Stig Halvorsen, *Employee representative*	50	619			32	44	**745**
Karl Anders Øygard, *Employee representative*	50	708			38	44	**840**
Lars Boilsen, *Board member until June, 2009*	75						**75**
The Nomination committee							
Christian Jebsen *(Chairman)*	60						**60**
Torkild Varran	30						**30**
Michael Tetzschner	30						**30**
Jakob Iqbal	30						**30**
Total	**1 495**	**10 721**	**3 734**	**40**	**463**	**3 648**	**20 102**

* In January 2010, Opera appointed Mr. Lars Boilesen as the new Chief Executive Officer and Mr. Jon S. von Tetzchner, assumed a new role with Opera as co-founder.

Presented above are the actual bonuses paid out in 2009. Bonuses earned, but unpaid in 2009, have been excluded from the table. Other remuneration mentioned in the Norwegian Accounting Act § 7-31b has no relevance for the Company. The Executive Group is included in the Company`s employee pension scheme, which is a defined contribution plan. There has been no compensation or other economic benefit provided to any member of the Executive Group or Board of Directors from the Company or any business owned by the Company, except that mentioned above. There has been no significant additional compensation given to a director with regard to special services performed outside of their normal function.

Options to Executive Management 2010

There are no existing agreements regarding the dispensation of loans or security deposits to key personnel, members of the board, or their related parties.

The following table shows the number of options held by Executive Management.

[In thousands of options]	Opening balance	Issued options	Terminated options	Executed options	Average exercise price - A (NOK)	Closing balance	Weighted average exercise price - B (NOK)	Weighted average lifetime-C	Value of outstanding options (KNOK)	IFRS 2 cost for the period (KNOK)
Executives										
Lars Boilesen, *Chief Executive Officer*	550	1 200	-	-	-	1 750	19.08	5.26	15 210	4 271
Erik C. Harrell, *Chief Operating Officer/ Chief Financial Officer*	448	225	-	-	-	673	16.31	3.91	8 400	546
Rolf Assev, *Chief Strategy Officer*	192	-	-	-	-	192	12.00	2.75	2 804	262
Christen Krogh, *Chief Development Officer*	402	-	-	168	12.0	235	12.00	3.17	3 424	549
Rikard Gillemyr, *EVP Engineering*	280	225	-	-	-	505	16.68	4.73	4 517	464
Tove Selnes, *EVP Human Resources*	72	95	-	26	16.7	141	21.59	6.22	911	233
Andreas Thome, *EVP Sales*	152	225	-	8	13.1	365	22.99	5.64	1 917	656
Total	**2 096**	**1 970**	**-**	**202**		**3 861**			**37 184**	**6 982**

A - average exercise price for options executed in the financial year
B - average exercise price for the number of options held by the end of the financial year

Options to Executive Management 2009

There are no existing agreements regarding the dispensation of loans or security deposits to key personnel, members of the board, or their related parties.

The following table shows the number of options held by Executive Management.

[In thousands of options]	Opening balance	Issued options	Terminated options	Executed options	Average exercise price - A (NOK)	Closing balance	Weighted average exercise price - B (NOK)	Weighted average lifetime-C	Value of outstanding options (KNOK)	IFRS 2 cost for the period (KNOK)
Executives										
Jon S. von Tetzchner, *Chief Executive Officer **										
Erik C. Harrell, *Chief Operating Officer/ Chief Financial Officer*	560	-	-	112	12.4	448	12.0	6.06	3 584	569
Rolf Assev, *Chief Strategy Officer*	320	-	-	128	12.4	192	12.0	6.55	1 555	238
Christen Krogh, *Chief Development Officer*	536	-	-	134	12.4	402	12.0	6.55	3 256	499
Håkon Wium Lie, *Chief Technology Officer*	100	-	-	40	12.4	60	12.0	6.55	486	74
Rikard Gillemyr, *EVP Engineering*	330	-	-	50	13.2	280	12.6	6.15	2 110	277
Tove Selnes, *EVP Human Resources*	40	40	-	8	13.5	72	19.5	5.89	224	67
Lars Boilesen, *Chief Commercial Officer **	50	550	30	20	14.4	550	17.3	5.90	1 540	1 021
Total	**1 936**	**590**	**30**	**492**		**2 004**			**12 755**	**2 746**

* In January 2010, Opera appointed Mr. Lars Boilesen as the new Chief Executive Officer and Mr. Jon S. von Tetzchner, assumed a new role with Opera as co-founder.

A - average exercise price for options executed in the financial year
B - average exercise price for the number of options held by the end of the financial year

Shares and options owned by members of the board and the Chief Executive Officer as of December 31, 2010

Name	Commission	Shares	Options	Weighted average strike price (NOK)	Total
[In thousands of shares and options]					
William J. Raduchel	Chairman	95	255	16.99	**350**
Kari Stautland *	Board Member	14 012	18	14.00	**14 030**
Arve Johansen	Board Member	0	50	29.21	**50**
Audun Wickstrand Iversen	Board Member	140	50	22.98	**190**
Stig Halvorsen ***	Board Member	2	18	14.04	**20**
Marianne Blystad	Board Member	0	50	24.66	**50**
Charles McCathieNevile ***	Board Member	5	12	13.92	**16**
Karl Anders Øygard ** , ***	Board Member	754	55	19.10	**809**
Lars Boilesen	Chief Executive Officer	0	1 750	19.10	**1 750**
		15 008	2 257		**17 265**

* Kari Stautland owns 100% of Arepo AS which owns 14,012,120 shares in Opera Software ASA.

** Karl Anders Øygard holds 753,931 shares in Opera Software through Villemhaugen Invest AS which is 100% owned by Øygard. In addition Karl Anders Øygard holds 200 shares in the Company.

*** Employee representative

Shares and options owned by other leading employees as of December 31, 2010

	Title	Shares	Options	Weighted average strike price (NOK)	Total
[In thousands of shares and options]					
Erik C. Harrell	Chief Operating Officer/Chief Financial Officer	60	673	16.31	**733**
Rolf Assev *	Chief Strategy Officer	625	192	12.00	**817**
Christen Krogh	Chief Development Officer	16	235	12.00	**250**
Rikard Gillemyr	EVP Engineering	360	505	16.68	**865**
Tove Selnes	EVP Human Resources	9	141	21.59	**150**
Andreas Thome	EVP Sales	0	365	22.99	**365**
		1 070	2 111		**3 180**

* Rolf Assev holds a total of 466,516 shares in Opera Software, and with family owns 100% of the shares in the investment company Bjørnvold Invest which holds 148,500 shares in the company. Other family members closely related to Rolf Assev own 9,800 shares in the company.

Options granted by Opera Software ASA are assigned an exercise price equal to the assumed market price on the date of grant.

Shares and options owned by members of the board and the Chief Executive Officer as of December 31, 2009

Name	Commission	Shares	Options	Weighted average strike price (NOK)	Total
[In thousands of shares and options]					
William J. Raduchel	Chairman	95	255	16.99	**350**
Kari Stautland **	Board Member	14 012	30	14.00	**14 042**
Arve Johansen	Board Member	0	50	29.21	**50**
Audun Wickstrand Iversen	Board Member	75	50	22.98	**125**
Stig Halvorsen ***	Board Member	1	27	13.69	**29**
Karl Anders Øygard *** , ****	Board Member	754	43	16.83	**797**
Jon S. von Tetzchner *****	Chief Executive Officer *	16 000	0		**16 000**
		30 937	455		**31 393**

* The table shows the number of shares and options held by Mr. von Tetzchner as of December 31, 2009, before he assumed a new role with Opera as co-founder.

** Kari Stautland owns 100% of Arepo AS which owns 14,012,120 shares in Opera Software ASA.

*** Employee representative

**** Karl Anders Øygard holds 753,931 shares in Opera Software through Villemhaugen Invest AS that is owned by Øygard with 100%. In addition Karl Anders Øygard holds 200 shares in the Company.

***** Jon S. von Tetzchner holds 15,999,742 shares in Opera Software ASA in Mozart Invest AS which is wholly owned by von Tetzchner.

Shares and options owned by other leading employees as of December 31, 2009

Name	Title	Shares	Options	Weighted average strike price (NOK)	Total
[In thousands of shares and options]					
Erik C. Harrell	Chief Operating Officer/Chief Financial Officer	60	448	12.00	**508**
Lars Boilesen *	Chief Commercial Officer	0	550	17.30	**550**
Rolf Assev **	Chief Strategy Officer	841	192	12.00	**1 033**
Christen Krogh	Chief Development Officer	16	402	12.00	**418**
Håkon Wium Lie ***	Chief Technology Officer	1 013	60	12.00	**1 073**
Rikard Gillemyr	EVP Engineering	360	280	12.56	**640**
Tove Selnes	EVP Human Resources	9	72	19.54	**81**
		2 298	2 004		**4 302**

* The table shows the number of options held by Mr. Lars Boilesen as of December 31, 2009, before he assumed the role as the new Chief Executive Officer.

** Rolf Assev holds a total of 466,516 shares in Opera Software, and with family owns 100% of the shares in the investment company Bjørnvold Invest which holds 348,500 shares in the company. Other family members closely related to Rolf Assev own 25,500 shares in the company.

*** Håkon Wium Lie owns 1,013,082 shares in Opera Software ASA through Merm AS, which is wholly owned by Lie.
Options granted by Opera Software ASA are assigned an exercise price equal to the assumed market price on the date of grant.

Note 4 - Other Expenses

[Numbers in KNOK]	**2010**	2009
Rent and other office expenses	**40 002**	34 959
Equipment	**9 975**	11 441
Audit, legal and other advisory services	**24 848**	21 354
Marketing expenses	**12 394**	9 677
Travel expenses	**22 572**	27 481
Telecommunication expenses	**32 746**	18 508
Other expenses	**10 395**	17 073
Total other expenses	**152 932**	140 494

Research

Salaries are the primary expense incurred when considering source code research. These salaries are estimated at KNOK 47,585 for the Group. The FY 2009 comparative number was KNOK 35,841.

Rental deposits in various countries comprise the majority of other non-current investments and deposits.

Note 5 - Financial Market Risk

The majority of the financial risk carried by the Group, as a result of its subsidiaries, relates to foreign exchange fluctuations. Both sales and purchases are exposed to currency risk.

Most of the Company's foreign exchange risk relates to sales and is the result of revenue contracts signed in USD and EUR. For FY 2010, approximately 50% (2009: 61%) of revenues were in EUR and 47% (2009: 38%) in USD .

The majority of the Company's purchases are made in the following denominations: NOK, EUR, SEK, PLN, USD, JPY, CZH, CNY, KRW, TWD, AUD and INR. Exchange rate fluctuations in these currencies do impact Opera's income statement. For FY 2010, approximately 56% (2009: 58%) were in NOK, 11% (2009: 11%) in SEK, 9% (2009: 6%) in USD, 8% (2009: 8%) in PLN, 6% (2009: 8%) in JPY, 1% (2009: 3%) in EUR, and 9% (2009: 6%) in other currencies.

For FY 2010, Opera had a foreign exchange loss of KNOK 5,712. KNOK 3,460 of the foreign exchange loss was realized and KNOK 2,252 was net unrealized foreign exchange loss. Opera has not entered into any foreign exchange contracts as of December 31, 2010.

For FY 2009, Opera had a foreign exchange loss of KNOK 19,862 (net of KNOK 29,826 in gain on foreign exchange forward contracts that Opera entered into for USD and EUR). KNOK 35,557 of the foreign exchange loss was realized and KNOK 15,688 was net unrealized foreign exchange gain. Opera has not entered into any foreign exchange contracts as of December 31, 2009.

Currency risk

As the majority of Opera Software's income is earned in USD and EUR, changes in exchange rates have an immediate effect on the Company's revenue.

	2010		2009	
	KNOK	%	KNOK	%
[Numbers in KNOK]				
NOK	**-111**	-0.02	55	0.01
USD	**342 181**	49.43	231 267	37.74
GBP	**271**	0.04	49	0.01
JPY	**3 215**	0.46	4 134	0.67
CAD	**24**	0.00	923	0.15
ZAR	**348**	0.05	63	0.01
PLN	**21**	0.00	0	0.00
AUD	**5 380**	0.78	0	0.00
EUR	**340 908**	49.25	376 247	61.40
Sum	**692 239**	**100.00**	**612 738**	**100.00**

Conversion of the Company's revenues from foreign currencies into NOK yields the following average exchange rates:

	2010	2009
USD	**6.0467**	6.2627
GBP	**9.3519**	9.1995
JPY	**6.9702**	6.8291
CAD	**5.9241**	5.7261
ZAR	**84.7198**	76.9172
PLN	**2.0141**	
AUD	**5.6509**	
EUR	**8.1097**	8.7330

A 10% increase in the average exchange rate would have the following positive effect on the Company's revenue (KNOK):

	2010	2009
USD	**34 218**	23 127
GBP	**27**	5
JPY	**321**	413
CAD	**2**	92
ZAR	**35**	6
PLN	**2**	0
AUD	**538**	0
EUR	**34 091**	37 625

Conversely, a 10 % decrease in the average exchange rate would have a similar negative effect on the Company's revenue as shown above (KNOK).

Accounts receivable as of December 31, 2010 are converted using the following exchange rates: EUR 7.8108, USD 5.8639, JPY 0.0720, GBP 9.0682, PLN 1.9755, CAD 5.8606, CZK 0.3107, AUD 5.9978 and ZAR 0.8239.

The receivables as of December 31, are distributed as follows:

	2010	2009
USD	**8 834**	4 425
EUR	**9 275**	5 244
JPY	**3 087**	12 102
NOK	**0**	50
GBP	**45**	1
PLN	**479**	472
CAD	**2**	61
ZAR	**35**	15
CZK	**30**	0
AUD	**683**	0

Credit risk

Opera conducts most of its business with large global companies. Throughout last year, the Group has conducted business with a number of its customers without suffering significant credit-related losses. Due to the current global financial crisis, the credit risk is now generally increased, though, as of today Opera has not noticed significant increases in pending customer payments as a result of the crisis.

The customers have not committed any collateral or other means to secure their outstanding debt.

Credit risk regarding accounts receivable may be specified per region as follows (KNOK):

	2010	2009
EMEA	**62 088**	10 232
Americas	**42 056**	25 944
Asia Pacific	**25 727**	35 109
	129 871	71 285

Accounts receivable, as of December 31, by age, are as follows (KNOK):

	2010		2009	
	Gross receivables	Provision for bad debt	Gross receivables	Provision for bad debt
Not past due	**80 712**	0	36 545	0
past due 0-30 days	**17 955**	262	9 562	509
Past due 31-60 days	**10 851**	2 340	5 178	4
Past due 61-90 days	**1 778**	614	1 467	0
More than 90 days	**18 576**	5 463	18 533	5 122
Total	**129 871**	**8 679**	**71 285**	**5 635**

The majority of the 2010 receivables outstanding more that 90 days have been paid in 2011 or booked against deferred income in the Statement of Financial Position.

Changes in the provision for bad debt may be specified as follows (KNOK):

	2010	2009
Provision as of January 1	**5 635**	9 749
Change in provision for bad debt recognized in the Statement of Comprehensive Income	**3 044**	3 952
Change in provision for bad debt not recognized in the Statement of Comprehensive Income*	**0**	-493
Change in provision for bad debt not recognized in the Statement of Comprehensive Income **	**0**	-7 573
Provision as of December 31	**8 679**	5 635
Realized losses, recognized directly in the Statement of Comprehensive Income	**47**	56
Received from previously written-down bad debts	**16**	148

* Booked against deferred income in the Statement of Financial Position.
** Previously written-down bad debts taken out of Accounts receivable.

Interest risk and cash unit trust
As of December 31, 2010, the Company was invested in three money market funds. The Company's money market funds are booked at fair value of MNOK 232 and are included in Cash and cash equivalents since the money can be redeemed from the funds at will. Risk of loss does exist on the redemption of units occurring after December 31, 2010.

Liquidity risk

During FY 2010, the Company had no exposure to financial risk, since the Group did not use forward exchange contracts to hedge its currency risk, and Opera had not entered into any foreign exchange contracts as of December 31, 2010. As of December 31, 2010, Opera had no current funding requirements, no interest bearing debt and the cash balance was KNOK 507,422 (2009: KNOK 546,482).

Deferred revenue consists of prepaid licenses/royalty payments, prepaid maintenance and support, and prepaid development fees. Of the Company's other short term liabilities, KNOK 124,949 (2009: KNOK 123,808) relates to deferred revenue and KNOK 70,599 (2009: KNOK 99,007) relates to deferred revenue that has no future cash payments.

Foreign exchange forward contracts

As of December 31, 2010 and as of December 31, 2009, Opera had not entered into or structured forward contracts and ordinary forward contracts for USD or EUR.

Capital management

In order to achieve the Company's ambitious, long-term objectives, the policy has been to maintain a high equity-to-asset ratio and to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company still possesses a business model which anticipates considerable cash flow in the future.

The Company has issued options to its employees in accordance with its objective that employees shall hold company shares.

The Board of Directors has as of December 31, 2010, used its authorization to buy the Company's own shares. Please see note 9 for more information in this connection.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Note 6 - Tax

Tax expense for the year	2010	2009
[Numbers in KNOK]		
Current tax	**3 269**	9 260
Deferred tax - gross changes	**4 272**	-17 881
Taxes on capital raising costs	**13**	11
Tax payable abroad	**17 132**	23 670
Too much/little tax booked previous year	**-637**	-1 429
Total tax expense for the year	**24 049**	13 631

Withholding taxes paid by the parent company abroad in 2009 are included in taxes payable abroad. These withholding taxes are deductable against future taxes in Norway. Taxes deductable in future are included in deferred tax.

Specification of tax payable	2010	2009
[Numbers in KNOK]		
Current tax	**3 264**	9 268
Tax payable abroad	**17 132**	0
Too much/too little tax booked previous year	**-0**	7
Tax settlement previous year	**1 270**	367
Tax paid abroad	**-17 132**	0
Taxes on capital raising costs	**-27**	-29
Withholding tax paid to a foreign country	**0**	0
Tax effect on losses from sales of own shares	**-1 260**	-1 576
Withholding tax utilized	**1 301**	-2 908
Total tax payable	**4 546**	5 130

Specification of prepaid tax	2010	2009
[Numbers in KNOK]		
Prepaid tax subsidiaries/branches	**2 673**	3 691
Withholding tax paid to a foreign country	**2 978**	18 828
Sum other receivables	**5 651**	22 520

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

[Numbers in KNOK]	Assets 2010	Assets 2009	Liabilities 2010	Liabilities 2009	Net 2010	Net 2009
Inventory, office machinery etc.	**0**	0	**7 232**	1 052	**7 232**	1 052
Accounts receivables	**-2 473**	-1 415	**0**	0	**-2 473**	-1 415
Derivatives	**0**	0	**0**	0	**0**	0
Other liabilities	**-12 023**	-10 646	**0**		**-12 023**	-10 647
Tax value of loss carry-forwards utilized	**-21 817**	-26 822	**945**	0	**-20 872**	-26 822
Deferred taxes/ (tax assets)	**-36 313**	-38 883	**8 176**	1 051	**-28 137**	-37 833
Set off of tax	**8 176**	1 051	**-8 176**	-1 051	**0**	0
Net deferred taxes / (tax assets)	**-28 137**	-37 833	**0**	0	**-28 137**	-37 833

Deferred tax assets and liabilities

Movement in temporary differences during the year

[Numbers in KNOK]	Balance 1/1/09	Posted to P/L	Posted directly to the equity	Acquired in business combinations (note 8)	Balance 12/31/09
Inventory, office machinery etc.	670	336	0	0	1 005
Accounts receivables	-3 034	1 057	0	0	-1 977
Liabilities	-16 009	5 945	0	0	-10 064
Tax value of loss carry-forwards utilized	-954	-25 218	-1 616	0	-27 788
Deferred taxes / (tax assets) before Group contribution	-19 327	-17 881	-1 616	0	-38 824
Group contribution					991
Deferred taxes / (tax assets)					-37 833

[Numbers in KNOK]	Balance 1/1/10	Posted to P/L	Posted directly to the equity	Acquired in business combinations (note 8)	Balance 12/31/10
Inventory, office machinery etc.	1 005	-457	0	6 723	**7 272**
Accounts receivables	-1 977	-1 058	0	0	**-3 035**
Liabilities	-10 064	-519	0	1	**-10 583**
Tax value of loss carry-forwards utilized	-27 788	6 306	-1 301	0	**-22 783**
Deferred taxes / (tax assets) before Group contribution	-38 824	4 272	-1 301	6 724	**-29 129**
Group contribution	991				**991**
Deferred taxes / (tax assets)	-37 833				**-28 138**

It's Opera's opinion that the deferred tax asset can be utilized in future periods. Its measure is based on the expected and estimated future income. Consequently, Opera has capitalized the deferred tax asset.

Change in deferred tax asset directly posted against the equity capital	2010	2009
[Numbers in KNOK]		
Capital raising costs and losses from sales of own shares	**-1 301**	-1 616
Total deferred taxes posted directly against the equity	**-1 301**	-1 616

Reconciliation of effective tax rate		2010		2009
[Numbers in KNOK]				
Profit before tax		**47 175**		44 491
Income tax using the domestic corporate tax rate	28.0 %	**13 209**	28.0 %	12 457
Overbooked taxes, previous year	-0.6 %	**-273**	-1.1 %	-486
Tax paid to a foreign country	-2.1 %	**-985**	-8.2 %	-3 629
Effect of different tax rates between countries	-0.3 %	**-137**	-0.1 %	-48
Taxes on other permanent differences	25.9 %	**12 234**	12.0 %	5 337
	51.0 %	**24 049**	30.6 %	13 631

Permanent differences

Permanent differences include non-deductable costs and share-based remuneration.

Note 7 - Property, Plant and Equipment

[Numbers in KNOK]	Cost rented premises	Machinery and equipment	Fixtures and fittings	Goodwill	Other intangible assets	**2010 Total**	2009 Total
Acquisition cost							
Acquisition cost as of 1/1/10	17 385	54 634	8 683	21 131	1 716	**103 549**	62 369
Acquisitions through business combinations	0	323	0	75 146	16 817	**92 286**	0
Other acquisitions	578	31 113	579	23 694	7 125	**63 089**	44 469
Disposal	166	-5 610	-3 403	0	0	**-8 846**	-1 822
Currency differences	370	445	67	-353	642	**1 172**	-1 467
Acquisition cost as of 12/31/10	18 500	80 906	5 927	119 618	26 300	**251 251**	103 549
Depreciation and impairment losses							
Depreciation and impairment losses as of 1/1/10	9 296	25 347	3 211	4 715	0	**42 569**	31 063
Acquisitions through business combinations	0	20	0	0	0	**20**	0
Disposal	222	-6 824	-715	0	0	**-7 316**	-872
Currency differences	73	224	11	0	11	**319**	-893
Accumulated depreciation and impairment losses as of 12/31/10	12 763	33 301	3 396	4 715	6 048	**60 224**	42 569
Net book value as of 12/31/10	**5 737**	**47 604**	**2 531**	**114 903**	**20 252**	**191 027**	60 980
Depreciation for the year	3 171	14 534	889	0	4 321	**22 915**	13 272
Impairment losses for the year	0	0	0	0	1 716	**1 716**	
Useful life	Up to 5 years	Up to 5 years	Up to 5 years	Undetermi-ned	Up to 10 years		
Depreciation plan	Linear	Linear	Linear	No depre-ciation	Linear		

Goodwill relates to the acquisition of Hern Labs AB, Opera Software Poland Sp. z o.o., AdMarvel Inc and Fastmail. See note 8. Other intangible assets relates to the acquisition of Zizzr AS, AdMarvel Inc and Fastmail. See note 8.

Please see note 8 for asset additions related to business combinations.

Zizzr AS has global registration of zizzr.com, zizzr.net and zizzr.biz in different countries world wide. These rights have been written down in 2010 with KNOK 1,716 and booked as a one-time cost.

Operating leases

The most significant agreements relate to the rental of premises in Norway, Sweden and Poland. In 2008, the Company entered into a new lease for the rental of its Norwegian offices at Waldemar Thranes Gate 84, 86 and 98. The new lease will last through March 2016. The lease agreement, according to IAS 17, is considered an operating lease.

[Numbers in KNOK]	2010	2009
Leasing costs expensed	**28 990**	23 801
Duration of the lease contract	**3/31/16**	3/31/16

	2010	2009
Non-terminable operating leases due in:		
Less than one year	**26 694**	23 122
Between one to five years	**65 895**	59 309
More than five years	**3 098**	15 189
	95 686	97 620

Note 8 - Investments in Subsidiaries and Other Shares

Company	Hern Labs AB	Opera Software International AS	Zizzr AS
[Numbers in KNOK]			
Formal information			
Date of purchase	12/13/2000	1/5/2005	12/16/2008
Registered office	Linköping in Sweden	Oslo in Norway	Oslo in Norway
Ownership interest	100%	100%	100%
Proportion of votes	100%	100%	100%
Information related to the date of purchase (in the year of purchase)			
Purchase cost	7 965	1 006	1 764
Goodwill at acquisition cost	7 857	0	0
Other intangible assets at acquisition cost	0	0	1 716

During 2010 Opera Software ASA sold Opera Software Poland Sp. z o.o for KNOK 8,217 to Opera Software International AS. The loss of KNOK 3,352 has not been reflected in the Group accounts.

Opera Software ASA's financial statements are available at the Company's headquarters located on Waldemar Thranes Gate 98 in Oslo, Norway.

Opera Software ASA owns 20% of the European Center for Information and Communication Technologies - EICT GmbH. The booked value of the share is KNOK 377. The market value of the company is unknown. The EICT is a public-private partnership of scientific institutions, institutes of applied research and leading industrial companies. The strategic innovation partnership pools and specifically links research and development activities in industry and science to information and communication technologies.
For more information about EICT, please see the website at: http://www.eict.de/.

AdMarvel, Inc

On January 19, 2010, Opera Software International AS acquired 100% of the shares and voting interest of the privately held company AdMarvel, Inc. The agreed acquisition price is approximately KUSD 8,250 in cash. The acquisition structure also envisages up to an additional KUSD 15,000 in cash consideration, paid only if certain aggressive financial targets are met in FY 2010 and FY 2011. Opera expects that AdMarvel will help Opera to expand its portfolio of products and services to include highly scalable ad monetization services for Opera branded mobile products, and products and services offered by mobile operators and content partners. AdMarvel, based in San Mateo, California (USA), works with a broad set of constituents in the advertising ecosystem to improve the performance of mobile advertising. The company was founded in 2006 by a team of mobile veterans led by Mahi de Silva and currently employs 22 full-time equivalents. In 2009, the Group incurred acquisition-related costs of KNOK 1,406 related to external legal fees and due diligence costs. In 2010, the Group incurred additional acquisition-related costs of KNOK 1,277 related to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in the consolidated statement of comprehensive income.

Identifiable assets acquired and liabilities assumed	
[Numbers in KNOK]	
Property, plant and equipment	28
Accounts receivables*	2 520
Other receivables*	1 759
Cash and cash equivalents	1 954
Accounts payable	-5 314
Other short-term liabilities	-333
Total net identifiable assets	**614**
Cash consideration	-46 846
Contingent consideration	-39 007
Excess value	**-85 240**
Related customer relationships	13 299
Proprietary technology	3 518
Deferred tax on excess values	-6 723
Goodwill	75 146

** No provision for bad debt.*

The assets and liabilities that were recognized by AdMarvel immediately before the business combination equaled the carrying amount recognized by the Group on the acquisition date. In addition, the Group booked the excess price of the fair value of the total identifiable assets as related customer relationships, proprietary technology, deferred tax on excess values and goodwill since the excess price has been deemed to be related to these intangible assets. The substantial amount of goodwill in the acquisition of AdMarvel can be related to synergies. In addition, some of the goodwill can be related to the potential value of a future patent grant and the workforce.

Opera calculated the fair value on the acquisition date and booked a contingent consideration of KNOK 39,007 in the financial statements. The contingent consideration is revalued each quarter, and more information can be found in note 11.

The value of the related customer relationships is depreciated over a 5 year period, and the value of the proprietary technology is depreciated over a 4 year period.

The fair value of the net identifiable assets has been calculated by an external company and is deemed to be an independent valuation. Opera has treated the entire contingent consideration as consideration for the purchase of the business and no part as remuneration. The evaluation is based on the indicators outlined in IFRS 3R.

Revenue and profit

The total revenue in the first 11 months after purchase for AdMarvel, Inc was KNOK 14,950, and the estimate for the 12-month period beginning January 1, 2010 is KNOK 15,100.

The net profit in the first 11 months after purchase for AdMarvel, Inc was KNOK - 1,472, and the estimate for the 12-month period beginning January 1, 2010 is KNOK - 1,815.

Fastmail

On April 30, 2010, Opera Software Australia PTY LTD entered into an asset purchase agreement with the Fastmail Partnership whereby Opera Software Australia PTY LTD acquired the assets sustaining the operation of the email business developed by the Fastmail Partnership. The agreed acquisition price is approximately KUSD 2,163 in cash. The acquisition structure also envisages up to an additional KUSD 1,892 in cash consideration, conditional upon the retention of key employees transferred and paid only if certain technology development milestones are met within 2 years and certain targets, in terms of numbers of new users, are met within 5 years. The Fastmail Partnership provides email services to businesses, families, and individuals, by offering email addresses and storage space for incoming emails, as well as enabling its users to send and receive emails by connecting to the Internet with a Web-browser. The company was founded in 1999 and is based in Melbourne, Australia. Opera Software Australia PTY LTD currently employs 5 full-time equivalents. Opera expects that the purchase of the Fastmail business will help Opera to expand its current messaging product portfolio and deliver cross-platform messaging to a wide range of devices, including computers, mobile phones, TVs and gaming consoles. In 2009, the Group incurred acquisition-related costs of KNOK 158 related to external legal fees and due diligence costs. In 2010 the Group incurred additional acquisition-related costs of KNOK 1,292 related to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in the consolidated statement of comprehensive income.

Identifiable assets acquired and liabilities assumed	
[Numbers in KNOK]	
Property, plant and equipment	275
Deferred tax assets	83
Other receivables*	50
Cash and cash equivalents	15
Deferred revenue	-7 648
Other short-term liabilities	-732
Total net identifiable assets	**-7 956**
Cash consideration	-12 771
Contingent consideration	-7 955
Excess value	**-28 681**
Related customer relationships	1 783
Trademark	594
Proprietary technology	4 748
Deferred tax on excess values	-2 138
Goodwill	23 694

** No provision for bad debt.*

The assets and liabilities that were recognized by the Fastmail Partnership, immediately before the business combinations equaled the carrying amount recognized by the Group on the acquisition date. In addition, the Group booked the excess price of the fair value of the total identifiable assets as related customer relationships, trademark, proprietary technology, deferred tax on excess values and goodwill, since the excess price has been deemed to be related to these intangible assets. The substantial amount of goodwill in the acquisition of Fastmail can be related to synergies and to the assembled workforce.

Opera calculated the fair value on the acquisition day and booked a contingent consideration of KNOK 7,955 in the financial statements. The contingent consideration is revalued each quarter, and more information can be found in note 11.

The value of the related customer relationships is depreciated over a 10 year period, and the value of the proprietary technology is depreciated over a 6 year period.

The fair value of the net identifiable assets has been calculated by an external company, and is deemed to be an independent valuation. Opera has treated the whole contingent consideration as consideration for the purchase of the business and no part as remuneration. The evaluation is based on the indicators outlined in IFRS 3R.

Revenue and profit
The total revenue in the first 8 months after purchase for Fastmail was KNOK 7,912, and the estimate for the 12-month period beginning January 1, 2010 is KNOK 11,868.

The net profit in the first 8 months after purchase for Fastmail was KNOK 492, and the estimate for the 12-month period beginning January 1, 2010 is KNOK 738.

Information regarding goodwill	
[Numbers in KNOK]	
Goodwill at acquisition cost for Hern Labs AB	7 857
Accumulated depreciation as of 12/31/04	6 287
Net book value as of 12/31/04	1 570
Reversed depreciation 2004	1 572
Net book value as of 1/1/04 and 12/31/08	3 142
Goodwill at acquisition cost for Opera Software Poland Sp. z o.o	13 274
Net book value as of 12/31/09	16 416
Goodwill at acquisition cost for AdMarvel	75 146
Goodwill at acquisition cost for Fastmail	23 694
FX adjustment to the goodwill acquisition cost	-353
Net book value as of 12/30/10	**114 903**

In respect to business acquisitions that have occurred since January 1, 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. A portion of the goodwill relates to the purchase of Hern Labs AB. As the goodwill existed before January 1, 2004, the goodwill is based on the amount recognized according to NGAAP. Goodwill from the purchase of Hern Labs AB booked on December 31, 2010, has the same value as goodwill on January 1, 2004.

Testing for decrease in value of cash generating units, including goodwill

Hern Labs AB and Opera Software Poland Sp. z o.o
KNOK 16,416 of the recognized goodwill is related to the acquisition of Hern Labs AB and Opera Software Poland Sp. z o.o . Hern Labs AB and Opera Software Poland Sp. z o.o are development companies which deliver development services to Opera Software ASA. Hern Labs AB and Opera Software Poland Sp. z o.o use a cost plus model. Hence, it is difficult to estimate the value of Hern Labs AB and Opera Software Poland Sp. z o.o on the basis of its cash flows. The Opera Software ASA Group is thus considered to be the smallest cash-generating unit.

The Group has performed a complete impairment test as of December 31, 2010 according to IAS 36. The Group considers it unnecessary to recognize an impairment loss concerning goodwill. This judgment has, among other things, been based on estimated cash flows to the company in the coming five year period and the fact that the market value of the Opera Group is considerably higher than the equity.

Value in use was determined by discounting the Groups future cash flows, and the calculation was based on the following key assumptions:

- Cash flows were projected using past experience, actual operating results and the business plan for FY 2011. For FY 2012 and FY 2013, the EBITDA market consensus is used, and for FY 2014 and FY 2015 an average of the cash flow from the three previous years was used.
- A pre-tax discount rate where Opera used a 4.0% current market risk-free rate of interest and added a risk of 6.5% (equity risk premium of 5% x beta 1.3)

A change in the discount rate with a risk up to 5% would still not cause the booked goodwill to be impaired, nor would a 5% decrease of the cash flow.

AdMarvel, Inc

KNOK 75,146 of the recognized goodwill and KNOK 16,817 of the recognized other intangible assets as of December 31, 2010 are related to the acquisition of AdMarvel, Inc. The Group has performed a complete impairment test as of December 31, 2010 according to IAS 36. The Group considers it unnecessary to recognize an impairment loss concerning goodwill and other intangible assets. This judgment has, among other things, been based on estimated cash flows to the company in the coming three year period.

Value in use was determined by discounting the AdMarvel future cash flows, and the calculation was based on the following key assumptions:

- Cash flows were projected using past experience, actual operating results and the three year business plan extending from FY 2011 to FY 2013. The terminal value has been calculated using the average of the estimated cash flow in 2012 and 2013 and a 4 % future growth rate.
- A pre-tax discount rate where Opera used a 4.0% current market risk-free rate of interest and added a risk of 16.0% (equity risk premium of 8% x beta 2.0)

A change in the discount rate with a risk up to 5% would still not cause the booked goodwill to be impaired, nor would a 5% decrease of the cash flow.

Fastmail

KNOK 23,694 of the recognized goodwill and KNOK 7,125 of the recognized other intangible assets are related to the acquisition of the Fastmail business. The Group has performed a complete impairment test as of December 31, 2010 according to IAS 36. The Group considers it unnecessary to recognize an impairment loss concerning goodwill and other intangible assets. This judgment has, among other things, been based on estimated cash flows to the company in the coming nine year period.

Value in use was determined by discounting the Fastmails future cash flows, and the calculation was based on the following key assumptions:

- Cash flows were projected using past experience, actual operating results and the nine year business plan extending from FY 2011 to FY 2019. It's Opera's opinion that the Fastmail business is relatively stable and therefore possible to establish forecasts for a longer period than 5 years. The terminal value has been calculated using the estimated cash flow in 2019 and a 4 % future growth rate.
- A pre-tax discount rate where Opera used a 4.0% current market risk-free rate of interest and added a risk of 16.0% (equity risk premium of 8% x beta 2.0)

A change in the discount rate with a risk up to 5% would still not cause the booked goodwill to be impaired, nor would a 5% decrease of the cash flow.

Note 9 - Shareholder Information

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the General Meeting.

All shares rank equally with regard to the Group's residual assets. The Company does not have any preferred shares. For information regarding share options, please see the accompanying note 3.

Authorization to acquire own shares
At the Annual General Meeting on June 15, 2010, the Board of Directors obtained an authorization to buy back own shares.
The Annual General Meeting passed the following resolution:
a) The Board of Directors is authorized to acquire shares in the Company. The shares are to be acquired at market terms on a regulated market where the shares are traded.
b) The shares may only be used to fulfill obligations under incentive schemes approved by the shareholders. No new authority is granted by this item for new incentive schemes.
c) The maximum face value of the shares which the Company may acquire pursuant to this authorization is in total KNOK 238. The minimum amount which may be paid for each share acquired pursuant to this power of attorney is NOK 0.02, and the maximum amount is NOK 200.
d The authorization comprises the right to establish collateral using the Company's own shares.
e) This authorization is valid from the date of registration with the Norwegian Register of Business Enterprises until June 30, 2011.
f) The new authorization will replace all previous authorizations once registered in the Norwegian Register of Business Enterprises.

During 2010, Opera purchased 1,039,500 own shares for KNOK 26,682 as part of the share buyback program. The shares have been acquired on the Oslo Børs at an average price of 26.26. During 2010, Opera has, as part of the employees options exercise, sold 1,513,105 own shares for KNOK 20,634. As at December 31, 2010 the company held 526,319 shares in Opera Software ASA. The Board of Directors approved a new stock repurchase program on November 15, 2010. The new program is consisting of up to 6 million shares. The buy-back program will be carried out in accordance with any authorization to the Board of Directors as resolved by the General Meeting. The new repurchase program replaces the former program which was announced on March 3, 2008 and October 17, 2008. The total number of shares bought back under the buyback program was 689,000 shares by the end of FY 2010.

Board authorization to increase the share capital by issuance of new shares
The Annual General Meeting, held on June 15, 2010, passed the following resolutions:

1 Authorization regarding incentive program
a) The Board of Directors is authorized to increase the Company's share capital by up to KNOK 239.149, through one or several share issues of up to a total of 11,957,450 shares, each with a nominal value of NOK 0.02. The subscription price and other terms will be determined by the Board of Directors.
b) The authorization includes the right to increase the Company's share capital in return for non-cash contributions or the right to assume special obligations on behalf of the Company.
c) The preferential rights pursuant to Section 10-4 of the Public Limited Liability Companies Act may be deviated from by the Board of Directors.
d) The authorization may only be used for the issuing of new shares in relation to the Company's incentive schemes existing at any time in the Opera group. The authorization cannot be used in connection with options that may be granted to directors on or after June 15, 2010.
e) The authorization shall be effective from the date it is registered in the Norwegian Register of Business Enterprises and shall be valid until June 30, 2011.
f) The new authorization will replace all previous authorizations once registered in the Norwegian Register of Business Enterprises.
g) The authorization cannot be used if the Company has issued new shares in the Company, between the period June 15, 2010 and June 30, 2011, pursuant to the board authorizations, representing more than 10% of the Company's share capital.

2 Authorization regarding acquisitions
a) The Board of Directors is authorized to increase the Company's share capital by up to KNOK 239.149, through one or several share issues of up to a total of 11,957,450 shares, each with a nominal value of NOK 0.02. The subscription price and other terms will be determined by the Board of Directors.
b) The authorization includes the right to increase the Company's share capital in return for non-cash contributions or the right to assume special obligations on behalf of the Company.
c) The preferential rights pursuant to Section 10-4 of the Public Limited Liability Companies Act may be deviated from by the Board of Directors.
d) The authorization may only be used in connection with the acquisition of businesses or companies, including mergers, within the business areas operated by the Opera group, or which relates thereto.
e) The authorization shall be effective from the date it is registered in the Norwegian Register of Business Enterprises and shall be valid until June 30, 2011.
f) The authorization replaces the current authorization when registered in the Norwegian Register of Business Enterprises.
g) The authorization cannot be used if the Company has issued new shares in the Company, between the period June 15, 2010 and June 30, 2011, pursuant to the board authorizations, representing more than 10% of the Company's share capital.

Dividends for 2009 of NOK 0.16 per share
The Annual General Meeting, held on June 15, 2010, approved a distribution of dividends for 2009 in the amount of NOK 0.16 per share. As a result, a dividend of KNOK 19,027 was paid during 3Q 2010.

Option programs
For information about the employee option program, please see note 3.

Protocol from the Annual General Meeting
For further details, please see the protocol from the Annual General Meeting published on the Oslo Stock Exchange website (www.oslobors.no).

Ownership structure
Shareholders with more than 1% of Opera Software ASA shares as of December 31, 2010 were:

[In thousands of shares]	Shares	Owner's share	Voting share
JPMORGAN CHASE BANK	15 000	12.54%	12.54%
MOZART INVEST AS	15 000	12.54%	12.54%
AREPO AS	14 012	11.72%	11.72%
LUDVIG LORENTZEN AS	9 650	8.07%	8.07%
SUNDT AS	4 407	3.69%	3.69%
SKANDINAVISKA ENSKILDA BANKEN	3 952	3.31%	3.31%
VITAL FORSIKRING ASA	3 497	2.92%	2.92%
FERD AS INVEST	2 745	2.30%	2.30%
DNB NOR NORDIC TECHN	2 649	2.22%	2.22%
HOLBERG NORGE	1 379	1.15%	1.15%
DNB NOR SMB VPF	1 360	1.14%	1.14%
STATOIL PENSJON	1 320	1.10%	1.10%
Sum	74 971	62.70%	62.70%
Other shareholders	44 604	37.30%	37.30%
Total numbers of shares	119 575	100.00%	100.00%

The Board of Directors propose that the 2011 Annual General Meeting approves a dividend payment of NOK 0.18 per share.

Note 10 - Accounts Receivable, Other Receivables, Accounts Payables, Other Payables and Provisions

Financial assets and liabilities mainly comprise short-term items (non interest bearing). Based on this assessment, management does not consider the Group to have financial assets or liabilities with potentially significant differences between net book value and fair value.

Note 11 - Contingent Liabilities and Provisions

Hern Labs has, during the period September 1, 2000 – September 30, 2007, maintained a defined contribution pension plan for all of its employees through the insurance broker Max Mathiessen. Pursuant to such pension plan, Hern Labs paid pension premiums corresponding to 7% of the salary for employees over 28 years of age, and 3% of the salary for younger employees.

In October 2001, Hern Labs became a member of the employers' federation Almega IT-Företagen ("Almega") and thereby became bound by collective agreements with Unionen and Sveriges Ingenjörer, including the so called ITP pension plan, which is a nationwide combined defined benefit and defined contribution pension plan for white collar employees within the private sector. However, Hern Labs was at the time not sufficiently informed that the company had to replace its existing pension plan with the ITP plan. This was discovered in 2007.

On September 28, 2007, Hern Labs joined the ITP plan in accordance with its obligations under the applicable collective agreements and soon thereafter applied for temporary relief of its obligation to pay pension premiums retroactively for the period October 1, 2001 – September 27, 2007. The grounds for the application were that

(i) the information from Almega on Hern Labs' obligations to join the ITP plan had been insufficient,
(ii) Hern Labs during the relevant period had paid premiums to another pension plan which was at least as beneficial for the employees as the ITP plan, and
(iii) part of the payment obligations under the ITP plan had become statute-barred under the Swedish Act on Co-determination at the Workplace.

During the autumn of 2008, Hern Labs' application for temporary relief was rejected by ITP-nämnden, and Collectum (the pension plan administrator) sent an invoice for part of the retroactive pension premiums under the ITP plan with due date December 15, 2008. In a letter from Collectum to Hern Labs, it is stated that Collectum will take into account the existing pension insurances contracted through Max Mathiessen when calculating the pension premiums under the ITP plan.

Based on the information stated above, Hern Labs AB has estimated the liability. The best estimate of the liability has been booked in the FY 2010 group financial statements.

	Balance at December 31, 2009	Changes	Balance at December 31, 2010
Estimated pension liability in Hern Labs AB (KNOK)	7 218	467	**7 685**

Interest provision
KNOK 2,375 has been booked as a current provision for estimated interests related to on an VAT case in Opera Software International AS.

AdMarvel - Earn out agreement

Valuation techniques and key model inputs used to measure the contingent consideration:

	Probability	Earn out payments	Estimated earn out
[Numbers in KUSD]			
Earn out FY 2010, Net revenue and EBIT target	75%	5 000	3 750
Earn out Tier 1, FY 2011, Net revenue and EBIT target	50%	4 000	2 000
Earn out Tier 2, FY 2011, Net revenue and EBIT target	30%	8 000	2 400
Earn out Tier 3, FY 2011, Net revenue and EBIT target	10%	10 000	1 000
Total estimated earn out before discounting			9 150
Total estimated earn out after discounting			6 875

Assumptions	
WACC	20.0%
Tax rate	40.0%
FX rate	5.674

At the acquisition date, Opera engaged a third party to estimate the fair value of Admarvel. Based on this estimate, Opera recorded a contingent consideration liability of KNOK 39,007 in the financial statements in 1Q 2010. The assumptions behind this fair value assessment can be found above. The contingent consideration is revalued each quarter. KNOK 33,829 has been booked as a non-current provision and KNOK 29,508 as current provision to cover the total contingent consideration of KNOK 63,337 as of December 31, 2010.

For the 4Q 2010 financial results, Opera undertook a re-evaluation of the assumptions used since the acquisition date. The FY 2010 net revenue and EBIT target probability has been increased to 100% and Opera expects to pay Admarvel MUSD 5 in 2011. This is because Opera has determined that Admarvel exceeded the revenue and EBIT targets for FY 2010, as agreed in the Admarvel purchase agreement, dated January 19, 2010. KNOK 7,377 has been expensed in 4Q 2010 due to the increased likelihood.

In addition, for FY 2011, Opera and Admarvel have agreed on a new set of earn-out targets for FY 2011, replacing those agreed in the original purchase agreement. The tier 1, tier 2 and tier 3 FY 2011 net revenue and EBIT targets have been removed and replaced by new targets as outlined in the chart below. This is because Opera has asked the Admarvel management team to take on expanded responsibilities as part of Opera, where the Admarvel team responsibilities will include, in addition to Admarvel's core business, the Open Mobile Ad Exchange, the Opera Mobile Store and other Opera mobile properties. Opera estimates the amount of expected contingent consideration related to the new earn out targets to be higher than compared to the original agreement.

[Numbers in KUSD]	Probability	Earn out payments	Estimated earn out
Earn out FY 2010, Net revenue and EBIT target	100%	5 000	5 000
Additional Consumer Mobile Team deliverables	100%	2 000	2 000
Net revenue and Consumer Mini/Mobile rev. target	100%	2 000	2 000
Add. net revenue and Cons. Mini/Mobile revenue target	100%	1 000	1 000
Add. net revenue and Cons. Mini/Mobile revenue target	78%	3 000	2 333
Total estimated earn out before discounting			12 333
Total estimated earn out after discounting			10 732

For 4Q 2010 Opera booked a one time charge of KNOK 7,272 related to the new FY 2011 targets.
For FY 2010 Opera booked KNOK 8,162 as an interest expense and KNOK 1,517 as an FX expense.
Please also see note 8 for more details.

Fastmail - Earn out agreement

Valuation techniques and key model inputs used to measure the contingent consideration:

[Numbers in KUSD]	% of earn out	Probability	Earn out payments	Estimated earn out
Retention of transferred employees	45.4%	100%	859	859
Technology development	27.2%	100%	514	514
Reaching users within 5 years	27.4%	100%	519	519
Total estimated earn out before discounting				1 892
Total estimated earn out after discounting				1 340

Assumptions	
WACC	20.2%
Tax rate	30.0%
FX rate	5.936

Above, please find the assumptions and earn out valuation performed at the acquisition date where Opera calculated the fair value and booked a contingent consideration of KNOK 7,955 in the financial statements. The contingent consideration is revalued each quarter, and KNOK 5,613 has been booked as a non-current provision and KNOK 3,335 as current provision to cover the total contingent consideration of KNOK 8,948 as of December 31, 2010, where the same assumptions that were used on the acquisition date have been used. For FY 2010 Opera booked KNOK 1,071 as interest expense and KNOK - 793 as FX expense. Please also see note 8 for more details.

Note 12 - One-time Costs

During 1Q 2010, Opera recorded a one-time restructuring charge related primarily to a cost reduction program that will better align costs with revenues and legal fees related to business combinations. During 4Q 2010, Opera recorded a one-time restructuring charge related to the closing of our Czech office, moving our Mini server park from Norway to Iceland to reduce our future hosting costs, recording impairment costs related to the restructuring of our email business and legal fees related to business combinations.
The 2010 costs are itemized below:

[Numbers in KNOK]	2010
Salary restructuring cost	**28 427**
Option restructuring cost	**-898**
Office restructuring cost	**1 700**
Hosting cost	**1 052**
Impairment cost	**1 716**
Legal fees related to business combinations	**2 633**
Total one-time costs	**34 630**

Note 13 - Accounting Estimates and Judgments

Management has evaluated the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty
Based on signed contracts with large, established market participants, Opera develops and adjusts the Opera browser so that it is compatible with mobile phones, game consoles, and many other devices. The adjustments and modifications are done continuously over time. Hence, income and costs are booked in accordance with the percentage of completion method. Estimation of the degree of completion is based on best estimate. Management's choice of estimates for the degree of completion will have a considerable effect on booked income.

The Company has, in note 5, given a detailed analysis of the currency risk and risk related to changes in the foreign exchange rates.

The Company has entered into two earn out agreements as specified in note 8 and note 11. Opera has in note 11 given a detailed analysis of how the contingent considerations have been calculated. Changes in the chosen assumptions can have a big impact on the size of the earn out cost.

The Company has, in note 11, given a detailed analysis of the Swedish pension case.

The Group has established an option program for its employees. The options are booked in accordance with IFRS 2. The option costs are estimated on a basis of various assumptions, such as volatility, interest level, dividend and an assumption of how many will exercise their options, as well as other factors. The chosen assumptions can have a big impact on the size of the option costs. The assumptions are given in note 3.

Critical accounting judgments in applying the Company's accounting policies
The Group has considered its activities related to technological development compared to the requirements in IAS 38. Based on this evaluation, the decision has been made to not post expenses related to these activities to the balance sheet. The reason the Group has entered into contracts with customers, committing the Company to develop a custom made browser for a settled fee, is that the fee received is meant to cover Opera's expenses related to this specific technological development. These projects are booked in accordance with the percentage of completion method, which states that related income and expenses should be booked in the same period. Other activities are defined as research or maintenance and the costs are expensed as they are incurred. In some contracts, Opera receives a fee which covers development, a guaranteed number of licenses, as well as maintenance in the subsequent period. The elements in the different contracts are assessed in accordance with the best estimate of true value and booked as the elements are delivered. If the elements can not be separated, all income is booked in aggregate, in accordance with the percentage of completion method.

Note 14 - Related Parties

In FY 2010, except for the Group's transactions with Hern Labs, Opera Software International, Zizzr and Opera Software Poland Sp. z o.o , the Group did not engage in any related party transactions, including with any members of the Board of Directors or Executive Team. Please refer to notes 3 and 8 for additional information.

Transactions with key management personnel
Members of the Board of Directors and Executive Team of the Group and their immediate relatives controlled 13.45% of the Group's voting share as per December 31, 2010. The Company has not provided any loans to directors or executive team members as of December 31, 2010.

Executive Team members also participate in the Group's stock option program (see note 3). Compensation for Executive Team members can be found in note 3.

Note 15 - Earnings per Share

Basic earning per share	**2010**	2009
[Numbers in NOK]		
Earnings per share (basic)	**0.194**	0.260
Earnings per share, fully diluted	**0.191**	0.255
Shares used in earnings per share calculation (mm)	**118 947 486**	118 657 031
Shares used in earnings per share calculation, fully diluted (mm)	**120 792 343**	121 210 653

Earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted ordinary shares in issue during the period.

The options have varying exercise prices and would, upon exercise, mean payment to the Company of KNOK 175,788 as of December 31, 2010. In relation to the accounting standard regarding earnings per share, the effect of these funds being used by the Company to purchase shares in the market should be considered when calculating the fully diluted number of shares outstanding. The average price in the period is used when calculating the fully diluted number of shares. The average price is calculated to be NOK 24.08 for the FY 2010. Opera has included options with a strike price below NOK 29.00 when calculating the fully diluted number of shares outstanding. Total options used in the calculation was 9,470,594, of which 7,606,764 options were unvested and 1,863,830 are vested but not yet exercised.

	2010	2009
Average number of shares	**118 947 486**	118 657 031
The following equity instruments have a diluting effect:		
Options	**9 470 594**	6 728 120
Total	**9 470 594**	6 728 120
Options	**9 470 594**	6 728 120
Number of shares purchased (KNOK 175,788/24.08)	**7 300 174**	3 723 859
Number of shares with diluting effect	**2 170 420**	3 004 261
Expected options to be exercised	**1 844 857**	2 553 622

Note 16 - Subsequent Events

Opera Software announced on March 4, 2011 that it is has establish a partnership with a major Chinese mobile phone distributor, Telling Telecom. The partnership will enable Opera and Telling Telecom to accelerate their growth in users in the Chinese market by combining browser technology from Opera with local content, distribution and operations. Opera has invested in the partnership and is guaranteed a minimum amount of revenue from the partnership corresponding to Opera's initial investment.

No subsequent events have occurred after the reporting date that would require the consolidated financial statements to be adjusted.

For announcements of new contracts, please see announcements published on the Oslo Stock Exchange website (www.oslobors.no).

Parent Company Annual Accounts 2010

The annual account report for Opera Software ASA contains the following:

The financial statements, which have been drawn up by the board and management, have to be read in relation to the annual report and the independent auditor's opinion.

Statement of Comprehensive Income

Numbers in KNOK	Note	1/1 - 12/31 2010	1/1 - 12/31 2009
Revenue	1, 2, 5	**672 032**	612 738
Total operating income		**672 032**	612 738
Cost of goods sold		**148**	944
Payroll and related expenses	3, 5	**236 545**	236 701
Depreciation expenses	5, 7	**11 355**	9 928
Other operating expenses	3, 4, 5, 7, 14	**345 571**	322 297
Results from operating activities		**78 413**	42 868
One-time costs	13	**21 817**	0
Results from operating activities (“EBIT”)		**56 596**	42 868
Interest income	5, 9	**11 182**	11 221
Other financial income	5	**10 119**	57 620
Interest expenses	5, 9	**-9**	-636
Other financial expenses	5	**-13 284**	-79 919
Profit before income tax		**64 604**	31 154
Income tax on ordinary result	6	**-23 238**	-11 752
Profit for the period		**41 365**	19 402
Foreign currency translation differences for foreign operations		**0**	0
Total comprehensive income for the period		**41 365**	19 402
Profit attributable to:			
Owners of the Company		**41 365**	19 402
Non-controlling interest		**0**	0
Profit for the period		**41 365**	19 402
Total comprehensive income attributable to:			
Owners of the Company		**41 365**	19 402
Non-controlling interest		**0**	0
Total comprehensive income for the period		**41 365**	19 402
Earnings per share:			
Basic earnings per share (NOK)	16	**0.348**	0.164
Diluted earnings per share (NOK)	16	**0.342**	0.160

Statement of Financial Position

Numbers in KNOK	Note	12/31/2010	12/31/2009
Assets			
Non-current assets			
Property, plant and equipment			
Office machinery, equipment etc.	7	**29 482**	27 961
Total property, plant and equipment		**29 482**	27 961
Financial assets and deferred tax assets			
Deferred tax assets	6	**27 975**	33 781
Other receivables	9, 11	**18 814**	8 319
Investments in subsidiaries	8	**23 892**	32 380
Investments in other shares	8	**377**	377
Other investments and deposits	4	**9 654**	9 477
Total financial assets and deferred tax assets		**80 712**	84 334
Total non-current assets		**110 194**	112 295
Current assets			
Trade and other receivables			
Accounts receivable	5, 9, 11	**115 176**	64 123
Unbilled revenue	11	**64 462**	58 816
Other receivables	6, 9, 11	**15 208**	28 472
Total trade and other receivables		**194 847**	151 411
Cash and cash equivalents	5	**522 793**	531 267
Total current assets		**717 639**	682 678
Total assets		**827 833**	794 973

Statement of Financial Position

Numbers in KNOK		12/31/2010	12/31/2009
Shareholders' equity and liabilities			
Equity			
Paid-in capital			
Share capital	10	**2 381**	2 371
Share premium reserve		**457 005**	457 109
Other reserves		**60 085**	42 997
Total paid-in capital		**519 471**	502 477
Retained earnings			
Other equity		**101 272**	83 720
Total retained earnings		**101 272**	83 720
Total equity		**620 743**	586 197
Liabilities			
Current liabilities			
Accounts payable	9, 11	**24 603**	35 885
Taxes payable	6	**0**	0
Social security, VAT and other taxation payable	11	**22 025**	17 125
Other short-term liabilities	5, 9, 11	**160 462**	155 766
Total current liabilities		**207 090**	208 776
Total liabilities		**207 090**	208 776
Total equity and liabilities		**827 833**	794 973

Oslo, April 27, 2011

William J. Raduchel
Chairman of the Board

Audun Wickstrand Iversen

Kari Stautland

Marianne Blystad

Arve Johansen

Stig Halvorsen
Employee representative

Karl Anders Øygard
Employee representative

Charles McCathieNevile
Employee representative

Lars Boilesen
CEO

Statement of Cash Flows

Numbers in KNOK	Note	1/1 - 12/31 2010	1/1 - 12/31 2009
Cash flow from operating activities			
Profit/loss before taxes		**64 604**	31 154
Taxes paid	6	**-281**	-75 378
Depreciation expenses	7	**11 355**	9 928
Loss on sale of shares	8	**3 352**	0
Changes in accounts receivable *		**-50 991**	62 777
Changes in accounts payable		**5 371**	-6 941
Changes in other liabilities and receivables, net		**-31 302**	283
Share-based remuneration	3	**14 008**	9 500
Conversion discrepancy		**5 144**	15 124
Net cash flow from operating activities		**21 260**	46 447
Cash flow from investment activities			
Proceeds from sale of assets	7	**730**	3 379
Capital expenditures	7	**-13 606**	-21 110
Proceeds from sale of shares	8	**8 217**	0
Acquisition of shares	8	**0**	-12 428
Net cash flow from investment activities		**-4 659**	-30 158
Cash flow from financing activities			
Proceeds from exercise of stock options	10	**20 634**	19 905
Proceeds of share issues, net		**0**	0
Dividends paid	10	**-19 027**	-47 599
Purchase of own shares	10	**-26 682**	-9 508
Net cash flow from financing activities		**-25 075**	-37 202
Net change in cash and cash equivalents		**-8 474**	-20 913
Cash and cash equivalents (beginning of period)		**531 267**	552 180
Cash and cash equivalents **`* **		**522 793**	531 267

Interest income and interest expenses are included in the profit and loss. Interest paid and interest received are recognized in the same year that interest income and interest expenses are recognized in the profit and loss.

* Changes in unbilled revenue are included in changes in accounts receivables in the statement of cash flows.

** Cash and cash equivalents of KNOK 8,443 were restricted assets as of December 31, 2010, and Cash and cash equivalents of KNOK 37,855 were restricted assets as of December 31, 2009.

*** As of December 31, 2010, the conversion discrepancy loss booked on Cash and cash equivalents was KNOK 1,365, and the comparative number as of December 31, 2009 was KNOK -3,098.

Statement of Changes in Equity

Numbers in KNOK	Face value	Number	Share capital	Share premium	Other reserves	Reserve for own shares	Translation reserve	Other equity	Total equity
Balance as of 12/31/2009	**0.02**	**118 575**	**2 392**	**457 109**	**42 997**	**-20**	**0**	**83 720**	**586 197**
Comprehensive income for the period									
Profit for the period								41 365	41 365
Other comprehensive income									
Foreign currency translation differences							0		0
Total comprehensive income for the period			**0**	**0**	**0**	**0**	**0**	**41 365**	**41 365**
Contributions by and distributions to owners									
Dividend to equity holders								-19 027	-19 027
Own shares acquired	0.02	-1 040				-21		-26 661	-26 682
Own shares sold	0.02	1 513				30		20 604	20 634
Tax deduction loss own shares								1 260	1 260
Issue expenses									0
Tax deduction on equity bookings				40					40
Share-based payment transactions					17 088				17 088
Total contributions by and distributions to owners	**0.02**	**474**	**0**	**40**	**17 088**	**9**	**0**	**-23 824**	**-6 686**
Other equity changes									
Other changes				-144				11	-133
Total other equity changes		**0**	**0**	**-144**	**0**	**0**	**0**	**11**	**-133**
Balance as of 12/31/2010	**0.02**	**119 049**	**2 392**	**457 005**	**60 085**	**-11**	**0**	**101 272**	**620 743**

Other reserves
Other reserves consists of option costs booked according to the Equity Settled Method and issued shares registered in period after the current financial year.

Reserve for own shares
The reserve for the Group's own shares comprises the face value cost of the Company's shares held by the Company.

Translation reserve
The translation reserve consists of all foreign currency differences arising from the translation of the financial statements of foreign operations.

Other equity
Other equity consists of all other transactions, including but not limited to, total recognized income and expense for the current period and excess value of the Company's own shares.

Statement of Changes in Equity (continued)

Numbers in KNOK	Face value	Number	Share capital	Share premium	Other reserves	Reserve for own shares	Translation reserve	Other equity	Total equity
Balance as of 12/31/2008	**0.02**	**117 494**	**2 392**	**457 212**	**24 688**	**-42**	**0**	**103 282**	**587 532**
Comprehensive income for the period									
Profit for the period								19 402	19 402
Other comprehensive income									
Foreign currency translation differences							0		0
Total comprehensive income for the period			**0**	**0**	**0**	**0**	**0**	**19 402**	**19 402**
Contributions by and distributions to owners									
Dividend to equity holders								-47 599	-47 599
Own shares acquired	0.02	-529				-11		-9 497	-9 508
Own shares sold	0.02	1 609				32		19 873	19 905
Tax deduction loss own shares								156	156
Issue expenses				-144					-144
Tax deduction on equity bookings				40					40
Share-based payment transactions					18 309				18 309
Total contributions by and distributions to owners	**0.02**	**1 081**	**0**	**-103**	**18 309**	**22**	**0**	**-37 067**	**-18 840**
Other equity changes									
Other changes								-1 898	-1 898
Total other equity changes			**0**	**0**	**0**	**0**	**0**	**-1 898**	**-1 898**
Balance as of 12/31/2009	**0.02**	**118 575**	**2 392**	**457 109**	**42 997**	**-20**	**0**	**83 720**	**586 197**

Other reserves
Other reserves consists of option costs booked according to the Equity Settled Method and issued shares registered in period after the current financial year.

Reserve for own shares
The reserve for the Group's own shares comprises the face value cost of the Company's shares held by the Company.

Translation reserve
The translation reserve consists of all foreign currency differences arising from the translation of the financial statements of foreign operations.

Other equity
Other equity consists of all other transactions, including but not limited to, total recognized income and expense for the current period and excess value of the Company's own shares.

Note 1 - Accounting Principles

Information about the accounting principles are given in the accompanying note 1 in the consolidated financial statement.

Note 2 - Revenue and Segment Information

Information about the income is given in the accompanying note 2 in the consolidated financial statements.

Note 3 - Wage Costs/Number of Employees/Remuneration

[Numbers in KNOK]	**2010**	2009
Salaries/bonuses	**175 033**	175 755
Social security cost	**26 865**	25 830
Pension cost	**8 214**	7 260
Share-based remuneration including social security cost	**14 419**	9 397
Other payments	**7 337**	7 310
Consultancy fees for technical development	**4 677**	11 149
Wage cost	**236 545**	236 701
Average number of employees	**311**	319

The company has incorporated the requirements with regards to Obligatorisk Tjeneste Pensjon (OTP).

Remuneration to key management personnel

Information about remuneration to key management personnel is given in the accompanying note 3 in the consolidated financial statements.

Independent auditors

The total fees billed by the independent auditors during 2010 was KNOK 2,194 (2009: 1,509). This is broken down as follows:

[Numbers in KNOK]	**2010**	2009
Statutory audit	**784**	858
Assurance services	**0**	0
Tax advisory fee	**832**	219
Other services	**578**	432
Total	**2 194**	1 509

Other services includes services from KPMG Law.

Options

The number and weighted average exercise price of share options are as follows:

[In thousands of options]	**Weighted average exercise price 2010 (NOK)**	**Number of options 2010**	Weighted average exercise price 2009 (NOK)	Number of options 2009
Outstanding at the beginning of the period	**16.73**	**5 131**	14.37	5 869
Terminated (employee terminated)	**19.79**	**220**	19.98	661
Forfeit during the period	**0.00**	**0**	0.00	0
Expired during the period	**24.20**	**29**	0.00	0
Exercised during the period	**14.69**	**1 045**	12.21	1 201
Granted during the period	**20.75**	**3 613**	22.34	1 125
Outstanding at the end of the period		**7 450**		5 131
Exercisable at the end of the period		**1 613**		640

Fair value of share options and assumptions [Numbers in NOK]	**2010**	2009
Fair value at measurement date (average per option)	**7.21**	7.94
Expected volatility (weighted average)	**45.00**	45.00
Option life (adjusted for expectations of early exercise)	**4.23**	4.29
Expected dividends*	**0.00**	0.00
Risk-free interest rate (based on national government bonds)	**3.00**	3.11

* Options that have not yet vested shall be adjusted for any dividend paid out during the vesting period.

Additional information pertaining to options is given in the accompanying note 3 of the consolidated financial statements.

The table below shows the number of options issued to employees at various strike prices and exercise dates.

[In thousands of options]	**Total outstanding options**			**Vested options**	
Exercise price	Outstanding options per 12/31/2010	Weighted average remaining lifetime	Weighted average exercise price (NOK)	Vested options 12/31/2010	Weighted average exercise price (NOK)
10.00 - 12.50	1 519	2.10	12.04	435	12.12
12.50 - 15.00	591	2.67	13.38	234	13.29
15.00 - 18.00	930	3.30	17.04	167	17.08
18.00 - 22.00	3 523	5.30	20.61	550	19.90
22.00 - 26.00	387	2.86	23.64	135	23.56
26.00 - 30.00	500	4.42	27.98	92	27.96
Total	**7 450**	**4.00**	**18.50**	**1 613**	**17.32**

Exercise price = strike price

The table below shows the date, number and achieved selling price of options exercised.

[In thousands of options]

Date of exercise	Number of exercised options	Achieved selling price (NOK)
2/24/2010	440	18.32
5/21/2010	148	19.71
8/27/2010	248	23.53
11/23/2010	210	28.14

Note 4 - Other Expenses

[Numbers in KNOK]	2010	2009
Intercompany services	**255 409**	235 576
Rent and other office expenses	**20 066**	19 839
Equipment	**7 131**	7 967
Audit, legal and other advisory services	**15 188**	11 930
Total marketing	**9 753**	6 964
Travel expenses	**11 316**	16 253
Total telecommunication cost	**11 949**	9 132
Other expenses	**14 759**	14 638
Total other expenses	**345 571**	322 297

Intercompany services

The company purchases marketing services and technical services from the subsidiary Hern Labs AB, and Opera Software International AS, which has branches/subsidiaries in Japan, USA, Korea, China, Czech Republic, Poland, Taiwan and India. The cost is included in intercompany services above.

Research

Salaries are the primary expense incurred when considering source code research. These salaries are estimated at KNOK 37,582 for the Company. The FY 2009 comparative number was KNOK 28,895.

Rental deposits comprise the majority of Other long-term investments.

Note 5 - Financial Market Risk

Information about financial market risk is given in the accompanying note 5 to the consolidated financial statements.

Note 6 - Tax

Current tax:	2010	2009
[Numbers in KNOK]		
Profit/loss before taxes	**64 604**	31 154
Permanent differences in profit and loss	**13 889**	10 959
Tax deductible issue cost booked against equity	**-144**	-144
Taxes paid abroad	**0**	0
Changes in temporary differences	**5 185**	-25 813
Use of taxable loss carried forward	**0**	0
Basis for current tax	**83 533**	16 157
Tax 28%	**23 389**	4 524
Tax losses paid abroad carried forward	**-23 389**	0
Current tax	**0**	4 524

Tax expense for the year	2010	2009
Current tax	**0**	4 524
Deferred tax - gross changes	**7 107**	-16 297
Taxes on capital raising costs	**0**	0
Tax effect on losses from sales of own shares	**0**	0
Tax payable abroad	**16 132**	23 525
Total tax expense for the year	**23 238**	11 752

Withholding taxes paid by the parent company abroad in 2010 and 2009 are included in taxes payable abroad. Theses withholding taxes are deductable in future taxes in Norway. Future deductable taxes are included in deferred tax.

Specification of tax payable:	2010	2009
[Numbers in KNOK]		
Current tax	**0**	4 524
Tax payable abroad	**19 109**	0
Taxes on capital raising costs	**-40**	-40
Withholding tax paid to a foreign country	**-19 109**	-2 908
Tax effect on losses from sales of own shares	**-1 260**	-1 576
Withholding tax utilized	**1 301**	0
Total tax payable	**0**	0

[Numbers in KNOK]

Specification of prepaid tax:	2010	2009
Prepaid tax	**0**	0
Withholding tax paid to a foreign country*	**2 978**	18 828
Sum other receivables	**2 978**	18 828

* Paid in 2008 and refunded in 2010.

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

[Numbers in KNOK]	Assets		Liabilities		Net	
	2010	2009	**2010**	2009	**2010**	2009
Inventory, office machinery etc.	**0**	0	**367**	198	**367**	198
Accounts receivables	**-2 351**	-1 415	**0**	0	**-2 351**	-1 415
Derivatives	**0**	0	**0**	0	**0**	0
Other liabilities	**-8 109**	-7 424	**0**	0	**-8 109**	-7 424
Tax value of loss carry-forwards utilized	**0**	0	**0**	0	**0**	0
Withholding tax paid to a foreign country carried forward	**-17 883**	-25 141	**0**	0	**-17 883**	-25 141
Deferred taxes/ (tax assets)	**-28 343**	-33 980	**367**	198	**-27 975**	-33 782
Supplementary taxation	**367**	198	**-367**	-198	**0**	0
Net deferred taxes / (tax assets)	**-27 975**	-33 782	**0**	0	**-27 975**	-33 782

Deferred tax assets and liabilities

Movement in temporary differences during the year

[Numbers in KNOK]	Balance 1/1/09	**Posted to P/L**	Posted directly to the equity capital	**Balance 12/31/09**
Inventory, office machinery etc.	159	39	0	198
Accounts receivables	-2 472	1 057	0	-1 415
Liabilities	-13 568	6 144	0	-7 424
Tax value of loss carry-forwards utilized	12	-23 537	-1 616	-25 141
Deferred taxes / (tax assets)	-15 869	-16 297	-1 616	-33 782

	Balance 1/1/010	**Posted to P/L**	Posted directly to the equity capital	**Balance 12/31/10**
Inventory, office machinery etc.	198	169	0	**367**
Accounts receivables	-1 415	-935	0	**-2 351**
Liabilities	-7 424	-685	0	**-8 109**
Tax value of loss carry-forwards utilized	-25 141	8 559	-1 301	**-17 883**
Deferred taxes / (tax assets)	-33 782	7 107	-1 301	**-27 975**

It is the Company’s opinion that deferred tax assets can be substantiated in the future. The Company’s opinion is based on expected and estimated future income.

Change in deferred tax asset directly posted against the equity capital	2010	2009
[Numbers in KNOK]		
Capital raising costs and losses from sales of own shares	**-1 301**	-1 616
Total deferred taxes posted directly against the equity	**-1 301**	-1 616

Reconciliation of effective tax rate		2010		2009
[Numbers in KNOK]				
Profit before tax		**64 604**		31 154
Income tax using the domestic corporate tax rate	28.0 %	**18 089**	28.0 %	8 723
Overbooked taxes, previous year	0.0 %	**0**	0.0 %	0
Tax paid to a foreign country	0.0 %	**0**	0.0 %	0
Taxes on other permanent differences	8.0 %	**5 149**	9.7 %	3 029
	36.0 %	**23 238**	37.7 %	11 752

Permanent differences
Permanent differences include non-deductable costs and share-based remuneration.

Note 7 - Property, Plant and Equipment

	Cost rented premises	Machinery and equipment	Fixtures and fittings	2010 Total	2009 Total
[Numbers in KNOK]					
Acquisition cost					
Acquisition cost as of 1/1/10	14 551	40 455	4 632	**59 638**	42 257
Acquisitions	378	13 206	22	**13 606**	21 110
Disposal of fixed assets	-199	-6 595	-738	**-7 532**	-3 729
Acquisition cost as of 12/31/10	**14 730**	**47 066**	**3 916**	**65 712**	**59 638**
Depreciation					
Depreciation as of 1/1/10	8 758	20 142	2 778	**31 678**	22 098
Disposal of fixed assets	0	-6 065	-738	**-6 803**	-348
Accumulated depreciation as of 12/31/10	11 055	22 555	2 620	**36 230**	31 678
Net book value as of 12/31/10	**3 675**	**24 511**	**1 296**	**29 482**	**27 960**
Depreciation for the year	2 297	8 478	580	**11 355**	9 928
Useful life	Up to 5 years	Up to 5 years	Up to 5 years		
Depreciation plan	Linear	Linear	Linear		

Operating leases
In 2008, the Company entered into a new lease for the rental of its Norwegian offices at Waldemar Thranes Gate 84, 86 and 98. The new lease will last through March 2016. The lease agreement, according to IAS 17, is considered an operating lease.

[Numbers in KNOK]	2010	2009
Leasing costs expensed	**12 008**	11 498
Duration of the lease contract	**3/31/16**	3/31/16

	2010	2009
Non-terminable operating leases due in:		
Less than one year	**12 391**	12 151
Between one to five years	**49 565**	48 604
More than five years	**3 098**	15 189
	65 054	75 944

Note 8 - Investments in Subsidiaries and Other Shares

The shares in the subsidiaries are booked at the cost of acquisition.

Company [Numbers in KNOK]	Hern Labs AB	Opera Software International AS	Zizzr AS
Formal information			
Date of purchase	12/13/2000	1/5/2005	12/16/2008
Registered office	Linköping in Sweden	Oslo in Norway	Oslo in Norway
Ownership interest	100%	100%	100%
Proportion of votes	100%	100%	100%
Information related to the date of purchase (in the year of purchase)			
Purchase cost	7 965	1 006	1 764
Group contribution			2 549

During 2010 Opera Software ASA sold Opera Software Poland Sp. z o.o for KNOK 8,217 to Opera Software International AS. The loss of KNOK 3,352 has been included in Other operating expenses.

Opera Software ASA's financial statements are available at the Company's headquarters located at Waldemar Thranes Gate 98 in Oslo, Norway.

More information about investments to subsidiaries and other shares are given in the accompanying note 8 in the consolidated financial statements.

Note 9 - Outstanding Accounts Between Companies Within the Same Group

[Numbers in KNOK]	Other receivables (non-current) 12/31/2010	Other receivables (non-current) 12/31/2009	Accounts receivables 12/31/2010	Accounts receivables 12/31/2009	Other receivables (current) 12/31/2010	Other receivables (current) 12/31/2009
Entity within group	**18 814**	8 319	**10 159**	1 210	**0**	0
Sum	**18 814**	8 319	**10 159**	1 210	**0**	0

[Numbers in KNOK]	Accounts payable 12/31/2010	Accounts payable 12/31/2009	Other short-term liabilities 12/31/2010	Other short-term liabilities 12/31/2009
Entity within group	**12 957**	29 420	**0**	0
Sum	**12 957**	29 420	**0**	0

All outstanding balances with the related parties are priced on an arm's length basis and are to be settled in cash within five years of the reporting date. None of the balances are secured. The balances outstanding are specified as follows:

[Numbers in KNOK]	Balance outstanding 12/31/2010	Balance outstanding 12/31/2009
Opera Software International AS	**10 001**	-14 302
Opera Software Poland Sp. z o.o	**6 542**	7 625
Opera Software Iceland ehf	**5 662**	0
Opera Software Australia PTY LTD	**4 810**	0
Opera Software International AS Oddzial w Polsce	**113**	261
Opera Software International AS, Taiwan Branch	**-11**	0
Opera Software International AS, US branch	**-43**	-22
Opera Software, LLC	**-99**	0
Beijing Yuege Software Technology Service Co.,Ltd.	**-260**	0
Opera Software Technology (Beijing) Co., Ltd.	**-1 821**	0
Hern Labs AB	**-8 880**	-13 812
Opera Software Korea Ltd	**0**	369
Opera Software International AS, Czech Branch	**0**	-6
Opera Software International AS, Japan Branch	**0**	-4

[Numbers in KNOK]	2010	2009
Interest income from related parties	**373**	68
Interest expense from related parties	**0**	-35

Note 10 - Shareholder information

Free equity
The company had free equity of KNOK 73,297 as of December 31, 2010. The comparative number as of December 31, 2009 was KNOK 49,939.

More shareholder information is given in the accompanying note 9 to the consolidated financial statements.

Note 11 - Accounts Receivable, Other Receivables, Accounts Payables, Other Payables and Provisions

Book value of receivables due in more than one year
Financial assets and liabilities mainly comprise short term items (non interest bearing). Based on this, it is management's assessment that Opera Group does not have financial assets or liabilities with potentially significant differences between net book value and fair value.

Note 12 - Contingent Liabilities and Provisions

Information about the outcome of contingent liabilities is given in the accompanying note 11 to the consolidated financial statements.

Note 13 - One-time Costs

During 1Q 2010, Opera recorded a one-time restructuring charge related primarily to a cost reduction program that will better align costs with revenues, and legal fees related to business combinations. During 4Q 2010, Opera recorded a one-time restructuring charge related to moving our Mini server park from Norway to Iceland to reduce our future hosting costs and legal fees related to business combinations. The 2010 costs are itemized below:

[Numbers in KNOK]	2010
Salary restructuring cost	**20 031**
Option restructuring cost	**-411**
Hosting cost	**1 052**
Legal fees related to business combinations	**1 145**
Total one-time costs	**21 817**

Note 14 - Accounting Estimates and Judgments

Information about accounting estimates and judgments is given in the accompanying note 13 to the consolidated financial statements.

Note 15 - Related Parties

In FY 2010, except for Opera Software ASA's transactions with Hern Labs, Opera Software International, Zizzr and Opera Software Poland Sp. z o.o , Opera Software ASA did not engage in any related party transactions, including with any members of the Board of Directors or Executive Team. Please refer to notes 3, 8 and 9 for additional information. The transactions with the subsidiaries are based on a model where the parent company covers the cost plus a margin. The margins are based on the arm-length principle.

Transactions with key management personnel

Members of the Board of Directors and Executive Team of the Group and their immediate relatives controlled 13.45% of the Group's voting share as per December 31, 2010. The Company has not provided any loans to directors or executive team members as of December 31, 2010.

Executive Team members also participate in the Group's stock option program (see note 3).

Compensation for Executive Team members can be found in note 3.

Basic earning per share	2010	2009
[Numbers in NOK]		
Earnings per share (basic)	**0.348**	0.164
Earnings per share, fully diluted	**0.342**	0.160
Shares used in earnings per share calculation (mm)	**118 947 486**	118 657 031
Shares used in earnings per share calculation, fully diluted (mm)	**120 792 343**	121 210 653

Earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted ordinary shares in issue during the period.

The options have varying exercise prices and would, upon exercise, mean payment to the Company of KNOK 175,788 as of December 31, 2010. In relation to the accounting standard regarding earnings per share, the effect of these funds being used by the Company to purchase shares in the market should be considered when calculating the fully diluted number of shares outstanding. The average price in the period is used when calculating the fully diluted number of shares. The average price is calculated to be NOK 24.08 for the FY 2010. Opera has included options with a strike price below NOK 29.00 when calculating the fully diluted number of shares outstanding. Total options used in the calculations was 9,470,594, of which 7,606,764 options were unvested and 1,863,830 are vested but not yet exercised.

Note 16 - Earnings per Share

	2010	2009
Average number of shares	**118 947 486**	118 657 031
The following equity instruments have a diluting effect:		
Options	**9 470 594**	6 728 120
Total	**9 470 594**	6 728 120
Options	**9 470 594**	6 728 120
Number of shares purchased (KNOK 175,788/24.08)	**7 300 174**	3 723 859
Number of shares with diluting effect	**2 170 420**	3 004 261
Expected options to be exercised	**1 844 857**	2 553 622

Note 17 - Subsequent Events

No subsequent events have occurred after the reporting date that would require the financial statements to be adjusted.

More information about subsequent events is given in the accompanying note 16 to the consolidated financial statements.

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To the Annual Shareholders' Meeting of Opera Software ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Opera Software ASA, which comprise the financial statements of the parent company Opera Software ASA and the consolidated financial statements of Opera Software ASA and its subsidiaries. The parent company's and the consolidated financial statements comprise the statement of financial position as at 31 December, 2010, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Opera Software ASA and of Opera Software ASA and its subsidiaries as at 31 December, 2010, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Accounting Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 29 April 2011
KPMG AS

Gunnar Sotnakk

Gunnar Sotnakk
State authorized public accountant

Declaration of Executive Compensation Policies

The Board of Directors has, in accordance with the Public Limited Liability Companies Act § 6-16 a, developed policies regarding compensation of the Executive Team.

The objectives of the Executive Team compensation program are, in particular, to (i) attract, motivate, retain and reward the individuals on the Executive Team and (ii) ensure alignment of the Executive Team with the long term interests of the shareholders. The Company's executive compensation program is intended to be performance driven and is designed to reward the Executive Team for reaching key financial goals and strategic business objectives and enhancing shareholder value.

The most important components of Executive Team compensation are as follows: (i) Base Salary; (ii) Cash Incentive Bonus; (iii) Long-term equity-based incentives.

Components of Executive Compensation

Base Salary

Base salary is typically the primary component of Executive Team compensation and reflects the overall contribution of the executive to the Company. The determination of base salaries for the executives considers a range of factors, including: (i) job scope and responsibilities; (ii) competitive pay practices; (iii) background, training and experience of the executive; and (iv) past performance of the executive at the Company. Adjustments to base salary are ordinarily reviewed every 12 months or longer by the Board.

Cash Incentive Bonus

The Company uses a cash incentive bonus to focus the Executive team members on, and reward the Executive Team members for, achieving key corporate objectives, which typically involve a fiscal year performance period. A key driver of cash incentive bonuses for the Executive Team is typically corporate financial and operational performance. Cash incentive bonuses tied to strategic business objectives, which may be individual to or shared among the Executive Team members, may also be considered as part of the cash incentive bonus. The determination of the total bonus that can be potentially earned by an executive in a given year is based on, among other factors, the executive's current and expected contributions to the Company's performance, his or her position within the Opera Executive Team, and competitive compensation practices. Any cash incentive bonus is capped, so no member of the Executive Team can be awarded more than 200% of his or her cash incentive bonus.

In February 2010, the Board approved the Executive Compensation Plan for FY 2010. The cash incentive bonus for each Executive was tied 50% to meeting the FY 2010 Revenue Target for the Company and 50% to meeting the FY 2010 EBIT Target for the Company (collectively, "Corporate Results"). Based on the FY 2010 Executive Compensation Plan, there are no interim, intra-year payments, no bonus based on Corporate Results is paid or earned for attainment below 80% achievement, and the Company must meet at least 80% of the FY 2010 EBIT Target Component to receive any bonus associated with the FY 2010 Revenue Target. Provided attainment is above 80% for both Revenues and EBIT, the bonus is calculated as follows: From 80%-100%, bonus percentage achievement is interpolated based on a 30% bonus at 80% achievement and a 100% bonus at 100% achievement, and from 100%+ achievement, bonus percentage achievement is interpolated based on a 100% bonus at 100% achievement and a 200% bonus at 128.6% achievement. Total bonuses paid for the fiscal year for Corporate Results under the 2010 plan shall not exceed 200% of the bonus opportunity for each Corporate Result Component for any one individual.

Notwithstanding the foregoing, in its discretion, the Board also has the authority to approve a payment of up to 50% of an executive's bonus opportunity to an individual(s) without regard to the performance criteria set forth in the plan.

Earned bonuses under the FY 2010 plan are further described under "2010 Compliance" below. In March 2011, the Board approved the Executive Compensation Plan for FY 2011. The Cash Incentive Bonus is divided into two components: Corporate Results (as defined above) and Strategic Business Objectives. For the Corporate Results component, 50% is tied to meeting the FY 2011 Revenue Target for the Company and 50% to meeting the FY 2011 EBIT Target for the Company. Based on the FY 2011 Executive Compensation Plan, there are no interim, intra-year payments, no bonus based on Corporate Results is paid or earned for attainment below 80% achievement, and the Company must meet at least 80% of the FY 2011 EBIT Target Component to receive any bonus associated with the FY 2011 Revenue Target. Provided attainment is above 80% for both Revenues and EBIT, the bonus is calculated as follows: From 80%-100%, bonus percentage achievement is interpolated based on a 30% bonus at 80% achievement and a 100% bonus at 100% achievement, and from 100%+ achievement, bonus percentage achievement is interpolated based on a 100% bonus at 100% achievement and a 200% bonus at 128.6% achievement. Total bonuses paid for the fiscal year for Corporate Results under the plan shall not exceed 200% of the bonus opportunity for each Corporate Result Component for any one individual.

For the Strategic Business Objectives Component, individual bonus targets have been approved by the Board of Directors for certain members of the Executive Team. These individual bonus targets have been designed to align individual performance within each executive's area of responsibility with the annual and long-term objectives of the Company and constitute up to 50% of the executive's Cash Incentive Bonus for FY 2011 depending on the executive. Total bonuses paid based on Strategic Business Objectives shall not exceed 100% for each objective.

Notwithstanding the foregoing, in its discretion, the Board also has the authority to approve a payment of up to 50% of an executive's bonus opportunity to an individual(s) without regard to the performance criteria set forth in the plan.

Long-Term Equity-Based Incentives

The Board of Directors believes that stock options are excellent long-term incentives for the Executive Team members, aligning the interests of the executives to the shareholders of the Company and assisting in the retention of Executive Team members.

Subject to the Board of Directors' assessment and decision at its discretion, initial stock option grants are typically granted to Executive Team members when they start and annually thereafter. The number of options granted to each executive is based on, among other factors, the executive's contributions to the Company's performance, the current and expected contributions of the executive to Opera's long-term performance, his or her position within the Opera Executive Team, and competitive compensation practices.

According to the Company's current stock option agreement, amendments to which were approved at the Annual General Meeting in June 2010 and which covers all new options granted after June 15, 2010, the vesting price is set to the market price at the date of grant and options vest 50% after three years from grant date and 50% after four years from grant date. The holders of the options are responsible for paying the applicable Company social security taxes on the possible gain from the exercise of the options. The Board of Directors may adjust or amend the terms of the option plan when this is deemed to be in the Company's interest and does not contravene existing contractual commitments or applicable law.

The current stock option program was originally approved by the Annual General Meeting in 2007. The program includes grants of up to 19 million options in the period of 2007 – 2011, with an annual grant after 2007 of up to 3 million options. As at June 2, 2010, a total of 13,102,252 options had been granted under the program. On June 3, 2010, the Board of Directors approved that only 3 million of the then remaining 5,997,748 options could be granted under the current program. As from June 3, 2010, 3,000,000 options have been granted, meaning that no options are currently available for grants. As the current program is fully granted and expires in 2011, the Board of Directors will propose to the 2011 Annual General Meeting that a new program is approved. Such new program will comprise a maximum number of options to be granted for a certain period. Any new program will be in accordance with and subject to the terms and conditions of the standard option agreement approved at the 2010 Annual General Meeting. The proposal for a new program will be included in the calling notice for the 2011 Annual General Meeting.

Severance Payment Arrangements

Pursuant to Section 15-16 second subsection of the Norwegian 2005 Act relating to Employees' Protection, CEO Lars Boilesen has waived his rights under Chapter 15 of the Act. As compensation, he is entitled to a severance payment of two years' base salary if the employment is terminated by the Company. If the CEO has committed gross breach of his duty or other serious breach of the contract of employment, the employment can be terminated with immediate effect without any right for the CEO to the mentioned severance payment.

Except for the CEO as described above, the employment agreements for the members of the Executive Team have no provisions with respect to severance payments if a member of the Executive Team should leave his position voluntarily or involuntarily. Severance payment arrangements, if any, will thus be based on negotiations between the Company and the relevant member of the Executive Team on a case-by-case basis.

Pension

Members of Executive Team participate in regular pension programs available for all employees of Company.

2010 Compliance

In January 2010, Opera appointed Mr. Lars Boilesen as the new Chief Executive Officer, and Mr. Jon von Tetzchner assumed a new role with Opera as co-founder. Mr. Boilesen was granted 1,200,000 options with a strike price of NOK 19.90, and the options will vest over a four year period based on the following dates: December 1, 2010 (25%); December 1, 2011 (25%); December 1, 2012 (25%) and December 1, 2013 (25%).

In 2010, the Executive Team received base salaries and potential cash incentive bonuses in line with the Executive Compensation Policy as presented to the 2010 Annual General Meeting. Increases in base salaries and cash incentive bonuses for FY 2010 have been given based on individual merit and to ensure closer alignment with competitive pay practices.

In FY 2010, Opera achieved 99% of its FY 2010 Revenue Target and achieved 148% of its FY 2010 EBIT Target (note that per the FY 2010 Executive Compensation Plan, the FY 2010 EBIT Target bonus was capped at 200% of the relevant Cash Incentive Bonus amount, as no additional bonus is earned above 128.6% achievement).

In addition, in February 2010, the Board approved a supplemental bonus plan ("Supplemental Bonus Plan") for the Executive Team. According to this Supplemental Bonus Plan, members of the 2010 Executive Team other than Lars Boilesen (CEO) were eligible to earn additional cash bonuses limited in the aggregate to NOK 750,000, provided that EBIT for the first half of FY 2010 was equal to or exceeded 95% of the Board approved EBIT Target for that period.

After the 2Q 2010 Corporate Results were approved by the Board, the Board approved Supplemental Bonuses in aggregate of NOK 750,000, given that the financial results for the first half of FY 2010 fulfilled the criteria according to the Supplemental Bonus Plan. In addition, Lars Boilesen (CEO) received a bonus of NOK 1,000,000 in June 2010, such bonus being a contractual commitment pursuant to his new employment agreement when he became Chief Executive Officer in January 2010.

Total Compensation earned for the Executive Team in FY 2010 is summarized below (numbers showing earned bonuses; actual payments were made in March 2011):

Executives	Salary	Bonus	Other comp.	Pension comp.	Benefit exercised options	Total compensation
[Numbers in KNOK]						
Lars Boilesen, Chief Executive Officer *	**2 034**	**3 961**	**6**	**52**		**6 053**
Erik C. Harrell, Chief Operating Officer/Chief Financial Officer	**1 452**	**1 777**	**6**	**52**		**3 287**
Rolf Assev, Chief Strategy Officer	**1 220**	**592**	**6**	**52**		**1 870**
Christen Krogh, Chief Development Officer	**1 152**	**592**	**4**	**52**	**895**	**2 695**
Rikard Gillemyr, EVP Engineering	**1 268**	**592**	**4**	**52**		**1 916**
Tove Selnes, EVP Human Resources	**1 082**	**148**	**6**	**52**	**186**	**1 473**
Andreas Thome, EVP Sales	**1 216**	**1 629**	**4**	**52**	**103**	**3 004**
Total	**9 423**	**9 291**	**36**	**365**	**1 183**	**20 299**

During 2010, no deviations from the stock option program or the number of options granted were made with respect to the Executive Team.

Principles of Corporate Governance at Opera Software ASA

Opera strongly believes that strong corporate governance creates higher firm value.

General principles, implementation and reporting on Corporate Governance

Opera strongly believes that strong corporate governance creates higher firm value. As a result, Opera is committed to maintaining high standards of Corporate Governance. Opera's principles of Corporate Governance have been developed in light of the Norwegian Code of Practice for Corporate Governance (the "Code"), dated October 21, 2010, as required for all listed companies on the Oslo Stock Exchange. Opera views the development of high standards of Corporate Governance as a continuous process and will continue to focus on improving the level of Corporate Governance.

The Board of Directors has the overall responsibility for Corporate Governance in Opera, and ensures that the Company implements sound Corporate Governance. The Board of Directors has defined Opera's basic corporate values, and the Company's ethical guidelines and guidelines on corporate social responsibility are in accordance with these values.

Opera's activities

Opera's vision is to deliver the best Internet experience on any device. This is reflected in Article 3 of the Articles of Association, which reads "The Company's objective is development, production and sale of software and related services, and engagement in other companies or other similar business activities." However, reaching this goal is about much more than leading the innovation of Web technologies. Our business is based on close relationships with customers, partners, investors, employees, friends, and communities all over the world — relationships we are committed to by conducting our business openly and responsibly. Our corporate policies are developed true to this commitment.

CSR Guidelines

The Board of Directors has adopted corporate social responsibility ("CSR") guidelines. The CSR guidelines cover a range of topics such as human rights, employee relations, Health, Environment & Safety, and anti-discrimination. The Board of Directors has also resolved that the Company shall join the UN Global Impact.

Equity and dividends

The Company's equity is considered to be adequate to Opera's objectives, strategy and risk profile.

To achieve its ambitious long-term growth objectives, it is Opera's policy to maintain a high equity ratio. Opera believes its needs for growth can be met while also allowing for a dividend distribution as long as the Company is reaching its targeted growth and cash generation levels. For this reason, the Company will consider continuing to pay dividends over the next years. Dividend payments will be subject to approval by the shareholders at the Company's Annual General Meetings.

Authorizations granted to the Board of Directors to increase the Company's share capital will be restricted to defined purposes and will in general be limited in time to no later than the date of the next Annual General Meeting. To the extent that authorization to increase the share capital shall cover issuance of shares under employee share option schemes and other purposes, the Company will consider presenting the authorizations to the shareholders as separate items.

The Board of Directors may also be granted the authority to acquire own shares. Authorizations granted to the Board of Directors to acquire own shares will also be restricted to defined purposes. To the extent that authorization to acquire own shares shall cover several purposes, the Company will consider presenting the authorization to the shareholders as separate items. Such authority will apply for a maximum period of 18 months, and will state the maximum and minimum amount payable for the shares. In addition, an authorization to acquire own shares will state the highest nominal value of the shares which Opera may acquire, and the mode of acquiring and disposing of own shares. Opera may not at any time hold more than 10% of the total issued shares as own shares.

Current authorizations for the Board of Directors are set out in note 9 to the Annual Report.

Equal treatment of shareholders and transactions with close associates

A key concept in Opera's approach to Corporate Governance is the equal treatment of shareholders. Opera has one class of shares and all shares are freely transferable (with possible exceptions due to foreign law restrictions on sale and offering of securities). All shares in the Company carry equal voting rights. The shareholders exercise the highest authority in the Company through the General Meeting. All shareholders are entitled to submit items to the agenda, and to meet, speak, and vote at the General Meeting.

Any decision to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in share capital will be explained. Where the Board of Directors resolves to carry out an increase in the share capital and waive the pre-emption rights of the existing shareholders on the basis of a mandate granted to the board, an explanation will be publicly disclosed in a stock exchange announcement issued in connection with the increase of the capital.

In 2010 there have been no significant transactions with closely related parties.

If the Company should enter into a material transaction with associated parties within Opera or with companies in which a director or leading employee of Opera or close associates of these have a material direct or indirect vested interest, those concerned shall immediately notify the Board of Directors.

Any such transaction must be approved by the Board of Directors, and where required also as soon as possible publicly disclosed to the market.

In the event of material transactions between the Company and shareholders, a shareholder's parent company, members of the Board of Directors, executive personnel or close associates of any such parties, the Board of Directors will arrange for a valuation to be obtained from an independent third party, unless the transaction requires the approval of the General Meeting.

The Company has an established and closely monitored insider trading policy.

Any transaction the Company carries out in its own shares will be carried out either through the stock exchange or at prevailing stock exchange prices if carried out in any other way.

Freely negotiable shares

Opera has no limitations on the transferability of shares and has one class of shares. Each share entitles the holder to one vote.

General Meetings

Through the General Meeting, the shareholders exercise the highest authority in the Company. General Meetings are held in accordance with the Code. All shareholders are entitled to submit items to the agenda, meet, speak and vote at General Meetings. The Annual General Meeting is held each year before the end of June. Extraordinary General Meetings may be called by the Board of Directors at any time. The Company's auditor or shareholders representing at least five percent of the total share capital may demand that an Extraordinary General Meeting be called.

General Meetings are convened by written notice to all shareholders with known addresses no later than 21 days prior to the date of the meeting. Proposed resolutions and supporting information, including information on how to be represented at the meeting, vote by proxy and the right to propose items for the General Meeting, is generally made available to the shareholders no later than the date of the notice. According to the Company's Articles of Association, attachments to the calling notice may be posted on the Company's website and not sent to shareholders by ordinary mail. Shareholders who wish to receive the attachments may request the Company to mail such attachments free of charge. Resolutions and the supporting information are sufficiently detailed and comprehensive to allow shareholders to form a view on all matters to be considered in the meeting.

Shareholders who are unable to be present are encouraged to participate by proxy, and a person who will be available to vote on behalf of shareholders as their proxy will be nominated. Proxy forms will allow the proxy-holder to cast votes for each item separately. A final deadline for shareholders to give notice of their intention to attend the meeting or vote by proxy will be set in the notice for the meeting.

The Chairman, Vice-Chairman, Chairman of the Nomination Committee, CEO, CFO and the auditor are all required to be present at the meeting in person. The Chairman for the meeting is generally independent. Notice, enclosures and protocol of meetings are available on Opera's website, www.opera.com.

The General Meeting elects the members of the Board of Directors (excluding employee representatives), determines the remuneration of the members of the Board of Directors, approves the annual accounts and decides such other matters which by law, by separate proposal or according to the Company's Articles of Association are to be decided by the General Meeting. The General Meeting will normally vote separately on each candidate for election for the Board of Directors, the Nomination Committee and any other corporate bodies to which members are elected by the General Meeting.
The Board of Directors may decide to allow electronic participation in General Meetings, and will consider this before each General Meeting.

Nomination Committee

The Nomination Committee is a body established pursuant to the Articles of Association and consists of four members. The members and the chairperson are elected by the General Meeting. Members of the Nomination Committee serve for a two year period, but may be re-elected. The members of the Nomination Committee are independent of the Board of Directors and the executive personnel. Currently, no member of the Nomination Committee is a member of the Board of Directors. Any member who is also a member of the Board of Directors will normally not offer himself or herself for re-election.

The tasks of the Nomination Committee are to propose candidates for election as shareholder-elected members of the Board of Directors and members of the Nomination Committee. Further, the Committee shall make recommendations regarding the remuneration of the members of the Board of Directors. Its recommendations will normally be explained. The tasks of the Nomination Committee are further described in the Company's Nomination Committee guidelines. Remuneration of the members of the Nomination Committee will be determined by the General Meeting. Information regarding deadlines for proposals for members to the Board of Directors and the Nomination Committee will be posted on Opera's website. Please see Opera's website for further information regarding the Nomination Committee.

Corporate assembly

Opera does not have a corporate assembly as the employees have voted and the General Meeting in 2010 approved, that the Company should not have a corporate assembly.

Composition and independence of the Board of Directors

The Board of Directors has overall responsibility for the management of the Company. This includes a responsibility to supervise and exercise control of the Company's activities. The Board of Directors shall consist of 5-10 members, employee representatives inclusive. The proceedings and responsibilities of the Board of Directors are governed by a set of rules of procedure. It is the Company's intention that the members of the Board of Directors will be selected in the light of an evaluation of the Company's needs for expertise, capacity and balanced decision making, with the aim of ensuring that the Board of Directors can operate independently of any special interests and that the Board of Directors can function effectively as a collegial body.

The Chairman of the Board of Directors will normally be elected by the General Meeting, unless statutory law prescribes that the Chairman must be elected by the Board of Directors. The Board members are encouraged to own shares in the Company. Please see Opera's website for a detailed description of the Board members, including share ownership. Pursuant to the Code, at least half of the members of Board of Directors shall be independent of the Company's management and its main business connections. At least two of the shareholder-elected members of the Board of Directors shall be independent of the Company's main shareholder(s). Executive personnel should normally not be included in the Board of Directors. In the opinion of the Company, these requirements are met. The term of office for members of the Board of Directors is two years unless the General Meeting decides otherwise, but a director may be re-elected.

The work of the Board of Directors

The conduct of the Board of Directors follows the adopted rules of procedure for the Board of Directors. A specific meeting and activity plan is adopted towards the end of each year for the following period, and normally revisited twice a year. The Board of Directors will meet a number of times within a year, including for strategy meetings, and will hold additional meetings under special circumstances. Its working methods are openly discussed. Between meetings, the Chairman and Chief Executive Officer update the Board members on current matters. There is frequent contact regarding the progress and affairs of the Company. Each Board meeting includes a briefing by one of the functional or department managers of the Company followed by Q&A. The Board meetings are a continuous center of attention for the Board of Directors ensuring executive personnel maintains systems, procedures and a corporate culture that promote compliance with legal and regulatory requirements and high ethical conduct.

The Board of Directors has further established a Remuneration Committee and an Audit Committee. Each Committee consists of three members from the Board of Directors. According to the Code, a majority of the members of each Committee should be independent from the Company. If the requirements for independence are not met, Opera will explain the reasons therefore in its Annual Report. Currently, Audun W. Iversen (Chairperson), Arve Johansen and Karl Øygard are members of the Audit Committee, whereas Kari Stautland (chairperson), Marianne Blystad and Stig Halvorsen are members of the Remuneration Committee. The requirements for independence are thus met.

The Audit Committee's main responsibilities include following up on the financial reporting process, monitoring the systems for internal control and risk management, having continuous contact with the appointed auditor, and reviewing and monitoring the independence of the auditor. The Board of Directors maintains responsibility and decision making in all such matters. Please see below under the section "Remuneration of the Executive Personnel", and the "Board Rules of Procedure" for the tasks to be performed by the Remuneration Committee.

The Board will consider evaluating its work, performance and expertise annually, and any report from such evaluation will upon request be made available to the Nomination Committee. The Board plans to carry out a self evaluation process in May 2011. In order to ensure a more independent consideration of matters of a material character in which the Chairman of the Board of Directors is, or has been, personally involved, such matters will be chaired by some other member of the Board of Directors. Please see Opera's website (www.opera.com) for further information regarding the Rules of Procedure for the Board of Directors [http://www.opera.com/company/investors/board/procedures/] and the instructions for its Chief Executive Officer [http://www.opera.com/company/investors/ceo/instructions/]. The Company has also established Rules of Procedure for its Executive personnel.

Risk management and internal control

Opera has established comprehensive internal procedures and systems to mitigate risks and to ensure reliable financial reporting.

The Board of Directors has ensured that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities. The Company has performed a scoping of the financial risks in the Company, and established written control descriptions and process descriptions. The controls are executed on a monthly, quarterly or yearly basis.

The internal controls and systems also encompass the Company's corporate values, ethical guidelines and guidelines for corporate social responsibility. In March 2011, all the Board members confirmed that they had read and complied with the Code of Conduct during the term of their directorship.

The Board of Directors carries out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements.

Remuneration of the Board of Directors

Remuneration for Board members is a fixed annual sum proposed by the Nomination Committee and approved at the Annual General Meeting. The remuneration reflects the responsibility, qualifications, time commitment and the complexity of their tasks in general. No Board members elected by the shareholders have assumed special tasks for the Company beyond what is described in this document, and no such member has received any compensation from Opera other than ordinary Board of Directors remuneration. All remuneration to the Board of Directors is disclosed in note 3 to the Annual Report.

A large number of the Company's shareholders are international investors with a different view on some of the recommendations in the Code. Hence, some of Opera's directors carry stock options in the Company, as disclosed in note 3 to the Annual Report. This practice will be further limited in the future, but will not be excluded as a tool to enhance the interest of any particular international expert or senior executive to join the Board of Directors. Any Board member who takes on assignments for the Company in addition to his or her appointment as a Board member will disclose such assignments to the Board of Directors, which will determine the appropriate remuneration for the assignment in question.

Remuneration of the executive personnel

A Remuneration Committee has been established by the Board of Directors. The Committee shall act as a preparatory body for the Board of Directors with respect to (i) the compensation of the CEO and other members of the Executive Team and (ii) Opera's corporate governance policies and procedures, which in each case are matters for which the Board of Directors maintains responsibility and decision making.

Details concerning remuneration of the executive personnel, including all details regarding the CEO's remuneration, are given in note 3 to the Annual Report. The performance-related remuneration to the executive personnel is subject to an absolute limit. The Board of Directors assesses the CEO and his terms and conditions once a year. The General Meeting is informed about incentive programs for employees, and pursuant to section 6-16 a) of the Public Limited Companies Act, a statement regarding remuneration policies for the Executive Team will be presented to the General Meeting. The Board of Directors' declaration on the compensation policies of the Executive Team is included in a separate section to the Annual Report.

Information and communications

Communication with shareholders, investors and analysts is a high priority for Opera. The Company believes that objective and timely information to the market is a prerequisite for a fair valuation of the Company's shares and, in turn, the generation of shareholder value. The Company continually seeks ways to enhance its communication with the investment community.

The Opera corporate website (www.opera.com) provides the investment community with information about the Company, including a comprehensive investor relations section. This section includes the Company's investor relations policy, annual and quarterly reports, press releases and stock exchange announcements, share price and shareholding information, a financial calendar, an overview of upcoming investor events and other relevant information.

During the announcement of quarterly and annual financial results, there is a forum for shareholders and the investment community to ask questions of the Company's management team. Opera also arranges regular presentations in Europe and the USA, in addition to holding meetings with investors and analysts. Important events affecting the Company are reported immediately to the Oslo Stock Exchange in accordance with applicable legislation, and posted on Opera's website. All material information is disclosed to recipients equally in terms of content and timing.

Take-overs

The Board of Directors endorses the recommendation of the Norwegian Code of Practice for Corporate Governance. The Articles of Association of Opera do not contain any restrictions, limitations or defense mechanisms on acquiring the Company's shares.

In accordance with the Securities Trading Act and the Code, the Board has adopted guidelines for possible takeovers. In the event of an offer, the Board of Directors will not seek to hinder or obstruct takeover bids for Opera's activities or shares, unless there are particular reasons for this. If an offer is made for the shares of Opera, the Board of Directors will make a recommendation on whether the shareholders should or should not accept the offer, and will normally arrange a valuation from an independent expert.

Auditor

The auditor participates in meetings of the Board of Directors that deal with the annual accounts, and upon special request. Every year, the auditor will present to the Audit Committee a report outlining the audit activities in the previous fiscal year and highlighting the areas that caused the most attention or discussions with management; the auditor also reviews the Company's internal control procedures, including identified weaknesses and proposals for improvement. The auditor will make himself available upon request for meetings with the Board of Directors at which time no member of the executive management is present, as will the Board of Directors upon auditor's request. The General Meeting is informed about the Company's use and remuneration of the auditor, and details are given in note 3 to the Annual Report.

The Board of Directors has established guidelines with respect of the use of the auditor by the Company's executive personnel for services other than the audit.

15 Years of Innovation

Many great minds have contributed to our great browser.
We thank everyone who has contributed to Opera Software in the last 15 years.

THANK YOU!

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