OPERA SOFTWARE ASA

Annual Report 2003

2003 CONTENTS

THE ANNUAL ACCOUNT REPORT FOR OPERA SOFTWARE CONTAINS THE FOLLOWING:

The financial statement, which has been drawn up by the board and management, has to be read in relation to the annual report and the independent auditor's opinion. The preparation of financial statements in conformity with accounting principles generally accepted in Norway, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

THE SAGA CONTINUES...

I remember when starting up Opera Software ASA back in 1994 together with my colleague Geir Ivarsøy. At that time Opera was still just an immature research project, and everybody thought we were collectively nuts to think we could start a business selling browsers. We ignored them.

In a way, they were correct, we were a bit nuts. Alone we would never have succeeded in such a competitve marketplace. But we have never been alone. Especially thanks to two groups, Opera has come as far as it has: Opera's users ,including our many industrial partners, and our employees.

Ever since we released the first version of Opera back in 1996, the feedback and help given to us from users all around the world has been nothing short of amazing. Our users help us to develop ever greater products, and inspire us to continue working hard to break down any barriers that separates Opera from offering the absolute best Internet experience. In the last half of 2003 we launched an updated version of our community site, My Opera. Here some of Opera's most ardent fans gather to give support, report errors, suggest new features, or just comment about Opera or anything else that affects their life. I encourage investors to take a look, the site provides an unique insight into what makes Opera tick.

But all this great help would have come to naught if it had not been for that other group: the Opera employees. In all the years since we founded Opera, I have seen an extraordinary commitment from employees coming from every region of the world. The challenges have often been daunting, the hours often long, but this amazing group has always pulled through. It's a true privilege to work every day among so talented and dedicated people.

2003 brought a lot of progress on all product lines. Our desktop product reached version 7 to much acclaim from users and media around the world. In the mobile space we signed a number of contracts with soem of the most important Internet players, as well as announced Opera Platform. The iTV market has not yet matured for sustained, multi-contract momentum to occur, but we used the year to continue refining our offering to be ready for the market to take off in 2-3 years time.

Looking back I can safely say that it has not always been an easy and smooth ride, entering and surviving in a competitive market never is, but overall Opera has managed quite well - indeed prospered. In 2003, for the first time since starting our ambitious expansion program in 1998, Opera made a profit.

With profitability, and a public listing on the Oslo Stock Exchange, a new era starts for Opera. But many things will also stay the same. Our commitment to our users will remain the same, we will continuously innovate to bring joy to our users, whether they're surfing from home or use Opera as part of their product offering. To help with this, Opera will continue to hire and retain the very best people in the industry. The years to come will prove that Opera's technology can be useful in new markets like digital television, gaming, in-flight entertainment, stereo systems....and many more.

2003 has been a tremendous year, but the saga of Opera is still only at its beginning.

DIRECTORS REPORT 2003

Opera Software is a global player in the market for Web browsers, and the Opera browser is known for its speed, modularity, small footprint, and flexibility. Opera is regarded as one of the leading alternatives to Internet Explorer in the desktop market and a leading player in the Internet devices market.

STRATEGY AND OBJECTIVES

Opera Software is a software and services company that enhances the Web browsing experience for users of numerous desktop, handheld, and interactive TV devices. For every device, the company strives to deliver the best and most complete Internet experience.

To stay ahead, Opera constantly has to innovate and develop browser technology that is faster, more secure, more modular and flexible than Opera's competitors, operating well with many different vendors.

The different Opera browsers for different platforms all share the same software foundation, which greatly facilitates the process of continuous innovation and development for a wide range of platforms.

One common software foundation for all versions, combined with the fact that the company has been developing browsers since 1995, ensures that all the company's browser products benefit from testing done on various platforms. Over the years, millions of desktop users have tested the software via the desktop browser versions, benefiting current and future products on all platforms where Opera is present.

PRODUCT LINES

DESKTOP

Opera distributes browser versions for the desktop PC on Windows, Mac, Linux, Solaris, FreeBSD and OS/2. The download rate for these versions, only considering Opera's own download site thereby excluding external distribution, totalled more than 16 million in 2003, compared to 12 million in 2002. Opera expects further growth in 2004.

The growth in downloads came in large part due to the launch of Opera 7, which was released in a beta version in December 2002, with a final version made available in the market in February 2003. This version had a positive effect on both downloads and sales, and Opera received many prizes for Opera 7 throughout the year.

Opera 7 was both faster and smaller than version 6, as part of the code was rewritten to be even more effective. Opera 7 provided users with a full high-end browser complete with password manager, pop-up killer, a new e-mail client, as well a host of other useful browser features.

In September, Opera announced a licensing agreement with Adobe Systems to include Opera's rendering engine in future Adobe product releases for the Windows and Mac operating systems. This deal contributed to desktop licensing sales in 2003. In the future, this will put Opera on more PCs around the world, giving Web designers the opportunity to test their sites in Opera during the design process.

While other desktop revenue was demonstrated promising growth at the beginning of 2003, advertising revenue continued to show a disappointing trend. To remedy this, one employee was from May, designated to handle advertising together with Opera's external advertising company advertising.com, resulting in higher revenues in June was higher than that of February, March, April and May combined.

Advertising revenue continued to grow, and in September, 2003 Opera Software entered an agreement with Google to provide users the ability to choose content-related text-based ads instead of the generic graphical ads in the free browser version. This option proved to be very popular among users, and Opera doubled its revenue from advertising in December compared to September. Not only did the new ads provide a larger income from advertising, but users found them to be both user-friendly and less intrusive.

MOBILE AND PDA

Opera Software had the first commercial breakthrough for its Small-Screen Rendering™ (SSR) technology in February, 2003, when Sony Ericsson announced that P800 users could upgrade their phones for free with the Opera for Symbian OS mobile browser from the Sony Ericsson Web site. Later in the year, Sony Ericsson released the P900 with the Opera browser included on the CD.

In April, Nokia followed suit and provided their users the ability to download Opera to their Nokia 7650/3650 phones for USD 25, and in October, they decided to launch the Nokia 6600 with the Opera browser pre-installed. Nokia 6600 is likely to be the first mass market phone to include the Opera browser.

At the same time, Opera was signing deals in the Asian market. Kyocera signed up with Opera in January, 2003, and in May it was officially announced that Opera would deliver browsers to Kyocera for a part of their mobile product range. The first Kyocera phone to be launched with Opera was the Kyocera CVB. The phone which comes with a fully branded Opera-button to access the Internet, was launched in China in December and planned to be launched in Japan in second quarter 2004

In September, Motorola released their Motorola A920 with the Opera browser included. On 11, February, 2004 Opera announced an agreement with Motorola GSG, Motorola's software developer, launched a joint product and distribution agreement. One week later, Opera and Motorola's
Personal Communications Sector (PCS) announced a licensing agreement where Opera's Internet browser will be included on multiple Motorola PCS handsets. The agreement also provides Motorola PCS with a licensing power for the Opera Platform.

In November, Sendo announced that Opera's browser would form the basis for Sendo X's Internet browser, and BenQ told the world that the company would utilize Opera's smartphone edition on their Symbian-based P30 smartphone.

However, in terms of development and innovation in the Internet device business area, the Portuguese operator Optimus' success using Opera's smartphone edition was probably the most important event in 2003.

Optimus' success showed that the major growth in revenue for mobile phone operators would come from the revenue generated by users of advanced data-enabled devices. If operators can ensure widespread adoption of data services, they will also be able to increase the average revenue per user and thereby create revenue growth. Adoption rate will be faster if operators are given a chance to actively drive such services into the market.

Opera Platform is still under development, but the response from operators has been very positive so far. The goal of the Opera Platform is to increase mobile phone users access to and interactivity with operator data services, by placing the data services on the idle screen of the phone, making selected services accessible with one click. Opera Platform also gives operators the ability to completely brand and determine their customers' end-user experience to increase customer loyalty and decrease the costs of customer churn.

Opera Software believes that it is better positioned than ever before to become a leading player in the Internet device market by working with device manufacturers as well as telecom operators. Although Opera continues to strengthen its position in the device market, the market itself is still in an early phase. Opera Software believes that its browser will be included on several devices to be launched in 2004, but a majority of the 2004 income is still expected from development projects. License revenue will continue to grow as the market matures and more and more products are launched.

iTV AND VERTICAL

In December, Opera successfully integrated with Pilotime, a leading digital satellite set-top box (STB) / Personal Video Recorder (PVR) made by Canal+ Technologies in France. The Opera enabled Pilotime STB was launched in December, 2003, within the Canal Satellite DTH operator network in France.

Opera believes that the level of activity within the digital television industry is improving. As a result, the Opera browser will be included on several STBs in the short to medium term, but mass-market adoption will depend on how fast digital television takes off.

The mass-market adoption in vertical markets is still also at an early stage, but Opera is already planning ahead by working closely with IBM through its WebSphere EveryPlace Access (WEA) project. Together, Opera and IBM have developed the multimodal browser to meet the demands of this market. With the multimodal browser technology, users can employ multiple forms of input and output to perform commands or navigate the browser, such as voice commands, keypads, or stylus – separately or in combination.

FINANCIAL YEAR 2003

The revenue increased from MNOK 51.1 in 2002 to MNOK 78.5 in 2003, a growth of 53.8%. The operating result was MNOK 1.3 compared to MNOK -21.4 in 2002.

The revenue from Internet devices increased by 64,5%, from MNOK 33.6 in 2002 to MNOK 55.2 in 2003. All sales agreements are structured to give Opera a development fee as well as a license income per unit sold. The increase in revenue on Internet devices in 2003 was mainly driven by growth in the number of development-based projects. The company expects an increase in the number of products launched in 2004. Although the company expects an increase in license revenue in 2004, a substantial increase in license revenue is not expected before 2005 and 2006, in line with expected mass-market deployment for mobile Web solutions and digital television.

The revenue on Desktop increased from MNOK 17.5 in 2002 to MNOK 23.3 in 2003, a growth of 33,1%. The increase is mainly due to an increase in the number of licenses sold and increased advertising revenue. Approximately 64% of the total Desktop income came from license sales. The board expects further growth in revenue from Desktop in 2004.

Opera's balance as of December 31, 2003, was MNOK 91.8 of which MNOK 28.4 was cash and cash equivalents. Goodwill and deferred taxes was MNOK 24.5.

The annual financial statements have been prepared on a "going concern" basis Opera's balance as of December 31, 2003 was MNOK 91.8, of which MNOK 28.4 was cash and cash equivalent. Goodwill and deferred taxes was MNOK 24.5.

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SHAREHOLDERS AND EQUITY RELATED ISSUES

As of January 1, 2003, there were 61 641 420 shares outstanding in Opera Software ASA. In March, the company raised NOK 38 125 000 in a private placement, issuing 15 250 000 new shares at NOK 2,50 per share. The company raised a further NOK 3 603 325 in a private placement in May, issuing 1 441 330 shares at NOK 2.50 per share. The second offering was directed towards existing shareholders.

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 December 31, 2005.

Opera Software had 84 652 747 shares outstanding and 218 shareholders as of December 31, 2003.

Following a six months corporate governance discussion among the largest shareholders, with the objective of strengthening the industrial expertise and the independence of the Board of Directors, Jon S. von Tetzchner and Geir Ivarsøy, the two founders of the company, chose to resign from the Board at an extraordinary general meeting held on January 30, 2004.
John Patrick, former vice president of IBM Internet Technology and a leading Internet visionary, was elected as a new board member.

The company decided at the end of 2003, to implement more formalized corporate governance routines. Opera will follow the guidelines issued by the Oslo Stock Exchange. Such a corporate governance regime will be implemented during first quarter 2004.

The board has decided to apply for a listing of Opera's shares on the Oslo Stock Exchange. The company expects to be listed in March, 2004.

ALLOCATION OF THE ANNUAL PROFIT

The profit for Opera Software ASA was in 2003 MNOK 1.5.
The board recommends that the profit is transferred to retained earnings.

ORGANIZATION

Opera Software's headquarters are located in Oslo, Norway. There are also offices in Linkoping and Gothenburg, Sweden. The company had 128 employees as of December 31, 2003. The Company foresees organizational growth in 2004. Growth will be driven by customer demand. New employees will mainly be working within the development, quality assurance, and documentation departments.

WORKPLACE ENVIRONMENT

The workplace environmentis in compliance with the Norwegian Law of Workplace Environment. There have been no injuries to the company's employees at their workplace, and sick leave is considered low at 1,3%. The company's activities are not polluting the environment.

GENDER EQUALITY

As of December 31, 2003, Opera had 128 employees, of which 22 were women and 106 were men. As part of its core values, Opera promotes cultural diversity, gender equality, and is an equal opportunity employer. In 2003, the employees were for the first time asked to elect two employee representatives to the board, of which one became Opera's first female board member.

Oslo, February 16, 2004

Christian Thommessen *Chairman*	Michael Tetzschner	John Patrick
Håkon Wium Lie	Tore Mengshoel	Lars Thoresen
Live Leer *Empl. representative*	Snorre Grimsby *Empl. representative*	Jon S. Von Tetzchner *Chief Executive Officer*

PROFIT AND LOSS ACCOUNT

[Numbers in TNOK]

Parent company 2003	2002	2001		Note	Group 2003	2002	2001
78 531	51 075	27 700	Revenue	1,2,9	**78 531**	51 060	28 293
78 531	51 075	27 700	**Total operating income**		**78 531**	51 060	28 293
42 937	40 881	35 734	Payroll and related expenses	3	**51 315**	47 016	42 221
1 020	1 441	1 064	Depreciation expenses	4	**2 724**	3 118	2 709
32 501	28 851	30 675	Other operating expenses	10	**23 227**	22 307	24 468
2 073	-20 098	-39 773	**Profit/loss from operation**		**1 265**	-21 380	-41 106
882	697	1 676	Interest income	9	**905**	707	1 679
780	793	1 479	Other financial income	9	**784**	818	1 479
-3	-3	-26	Interest expenses	9	**-7**	-5	-26
-994	-2 373	-1 674	Other financial expenses	9	**-1 142**	-2 377	-1 683
2 738	-20 984	-38 318	**Operating result before tax**		**1 805**	-22 237	-39 656
-1 247	6 131	10 394	Tax on ordinary result	6	**-1 429**	6 035	10 329
1 491	-14 853	-27 924	**Ordinary result**		**376**	-16 202	-29 327
1 491	-14 853	-27 924	**Net profit/loss for the year**		**376**	-16 202	-29 327
			Earnings per share (NKR)	13	**0,005**	-0,263	
			Diluted earnings per share (NKR))	13	**0,005**	-0,263	
			Profit/ loss for the year is allocated as follows:				
0	-14 853	-27 924	Share premium reserve				
1 491	0	0	Other equity				
1 491	-14 853	-27 924					

CASH FLOW STATEMENT

[Numbers in TNOK]

Parent Company 2003	2002		Group 2003	2002
		Cash flow from operating activities		
2 738	-20 984	Profit/ loss before taxes	**1,805**	-22 237
-352	0	Taxes paid	**-417**	0
1 020	1 440	Depreciation expenses	**2 724**	3 118
0	233	Writedown of long-term financial investments	**0**	233
-26 216	-1 597	Changes in accounts receivable *)	**-25 415**	-2 398
195	938	Changes in accounts payable	**-446**	822
91	-2 881	Changes in other accruals	**812**	-2 733
-22 524	-22 851	**Net cash flow from operating activities**	**-20 937**	-23 195
		Cash flow from investment activities		
-444	-180	Acquisition of tangible fixed assets	**-594**	-315
-0	-233	Acquisition of shares	**0**	-233
-444	-413	**Net cash flow from investment activities**	**-594**	-548
		Cash flow from financing activities		
0	11 850	Proceeds from issuance of long-term debt	**0**	11 850
39 482	4 000	Payments of equity	**39 482**	4 000
1 421	0	Proceeds from sales of own shares	**1 421**	0
40 903	15 850	**Net cash flow from financing activities**	**40 903**	15 850
17 935	-7 414	**Net change in cash and cash equivalents**	**19 372**	-7 893
8 615	16 029	Cash and cash equivalents 01.01 **)	**19 016**	16 909
26 550	8 615	**Cash and cash equivalents 31.12**	**28 388**	9 016

*) Changes in unbilled revenue is included in changes in accounts receivable in the cash flow statement.
**) Cash and cash equivalents of NOK 2 062K is restricted assets as of December 31, 2003.

BALANCE SHEET

[Numbers in TNOK]

Parent company 31.12.2003	31.12.2002		Note	Group 31.12.2003	31.12.2002
		Assets			
		Fixed asset			
		Intangible fixed assets			
21 411	21 722	Deferred tax asset	6	**21 348**	21 679
0	0	Goodwill	4	**3 143**	4 715
21 441	21 722	**Total intangible fixed assets**		**24 491**	26 394
		Tangible fixed assets			
1 168	1 743	Office machinery, equipment etc.	4	**1 483**	2 041
1 168	1 743	**Total tangible fixed assets**		**1 483**	2 041
		Financial fixed assets			
7965	7 965	Investments in subsidiaries	8	**0**	0
7 965	7 965	**Total financial fixed assets**		**0**	0
30 574	31 430	**Total fixed assets**		**25 974**	28 435
		Current assets			
		Receivables			
14 226	5 861	Accounts receivables	11	**14 226**	6 662
19 941	2 090	Unbilled revenue		**19 941**	2 090
3 047	2 578	Other receivables	11	**3 245**	2 721
37 214	10 529	**Total receivables**		**37 412**	11 473
26 550	8 615	Cash and cash equivalents	5	**28 388**	9 016
63 764	19 144	**Total current assets**		**65 800**	20 489
94 338	50 574	**Total assets**		**91 774**	48 924

[Numbers in TNOK]

Parent company 31.12.2003	31.12.2002		Note	Group 31.12.2003	31.12.2002
		Shareholders' equity and liabilities			
		Equity			
		Called up capital			
1 693	1 233	Share capital	7	**1 693**	1 233
0	-3	Own shares in face value	7	**0**	-3
79 653	28 060	Share premium reserve/group founds	7	**76 869**	25 276
954	0	Other reserves	7	**954**	0
82 300	29 290	**Total called up capital**		**79 516**	26 506
		Retained earnings			
1 491	0	Other equity / group founds	7	**461**	0
1 491	0	Total retained earnings		**461**	0
83 791	29,290	**Total equity**		**79 977**	26 506
		Liabilities			
		Current liabilities			
0	11 850	Convertible loans	7	**0**	11 850
2 580	2 385	Account payable	11	**1 971**	2 417
0	0	Taxes payable		**67**	0
4 107	2 959	Social security, VAT and other taxation payable		**4 357**	2 999
3 860	4 090	Other short-term liabilities		**5 402**	5 152
10 547	21 284	**Total short-term liabilities**		**11 797**	22 418
94 338	50 574	**Total liabilities**		**91 774**	48 924

Oslo, February 16, 2004

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NOTE 1 ACCOUNTING PRINCIPLES – CONSEQUENCES OF CHANGES IN ACCOUNTING PRINCIPLES

BASIC PRINCIPLES – ASSESSMENT AND CLASSIFICATION – OTHER ISSUES

The financial and the consolidated financial statement, which has been presented in compliance with the Norwegian Accounting Act, the Companies Act, and accounting principles generally accepted in Norway as of December 31, 2003, consists of balance sheet and the related statements of operations and cash flow, consolidated financial statement, and notes to the account. These notes are an integrated part of the financial statement.

The financial and the consolidated financial statement, has been prepared based on the principles governing historical cost accounting, comparability, continued operations, congruence and caution. Transactions are recorded at their value at the time of the transaction. Revenue is recognized at the time they are earned. Costs are expensed in the same period as the revenue to which they relate is recognized. The different accounting principles are further commented on below. In cases where actual figures are not available at the time of the closing of the accounts, generally accepted accounting principles require management to make estimates and assumptions regarding the effect of these items on the profit and loss account as well as the balance sheet. Actual results could differ from these estimates.

Items due for payment within one year after the date of the balance sheet, is classified as current assets / current liabilities. The carrying value of current assets/ current liabilities is the lower/ higher value of acquisition cost and marked value. Marked value is defined as assumed future selling price deducted by the expected selling costs. Other assets are classified as fixed assets. Fixed assets are reported as the lower of acquisition cost and marked value, and net of depreciation and write downs (note 3). The company periodically evaluates the carrying value of its fixed assets. The carrying value of a long-lived asset is considered impaired when the undiscounted net cash flow from such asset is estimated to be less than its carrying value. These principles also apply to debt.

When using accounting principles and presentation of transaction and other conditions there will be a focus on economical realities, not just legal form. Probable and quantifiable contingent losses will be expensed.

REVENUE RECOGNITION

The company's revenue came from sales of the company's browser.

The company categorizes the income as follows:

Revenue related to "Internet devices"

- Development contracts where the company develops a special designed browser, which can be, used in the customers products.
- License income.

"Desk top"

- License income
- Advertising income
- Other income

Development costs exceeds a number of accounting periods. Consequently, the bookkeeping of income for each period is based on percents as degree of the total contract sum. The percents of degree are calculated as the relationship between total used hours and total estimated hours to finalize the contract. The part of the income, which is not invoiced the customer, is presented as unbilled revenue.

A dealer handles the browser sale. The company invoice the dealer each month based on the numbers submitted to the company each month. The sales are booked as income on the time of settlement with the dealer, i.e. at the time of delivery of the browser.

Sales of advertising is related to a browser which are downloaded free of charge from Internet. Google and Advertising.com handle sales of advertising. The income is calculated from a specific number of clicks and a price per click, number of sold advertises with a specific price per advertising site or just as sales of an advertising site. The sales are booked as income on the time of settlement with the dealer.

Other income is mainly related to net search in Google through the Opera browser.

COST RECOGNITION / MATCHING

Cost is expensed in the same period as the related revenues are recognized. Cost not directly related to revenue is expensed as incurred.

OTHER INCOME (COSTS)

Material income and cost, which is not related to the normal course of business, are classified as other operating income (cost). Items that are unusual, irregular and material are classified as extraordinary items.

INTANGIBLE AND TANGIBLE FIXED ASSETS

INTANGIBLE FIXED ASSETS

Intangible fixed assets, which are expected to create income in the future, such as goodwill related to subsidiaries, are capitalized. Amortization is calculated on a straight-line basis over the economic useful life of the intangible fixed asset. If the fair value of an intangible fixed asset is lower than carried value, and the decline is not temporary, the fixed asset is written down to fair value. Costs from research activities are expensed when incurred. For development costs, see the principles of revenue recognition.

FIXED ASSETS

Fixed assets are booked at acquisition cost, net of accumulated depreciation and write-down. If the fair value of a fixed asset is lower than carried value, and the decline is not temporary, the fixed asset is written down to fair value. Cost related to periodical maintenance and repairs are expensed as incurred. Cost related to improvements and replacements that increase the economic life of the fixed asset are capitalized and depreciated. Fixed assets are usually considered as lasting when the economic useful life is more than 3 years, and the cost is material.

DEPRECIATION

Based on acquisition cost, straight-line depreciation is applied over the economic lifespan of the fixed assets. The same rules apply for intangible fixed assets. Depreciation is classified as operating costs.

DEFERRED TAX / TAX ASSETS AND TAX EXPENSES

Deferred tax is calculated based on temporary differences between book values and tax basis for assets and liabilities at the date of the balance sheet. For the purposes of calculating deferred tax/ tax assets, nominal tax rates are used. Taxable and deductible temporary differences are offset to the extent they reverse within the same time frame. A deferred tax asset will arise if there are temporary differences that result in tax deductibles in the future. Due tax for this year is corrected for earlier years errors in estimated number and is included in this years tax expense/ income along with changes in deferred tax and deferred tax assets. The tax effect of the equity transactions is booked as a part of transactions. Taxes paid in a foreign country are expensed due to the fact that there is not calculated payable tax on the Norwegian result. Consequently, the paid tax is deducted in the Norwegian tax calculation.

EARNINGS PER SHARE

The earnings per share is calculated as net result divided on the outstanding number of shares. It is calculated a weighted average of the outstanding shares. Further, warrants and options as of December 31, 2003 is also included in the calculation of the equity diluted earnings per share.

ACCOUNT RECEIVABLE

Accounts receivable are carried at face value net of allowance for doubtful accounts.

SUBSIDIARIES

A subsidiary is defined as an entity where the company has a long-term, strategic ownership of more than 50% and a decisive vote. Subsidiaries are accounted for using the cost method in the company's financial statement, and as full consolidation in the consolidated financial statement. The subsidiary was consolidated as of December 31, 2000.

CASH AND CASH EQUIVALENTS IN FOREIGN CURRENCIES

Cash and cash equivalents in foreign currencies will be carried at exchange rate on the day of the balance sheet. Unbilled revenues in foreign currencies as of December 31, 2003 are carried at exchange rate on the day of the balance sheet.

OPTIONS

The company has established an option program for its employees. Opera Software ASA has granted options with a call price that represent a fair market value on the allocated time. Consequently, there is no intrinsic value at the allocated time. The time value of the options is not booked as salary cost. However the payroll tax related to the estimated gain is expensed. The payroll tax is recognized in the profit and loss statement when the value of the option is earned..

OWN SHARES AND FLOTATION COSTS

Flotation costs are booked towards the share premium reserve as part of the equity transaction. Gains on sales of the companies own shares are booked as other equity.

CASH FLOW STATEMENT

The cash flow statement is calculated according to the indirect method. Cash and cash equivalents include cash, banks and other short-term liquid. Cash equivalents include assets, which on short notice and have an immaterial risk, can be converted to cash and also have a due date shorter than three months from acquisition.

TREATMENT OF SUBSIDIARY COMPANIES

Subsidiaries acquired are recognized at the acquisition cost to the parent company and consolidated in the group accounts. The investment is valued as cost of acquiring shares in the subsidiary, providing that write down is not required. Write down to fair value will be carried out if the reduction in value is caused by circumstances which may not be regarded as incidental, and deemed necessary by generally accepted accounting principles. Write downs are reversed when the cause of the initial write down are no longer present.

CONSOLIDATION PRINCIPLES

CONSOLIDATED ACCOUNTS

The consolidated accounts include the companies that the parent company or a subsidiary directly or through other company has determining influence. The group's accounts has been produced and shows the companies financial position, the result in the year and cash flows as if the group was a single economic entity. Determining influence is considered to exist when a company or through other subsidiary owns more than 50 % of the elector's capital. The group's accounts have been prepared based on unified accounting principles and the subsidiaries use the same accounting principles as the parent company. New acquired subsidiaries are included in the concern accounts from the time the parent company has determining influence. Sold subsidiaries are excluded from the concern accounts from the time of sale.

ELIMINATION OF INTERNAL TRANSACTIONS

All transactions, inter-company balances, and internal services between group companies are eliminated.

ELIMINATION OF SHARES IN SUBSIDIARIES

Shares in subsidiaries are eliminated in the concern accounts. The acquisition cost is allocated to identifiable assets and liabilities in the subsidiary, which are shown in the group accounts at their actual value as of the acquisition date. Surplus value that cannot be allocated to identifiable assets is capitalized as goodwill. Goodwill is depreciated on a straight-line basis over its expected economic life.

TRANSLATION OF FOREIGN SUBSIDIARIES

In the case of foreign subsidiaries, the profit and loss account is converted to Norwegian kroner based on the average exchange rate for the year, while assets and liabilities are converted at the exchange rate as of the balance sheet day. Changes in the group's equity as a result of differences in the exchange rate on the date on the date of the balance sheet compared with the exchange rate at the previous year's end, are accounted for directly against equity.

NOTE 2 INCOME

[Numbers in TNOK]

According to the definition in the generally accepted accounting standard (GAAS) no. 10 Segment information, Opera Software ASA claims that there is no area of operations or geographical markets. The reason is that the company does not deliver individually products or services or groups of these services that has a risk and dividend, which is different from other areas of operations. The company has one product,"the browser", which is materially the same regardless of what product it is part of. Further, according to the definition in GAAS no. 10 the company does not have geographical markets that satisfy the standards definition to be classified as a segment. The company does not deliver individually products or services within a specific geographical market that has a risk and dividend, which are different from part of the operations that operates in other geographical markets.

However, Opera Software ASA has decided to provide further information about income concerning products and product groups where the Opera browser is an integrated part.

Business areas	**Sales income**	**Sales income**
	2003	**2002**
Internet devices	54 870	33 561
PC Desktop	23 661	17 499
Total	**78 531**	51 060

Geographical areas	**Sales income 2003**	**Sales income 2002**
Norway	688	1 354
Europe	37 032	20 137
USA/Canada	28 628	24 872
Asia	12 183	4 697
Total	**78 531**	51 060

The above-mentioned numbers concerning geographical distribution of the sale, reflect sale to the customers of Opera Software ASA. The customers' products are globally distributed. Consequently, the overview does not provide a picture of where the products are utilized.

The information refers to the group company.

NOTE 3 WAGE COSTS/ NUMBER OF EMPLOYEES/RENUMERATIONS

[Numbers in TNOK]

	Parent 01.01 - 31.12 2003	2002	**Group 01.01 - 31.12 2003**	2002
Salaries	**35 877**	34 712	**41 764**	39 053
Social Security cost	**5 929**	4 840	**8 313**	6 246
Pension cost	**0**	0	**26**	0
Other payments	**1 131**	1 329	**1 212**	1 717
Wage cost	**42 937**	40 881	**51 315**	47 016
Average number of employees	103	110	126	126

Remuneration	CEO	Board
Salary	456	0
Other compensation	1	0
Fees	0	0
Pension compensation	0	0

Three of the members of the board are in 2003 active shareholders in the company, and have as employees in total received TNOK 1 388 as salary from the company. There are no existing agreement concerning severance pay to CEO or members of the board. The company has not given any loans or security deposits to CEO or members of the board, or their related parties. .

INDEPENDENT AUDITORS

PARENT COMPANY

Audit fee and other audit related services are booked at	205
Other services are booked at	253

GROUP COMPANY

Audit fee and other audit related services are booked at	229
Other services are booked at	263

OPTION PLAN FOR EMPLOYEES

The company has established an option program for parts of its employees. In total, 97 employees (or previous employees) and 4 board member (of which two are employee representatives) have been granted share options. Of the options, 6 535 000 have a strike price of NOK 2,50, 1 850 000 have a strike price of NOK 7,20, 125 000 have a strike price of NOK 8,50, 100 000 have a strike price of NOK 10 and 50 000 have a strike price of NOK 20. A total of 42 employees hold shares in the company. Opera Software ASA has granted options with a call price that represent a fair market value on the allocated time. Consequently, there is no intrinsic value at the allocated time.

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

	NOK 2,50	**NOK 7,20**	**NOK 8,50**	**NOK 10**	**NOK 20**	**Total**
March 2004			125 000		50 000	175 000
June 2004	2 082 250					2 082 250
November 2004		462 500		25 000		487 500
June 2005	1 484 250					1 484 250
November 2005		462 500		25 000		487 500
June 2006	1 484 250					1 484 250
November 2006		462 500		25 000		487 500
June 2007	1 484 250					1 484 250
November 2007		462 500		25 000		487 500
	6 535 000	**1 850 000**	**125 000**	**100 000**	**50 000**	**8 660 000**

Options related to a strike price at NOK 10 is related to Mr. John Patrick and the options was granted in 2004.

Within an authority granted by the General Meeting, the company's board of directors administers the Employee Option Plan. The option plan runs over a four years period. A total of 25% of the options may be exercised every year (with some exceptions where it is agreed that the option holder can exercise 40% of the option the first year and thereafter 20% for consecutive years). The exercise of the option may only be made during a one-month period in the relevant year. In the event the option is not exercised for all 25% in each relevant year, the remaining part of the 25% will be annulled. However, the board of directors may in separate agreement prolong the duration of the individual parts of the option.

The option agreement is non-transferable. The employee loses the right to exercise any parts of the option if his or her employment is terminated by the employee or the company for whatever reason. The employee is entitled to keep any shares exercised during the period he or she was employed.

The number of shares and the strike price shall be adjusted correspondingly in the event of a split of the company's shares.

NOTE 4 FIXED ASSETS

[Numbers in TNOK]

Group	Cost rented premises	Machinery and equipment	Fixtures and fittings	Goodwill	2003 Total	2002 Total
Acquisition cost as of 01.01.	1 354	1 943	1 786	7 857	**12 940**	**12 625**
Additions	445	0	150	0	**595**	**315**
Acquisition cost as of 31.12.	**1 799**	**1 943**	**1 936**	**7 857**	13 535	**12 940**
Depreciation as of 01.01	1 129	1 113	801	3 142	**6 185**	**3 045**
Accumulated depreciation as of 31.12.	1 403	1 621	1 171	4 714	**8 909**	**6 184**
Net book value as of 31.12.	**396**	**322**	**765**	**3 143**	**4 626**	**6 756**
Depreciation for the year	274	508	370	1 572	**2 724**	**3 118**
Useful life	2 years	Up to 3 years	Up to 5 years	Up to 5 years		
Depreciation plan	Linear	Linear	Linear	Linear		

	2003	2002
Leasing costs booked against P/L-statement	**2 926**	2 102
Duration of the lease contract	**31.12.05**	**31.12.02**

The company rents offices in Waldemar Tranes Gate 84, 86 og 98. The company has from 2003 entered into a new lease lasting throughout 2005. These are not entered into the balance sheet because the lease is not according to what NGAAS considered as a financial lease.

Goodwill refers to the purchase of the company Hern Labs AB, seenote 8.

[Numbers in TNOK]

Parent company	Cost rented premises	Machinery and equipment	Fixtures and fittings	2003 Total	2002 Total
Acquisition cost as of 01.01.	1 354	1 942	1 264	**4 560**	4 380
Additions		0	0	**445**	180
Acquisition cost as of 31.12.	**1 799**	**1 942**	**1 264**	**5 005**	4 560
Depreciation as of 01.01	1 129	1 112	577	**2 818**	1 377
Accumulated depreciation as of 31.12.	1 403	1 620	814	**3 837**	2 817
Net book value as of 31.12	**396**	**322**	**450**	**1 168**	1 743
Depreciation for the year	274	508	238	**1 020**	1 441
Useful life	2 years	Up to 3 1/3 years	Up to 5 years		
Depreciation plan	Linear	Linear	Linear		

NOTE 5 CASH UNIT TRUST

During 2003 the company has realized their cash unit trust, and the realized loss has been charged as an expense pr. 31.12.03.
The company's cash unit trust was as of 31.12.02 written down to market value and included in Cash and cash equlents since the money could be immediately released from the trust.

NOTE 6 TAX PARENT COMPANY AND GROUP

[Numbers in TNOK]

	Parent 01.01 - 31.12 2003	01.01 - 31.12 2002	Group 01.01 - 31.12 2003	01.01 - 31.12 2002
Current tax				
Profit/ loss before taxes and extraordinary items	**2 738**	-20 984		
Permanent differences	**-1 735**	660		
Changes in temporary differences	**-451**	-1 155		
Use of taxable loss carried forward	**-552**	0		
Basis for current tax	**0**	-21 479		
Tax 28%	**0**	0		
Current tax	**0**	0		
Tax expense for the year				
Current tax	**0**	0	**140**	0
Deferred tax - gross changes	**539**	-6 131	**581**	-6 035
Tax paid abroad	**708**	0	**708**	0
Total tax expense for the year	**1 247**	-6 131	**1 429**	-6 035
Specification of deferred tax asset				
Deferred tax asset as of 31.12.022	**-21 722**			
Expensed change in deferred tax asset	**539**			
Increase in deferred tax asset concerning equity issuer	**-629**			
Reduction in deferred tax asset related to gain on sales of own shares	**371**			
Deferred tax asset as of 31.12.03	**-21 441**			
Specification of the basis for deferred taxes/ tax assets				
Differences to be balanced				
Fixed assets	**-517**	-206	**-517**	-206
Current assets	**402**	279	**735**	434
Liabilities	**-931**	0	**-931**	0
Basis for changes in temporary differences	**-1 046**	73	**-713**	228
Loss carry forward	**-75 528**	-76 080	**-75 528**	-76 080
Writedown of unit trust and stocks	**0**	-1 571	**0**	-1 571
Total	**-76 574**	-77 578	**-76 241**	-77 423
Deferred tax liability/deferred tax asset	**-21 441**	-21 722	**-21 348**	-21 679

The company's opinion is that deferred tax asset can be substantiated in the future. The company's opinion is based on expected and estimated future income.

Change in deferred tax asset directly posted against the equity capital
In 2003 emission costs of NOK 2 246K are directly posted agaist the equity capital. The tax effect of these tax deductable costs NOK 629K which is booked to the share premium reserve.

The tax gain from sales of own shares is NOK 1 325K. The tax effect of the transaction is NOK 629K, which is booked against other reserves.

Loss carry forward
Loss carry forward of 1999 on TNOK 3 167K expire in 2009.
Loss carry forward of 2000 on TNOK 12 168K expire in 2010.
Loss carry forward of 2001 on TNOK 38 713K expire in 2011.
Loss carry forward of 2002 on TNOK 21 480K expire in2012.

Reconciliation of tax on ordinary result and tax calculated as average nominal tax on operating result before tax

	Parent Company
28% tax of operating result before tax	767
Result of permanent differences booked against P/L	-228
Calculated tax on ordinary result	539

Tax paid to a foreign country
The company has expensed NOK 708K regarding tax paid to Japan. The reason is that Opera Software ASA does not have payable tax in Norway.

NOTE 7 SHAREHOLDERS´EQUITY AND INFORMATION:

[Numbers in TNOK]

GROUP PARENT:

	Face value	Number	Share capital	Own shares	Premium fund	Other reserves	Other equity	Total
Equity as of 31.12.2002	**0.02**	**61 641**	**1 233**	**-3**	**25 276**	**0**	**0**	**26 506**
Changes in equity in current year								
Increase of equity	0.02	23 012	460		53 118			**53 578**
Sale of Company shares					93	1 325		**1 421**
Costs concerning equity issue transactions					-2 247			**-2 247**
Tax effect of equity capital transactions				629	-371			**258**
Exchange rate adjustments							85	**85**
Net profit							376	**376**
Equity as of 31.12.2003	**0.02**	**84 653**	**1 693**	**0**	**76 869**	**954**	**461**	**79 977**

EQUITY PARENT:

	Face value	Number	Share capital	Own shares	Premium fund	Other reserves	Other equity	Total
Equity as of 31.12.2002	**0.02**	**61 641**	**1 233**	**-3**	**28 060**	**0**	**0**	**29 290**
Changes in equity in current year								
Increase of equity	0.02	23 012	460		53 118			**53 578**
Sale of Company shares					93			**1 421**
Costs concerning equity issue transactions				3	-2 247			**-2 247**
Tax effect of equity capital transactions					629	1 325		**258**
Net profit						-371	1 491	**1 491**
Equity as of 31.12.2002	**0.02**	**84 653**	**1 693**	**0**	**79 653**	**954**	**1 491**	**83 791**

The company bought in 2001 150 000 of its own shares for NOK 0.64 (value after split). The tradewas conducted to buy back shares from employees that have left the company.
The purchase is according to contracts with the employees. In 2003 the shares have been sold. Net profit from sales of own shares is booked against other reserves.

On January 30, 2004 The General Meeting decided to give the Board of Directors the authority to expand the share capital by NOK 846K

Free equity
The parent company has no free equity as of December 31, 2003.

NOTE 7 CAPITAL STOCK AND SHAREHOLDERS INFORMATION

[Numbers in TNOK]

OWNERSHIP STRUCTURE:

Stockholders owning more than 1 % of Opera Software ASA as of 31.12.2003 were:

	Number of shares	Interest	Electors interest
Geir Ivarsøy	20 512 120	24,23 %	24,23 %
Jon S. von Tetzchner	19 482 110	23,01 %	23,01 %
KS Teknoinvest VII	4 266 666	5,04 %	5,04 %
Four Seasons Venture III AS	4 000 000	4,73 %	4,73 %
Teknoinvest VIII KS	4 000 000	4,73 %	4,73 %
JPMorgan Chase Bank	3 292 000	3,89 %	3,89 %
Four Seasons Venture II AS	2 682 287	3,17 %	3,17 %
Håkon Wium Lie	2 587 645	3,06 %	3,06 %
KS Teknoinvest VI	2 401 830	2,84 %	2,84 %
Sanner Industries Ltd*)	1 399 300	1,65 %	1,65 %
Caprice AS	1 129 470	1,33 %	1,33 %
Karl Anders Øygaard	950 000	1,12 %	1,12 %
Norgesinvestor Vekst AS	920 890	1,09 %	1,09 %
Christian Thommessen	845 000	1,00 %	1,00 %
Sollund AS **)	765 000	0,90 %	0,90 %
Total	**69 234 318**	81,79 %	81,79 %
Other	15 418 429	18,21 %	18,21 %
Total number of shares	**84 652 747**	100,00 %	100,00 %

*) CFO/COO Christian Jebsen and his family controls 83.4% of the shares in Sanner Industries Ltd
**) Chairman Christian H. Thommessen owns (at present) 1 610 000 shares directly personal or through companies controlled by himself or his family Christian H. Thommessen owns 50 % of Sollund AS.

SHARES AND OPTIONS OWNED BY MEMBERS OF THE BOARD AND THE GENERAL MANAGER AS OF 31.12.03

Name	Position	Shares	Options	Strike price	Total
Christian H. Thommessen **)	Chairman	845 000	0		845 000
Christian H. Thommessen (Sollund) **)	Board Member	765 000	0		765 000
Geir Ivarsøy	Board Member	20 512 120	200 000	7,2	20 712 120
Tore Mengshoel ***)	Board Member	40 000	0		40 000
Lars Thoresen ****)	Board Member	0	0		0
Håkon Wium Lie	Board Member	2 587 645	400 000	7,2	2 987 645
Michael Tetzschner	Board Member	34 280	100 000	2,5	134 280
Jon S. von Tetzchner	CEO/Board Member	19 482 110	400 000	7,2	19 882 110
		44 266 155	1 100 000		45 366 155

***) Mr. Tore Mengshoel represents the venture fund KS Teknoinvesest that owns 10 668 496 shares.
****) Mr. Lars Thoresen represents the venture fund Four Seasons Venture that owns 6 682 287 shares.
Opera Software ASA allots options with a call price that represent a fair market value on the allocated time.

SHARES AND OPTIONS OWNED BY NEW MEMBERS OF THE BOARD AS OF 01.02.04:

Name	Position	Shares	Options	Strike price	Total
John Patrick	Board Member	100 000	100 000	10,0	200 000
Live Leer	Board Member (Employee representative)	0	50 000	2,5	50 000
Snorre Grimsby	Board Member (Employee representative)	2 400	40 000	2,5	42 400
		102 400	190 000		292 400

Mr. Geir Ivarsøy and Mr. Jon von Tetzchner have, with effect from January 1, 2004, withdrawn from their board appointments. The new board members effective from the same date is Mr. Snorre M. Grimsby, Mr. John Patrick and Ms. Live Leer. Mr. Grimsby and Ms. Leer represent the employees.

NOTE 7 CAPITAL STOCK AND SHAREHOLDERS INFORMATION

[Numbers in TNOK]

SHARES AND OPTIONS OWNED BY OTHER LEADING EMPLOYEES AS OF 31.12.03:

	Titel	Shares	Options	Strike price	Total
Rolf Assev *****)	Executive vice president marketing and strategic alliances	1 223 820	400 000	7,2	1 623 820
Lars Boilesen	Executive vice president sales and distribution	29 400	800 000	2,5	829 400
Christian Jebsen (Sanner Industries)*)	Chief financial officer	1 399 300	150 000	2,5	1 549 300
Christian Jebsen	Chief financial officer	0	250 000	7,2	250 000
Christen Krogh	Executive vice president engineering	24 000	350 000	2,5	374 000
		2 676 520	1 950 000		4 626 520

*****) Including shares to related parties

It was decided, at an extraordinary General Meeting in September 2002, to take up a convertible loan at a total of NOK 11,85M.
The loan was interest-free, and expired by the end of 2003. The loan was converted into shares on May 13, 2003.
The venture fund KS Teknoinvest VII and others have 6 320K warrants outstanding with a call price at NOK 1,875 per share.

At an extraordinary General Meeting in August 2002 it was desided to issue 350,000 warrants to International Business Machines (IBM) as part of a contract signed in June 2002. The warrant expires five years after the commercial agreement has been signed, or two and a half years after an stock-exchange listing of the company. The redemption price is set at NOK 2,5 per stock.

NOTE 8 INVESTMENT IN SUBSIDIARY

[Numbers in TNOK]

The Company has made use of the transition rule in the Norwegian Accounting Act in the company accounts, where it is allowed to use the cost method

Company	**Hern Labs AB**
Formal information	
Date of purchase	12/13/00
Registered office	Linköping in Sweden
Ownership interest	100%
Proportion of votes	100%
Information related to the date of purchase (in the year of purchase)	
Purchase cost	7 965
Goodwill with purchase	7 857

Hern Labs AB has a divergent financial year. However, the accounts have been closed per 31.12.03.

NOTE 9 FINANCIAL MARKET RISK

Opera Software ASA has no interest bearing debt, financial fixed assets in the form of loan, semi-raw materials or investments in shares except from investment in the subsidiary company. Consequently, the financial risk the company faces is related to exchange risk in USD and EUR. Exchange rate fluctuation in the currency may have an effect on the sale and the P/L statement.

Currency risk:
Opera Software's income is mainly in US dollar and Euro. Changes in exchange rates have an immediate effect on the company's revenue and result.

	Numbers in TNOK	%
NOK	688	0.01
USD	39 327	0.50
EUR	38 515	0
Total	**78 531**	1.00

According to the Norwegian Central Bank, the 2003 average exchange rates for American Dollars and Euros against the Norwegian krone was 7.0824 and 8.0039. A reduction in the average dollar rate by 10 % would reduce the income and operating result by NOK 3 900K.

Accordingly would a 10 % reduction in the average euro exchange rate would reduce the income and operating result by NOK 3 900K.

NOTE 10 RESEARCH COST

Opera Software ASA has bought services concerning the source code of Opera's browsers from Hern Labs AB for NOK 10 100K.
The reasearch costs are included in other costs in the financial statement, but is eliminated in the financial statement for the group.

Income from development of browsers for specific platforms is booked according to the degree of completion.
The belonging costs are matched to the income.

Research costs are mainly related to salary to employees, which for the concern is estimated to NOK 20 507K.

NOTE 11 OUTSTANDING ACCOUNTS BETWEEN COMPANIES WITHIN THE SAME GROUP ETC.

	Accounts receivables 31.12.2003	31.12.2002	Other receivables 31.12.2003	31.12.2002
Entity within group	**0**	0	**0**	0
Total	**0**	0	**0**	0

	Other long-term liabilities 31.12.2003	31.12.2002	Accounts payable 31.12.2003	31.12.2002
Entity within group	**0**	0	**700 000**	800 000
Total	**0**	0	**700 000**	800 000

NOTE 12 CONTINGENT OUTCOME

The tax office in Oslo (Oslo Fylkeskattekontor) has been carrying out an inspection of accounts focusing on Value Added Tax (VAT) and investment tax in relation to desktop browser and user registration financed by advertisement. As of November 19, 2003 the company has received a report, but the tax office has not yet concluded on the issue.

NOTE 13 EARNINGS PER SHARE

[Numbers in TNOK]

Calculation of Group companies earnings per share	**2 003**	**2 002**
Net result deducted dividend and other costs related to preference shares (kr) 1)	**376 000**	**-16 202 000**
Time average of outstanding shares 2)	**78 143 212**	**61 641 420**
Earnings per share	**0.005**	**-0.263**
Equity diluted earnings per share	**0.005**	**-0.263**

If there is a net loss, the equity diluted earnings per share is calculated as net result per share.

	2 003	**2 002**
1)Net result as base for calculation of result per share (kr)	376 000	-16 202 000
2) Calculation of average number of share		
Number of shares outstanding as of January 1	61 641 420	61 005 490
Share issue 31.03.2003 (276 days)	11 531 506	
Share issue 09.05.2003 (237 days)	935 877	
Share issue 13.05.2003 (233 days)	4 034 409	
Share issue 08.04.2002 (268 days)		635 930
Average number of share	78 143 212	61 641 420
The following equity instruments has diluting effect:		
Options	8 560 000	
Warrants	6 670 000	
Total	15 230 000	

The options and the warrants have various call prices and reflect a cash inflow of NOK 45 445K. According to generally accepted accounting standard no. 7, earnings per share, the cash inflow is included in the calculations of diluted earnings per shares.

The company's shares haven't been traded as a unlisted company. Average market value, which is used in the calculations, is calculated as the share issue value and value from sales of own shares in 2003. Consequently, the average market value is calculated to be NOK 4 per share and it represent 82 259 462 diluted shares.

NOTE 14 RELATED PARTIES

The company has not been involved in any transactions with related parties beyond transactions with the subsidiary Hern Labs.
See note number 10.

NOTE 15 TRANSITION TO INTERNATIONAL REPORTING STANDARDS (IFRS)

For reporting periods beginning on or after January 1, 2005, the consolidated accounts of Opera Software ASA must comply with International Financial Reporting Standards (IFRS), endorsed by the European Union and Norway.

IMPACT OF CONVERSION ON CONSOLIDATED GROUP FINANCIAL STATEMENTS:

These financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway (N GAAP). The differences between IFRS and N GAAP identified to date as potentially having a significant effect on the consolidated financial statements are summarised below. The summary should not be taken as an exhaustive list of all the differences between IFRS and N GAAP that potentially have a significant impact upon the consolidated financial statements. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

The group has not quantified the effects of the differences discussed below. The consolidated financial performance and financial position as disclosed in these financial statements may be significantly different if determined in accordance with IFRS.

The Norwegian Accounting Act is under revision. In addition, Norsk Regnskaps Stiftelse and IFRS have significant ongoing projects that could affect the differences between IFRS and N GAAP described below and the impact of these differences relative to the consolidated financial statements in the future. The potential impacts on the consolidated financial statements of the adoption of IFRS will depend on the particular circumstances prevailing on adoption of IFRS on January 1, 2005 and how Opera Software ASA choose to adopt IFRS 1.

The major differences between N GAAP and IFRS identified to date as potentially having a significant effect on the consolidated financial statements of Opera Software ASA are as follows:

- Options
- Goodwill
- Research and development
- Financial instruments

Opera Software ASA has performed analyses of possible IFRS issues, which affect the consolidated financial statement. The company will calculate the effect and correct the opening balance as of January 1, 2004 during the financial year 2004.TO

TO THE ANNUAL SHAREHOLDERS' MEETING OF OPERA SOFTWARE ASA

AUDITOR'S REPORT FOR 2003

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

We have audited the annual financial statements of Opera Software ASA as of 31 December 2003, showing a profit of NOK 1.491.000 for the parent company and a profit of NOK 376.000 for the group. We have also audited the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the appropriation of the profit. The financial statements comprise the balance sheet, the statements of income and cash flows, the accompanying notes and the group accounts. These financial statements and the Director's 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 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 auditing standards and practices generally accepted in Norway. Those standards and practices 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 accounting estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards and practices as 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 have been prepared in accordance with law and regulations and present the financial position of the Company and of the Group as of 31 December 2003, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the Company's management has fulfilled its obligation in respect of registration and documentation of accounting information as required by law and accounting standards, principles and practices generally accepted in Norway
- the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the appropriation of the profit is consistent with the financial statements and comply with the law and regulations.

Oslo, February 16 2004

KPMG AS

Henning Aass
State Authorised Public Accountant

Note: This translation of the Norwegian statutory Audit Report has been prepared for information purposes only

CORPORATE GOVERNANCE

Opera Software is committed to maintaining high standards of corporate governance. The Board of Directors of Opera Software has recently adopted a set of principles of corporate governance for the company. These principles have been developed in light of the provisional Norwegian Code of Practice for Corporate Governance.

Opera Software 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 Software's values and ethical principles are expressed in a document available at its Website,http://www.opera.com/company/vision/index.dml

A key concept in Opera Software's approach to corporate governance is the equal treatment of shareholders. All shares in the company carry equal voting rights and are freely transferable. The shareholders exercise the highest authority in the company through the General Meeting. All shareholders are entitled to submit items to the agenda, meet, speak, and vote at the General Meeting.

Opera Software's Board of Directors is elected by the General Meeting. The members of the Board of Directors will be selected in the light of an evaluation of the company's need for expertise, capacity and balanced decision making, and with the aim of ensuring that the Board of Directors can operate independently of any special interests and function effectively as a collegial body. 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). The current Board of Directors of Opera Software meets these criteria.

Opera Software has recently amended its Articles of Association so as to establish a Nomination Committee which will be responsible for making recommendations to the General Meeting as to the election of members of the Board of Directors. The first election of members to the Nomination Committee will take place at the General Meeting in 2004.

In order to clearly define the tasks and responsibilities of its Board of Directors and the Chief Executive Officer, Opera Software has recently adopted Rules of Procedure for its Board of Directors and Written Instructions for its Chief Executive Officer. Both documents are available on the Investor Relations part of the corporate Website www.opera.com

EXECUTIVE TEAM

Jon S. von Tetzchner | CEO / Co-founder
Tetzchner worked for Telenor Research from 1991 to 1995, when he and his colleague Geir Ivarsøy founded Opera Software ASA.
Tetzchner holds a master's degree in computer science from the University of Oslo.

Håkon Wium Lie | CTO
Wium Lie is a Web pioneer, having worked on the WWW project at CERN, the cradle of the Web. He first suggested the concept of Cascading Style Sheets in 1994, and he later joined the W3C (the World Wide Web Consortium) to further strengthen the standards. In 1999, he was listed among Technology Review's Top 100 Innovators of the Next Century. He's currently a member of the W3C's Advisory Board, Technology Review's "TR 100," and World Economic Forum's "Technology Pioneers."
Lie holds a master's degree in visual studies from MIT's Media Laboratory, as well as undergraduate degrees in computer science from West Georgia College and Østfold College, Norway.

Rolf Assev | Executive VP Marketing & Strategic Alliances
Assev worked four years for the Lillehammer Olympic Organizing Committee in the marketing department where he was responsible for developing and negotiating the international and national sponsor contracts. He then joined Scandinavia's leading PR company, Geelmuyden.Kiese, where he worked four years as a senior consultant responsible for the IT-sector, primarily as key account manager for Microsoft.
Assev holds a master's degree from the Norwegian School of Economics and Business Administration.

Christian Jebsen | CFO/COO
Jebsen worked six years within corporate finance and investment banking in London. He then joined Corporate Finance of Enskilda Securities in Stockholm and Oslo where he stayed for another two years. From 1998 to April 2000, Jebsen worked at Stavdal ASA, the last year as CEO. Stavdal ASA, which was listed on the Oslo Stock Exchange, was acquired in January 2000, at which time Jebsen joined Opera Software.
Jebsen holds a bachelor's degree in business economics from Copenhagen Business School.

Lars Boilesen | VP Sales & Distribution
Boilesen started his career in the LEGO Group as sales and marketing manager for Eastern Europe. Four years later he joined Tandberg Data ASA, changing his regional focus to the markets in Northern Europe/Asia/Pacific, the last year assuming the position as vice president for worldwide sales.
Boilesen holds a bachelor's degree in business economics from Aarhus Business School.

Christen Krogh | VP Engineering
Before joining Opera, Christen Krogh worked as research director at SINTEF Telecom and Informatics, and as business developer at TV 2 Interaktiv. His previous work experience includes assignments as research scientist at various research institutes, as well as the position as adviser and group leader.
Krogh holds an interdisciplinary doctorate degree from the University of Oslo, and a bachelor's degree in computer science from Glasgow University.

Opera, ae, f.(lat):
work, labor,
task, attention,
care, service.