1H

Opera Software 2010

OPERA™ software

INTERIM MANAGEMENT REPORT

(Unaudited)

Review of 1H 2010

Opera's operating revenues fell 4% to MNOK 320.3 in the first half of 2010. EBIT for 1H 2010 was MNOK 5.1, compared with MNOK 54.3 in 1H 2009. The Group delivered a net profit for the period of MNOK 3.5 compared to MNOK 38.9 in 1H 2009. In 1Q10, Opera Software recorded a one-time extraordinary charge, the majority of which was related to a cost reduction program designed to better align costs with revenues going forward. Excluding the one-time extraordinary charge, EBIT for 1H 2010 would have been MNOK 34.2, compared with MNOK 54.3 in 1H 2009.

The Company generated MNOK 52.1 in cash flow from operations in 1H 2010, compared with MNOK 30.5 in 1H 2009. Cash outflow for investments amounted to MNOK 72.0, including MNOK 57.6 related to acquisitions and MNOK 14.3 related to capital expenditures.

Opera continues to remain positive about the Company's growth prospects. Within Internet Devices, the success that key customers such as Motricity (AT&T) and KDDI have experienced with their Opera powered mobile Web initiatives, combined with recent events in the industry, has heightened interest for Opera's solutions – particularly among operators. Opera also sees accelerating interest among consumer electronic device manufacturers, particularly in the connected TV segment, who are choosing Opera solutions 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 versions 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 from user growth in the emerging markets.

Market considerations, 1H 2010

Macroeconomic risk: The Company operates in the software industry, which is sensitive to enterprise spending. Investment in browsers remains largely a discretionary spend, and may be impacted by economic conditions.

Industry / market risk. The browser market remains in its early stages, and the Group's market risks include the continuous need to develop and introduce new products that address customers' evolving requirements, competition from other products in the marketplace, and loss of major customers.

Currency risk and credit risk. The Company is exposed to foreign exchange and credit risk in its normal business activities. Opera endeavors to limit these risks to acceptable levels through diversification of currency exposure, as well as ongoing review of, and adherence to, credit control policies.

To the Board's best knowledge, the above represents the identified risks at the current time.

Major related party transactions

In the past 6 months, there have been no major related party transactions which have had a material impact on the financial statements.

Consolidated Statement of Financial Position

(Numbers in KNOK)

	6/30/2010 (Unaudited)	12/31/2009 (Audited)
Assets		
Non-current assets		
Intangible assets		
Goodwill	**115,474**	16,416
Other intangible assets	**23,647**	1,716
Total intangible assets	**139,121**	18,132
Property, plant and equipment		
Property, plant and equipment	**49,771**	42,848
Total property, plant and equipment	**49,771**	42,848
Financial assets and deferred tax assets		
Deferred tax assets	**37,423**	37,833
Other investments and deposits	**17,008**	15,811
Total financial assets and deferred tax assets	**54,431**	53,644
Total non-current assets	**243,323**	114,624
Current assets		
Trade and other receivables		
Accounts receivables	**93,150**	65,650
Unbilled revenue	**56,625**	58,816
Other receivables	**14,754**	36,144
Total trade and other receivables	**164,530**	160,609
Cash and cash equivalents	**528,227**	546,482
Total current assets	**692,757**	707,091
Total assets	**936,080**	821,715

Consolidated Statement of Financial Position

(Numbers in KNOK)

	6/30/2010 (Unaudited)	12/31/2009 (Audited)
Shareholders' equity and liabilities		
Equity		
Paid in capital		
Share capital	**2,379**	2,371
Share premium reserve	**456,965**	457,109
Other reserves	**51,434**	43,768
Total paid in capital	**510,777**	503,248
Retained earnings		
Other equity	**106,053**	99,679
Total retained earnings	**106,053**	99,679
Total equity	**616,830**	602,928
Liabilities		
Non-current liabilities		
Provisions	**32,626**	0
Total non-current liabilities	**32,626**	0
Current liabilities		
Accounts payable	**26,594**	9,357
Taxes payable	**538**	5,130
Social security, VAT and other taxation payable	**25,985**	21,399
Deferred revenue	**131,582**	123,808
Other short-term liabilities	**66,348**	50,569
Provisions	**35,576**	8,525
Total current liabilities	**286,623**	218,787
Total liabilities	**319,249**	218,787
Total equity and liabilities	**936,080**	821,715

Consolidated Statement of Comprehensive Income

(Numbers in KNOK, except per share amounts)

	1H 2010 (Unaudited)	1H 2009 (Unaudited)	% Change	FY 2009 (Audited)
Desktop	**111,107**	91,767	21%	184,912
Internet Devices	**209,233**	243,640	-14%	427,826
Total operating income	**320,340**	335,408	-4%	612,738
Payroll and related expenses, excluding stock option costs	**195,481**	200,890	-3%	389,625
Stock option costs	**8,270**	7,496	10%	14,074
Depreciation and amortization	**10,484**	5,953	76%	13,272
Other operating expenses	**71,915**	66,816	8%	141,453
Results from operating activities excl. one-time costs	**34,190**	54,253		54,314
One-time costs	**29,094**	0		0
Results from operating activities ("EBIT")	**5,096**	54,253		54,314
Other interest income/expense, net	**4,027**	5,815		10,039
Interest expense related to contingent consideration	**(3,968)**	0		0
FX gains/losses related to contingent consideration, net	**(6,699)**	0		0
Other FX gains/losses, net (negative amount = losses)	**6,433**	(6,040)		(19,862)
Profit before income tax	**4,888**	54,028		44,491
Provision for taxes*	**(1,369)**	(15,132)		(13,631)
Profit for the period	**3,520**	38,896		30,860
Foreign currency translation differences for foreign operations	**1,501**	(1,385)		(2,404)
Total comprehensive income for the period	**5,020**	37,511		28,456
Earnings per share**	**0.030**	0.330		0.260
Earnings per share, fully diluted**	**0.029**	0.324		0.255
Shares used in earnings per share calculation	**118,687,953**	117,846,285		118,657,031
Shares used in earnings per share calculation, fully diluted	**120,373,728**	120,164,441		121,210,653
Number of employees	**756**	727		757
Number of employees after restructuring	**707**			

*The half year provision for taxes is based on an estimated tax rate for the Group, FY 2009 is actual.
**Earnings per share is calculated based on the profit for the period.

Consolidated Statement of Changes in Equity

(Numbers in KNOK)

	Face-value	Number	Share capital	Share premium	Other reserves	Reserve for own shares	Translation reserve	Other equity	Total equity
Balance as of 12/31/2009	**0.02**	**118,575**	**2,391**	**457,109**	**43,769**	**-20**	**-1,230**	**100,910**	**602,928**
Comprehensive income for the period									
Profit for the period								3,520	3,520
Other comprehensive income									
Foreign currency translation differences							1,501		1,501
Total comprehensive income for the period			**0**	**0**	**0**	**0**	**1,501**	**3,520**	**5,020**
Contributions by and distributions to owners									
Dividend to equity holders									0
Own shares acquired	0.02	(351)				(7)		(7,225)	-7,232
Own shares sold	0.02	711				14		8,875	8,889
Tax deduction loss own shares									0
Issue expenses									0
Tax deduction on equity bookings									0
Share-based payment transactions					7,359				7,359
Total contributions by and distributions to owners	**0.02**	**361**	**0**	**0**	**7,359**	**7**	**0**	**1,649**	**9,015**
Other equity changes									
Other changes				(144)				11	-133
Total other equity changes			**0**	**(144)**	**0**	**0**	**0**	**11**	**-133**
Balance as of 6/30/2010	**0.02**	**118,935**	**2,391**	**456,964**	**51,127**	**-13**	**271**	**106,089**	**616,830**

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

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

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

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

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 12/31/2008	**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								38,896	38,896
Other comprehensive income									
Foreign currency translation differences							(1,385)		-1,385
Total comprehensive income for the period			**0**	**0**	**0**	**0**	**-1,385**	**38,896**	**37,511**
Contributions by and distributions to owners									
Dividend to equity holders									0
Own shares acquired									0
Own shares sold	0.02	1,478				30		18,089	18,119
Tax deduction loss own shares									0
Issue expenses									0
Tax deduction on equity bookings									0
Share-based payment transactions					6,422				6,422
Total contributions by and distributions to owners	**0.02**	**1,478**	**0**	**0**	**6,422**	**30**	**0**	**18,089**	**24,541**
Other equity changes									
Other changes*				(106)				(2,954)	(3,060)
Total other equity changes			**0**	**-106**	**0**	**0**	**0**	**-2,954**	**-3,060**
Balance as of 6/30/2009	**0.02**	**118,971**	**2,391**	**457,106**	**36,797**	**-12**	**-211**	**161,134**	**657,205**

**Consist mainly of losses on own shares invoiced to branches and correction of tax payable for FY 2008.*

Consolidated Statement of Cash Flows

(Numbers in KNOK)

	1H 2010 (Unaudited)	1H 2009 (Unaudited)
Cash flow from operating activities		
Profit/loss before taxes	**4,888**	54,028
Taxes paid	**8,192**	(15,739)
Depreciation expenses	**10,484**	5,953
Profit/loss from sales of property, plant and equipment	**(31)**	0
Impairment of shares	**0**	0
Changes in accounts receivables **	**(21,471)**	(40,352)
Changes in accounts payable	**11,567**	(6,339)
Changes in other liabilities and receivables, net	**19,805**	25,185
Share-based remuneration	**7,359**	6,421
Interest and FX related to contingent payment *`***	**10,667**	0
Conversion discrepancy	**618**	1,343
Net cash flow from operating activities	**52,079**	30,500
Cash flow from investment activities		
Capital expenditures	**(14,342)**	(14,102)
Acquisitions ***	**(57,649)**	(11,331)
Net cash flow from investment activities	**(71,990)**	(25,433)
Cash flow from financing activities		
Proceeds from exercise of stock options	**8,889**	18,119
Proceeds of share issues, net	**0**	0
Dividends paid	**0**	0
Purchase of own shares	**(7,232)**	0
Net cash flow from financing activities	**1,657**	18,119
Net change in cash and cash equivalents	**(18,255)**	23,186
Cash and cash equivalents (beginning of period)	**546,482**	563,548
Cash and cash equivalents **`*******	**528,227**	586,734

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

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

***On April 30, 2010, Opera entered into an Asset Purchase Agreement with the Fastmail Partnership. Identifiable assets acquired and liabilities assumed are not presented on separate lines in the consolidated statement of cash flows but are presented as acquisitions. For more details about the acquisition, please see note 9.

****Cash and cash equivalents of KNOK 7,217 were restricted assets as of June 30, 2010, and Cash and cash equivalents of KNOK 37,161 were restricted assets as of June 30, 2009.

*****As of June 30, 2010, the conversion discrepancy loss booked on Cash and cash equivalents was KNOK 2,973.

Note: The financial figures have been prepared based upon management's interpretation of the current International Financial Reporting Standards (IFRS).

OPERA software

Disclosure

Note 1 - Corporate Information

Opera Software ASA is a company domiciled in Norway. The consolidated financial statements of the Company include the Company subsidiaries Hern Labs AB, Zizzer AS, Opera Software Poland Sp. z o.o and Opera Software International AS (which, in turn, includes Opera Software Korea Ltd, Opera Software Technology (Beijing) Co., Ltd, Opera Software Australia PTY LTD, AdMarvel, Inc. and Opera Web Technologies Private Ltd (India), together referred to as the "Group"). As of June 30, 2010, Opera Software International AS had branch offices in Japan, USA, Poland, Czech Republic, China and Taiwan and had full control of the limited company Beijing Yuege Software Technology Service Co., Ltd.

Note 2 - Statement of Compliance

The consolidated financial statements have been prepared in accordance with IAS 34: Interim Financial Reporting. These condensed consolidated interim financial statements are unaudited. The report does not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2009.

Note 3 - Financial Statements - Accounting Policies

The Group has used the same accounting policies and standards as in the consolidated financial statements of December 31, 2009, except as mentioned below. The consolidated financial statements of the Opera Group for 2009 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Norwegian Accounting Act.

New standards, interpretations or amendments to published standards that were effective from January 1, 2010 that have significantly affected the consolidated financial statements for the first half 2010 are:

Revised IAS 27 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 has applied IAS 27 (revised) prospectively to transactions with non-controlling interests from January 1, 2010.

Revised IFRS 3 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 has applied IFRS 3 (revised) prospectively to all business combinations from January 1, 2010.

Note 4 - 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. Change in an accounting estimate is 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.

Note 5 - Basic Earnings per Share

(Numbers in KNOK, except per share amounts)

	1H 2010 (Unaudited)	1H 2009 (Unaudited)
Earnings per share (basic)	**0.030**	0.330
Earnings per share, fully diluted	**0.029**	0.324
Shares used in per share calculation (mm)	**118,687,953**	117,846,285
Shares used in per share calculation, fully diluted (mm)	**120,373,728**	120,164,441

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.

In periods with negative net income, the dilutive instruments will have an anti dilutive effect when calculating diluted earnings per share. For this reason, there is no difference between earnings per share and diluted earnings per share for these periods.

The options have varying exercise prices and would, upon exercise, mean payment to the Company of KNOK 114,361 as of June 30, 2010. In relation to the accounting standard regarding earnings per share, the effect of these funds being used by the Company to purchase shares in the market should be considered when calculating the fully diluted number of shares outstanding. The average price in the period is used when calculating the fully diluted number of shares. The average price is calculated to be NOK 21.89 YTD 2010. Opera has included options with a strike price below NOK 22.60 when calculating the fully diluted number of shares outstanding. Total options used in the calculations are 7,207,599 of which 5,890,068 options are unvested and 1,317,531 are vested but not yet exercised.

	1H 2010
Average number of shares	**118,687,953**
The following equity instruments have a diluting effect:	
Options	**7,207,599**
Total	**7,207,599**
Options	**7,207,599**
Number of shares purchased (KNOK 114,361/21.89)	**5,224,334**
Number of shares with diluting effect	**1,983,265**
Expected options to be exercised	**1,685,775**

Note 6 - 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 of the FY 2009 Annual Report.

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	1H 2010 (Unaudited)	1H 2009 (Unaudited)
Desktop	**111,107**	91,767
Internet devices	**209,233**	243,640
Total	**320,340**	335,408

(Numbers in KNOK)

REVENUE BY REGION	1H 2010 (Unaudited)	1H 2009 (Unaudited)
Europe	**68,853**	77,570
USA/ Canada	**134,213**	99,211
Asia	**117,275**	158,627
Total	**320,340**	335,408

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 1H 2010 were KNOK 4.

In 1H 2010, Opera had sales to one customer that accounted for more than 10% of the total group revenues.

Note 7 - Shareholder Information

Authorization to acquire own shares
The Annual General Meeting, held on June 15, 2010, passed the following resolution:
a) The Board of Directors is authorized to acquire shares in the Company. The shares are to be acquired at market terms on a regulated market where the shares are traded.

b) The shares may only be used to fulfill obligations under incentive schemes approved by the shareholders. No new authority is granted by this item for new incentive schemes.

c) The maximum face value of the shares which the Company may acquire pursuant to this authorization is in total KNOK 238. The minimum amount which may be paid for each share acquired pursuant to this power of attorney is NOK 0.02, and the maximum amount is NOK 200.

d) The authorization comprises the right to establish collateral using the Company's own shares.

e) This authorization is valid from the date of registration with the Norwegian Register of Business Enterprises until June 30, 2011.

f) The new authorization will replace all previous authorizations once registered in the Norwegian Register of Business Enterprises.

Board authorization to increase the share capital by issuance of new shares

The Annual General Meeting, held on June 15, 2010, passed the following resolutions:

1 Authorization regarding incentive program
a) The Board of Directors is authorized to increase the Company's share capital by up to KNOK 239.149, through one or several share issues of up to a total of 11,957,450 shares, each with a nominal value of NOK 0.02. The subscription price and other terms will be determined by the Board of Directors.

b) The authorization includes the right to increase the Company's share capital in return for non-cash contributions or the right to assume special obligations on behalf of the Company.

c) The preferential rights pursuant to Section 10-4 of the Public Limited Liability Companies Act may be deviated from by the Board of Directors.

d) The authorization may only be used for issuing of new shares in relation to the Company's incentive schemes existing at any time in the Opera group. The authorization cannot be used in connection with options that may be granted to directors on or after June 15, 2010.

e) The authorization shall be effective from the date it is registered in the Norwegian Register of Business Enterprises and shall be valid until June 30, 2011.

f) The new authorization will replace all previous authorizations once registered in the Norwegian Register of Business Enterprises.

g) The authorization cannot be used if the Company has issued new shares in the Company, between the period June 15, 2010 and June 30, 2011, pursuant to the board authorizations, representing more than 10% of the Company's share capital.

2 Authorization regarding acquisitions

a) The Board of Directors is authorized to increase the Company's share capital by up to KNOK 239.149, through one or several share issues of up to a total of 11,957,450 shares, each with a nominal value of NOK 0,02. The subscription price and other terms will be determined by the Board of Directors.

b) The authorization includes the right to increase the Company's share capital in return for non-cash contributions or the right to assume special obligations on behalf of the Company.

c) The preferential rights pursuant to Section 10-4 of the Public Limited Liability Companies Act may be deviated from by the Board of Directors.

d) The authorization may only be used in connection with acquisitions of businesses or companies, including mergers, within the business areas operated by the Opera group, or which relates thereto.

e) The authorization shall be effective from the date it is registered in the Norwegian Register of Business Enterprises and shall be valid until June 30, 2011.

f) The authorization replaces the current authorization when registered in the Norwegian Register of Business Enterprises.

g) The authorization cannot be used if the Company has issued new shares in the Company, between the period June 15, 2010 and June 30, 2011, pursuant to the board authorizations, representing more than 10% of the Company's share capital.

Dividends for 2009 of NOK 0.16 per share

The Annual General Meeting, held on June 15, 2010, passed the following resolutions:

a) NOK 0.16 per share is paid as a dividend for 2009, constituting an aggregate dividend payment of KNOK 19,132. The dividend will be paid to those who are shareholders at end of June 15, 2010, and the shares will be trading exclusive dividend rights as from June 16, 2010.

New option program

The Annual General Meeting, held on June 15, 2010 approved a new option program effective from June 16, 2010. The details of the option program can be found in the notice to the AGM posted on the Oslo Stock Exchange website (www.oslobors.no).

Other items passed on the AGM

For further details about the meeting held on June 15, 2010, please see the protocol from the Annual General Meeting published on the Oslo Stock Exchange website (www.oslobors.no).

Own shares

During 1Q 2010 and YTD Opera has purchased 350,500 own shares for KNOK 7,232. During 1Q 2010 Opera sold 509,629 own shares for KNOK 6,306, and during 2Q 2010 Opera sold 201,614 shares for KNOK 2,583.

Note 8 - Financial Information

Opera has chosen to include more information regarding currency risk as of June 30, 2010.

The majority of the financial risk carried by the Group, as a result of its subsidiaries, relates to foreign exchange fluctuations. Both sales and expenses 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. In 1H 2010, approximately 52% of revenues were in EUR and 47%)in USD; for expenses, approximately 59% were in NOK, 10% in SEK, 10% in USD, 7% in PLN, 5% in JPY, 2% in EUR, and 7% in other currencies.

For 1H 2010, Opera had a net foreign exchange loss of KNOK 266. KNOK 2,645 was realized foreign exchange gain and KNOK 2,911 was unrealized foreign exchange loss. The unrealized disagio is estimated as the difference between the exchange rate at the closing date and date of the transaction.

Opera has not entered into any foreign exchange contracts as of June 30, 2010.

Note 9 - Business Combinations

AdMarvel, Inc

On January 19, 2010, Opera Software International AS acquired 100% of the shares and voting interest of the privately held company AdMarvel, Inc. The agreed acquisition price is approximately KUSD 8,250 in cash. The acquisition structure also envisages up to an additional KUSD 15,000 in cash consideration, paid only if certain aggressive financial targets are met in FY 2010 and FY 2011. Opera expects that AdMarvel will help Opera to expand its portfolio of products and services to include highly scalable ad monetization services for Opera branded mobile products, and products and services offered by mobile operators and content partners. AdMarvel, based in San Mateo, California (USA), works with a broad set of constituents in the advertising ecosystem to improve the performance of mobile advertising. The company was founded in 2006 by a team of mobile veterans led by Mahi de Silva and currently employs 15 full-time equivalents. In 2009 the Group incurred acquisition-related costs of KNOK 1,406 related to external legal fees and due diligence costs. In 2010 the Group incurred additional acquisition-related costs of KNOK 1,253 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.

(Numbers in KNOK)

Identifiable assets acquired and liabilities assumed

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

** No provision for bad debt.*

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

Opera calculated the fair value on the aqusition day and booked a contingent consideration of KNOK 39,007 in the financial statements. The contingent consideration is revalued each quarter, and more information can be found in note 10.

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

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

Note 9 - Business Combinations (continued)

Fastmail

On April 30, 2010, Opera Software Australia PTY LTD entered into an Asset Purchase Agreement with the Fastmail Partnership whereby Opera Software Australia PTY LTD acquired the assets sustaining the operation of the E-mail business developed by the Fastmail Partnership. The agreed acquisition price is approximately KUSD 2,163 in cash. The acquisition structure also envisages up to an additional KUSD 1,892 in cash consideration, conditional upon the retention of key employees transferred and paid only if certain aggressive technology development milestones are met within 2 years and certain targets in terms of numbers of new users are met within 5 years. The FastMail Partnership provides email services to businesses, families, and individuals, by offering email addresses and storage space for incoming emails, as well as enabling its users to send and receive emails by connecting to the Internet with a Web-browser. The company was founded in 1999 and is based in Melbourne, Australia. Opera Software Australia PTY LTD currently employs 3 full-time equivalents. Opera expects that purchase of the Fastmail business will help Opera to expand its current messaging product portfolio and deliver cross-platform messaging to a wide range of devices, including computers, mobile phones, TVs and gaming consoles. In 2009, the Group incurred acquisition-related costs of KNOK 158 related to external legal fees and due diligence costs. In 2010 the Group incurred additional acquisition-related costs of KNOK 1,227 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.

(Numbers in KNOK)

Identifiable assets acquired and liabilities assumed

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

** No provision for bad debt.*

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

Opera calculated the fair value on the aquisition day and booked a contingent consideration of KNOK 7,955 in the financial statements. The contingent consideration is revalued each quarter, and more information can be found in note 10.

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

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

Note 9 - Business Combinations (continued)

(Numbers in KNOK)

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
Goodwill at acquisition cost for AdMarvel	75,146
Goodwill at acquisition cost for Fastmail	23,694
FX adjustment goodwill at acquisition cost	218
Net book value as of 6/30/10	115,474

Note 10 - Contingent Liabilities and Provisions

Pension liability

KNOK 10,573 has been booked as a current provision for estimated pension liability in Hern Labs AB.
Please see note 11 in the FY 2009 Financial Statements for a description of the pension case.

AdMarvel - Earn out agreement

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

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

Assumptions	
WACC	20.0%
Taxrate	40.0%
FX-rate	5.674

Above, please find the assumptions and earn out valuation performed at the acquisition date where Opera calculated the fair value and booked a contingent consideration of KNOK 39,007 in the financial statements. The contingent consideration is revalued each quarter, and KNOK 26,561 has been booked as a non-current provision and KNOK 22,132 as current provision to cover the total contingent consideration of KNOK 48,693 as of June 30, 2010, where the same assumptions that were used on the acquisition date have been used. For 2Q 2010 Opera booked KNOK 3,722 as interest expense and KNOK 5,964 as FX expense. Please also see note 9 for more details.

Fastmail - Earn out agreement

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

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

Assumptions	
WACC	20.2%
Taxrate	30.0%
FX-rate	5.936

Above, please find the assumptions and earn out valuation performed at the acquisition date where Opera calculated the fair value and booked a contingent consideration of KNOK 9,400 in the financial statements. The contingent consideration is revalued each quarter, and KNOK 6,065 has been booked as a non-current provision and KNOK 2,870 as current provision to cover the total contingent consideration of KNOK 8,935 as of June 30, 2010 where the same assumptions that were used on the acquisition date have been used. For 2Q 2010 Opera booked KNOK 246 as interest expense and KNOK 735 as FX expense. Please also see note 9 for more details.

Note 11 - Unusual Transactions

Opera Software ASA noted no unusual transactions during the reporting period.

Note 12 - Subsequent Events

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 - CEO and Co-founder

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 in the FY 2009 Annual Report.

Note 14 - One-time Costs

Opera Software ASA has in 1Q 2010, recorded a one-time restructuring charge related primarily to a cost reduction program that will better align costs with revenues, and legal fees related to business combinations:

26,728	Salary restructuring cost
-898	Option restructuring cost
1,600	Office restructuring cost
1,665	Legal fees related to business combinations
29,094	**Total one-time costs**

STATEMENT BY THE BOARD OF DIRECTORS AND THE CEO

(Unaudited)

The Board of Directors and the CEO have today reviewed and approved the condensed consolidated interim report of Opera Software ASA of June 30, 2010, and for the first half-year 2010.

The interim report has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU and additional Norwegian disclosure requirements in accordance with the Norwegian Securities Trading Act.

The Board of Directors and the CEO consider the accounting policies applied to be appropriate. Accordingly, to the best of their knowledge and without the benefit of an audit, the interim report gives a true and fair view of the Group's assets, liabilities and financial position as of June 30, 2010, and of the results of the Group’s operations and cash flows for the first half-year 2010.

The Board of Directors and the CEO also consider the interim report to give a true and fair view of important events in the accounting period, and their impact on the interim report, the principal risks and uncertainties for the remaining six months of the financial year, and the description of the major related parties transactions.

Oslo , August 24, 2010

The Board of Directors of Opera Software ASA

William J. Raduchel, Chairman
Audun Wickstrand Iversen
Marianne Blystad
Kari Stautland
Arve Johansen
Stig Halvorsen, Employee representative
Karl Anders Øygard, Employee representative
Lars Boilesen, CEO