



FOURTH QUARTER - 2005

**Opera Software ASA
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FINANCIAL STATEMENT – FOURTH QUARTER 2005

PROFIT AND LOSS ACCOUNT <i>(Figures in TNOK)</i>	Fourth Quarter IFRS		Accumulated IFRS	
	2004	2005	2004	2005
Revenue, PC/Desktop	9 757	6 396	33 439	25 826
Revenue, Internet devices	20 078	41 669	65 886	128 128
Other revenue	124	0	87 689	0
Total Operating Revenues	29 959	48 065	187 014	153 954
Payroll and related expenses	23 402	33 292	75 441	112 483
Depreciation and amortization	290	594	1 185	2 055
Other operating expenses	7 679	10 340	29 098	38 489
Total operating expenses	31 371	44 226	105 724	153 027
Earnings Before Interest and Tax ("EBIT")	-1 412	3 839	81 291	927
Net financial items	1 487	1 170	2 653	3 691
Earnings Before Tax ("EBT")	75	5 009	83 944	4 618
Taxes	-273	-1 428	-24 930	-1 342
Earnings After Tax ("EAT")	-198	3 581	59 014	3 276
Earnings per share	0.00	0.03	0.62	0.03
Earnings per share fully diluted	0.00	0.03	0.56	0.03

BALANCE SHEET <i>(Figures in TNOK)</i>	December 31	
	2004	2005
Assets		
Deferred taxes	1 055	229
Goodwill	3 143	3 143
Tangible assets	2 338	9 251
Other current assets	33 404	93 347
Cash and cash equivalents	241 275	218 526
Total assets	281 215	324 496
Liabilities & equity		
Paid in capital	200 846	222 737
Retained earnings	63 058	67 061
Short-term liabilities	17 311	34 698
Total liabilities & equity	281 215	324 496

CASH FLOW STATEMENT <i>(Figures in TNOK)</i>	Fourth Quarter		Accumulated	
	2004	2005	2004	2005
Cash flow from operating activities	5 710	1 892	97 552	-35 526
Cash flow from investment activities	-633	-3 529	-2 041	-9 033
Cash flow from financing activities	1 892	14 270	117 376	21 811
Change in cash and cash equivalents	6 968	12 633	212 887	-22 748
Cash and cash equivalent, beginning of period	234 307	205 893	28 388	241 275
Cash and cash equivalent, end of period	241 275	218 526	241 275	218 526

EQUITY <i>(Figures in TNOK)</i>	Accumulated per December 31	
	2004	2005
Opening balance	79 977	263 904
Net profit/loss	59 014	3 276
Equity issues	124 918	22 748
Other	-5	-130
Closing balance	263 904	289 798

INTERIM RESULTS <i>(Figures in TNOK)</i>	Q3	Q4	Q1	Q2	Q3	Q4
	2004	2004	2005	2005	2005	2005
Total operating revenues	24 567	29 959	27 965	40 417	37 506	48 065
EBIT	-3 013	-1 412	-5 584	7 808	-5 137	3 839
Sales growth quarter by quarter (%)	-77.8%	21.0%	-6.7%	44.5%	-7.2%	28.2%
Pre-tax earnings per share (NOK)	-0.02	0.00	-0.03	0.06	-0.00	0.03
Pre-tax earnings per share (NOK) fully diluted	-0.02	0.00	-0.03	0.05	-0.00	0.03

Note: The fourth quarter 2005 financial figures have been prepared based upon the management's interpretation of the current International Financial Reporting Standards (IFRS). The financial figures have been restated accordingly. Due to possible changes in existing standards, new understanding and interpretation of existing standards and potential new standards, the figures may change later. Neither the 2005 nor the 2004 restated figures have been audited and must therefore be treated as preliminary figures.

OPERA SOFTWARE ASA – FOURTH QUARTER 2005

Highlights

- Operating revenue of MNOK 48.1 in 4Q 2005, up from MNOK 30.0 in 4Q 2004, a growth of 60.4%. Accumulated ordinary revenue was MNOK 154.0 in 2005, up from MNOK 99.3 in 2004, an increase of 55% on a year-to-year basis
- Ordinary earnings before interest and tax (“EBIT”) of MNOK 3.8 in 4Q05 compared to MNOK -1.4 in 4Q04. Accumulated EBIT in 2005, excluding non-recurring revenue, was MNOK 0.9, compared to MNOK -6.4 in 2004
- The number of mobile phones sold with the Opera browser was 6.1 million in 4Q05, compared to 3.0 million in 4Q04. Opera was included on 17.0 million phones in 2005 compared to 8.8 million in 2004
- Nine new mobile phones that include the Opera browser, have been announced since the last quarterly report. Manufacturers include Sony Ericsson, Casio, Hitachi, Motorola and Nokia. Opera announced 24 models in 2005, compared to 13 models in 2004
- Opera Software and Google Inc. entered into a search agreement covering Opera Mobile and Opera Mini
- Opera Mini was launched worldwide in January 2006. More than 1.4 million people have downloaded and used Opera Mini to view web content
- Nintendo has chosen Opera as the default browser on the Nintendo DS, a handheld gaming device. This is the first gaming device announced to include the Opera browser.

Financials

Operating revenue in the fourth quarter of 2005 (“4Q05”) was MNOK 48.1 up from MNOK 30.0 in 4Q04. Accumulated ordinary revenue was MNOK 154.0 in 2005, up from MNOK 99.3 in 2004. The revenue increased by 55% on a year-to-year basis.

Revenue from Internet devices was MNOK 41.7 in 4Q05, up from MNOK 20.1 in 4Q04. Revenue from PC/Desktop products was MNOK 6.4, down from MNOK 9.8 last year.

Operating expenses increased from MNOK 31.4 in 4Q04 to MNOK 44.2 in 4Q05, a growth of 41%. Accumulated operating expenses were MNOK 153.0 compared to MNOK 105.7 in 2004, a growth of 44.7%.

Cost related to the option program was MNOK 2.4 in Q405 compared to NOK 0.0 in Q404. Accumulated cost related to the option program was MNOK 8.5 in 2005 compared to MNOK 0.7 in 2004. The increase was partly related to the implementation of IFRS and to the increase in the share price, which increased from a closing price of NOK 8.90 on January 3, 2005 to a closing price of NOK 22.50 on December 31, 2005.

EBIT in 4Q05 was MNOK 3.8, compared to MNOK -1.4 in 4Q04. Accumulated EBIT excluding non-recurring revenue was MNOK 0.9, compared to MNOK -6.4 in 2004.

Cash and cash equivalents were MNOK 218.5 at the end of 4Q05.

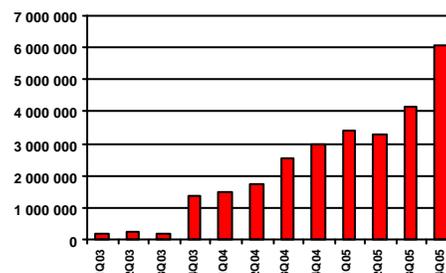
Internet devices

The revenue from Internet devices increased from MNOK 20.1 in 4Q04 to MNOK 41.7 in 4Q05, a growth of 107.5%. Accumulated revenue from Internet devices for the year was MNOK 128.1, compared to MNOK 65.9 in 2004,

Mobile phones

The number of phones sold to end users that included the Opera browser was 6.1 million in 4Q05, compared to 3.0 million units in 4Q04. In 2005, Opera was pre-installed on 17.0 million phones compared to 8.8 million in 2004.

Number of phones sold with the Opera browser
(Ex. Opera Mini)



In October, the Opera Mobile browser was included on three new mobile phones from Kyocera in Japan: the Kyocera AH-K3002V, WX300K, and WX310K.

During the same month, Opera announced that it is the default browser on Sony-Ericsson’s upcoming smartphone flagship, the P990. Opera was included in two more Sony Ericsson devices, the W950 and M600, both announced in February 2006.

In October, Opera announced that its browser is included on the new Nokia N70. The N70 is the latest Nokia 3G smartphone with a two mega pixel camera, a flash and front camera for video calling, a digital music player, an FM radio, e-mail capabilities and full Internet access.

In November, it was announced that Opera is included as the default browser on the new Nokia 9300i. The 9300i is a high-end smartphone with EDGE and WLAN connectivity and runs Opera as its standard browser.



Motorola ROKR E2



Sony Ericsson W950

During the same month, Japan-based Willcom Inc. chose the Opera browser for the new Sharp W-Zero3 handset. This is the first Windows Mobile 5.0 device in the Japanese market and the first device to ship with Opera Mobile 8.5 for Pocket PC.

In December, Motorola announced the new Motorola A1200. The A1200, which is an advanced multimedia phone capable of playing movies and music, gaming, e-mailing and Internet browsing, includes the Opera browser.

In January, Opera announced that the Opera browser comes standard on the Motorola ROKR E2. Powered by Linux, the ROKR E2 is Motorola's new music phone, supporting MP3, WMA and USB 2.0 for speedy data transfers. It offers up to 2GB of memory.

During the same month, Opera announced that the Opera browser has been included on three new handsets from the leading Japanese 3G operator KDDI: SonyEricsson W41S, Casio W41CA and Hitachi W41H. The Opera browser has now been shipped on nine mobile phones from KDDI.

Opera Software ASA and Google Inc. entered into an agreement in December whereby Google will be the default search partner for Opera Mobile and Opera Mini. Under the one-year contract, Opera will make Google Search a major part of the browser's home screen. The agreement covers Opera's regular, client-side mobile browsers (Opera Mobile) as well as the Opera Mini, which is a server-based browser that is able to run on most Java-based mobile phones.

Opera Mini was launched worldwide in January. Mini is available free of charge via WAP and PC download or for a fee via SMS. Opera also offers customized versions of Opera Mini to mobile phone operators, handset manufacturers and other companies interested in offering a branded, full mobile Web browser to their customers. Since the launch of Mini, more than 1.4 million people have downloaded and used the product to view Web content.

Other devices

In December, Opera announced that a letter of intent had been signed with a leading vendor in the home media industry. The contract was later signed in January 2006. The contract includes a royalty agreement whereby Opera receives a royalty fee per unit sold. Products are scheduled to be launched in 2006. Opera will receive an initial payment of 670,000 Euros to cover engineering work.

In February, Nintendo announced that the new portable gaming device, the Nintendo DS, will include the Opera browser. This is the first gaming device announced to include Opera's browser solution. The agreement with Nintendo was initially announced on a confidential basis in June 2005.

PC/Desktop

Revenue from the PC/Desktop was MNOK 6.4, down from MNOK 9.8 last year, a decrease of 34.4%. Accumulated PC/Desktop revenue for the year was MNOK 25.8, compared to MNOK 33.4 in 2004, a decrease of 22.8%.

In a move to expand global distribution and use of Opera's desktop browser, the company decided in September to offer its browser free of charge and with no advertising. This caused a decline in desktop revenue in 2005.

Following the launch in September 2005 of Opera 8.5, the free version of the desktop browser, average daily downloads have doubled to approximately 100,000.

Continued innovation

In November, Opera brought Web applications to the mobile phone. Using a software development kit (SDK) provided for the Opera Platform, developers can rapidly create small applications that let end-users interact with information in new ways. A Web application can, for example, be an email client, a game or a stock ticker.

Opera also brought innovative features to its Series 60 platform offering. The new Opera 8.5 for S60, launched in November, includes new features such as a password manager and advanced zoom capabilities.

Organization

As of December 31, 2005 the company had 264 employees, compared to 195 employees as of December 31, 2004. On December 31, 2003, Opera had 128 employees.

Outlook

The growth in operating revenue was 55% in 2005, compared to 26% in 2004. The company expects the growth in royalty revenue from mobile phones to continue in 2006. The introduction of Opera Mini will start to generate recurring revenue from mobile operators and content providers in the first half of 2006. The market for other devices, including set-top boxes and game consoles, is expected to become more important for Opera, with multiple devices expected to be launched in 2006.

Mobile phones

The market for handsets with increased functionality showed material growth in 2005. Advanced handsets like smartphones accounted for an increasingly higher proportion of total mobile phone sales. Opera believes that two main factors will continue to drive the growth for enhanced handsets: the falling cost of building a mobile phone and the operators' demand for increased functionality and better services to make use of faster network speeds.

The company expects the growth in royalty revenue from mobile phones to continue in 2006 as browsers become included in more handsets.

Because of its small foot-print, Opera Mini has made the company's browser technology available for most Java-enabled handsets, which represents a majority of the mobile phones sold today. Opera Mini will start to generate recurring revenue from usage via phone operators and content providers in the first half of 2006. Since the launch of Mini, more than 1.4 million people have downloaded and used the product to view web content. The number is expected to increase going forward.

Devices

Digital media content is rapidly becoming popular in the mass consumer market, as seen most visibly through the growth of digital consumer content such as music, images, TV/video and games. Opera believes that future devices to a large extent will be networked and have electronic storage capacity. Downloading into hard drives will require a browser, and Opera believes that its proven browser technology will enable simpler and cheaper hardware to deliver enhanced applications. Opera sees an increase in interest for its product offering in the device sector and expects multiple projects to materialize during 2006.

The market for devices is expected to become more important for Opera, with multiple devices expected to be launched in 2006.

PC/Desktop

Although the company has a cautious outlook in the short term, the company believes that it will be able to increase desktop revenue from search and service partnerships in the longer term.

Oslo, February 17, 2006

The Board of Directors
Opera Software ASA

Christian H. Thommessen
Chairman
(sign.)

Jon S. von Tetzchner
CEO
(sign.)