1Q

Quarterly Report 2010

OPERA software

Opera Quarterly Report 1Q10

Revenue was MNOK 151.4 in 1Q10, down from MNOK 163.0 in 1Q09, a decrease of 7% (on a constant currency basis, revenues increased 3% in 1Q10 versus 1Q09). EBIT was MNOK -23.7 in 1Q10 compared to MNOK 24.9 in 1Q09. Excluding a one-time extraordinary charge, EBIT in 1Q10 was MNOK 5.4

Operational Highlights

- *Operators*

  Opera announced that it will deliver its Widgets solution to a major North American Operator

  Operator and co-branded users reached 2.5 million by the end of 1Q 10, an increase of 50% versus end of 4Q09 and over 197% versus end of 1Q09

  5 new operator agreements announced in 1Q10

- *Mobile OEMs*

  Opera announced an agreement with Huawei for Opera Mobile

- *Device OEMs*

  Opera signed a Devices contract with a Japanese manufacturer

- *Desktop*

  Desktop users reached 52 million by the end of 1Q10, an increase of 13% versus 4Q09 and 37% versus 1Q09

  Opera launched Opera 10.50

- *Opera Branded Opera Mini*

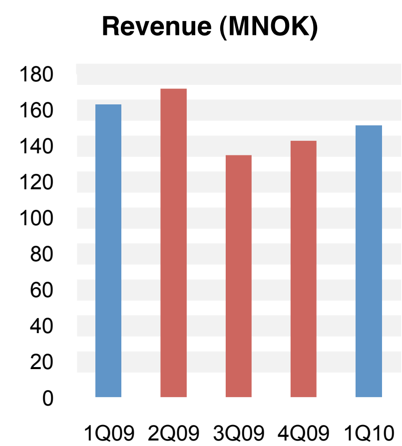
  Opera branded Opera Mini users reached 55 million by the end of 1Q10, up 140% versus 1Q09

  Opera launched the final version of Opera Mini 5

- *Other Developments*

  Opera acquired AdMarvel, which provides ad optimization to publishers, mobile operators and advertising agencies

Financials



Revenues

Revenue in 1Q10 was MNOK 151.4, down 7% from 1Q09, when revenue was MNOK 163.0. Currency changes impacted revenues negatively by 11% in 1Q10 versus 1Q09. On a constant currency basis, 1Q10 revenues increased 3% compared to 1Q09.

Operating costs

Total operating costs for 1Q10, excluding a one-time extraordinary charge of MNOK 29.1, were MNOK 146.0 compared to MNOK 138.1 in 1Q09, an increase of 6%. In 1Q 10, Opera Software recorded a one-time extraordinary charge related primarily to a cost reduction program that will better align costs with revenues going forward. Including the one-time extraordinary charge, costs would have been 175.1 compared to MNOK 138.1 in 1Q09

Payroll and related expenses

Total payroll and related expenses, excluding stock option costs and extraordinary one-time costs, were MNOK 100.2 in 1Q10 compared to MNOK 101.2 in 1Q09, a decrease of 1%.

Stock option costs

Total stock option costs for 1Q 10, excluding one-time extraordinary costs, were MNOK 4.4 compared to MNOK 3.7 in 1Q09. Stock option costs increased due primarily to options granted in connection with the change in CEO.

Other operating expenses

Other operating expenses in 1Q10, excluding one-time extraordinary costs, were MNOK 36.4 compared to MNOK 30.5 in 1Q09, an increase of 20%. Other operating expenses increased due primarily to increased marketing and Opera Mini server hosting costs.

One-Time Extraordinary Charge

In 1Q10, Opera recorded a one-time extraordinary charge of 29.1 million related primarily to a cost reduction program that will better align costs with revenues going forward. This charge includes severance pay and costs related to an office closure and legal fees related to business acquisitions.

EBIT

EBIT, excluding the one-time extraordinary charge, was MNOK 5.4 in 1Q10 compared to MNOK 24.9 in 1Q09. EBIT, excluding stock option costs and the one-time extraordinary charge, was MNOK

9.8 in 1Q10 versus MNOK 28.5 in 1Q09. EBITDA, excluding the one-time extraordinary charge, was MNOK 10.3 in 1Q 10 compared with MNOK 27.6 in 1Q09. EBITDA, excluding stock options costs and the one-time extraordinary charge, was MNOK 14.7 compared with MNOK 31.3 in 1Q09.

EBIT, including the one-time extraordinary charge of MNOK 29.1, was -23.7 in 1Q10 and compared to MNOK 24.9 in 1Q09. EBITDA, including the one-time extraordinary charge but excluding stock options costs, was MNOK -18.8.

Interest income and FX gains/(losses)

Net interest income was MNOK 2.2 in 1Q10 versus MNOK 3.4 in 1Q09. Opera had a foreign exchange loss of MNOK 0.3 in 1Q10 compared to a loss of MNOK 4.5 in 1Q09.

Profit for the period

Profit for the period was MNOK -15.6 in 1Q10 compared to MNOK 16.7 in 1Q09. EPS and fully diluted EPS were -0.13 and -0.13, respectively, in 1Q10, compared to 0.14 and 0.14, respectively, in 1Q09.

Excluding the one-time extraordinary charge of MNOK 29.1 in 1Q10, profit for the period would have been MNOK 5.3 in 1Q10 compared to MNOK 16.7 in 1Q09. EPS and fully diluted EPS would have been 0.04 and 0.04, respectively, in 1Q10, compared to 0.14 and 0.14, respectively, in 1Q09.

Liquidity and capital resources

The Company's net cash flow from operating activities was MNOK -10.2 in 1Q10 compared to MNOK 59.7 in 1Q09. 1Q10 cash flow from operating activities was impacted positively by a tax refund of approximately MNOK 18 and reduction in working capital and impacted negatively by the acquisition of AdMarvel (approximately MNOK 45), and a net loss of MNOK 21.7.

Cash

Cash and cash equivalents at the end of 1Q10 were MNOK 483.5, compared to MNOK 627.9 in 1Q09, a decrease of MNOK 144.4.

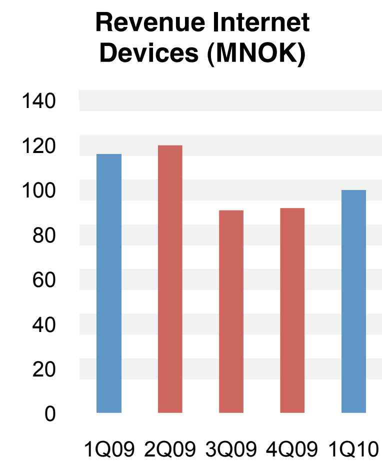
Organization

At the end of 1Q10, the Company had 764 full-time employees and equivalents compared to 685 at the end of 1Q09. Excluding employees terminated by the cost realignment program undertaken in 1Q10, the number of full-time employees and equivalents was 707.

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 2010. By the end of 1Q10, Opera had more than 110 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 this more than 110 million active user base, approximately 52 million were desktop users, 2. million were related to Opera Mini agreements with operators and 55 million were 100% Opera branded Opera Mini users.

Internet Devices



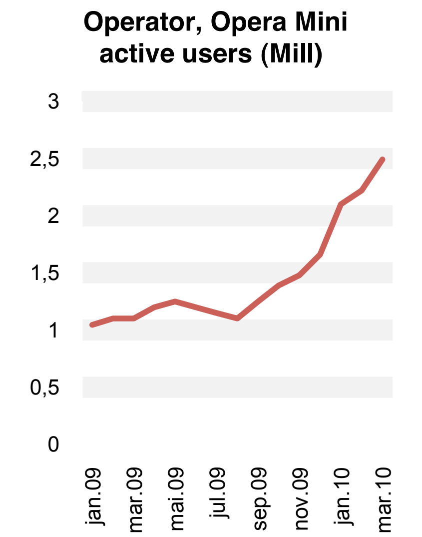
Description

Internet Devices includes revenue from both mobile phones and other Internet-connected devices, such as game consoles, IP TV set-top boxes, and portable media players. Internet Device revenue also includes Opera Mini revenue from mobile operators such as T-Mobile International and Megafon as well as revenue generated from the Opera-branded Opera Mini product.

Update

Revenue from Internet Devices fell to MNOK 99.4 in 1Q10 compared to MNOK 116.0 in 1Q09, a decrease of 14%. Revenue from mobile operators was solid in the quarter, emanating from both customer agreements signed in 2009 (such as Vodafone, Motricity (AT&T) and SK Telecom) and from existing customer contracts (such as KDDI). Revenue from operators is the largest source of revenue within Internet Devices. Revenue from mobile OEMs was weak in 1Q10, due to both lower mobile shipments and development revenue.

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 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. This same server-side content compression technology is now also offered for Opera Mobile and Opera Desktop, which are packaged for distribution to Operators and OEMs as Opera Turbo. Opera Mini, as well as both Opera Mobile and Opera Desktop with Turbo mode, offer up to 90% content compression, all increasing an operator's implied throughput capacity of its 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.

Opera currently has 15 agreements with operators for both the operator branded version of Opera Mini and the joint operator-Opera co-branded version of Opera Mini. Opera's operator customers for the operator branded version of Opera Mini include: T-Mobile International (in 10 of 11 European subsidiaries), Vodafone, SK Telecom, TATA Teleservices (India), O2 (Germany and Slovakia), Swisscom, Cell One (Namibia) and Motricity for AT&T. Opera's operator customers for the joint operator-Opera branded version of Opera Mini include: Megafon, Tigo (Guatemala, Honduras, Columbia), TIM Brazil (signed in 1Q10), MTS Russia (signed in 1Q 10), Tele 2 (signed in 1Q 10), Telkomsel (signed in 1Q10) and Smart Telecom (signed in 1Q10).

Going into 2010, Opera is seeing increasing interest among operators in the emerging markets in particular for the operator-Opera co-branded Opera Mini solution, for which the browser home page promotes content services from both Opera (such as search and the Opera mobile download portal) 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 55 million Opera branded Opera Mini users, while operators see such agreements as a way to promote data packages to their users to increase data ARPU and drive more revenue from their portals.

In addition to a very high focus among operators to drive greater adoption of the mobile web, many of the Tier 1 operators in the developed markets have also put a very high priority on launching application stores. Opera has compelling solutions, both independently and in concert with partners such as Ericsson, to help operators set up application stores based on a web applications approach (i.e., based on widgets).

Opera Widgets, rooted in Opera Mini technology, bring the app experience to nearly any device running on any platform, allowing operators to focus on delivering value-added content and services across their mobile device portfolio.

Opera currently has agreements with 5 operators for Opera Widgets, including Vodafone, T-Mobile International, a leading global telecom operator via its partnership with Ericsson, and an agreement with a North American operator (announced in 1Q10).

To further cater to and strengthen Opera's offering to tier 2 operators, Opera announced in 1Q10 that it has joined forces with Ericsson to help operators and developers get their services out through the Ericsson eStore.

With Opera providing the client framework for the eStore, operators are now able to distribute exciting new content across multiple channels and device types. Opera's cross-platform capabilities allow the eStore to serve as a one-stop-shop for customers to purchase and start using new applications on their mobile phones and other devices.

Also announced in 1Q10 was Opera Widgets on Opera Mini. Opera Widgets, rooted in Opera Mini technology, bring the app experience to nearly any device running on any platform, allowing operators to focus on delivering value-added content and services across their mobile device portfolio. Opera has long strived to improve operators' customer offerings, specifically in terms of delivering data revenue-driving Web technology.

Mobile OEMs

Global mobile OEMs are currently responding aggressively to operator demands for compelling devices which drive data services adoption. 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.

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 and is seeing increasing interest among Mobile OEMs to distribute Opera Mini.

Opera currently has license agreements with a wide range of mobile OEMs, including, HTC, HP, Motorola, Samsung, Sharp and Sony Ericsson.

Opera Software announced in 1Q10 that Huawei will preinstall Opera Mobile 10 on a range of mobile handsets. Huawei has long focused on creating value for its customers, and, with Opera Mobile, Huawei can deploy a fast and feature-complete Web experience on multiple mobile platforms.

In addition, Opera announced in 1Q 10 that Qualcomm will pre-integrate Opera Mobile 10 and Opera Mini 5 with Qualcomm's Brew® Mobile Platform (Brew MP™) operating system. The collaborative effort will provide handset manufacturers with a streamlined and efficient way to offer Opera browsers on Brew MP devices.

Device OEMs

As device manufacturers seek to accelerate time to market with compelling devices, as well as enhancing their relationships with and providing compelling applications and services to their end customers, they are increasingly developing Internet-connected devices.

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 and Thales.

During 1Q10, Opera announced that it had signed an agreement with a leading Japanese manufacturer. Opera will deliver the Opera Devices SDK to the manufacturer, enabling the manufacturer to get its products to the market quickly and with a superior set of Web-browsing capabilities and full access to the Internet.

Opera also announced in 1Q 10 that Loewe, the premium European brand for in-house entertainment, had selected Opera to deliver premium Web technology to connected TVs. Opera will help Loewe fulfill its promise to deliver "innovation for the senses", by providing Web browsing, widgets and an HbbTV implementation on Loewe connected TVs.

Opera is currently seeing particularly high interest for Opera's products from the connected TV market. Opera for connected TVs is designed to serve as a one-stop shop for delivering superior content that is optimized for the television screen.

Mobile Consumers

Historically, Internet access has been relegated primarily to desktop computers compared to mobile devices due to several factors, namely, the lack of full HTML browsers on mass-market mobile phones, the dearth of compelling content from WAP, and slow download speeds.

Yet, while just 25% of the world's population has access to a desktop computer, more than 60% of the world population, or about 4.5 billion people, have a mobile phone.

In 2006, Opera launched its Opera Mini browser globally, with the mission of putting the full Internet in every pocket. Opera Mini works on the majority of mobile phones in the market, delivers the full Internet (WAP browsers only bring a small subsection of Internet content), and, through its client-server and compression technology, renders the full Internet up to nine times faster than a normal browser.

In March 2010, 55 million unique active users worldwide browsed the Web using the Opera branded and co-branded version of Opera Mini, viewing 25.9 billion Web pages. As of March 31, 2010, since launch, more than 279 billion Web pages have been viewed on Opera Mini.

In 1Q10, Opera Software released the latest version of the world's most popular mobile Web browser, Opera Mini 5. Now, nearly any mobile phone can support an Opera-driven Web experience, complete with unmatched speed, style and cost savings.

Opera generates revenue for the 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 in all countries except Russia and the Commonwealth of Independent States, where it has Yandex as the default search engine. In addition, Opera has content partnerships with companies such as Greystripe and Livescore to drive additional revenue and ARPU. Opera has also started to generate revenue from mobile advertising, via both its content partnerships and Opera's own mobile download and Livescore portals.

To further increase ARPU for Opera Mini (from consumers and Opera's operator customers), Opera acquired AdMarvel in 1Q10. The acquisition will enable Opera to expand its portfolio of products and services to include highly scalable ad monetization services for Opera branded mobile 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 has a broad customer base across the globe. AdMarvel strives to make mobile advertising an open ecosystem through better transparency of performance and simpler management of ad traffic to optimize revenue. AdMarvel's suite of services is designed to put publishers, developers and mobile operators in control of performance and enables ad networks, agencies and brands to deliver better results.

While content partnerships and advertising are not expected to be a meaningful contributor of revenue to Opera in the short to medium term, Opera does believe that its increasing Opera Mini user base, particularly when geographically concentrated, will facilitate more and more direct agreements with operators for a co-branded operator solution, for which ARPU is significantly higher.

While Opera.com continues to be the primary channel for distributing the Opera branded version of Opera Mini, Opera has also focused on distribution via direct agreements with mobile OEMs and other third parties. Opera has such distribution deals with Meridian Mobile, Micromax, Nokia, Sony Ericsson, Sagem, and Spice Mobile.

Desktop

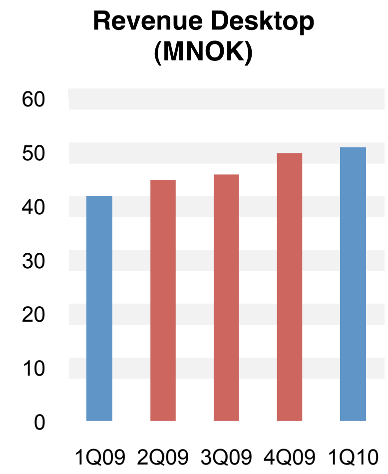
Description

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 strategically important than ever, as the world moves rapidly towards the clear dominance of Web applications over device-centric computing. This trend is no more pronounced than with social networking, where Facebook, for example, has more than 400 million active users alone. Moreover, with the advent of HTML 5, the browser is also becoming much more powerful. For example, with HTML 5, browsers will be able to play video without the need for a third-party video player or application.

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 developed markets such as the USA, Germany and Japan.



Update

Revenue from Desktop rose 11% in 1Q10 to MNOK 52.0, compared to MNOK 47.0 in 1Q09, with users up approximately 37% since the end of 2009 and up approximately 13% vs. 1Q09.

In 1Q10, Opera continued to gain marketshare. In addition, Opera launched Opera 10.50, which includes improved standards support for HTML 5 and private browsing.

Outlook

Opera remains positive about the Company's growth prospects. Within Internet Devices, the success that key Opera customers, including Vodafone and KDDI, have experienced with their mobile Web initiatives powered by Opera, combined with recent events in the industry, have heightened interest among operators and mobile OEMs 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

take advantage of these "megatrends" within the mobile operator, mobile phone and consumer electronics industries. Opera also expects to see increased revenue streams for the Opera-branded and co-branded version of Opera Mini, as usage expands and as revenue and business models evolve further in the mobile Internet space.

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

Opera's key operational priorities in 2010 include continuing to (i) grow revenues and users for its Opera branded consumer products (Desktop, Opera-branded Opera Mini), (ii) sign up new leading mobile operators and grow active users of Opera products and services with existing mobile operator customers, (iii) increase Opera's position with top mobile phone OEMs globally, (iv) build on the momentum Opera has with major consumer electronic OEMs, particularly in the connected TV space, and (v) capitalize on its unique cross-platform position and offer content-related services to its users, leveraging the fact that its browsers run on a wide and disparate array of devices.

Oslo, May 18, 2010

The Board of Directors

Opera Software ASA

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

Consolidated Statement of Financial Position

(Numbers in KNOK)

	3/31/2010 (Unaudited)	12/31/2009 (Audited)
Assets		
Non-current assets		
Intangible assets		
Goodwill	**91,562**	16,416
Other intangible assets	**17,649**	1,716
Total intangible assets	**109,210**	18,132
Property, plant and equipment		
Property, plant and equipment	**46,242**	42,848
Total property, plant and equipment	**46,242**	42,848
Financial assets and deferred tax assets		
Deferred tax assets	**42,070**	37,833
Other investments and deposits	**16,047**	15,811
Total financial assets and deferred tax assets	**58,117**	53,644
Total non-current assets	**213,569**	114,624
Current assets		
Trade and other receivables		
Accounts receivables	**119,183**	65,650
Unbilled revenue	**58,606**	58,816
Other receivables	**30,846**	36,144
Total trade and other receivables	**208,635**	160,609
Cash and cash equivalents	**483,455**	546,482
Total current assets	**692,091**	707,091
Total assets	**905,660**	821,715

Consolidated Statement of Financial Position

(Numbers in KNOK)

	3/31/2010 (Unaudited)	12/31/2009 (Audited)
Shareholders' equity and liabilities		
Equity		
Paid in capital		
Share capital	**2,375**	2,371
Share premium reserve	**456,965**	457,109
Other reserves	**47,475**	43,768
Total paid in capital	**506,815**	503,248
Retained earnings		
Other equity	**83,768**	99,679
Total retained earnings	**83,768**	99,679
Total equity	**590,583**	602,928
Liabilities		
Non-current liabilities		
Provisions	**39,007**	0
Total non-current liabilities	**39,007**	0
Current liabilities		
Accounts payable	**19,179**	9,357
Taxes payable	**90**	5,130
Social security, VAT and other taxation payable	**24,371**	21,399
Deferred revenue	**143,337**	123,808
Other short-term liabilities	**79,489**	50,569
Provisions	**9,604**	8,525
Total current liabilities	**276,070**	218,787
Total liabilities	**315,077**	218,787
Total equity and liabilities	**905,660**	821,715

Consolidated Statement of Comprehensive Income

(Numbers in KNOK, except per share amounts)

	1Q 2010 (Unaudited)	1Q 2009 (Unaudited)	% Change	YTD 2010 (Unaudited)	YTD 2009 (Unaudited)	% Change	FY 2009 (Audited)
Desktop	**52,033**	46,999	11%	**52,033**	46,999	11%	184,912
Internet Devices	**99,379**	115,961	-14%	**99,379**	115,961	-14%	427,826
Total operating income	**151,413**	162,960	-7%	**151,413**	162,960	-7%	612,738
Payroll and related expenses, excluding stock option costs	**100,238**	101,207	-1%	**100,238**	101,207	-1%	389,625
Stock option costs	**4,397**	3,664	20%	**4,397**	3,664	20%	14,074
Depreciation and amortization	**4,901**	2,747	78%	**4,901**	2,747	78%	13,272
Other operating expenses	**36,437**	30,471	20%	**36,437**	30,471	20%	141,453
Results from operating activities excl. one-time costs	**5,440**	24,870		**5,440**	24,870		54,314
One-time costs	**29,094**	0		**29,094**	0		0
Results from operating activities ("EBIT")	**(23,654)**	24,870		**(23,654)**	24,870		54,314
Interest income/expense, net	**2,202**	3,392		**2,202**	3,392		10,039
FX gains/losses, net (negative amount = losses)	**(279)**	(4,528)		**(279)**	(4,528)		(19,862)
Profit before income tax	**(21,731)**	23,734		**(21,731)**	23,734		44,491
Provision for taxes*	**6,085**	(7,060)		**6,085**	(7,060)		(13,631)
Profit for the period	**(15,647)**	16,674		**(15,647)**	16,674		30,860
Foreign currency translation differences for foreign operations	**655**	(1,709)		**655**	(1,709)		(2,404)
Total comprehensive income for the period	**(14,991)**	14,965		**(14,991)**	14,965		28,456
Earnings per share**	**-0.132**	0.139		**-0.132**	0.139		0.260
Earnings per share, fully diluted**	**-0.132**	0.137		**-0.132**	0.137		0.255
Shares used in earnings per share calculation	**118,438,066**	118,574,782		**118,438,066**	118,574,782		118,657,031
Shares used in earnings per share calculation, fully diluted	**118,753,299**	121,378,263		**118,753,299**	121,378,263		121,210,653
Number of employees before restructuring	**764**	685		**764**	685		757
Number of employees after restructuring	**707**			**707**			

*The 1Q 2010 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 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									
Dividend to equity holders								0	0
Own shares acquired	0.02	-351				-7		-7,225	-7,232
Own shares sold	0.02	510				10		6,296	6,306
Tax deduction loss own shares								0	0
Issue expenses				0					0
Tax deduction on equity bookings				0					0
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**

Other reserves

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

Reserve for own shares

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

Translation reserve

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

Other equity

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

Consolidated Statement of Changes in Equity

(Numbers in KNOK)

	Face-value	Number	Share capital	Share premium	Other reserves	Reserve for own shares	Translation reserve	Other equity	Total equity
Balance as of 12/31/2008	**0.02**	**117,494**	**2,391**	**457,212**	**30,375**	**-42**	**1,174**	**107,103**	**598,214**
Comprehensive income for the period									
Profit for the period								16,674	16,674
Other comprehensive income									
Foreign currency translation differences							-1,709		-1,709
Total comprehensive income for the period			**0**	**0**	**0**	**0**	**-1,709**	**16,674**	**14,965**
Contributions by and distributions to owners									
Dividend to equity holders								0	0
Own shares acquired								0	0
Own shares sold	0.02	1,052				21		13,018	13,040
Tax deduction loss own shares									0
Issue expenses				0					0
Tax deduction on equity bookings				0					0
Share-based payment transactions					3,558				3,558
Total contributions by and distributions to owners	**0.02**	**1,052**	**0**	**0**	**3,558**	**21**	**0**	**13,018**	**16,598**
Other equity changes									
Other changes				-107				8	-99
Total other equity changes			**0**	**-107**	**0**	**0**	**0**	**8**	**-99**
Balance as of 3/31/2009	**0.02**	**118,546**	**2,391**	**457,105**	**33,934**	**-21**	**-535**	**136,803**	**629,677**

Consolidated Statement of Cash Flows

(Numbers in KNOK)

	1Q 2010 (Unaudited)	1Q 2009 (Unaudited)	YTD 2010 (Unaudited)	YTD 2009 (Unaudited)
Cash flow from operating activities				
Profit/loss before taxes	**(21,731)**	23,734	**(21,731)**	23,734
Taxes paid	**(1,646)**	(9,034)	**(1,646)**	(9,034)
Depreciation expenses	**4,901**	2,747	**4,901**	2,747
Profit/loss from sales of property, plant and equipment	**(31)**	0	**(31)**	0
Impairment of shares	**0**	0	**0**	0
Changes in accounts receivables *	**(53,242)**	48,278	**(53,242)**	48,278
Changes in accounts payable	**4,408**	398	**4,408**	398
Changes in other liabilities and receivables, net	**49,650**	(2,664)	**49,650**	(2,664)
Share-based remuneration	**3,706**	3,557	**3,706**	3,557
Conversion discrepancy	**3,764**	(7,357)	**3,764**	(7,357)
Net cash flow from operating activities	**(10,221)**	59,659	**(10,221)**	59,659
Cash flow from investment activities				
Capital expenditures	**(6,986)**	(8,327)	**(6,986)**	(8,327)
Acquisitions	**(44,892)**	0	**(44,892)**	0
Net cash flow from investment activities	**(51,879)**	(8,327)	**(51,879)**	(8,327)
Cash flow from financing activities				
Proceeds from exercise of stock options	**6,306**	13,040	**6,306**	13,040
Proceeds of share issues, net	**0**	0	**0**	0
Dividends paid	**0**	0	**0**	0
Purchase of own shares	**(7,232)**	0	**(7,232)**	0
Net cash flow from financing activities	**(926)**	13,040	**(926)**	13,040
Net change in cash and cash equivalents	**(63,026)**	64,372	**(63,026)**	64,372
Cash and cash equivalents (beginning of period)	**546,482**	563,548	**546,482**	563,548
Cash and cash equivalents **`* **	**483,455**	627,920	**483,455**	627,920

Interest income and interest expenses are included in profit and loss. Interest paid and interest received are recognized in the same quarter that interest income and interest expenses are recognized in the profit and loss.

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

**Cash and cash equivalents of KNOK 36,128 were restricted assets as of March 31, 2010, and Cash and cash equivalents of KNOK 62,238 were restricted assets as of March 31, 2009.

***As of March 31, 2010, the conversion discrepancy loss booked on Cash and cash equivalents was KNOK 620.

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

Disclosure

Note 1 - Corporate Information

Opera Software ASA is a company domiciled in Norway. The consolidated financial statements of the Company include the Company subsidiaries Hern Labs AB, Zizzer AS, Opera Software Poland Sp. z o.o and Opera Software International AS (which, in turn, includes Opera Software Korea Ltd, Opera Software Technology (Beijing) Co., Ltd and Opera Web Technologies Private Ltd (India), together referred to as the "Group"). As of March 31, 2010, Opera Software International AS had branch offices in Japan, USA, Poland, Czech Republic, China and Taiwan and had full control of the limited company Beijing Yuege Software Technology Service Co., Ltd.

Note 2 - Statement of Compliance

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

Note 3 - Financial Statements - Accounting Policies

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

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

<u>Revised IAS 27 Consolidated and Separate Financial Statements</u> is effective for fiscal years beginning from July 1, 2009. The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognized in profit or loss. The group has applied IAS 27 (revised) prospectively to transactions with non-controlling interests from January 1, 2010.

<u>Revised IFRS 3 Business Combinations</u> is effective for fiscal years beginning from July 1, 2009. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The group has applied IFRS 3 (revised) prospectively to all business combinations from January 1, 2010.

Note 4 - Estimates

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Change in an accounting estimate is recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Note 5 - Basic Earnings per Share

(Numbers in KNOK, except per share amounts)

	1Q 2010 (Unaudited)	1Q 2009 (Unaudited)	YTD 2010 (Unaudited)	YTD 2009 (Unaudited)
Earnings per share (basic)	**(0.132)**	0.139	**(0.132)**	0.139
Earnings per share, fully diluted	**(0.132)**	0.137	**(0.132)**	0.137
Shares used in per share calculation (mm)	**118,438,066**	118,574,782	**118,438,066**	118,574,782
Shares used in per share calculation, fully diluted (mm)	**118,753,299**	121,378,263	**118,753,299**	121,378,263

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 130,451 as of March 31, 2010. In relation to the accounting standard regarding earnings per share, the effect of these funds being used by the Company to purchase shares in the market should be considered when calculating the fully diluted number of shares outstanding. The average price in the period is used when calculating the fully diluted number of shares. The average price is calculated to be NOK 20.52 for 1Q 2010 and YTD 2010. Opera has included options with a strike price below NOK 23.70 when calculating the fully diluted number of shares outstanding. Total options used in the calculations are 8,338,313 of which 6,852,709 options are unvested and 1,485,604 are vested but not yet exercised.

	1Q 2010	YTD 2010
Average number of shares	**118,438,066**	**118,438,066**
The following equity instruments have a diluting effect:		
Options	**6,728,120**	**6,728,120**
Total	**6,728,120**	**6,728,120**
Options	**6,728,120**	**6,728,120**
Number of shares purchased (KNOK 130,451/20.52/20.52)	**6,357,258**	**6,357,258**
Number of shares with diluting effect	**370,862**	**370,862**
Expected options to be exercised	**315,233**	**315,233**

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 in the FY 2009 Annual Report.

Based on the above, Opera has determined that it has only one segment.

The geographic revenue breakdown reflects the location of Opera's customers and partners. Because the products of Opera's customers and partners are distributed on a global basis, the geographic breakdown below does not accurately reflect where Opera's derivative products are actually used.

(Numbers in KNOK)

REVENUE	1Q 2010 (Unaudited)	1Q 2009 (Unaudited)	YTD 2010 (Unaudited)	YTD 2009 (Unaudited)
Desktop	**52,033**	46,999	**52,033**	46,999
Internet devices	**99,379**	115,961	**99,379**	115,961
Total	**151,413**	162,960	**151,413**	162,960

(Numbers in KNOK)

REVENUE BY REGION	1Q 2010 (Unaudited)	1Q 2009 (Unaudited)	YTD 2010 (Unaudited)	YTD 2009 (Unaudited)
Europe	**30,693**	42,240	**30,693**	42,240
USA/ Canada	**62,897**	55,906	**62,897**	55,906
Asia	**57,822**	64,814	**57,822**	64,814
Total	**151,413**	162,960	**151,413**	162,960

Internet Devices includes revenue from operators, mobile handset manufacturers (mobile OEMs), consumer electronic OEMs (device OEMs) and content partners for the Opera branded version of Opera Mini.

Desktop revenue includes revenue from content partnerships related mostly to search and eCommerce.

Revenues generated in Norway for 1Q 2010 were KNOK 0.

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

Disclosure

(Numbers in KNOK)

Note 7 - Shareholder Information

At the Annual General Meeting on June 24, 2009, the Board of Directors obtained an authorization to buy back own shares with a maximum aggregated par value of up to NOK 239,149.00, which equals approximately 10% of the share capital.The Company can never acquire its own shares if such acquisition would cause its holding of shares to exceed 10% of the total number of shares in the Company.The purchase price per share shall be at a minimum NOK 0.02 and a maximum NOK 50. The shares can be used in connection with acquisitions and incentive schemes for employees and Board Members, cf. sections §§ 9-2 and 9-4 ff. of the Public Limited Companies Act. The Board of Directors may determine in which ways own shares are to be acquired and disposed of. This authority is to be valid until the date of the next Annual General Meeting, but in no event longer than June 30, 2010.

The Annual General Meeting also granted the Board of Directors the authority to increase the share capital of the Company by up to NOK 239,149, which equals approximately 10% of the share capital, with the authority to waive the pre-emption rights of existing shareholders and to issue shares against contributions other than cash. The shares can be used in connection with acquisitions and incentive schemes for employees and Board Members. This authority is to be valid until the date of the next Annual General Meeting, but in no event longer than June 30, 2010.

The Annual General Meeting approved a distribution of dividends for 2008 in the amount of NOK 0.40 per share, consisting of NOK 0.15 as part of an intended ongoing distribution of dividends and of NOK 0.25 as a onetime distribution of dividends. As a result, a dividend of KNOK 47,599 was paid on July 6, 2009.

The Annual General Meeting approved the proposal from the Nomination Committee to change the exercise period of vested options from one to three years for new and current options held by the shareholder elected Directors of the Board. The option program for the Executive Team has also been changed accordingly. For all other employees, the exercise period of vested options has been increased from one to three years for options granted in FY 2009.

The Annual General Meeting approved the proposal from the Nomination Committee to reduce the strike price for unvested options to shareholder elected Directors by the amount of any accumulated dividends. The option program for the Executive Team and employees of Company has also been changed accordingly.

The Annual General Meeting approved the proposal from the Nomination Committee that all granted options to the shareholder elected Directors of the Board shall be vested in the case of a Change of Control. The option program for the Executive Team and employees of the Company has also been changed accordingly.

For further details about the meeting held on June 24, please see the protocol from the Annual General Meeting published on the Oslo Stock Exchange website (www.oslobors.no).

The Board of Directors have proposed that the 2010 Annual General Meeting approves a dividend payment of NOK 0.16 per share.

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

Note 8 - Financial Information

(Numbers in KNOK)

Opera has chosen to include more information regarding currency risk as of March 31, 2010.

The majority of the financial risk carried by the Group, as a result of its subsidiaries, relates to foreign exchange fluctuations. Both sales and expenses are exposed to currency risk.

Most of the Company's foreign exchange risk relates to sales and is the result of revenue contracts signed in USD and EUR. In 1Q 2010, approximately 55% (YTD: 55%) of revenues were in EUR and 44% (YTD: 44%) in USD; for expenses, approximately 62% (YTD: 62%) were in NOK, 9% (YTD: 9%) in SEK, 8% (YTD: 8%) in USD, 7% (YTD: 7%) in PLN, 6% (YTD: 6%) in JPY, 2% (YTD: 2%) in EUR, and 6% (YTD:6%) in other currencies.

Foreign currency movements impacted Opera's 1Q 2010 income statement in the following way: Revenue would have been approximately MNOK 168 (higher by approximately 11%) using the 1Q 2009 constant currency FX rates and revenue would have been approximately MNOK 153 (higher by approximately 1%) using the 4Q 2009 constant currency FX rates. Costs would have been approximately MNOK 178 (higher by approximately 2%) using the 1Q 2009 constant currency FX rates and cost would have been approximately MNOK 173 (lower by approximately 1%) using the 4Q 2009 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 and INR. Exchange rate fluctuations in these currencies do impact Opera's income statement.

For 1Q 2010, Opera had a net foreign exchange loss of KNOK 279. KNOK 1,072 was realized foreign exchange loss and KNOK 793 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, 2010.

Note 9 - Business Combinations

On January 19, 2010, Opera Software International AS acquired 100% of the shares and voting interest of the privately held company AdMarvel, Inc. The agreed acquisition price is approximately KUSD 8,250 in cash. The acquisition structure also envisages up to an additional KUSD 15,000 in cash consideration, paid only if certain aggressive financial targets are met in FY 2010 and FY 2011. Opera expects that AdMarvel will help Opera to expand its portfolio of products and services to include highly scalable ad monetization services for Opera branded mobile products and products and services offered by mobile operators and content partners. AdMarvel, based in San Mateo, California (USA), works with a broad set of constituents in the advertising ecosystem to improve the performance of mobile advertising. The company was founded in 2006 by a team of mobile veterans led by Mahi de Silva and currently employs 15 full-time equivalents. In 2009 the Group incurred acquisition-related costs of KNOK 1,406 related to external legal fees and due diligence costs. In 2010 the Group incurred additional acquisition-related costs of KNOK 1,040 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.

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**
Purchase price	-46,846
Earn out	-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

The assets and liabilities that were recognized by AdMarvel immediately before the business combinations equaled the carrying amount recognized by the Group on at the acquisition date. In addition, the Group booked the excess price of the fair value of the total identifiable assets as related customer relationships, Proprietary technology, deferred tax on excess values and goodwill since the excess price has been deemed to be related to these intangible assets.

Opera has calculated the fair value and booked the contingent consideration of KNOK 39,007 in the financial statements.

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 are deemed to be an independent valuation.

Note 10 - Unusual Transactions

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

Note 11 - Contingent Liabilities and Provisions

KNOK 9,604 has been booked as a current provision for estimated pension liability in Hern Labs AB. Please see note 11 in the FY 2009 Financial Statements for a description of the pension case. Further, KNOK 39,007 has been booked as a non-current provision to cover the contingent liability related to the purchase of AdMarvel shares. Please see note 9 for more details.

Note 12 - CEO and Co-funder

In January 2010, Opera appointed Mr Lars Boilesen as the new Chief Executive Officer, and Mr Jon von Tetzchner assumed a new role in Opera as co-founder. For information regarding option grants given to Mr. Boilesen and Mr. Tetzchner in connection to this event, please see note 3 in the FY 2009 Annual Report.

Note 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 - One-time Costs

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

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

Historical Summary - Last 6 Quarters

(Numbers in KNOK, except per share amounts)

	1Q 2010 (Unaudited)	4Q 2009 (Unaudited)	3Q 2009 (Unaudited)	2Q 2009 (Unaudited)	1Q 2009 (Unaudited)	4Q 2008 (Unaudited)
Revenue (KNOK)						
Desktop	**52,033**	50,369	42,775	44,769	46,999	41,916
Internet Devices	**99,379**	92,200	91,986	127,680	115,961	115,035
Total Revenue	**151,413**	142,569	134,761	172,448	162,960	156,951
Revenue (% Growth)						
Desktop	**3%**	18%	-4%	-5%	12%	50%
Internet Devices	**8%**	0%	-28%	10%	1%	19%
Total Revenue	**6%**	6%	-22%	6%	4%	26%
Revenue (% of Total Revenue)						
Desktop	**34%**	35%	32%	26%	29%	27%
Internet Devices	**66%**	65%	68%	74%	71%	73%
EBIT*	**5,440**	4,686	(4,625)	29,383	24,870	30,948
EBIT, excluding stock option costs*	**9,837**	8,570	(1,930)	33,214	28,534	33,274
EBITDA*	**10,341**	7,993	(613)	32,590	27,617	33,409
EBITDA, excluding stock option costs*	**14,738**	11,877	2,082	36,421	31,281	35,735
EPS	**(0.132)**	0.033	(0.101)	0.187	0.139	0.262
EPS, fully diluted	**(0.132)**	0.033	(0.101)	0.182	0.137	0.261

* excl. one-time costs