



SECOND QUARTER - 2003

**Opera Software ASA
Waldemar Thranesgate 98
P.O. Box 2648, St. Hanshaugen
NO-0175 Oslo, Norway
Telephone: (+47) 24 16 40 00
Telefax: (+47) 24 16 40 01
www.opera.com**

FINANCIAL STATEMENT – SECOND QUARTER 2003

PROFIT AND LOSS ACCOUNT <i>(Figures in TNOK)</i>	Second Quarter		Accumulated		Full year
	2002	2003	2002	2003	2002
Revenues, PC/Desktop	3 534	3 971	9 673	9 434	17 499
Revenues, Internet Devices	10 129	15 277	15 603	22 253	33 561
Total Operating Revenues	13 663	19 248	25 276	31 687	51 060
Payroll and related expenses	9 379	10 022	20 489	23 235	47 016
Depreciation and amortization	811	803	1 611	1 573	3 118
Other operating expenses	5 152	6 254	10 273	11 061	22 307
Total operating expenses	15 342	17 079	32 373	35 869	72 441
Operating result	-1 679	2 169	-7 097	-4 182	-21 380
Net financial items	-323	193	-267	198	857
Result before taxes	-2 002	2 362	-7 364	-3 983	-22 237
Taxes	560	-771	1 842	895	6 035
Ordinary result	-1 442	1 591	-5 522	-3 088	-16 202

BALANCE SHEET <i>(Figures in TNOK)</i>	30-June		31-Dec
	2002	2003	2002
Assets			
Intangible assets	21 091	25 650	26 394
Tangible assets	2 680	1 337	2 041
Other current assets	13 049	21 504	11 473
Cash and cash equivalents	7 400	34 097	9 016
Total assets	44 220	82 588	48 924
Liabilities & equity			
Equity	37 315	74 966	26 506
Long-term liabilities	0	0	0
Short-term liabilities	6 905	7 622	22 418
Total liabilities & equity	44 220	82 588	48 924

CASH FLOW STATEMENT <i>(Figures in TNOK)</i>	Second Quarter		Accumulated		Full year
	2002	2003	2002	2003	2002
Ordinary profit before taxes	-2 002	2 362	-7 364	-3 983	-22 237
Net cash flow from operating activities	-1 220	-13 407	-5 687	-12 664	-23 195
Net cash flow from investment activities	-148	0	-187	0	-548
Net cash flow from financing activities	4 000	41 728	4 000	41 728	15 850
Net change in cash and cash equivalents	-630	30 683	-9 508	25 081	-7 893

INTERIM RESULTS <i>(Figures in TNOK)</i>	Q1	Q2	Q3	Q4	Q1	Q2
	2002	2002	2002	2002	2003	2003
Total operating revenues	11 619	13 663	11 984	13 794	12 439	19 248
Operating result	-4 576	-2 490	-7 934	-6 381	-6 351	2 169
Sales growth quarter by quarter (%)	30.0%	17.6 %	-12.3%	15.1%	-9.8%	54.7%
Pre-tax earnings per share (NOK)	-0.074	-0.046	-0.127	-0.114	-0.083	0.019
Pre-tax earnings per share (NOK) fully diluted	-0.070	-0.044	-0.101	-0.090	-0.068	0.016

Note: The quarterly financial statement is based on the same principles as the annual accounts

OPERA SOFTWARE ASA – SECOND QUARTER 2003

Highlights

- Revenues of MNOK 19.2, up from MNOK 13.7 in 2002, a growth of 40.9%
- Profit before tax of MNOK 2.4 compared to loss before tax of MNOK -2.0 in 2002
- The first agreement with a mobile operator, Optimus of Portugal, was announced in June
- Opera has signed an agreement with a major mobile phone manufacturer that intends to include Opera's SSR solution on mass-market phones.

Financials

Operating revenues in the second quarter of 2003 ("2Q03") was MNOK 19.2 compared with MNOK 13.7 in 2Q02 increasing by 40.9% on a year-to-year basis. Accumulated revenues for the first half of 2003 were MNOK 31.7 compared to MNOK 25.3 for the same period last year, a growth of 25.4%.

The operating profit in 2Q03 was MNOK 2.2, compared to an operating loss of MNOK -1.7 in 2Q02. Accumulated operating loss for the first half of 2003 was MNOK -4.2 compared to MNOK -7.1 for the same period last year.

Income from embedded products was MNOK 15.3, up from MNOK 10.1 in 2Q02. Income from PC/Desktop was MNOK 4.0, up from MNOK 3.5 last year.

The operating costs increased from MNOK 15.3 in 2Q02 to MNOK 17.1 in 2Q03, a growth of 11.3%. Accumulated operating costs for the year was MNOK 35.9 compared to MNOK 32.4 during the same period last year, a growth of 10.8%.

Cash and cash equivalents was MNOK 34.1 at the end of 2Q03.

Embedded

The income from embedded products grew from MNOK 10.1 in 2Q02 to MNOK 15.3 in 2Q03, a growth of 50.8%

Since the launch of the Small Screen Rendering browser ("SSR") late last year, Opera's smartphone edition has showed promising progress in the marketplace. Key players in the industry have already signed up to include Opera's full Web browser on their smartphones. Existing partners among handheld manufacturers include SonyEricsson and Kyocera.

Opera is in dialogue with several of the leading mobile phone manufacturers that is considering using Opera's SSR on future product lines. The Company expects Opera's SSR technology to be included on mass-market handsets launched in the second half of 2003 with several other phones to follow in 2004.

Opera has over the last year been working directly towards the mobile operators to deliver a branded browser that is integrated into the phone user interface. Opera believes that this will help the operators to market their own content and services, thereby increasing customer loyalty and average revenue per user (ARPU).

The first agreement with an operator, Optimus of Portugal, was announced in June. Optimus is the first operator that chooses to differentiate its smartphones by including Opera as default on Nokia 3650.

In the prospectus dated 25. April, the discussion with Canal+ Technologies ("C+T") was listed as a potential legal dispute. The disagreement has now been resolved. C+T will finance Opera's part of the browser to C+T's middleware MediaHighway.

PC/Desktop

Income from PC/Desktop grew from MNOK 3.5 in 2Q02 to MNOK 4.0 in 2Q03, a growth of 12.4%.

Advertising income has been lower than expected. The cooperation with Advertising.com has not worked according to plan, and Opera is now considering several alternative advertising income models.

Although the number of downloads and installations has continued to increase, the number of users buying desktop licenses is stable compared to last year. The company is considering alternative strategies to increase license revenue on the desktop product line.

During the first seven months of 2003, more than 10 million users downloaded the free ad-sponsored desktop version.

Organization

As of 30. June, the company had 122 employees (115.5 man-labour years), compared to 125 employees by the end of June 2002 and 120 employees by the end of 1Q03.

The Company foresees further organisational growth in the second half driven by increased number of projects financed by customers. Growth will be demand-driven and new employees will mainly be working within the development, quality assurance and documentation departments.

Outlook

As an increasing share of mobile phones get high resolution colour screens and higher memory capacity, phone manufacturers are focusing on including new software applications to improve the user experience to

increase loyalty and revenues for operators on mobile phones.

As mobile phones are becoming increasingly advanced, Opera believes that most mobile phone manufacturers are investigating the opportunity of replacing today's WAP with Internet as we know it from our PCs, using HTML.

Opera believes it is better positioned than ever before to become a leading player in the market for HTML browsers on mobile phones.

The Company believes it will be included on mass-market hand-sets launched in the second half of 2003 with several other phones to follow in 2004. Still, most of the income on Internet devices is expected to be R&D related this year. We do not expect a substantial growth in license income before 2004.

The level of activity within the digital television industry is still relatively low. Although we believe that the Opera browser will be included on several set-top boxes in the short to medium-term, mass market adoption will take more time. We continue to believe that Opera has a leading solution for this sector and that the long term income potential is substantial.

Shareholder and equity related issues

The Company raised NOK 3 603 325 in a private placement in May, issuing 1 441 330 shares at NOK 2.50 per share. The offering followed the private placement in March of NOK 38 125 000 and was targeted towards existing shareholders who were given the same terms as the investors that subscribed in the March offering.

The convertible loan of MNOK 11.85 taken up in September 2002 was converted into shares in May, issuing 6 319 997 new shares. As part of the loan agreement, the lenders have been granted a number of warrants equal to the numbers of shares received after the conversion. The maturity of the warrants is two years from the date of the conversion.

As of June 30, the total number of outstanding shares totalled 84 652 747.

Oslo, August 15, 2003

The Board of Directors
Opera Software ASA

Christian H. Thommessen
Chairman
(sign.)

Jon S. von Tetzchner
CEO
(sign.)