Opera annual report 2009

Annual Report 2009
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

Throughout Opera's 16 years of existence, we have always focused on bringing the Web to more people, in more places, on any type of device.

In January 2010, I became CEO of Opera Software. I take on this role with full awareness that I have very big shoes to fill. With Jon von Tetzchner at Opera's helm, Opera grew from a two-person idea to an international company of 757 people. Together we have built fruitful partnerships with telecom giants, created innovative new products at every turn, and brought the Web to millions of people around the world on nearly any type of device. Jon's leadership is at the heart of Opera, and because of this, I feel amply prepared to drive this company forward, as it continues on its mission to provide the best Internet experience on any device.

The great innovations of 2009
The past year has been one of great innovation for Opera. We took technological leaps with the launches of Opera Turbo and Opera Unite. We partnered with mobile Operators, including Vodafone, AT&T and SK Telecom, to bring to the Web more mobile phones than ever before. We successfully launched Opera Mini in markets such as Russia and Indonesia, where users are demanding the full Web, and operators are looking for ways to drive data revenue. And we took steps to unify our product offerings to strengthen the overall Opera experience on all devices. These accomplishments have propelled Opera forward, resulting in user growth across the board.

The time is now
The time is now, to focus on Opera's strengths. Today, Opera has 100 million users at its core, and we will continue to work tirelessly to make Opera even better for our users. Throughout Opera's 16 years of existence, we have always focused on bringing the Web to more people, in more places, on any type of device. We believe that all citizens of the world have a universal right to the Web, and we have taken strides to bring full Web browsing to the farthest corners of the earth.

The time is now, for people to have a choice of browsers. The European Union has spoken, and the 200 million Microsoft users across Europe will be presented with browser alternatives. These users are now aware of the safer, faster and better Web browsing experience that Opera offers.

The time is now, to get back to the basics. In 2008, we were told that the "race was on" for the mobile Internet pot of gold. Today, we know that the mobile Internet is here to stay, and the new race to win is in terms of speed and usability. Mobile Web has become a strategic topic for telecom operators, and customer expectations have continued to grow. Opera possesses a unique ability to cover the entire mobile value chain, allowing operators to turn devices on their networks in service delivery platforms. In 2010, we are working to unify our product offerings, providing a singular Web experience that can be deployed network-wide, no matter device or platform. Through the unification of our products, we are also helping manufacturers deliver more customizable, operator-friendly solutions.

The next steps
As we confront challenges in 2010, we are confident that our wealth of Web experience, plethora of partnerships with global industry leaders and drive to ensure cross-device, cross-platform compatibility will foster growth. We will continue winning the race for speed and usability by developing the fastest browser on earth. This year we will focus on helping operators and manufacturers add value to their offerings, through our unique position to cover the entire mobile value chain.

Through the Opera Widgets experience, we are driving the growing trend of application stores and helping operators and manufacturers distribute Web-based apps to their entire customer base. Opera Widgets, rooted in Opera Mini technology, bring the app experience to nearly any device running on any platform, allowing operators to focus on delivering value-added content and services across their mobile device portfolio. Opera has long strived to improve operators' customer offerings, specifically in terms of delivering data revenue-driving Web technology; now multi-platform widgets are taking operators to a new realm of possibilities.

The building blocks for Opera on connected TVs are now in place and we are at a point where all major TV brands are integrating browsers. Opera is a leader in supporting the industry standards for TV, and making the browser an integral component in bringing a new generation of interactive entertainment to viewers.

This is an exciting time for Opera. We no longer need to preach the value of the Web; the world already knows. Now it's our job to help them discover the limitless opportunities of the Opera experience. We are a company filled with talented individuals and together we will continue to deliver value to shareholders, expand our user base and accelerate revenue growth.

Yours truly,

Lars Boilesen, CEO.


twitter
arnaud
What are you doing?
is watching Wall•E
Update
Monty: I just saw District 9 at the cinema. The best movie of the year so far! I can't wait to buy it on DVD. Going to eat popcorn and watch Mad Men on TV now
about 10 minutes ago
arnaud: is enjoying the new TV widgets!
Hans: RT @ arnaud: me too!
about 10 minutes ago

Taking the Web **to new places**

Report from the Board of Directors

In 2009, Opera continued to strengthen its unique market position with operators, increase its global market share in the desktop segment, and build its market position with manufacturers of consumer electronics.

FINANCIAL SUMMARY

Opera's operating revenues grew 23% to MNOK 612.7 in 2009 (MNOK 497.1 in 2008). Revenues grew 59% in the Desktop segment and 12% in the Internet Device segment. Operating expenses increased by 34% to MNOK 558.4 (MNOK 416.2), primarily due to an increase in headcount of 21%. Opera delivered EBIT of MNOK 54.3 (MNOK 80.9) and profit before income tax ended at MNOK 44.5 (MNOK 129.8). Income taxes were MNOK 13.6 (MNOK 42.1), and the Company's profit for the period was MNOK 30.9 (MNOK 87.7). Earnings per share were NOK 0.26 (NOK 0.73), and diluted earnings per share were NOK 0.26 (NOK 0.73).

Net cash flow from operating activities in 2009 totaled MNOK 63.6 (MNOK 149.6). Cash flow conversion was driven by pre-tax profits and strong working capital management. Cash flow was impacted positively by the proceeds from exercise of stock options 19.9 (NOK 11.2). Cash flow was impacted negatively by investments of MNOK 43.4 (MNOK 17.3) related to the acquisition of an engineering services company, the purchase of computer servers (used mainly for Opera's Opera Mini infrastructure), the purchase of own shares which totaled MNOK 9.5 (MNOK 46.9) and a dividend payment of MNOK 47.6. This resulted in a net decrease in liquid assets of MNOK 17.1. As of December 31, 2009, the Company had a cash balance of MNOK 546.5 (MNOK 563.5) 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 2009.

BUSINESS SEGMENT OVERVIEW

Opera's corporate mission is to provide the best Internet experience on any device. The Company continued to deliver on its mission in 2009 and invest in research and development around Opera's core browser offering. By the end of 2009, Opera had more than 100 million monthly active users of its products worldwide, with Opera powering the Internet on mobile phones, gaming consoles, Internet-connected TVs, set-top boxes, netbooks, desktop computers and laptops. Of this more than 100 million active user base, approximately 46 million were desktop users, 1.7 million were related to Opera Mini agreements with operators and 46 million were Opera branded Opera Mini users. Within the mobile Internet space, according to Global Statscounter on December 31, 2009, Opera is the most actively used mobile browser globally.

Opera divides its business into two segments: Internet Devices and Desktop. Internet Devices includes revenue from operators, mobile handset manufacturers (mobile OEMs), consumer electronic OEMs (device OEMs) and content partners for the Opera branded version of Opera Mini. Desktop revenue includes revenue from content partnerships related mostly to search and eCommerce.

Internet Devices

Total revenue from Internet Devices for 2009 was MNOK 427.8, compared to MNOK 380.8 in 2008, an increase of 12%. Internet Device revenue was driven by revenue from operators and device OEM customers. Revenue from operators comprised the largest source of revenue for Internet Devices in 2009; by 4Q 2009, operator revenue comprised around 45% of Internet Device revenue compared to 23% from mobile OEMs and 28% from device OEMs. The increase in Internet Device revenue from operators and device OEMs was partly offset by a large decrease in revenue from mobile OEMs, due to both lower shipments and development revenue.

Operators: Mobile Internet and Operator Services and Applications at the Forefront

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 and application stores.

In 2009, Opera saw an acceleration of interest among operators for the Opera Mini browser in particular. Opera signed agreements for operator branded and joint Opera-operator co-branded solutions with 6 operators in 2009, compared to 4 in 2008 and 2 from 2006-2007. Operator interest in Opera Mini stems from four major sources: (i) proven high consumer adoption of high quality, full HTML browsers (which then drives data traffic and revenue); (ii) the desire to extend data plans to mass market feature phones; (iii) high profitability on flat-fee/fixed price data packages due to Opera Mini's server compression technology of up to 90% compared to normal mobile web browsers; and (iv) the browser home page serves as the "door" to operator portals and services (which operators are keen to promote to drive more services revenue).

Key deals signed in 2009 for Opera Mini include Motricity (AT&T), Vodafone, SK Telecom, and Megafon, which, combined, constitute approximately 450 million in total global mobile subscribers. As a result of these agreements signed in 2009, in addition to pre-2009 agreements with customers such as T-Mobile and O2 Germany, operator branded and co-branded Opera Mini users grew from 1.03 million at the end of 2008 to 1.66 million at the end of 2009, an increase of 61%.

By the end of 2009, Opera had agreements for operator branded and co-branded Opera Mini with 11 operators around the world (8 operator branded and 3 operator co-branded). For the vast majority of these agreements, revenues are based on monthly or quarterly active users of Opera Mini, but Opera has also signed agreements that are specifically based on revenue sharing with the operator on data and/or content generated from operator portals.

Going into 2010, 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 Opera mobile download portal) 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 50 million Opera branded Opera Mini users, while operators see such agreements as a way to promote data packages to their users to increase data ARPU and drive more revenue from their portals.

In addition to a very high focus among operators to drive greater adoption of the mobile web, many of the Tier 1 operators in the developed markets have also put a very high priority on launching application stores. As a result of the Apple Appstore and iPhone, other mobile OEMs such as Nokia, RIM, Motorola, Palm and Samsung have launched application stores, where the mobile phone is shipped tightly integrated with a set of services and applications connected to the OEM's phone and operating system. Most of these mobile OEM driven application stores come with developer tools and revenue share incentives to compel developers to develop applications for these stores (the Apple Appstore, for example, offers developers 70% of the revenue from any paid application downloaded by a consumer).

While a number of these Tier 1 operators in the developed markets have embraced some of these application stores (for example, Verizon offers Google's Android marketplace for its Motorola Android OS devices), they are, at the same time, concerned about what the long term impact these OEM driven application stores will have on their ability to maintain their share of a consumer's total mobile services spend.

To address the concerns that operators have with current trends in the mobile ecosystem, operators have started to band together to push for their own operator branded application stores. The first major initiative was the Joint Innovation Lab ("JIL"). Launched in 2008, and comprised of Vodafone, Verizon, China Mobile and Softbank Mobile, the Joint Innovation

Lab is promoting open standards based application stores predicated on "widgets" or web application technology. The idea with JIL is to foster the development of applications that can work on the vast majority of phones sold to their mobile subscribers – i.e., build once and work across device, regardless of operating system and mobile handset manufacturer. JIL has also spurred another major global operator initiative: Wholesale Applications Community ("WAC"). Announced in February 2010, the goal of the 24 operator member effort (including members of JIL), which in total serve 3 billion subscribers worldwide or approximately 75% of the global subscriber base, is to "unite the fragmented app market and simplify the route to market for developers". The objective is the same as JIL: promote one technology standard for the development of applications that can work across device.

WAC and JIL also have found resonance within the developer community, which is increasingly concerned about "fragmentation" – i.e., the more operating systems and application stores there are in the mobile ecosystem, the more costly it is for developers to launch applications and reach the vast majority mobile subscribers.

Both JIL and WAC are promoting standards which are underpinned by the W3C, the web standards body. Opera feels well positioned to exploit the opportunities created by both JIL and WAC with operators in particular, as Opera has compelling solutions, both independently and in concert with partners such as Ericsson, to help operators set up application stores based on a web applications approach.

Through the end of 2009, Opera had agreements with 4 operators for Opera Widgets, including Vodafone, T-Mobile International, and a leading global telecom operator via its partnership with Ericsson. In addition, phones with an Opera built widget application manager are already being shipped on Nokia's Series 60 platform, Windows Mobile, Samsung's SHP and soon Android. Moreover, with Opera's recent announcement of widgets on Opera Mini, Opera will soon be able to deliver a widget application manager on nearly any mass market mobile device, which will dramatically expand the number of mobile subscribers operators can offer applications to.

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

Global mobile OEMs are currently responding aggressively to operator demands for compelling devices which drive data services adoption. 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.

Opera currently offers mobile OEMs Opera Mobile, Opera's desktop-capable browser, with widgets and Turbo capabilities as optional pre-installations. Opera also offers Opera Mini to mobile OEMs.

Opera currently has license agreements with a range of mobile OEMs, including HP, HTC, Huawei, Motorola, Nokia, Samsung, Sharp and Sony Ericsson. 2009 was a disappointing year for Opera with regard to Opera Mobile and Mobile OEMs, with Opera Mobile being shipped on slightly more than 20 million devices.

While 2009 was a disappointing year for Opera from a mobile OEM perspective, characterized by falling shipments and revenue compared to 2008, Opera made substantial progress in 2009 getting Opera Mini pre-installed in the high volume feature phone segment.

Opera's strategy with Mobile OEMs going forward is three-fold: (i) Continue to develop and differentiate Opera Mobile from competitive solutions. Opera sees Widgets and Turbo (which provides comparable server-side content compression and fast Internet download speeds as Opera Mini) as key product differentiators as Opera Mobile 10 gets launched in 2010; (ii) Leverage Opera's cross-platform

UI framework technology and cross-platform/operating system support. As part of Opera's shift to unify the look and feel of its mobile browsers, the cross-platform UI framework allows mobile OEMs (and operators) to implement the same user experience quickly and cost-effectively across their entire range of handsets; (iii) Focus on mobile OEMs that work closely with the major operators worldwide in support of their key strategies and initiatives, including those which involve Opera solutions. Opera engagement with mobile OEMs can be crucial in the successful roll out of operator services, which benefits all parties.

Devices: Increasing adoption of browsers and the Web as the UI layer and application platform, particularly in the connected TV segment

As device manufacturers seek to accelerate time to market with compelling devices, as well as enhancing their relationships with and providing compelling applications and services to their end customers, they are increasingly developing Internet-connected devices.

With the Opera Devices SDK, device manufacturers are able to use their own (and third-party) developers to create user interfaces and menu systems quickly and easily using Web technology, such as HTML and CSS. Moreover, Opera's SDK enables device manufacturers to offer not only Web-browsing capabilities and full access to the Internet 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 and Thales.

Opera is currently seeing particularly high interest for Opera's products from the connected TV market.

Mobile Consumers and the Opera Branded version of Opera Mini: The Internet in every pocket

Historically, Internet access has been relegated primarily to desktop computers compared to mobile devices due to several factors, namely, the lack of full HTML browsers on mass-market mobile phones, the dearth of compelling content from WAP, and slow download speeds.

Yet, while just 25% of the world's population has access to a desktop computer, more than 60% of the world population, or about 4.2 billion people, have a mobile phone. And of this subscriber base, mobile Internet penetration is only in the low to mid single digit percentages.

In 2006, Opera launched its Opera Mini browser globally, with the mission of putting the full Internet in every pocket. Opera Mini works on the majority of mobile phones in the market, delivers the full Internet (WAP browsers only bring a small subsection of Internet content), and, through its client-server and compression technology, renders the full Internet up to nine times faster than a normal browser.

In December 2009, 46.3 million unique active users worldwide browsed the Web using the Opera branded version of Opera Mini, viewing 20.7 billion Web pages. As of December 31, 2009, since launch, more than 207 billion Web pages have been viewed on Opera Mini.

Opera generates revenue for the Opera-branded version of Opera Mini mainly through content partnerships, including search. Opera has Google as the default search partner for Opera Mini and Opera Mobile in all countries except Russia and the Commonwealth of Independent States, where it has Yandex as the default search engine. In addition, Opera has content partnerships with companies such as Greystripe and Livescores to drive additional revenue and ARPU. Opera has also started to generate revenue from mobile advertising, via both its content partnerships and Opera's own mobile download and Livescore portals.

While content partnerships are not expected to be a meaningful contributor of revenue to Opera in the short to medium term, Opera does believe that its increasing Opera Mini user base, particularly when geographically concentrated, will facilitate more and more direct agreements with operators for a co-branded operator solution, for which ARPU is significantly higher.

While Opera.com continues to be the primary channel for distributing the Opera branded version of Opera Mini, Opera has also focused on distribution via direct agreements with mobile OEMs and other third parties. Opera has such distribution deals with Meridian Mobile, Micromax, Nokia, Sony Ericsson, Sagem and Spice Mobile.

Desktop

Desktop revenue in 2009 was MNOK 184.9 versus MNOK 116.3 in 2008, an increase of 59%. The marked increase in Desktop revenue in 2009 is attributable primarily to an increase in users, which grew more than 37% in 2009 compared to 2008.

Desktop: the Browser is more strategically important than ever

Since the first public release in 1995, Opera has continuously delivered browser innovation for desktop PCs. Opera's desktop browser provides its users with a safe, efficient and enjoyable browsing experience.

Today, the desktop browser is more strategically important than ever, as the world moves rapidly towards 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 400 million active users alone. Moreover, with the advent of HTML 5, the browser is also becoming much more powerful. For example, with HTML 5, browsers will be able to play video without the need for a third-party video player or application.

Opera's monetization strategy for the desktop browser revolves predominantly around search. Google is Opera's global search partner and provides the vast majority of desktop monetization. This global partnership is supplemented by local search partnerships in certain markets, such as Russia, Japan, and China, where Opera works with Yandex, Yahoo! Japan and Baidu, respectively.

Historically, the vast majority of desktop user growth has occurred in the emerging markets. Opera expects this trend to continue, as Opera's key value proposition in the emerging markets emanates to a large extent from the fact that it is considered the fastest browser, valued highly in many emerging markets where overall broadband penetration is low and Internet dial up is the norm. According to Global Statscounter, Opera has strong market share in fast growing markets such as Russia and Indonesia, where Opera's market share is more than 30% and more than 20%, respectively. While the emerging markets offer higher user growth rates than developed markets, Opera remains very focused on building its market position in higher search ARPU developed markets such as the USA, Germany and Japan.

2009 saw Opera launch Opera 10.10 with Unite. Unite is a powerful technology for personal content sharing directly between a consumer's devices. Opera Unite enables both content sharing directly from your browser and streaming between a consumer's devices. Opera 10.10 also includes Opera Turbo. Opera Turbo speeds up a consumer's network connection, giving consumers Web surfing speeds on slow connections up to eight-times faster than other browsers.

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); Mountain View (USA); Taipei (Taiwan); and Prague (Czech Republic). The Company had 757 full-time employee and equivalents as of December 31, 2009.

Board of Directors Composition

At the Annual General Meeting on June 24, 2009, William Raduchel, Kari Stautland, Audun Iversen and Anne Syrrist were re-elected to the Board of Directors. Arve Johansen joined the Board of Directors. In addition, two 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, 2009, 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.

Working Environment

Opera's employees are our most valuable resource. Opera Software strives to interact with its employees in the same way as it strives to interact with its customers following the highest ethical standards. Opera monitors the work environment with a yearly survey and is continuously focused on further improving the Company's work environment.

Some of the Company's working environment core values include:

Diversity: Opera offers a professional and positive workplace with an inclusive working environment. Opera is an international company, with employees from around the globe. The Company encourages diversity and believes it is an important asset to the Company. People with diverse backgrounds and perspectives are critical to innovation.

Equal opportunity: Discrimination of any kind is not tolerated. It is required that all employees shall have equal access to opportunities regardless of gender, race, religion, sexual orientation, nationality, age, or disability.

No harassment: Harassment and other improper conduct are not tolerated and the workplace must be free of this kind of behavior.

Flexibility: Opera Software focuses on fostering a flexible and inspiring work environment. Absence due to illness in 2009 was less than 2.7%. No work-related accidents involving personal injury were reported. No incidents involving material damage occurred.

Gender equality

As of December 31, 2009, Opera had 757 employees, of which 120 (16%) were women and 637 (84%) were men. As part of its core values, Opera promotes cultural diversity and gender equality. Opera is an equal opportunity employer. Opera has two female board members and one female on the senior executive team.

Financial risks

The Company has limited exposure to financial risks, and has no current funding requirements. As of December 31, 2009, Opera's cash balance stood at MNOK 546.5. The Board has instructed management to invest surplus cash in instruments with minimal 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.

Opera Software ASA has no interest-bearing debt and no financial fixed assets in the form of loans or investments in shares except investments in its subsidiaries and a minority share in European Center for Information and Communication Technologies - EICT GmbH. Consequently, the financial risk the Group faces is mainly related to foreign exchange rate risk. Exchange rate fluctuations have an effect on Opera's income statement. For 2009 approximately 61% of revenues were in EUR and 38% in USD; for expenses, approximately 58% were in NOK, 11% in SEK, 8% in PLN, 8% in JPY, 6% in USD, 3% in EUR, and 6% in other currencies.

Opera executed both structured forward contracts and ordinary forward contracts in 2008 on a limited basis, to mitigate the impact of fluctuations in the USD and EUR compared to NOK on the Company's Statement of Financial Position. The fair values of the derivatives were valued at KNOK 29,826, which was similar to the recognized financial liability as of December 31, 2008. However, as of December 31, 2009, Opera had not entered into or structured forward contracts and ordinary forward contracts for US Dollars or EUROs. For 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). For 2008, Opera had a foreign exchange gain of KNOK 24,866 (net of KNOK 29,826 in losses on foreign exchange forward contracts).

Opera's customers are mainly large, global companies. Customer-related credit risk is therefore limited.

Shareholders and equity-related issues

As of December 31, 2009, Opera Software had 119,574,782 outstanding shares. Total stock option costs for employees in 2009 were MNOK 14.1 compared to MNOK 8.8 in 2008.

As of December 31, 2009, the Group had MNOK 457.1 in additional paid in capital. Total equity was MNOK 602.9. Free equity for Opera Software ASA per December 31, 2009 was MNOK 50.0.

Allocation of the annual profit

The total comprehensive income for the period for Opera Software ASA was MNOK 19.4 in 2009. The Board of Directors recommends a NOK 0.16 per share dividend payment for the 2009 accounting year. The proposed dividend payout is consistent with the Company's dividend policy. The dividend disbursement amounts to approximately MNOK 19. The Board proposes that the remaining of the total comprehensive income for the period is transferred to other equity. As the financial statements for the parent company is reported according to IFRS, the total comprehensive income is included in other equity. The company's unrestricted capital as of 31 December 2009, after deducting allocations for the proposed dividend disbursement for the 2009 accounting year, amounted to approximately MNOK 31.

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

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

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 2010 and 2011.

Opera Software ASA will, during 1Q 10, record a one-time extraordinary charge of approximately KNOK 26,000 to KNOK 30,000 related primarily to a cost reduction program that will better align costs with revenues.

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 12 to the consolidated financial statements.

Share buyback program

Opera bought back 528,500 of its outstanding shares in 2009. The purpose of this program is to minimize dilution for existing shareholders resulting from the exercise of employee and Board stock options. On October 17, 2008, Opera announced that its Board of Directors had decided to increase the amount of shares that can be purchased under the share buy-back program from 3,000,000 to 6,000,000 shares. Total number of shares bought back under the buyback program was 3,526,600 shares by the end 2009.

Shareholders

As of December 31, 2009, there were 119,574,782 (119,574,782 as of December 31, 2008) shares outstanding. The Company had 3,218 (1.785) shareholders at year-end. At that time, 73.0% (69.0%) of the shares were held in Norway-based accounts, 15.4% (17.2%) in U.S.-based accounts, 3.9% (5.9%) in UK-based accounts and 7.7% (7.9%) 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, including T-Mobile and KDDI, have experienced with their mobile Web initiatives powered by Opera, combined with recent events in the industry, have heightened interest among operators and mobile OEMs 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 take advantage of these "megatrends" within the mobile operator, mobile phone and consumer electronics industries. Opera also expects to see increased revenue streams for the Opera-branded and co-branded version of Opera Mini, as usage expands and as revenue and business models evolve further in the mobile Internet space.

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 2010 include continuing to (i) grow revenues and users for its Opera branded consumer products (Desktop, Opera-branded Opera Mini), (ii) sign up new Tier 1 mobile operators and grow active users of Opera products and services with existing mobile operator customers, (iii) increase Opera's position with top mobile phone OEMs globally, (iv) build on the momentum Opera has with major consumer electronic OEMs, particularly in the connected TV space, and (v) capitalize on its unique cross-platform position and offer content-related services to its users, leveraging the fact that its browsers run on a wide and disparate array of devices.

Oslo, April 23, 2010

William J. Raduchel
Chairman of the Board

Audun Wickstrand Iversen

Kari Stautland

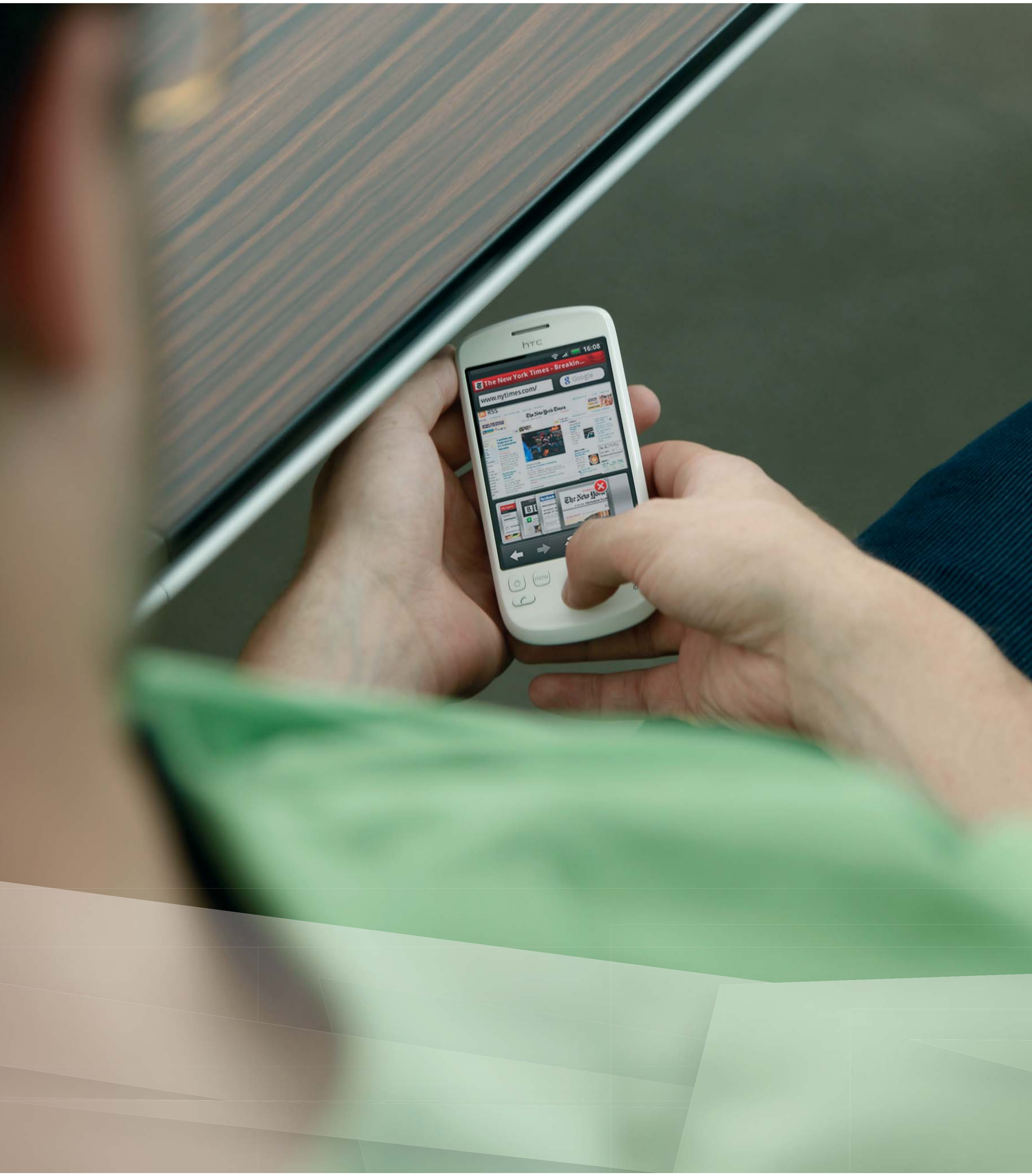
Anne Young Syrrist

Stig Halvorsen
Employee representative

Arve Johansen

Karl Anders Øygard
Employee representative

Lars Boilesen
CEO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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, 2009 (Annual Report for FY 2009).

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 2009 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, 2009 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 23, 2010

William J. Raduchel
Chairman of the Board

Audun Wickstrand Iversen

Kari Stautland

Anne Young Syrrist

Stig Halvorsen
Employee representative

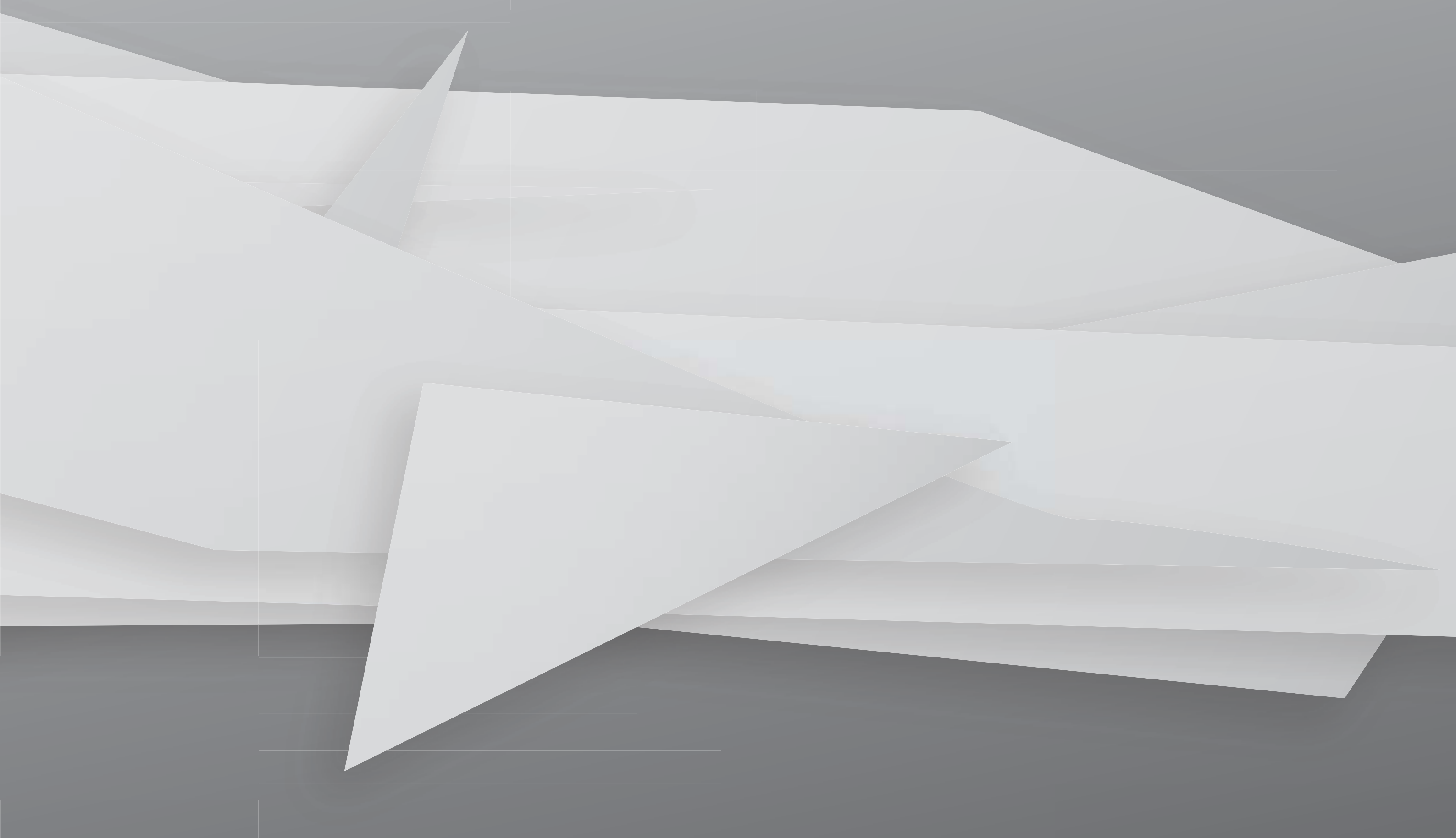
Arve Johansen

Karl Anders Øygard
Employee representative

Lars Boilesen
CEO


facebook

Billions of Web sites
Billions of devices
One browser



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, Audun Wickstrand Iversen

Audun Wickstrand Iversen is a private investor. 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.

Member, Anne Young Syrrist

Anne Syrrist is Business Development Director at Ringnes AS and has over 10 years of experience within business development and M&A. Syrrist started her career with management consulting for Boston Consulting Group in Stockholm/Oslo in 1998 and then joined Convexa, a venture capital company, as a partner in 2001, where she managed seed capital investments. In 2006, Syrrist was appointed Head of Corporate Development in Lindorff Group AB, one of the leading debt collectors and debt purchasers in the world. Syrrist holds a Master of Science degree in Engineering from the Norwegian University of Science and Technology in Trondheim, Norway.

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.

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 degree in computer science & engineering.

Consolidated Group Annual Accounts 2009

Consolidated Statement of Financial Position

[Numbers in KNOK]

	Note	12/31/2009	12/31/2008
Assets			
Non-current assets			
Intangible assets			
Goodwill	7, 8	**16 416**	3 143
Other intangible assets	7, 8	**1 716**	1 234
Total intangible assets		**18 132**	4 377
Property, plant and equipment			
Office machinery, equipment etc.	7	**42 848**	26 928
Total property, plant and equipment		**42 848**	26 928
Financial assets and deferred tax assets			
Deferred tax assets	6	**37 833**	18 336
Other investments and deposits	4	**15 811**	5 470
Total financial assets and deferred tax assets		**53 644**	23 806
Total non-current assets		**114 624**	55 111
Current assets			
Trade and other receivables			
Accounts receivables	5, 10	**65 650**	120 858
Unbilled revenue	10	**58 816**	51 806
Other receivables	6, 10	**36 144**	11 971
Total trade and other receivables		**160 609**	184 636
Cash and cash equivalents	5	**546 482**	563 548
Total current assets		**707 091**	748 184
Total assets		**821 715**	803 295

Consolidated Statement of Financial Position

[Numbers in KNOK]

	Note	12/31/2009	12/31/2008
Shareholders' equity and liabilities			
Equity			
Paid in capital			
Share capital	9	**2 371**	2 350
Share premium reserve		**457 109**	457 212
Other reserves		**43 768**	30 375
Total paid in capital		**503 248**	489 937
Retained earnings			
Other equity		**99 679**	108 276
Total retained earnings		**99 679**	108 276
Total equity		**602 928**	598 214
Liabilities			
Current liabilities			
Accounts payable	10	**9 357**	16 194
Taxes payable	6	**5 130**	34 487
Social security, VAT and other taxation payable	10	**21 399**	18 461
Other short-term liabilities	5, 10	**174 377**	130 429
Provisions	10, 11	**8 525**	5 510
Total current liabilities		**218 787**	205 081
Total liabilities		**218 787**	205 081
Total equity and liabilities		**821 715**	803 295

Oslo, April 23, 2010

William J. Raduchel
Chairman of the Board

Audun Wickstrand Iversen

Kari Stautland

Anne Young Syrrist

Stig Halvorsen
Employee representative

Arve Johansen

Karl Anders Øygard
Employee representative

Lars Boilesen
CEO

Consolidated Statement of Comprehensive Income

[Numbers in KNOK]

	Note	1/1 - 12/31 2009	1/1 - 12/31 2008
Revenue	1, 2, 5	**612 738**	497 106
Total operating income		**612 738**	497 106
Cost of goods sold		**958**	3 182
Payroll and related expenses	3, 5	**403 699**	305 307
Depreciation expenses	5, 7	**13 272**	8 305
Other operating expenses	3, 4, 5, 7, 14	**140 494**	99 434
Results from operating activities		**54 314**	80 878
Interest income	5	**10 675**	24 043
Other financial income	5	**57 620**	71 864
Interest expenses	5	**-636**	-8
Other financial expenses	5	**-77 482**	-46 991
Profit before income tax		**44 491**	129 786
Income tax on ordinary result	6	**-13 631**	-42 082
Profit for the period		**30 860**	87 704
Foreign currency translation differences for foreign operations		**-2 404**	2 626
Total comprehensive income for the period		**28 456**	90 330
Profit attributable to:			
Owners of the Company		**30 860**	87 704
Non-controlling interest		**0**	0
Profit for the period		**30 860**	87 704
Total comprehensive income attributable to:			
Owners of the Company		**28 456**	90 330
Non-controlling interest		**0**	0
Total comprehensive income for the period		**28 456**	90 330
Earnings per share:			
Basic earnings per share (NOK)	15	**0.260**	0.731
Diluted earnings per share (NOK)	15	**0.255**	0.727

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 12/31/2007	**0.02**	**119 543**	**2 391**	**456 973**	**21 977**	**0**	**-1 452**	**52 279**	**532 168**
Comprehensive income for the period									
Profit for the period								87 704	87 704
Other comprehensive income									
Foreign currency translation differences							2 626		2 626
Total comprehensive income for the period			**0**	**0**	**0**	**0**	**2 626**	**87 704**	**90 330**
Contributions by and distributions to owners									
Issue of shares on March 8	0.02	32	0	403					403
Own shares acquired	0.02	-2 998				-60		-46 797	-46 857
Own shares sold	0.02	917				18		10 916	10 934
Tax deduction loss own shares								1 887	1 887
Issue expenses				-174					-174
Tax deduction on equity bookings				10					10
Share-based payment transactions					8 398				8 398
Total contributions by and distributions to owners	**0.02**	**-2 049**	**0**	**239**	**8 398**	**-42**	**0**	**-33 994**	**-25 399**
Other equity changes									
Effect of changes in accounting principles *								1 114	1 114
Total other equity changes			**0**	**0**	**0**	**0**	**0**	**1 114**	**1 114**
Balance as of 12/31/2008	**0.02**	**117 494**	**2 391**	**457 212**	**30 375**	**-42**	**1 174**	**107 103**	**598 214**

* Effect of changes in accounting principles are related to the purchase of Zizzr AS.

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 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.

Consolidated Statement of Cash Flows

[Numbers in KNOK]

	Note	1/1 - 12/31 2009	1/1 - 12/31 2008
Cash flow from operating activities			
Profit/loss before taxes		**44 491**	129 786
Taxes paid	6	**-84 517**	-14 611
Depreciation expenses	7	**13 272**	8 305
Impairment of shares	8	**0**	0
Changes in accounts receivables *		**61 553**	-53 488
Changes in accounts payable		**-9 938**	8 659
Changes in other liabilities and receivables, net		**11 513**	41 908
Share-based remuneration		**13 393**	8 382
Conversion discrepancy		**13 783**	20 688
Net cash flow from operating activities		**63 550**	149 629
Cash flow from investment activities			
Capital expenditures	7	**-30 889**	-15 935
Acquisitions	8	**-12 525**	-1 318
Net cash flow from investment activities		**-43 414**	-17 252
Cash flow from financing activities			
Proceeds from exercise of stock options		**19 905**	11 225
Proceeds of share issues, net		**0**	0
Dividends paid	9	**-47 599**	0
Purchase of own shares		**-9 508**	-46 867
Net cash flow from financing activities		**-37 202**	-35 642
Net change in cash and cash equivalents		**-17 066**	96 735
Cash and cash equivalents (beginning of period)		**563 548**	466 813
Cash and cash equivalents **`***		**546 482**	563 548

Interest income and interest expenses are included in 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 37,855 were restricted assets as of December 31, 2009, and Cash and cash equivalents of KNOK 21,974 were restricted assets as of December 31, 2008.

*** As of December 31, 2009, the conversion discrepancy loss booked on Cash and cash equivalents was KNOK -3,098.

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, 2009 comprise the Company, its subsidiaries Hern Labs AB, Zizzr AS, Opera Software Poland Sp. z o.o and Opera Software International AS (including the subsidiaries Opera Software Korea Ltd, Opera Software Technology (Beijing) Co., Ltd 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 2009, 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.

Derivative financial instruments are stated at their fair value. Except for the derivative financial instruments, 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:

- Determination and presentation of operating segments
- Presentation of financial statements

Determination and presentation of operating segments

IFRS 8 Operating Segments replaced IAS 14 and required segment disclosure based on the components of an entity that management monitors in making operating decisions, rather than disclosure of business and geographical segments. Such information may be different from what is used to prepare the statements of income and financial position. The standard therefore requires explanations of the basis on which the segment information is prepared and reconciliations to the amounts recognized in the statements of income and financial position. IFRS 8 had minor effects on Opera Group's segment reporting for FY 2009. For more details, please see disclosure note 2.

Presentation of financial statements

Revised IAS 1 Presentation of Financial Statements replaced IAS 1 Presentation of Financial Statements (revised in 2003) as amended in 2005. IAS 1 sets overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content. The amendments require Opera to present both a statement of change in equity and a statement of comprehensive income for FY 2009.

The "consolidated statement of financial position" was formerly named "balance sheet" and the "consolidated statement of comprehensive income" was formerly named "consolidated statement of income".

Basis of consolidation

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.

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 associate entities are stated at their cost less impairment losses (see accounting policy regarding impairment).

Transactions eliminated on consolidation

Intra-group balances and any unrealized gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

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.

Financial statements of 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 retranslation 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, in terms of which 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, 2009. Expenses concerning the upgrading of hired 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. Land is not depreciated.

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

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising from acquisition of subsidiaries, associates and joint ventures. In respect of 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, 2009 has the same value as goodwill on January 1, 2004.

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 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 from March 2007, 20% of the options vest after one year, another 20% after two years, 25% after three years and the last 35% after four years. Option costs related to the options granted in 2007, 2008 and 2009 are accrued according to the principle of graded vesting. Those employees, who were granted options in 2007, 2008 and 2009, 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 present 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.

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:

- License/royalty income
- Development fees or non-recurring engineering, where the Company customizes the browser for its customers and/or ports the browser to an operating system
- Maintenance, support and hosting revenue
- Search income
- Advertising/Affiliate income

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.

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 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. Opera also enters into customer agreements for a customer branded or joint customer-Opera "co-branded" version of its Opera Mini product-offering, where license/royalty income is generated on a quarterly or monthly 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 the revenue reports provided by the operator. For the active user agreements, Opera typically hosts the Opera Mini solution and recognizes the revenues based on the active user information the Company has available from its own computer servers.

Development fee revenues 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.

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 recognized at the time the master copy of the product is delivered to the customer.

Maintenance, support and hosting revenues are recognized ratably over the term of the maintenance, support and hosting agreements with the customer.

Search income exists from agreements Opera has with its search partners. Search income is generated when an Opera user conducts searches through the "built-in search" bars provided on the Opera desktop browser. Opera also generates search income from the Opera-branded Opera Mini browser.

Advertising/affiliate revenue is generated from the Opera browsers downloaded free of charge from the Internet. Advertising/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.

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, 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, and 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. Customer-related credit risk is therefore limited. 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 has exposure to financial risks, since the Group uses forward exchange contracts to hedge its currency risk, but has no current funding requirements and no interest bearing debt. The Company considers its liquidity risk to be low given its considerable liquid reserves.

The Board has instructed management to invest surplus cash in instruments with minimal 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.

The Group uses forward exchange contracts from time to time to hedge some of its currency risk.

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, 2009, and have not been applied in preparing these consolidated financial statements. The following has the most impact on the financial statements for the group:

IAS 27 (revised), Consolidated and separate financial statements, is effective for fiscal years beginning from July 1, 2009. The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognized in profit or loss. The group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from January 1, 2010.

IFRS 3 (revised), Business combinations, is effective for fiscal years beginning from July 1, 2009. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The group will apply IFRS 3 (revised) prospectively to all business combinations from January 1, 2010."

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.

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.

[Numbers in KNOK]

Revenue	2009	2008
Internet devices	**427 826**	380 807
Desktop	**184 912**	116 299
Total	**612 738**	497 106

[Numbers in KNOK]

Revenue by region	2009	2008
Europe	**149 481**	155 878
USA/ Canada	**199 275**	137 195
Asia	**263 982**	204 033
Total	**612 738**	497 106

Internet Devices includes revenue from operators, mobile handset manufacturers (mobile OEMs), consumer electronic OEMs (device OEMs) and content partners for the Opera branded version of Opera Mini.

Desktop revenue includes revenue from content partnerships related mostly to search and eCommerce.

Revenues generated in Norway for FY 2009 were KNOK 55 and KNOK 207 for FY 2008.

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

In 2009, Opera had sales to four customers where revenue for each was higher than 10% of the total group revenues.

Note 3 - Wage Costs/Number of Employees/Remuneration

[Numbers in KNOK]

	2009	2008
Salaries	**296 632**	220 470
Social security cost	**45 585**	33 883
Pension cost	**13 459**	11 632
Share-based remuneration including social security cost	**14 074**	8 814
Other payments	**20 046**	6 913
Consultancy fees for technical development	**13 903**	23 595
Wage cost	**403 699**	305 307
Average number of employees	**716**	541

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

Fees to the CEO and Chairman of the Board
As of December 31, 2009 there were no existing agreements concerning severance pay to the CEO or the Chairman of the Board. The Group has not given any loans or security deposits to 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.

2009 bonuses for senior executives have been accrued for in the accounts. Bonuses will be paid in 2010.

[Numbers in KNOK]

Independent auditors	
The total fees billed by independent auditors during 2009 was KNOK 2,250. This is broken down as follows:	
Statutory audit	1 316
Assurance services	28
Tax advisory fee	266
Other services	640
Total	**2 250**

Other services includes services from KPMG Law.

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.

Options granted from March 14, 2007 and later
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 3 years after vesting, and the option holder loses his/her right to those options unless exercised during that period.

On March 14, 2007, the Board also approved a one-time option grant effective immediately, as well as additional options in 2007. Moreover, the Board also approved the issuance of an additional 2 to 3 million options annually within the period 2008-2011, on condition that the Board of Directors receives General Meeting authorization to increase the share capital of the Company.

On June 24, 2009 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 24, 2009, the General Meeting decided to authorize the Board of Directors to buy back Opera shares by up to ten (10) percent of the share capital (NOK 239,149.56). Please see note 9 for more information.

On June 24, 2009, the General Meeting decided 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. Please see note 9 for more information.

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.

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

[In thousands of options]

	Weighted average exercise price 2009	Number of options 2009	Weighted average exercise price 2008	Number of options 2008
Outstanding at the beginning of the period	**14.18**	**8 179**	12.67	7 633
Terminated (employee terminations)	**18.97**	**856**	12.47	515
Forfeit during the period	**0**	**0**	0	0
Exercised during the period	**12.40**	**1 685**	11.94	950
Granted during the period	**23.36**	**1 566**	19.58	2 011
Outstanding at the end of the period		**7 203**		8 179
Exercisable at the end of the period		**850**		741

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 2009 and 2008, 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 18 months after the vesting date, the estimate is based on an assumption that the employees, on average, are exercising their options one year after the vesting date.

In 2009, the conditions for some options have been 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 relates to 1,779,000 options. The increased cost in 2009 due to the modifications is KNOK 1,338. The increased average value of the options due to the modifications is NOK 0.74. Please see note 9 for more information. 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.

Furthermore, 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. Please see note 9 for more information.

[Numbers in NOK]

Fair value of share options and assumptions	2009	2008
Fair value at measurement date (average per option)	**8.39**	5.42
Expected volatility (weighted average)	**45.00**	45.00
Option life (adjusted for expectations of early exercise)	**4.26**	3.23
Expected dividends	**0.00**	0.00
Risk-free interest rate (based on national government bonds)	**2.12**	4.03

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

[Numbers in KNOK]

Total costs, booked as wage expenses	2009	2008
Expensed in accordance with IFRS 2, incl. social security	**14 074**	8 814
	14 074	8 814

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

	Total outstanding options			Vested options	
Exercise price	Outstanding options per 12/31/2009	Weighted average remaining lifetime	Weighted average exercise price	Vested options 12/31/2009	Weighted average exercise price
0.00 - 12.30	2 746 812	2.51	12.00	-	-
12.30 - 15.00	1 505 748	2.48	13.10	537 936	12.74
15.00 - 20.00	1 560 332	3.66	16.92	181 266	16.59
20.00 - 25.00	548 000	3.03	23.44	130 600	23.65
25.00 - 30.00	842 000	5.17	27.93	-	-
Total	**7 202 892**	**3.10**	**16.03**	**849 802**	**15.24**

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
3/4/2009	1 127 970	21.33
6/4/2009	425 682	25.63
9/1/2009	61 680	21.62
11/20/2009	69 948	16.40

Compensation to Executive Management

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

Compensation to Executive Management 2009

[Numbers in NOK]

	Remune-ration	Salary	Bonus	Other compen-sation	Pension compen-sation	Benefit exercised options	Total compen-sation
Executives							
Jon S von Tetzchner, *Chief Executive Officer **		1 939 159	888 009	3 996	52 248		2 883 412
Erik C. Harrell, *Chief Operating Officer/ Chief Financial Officer*		1 292 314	519 071	6 000	52 248	851 052	2 720 685
Rolf Assev, *Chief Strategy Officer*		1 211 337	826 124	6 000	52 248	972 630	3 068 339
Christen Krogh, *Chief Development Officer*		1 123 944	299 682		52 248	1 018 222	2 494 096
Håkon Wium Lie, *Chief Technology Officer*		599 374		3 996	31 536	378 481	1 013 387
Rikard Gillemyr, *EVP Engineering*		1 121 828	475 735	3 996	52 248		1 653 807
Tove Selnes, *EVP Human Resources*		1 019 758	25 241	6 000	52 248	53 077	1 156 324
Lars Boilesen, *Chief Commercial Officer **		1 086 364	700 000	6 000	47 928	191 450	2 031 742
The Board of Directors							
William J Raduchel, *Chairman of the Board*	600 000						600 000
Kari Stautland, *Board member*	165 000			3 996		95 725	264 721
Anne Syrrist, *Board member*	165 000						165 000
Audun Wickstrand Iversen, *Board member*	165 000						165 000
Arve Johansen, *Board member from July 2009*	75 000						75 000
Stig Halvorsen, *Employee representative*	50 000	619 261			32 034	43 616	744 911
Karl Anders Øygard, *Employee representative*	50 000	708 101			38 382	43 616	840 099
Lars Boilsen, *Board member until June, 2009*	75 000						75 000
The Nomination committee							
Christian Jebsen *(Chairman)*	60 000						60 000
Torkild Varran	30 000						30 000
Michael Tetzschner	30 000						30 000
Jakob Iqbal	30 000						30 000
Total	**1 495 000**	**10 721 440**	**3 733 862**	**39 984**	**463 368**	**3 647 870**	**20 101 524**

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

Compensation to Executive Management 2008

[Numbers in NOK]

	Re-muneration	Salary	Bonus	Other compen-sation	Pension compen-sation	Benefit exercised options	Total compen-sation
Executives							
Jon S von Tetzchner, *Chief Executive Officer*		1 214 828	965 529	5 400	51 288		2 237 045
Erik C. Harrell, *Chief Operating Officer/ Chief Financial Officer*		1 177 314	919 248	6 000	51 288		2 153 850
Rolf Assev, *Chief Strategy Officer*		1 112 964	800 000	6 000	51 288		1 970 252
Christen Krogh, *Chief Development Officer **		844 163	356 471		51 288	1 071 248	2 323 170
Håkon Wium Lie, *Chief Technology Officer*		500 720		4 000	31 836		536 556
Rikard Gillemyr, *EVP Engineering*		801 369		6 490	51 288	159 887	1 019 034
Tove Selnes, *EVP Human Resources*		954 553	18 074	7 800	51 288		1 031 715
The Board of Directors							
William J Raduchel, *Chairman of the Board*	602 362						602 362
Kari Stautland, *Board member*	150 000	3 600				62 415	216 015
Lars Boilesen, *Board member*	150 000						150 000
Anne Syrrist, *Board member from June 23, 2008*	75 000						75 000
Audun Wickstrand Iversen, *Board member from June 23, 2008*	75 000						75 000
Stig Halvorsen, *Employee representative*	50 000	585 898			30 960	45 887	712 745
Karl Anders Øygard, *Employee representative from January 31, 2009*							-
Silvia Seres, *Board member until June 23, 2008*	75 000					62 415	137 415
Michael Tetszchner, *Board member until June 23, 2008*	75 000	3 600					78 600
Charles C. McCathienevile, *Employee representative until January 31, 2009*	50 000	510 324	20 000		24 240	18 247	622 811
Total	**1 302 362**	**7 709 333**	**3 079 322**	**35 690**	**394 764**	**1 420 099**	**13 941 570**

* The compensation to Christen Krogh has bee prorated due to leave of absence.

Presented above are the actual bonuses paid out in 2008. Bonuses earned, but unpaid in 2008, 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 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.

	Opening balance	Issued options	Terminated options	Executed options	Average exercise price - A	Closing balance	Weighted average exercise price - B	Weighted average lifetime-C	Value of outstanding options	IFRS 2 cost for the period
Executives										
Jon S von Tetzchner, *Chief Executive Officer **	-	-	-	-	-	-		-	-	-
Erik C. Harrell, *Chief Operating Officer/ Chief Financial Officer*	560 000	-	-	112 000	12.4	448 000	12.0	6.06	3 584 000	569 200
Rolf Assev, *Chief Strategy Officer*	320 000	-	-	128 000	12.4	192 000	12.0	6.55	1 555 200	238 208
Christen Krogh, *Chief Development Officer*	536 000	-	-	134 000	12.4	402 000	12.0	6.55	3 256 200	498 747
Håkon Wium Lie, *Chief Technology Officer*	100 000	-	-	40 000	12.4	60 000	12.0	6.55	486 000	74 439
Rikard Gillemyr, *EVP Engineering*	330 000	-	-	50 000	13.2	280 000	12.6	6.15	2 110 000	276 519
Tove Selnes, *EVP Human Resources*	40 000	40 000	-	8 000	13.5	72 000	19.5	5.89	224 000	67 205
Lars Boilesen, *Chief Commercial Officer **	50 000	550 000	30 000	20 000	14.4	550 000	17.3	5.90	1 540 000	1 021 351
Total	**1 936 000**	**590 000**	**30 000**	**492 000**		**2 004 000**			**12 755 400**	**2 745 669**

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

Options to Executive Management 2008

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

No members of the Executive Group were granted stock options during the financial year.

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

	Opening balance	Issued options	Terminated options	Executed options	Average exercise price - A	Closing balance	Weighted average exercise price - B	Weighted average lifetime-C	Value of outstanding options	IFRS 2 cost for the period
Executives										
Jon S von Tetzchner, *Chief Executive Officer*	-	-	-	-	-	-		-	-	-
Erik C. Harrell, *Chief Operating Officer/ Chief Financial Officer*	560 000	-	-	-	-	560 000	12.4	3.62	3 080 000	950 600
Rolf Assev, *Chief Strategy Officer*	320 000	-	-	-	-	320 000	12.4	3.72	1 760 000	331 856
Christen Krogh, *Chief Development Officer*	670 000	-	-	134 000	12.4	536 000	12.4	4.16	2 948 000	694 825
Håkon Wium Lie, *Chief Technology Officer*	100 000	-	-	-	-	100 000	12.4	3.72	550 000	1 928 558
Rikard Gillemyr, *EVP Engineering*	350 000	-	-	20 000	12.4	330 000	13.0	3.82	1 627 500	351 262
Tove Selnes, *EVP Human Resources*	40 000	-	-	-	-	40 000	13.5	3.76	176 000	55 041
Total	**2 040 000**	**-**	**-**	**154 000**		**1 886 000**			**10 141 500**	**4 312 142**

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, 2009

Name	Commission	Shares	Options	Weighted average strike price	Total
William J. Raduchel	Chairman	95 000	255 000	16.99	**350 000**
Kari Stautland **	Board Member	14 012 120	30 000	14.00	**14 042 120**
Arve Johansen	Board Member	0	50 000	29.21	**50 000**
Audun Wickstrand Iversen	Board Member	75 000	50 000	22.98	**125 000**
Stig Halvorsen ***	Board Member	1 487	27 200	13.69	**28 687**
Karl Anders Øygard * , ******	Board Member	754 131	42 960	16.83	**797 091**
Jon S. von Tetzchner *****	Chief Executive Officer *	15 999 742	0		**15 999 742**
		30 937 480	455 160		**31 392 640**

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

** 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 Karl Anders Øygard with 100%. In addition Øygard holds 200 shares in the Company.
***** Tetzchner holds 15,999,742 shares in Opera Software ASA in Mozart Invest AS which is wholly owned by Jon S. von Tetzchner.

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

Name	Title	Shares	Options	Weighted average strike price	Total
Erik C. Harrell	Chief Operating Officer/ Chief Financial Officer	60 000	448 000	12.00	**508 000**
Lars Boilesen *	Chief Commercial Officer	0	550 000	17.30	**550 000**
Rolf Assev **	Chief Strategy Officer	840 516	192 000	12.00	**1 032 516**
Christen Krogh	Chief Development Officer	15 921	402 000	12.00	**417 921**
Håkon Wium Lie ***	Chief Technology Officer	1 013 082	60 000	12.00	**1 073 082**
Rikard Gillemyr	EVP Engineering	360 000	280 000	12.56	**640 000**
Tove Selnes	EVP Human Resources	8 890	72 000	19.54	**80 890**
		2 298 409	2 004 000		**4 302 409**

* 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. Currently, Mr. Lars Boilesen holds 1,750 000 options in the Company.
** 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.
*** Lie owns 1,013,082 shares in Opera Software ASA through Merm AS, which is wholly owned by the CTO Håkon Wium Lie.

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, 2008

Name	Commission	Shares	Options	Weighted average strike price	Total
William J. Raduchel	Chairman	75 000	275 000	17.07	**350 000**
Kari Stautland **	Board Member	15 512 120	40 000	14.40	**15 552 120**
Lars Boilesen	Board Member	0	50 000	14.40	**50 000**
Anne Syrrist	Board Member	0	50 000	23.30	**50 000**
Audun Wickstrand Iversen	Board Member	0	50 000	23.30	**50 000**
Stig Halvorsen ***	Board Member	0	32 960	13.80	**32 960**
Karl Anders Øygard *** , ****	Board Member	754 131	38 700	13.59	**792 831**
Jon S. von Tetzchner *	Chief Executive Officer	15 998 962	0		**15 998 962**
		32 340 213	536 660		**32 876 873**

* Tetzchner owns 90.05% of LITEM AS, an investment company which holds 17,766,755 shares (14.86%) in Opera Software ASA.

Håkon Wium Lie owns 9.95% in LITEM AS.

** Kari Stautland owns 100% of Arepo AS which holds 15,512,120 shares in Opera Software ASA.
*** Employee representative
**** Karl Anders Øygard owns 100% of Villemhaugen Invest AS which holds 753,931 shares in Opera Software. In addition Øygard holds 200 shares in the Company.

Shares and options owned by other leading employees as of December 31, 2008

Name	Title	Shares	Options	Weighted aver-age strike price	Total
Erik C. Harrell	Chief Operating Officer/ Chief Financial Officer	60 000	560 000	12.40	**620 000**
Rolf Assev *	Chief Strategy Officer	1 040 126	320 000	12.40	**1 360 126**
Christen Krogh	Chief Development Officer	15 531	536 000	12.40	**551 531**
Håkon Wium Lie	Chief Technology Officer	1 767 793	100 000	12.40	**1 867 793**
Rikard Gillemyr	EVP Engineering	360 000	330 000	12.97	**690 000**
Tove Selnes	EVP Human Resources	0	40 000	13.50	**40 000**
		3 243 450	1 886 000		**5 129 450**

* Bjørnvold Invest AS, which holds 574,000 shares in Opera, is owned by persons closely related to Rolf Assev

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]

	2009	2008
Rent and other office expenses	**34 959**	21 604
Equipment	**11 441**	10 416
Audit, legal and other advisory services	**21 354**	14 401
Marketing expenses	**9 677**	10 438
Travel expenses	**27 481**	21 363
Telecommunication expenses	**18 508**	8 442
Other expenses	**17 073**	12 770
Total other expenses	**140 494**	99 434

Research

Salaries are the primary expense incurred when considering source code research.
These salaries are estimated at KNOK 35,841 for the Group. The FY 2008 comparative number was KNOK 28,390.

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 2009, approximately 61% of revenues were in EUR and 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 and INR. Exchange rate fluctuations in these currencies do impact Opera's income statement. For FY 2009, approximately 58% were in NOK, 11% in SEK, 8% in PLN, 8% in JPY, 6% in USD, 3% in EUR, and 6% in other currencies.

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.

For FY 2008, Opera had a foreign exchange gain of KNOK 24,866 (net of KNOK 29,826 in losses on foreign exchange forward contracts that Opera entered into for USD and EUR). KNOK 8,848 of the foreign exchange gain was realized and KNOK 16,018 was net unrealized foreign exchange gain. The unrealized foreign exchange loss is estimated as the difference between the exchange rate at the closing date and date of the transaction.

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.

[Numbers in KNOK]

	2009		2008	
	KNOK	%	KNOK	%
NOK	**55**	0.01	207	0.04
USD	**231 267**	37.74	175 833	35.37
GBP	**49**	0.01	2 518	0.51
JPY	**4 134**	0.67	4 925	0.99
CAD	**923**	0.15	2	0.00
ZAR	**63**	0.01	0	0.00
EUR	**376 247**	61.40	313 622	63.09
Sum	**612 738**	**100.00**	**497 106**	**100.00**

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

	2009	2008
USD	**6.263**	5.733
GBP	**9.200**	10.729
JPY	**6.829**	5.265
CAD	**5.726**	5.687
ZAR	**76.917**	-
EUR	**8.733**	8.424

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

	2009	2008
USD	**23 127**	17 583
GBP	**5**	252
JPY	**413**	492
CAD	**92**	0
EUR	**37 625**	31 362

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 receivables as of December 31, 2009 are converted using the following exchange rates: EUR 8.3150, USD 5.7767, JPY 0.062568, GBP 9.317, PLN 2.0163, CAD 5.5026 and ZAR 0.7833.

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

	2009	2008
USD	**4 425**	2 696
EUR	**5 244**	9 977
JPY	**12 102**	5 575
NOK	**50**	294
GBP	**1**	250
PLN	**472**	0
CAD	**61**	0
ZAR	**15**	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. Customer-related credit risk is therefore considered to be limited.

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

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

	2009	2008
Europe	10 232	45 566
USA/Canada	25 944	8 290
Asia	35 109	76 751
	71 285	130 607

Accounts receivables, as of December 31, by age, are as follows:

	2009		2008	
	Gross receivables	Provision for bad debt	Gross receivables	Provision for bad debt
Not past due	36 545	0	83 005	0
Past due 0-30 days	9 562	509	9 957	5 645
Past due 31-60 days	5 178	4	9 790	1 714
Past due 61-90 days	1 467	0	758	102
More than 90 days	18 533	5 122	27 097	2 288
Total	**71 285**	**5 635**	**130 607**	**9 749**

The majority of the 2009 receivables outstanding more that 90 days have been paid in 2010 or booked against deferred income in the Statement of Financial Position.

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

	2009	2008
Provision as of January 1	9 749	3 005
Change in provision for bad debt recognized in the Statement of Comprehensive Income	3 952	-600
Change in provision for bad debt not recognized in the Statement of Comprehensive Income*	-493	7 344
Change in provision for bad debt not recognized in the Statement of Comprehensive Income **	-7 573	0
Provision as of December 31	5 635	9 749
Realized losses, recognized directly in the Statement of Comprehensive Income	56	2 346
Received from previously written-down bad debts	148	0

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

Interest risk and cash unit trust

As of December 31, 2009, the Company was invested in three money market funds. The Company's money market funds are booked at fair value of MNOK 225 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, 2009.

The Company's interest risk is considered to be low as it carries no interest-bearing liabilities.

Liquidity risk

During FY 2009, the Company had exposure to financial risks, since the Group used forward exchange contracts to hedge its currency risk. However, Opera has not entered into any foreign exchange contracts as of December 31, 2009 and Opera had no current funding requirements and no interest bearing debt. As of December 31, 2009, Opera's cash balance was MNOK 546.

Deferred revenue consist of prepaid licenses/royalty payment, prepaid maintenance and support, and prepaid development fees. Of the Company's other short term liabilities, KNOK 123,808 (2008: KNOK 56,016) relates to deferred revenue and KNOK 99,007 (2008: KNOK 56,016) relates to deferred revenue that have no future cash payments.

The Company considers its liquidity risk to be low given its considerable liquid reserves.

Foreign exchange forward contracts

Opera executed both structured forward contracts and ordinary forward contracts in 2008 on a limited basis to mitigate the impact of fluctuations in the USD and EUR compared to NOK on the Company's Statement of Financial Position. The fair values of the derivatives were valued at KNOK 29,826, which was similar to the recognized financial liability as of December 31, 2008. However, as of December 31, 2009, Opera had not entered into or structured forward contracts and ordinary forward contracts for US Dollars or EUROs. For 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). For 2008, Opera had a foreign exchange gain of KNOK 24,866 (net of KNOK 29,826 in losses on foreign exchange forward contracts).

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, 2009 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

[Numbers in KNOK]

Tax expense for the year	2009	2008
Current tax	**9 260**	49 930
Deferred tax - gross changes	**-17 881**	-8 493
Taxes on capital raising costs	**11**	0
Tax payable abroad	**23 670**	0
Too much/little tax booked previous year	**-1 429**	645
Total tax expense for the year	**13 631**	42 082

Withholding taxes paid by the parent company abroad in 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	2009	2008
Current tax	**9 268**	49 008
Too much/too little tax booked previous year	**7**	349
Tax settlement previous year	**367**	0
Prepaid tax subsidiaries/branches	**0**	-1 057
Taxes on capital raising costs	**-29**	-10
Withholding tax paid to a foreign country	**0**	-11 916
Tax effect on losses from sales of own shares	**-1 576**	-1 887
Withholding tax utilized	**-2 908**	0
Total tax payable	**5 130**	34 487

[Numbers in KNOK]

Specification of prepaid tax	2009	2008
Prepaid tax subsidiaries/branches	3 691	0
Withholding tax paid to a foreign country	18 828	0
Sum other receivables	**22 520**	0

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

[Numbers in KNOK]

	Assets		Liabilities		Net	
	2009	2008	**2009**	2008	**2009**	2008
Inventory, office machinery etc.	**0**	323	**1 052**	296	**1 052**	619
Accounts receivables	**-1 415**	-2 475	**0**	0	**-1 415**	-2 475
Derivatives	**0**	-8 351	**0**	0	**0**	-8 351
Other liabilities	**-10 646**	-8 155		0	**-10 647**	-8 155
Tax value of loss carry-forwards utilized	**-26 822**	0	**0**	27	**-26 822**	27
Deferred taxes/ (tax assets)	**-38 883**	-18 659	**1 051**	323	**-37 833**	-18 336
Set off of tax	**1 051**	323	**-1 051**	-323	**0**	0
Net deferred taxes / (tax assets)	**-37 833**	-18 336	**0**	-0	**-37 833**	-18 336

Deferred tax assets and liabilities/ Movement in temporary differences during the year

[Numbers in KNOK]

	Balance 1/1/08	Posted to P/L	Posted directly to the equity	Aquired in business combina-tions (note 8)	Balance 12/31/08
Inventory, office machinery etc.	381	289	0	0	670
Accounts receivables	-702	-2 332	0	0	-3 034
Liabilities	-537	-15 476	4	0	-16 009
Tax value of loss carry-forwards utilized	-8 866	9 027	-1 114	0	-954
Deferred taxes / (tax assets)	-9 724	-8 493	-1 110	0	-19 327
Group contribution					991
Deferred taxes / (tax assets)					-18 336

	Balance 1/1/09	Posted to P/L	Posted directly to the equity	Aquired in business combina-tions (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				991
Deferred taxes / (tax assets)	-18 336				-37 833

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.

[Numbers in KNOK]

Change in deferred tax asset directly posted against the equity capital	2009	2008
Capital raising costs and losses from sales of own shares	**-1 616**	0
Total deferred taxes posted directly against the equity	**-1 616**	0

[Numbers in KNOK]

Reconciliation of effective tax rate		2009		2008
Profit before tax		**44 491**		129 786
Income tax using the domestic corporate tax rate	28.0%	**12 457**	28.0%	36 340
Overbooked taxes, previous year	-1.1%	**-486**	0.0%	1 241
Tax paid to a foreign country	-8.2%	**-3 629**	0.0%	0
Effect of different tax rates between countries	-0.1%	**-48**	3.1%	-18
Taxes on other permanent differences	12.0%	**5 337**	11.0%	4 519
	30.6%	**13 631**	42.1%	42 082

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	2009 Total	2008 Total
Acquisition cost							
Acquisition cost as of 1/1/09	14 027	34 529	4 722	7 857	1 234	**62 369**	43 913
Acquisitions	4 275	22 243	4 196	13 273	482	**44 469**	18 458
Disposal	-641	-991	-190	0	0	**-1 822**	-988
Currency differences	-277	-1 146	-44	0	0	**-1 467**	985
Acquisition cost as of 12/31/09	17 385	54 635	8 683	21 130	1 716	**103 549**	62 368
Depreciation							
Depreciation as of 1/1/09	6 868	16 969	2 511	4 714	0	**31 063**	22 938
Disposal	0	-776	-96	0	0	**-872**	-645
Currency differences	-13	-894	14	0	0	**-893**	466
Accumulated depreciation as of 12/31/09	9 296	25 348	3 211	4 714	0	**42 569**	31 064
Net book value as of 12/31/09	**8 089**	**29 287**	**5 472**	**16 416**	**1 716**	**60 980**	31 305
Depreciation for the year	2 441	10 049	783	0	0	**13 272**	8 305
Useful life	Up to 5 years	Up to 5 years	Up to 5 years	Undetermined	Indefinite		
	Linear	Linear	Linear	No depreciation	No depreciation		

Goodwill relates to the acquisition of Hern Labs AB and Opera Software Poland Sp. z o.o. See note 8.
Other intangible assets relates to the acquisition of Zizzr AS. 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.buz in different countries world wide.
These rights have been considered to have indefinite lifetimes.

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]

	2009	2008
Leasing costs expensed	**23 801**	13 997
Duration of the lease contract	**3/31/16**	3/31/16

	2009	2008
Non-terminable operating leases due in:		
Less than one year	**23 122**	18 425
Between one to five years	**59 309**	58 064
More than five years	**15 189**	27 165
	97 620	103 654

Note 8 - Investments in Subsidiaries and Other Shares

[Numbers in KNOK]

Company	Opera Software Poland Sp. z o.o	Hern Labs AB	Opera Software International AS	Zizzr AS
Formal information				
Date of purchase	5/1/2009	12/13/2000	1/5/2005	12/16/2008
Registered office	Warsaw in Poland	Linköping in Sweden	Oslo in Norway	Oslo In Norway
Ownership interest	100%	100%	100%	100%
Proportion of votes	100%	100%	100%	100%
Information related to the date of purchase (in the year of purchase)				
Purchase cost	11 568	7 965	1 006	1 764
Goodwill at acquisition cost	13 274	7 857	0	0
Other intangible assets at acquisition cost	0	0	0	1 716

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

Effective on May 1, 2009, Opera Software ASA purchased all shares in Mobica Solutions (with cash) for KGBP 1,176, and ultimately obtained control of Mobica Solutions, a company performing engineering services for third parties, by acquiring 100% of the shares and voting interest in the company. The shares were capitalized with KNOK 11,568 in Opera Software ASA. The shares have been eliminated for group purposes, and goodwill of KNOK 13,274 has been capitalized. Mobica Solutions has thereafter been renamed to Opera Software Poland Sp. z o.o. Taking control of Mobica Solutions will enable the Group to ultimately reduce the Group's costs with the added benefit of acquiring highly qualified engineering personnel. Before the purchase, Opera Software ASA rented external consultants from Mobica LTD. These consultants have now been transferred to Opera Software Poland Sp. z o.o and the costs are, from May 1, 2009, included in salary. The "net classification" impact of renting vs. hiring the engineers, on the statement of comprehensive income, is therefore not significant for the Group. Opera Software Poland Sp. z o.o uses a cost plus model, hence the company has not generated consolidated revenue during the first seven months. The total operating costs for Opera Software Poland Sp. z o.o for the first seven months were KNOK 10,414, and the estimate for the 12 month period beginning January 1, 2009 would be KNOK 17,853.

Opera Software ASA has not entered into any agreement with Mobica Ltd involving contingent consideration.

[Numbers in KNOK]

Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	132
Accounts receivables*	933
Other receivables	980
Cash and cash equivalents	89
Accounts payable	-3 623
Social security, VAT and other taxation payable	-216
Total net identifiable assets	**-1 706**
Purchase price	11 568
Goodwill	**13 274**

* No provision for bad debt.

The assets and liabilities that were recognized immediately before the business combinations by Mobica solutions equaled the carrying amount recognized by the Group on the date of acquisition. In addition, the Group booked the excess price of the fair value of the total identifiable assets as Goodwill since the excess price has been deemed to be related to the value of the employees transferred to Opera Software Poland Sp. z o.o. The fair value of the net identifiable assets has been determined by Opera without an independent valuation.

Acquiring Mobica solutions, the Group incurred acquisition-related costs of KNOK 162 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.

Opera Software ASA has in 2008 bought all shares of Zizzr AS for KNOK 1,281. Zizzr AS had negative equity on the investment date, and was to be liquidated. The investment was therefore written down in Opera Software ASA's 2008 financial statements. At the end of FY 2008, Opera Software ASA decided to give a group contribution to Zizzr AS of KNOK 3,540 for FY 2008. The group contribution made the equity positive in the company. The group contribution net of taxes has therefore been booked as an investment in the subsidiary. In 2009, Opera Software ASA made a final payment for the Zizzr shares to Zizzr's prior owners of KNOK 483. Opera plans to merge Zizzr into Opera Software ASA in 2010.

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/.

Information regarding goodwill	
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

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, 2009,has the same value as goodwill on January 1, 2004.

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

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, 2009 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 the coming three 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 a three year business plan extending from FY 2010 through 2012. For FY 2013 and FY 2014, an average of the cash flow from the three previous years was used.
- A pre-tax discount rate where Opera used a 3.9% current market risk-free rate of interest and added a risk of 2.4% (risk of 5% x volatility of 0.6383)

A change in the discount rate with a risk up to 15% would still not cause the booked goodwill to be impaired, nor would a 15% 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 .

At the Annual General Meeting on June 24, 2009, the Board of Directors obtained an authorization to buy back own shares with a maximum aggregated par value of up to NOK 239,149.00, which equals approximately 10% of the share capital. The Company can never acquire its own shares if such acquisition would cause its holding of shares to exceed 10% of the total number of shares in the Company. The purchase price per share shall be at a minimum NOK 0.02 and a maximum NOK 50. The shares can be used in connection with acquisitions and incentive schemes for employees and Board Members, cf. sections §§ 9-2 and 9-4 of the Public Limited Companies Act. The Board of Directors may determine in which ways own shares are to be acquired and disposed of. This authority is to be valid until the date of the next Annual General Meeting, but in no event longer than June 30, 2010. During 2009, Opera purchased 528,500 own shares for KNOK 9,508 as part of the share buyback program. The shares have been acquired on the Oslo Børs at an average price of 17.97. This brings the total number of shares bought back under the buyback program to 3,526,600 shares. During 2009, Opera has, as part of the employees options exercise, sold 1,609,280 own shares for KNOK 19,905. The company owns after this, 999,924 shares in Opera Software ASA.

The Annual General Meeting also granted the Board of Directors the authority to increase the share capital of the Company by up to NOK 239,149, which equals approximately 10% of the share capital, with the authority to waive the pre-emption rights of existing shareholders and to issue shares against contributions other than cash. The shares can be used in connection with acquisitions and incentive schemes for employees and Board Members. This authority is to be valid until the date of the next Annual General Meeting, but in no event longer than June 30, 2010.

The Annual General Meeting approved a distribution of dividends for 2008 in the amount of NOK 0.40 per share, consisting of NOK 0.15 as part of an intended ongoing distribution of dividends and of NOK 0.25 as a onetime distribution of dividends. As a result, a dividend of KNOK 47,599 was paid on July 6, 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 dividends. The option program for the Executive Team and employees of Company has also been changed accordingly.

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.

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, 2009 were:

	Number of shares	Owner's share	Voting share
JPMORGAN CHASE BANK	18 000 000	15.05%	15.05%
MOZART INVEST AS	15 999 742	13.38%	13.38%
AREPO AS	14 012 120	11.72%	11.72%
LUDVIG LORENTZEN AS	8 555 205	7.15%	7.15%
SUNDT AS	3 550 433	2.97%	2.97%
SKANDINAVISKA ENSKILDA BANKEN	2 705 398	2.26%	2.26%
STATE STREET BANK AND TRUST CO.	1 732 518	1.45%	1.45%
HOLBERG NORGE	1 697 200	1.42%	1.42%
EUROCLEAR BANK S.A./N.V. ('BA')	1 432 730	1.20%	1.20%
SOCIETE GENERALE GLOBAL SEC. SERV	1 388 456	1.16%	1.16%
Sum	69 073 802	57.77%	57.77%
Other shareholders	50 500 980	42.23%	42.23%
Total numbers of shares	119 574 782	100.00%	100.00%

The Board of Directors propose that the 2010 Annual General Meeting approves a dividend payment NOK 0.16 per share.

Note 10 - Accounts Receivables, 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 nation-wide 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 2009 group financial statements.

	Balance at December 31, 2008	Changes	Balance at December 31, 2009
Estimated pension liability in Hern Labs AB (KNOK)	5 510	1 708	7 218

Note 12 - Subsequent Events

In January 2010, Opera appointed Mr. Lars Boilesen as the new Chief Executive Officer, and Mr. Jon von Tetzchner assumed a new role in Opera as co-founder. For information regarding option grants given to Mr. Boilesen and Mr. Tetzchner in connection to this event, please see note 3.

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 15 full-time equivalents. As of December 31, 2009 the Group incurred acquisition-related costs of KNOK 1,406 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.

Opera Software ASA will, during 1Q10, record a one-time restructuring charge of approximately KNOK 26,000 to KNOK 30,000 related primarily to a cost reduction program that will better align costs with revenues.

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).

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 degree of completion is based on best estimate. Management's choice of estimates for 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, in note 5, given a detailed analysis of the derivative risk and risk related to changes in fair value.

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 2009, 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 27.79% of the Group's voting share as per December 31, 2009. The Company has not provided any loans to directors or executive team members as of December 31, 2009.

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

[Numbers in NOK]

Basic earning per share	2009	2008
Earnings per share (basic)	**0.260**	0.731
Earnings per share, fully diluted	**0.255**	0.727
Shares used in earnings per share calculation (mm)	**118 657 031**	119 912 452
Shares used in earnings per share calculation, fully diluted (mm)	**121 210 653**	120 619 690

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 90,974, as of December 31, 2009. 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 24.43 for the FY 2009. Opera has included options with a strike price below 19.00 when calculating the fully diluted number of shares outstanding. Total options used in the calculations are 6,728,120 of which 6,008,918 options are unvested and 719,202 are vested but not yet exercised.

	2009	2008
Average number of shares	**118 657 031**	119 912 452
The following equity instruments have a diluting effect:		
Options	**6 728 120**	8 178 564
Total	**6 728 120**	8 178 564
Options	**6 728 120**	8 178 564
Number of shares purchased (KNOK 90,974/24.43)	**3 723 859**	7 346 518
Number of shares with diluting effect	**3 004 261**	832 046
Expected options to be exercised	**2 553 622**	707 239

Parent Company Annual Accounts 2009

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 Financial Position

[Numbers in KNOK]

	Note	12/31/2009	12/31/2008
Assets			
Non-current assets			
Property, plant and equipment			
Office machinery, equipment etc.	7	**27 961**	20 159
Total property, plant and equipment		**27 961**	20 159
Financial assets and deferred tax assets			
Deferred tax asset	6	**33 781**	15 868
Other receivables	9, 11	**8 319**	0
Investments in subsidiaries	8	**32 380**	11 520
Investments in other shares	8	**377**	0
Other investments and deposits	4	**9 477**	2 942
Total financial assets and deferred tax assets		**84 334**	30 330
Total non-current assets		**112 295**	50 489
Current assets			
Trade and other receivables			
Accounts receivables	5, 9, 11	**64 123**	120 555
Unbilled revenue	11	**58 816**	51 806
Other receivables	6, 9, 11	**28 472**	9 982
Total trade and other receivables		**151 411**	182 344
Cash and cash equivalents	5	**531 267**	552 179
Total current assets		**682 678**	734 523
Total assets		**794 973**	785 012

Statement of Financial Position

[Numbers in KNOK]

	Note	12/31/2009	12/31/2008
Shareholders' equity and liabilities			
Equity			
Paid-in capital			
Share capital	10	**2 371**	2 350
Share premium reserve		**457 109**	457 212
Other reserves		**42 997**	24 688
Total paid-in capital		**502 477**	484 250
Retained earnings			
Other equity		**83 720**	103 282
Total retained earnings		**83 720**	103 282
Total equity		**586 197**	587 532
Liabilities			
Current liabilities			
Accounts payable	9, 11	**35 885**	38 392
Taxes payable	6	**0**	27 081
Social security, VAT and other taxation payable	11	**17 125**	13 925
Other short-term liabilities	5, 9, 11	**155 766**	118 082
Total current liabilities		**208 776**	197 480
Total liabilities		**208 776**	197 480
Total equity and liabilities		**794 973**	785 012

Oslo, April 23, 2010

William J. Raduchel
Chairman of the Board

Audun Wickstrand Iversen

Kari Stautland

Anne Young Syrrist

Stig Halvorsen
Employee representative

Arve Johansen

Karl Anders Øygard
Employee representative

Lars Boilesen
CEO

Statement of Comprehensive Income

[Numbers in KNOK]

	Note	1/1 - 12/31 2009	1/1 - 12/31 2008
Revenue	1.,2, 5	**612 738**	497 106
Total operating income		**612 738**	497 106
Cost of goods sold		**944**	3 182
Payroll and related expenses	3, 5	**236 701**	194 207
Depreciation expenses	5, 7	**9 928**	6 881
Other operating expenses	3, 4, 5, 7, 14	**322 297**	219 246
Results from operating activities		**42 868**	73 590
Interest income	5, 9	**11 221**	22 253
Other financial income	5	**57 620**	73 194
Interest expenses	5, 9	**-636**	-8
Other financial expenses	5	**-79 919**	-46 991
Profit before income tax		**31 154**	122 037
Income tax on ordinary result	6	**-11 752**	-35 792
Profit for the period		**19 402**	86 245
Foreign currency translation differences for foreign operations		**0**	0
Total comprehensive income for the period		**19 402**	86 245
Profit attributable to:			
Owners of the Company		**19 402**	86 245
Non-controlling interest		**0**	0
Profit for the period		**19 402**	86 245
Total comprehensive income attributable to:			
Owners of the Company		**19 402**	86 245
Non-controlling interest		**0**	0
Total comprehensive income for the period		**19 402**	86 245
Earnings per share:			
Basic earnings per share (NOK)	16	**0.164**	0.719
Diluted earnings per share (NOK)	16	**0.160**	0.715

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 12/31/2007	**0.02**	**119 542**	**2 391**	**456 973**	**21 977**	**0**	**0**	**49 135**	**530 476**
Comprehensive income for the period									
Profit for the period								86 245	86 245
Other comprehensive income									
Foreign currency translation differences							0		0
Total comprehensive income for the period			**0**	**0**	**0**	**0**	**0**	**86 245**	**86 245**
Contributions by and distributions to owners									
Issue of shares on March 8	0.02	33	1	403					403
Own shares acquired	0.02	-2 998				-60		-46 797	-46 857
Own shares sold	0.02	917				18		10 916	10 934
Tax deduction loss own shares								1 887	1 887
Reimbursed losses from sales of own shares *								1 897	1 897
Issue expenses				-174					-174
Tax deduction on equity bookings				10					10
Share-based payment transactions					2 711				2 711
Total contributions by and distributions to owners	**0.02**	**-2 048**	**1**	**239**	**2 711**	**-42**	**0**	**-32 097**	**-29 189**
Balance as of 12/31/2008	**0.02**	**117 494**	**2 392**	**457 212**	**24 688**	**-42**	**0**	**103 282**	**587 532**

* Losses from sales of own shares is reimbursed to subsidiaries

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.

Statement of Cash Flows

[Numbers in KNOK]

		1/1 - 12/31 2009	1/1 - 12/31 2008
Cash flow from operating activities			
Profit/loss before taxes		**31 154**	122 037
Taxes paid	6	**-75 378**	-12 776
Depreciation expenses	7	**9 928**	6 881
Impairment of shares	8	**0**	781
Changes in accounts receivables *		**62 777**	-54 827
Changes in accounts payable		**-6 941**	25 459
Changes in other liabilities and receivables, net		**283**	38 918
Share-based remuneration	3	**9 500**	2 711
Conversion discrepancy		**15 124**	17 008
Net cash flow from operating activities		**46 447**	146 192
Cash flow from investment activities			
Proceeds from sale of assets	7	**3 379**	0
Capital expenditures	7	**-21 110**	-11 819
Acquisition of shares	8	**-12 428**	-781
Net cash flow from investment activities		**-30 158**	-12 600
Cash flow from financing activities			
Proceeds from exercise of stock options		**19 905**	10 998
Proceeds of share issues, net		**0**	0
Dividends paid	10	**-47 599**	0
Purchase of own shares		**-9 508**	-46 591
Net cash flow from financing activities		**-37 202**	-35 593
Net change in cash and cash equivalents		**-20 913**	97 999
Cash and cash equivalents (beginning of period)		**552 179**	454 180
Cash and cash equivalents **`* **		**531 266**	552 179

Interest income and interest expenses are included in 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 37,855 were restricted assets as of December 31, 2009, and Cash and cash equivalents of KNOK 21,974 were restricted assets as of December 31, 2008.

*** As of December 31, 2009, the conversion discrepancy loss booked on Cash and cash equivalents was KNOK -3,098.

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]

	2009	2008
Salaries	**175 755**	140 380
Social security cost	**25 830**	21 015
Pension cost	**7 260**	6 045
Share-based remuneration including social security cost	**9 397**	2 853
Other payments	**7 310**	4 970
Consultancy fees for technical development	**11 149**	18 944
Wage cost	**236 701**	194 207

Average number of employees	**319**	273

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 2009 was KNOK 1,509. This is broken down as follows:

[Numbers in KNOK]

Independent auditors	
Statutory audit	858
Assurance services	0
Tax advisory fee	219
Other services	432
Total	**1 509**

Options

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

[In thousands of options]

	Weighted average exercise price 2009	Number of options 2009	Weighted average exercise price 2008	Number of options 2008
Outstanding at the beginning of the period	**14.37**	**5 869**	12.63	5 375
Terminated (employee terminated)	**19.98**	**661**	12.25	167
Forfeit during the period	**0**	**0**	0	0
Exercised during the period	**12.21**	**1 201**	11.76	734
Granted during the period	**22.34**	**1 125**	20.56	1 394
Outstanding at the end of the period		**5 131**		5 869
Exercisable at the end of the period		**640**		535

[Numbers in NOK]

Fair value of share options and assumptions	2009	2008
Fair value at measurement date (average per option)	**7.94**	5.42
Expected volatility (weighted average)	**45**	45
Option life (adjusted for expectations of early exercise)	**4.29**	3.23
Expected dividends*	**0**	0
Risk-free interest rate (based on national government bonds)	**3.11**	4.03

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

[Numbers in KNOK]

Total costs, booked as wage expenses	2009	2008
Expensed in accordance with IFRS 2, incl. social security	**9 397**	2 853
	9 397	2 853

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.

[Numbers in NOK]

	Total outstanding options			Vested options	
Exercise price	Outstanding options per 12/31/2009	Weighted average remaining lifetime	Weighted average exercise price	Vested options 12/31/2009	Weighted average exercise price
0.00 - 12.50	2 302 556	2.61	12.04	246 692	12.40
12.50 - 15.00	766 400	3.23	13.40	170 700	13.32
15.00 - 18.00	1 093 332	3.87	16.97	103 866	16.59
18.00 - 22.00	-	-	-	-	-
22.00 - 26.00	473 000	3.05	23.40	118 600	23.66
26.00 - 30.00	496 000	5.16	27.95	-	-
Total	**5 131 288**	**3.26**	**15.88**	**639 858**	**15.41**

Exercise price = Strike price

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

[Numbers in NOK]

Date of exercise	Number of exercised options	Achieved selling price
3/4/2009	862 556	21.33
6/4/2009	300 876	25.63
9/1/2009	20 644	21.62
11/20/2009	17 184	16.40

Note 4 - Other Expenses

[Numbers in KNOK]

	2009	2008
Intercompany services	**235 576**	154 986
Rent and other office expenses	**19 839**	13 534
Equipment	**7 967**	7 052
Audit, legal and other advisory services	**11 930**	10 499
Total marketing	**6 964**	8 202
Travel expenses	**16 253**	10 661
Total telecommunication cost	**9 132**	4 588
Other expenses	**14 638**	9 722
Total other expenses	**322 297**	219 246

Intercompany services

The company purchases marketing services and technical services from the subsidiary Hern Labs AB, Opera Software Poland Sp. z o.o 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 28,895 for the Company. The FY 2008 comparative number was KNOK 21,262.

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

[Numbers in KNOK]

Current tax	2009	2008
Profit/loss before taxes	**31 154**	122 037
Permanent differences in profit and loss	**10 959**	4 371
Tax deductible issue cost booked against equity	**-144**	-37
Taxes paid abroad	**0**	0
Changes in temporary differences	**-25 813**	53 467
Use of taxable loss carried forward	**0**	-5 558
Basis for current tax	**16 157**	174 280
Tax 28%	**4 524**	48 798
Tax losses paid abroad carried forward	**0**	-6 912
Current tax	**4 524**	41 886

Tax expense for the year		
Current tax	**4 524**	41 886
Deferred tax - gross changes	**-16 297**	-6 094
Taxes on capital raising costs	**0**	0
Tax effect on losses from sales of own shares	**0**	0
Tax payable abroad	**23 525**	0
Too much/little tax booked previous year	**0**	0
Total tax expense for the year	**11 752**	35 792

Withholding taxes paid by the parent company abroad in 2009 are included in taxes payable abroad.

These withholding taxes are deductable in future taxes in Norway. Future deductable taxes are included in deferred tax.

Specification of tax payable:	2009	2008
Current tax	**4 524**	41 886
Taxes on capital raising costs	**-40**	-10
Withholding tax paid to a foreign country	**-2 908**	-11 916
Tax effect on losses from sales of own shares	**-1 576**	-1 887
Group contribution	**0**	-991
Total tax payable	**0**	27 081

Specification of prepaid tax:		
Withholding tax paid to a foreign country*	**18 828**	0
Sum other receivables	**18 828**	0

* 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	
	2009	2008	**2009**	2008	**2009**	2008
Inventory, office machinery etc.	**198**	158	**0**	0	**198**	158
Accounts receivables	**0**	0	**-1 415**	-2 475	**-1 415**	-2 475
Derivatives	**0**	0	**0**	-8 351	**0**	-8 351
Other liabilities	**0**	0	**-7 424**	-5 201	**-7 424**	-5 201
Tax value of loss carry-forwards utilized	**0**	0	**0**	0	**0**	0
Withholding tax paid to a foreign country carried forward	**0**	0	**-25 141**	0	**-25 141**	0
Deferred taxes/ (tax assets)	**198**	158	**-33 980**	-16 027	**-33 782**	-15 868
Supplementary taxation	**-33 980**	-16 027	**33 980**	16 027	**0**	0
Net deferred taxes / (tax assets)	**-33 782**	-15 868	**0**	0	**-33 782**	-15 868

Deferred tax assets and liabilities / Movement in temporary differences during the year

[Numbers in KNOK]

	Balance 1/1/08	Posted to P/L	Posted directly to the equity capital	Balance 12/31/08
Inventory, office machinery etc.	330	-172	0	159
Accounts receivables	-703	-1 769	0	-2 472
Liabilities	-538	-13 030	0	-13 568
Tax value of loss carry-forwards utilized	-8 864	8 877	0	12
Deferred taxes / (tax assets)	-9 775	-6 094	0	-15 868

	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)	-15 868	-16 297	-1 616	-33 782

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.

[Numbers in KNOK]

Change in deferred tax asset directly posted against the equity capital	**2009**	2008
Capital raising costs and losses from sales of own shares	**-1 616**	0
Total deferred taxes posted directly against the equity	**-1 616**	0

[Numbers in KNOK]

Reconciliation of effective tax rate		2009		2008
Profit before tax		**31 154**		122 037
Income tax using the domestic corporate tax rate	28.0%	**8 723**	28.0%	34 170
Overbooked taxes, previous year	0.0%	**0**	0.3%	408
Tax paid to a foreign country	0.0%	**0**	0.0%	0
Taxes on other permanent differences	9.7%	**3 029**	1.0%	1 214
	37.7%	**11 752**	29.3%	35 792

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	2009 Total	2008 Total
Acquisition cost					
Acquisition cost as of 1/1/09	12 328	26 239	3 690	**42 257**	30 438
Acquisitions	2 223	17 849	1 038	**21 110**	11 819
Disposal of fixed assets	0	-3 633	-96	**-3 729**	0
Acquisition cost as of 12/31/09	14 551	40 455	4 632	**59 638**	42 257
Depreciation					
Depreciation as of 1/1/09	6 548	13 240	2 310	**22 098**	15 217
Disposal of fixed assets	0	-252	-96	**-348**	
Accumulated depreciation as of 12/31/09	8 758	20 142	2 778	**31 678**	22 098
Net book value as of 12/31/09	**5 793**	**20 313**	**1 854**	**27 960**	20 159
Depreciation for the year	2 210	7 154	**564**	**9 928**	6 881
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]

	2009	2008
Leasing costs expensed	**11 498**	7 180
Duration of the lease contract	**3/31/16**	3/31/16

	2009	2008
Non-terminable operating leases due in:		
Less than one year	**12 151**	11 262
Between one to five years	**48 604**	48 294
More than five years	**15 189**	27 165
	75 944	86 721

Note 8 - Investments in Subsidiaries and Other Shares

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

[Numbers in KNOK]

Company	Opera Software Poland Sp. z o.o	Hern Labs AB	Opera Software International AS	Zizzr AS
Formal information				
Date of purchase	5/1/2009	12/13/2000	1/5/2005	12/16/2008
Registered office	Warsaw in Poland	Linköping in Sweden	Oslo in Norway	Oslo in Norway
Ownership interest	100%	100%	100%	100%
Proportion of votes	100%	100%	100%	100%
Information related to the date of purchase (in the year of purchase)				
Purchase cost	11 568	7 965	1 006	1 764
Group contribution				2 549

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)		Accounts receivables		Other receivables (current)	
	12/31/2009	12/31/2008	**12/31/2009**	12/31/2008	**12/31/2009**	12/31/2008
Entity within group	**8 319**	0	**1 210**	0	**0**	1 910
Sum	**8 319**	0	**1 210**	0	**0**	1 910

	Accounts payable		Other short-term liabilities	
	12/31/2009	12/31/2008	**12/31/2009**	12/31/2008
Entity within group	**29 420**	25 313	**0**	3 540
Sum	**29 420**	25 313	**0**	3 540

All outstanding balances with the related parties are priced on an arm's length basis and are to be settled in cash within three years of the reporting date. None of the balances are secured. The due dates for funding paid (KNOK 8,319) to the wholly owned subsidiary Opera Software Poland Sp. z o.o are as follows: KNOK 2,773 within one year, KNOK 2,773 within two years and KNOK 2,773 within three years.

	2009	2008
Interest income from related parties	**68**	0
Interest expense from related parties	**-35**	0

Note 10 - Shareholder information

Free equity

The company had free equity of KNOK 49,939 as of December 31, 2009.

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

Note 11 - Accounts Receivables, 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 - 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 12 to the consolidated financial statements.

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 2009, 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 27.79% of the Group's voting share as per December 31, 2009. The Company has not provided any loans to directors or executive team members as of December 31, 2009.

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 16 - Earnings per Share

[Numbers in NOK]

Basic earning per share	2009	2008
Earnings per share (basic)	0.164	0.719
Earnings per share, fully diluted	0.160	0.715
Shares used in earnings per share calculation (mm)	118 657 031	119 912 452
Shares used in earnings per share calculation, fully diluted (mm)	121 210 653	120 619 690

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 90,974, as of December 31, 2009. 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 24.43 for the FY 2009. Opera has included options with a strike price below 19.00 when calculating the fully diluted number of shares outstanding. Total options used in the calculations are 6,728,120 of which 6,008,918 options are unvested and 719,202 are vested but not yet exercised.

	2009	2008
Average number of shares	118 657 031	119 912 452
The following equity instruments have a diluting effect:		
Options	6 728 120	8 178 564
Total	6 728 120	8 178 564
Options	6 728 120	8 178 564
Number of shares purchased (KNOK 90,974/24.43)	3 723 859	7 346 518
Number of shares with diluting effect	3 004 261	832 046
Expected options to be exercised	2 553 622	707 239

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To the Annual Shareholders' Meeting of Opera Software ASA

AUDITOR'S REPORT FOR 2009

Respective Responsibilities of Directors and Auditors

We have audited the annual financial statements of the Opera Software ASA as of 31 December 2009, showing a total comprehensive income of NOK 19.402.000 for the parent company and a total comprehensive income of NOK 28.456.000 for the group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the total comprehensive income. The annual financial statements comprise the parent company's financial statements and the group accounts. The parent company's financial statements comprise the statement of financial position, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and the accompanying notes. The group accounts comprise the statement of financial position, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and the accompanying notes. The rules of the Norwegian accounting act and International Financial Reporting Standards as adopted by the EU have been applied to prepare the financial statements. These financial statements and the Board of Directors' report are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on the other information according to the requirements of the Norwegian Act on Auditing and Auditors.

Basis of Opinion

We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and good auditing practice in Norway, including standards on auditing adopted by Den norske Revisorforening. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and good auditing practice an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion,

- the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Company and of the Group as of 31 December 2009, the total comprehensive income, its cash flows and the changes in equity for the year then ended, in accordance with the rules of the Norwegian accounting act and International Financial Reporting Standards as adopted by the EU
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the total comprehensive income is consistent with the financial statements and comply with the law and regulations

Oslo, 28 April 2010
KPMG AS

Gunnar Sotnakk
State Authorised Public Accountant
Note: This translation from Norwegian has been prepared for information purposes only

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.

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 program, the vesting price is set to the market price at the date of grant, and options are earned with an annual vesting over a period of 4 years. 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 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 31 December 2009, a total of 10,772,252 options had been granted under the program. In connection with the change in the CEO position announced in January 2010, a total of 2,200,000 options were granted. In addition, 30,000 options have been granted in 2010. This leaves a total of up to 5,997,748 options to be granted for the remainder of 2010 and 2011. The Board of Directors proposes that the remaining number of options can be granted in 2010 and 2011 without applying an annual maximum grant of up to 3 million options.

Severance payment arrangements

Pursuant to Section 15-16 second subsection of the Norwegian 2005 Act relating to Employees' Protection etc., 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.

Pensions

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

2009 Compliance

In 2009, the Executive Team received base salaries and potential cash incentive bonuses in line with the Executive Compensation Policy. Increases in base salaries and cash incentive bonuses for FY 2009 have been given based on individual merit and to ensure closer alignment with competitive pay practices. In 2009, the following executives received increases in both base salaries and potential cash incentives bonuses: Jon von Tetzchner (CEO and member of the Executive Team through January 4, 2010), Erik C. Harrell (Chief Operating Officer/Chief Financial Officer), Rikard Gillemyr (EVP Engineering) and Tove Selnes (EVP Human Resources). For 2009, the Board of Directors has determined that CEO Lars Boilesen shall receive NOK 600,000 in bonus, as well as NOK 100,000 for his work during his vacation in July 2009. Further, the Board of Directors has determined that no other member of the Executive Team will receive any cash bonus for 2009 under the Company's Executive Compensation Policy.

During 2009, no deviations from the stock option program or the number of options granted were made with respect to the Executive Team.


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Principles of Corporate Governance at Opera Software ASA

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

General principles

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, 2009, 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.

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.

Equity and dividends

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 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 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.

In the event of material transactions between the Company and shareholders, 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 distributed to the shareholders no later than the date of the notice. 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 Web site, 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.

Nomination committee

The Nomination Committee is a body established pursuant to the Articles of Association and consists of four members, all of whom are elected by the General Meeting, and is a body established pursuant to the Articles of Association. Members of the Nomination Committee serve for a two year period, but may be re-elected. Any member who is also a member of the Board of Directors will normally not offer himself or herself for re-election. The task of the Nomination Committee is to propose candidates for election as shareholder-elected members of the Board of Directors and to make recommendations regarding the remuneration of the members of the Board of Directors. Remuneration of the members of the Nomination Committee will be determined by the General Meeting. Please see Opera's Web site for further information regarding the Nomination Committee.

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. Please see Opera's Web site for a detailed description of the Board members, including share ownership. Opera does not have a Corporate Assembly. 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). If the requirements for independence are not met, Opera will explain the reasons therefore in its Annual Report. The term of office for members of the Board of Directors is two years, 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 revised twice a year. The Board of Directors normally meets eight times a year, once for a two-day meeting, but holds 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. 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 of Directors annually evaluates its work, performance and expertise, and the report is made available for the Nomination Committee. 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 Web site (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 Procedures 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 and ethical guidelines. In December 2009, 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. 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 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 Director's 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 web site. 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 Board has adopted guidelines for possible takeovers.

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.

Design/Print: Target Reklamebyrå AS

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