Quarterly Report

1Q 2011

OPERA software

Opera Quarterly Report 1Q11

Revenue was MNOK 207.3 in 1Q11, up from MNOK 151.4 in 1Q10, an increase of 37%. EBIT was MNOK 41.4 in 1Q11 compared to MNOK -23.7 in 1Q10.

Operational Highlights

Operators

Operator and co-branded Opera Mini users reached 13.6 million by the end of 1Q11, up 445% versus the end of 1Q10

2 new operator agreements were announced, including Verizon

Mobile OEMs

Distribution agreements for Opera Mini were announced with Qualcomm, Sharp, Bess Mobile and INQ

Device OEMs

Announced agreement with Sony for ConnectedTVs and Blu Ray players

Desktop

Desktop users reached 54 million by the end of 1Q11, up 13% versus 1Q10 and up 6% versus 4Q10

Opera Branded Opera Mini and Mobile

Opera branded Opera Mini users reached 102.4 million at the end of 1Q11, up 85% versus 1Q10

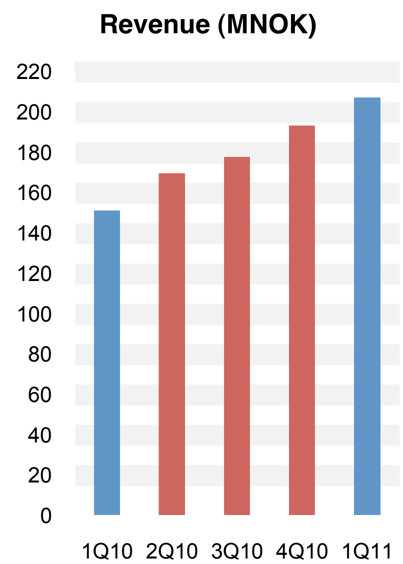
Launched Opera Mini 6 and Opera Mobile 11

Launched a new version of the Opera Mobile Store via a strategic partnership with Appia

Other Developments

Announced a Joint Venture with China's Telling Telecom to jointly develop and launch a new consumer mobile Web browser and services platform in Greater China based on Opera technology

Financials



Revenues

Revenue in 1Q11 was MNOK 207.3, up 37% from 1Q10, when revenue was MNOK 151.4. Currency fluctuations impacted revenues negatively by 4% in 1Q11 versus 1Q10. On a constant currency basis, 1Q11 revenues increased 42% compared to 1Q10.

Operating costs

Total operating costs for 1Q11, were MNOK 166.0 compared to MNOK 146.0 in 1Q10, an increase of 14%.

Payroll and related expenses

Total payroll and related expenses, excluding stock option costs, were MNOK 107.8 in 1Q11 compared to MNOK 100.2 in 1Q10, an increase of 8%. Payroll and related expenses increased in 1Q11 versus 1Q10 primarily due to higher compensation expense per employee.

Stock option costs

Total stock option costs for 1Q11 were MNOK 4.7 compared to MNOK 4.4 in 1Q10, an increase of 6%. Stock option costs were higher primarily due to new employee options granted during the last twelve months.

Depreciation and amortization

Depreciation and amortization expenses in 1Q11 were MNOK 6.9 compared to MNOK 4.9 in 1Q10, an increase of 41%. Depreciation and amortization costs increased primarily due to higher investments in Opera Mini server infrastructure and the acquisitions of Admarvel and Fastmail, which occurred in 1Q10 and 2Q10 respectively.

Other operating expenses

Other operating expenses in 1Q11 were MNOK 46.6 compared to MNOK 36.4 in 1Q10, an increase of 28%. Other operating expenses increased in 1Q11 versus 1Q10 primarily due to higher server hosting, travel and marketing costs.

EBIT

EBIT was MNOK 41.4 in 1Q11 compared to MNOK -23.7 in 1Q10 (EBIT was MNOK 5.4 in 1Q10 excluding one-time costs). EBIT, excluding stock option costs, was MNOK 46.0 in 1Q11 versus MNOK 9.8 (excluding one-time costs) in 1Q10. EBITDA was MNOK 48.3 in 1Q11 compared with MNOK 10.3 (excluding one-time costs) in 1Q10. EBITDA, excluding stock options costs, was MNOK 53.0 compared with MNOK 14.7 (excluding one-time costs) in 1Q10.

Interest income and FX gains/(losses)

Net interest income was MNOK 1.6 in 1Q11 versus MNOK 2.2 in 1Q10. Opera had a foreign exchange loss of MNOK 13.2 in 1Q11 compared with a loss of MNOK 0.3 in 1Q10.

Profit for the period

Profit for the period was MNOK 21.6 in 1Q11 compared to MNOK -15.6 in 1Q10. EPS and fully diluted EPS were 0.18 and 0.18, respectively, in 1Q11, compared to -0.13 and -0.13, respectively, in 1Q10.

Liquidity and capital resources

The Company's net cash flow from operating activities was MNOK 22.5 in 1Q11 compared to MNOK -10.2 in 1Q10. 1Q11 cash flow from operating activities was impacted positively by strong profitability and negatively by changes in net working capital. Capital expenditures, which are primarily related to Opera's hosting operations, were MNOK 12.6 in 1Q11 versus MNOK 7.0 in 1Q10.

Cash

Cash and cash equivalents at the end of 1Q11 were MNOK 488.7, compared to MNOK 483.5 in 1Q10.

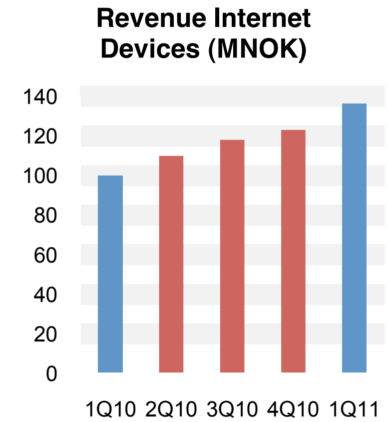
Organization

At the end of 1Q11, the Company had 743 full-time employees and equivalents compared to 764 at the end of 1Q10. Headcount was lower by 21 compared to 1Q10 and down by 4 compared to 4Q10.

Revenue overview

Opera's corporate mission is to provide the best Internet experience on any device. The Company continues to deliver on its mission in 2011. By the end of 1Q11, Opera had more than 185 million monthly active users of its products worldwide, with Opera powering the Internet on mobile phones, gaming consoles, Internet-connected TVs, set-top boxes, netbooks, desktop computers and laptops. Of the more than 185 million active users, approximately 54 million were desktop users, 13.6 million were related to Opera Mini agreements with operators and 95 million were 100% Opera branded Mini users. In addition, Opera has over 10 million users on devices such as TVs and approximately 15 million users of Opera Mobile

Internet Devices



Description

Internet Devices includes revenue from mobile phones and other Internet-connected devices, such as game consoles, ConnectedTVs, IPTV set-top boxes, and portable media players, Opera Mini revenue from operators such as Motricity (AT&T) and MegaFon, revenue generated from the 100% Opera-branded Opera Mini product and revenue from Admarvel and Fastmail.

Update

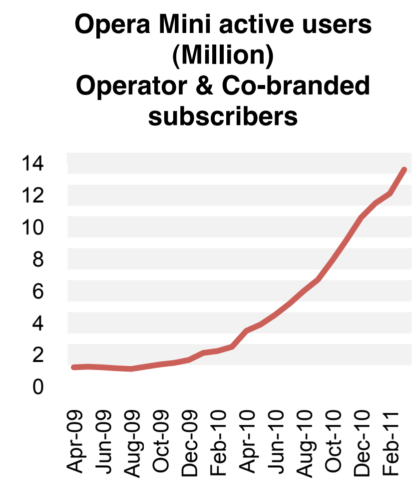
Revenue from Internet Devices grew to MNOK 136.4 in 1Q11 compared to MNOK 99.4 in 1Q10, an increase of 37%.

1Q11 saw strong revenue growth from both Operators and Device OEMs and falling revenue from Mobile OEMs compared to 1Q10. In general, Opera continued to see a marked shift in the revenue mix towards license revenue and away from development revenue.

Revenue from operators increased by 74% in 1Q11 versus 1Q10, primarily due to strong license revenue from such customers as Motricity for AT&T (USA), MTS (Russia) and Telkomsel (Indonesia). Development revenue from operators was slightly down from 1Q10. Operators were the largest source of revenue within Internet Devices in 1Q11, followed by Device OEMs and Mobile OEMs.

Device OEM revenue was up 13% compared to 1Q10 driven by higher license revenue from primarily ConnectedTV customers. Revenue from Mobile OEMs declined 31% in 1Q11 compared to 1Q10, due to both lower development revenue and lower shipments of Mobile OEM customized versions of Opera Mobile.

Operators



As operators face increasing downward pressure on average voice revenue per subscriber, and as competition heightens, operators around the world are looking for new sources of revenue and differentiation through the deployment of data services and application stores.

Opera is a trusted partner to operators globally. The Company currently offers three main operator-branded hosted solutions to operators: Opera Mini, Opera Turbo and Opera Widgets. Opera Mini is a hosted solution for mass-market phones, offering server-side content compression and fast Internet download speeds. A similar cloud-based content compression technology is also offered for Opera Mobile, which is packaged for distribution to Operators and OEMs as Opera Turbo. Opera Mini and Opera Mobile with Turbo offer up to 90% content compression, all increasing an operator's implied throughput capacity of their mobile network.

Opera's revenue sources from these hosted solutions include license fees, active-user fees, NRE/development fees, hosting services, and maintenance and support.

Operator interest in Opera Mini stems from five major sources: (i) proven high consumer adoption of high quality, full HTML browsers (which then drive data traffic and revenue); (ii) the desire to extend data plans to mass market feature phones; (iii) higher profitability on flat-fee/fixed price data packages due to Opera Mini's server compression of Web pages of up to 90% compared to normal mobile web browsers (which also lowers an operator's capital expenditure requirements); (iv) provides a platform for operators to increase the adoption of data services in general and of data packages/plans in particular; and (v) the browser home page serves as the "door" to operator portals and services (which operators are keen to promote to drive more services revenue).

In total, Opera has agreements with 23 operators worldwide (including agreements with 13 of the world's top 30 operators, comprising more than 1.4 billion subscribers) for both the operator branded version of Opera Mini and the joint operator-Opera co-branded version of Opera Mini, including: Motricity for AT&T (USA), Beeline (Russia and Kazakstan), MegaFon (Russia), MTN (South Africa), MTS (Russia, Belarus, Ukraine, and India), Nextel (Argentina, Brazil and Mexico), SK Telecom, Smart Telecom (Indonesia), Smart Telecom (Philippines), TATA Teleservices (India), Tele2 (Russia), Telenor (6 of their 11 subsidiaries), Telkomsel (Indonesia), Tigo (Guatemala, Honduras and Columbia), TIM Brazil, T-Mobile International (in 10 of 11 European subsidiaries), Verizon Wireless (USA) and Vodafone (in 20 of 21 global subsidiaries).

Going into 2011, Opera continues to see high interest among operators in the emerging markets in particular for the operator co-branded Opera Mini solution, for which the browser home page promotes content services from both Opera (such as search) and the operator (such as games and music). For such agreements, Opera and the operator work together and undertake joint marketing initiatives to convert existing Opera only branded Opera Mini users to the co-branded solution. Opera sees this as a compelling way to increase ARPU on its more than 100 million Opera branded Opera Mini users, while operators see such agreements as a way to increase data ARPU and profits.

During the quarter, Opera continued to see strong growth in the number of Opera Mini operator subscribers from its existing agreements. At the end of March 2011, the number of such subscribers grew to 13.6 million, an increase of 29% versus the end of 4Q10 and an increase of 445% versus the end of 1Q10.

In 1Q11, Verizon Wireless announced that Opera Mini will be available on select feature phones from LG, Samsung and Casio. In the future, Verizon expects to launch more devices with Opera Mini pre-installed.

1Q11 also saw a further ramp-up from Opera's existing customers, with Telenor launching in Hungary, Pakistan, Bangladesh (Grameenphone) and Malaysia (DiGi). At the same time, Beeline expanded their offering of Opera Mini to include Kazakhstan, and MTS added Belarus to their list of countries promoting Opera Mini.

In 1Q11, Opera launched the Opera Widget Runtime. Operators and developers will now be able to expand their selection of applications on the Android platform to include WAC (Wholesale Application Community)-compatible applications.

The Opera Widget Runtime is a fully functional implementation of the WAC 1.0 specification, ready to be installed on Android devices. With heavyweight support of the community from 27 operators around the world, the WAC specification has the potential to reach more than three billion mobile phone users around the globe.

Mobile OEMs

Global Mobile OEMs are currently responding aggressively to operator and consumer demands for devices which come bundled with compelling services and applications. As a result, more than ever before, Mobile OEMs are highly focused on providing operators and their subscribers with compelling browsing solutions on their devices – i.e., full HTML browsers that enable browsing of the full Web and access to rich Web applications.

As Opera's existing and future primary revenue sources become increasingly operator and consumer driven, the Company has focused increasingly on the Mobile OEMs as sources of distribution to drive Opera's overall mobile Internet user base. Opera is focused not only on the distribution of Opera Mini, but also on the distribution of Opera Mobile with Turbo, with a particular focus on the Android platform.

Overall, Mobile OEM distribution has become a very important complement to the distribution of Opera's products on

Opera.com. In addition, Opera has been focused on expanding its distribution partners in this space to include the chipset manufacturers, which Opera believes will be a much larger source of distribution going forward than in the past.

In 1Q11, Opera continued to expand its relationship with Mobile OEMs around the world. Bess Mobile became the first original equipment manufacturer (OEM) in Latin America to pre-install Opera Mini on its devices. In addition, Opera and INQ entered into an agreement in 1Q11 whereby the Opera Mini mobile browser will be pre-installed on several INQ smartphones based on the Android platform, as well as on INQ feature phones based on BREW.

Opera also announced in 1Q11 that it signed an agreement to ship the Opera Mini browser worldwide on Qualcomm Incorporated's Brew MP™. Millions of consumers worldwide will benefit by having a smartphone-like browsing experience on mass-market devices.

Incorporating Opera Mini as part of Brew MP simplifies the process of making a powerful browser available to OEMs (Original Equipment Manufacturers) and ODMs (Original Device Manufacturers). OEMs and ODMs will benefit from simplified development, faster time-to-market and inclusion as part of the Brew MP OS.

Opera currently has license and distribution agreements with a diverse range of mobile OEMs, including HTC (Opera Mobile), Huawei (Opera Mobile), Micromax (Opera Mini), Motorola (Opera Mobile & Opera Mini), MTK (Opera Mobile & Opera Mini), Nokia (Opera Mini), Samsung (Opera Mobile & Opera Mini), Sony Ericsson (Opera Mini) Spice Mobile (Opera Mini), TCL (Opera Mini) and ZTE (Opera Mobile & Opera Mini).

Device OEMs

As device manufacturers seek to enhance their relationships with and provide compelling applications and services to their consumers, they are increasingly developing Internet-connected devices.

Traditionally, television has been referred to as a "lean back" medium, where interaction is passive. Today, television manufacturers are trying to encourage consumers to become more actively engaged with their TV sets, referred to as a "lean-forward" model, by providing web applications, web browsing and other digital content on TVs. This has been spurred not only by the desire of the TV manufacturers to differentiate and obtain premium pricing for their product offerings, but also by the perceived opportunity to bring many of the same services that have been deployed successfully in the mobile phone ecosystem, such as mobile web browsing and application stores, to their TV consumer customers.

With the Opera Devices Software Developer Kit (SDK), device manufacturers are able to offer not only Web-browsing capabilities and full access to the Internet to their operator and consumer end customers, but also customized Web applications which are accessible from the home screen of the device. Moreover, with the Opera Devices SDK, device manufacturers are able to use their own (and third-party) developers to enable full web browsing, create user interfaces, widgets and menu systems using Web technologies, such as HTML5 and CSS, HbbTV and OIPF while accelerating time to market for new consumer electronic devices.

In 1Q11, Opera announced that it was chosen by Sony to deliver its world-class browser on Sony BRAVIA televisions and Blu-ray Disc (TM) players. Opera aims to deliver more "lean-forward", interactive components to connected home users by offering Opera's solution to Sony's state-of-the-art devices. Opera will be used for full Internet browsing as well as connecting to social networks such as Facebook and Twitter.

In 1Q11, Opera launched the Opera for Devices SDK 3.0. The new release comes with a new SVG rendering engine (thereby boosting web browsing performance), improved HTML 5.0 compliance and broader chipset platform support.

Opera currently has license agreements with a wide range of consumer electronic device OEMs, including Huawei, Loewe, Mediatek, Nintendo, Philips, Sagem, Sharp, Sony, Technicolor, Technisat, Toshiba and Vestel.

Mobile Consumers

During the first quarter, mobile Internet usage around the world continued to grow at a rapid pace. Based on statistics from Global Statcounter, more than 500 million consumers accessed the Internet via a full Web mobile browser at the end of 1Q11, up almost 100% compared to 1Q10.

Opera continued to maintain its position as the leading mobile web browser. In March 2011, 102 million unique active users worldwide browsed the Web using Opera Mini (124 million unique users when operator branded Mini and Opera Mobile consumer users are included).

Opera Mini's tremendous success with consumers has occurred for a variety of reasons. First, Opera Mini is significantly faster than the competition, due to the up to 90% compression compared to a normal full web browser. This makes for a much more enjoyable and efficient browsing experience for consumers. Second, Opera Mini is much cheaper for consumers – i.e., consumers save up to 90% browsing with Opera Mini compared to competitive products due Opera's unique proxy browsing technology. Third, Opera works on the vast majority of mobile phones, supporting more than 3,000 different mobile phone models. Fourth, Opera believes its user interface design and rendering quality is superior to the competition.

Opera.com continues to be the primary channel for distributing the Opera branded version of Opera Mini. However, Opera has also focused increasingly on distribution via direct agreements with mobile OEMs and other third parties. Opera has such mobile OEM distribution deals with Huawei, INQ, Lemon Mobile, MTK, Nokia, Sharp, Sony Ericsson and TCL.

Opera Mini is also available on several handset vendor application stores, such as Apple's iPhone App Store and the Android Market. Additionally, GetJar, a leading global cross platform application store, also drives meaningful distribution of Opera Mini.

In addition to a high focus on increasing distribution of Opera Mini with Mobile OEMs and other channels , Opera is also putting much greater focus on distribution of Opera Mobile on the high end Open OS/Smartphone platforms, particularly Android.

In 1Q11, Opera launched new versions of Opera Mini 6 and Opera Mobile 11. With improved scrolling, panning and zooming in addition to true pinch-to-zoom on devices that support pinch, Opera Mini 6 and Opera Mobile 11 support easy sharing on Facebook, vKontakte or My Opera, in addition to being optimized for tablets. The Opera Mini 6 browser brings the internet to J2ME, Android, BlackBerry and Symbian/S60 phones, while the Opera Mobile 11 browser is available on the Android and Symbian platforms.

Opera generates revenue for the 100% Opera-branded version of Opera Mini mainly through content partnerships, including search. Opera has Google as the default search partner for Opera Mini and Opera Mobile worldwide. In addition, Opera has content partnerships with companies such as Appia, which powers the Opera Mobile Store, to drive additional revenue and ARPU.

Historically, Opera's primary focus has been consumer acquisition and growing its user base and much of the monetization focus has been on converting Opera Mini consumer users to joint Operator – Opera branded users, for which ARPU is significantly higher than for the 100% Opera branded Opera Mini users.

Going into 2011, Opera is significantly more focused than in the past on making money from its rapidly growing active user base via more consumer oriented business and revenue models. To this end, in March 2011, Opera established a Consumer Mobile team, which has a primary responsibility to drive ARPU for Opera's consumer mobile users. Opera expects the primary sources of future revenue for its consumer mobile users to come from mobile advertising, mobile search and mobile applications.

Coinciding with the establishment of the new Consumer Mobile team, Opera announced a new strategic partnership with Appia in 1Q11 and launched the new version of the Opera Mobile Store, which is now available in close to 200 countries and offers both free and paid applications for virtually any mobile platform and device. The Opera Mobile Store is a featured Speed Dial link in the Opera Mini and Opera Mobile browsers, which makes the storefront immediately accessible to the majority of the more than 100 million people who use an Opera browser on their mobile phones.

In March 2011, the Opera Mobile Store attracted more than 18 million unique visitors, who generated more than 19 million downloads. These metrics establish the Opera Mobile Store as a top 10 mobile application store.

During 1Q11, Admarvel, Opera's mobile advertising subsidiary, continued to experience strong revenue growth. AdMarvel's strong revenue growth emanates primarily from its publisher customers, who are experiencing substantial growth in users, traffic and mobile advertising revenue from their iOS and Android smartphone and tablet users, who are accessing content via both Web browsers and native applications.

In 1Q11, Opera and China's Telling Telecom announced that they plan to establish a Joint Venture in Greater China with the goal of becoming the most popular consumer mobile Web browser and Web services platform in China. Opera will provide its browser technology and Telling Telecom will contribute a local operations team and strong distribution capabilities. Telling Telcom is the leading mobile phone distributor in China, with an 18% market share and 40,000 retail outlets.

The total initial investment in the Joint Venture is planned to be 135 million RMB over three years. Opera will own 25 to 40% of the joint venture company, depending on Opera's capital contribution over this period. In addition, Opera is guaranteed a minimum amount of revenue from the joint venture corresponding to Opera's initial capital contribution over the three year period from the establishment of the JV.

The focus of the JV will be on the massive consumer mobile Internet market and revenue opportunity in China. Opera China will continue to target the operator, mobile OEM, device OEM and desktop markets independent from the JV.

Desktop

Description

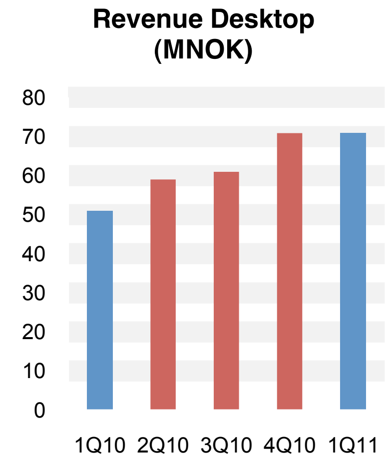
Since the first public release in 1995, Opera has continuously delivered browser innovation for desktop PCs. Opera's desktop browser provides its users with a safe, efficient and enjoyable browsing experience.

Today, the desktop browser is more important a platform than ever. This is seen most saliently with the clear dominance of Web applications over devicecentric computing. This trend is no more pronounced than with social networking, where Facebook, for example, has more than 650 million active users. In addition, the rapid adoption and innovation around HTML 5 is making web applications more powerful and always available. For example, playing video without the need for third-party applications or plug-ins and using geo-location to provide locally targeted information are some clear examples where HTML 5 is making the browser and browser based applications much more powerful than in the past.

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

Historically, the vast majority of desktop user growth has occurred in the emerging markets. Opera expects this trend to continue, as Opera's key value proposition in the emerging markets emanates to a large extent from the fact that it is considered the fastest browser, valued highly in many emerging markets where overall broadband penetration is low and Internet dial-up is the norm. While the emerging markets offer higher user growth rates than developed markets, Opera remains very focused on building its market position in higher search ARPU markets such as the USA, South Africa and Germany.

In 1Q11, Opera Software announced the beta of its Opera 11.10 browser, code-named "Barracuda". Among the improvements in version 11.10 are more versatile Speed Dials, including the fact that the number of Speed Dials is now unlimited, thanks to the new Speed Dial flow feature.



Update

Revenue from Desktop rose 36% in 1Q11 to MNOK 70.9, compared to MNOK 52.0 in 1Q10, with users up approximately 13% versus 1Q10. Revenue growth from Desktop was strong due in particular to growth in ARPU. The main contributors to higher ARPU in the quarter versus 1Q10 were higher searches per user and strong growth in revenue from local search providers such as Yandex.

Outlook

Opera remains positive about the Company's growth prospects. Within Internet Devices, the success that key Opera customers, such as Motricity (AT&T) and Telkomsel, have experienced with their mobile Web initiatives powered by Opera has heightened interest among operators in particular for Opera's solutions. Opera also sees accelerating interest among consumer electronic device manufacturers for Opera's solutions, particularly in the Connected TV segment, as Web browsers become a more common component of a broad array of device types.

Opera believes it is well positioned to continue to take advantage of these "megatrends" within the operator, mobile phone and consumer electronics industries.

Opera also expects to see increased revenue streams from Opera's consumer mobile products such as Opera Mini, as usage expands and as revenue and business models evolve further in the mobile Internet space. In particular, Opera sees rising mobile revenue streams from advertising, applications and search.

The Company also sees positive growth prospects from its Desktop product, particularly as a result of user growth in the emerging markets.

Opera's key operational priorities in 2011 include continuing to (i) sign up additional leading operators and grow active users of Opera products and services with existing operator customers, (ii) grow revenues and users of Opera's consumer products (Desktop, Opera-branded Opera Mini and Opera Mobile), (iii) increase Opera's position with top mobile phone OEMs and chipset manufacturers globally to drive greater distribution of Opera's mobile products, (iv) build on the momentum Opera has with major consumer electronic OEMs, particularly in the Connected TV space, and (v) increase Opera's overall profitability and margins.

Oslo, May 10, 2011

The Board of Directors

Opera Software ASA

William J. Raduchel	Lars Boilesen
Chairman	CEO
(sign.)	(sign.)

This report and the description of Opera's business and financials should be read in conjunction with the presentation given by the Company of its quarterly numbers, a webcast of which can be found at www.opera.com .

Consolidated Statement of Comprehensive Income

(Numbers in KNOK, except per share amounts)

	1Q 2011 (Unaudited)	1Q 2010 (Unaudited)	% Change
Desktop	**70,923**	52,033	36%
Internet devices	**136,411**	99,379	37%
Total operating revenue	**207,334**	151,413	37%
Payroll and related expenses, excluding stock option costs	**107,779**	100,238	8%
Stock option costs	**4,672**	4,397	6%
Depreciation and amortization	**6,921**	4,901	41%
Other operating expenses	**46,586**	36,437	28%
Total operating expenses	**165,957**	145,972	14%
Results from operating activities ("EBIT") excl. one-time costs	**41,377**	5,440	
One-time costs	**0**	29,094	
Results from operating activities ("EBIT")	**41,377**	(23,654)	
Other interest income/expense, net	**1,558**	2,202	
Interest expense related to contingent consideration	**(1,736)**	0	
FX gains/losses related to contingent consideration, net	**3,293**	0	
Other FX gains/losses, net (negative amount = losses)	**(13,242)**	(279)	
Profit before income tax	**31,250**	(21,731)	
Provision for taxes*	**(9,624)**	6,085	
Profit for the period	**21,626**	(15,647)	
Foreign currency translation differences for foreign operations	**(1,128)**	655	
Total comprehensive income for the period	**20,498**	(14,991)	
Earnings per share**	**0.182**	-0.132	
Earnings per share, fully diluted**	**0.179**	-0.132	
Shares used in earnings per share calculation	**118,913,169**	118,438,066	
Shares used in earnings per share calculation, fully diluted	**121,121,484**	118,753,299	
Number of employees	**743**	764	

*The quarterly and year to date provision for taxes is based on an estimated tax rate for the Group.
**Earnings per share is calculated based on the profit for the period.

Consolidated Statement of Financial Position

(Numbers in KNOK)

	3/31/2011 (Unaudited)	12/31/2010 (Audited)
Assets		
Non-current assets		
Intangible assets		
Goodwill	**113,997**	114,903
Other intangible assets	**18,888**	20,252
Total intangible assets	**132,886**	135,155
Property, plant and equipment		
Property, plant and equipment	**61,328**	55,872
Total property, plant and equipment	**61,328**	55,872
Financial assets and deferred tax assets		
Deferred tax assets	**22,543**	28,138
Other investments and deposits	**18,650**	17,210
Total financial assets and deferred tax assets	**41,193**	45,348
Total non-current assets	**235,406**	236,375
Current assets		
Trade and other receivables		
Accounts receivables	**86,737**	121,193
Unbilled revenue	**72,020**	64,462
Other receivables	**23,584**	20,863
Total trade and other receivables	**182,341**	206,517
Cash and cash equivalents	**488,706**	507,422
Total current assets	**671,047**	713,939
Total assets	**906,453**	950,314

Consolidated Statement of Financial Position

(Numbers in KNOK)

	3/31/2011 (Unaudited)	12/31/2010 (Audited)
Shareholders' equity and liabilities		
Equity		
Paid in capital		
Share capital	**2,372**	2,381
Share premium reserve	**456,797**	457,005
Other reserves	**65,322**	60,639
Total paid in capital	**524,490**	520,025
Retained earnings		
Other equity	**96,790**	101,514
Total retained earnings	**96,790**	101,514
Total equity	**621,280**	621,539
Liabilities		
Non-current liabilities		
Provisions	**35,569**	39,442
Total non-current liabilities	**35,569**	39,442
Current liabilities		
Accounts payable	**16,983**	25,254
Taxes payable	**0**	690
Social security, VAT and other taxation payable	**28,274**	29,345
Deferred revenue	**98,602**	124,949
Other short-term liabilities	**62,596**	66,190
Provisions	**43,149**	42,903
Total current liabilities	**249,604**	289,332
Total liabilities	**285,173**	328,774
Total equity and liabilities	**906,453**	950,314

Consolidated Statement of Cash Flows

(Numbers in KNOK)

	1Q 2011 (Unaudited)	1Q 2010 (Unaudited)
Cash flow from operating activities		
Profit/loss before taxes	**31,250**	(21,731)
Taxes paid	**(6,845)**	(1,646)
Depreciation expenses	**6,921**	4,901
Profit/loss from sales of property, plant and equipment	**322**	(31)
Changes in accounts receivables **	**27,785**	(53,242)
Changes in accounts payable	**(8,226)**	4,408
Changes in other liabilities and receivables, net	**(33,935)**	49,650
Share-based remuneration	**4,841**	3,706
Interest and FX related to contingent payment *`***	**(1,557)**	0
Conversion discrepancy	**1,921**	3,764
Net cash flow from operating activities	**22,477**	(10,221)
Cash flow from investment activities		
Capital expenditures	**(12,554)**	(6,986)
Acquisitions ***	**(3,249)**	(44,892)
Net cash flow from investment activities	**(15,803)**	(51,879)
Cash flow from financing activities		
Proceeds from exercise of stock options	**10,974**	6,306
Proceeds of share issues, net	**0**	0
Dividends paid	**0**	0
Purchase of own shares	**(36,364)**	(7,232)
Net cash flow from financing activities	**(25,390)**	(926)
Net change in cash and cash equivalents	**(18,716)**	(63,026)
Cash and cash equivalents (beginning of period)	**507,422**	546,482
Cash and cash equivalents **`*******	**488,706**	483,455

*Interest income and interest expenses are included in the 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 related to acquisitions. 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. The earnout paid in 1Q 2011 of KUSD 514 was related to this deal and is included in aquisitions in the statement of cash flows. Please see note 10 for more information.

****Cash and cash equivalents of KNOK 10,440 were restricted assets as of March 31, 2011, and Cash and cash equivalents of KNOK 36,128 were restricted assets as of March 31, 2010.

*****As of March 31, 2011, the conversion discrepancy profit booked on Cash and cash equivalents was KNOK 10,003.

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

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 12/31/2010	**0.02**	**119,048**	**2,391**	**457,005**	**60,476**	**-11**	**1,455**	**100,223**	**621,539**
Comprehensive income for the period									
Profit for the period								21,626	21,626
Other comprehensive income									
Foreign currency translation differences							-1,128		-1,128
Total comprehensive income for the period			**0**	**0**	**0**	**0**	**-1,128**	**21,626**	**20,498**
Contributions by and distributions to owners									
Own shares acquired	0.02	-1,311				-26		-36,338	-36,364
Own shares sold	0.02	863				17		10,957	10,974
Share-based payment transactions					4,841				4,841
Total contributions by and distributions to owners	**0.02**	**-448**	**0**	**0**	**4,841**	**-9**	**0**	**-25,381**	**-20,549**
Other equity changes									
Other changes				-208					-208
Total other equity changes			**0**	**-208**	**0**	**0**	**0**	**0**	**-208**
Balance as of 3/31/2011	**0.02**	**118,600**	**2,391**	**456,797**	**65,318**	**-19**	**327**	**96,467**	**621,280**

Other reserves
Other reserves consist 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 12/31/2009	**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								-15,647	-15,647
Other comprehensive income									
Foreign currency translation differences							655		655
Total comprehensive income for the period			**0**	**0**	**0**	**0**	**655**	**-15,647**	**-14,991**
Contributions by and distributions to owners									
Own shares acquired	0.02	-351				-7		-7,225	-7,232
Own shares sold	0.02	510				10		6,296	6,306
Share-based payment transactions					3,706				3,706
Total contributions by and distributions to owners	**0.02**	**159**	**0**	**0**	**3,706**	**3**	**0**	**-929**	**2,780**
Other equity changes									
Other changes				-144				11	-133
Total other equity changes			**0**	**-144**	**0**	**0**	**0**	**11**	**-133**
Balance as of 3/31/2010	**0.02**	**118,734**	**2,391**	**456,964**	**47,475**	**-17**	**-575**	**84,344**	**590,583**

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, Zizzr AS and Opera Software International AS (which, in turn, includes the subsidiaries Opera Software Korea Ltd, Opera Software Technology (Beijing) Co., Ltd, Opera Software Poland Sp. z o.o, Opera Software Australia PTY LTD, AdMarvel, Inc., LLC Opera Software (Russia), Opera Software Iceland ehf, and Opera Web Technologies Pvt. Ltd), and the limited company Beijing Yuege Software Technology Service Co., Ltd. (of which Opera had full control) together referred to as the "Group". As of March 31, 2011, Opera Software International AS had branches in the Czech Republic, Japan, USA, China, Taiwan and Poland.

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, 2010.

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, 2010, except as mentioned below. The consolidated financial statements of the Opera Group for 2010 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Norwegian Accounting Act.

There were no new standards, interpretations or amendments to published standards that were effective from January 1, 2011 that have significantly affected the consolidated financial statements for the first quarter 2011.

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)

	1Q 2011 (Unaudited)	1Q 2010 (Unaudited)	YTD 2011 (Unaudited)	YTD 2010 (Audited)
Earnings per share (basic)	**0.182**	(0.132)	**0.182**	(0.132)
Earnings per share, fully diluted	**0.179**	(0.132)	**0.179**	(0.132)
Shares used in per share calculation (mm)	**118,913,169**	118,438,066	**118,913,169**	118,438,066
Shares used in per share calculation, fully diluted (mm)	**121,121,484**	118,753,299	**121,121,484**	118,753,299

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 204,209 as of March 31, 2011. 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 27.68 for 1Q 2011 and NOK 27.68 YTD 2011. Opera has included options with a strike price below NOK 29.40 when calculating the fully diluted number of shares outstanding. Total options used in the calculations are 9,975,518, of which 7,373,066 options are unvested and 2,602,452 are vested but not yet exercised.

	1Q 2011	YTD 2011
Average number of shares	**118,913,169**	**118,913,169**
The following equity instruments have a diluting effect:		
Options	**9,975,518**	**9,975,518**
Total	**9,975,518**	**9,975,518**
Options	**9,975,518**	**9,975,518**
Number of shares purchased (KNOK 204,209/27.68/27.68)	**7,377,500**	**7,377,500**
Number of shares with diluting effect	**2,598,018**	**2,598,018**
Expected options to be exercised	**2,208,315**	**2,208,315**

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.

Based on the above, Opera has determined that it has only one segment. However, Opera has chosen to give the following additional information about the revenue.

(Numbers in KNOK)

REVENUE BY REGION	**1Q 2011** (Unaudited)	**1Q 2010** (Unaudited)	**YTD 2011** (Unaudited)	**YTD 2010** (Audited)
Europe	**66,845**	30,693	**66,845**	30,693
USA/ Canada	**91,312**	62,897	**91,312**	62,897
Asia	**49,177**	57,822	**49,177**	57,822
Total	**207,334**	151,413	**207,334**	151,413

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.

Revenues generated in Norway for 1Q 2011 were KNOK 1,562.

In 1Q 2011, Opera had sales to one customer that accounted for more than 10% of total Group revenues.

(Numbers in KNOK)

REVENUE TYPE	**1Q 2011** (Unaudited)	**1Q 2010** (Unaudited)	**YTD 2011** (Unaudited)	**YTD 2010** (Audited)
Desktop	**70,923**	52,033	**70,923**	52,033
Internet devices	**136,411**	99,379	**136,411**	99,379
Total	**207,334**	151,413	**207,334**	151,413

***Desktop* revenue** includes revenue related mostly to search and eCommerce.

Internet devices includes revenue from mobile phones and other Internet-connected devices, such as game consoles, Connected TVs, IPTV set-top boxes, and portable media players, Opera Mini revenue from operators such as T-Mobile International and MegaFon, revenue generated from the 100% Opera-branded Opera Mini product and revenue from Admarvel and Fastmail.

Note 7 - Shareholder Information

Authorization to acquire own shares
The Annual General Meeting (AGM), 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 the 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 resolution:
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 traded exclusive of dividend rights as from June 16, 2010.

In 3Q10 Opera paid dividends of KNOK 19,027 to the shareholders.

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).

Dividend
The Board of Directors has proposed that the 2011 Annual General Meeting approves a dividend payment of NOK 0.18 per share.

Own shares
During 1Q 2011 and YTD, Opera has purchased 1,311,000 own shares for KNOK 36,364 and sold 863,067 own shares for KNOK 10,974.

On November 15, 2010, the Board of Directors approved a new stock repurchase allowing for the repurchase of up to 6 million shares. The buy-back program has been and will be carried out in accordance with any authorization grated to the Board of Directors as resolved by the General Meeting. The new repurchase program replaces the former program which was announced on March 3, 2008 and October 17, 2008. As of March 2011, Opera owned 974,252 shares. The buy-back program was initiated in order to minimize dilution for existing shareholders resulting from the exercise of employee and Board stock options.

Note 8 - Financial Information

Opera has chosen to include more information regarding currency risk as of March 31, 2011.

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 1Q 2011, approximately 47% of revenues were in EUR and 52% in USD; for expenses, approximately 54% were in NOK, 12% in USD, 10% in SEK, 7% in PLN, 6% in JPY, 3% in EUR, and 8% in other currencies.

Foreign currency movements impacted Opera's 1Q 2011 income statement in the following way: Revenue would have been approximately MNOK 216 (higher by approximately 4%) using the 1Q 2010 constant currency FX rates and revenue would have been approximately MNOK 215 (higher by approximately 4%) using the 4Q 2010 constant currency FX rates. Costs would have been approximately MNOK 165 (lower by approximately 1%) using the 1Q 2010 constant currency FX rates and cost would have been approximately MNOK 167 (higher by approximately 1%) using the 4Q 2010 constant currency FX rates. The majority of the Company's purchases are made in the following denominations: NOK, EUR, SEK, PLN, USD, JPY, CZH, CNY, KRW, TWD, AUD, ISK and INR. Exchange rate fluctuations in these currencies do impact Opera's income statement.

For 1Q 2011, Opera had a net foreign exchange loss of KNOK 9,949. KNOK 12,399 was realized foreign exchange loss and KNOK 2,450 was unrealized foreign exchange gain. 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 March 31, 2011.

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 32 full-time equivalents. In 2009 and 2010, the Group incurred acquisition-related costs of KNOK 2,683 related to external legal fees and due diligence costs. In 2011, the Group has not incurred additional acquisition-related costs 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 combination, equaled the carrying amount recognized by the Group on 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 acqusition date 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 entire 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 email 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 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 5 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 and 2010, the Group incurred acquisition-related costs of KNOK 1,450 related to external legal fees and due diligence costs. In 2011 the Group has not incurred additional acquisition-related costs 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 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 acqusition 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 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)

(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
Net book value as of 12/31/10	115,256
FX adjustment to the goodwill acquisition cost	-1,258
Net book value as of 3/31/11	**113,997**

The Group has performed a complete impairment test as of December 31, 2010 according to IAS 36. The Group considers it unnecessary to recognize an impairment loss concerning goodwill.

Note 10 - Contingent Liabilities and Provisions

Pension liability

KNOK 8,863 has been booked as a current provision for estimated pension liability in Hern Labs AB.
Please see note 11 in the FY 2010 Financial Statements for a description of the pension case.

Interest provision

KNOK 2,375 has been booked as a current provision for estimated interest on an VAT case in Opera Software International AS.

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%
Tax rate	40.0%
FX rate	5.674

At the acquisition date, Opera engaged a third party to estimate the fair value of Admarvel. Based on this estimate, Opera recorded a contingent consideration liability of KNOK 39,007 in the financial statements in 1Q 2010. The assumptions behind this fair value assessment can be found above.

For the 4Q 2010 financial results, Opera undertook a re-evaluation of the assumptions used since the acquisition date. The FY 2010 net revenue and EBIT target probability has been increased to 100% and This is because Opera has determined that Admarvel exceeded the revenue and EBIT targets for FY 2010, as agreed in the Admarvel purchase agreement, dated January 19, 2010. KNOK 7,377 has been expensed in 4Q 2010 due to the increased likelihood.

In addition, for FY 2011, Opera and Admarvel have agreed on a new set of earn-out targets for FY 2011, replacing those agreed in the original purchase agreement. The tier 1, tier 2 and tier 3 FY 2011 net revenue and EBIT targets have been removed and replaced by new targets as outlined in the chart below. This is because Opera has asked the Admarvel management team to take on expanded responsibilities as part of Opera, where the Admarvel team responsibilities will include, in addition to Admarvel's core business, the Open Mobile Ad Exchange, the Opera Mobile Store and other Opera mobile properties. Opera estimates the amount of expected contingent consideration related to the new earn out targets to be higher than compared to the original agreement. For 4Q 2010 Opera booked a one time charge of KNOK 7,272 related to the new FY 2011 targets.

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	100%	5,000	5,000
Additional Consumer Mobile Team deliverables	100%	2,000	2,000
Net revenue and Consumer Mini/Mobile rev. target	100%	2,000	2,000
Add. net revenue and Cons. Mini/Mobile revenue target	100%	1,000	1,000
Add. net revenue and Cons. Mini/Mobile revenue target	78%	3,000	2,333
Total estimated earn out before discounting			12,333
Total estimated earn out after discounting			10,732

The contingent consideration is revalued each quarter. KNOK 33,658 has been booked as a non-current provision and KNOK 27,947 as current provision to cover the total contingent consideration of KNOK 61,606 as of March 31, 2011. Opera also paid the FY 2010 target of MUSD 5 in 2Q 2011.

Opera has also booked KNOK 1,618 as an interest expense and KNOK 3,350 as an FX gain.
Please also see note 9 for more details.

Note 10 - Contingent Liabilities and Provisions (continued)

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%
Tax rate	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 7,955 in the financial statements. The contingent consideration is revalued each quarter, and KNOK 1,911 has been booked as a non-current provision and KNOK 3,963 as current provision to cover the total contingent consideration of KNOK 5,874 as of March 31, 2011 where the same assumptions that were used on the acquisition date have been used. The technology development target of KUSD 514 has been paid in 1Q 2011. For 1Q 2011 Opera booked KNOK 118 as interest expense and KNOK 57 as FX expense. Please also see note 9 for more details.

Note 11 - CTC

In 1Q11, Opera and China's Telling Telecom announced that they plan to establish a Joint Venture in Greater China with the goal of becoming the most popular consumer mobile web browser and web services platform in China. Opera will provide its browser technology and Telling Telecom will contribute a local operations team and strong distribution capabilities. Telling Telcom is the leading mobile phone distributor in China, with an 18% market share and 40,000 retail outlets.

The total initial investment in the Joint Venture is planned to be 135 million RMB over three years. Opera will own 25 to 40% of the joint venture company, depending on Opera's capital contribution over this period. In addition, Opera is guaranteed a minimum amount of revenue from the joint venture corresponding to Opera's initial capital contribution over the three year period from the establishment of the JV.

The focus of the JV will be on the massive consumer mobile Internet market and revenue opportunity in China. Opera China will continue to target the operator, mobile OEM, device OEM and desktop markets independent from the JV.

Note 12 - Unusual Transactions

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

Note 13 - 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 14 - Forward Looking Statements/Risk Factors

This Quarterly Report contains forward-looking statements. These statements include, among other things, statements regarding future operations and business strategies and future financial condition and prospects. These forward-looking statements are subject to certain risks and uncertainties that could cause our actual results to differ materially from those reflected in the forward-looking statements. Factors that could cause or contribute to such differences are covered in the Opera Software FY 2010 Annual Report on page 14, under the heading "Risk Factors". We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

Note 15 - One-time Costs

During 1Q 2010, Opera Software ASA 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. These costs are included in the YTD 2010 numbers itemized above.

ONE-TIME COSTS	1Q 2011 (Unaudited)	1Q 2010 (Unaudited)	YTD 2011 (Unaudited)	YTD 2010 (Unaudited)
Salary restructuring cost		26,728		26,728
Option restructuring cost		-898		-898
Office restructuring cost		1,600		1,600
Legal fees related to business combinations		1,665		1,665
Total one-time costs	**0**	**29,094**	**0**	**29,094**

Historical Summary - Last 6 Quarters

(Numbers in KNOK, except per share amounts)

	1Q 2011 (Unaudited)	4Q 2010 (Unaudited)	3Q 2010 (Unaudited)	2Q 2010 (Unaudited)	1Q 2010 (Unaudited)	4Q 2009 (Unaudited)
Revenue (KNOK)						
Desktop	**70,923**	70,866	60,302	59,073	52,033	50,369
Internet devices	**136,411**	122,716	118,015	109,854	99,379	92,200
Total revenue	**207,334**	193,581	178,317	168,928	151,413	142,569
Revenue (% Growth)						
Desktop	**0%**	18%	2%	14%	3%	18%
Internet devices	**11%**	4%	7%	11%	8%	0%
Total revenue	**7%**	9%	6%	12%	6%	6%
Revenue (% of total revenue)						
Desktop	**34%**	37%	34%	35%	34%	35%
Internet devices	**66%**	63%	66%	65%	66%	65%
EBIT*	**41,377**	34,647	34,761	28,750	5,440	4,686
EBIT, excluding stock option costs*	**46,049**	38,944	39,821	32,623	9,837	8,570
EBITDA*	**48,298**	41,148	40,692	34,333	10,341	7,993
EBITDA, excluding stock option costs*	**52,969**	45,444	45,752	38,206	14,738	11,877
EPS	**0.182**	(0.005)	0.169	0.161	(0.132)	0.033
EPS, fully diluted	**0.179**	(0.005)	0.166	0.159	(0.132)	0.033

* excluding one-time costs

Supplemental information

(Numbers in MNOK)

REVENUE TYPE **YTD numbers**	**YTD 2011** (Unaudited)	**YTD 2010** (Unaudited)
Desktop	**71**	52
Internet devices	**136**	99
Total	**207**	151

(Numbers in MNOK)

REVENUE TYPE **QTR numbers**	**1Q 2011** (Unaudited)	**4Q 2010** (Unaudited)	**3Q 2010** (Unaudited)	**2Q 2010** (Unaudited)	**1Q 2010** (Unaudited)
Desktop	**71**	71	60	59	52
Internet devices	**136**	123	118	110	99
Total	**207**	194	178	169	151

In million users

Monthly Desktop users ** **(last month of quarter)**	**1Q 2011** (Unaudited)	**4Q 2010** (Unaudited)	**3Q 2010** (Unaudited)	**2Q 2010** (Unaudited)	**1Q 2010** (Unaudited)
Total	**54**	51	45	46	48

(Numbers in MNOK)

Internet devices **YTD numbers**	**YTD 2011** (Unaudited)	**YTD 2010** (Unaudited)
NRE	**20**	34
M&S	**9**	11
Total Opera Mini*	**60**	22

(Numbers in MNOK)

Internet devices **QTR numbers**	**1Q 2011** (Unaudited)	**4Q 2010** (Unaudited)	**3Q 2010** (Unaudited)	**2Q 2010** (Unaudited)	**1Q 2010** (Unaudited)
NRE	**20**	18	19	29	34
M&S	**9**	13	10	11	11
Total Opera Mini*	**60**	48	40	35	22

**Includes all revenue types and revenue from all versions of Opera Mini (Operator branded, Operator-Opera co-branded, and Opera branded).*

***Due to a technical issue with certain versions of Opera 9 (released beginning in 2008), users of these versions were overcounted. The estimated updated Desktop monthly user figures are now provided in the supplemental information section of the 1Q11 Report*

Supplemental information (continued)

(Numbers in MNOK)

Revenue Customer Type YTD numbers	YTD 2011 (Unaudited)	YTD 2010 (Unaudited)
Operator revenue	**68**	39
Desktop revenue	**71**	52
Mobile OEM revenue	**18**	26
Device OEM revenue	**33**	30
Other revenue	**18**	4
Total	**207**	151

(Numbers in MNOK)

Revenue Customer Type QTR numbers	1Q 2011 (Unaudited)	4Q 2010 (Unaudited)	3Q 2010 (Unaudited)	2Q 2010 (Unaudited)	1Q 2010 (Unaudited)
Operator revenue	**68**	61	50	53	39
Desktop revenue	**71**	71	60	59	52
Mobile OEM revenue	**18**	13	22	21	26
Device OEM revenue	**33**	36	33	30	30
Other revenue	**18**	13	12	7	4
Total	**207**	194	178	169	151

Operator revenue: Operator revenue includes revenue from mobile operators such as Vodafone, Telkomsel and Motricity (AT&T). The company currently offers three main operator-branded, hosted solutions to operators: Opera Mini, Opera Turbo and Opera Widgets. Opera Mini is a hosted solution for mass-market phones, offering server-side content compression and fast Internet download speeds. A similar cloud-based content compression technology is also offered for Opera Mobile and Opera Desktop, which is packaged for distribution to Operators and OEMs as Opera Turbo. Opera's revenue sources from these hosted solutions include license fees, active-user fees, NRE/development fees, hosting services, and maintenance and support.

Global mobile Original Equipment Manufacturers (OEMs): Opera currently offers Opera Mobile to mobile OEMs, with widgets and Turbo capabilities as optional pre-installations. Opera Mobile offers mobile OEMs, and ultimately operator subscribers, a desktop-capable browser on a mobile device, enabling the use of rich Web applications. Opera also offers Opera Mini to mobile OEMs. Opera Mini enables operator customers the ability to offer a high-quality and consistent Web experience across a range of handsets, while using Opera Mini's compression technology to solve bandwidth and network bottleneck issues. Opera currently has license agreements with a wide range of mobile OEMs, including, HTC, HP, Motorola, Samsung, Sharp and MTK.

Global device Original Equipment Manufacturers (OEMs): With the Opera Devices SDK, device manufacturers are able to use their own (and third-party) developers to create user interfaces and menu systems using Web technology, such as HTML and CSS, quickly and easily. Moreover, Opera's SDK enables device manufacturers to offer not only Web-browsing capabilities and full access to the Internet to their operator and consumer end-customers, but also customized Web applications or widgets which are accessible from the home screen of the device. Opera currently has license agreements with a wide range of consumer electronic device OEMs, including ARCHOS, Nintendo, Philips, Sony, Loewe and Thales.

(Numbers in MNOK)

Operator Revenue YTD numbers	YTD 2011 (Unaudited)	YTD 2010 (Unaudited)
NRE, M&S and hosting	**13**	17
Licenses and active-user fees	**55**	22
Total	**68**	39

(Numbers in MNOK)

Operator Revenue QTR numbers	1Q 2011 (Unaudited)	4Q 2010 (Unaudited)	3Q 2010 (Unaudited)	2Q 2010 (Unaudited)	1Q 2010 (Unaudited)
NRE, M&S and hosting	**13**	19	14	23	17
Licenses and active-user fees	**55**	42	37	30	22
Total	**68**	61	50	53	39

Supplemental information (continued)

In million subscribers

Opera Mini subscribers Operator and co-branded	(Unaudited)
January 2010	2.1
February 2010	2.2
March 2010	2.5
April 2010	3.5
May 2010	3.9
June 2010	4.5
July 2010	5.2
August 2010	6.0
September 2010	6.7
October 2010	7.5
November 2010	9.0
December 2010	10.6
January 2011	**11.5**
February 2011	**12.0**
March 2011	**13.6**

In million subscribers

Opera Mini subscribers Opera Branded	(Unaudited)
January 2010	49.8
February 2010	50.6
March 2010	55.3
April 2010	59.0
May 2010	60.5
June 2010	59.4
July 2010	62.0
August 2010	66.5
September 2010	71.3
October 2010	76.3
November 2010	80.1
December 2010	85.5
January 2011	**90.4**
February 2011	**89.8**
March 2011	**102.4**