Opera Software

ANNUAL REPORT 2000

2000 CONTENTS

The annual account report for Opera Software contains the following:

THE YEAR 2000

By CEO Jon S. von Tetzchner

FOR MORE THAN 6 years we had been focusing on making the best Web browser in the world. By 2000, it was time to take our product to the market and gain a significant market share in the up and coming Internet device marketplace, as well as in the traditional desktop marketplace.

We set a goal to build the organization to be able to deliver faster, on more platforms, and to more customers. As a result, we have achieved several successes in year 2000:

– Major deals with players such as IBM, Ericsson, Psion and AMD were signed, providing a breakthrough in the aspiring Internet device market.

– Opera for Windows has been through two major updates, version 4 in June and Opera for Windows version 5 in December.

– We have started work on Opera for QNX, and major deals have already been signed for the platform.

– A final version of our browser for the EPOC Operating System was released and shipped on Psion's NetBook and the Revo+ range.

– Opera for BeOS version 3.6 was released.

– Great progress was made on Opera for Linux version 5 and Opera for MacOS version 5, with expected final release dates in year 2001.

– Opera 5 for Windows was released in a free, ad-sponsored version, with free versions to come for Linux and MacOS. This has provided us with a new revenue stream as well as increased sales of the registered, paid Windows version.

– Opera has grown from 25 to 100 employees in one year, including the acquisition of Swedish programming house Hern Labs.

Increasing the number of employees from 25 to 100 in just one year is always a risk, but we believe we have managed the growth quite well. A major contribution to this has been the addition of highly qualified management staff, such as our new CFO/COO, Christian Jebsen, and our new Executive VP of Sales and Marketing, Rolf Assev. This is in addition to Håkon Lie, CTO, who joined Opera in 1999.

Our new top management staff has established new routines in the Company, and we have seen major improvements during the year. Opera is now much more qualified to handle the major customers that are attracted by our products. As a result of this, we expect even more major deals in the years to come. We have always had a great product, but the organization is now also more capable of handling the major players on the Internet.

Top management, however, only gets you to a certain point. We had some very qualified employees at the end of year 1999, and we have added significantly to this group since then, selecting only the best. The Swedish outfit Hern Labs is a great example of this. Hern Labs is a company Opera has cooperated with since 1998. When we signed the deal to acquire Hern Labs, we knew what we got: some of the most highly qualified people in the business, and a great base to build on.

A growth as substantial as the one we have had during the last year is an investment in the future. At the same time we did manage a growth in revenues of almost 300%. This leaves the Company with a negative result, but a good solid foundation to build on for revenue stream in the future.

There are two markets Opera as a company is attacking; the desktop market and the Internet device market. Each of these can be divided into sub-groups based on platform and type of device. Interestingly, the difference between delivering Opera on a palmtop machine, a set-top box and in a car is not substantial, the major difference being the screen size and input methods. This means that the potential market for our products is enormous. It really all comes down to our ability to deliver products to the market and on keeping the customers satisfied. Our track record in the year 2000, with major releases of the browser on multiple platforms, major deals and shipment of Internet device products, shows great promise for the future...

We expect year 2001 to be even better.

JON S. VON TETZCHNER

DIRECTORS' REPORT

Objectives and strategy

Opera Software is a global player in the market for Web browsers. Our HTML browser – Opera – has since the launch in June 1996, received international recognition from users and the industry press for its speed, small footprint and flexibility.

Opera's strategic objective is to fulfill our ambitious vision: "To deliver the best Internet experience on any device". Our business strategy is to provide a browser that can operate across devices, platforms and operating systems, focusing on markets where Opera has advantages in terms of size, speed, stability and functionality.

Our development strategy is to maximize the results by creating a multi-platform, high quality product. One central aspect of the development strategy is to have a platform-independent kernel, with thin platform-specific layers on top. This enables the browser to easily be ported to other emerging platforms and simplifies overall maintenance. In 2000, Opera for the first time launched a public version of the browser on the EPOC, Linux and BeOS platforms. Another two platforms were launched of the beginning of 2001: QNX and MacOS.

The market opportunity

There is a continuous increase in the number of people who are accessing the Internet. All people that access Internet are dependent on a browser to navigate and search between huge amounts of information. The size of the browser market will therefore be dependent on the number of Internet users, and the number of devices available for browsing the Internet.

In 2000, Opera Software had its commercial breakthrough. The growing market for Internet devices opened up great opportunities for Opera Software. This market requires a browser that is both fast and has a small footprint. The fact that Opera Software can deliver on four different platforms in the Internet device market (Linux, EPOC, QNX and BeIA), puts the Company in unique position to deliver the browser on the different Internet device categories such as handheld devices, smart phones, screen phones, set-top boxes and game pads. During the year, Opera signed strategic agreements with IBM, Ericsson Mobile Communications, Psion and AMD. Other confidential agreements were also signed, and we expect to establish and disclose several new agreements in 2001.

The year 2000 was also promising for Opera on the PC/desktop platforms. The traditional desktop market is still showing a tremendous growth. Gartner Group expects that by 2003 more than 400 million desktops will have access to the Internet – twice the market size in 2000. After the launch of Opera 4.0 for Windows in June, more than 1 million browsers were downloaded during the first month. Version 5.0. for Windows, the free ad-sponsored browser, was launched in December 2000, and more than 1.5 million people downloaded the browser during the first month. Official free, ad-sponsored versions of Linux and MacOS are expected launched in the first half of 2001.

In 2000, Opera established itself as a major browser vendor in the fast growing market for Internet devices and in the market for PC/Desktops. What we achieved in 2000 created a foundation for further growth in 2001.

Opera – A growing organization

The development on several platforms together with a strong increase in the number of commercial agreements, made it necessary to build the organization further during 2000. In response to the exciting challenges ahead, the number of employees increased from 25 in January to 100 employees in December 2000. The largest growth was within Development, Documentation and Quality Assurance, which constituted of approx. 55% of our employees as of December 31, 2000. During the year, the Sales and Marketing Department had grown to 20 professionals at the end of the year. Other functions have also been established, including Human Resources, Accounting, and Finance. We expect the strong organizational growth to continue in 2001.

In December 2000, Opera Software AS acquired Hern Labs AB. The Company consisted of 7 employees at the time of the acquisition. Hern Labs AB is located in Linköping, a city well known for its environment within technical research and development. The plan is to further develop Hern Labs to become a Swedish development center recruiting developers from the well-recognized university in Linköping and elsewhere in Sweden.

Opera has had insufficient internal routines during major parts of the year. New routines were not established fast enough to manage the growth and internationalization Opera was experiencing. As the accounting department was established, existing control routines were evaluated, and new routines established. At the end of the year, Opera had established new satisfactory routines that met the Board's requirements pertaining to internal control and reporting.

Financial year 2000

Profit and loss account

Operating revenues increased from MNOK 7.182 in 1999 to MNOK 26.759 in 2000. The operating loss was MNOK 13.358, up from MNOK 4.305 in 1999. The growth in turnover was mainly due to increased licensing income from Internet devices.

Shareholders and equity related issues

At the Extra-ordinary General Meeting in January 2000, shareholders decided to split the par value per share from 0.10 to 0.01. A Private Placement of new shares in February 2000, raised approx. MNOK 34 in new equity. The convertible loan of MNOK 8 taken up in 1999 was converted in March 2000. At the Annual General Meeting in June, shareholders decided to increase the share capital by transferring NOK 1,108,935 from Company funds, increasing the par value per share from NOK 0.01 to NOK 0.20. In September, a Private Placement of new shares directed towards certain employees, raised NOK 1,728,900 in new equity.

In connection with the acquisition of Hern Labs AB in December 2000, the Board decided to increase the share capital by NOK 18,741.80 to NOK 1,190,109.80. The Norwegian Company Register (Foretaksregisteret) was notified, but had not registered the increase as of December 31, 2000. The total number of outstanding shares as of December 31 was therefore 5,856,840.

Opera's balance as of December 31, 2000 was MNOK 45.466 of which MNOK 15.388 was cash and cash equivalent. Opera raised approx. MNOK 30 of new equity in a Private Placement of new shares in February 2001, issuing 150.000 new shares. The liquidity is therefore good.

The Company had 71 shareholders at the end of 2000, of which 5 were foreign investors.

Settlement of annual loss

Opera Software AS showed a net loss for the year of MNOK 9.348. The Board of Directors proposes covering the loss by transferring the full amount from the share premium reserve.

Health, environment and safety

The work place environment is in compliance with the Norwegian Law of Work Place Environment. There have been no injuries to the Company's employees at their work place, and sick leave is low at 3 percent. The Company's activities are not polluting the environment.

Auditors

In the beginning of 2000, the Board decided to establish an internal accounting department in order to improve the Company's internal routines. The Board decided at the same time to establish a relationship with an international accounting firm. KPMG was appointed as Opera's new accountant at the Annual General Meeting in June 2000.

Oslo, April 2, 2001.

CHRISTIAN H. THOMMESSEN
Chairman of the Board
(sign.)

JON S. VON TETZCHNER
CEO/*member of the Board*
(sign.)

GEIR IVARSØY
(sign.)

HÅKON WIUM LIE
(sign.)

TORE MENGSHOEL
(sign.)

MICHAEL TETZSCHNER
(sign.)

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

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Statement of operations

Numbers in TNOK

Parent Company 2000	Parent Company 1999		Note	Group 2000	Group 1999
26 731	7 182	Revenue		26 731	7 182
28	0	Other operating income		28	0
26 759	7 182	**Total operating income**		26 759	7 182
17 907	6 635	Payroll and related expenses	2	17 907	6 635
162	74	Depreciation expense	3	162	74
22 075	4 778	Other operating expense		22 075	4 778
-13 385	-4 305	**Loss from operation**		-13 385	-4 305
1 252	184	Interest income		1 252	184
228	68	Other financial income		228	68
-304	-48	Interest expense		-304	-48
-370	0	Other financial expense		-370	0
-12 578	-4 100	**Net loss before tax**		-12 578	-4 100
3 231	0	Tax expense		43 231	0
-9 348	-4 100	**Net income**		-9 348	-4 100
		Loss for the year is allocated as follows:			
-9 348	-303	Share premium reserve	5	-9 348	-303
0	-260	Other equity	5	0	-260
0	-3 537	Transferred loss not covered	5	0	-3 537
-9 348	-4 100			-9 348	-4 100

Statement of cash flow

Numbers in TNOK

Parent Company 2000	Parent Company 1999		Group 2000	Group 1999
		Cash flow from operating activities		
-12 578	-4 100	Net loss before taxes	-12 578	-4 100
0	0	Taxes paid	0	0
162	74	Depreciation expense	162	74
-11 715	182	Changes in accounts receivable and accounts payable	-11 899	182
449	-99	Changes in other accruals	822	-99
-23 682	-3 944	**Net cash flow from operating activities**	-23 493	-3 944
		Cash flow from investment activities		
-1 511	-121	Purchase of business assets	-1 653	-121
0	0	Purchase of amortizable assets	-7 857	0
-7 965	0	Purchase of shares and units in subsidiaries	0	0
-9 476	-121	**Net cash flow from investment activities**	-9 510	-121
		Cash flow from financing activities		
0	8 300	Proceeds from issuance of long-term debt	0	8 300
-183	0	Payments on long-term debt	-183	0
42 233	307	Payments of equity	42 233	307
42 050	8 606	**Net cash flow from financing activities**	42 050	8 606
8 892	4 542	**Net change in cash and cash equivalents**	9 047	4 542
6 341	1 800	Cash and cash equivalents 01.01	6 341	1 800
15 233	6 341	**Cash and cash equivalents 31.12**	15 388	6 341

In the balance sheet, the purchase of shares in subsidiaries is recorded as addition of assets. The payment is partly set out of shares in the Parent Company. In the statement of cash flow, the increase in share capital is recorded as payment of equity.

Balance Sheet

Numbers in TNOK

Parent Company 2000	Parent Company 1999		Note	Group 2000	Group 1999
		Assets			
		Fixed assets			
		Intangible fixed assets			
4 858	1 156	Deferred tax asset	4	4 858	1 156
0	0	Goodwill	3	7 857	0
4 858	1 156	**Total intangible fixed assets**		12 716	1 156
		Tangible fixed assets			
1 548	199	Office machinery, equipment etc.	3	1 690	199
1 548	199	**Total tangible fixed assets**		1 690	199
		Financial fixed assets			
7 965	0	Investments in subsidiaries	6	0	0
7 965	0	**Total financial fixed assets**		0	0
14 371	1 355	**Total fixed assets**		14 406	1 355
		Current assets			
		Receivables			
13 464	105	Accounts receivable		13 715	105
1 748	376	Other receivables		1 957	376
15 211	481	**Total receivables**		15 672	481
15 233	6 341	Cash and cash equivalents		15 388	6 341
30 445	6 823	**Total current assets**		31 060	6 823
44 816	8 177	**Total assets**		45 466	8 177

Balance Sheet

Numbers in TNOK

Parent Company 2000	Parent Company 1999		Note	Group 2000	Group 1999
		Shareholders' equity and liabilities			
		Equity			
		Restricted equity			
1 171	53	Share capital	5	1 117	53
29 896	0	Share premium reserve	5	29 896	0
7 965	0	Paid-in, not registered	5	7 965	0
39 033	53	**Total restricted equity**		39 033	53
		Retained earnings			
0	-2 382	Other equity	5	0	-2 382
0	-2 382	**Total retained earnings**		0	-2 382
39 033	-2 329	**Total equity**		39 033	-2 329
		Liabilities			
		Other long-term liabilities			
0	8 000	Convertible loans		0	8 000
117	300	Liabilities to financial institutions		117	300
117	8 300	**Total other long-term liabilities**		117	8 300
		Current liabilities			
2 062	418	Account payable		2 129	418
1 834	587	Public duties payable		1 834	587
1 770	1 201	Other short-term liabilities		2 354	1 201
5 666	2 206	**Total short-term liabilities**		6 316	2 206
5 783	10 506	**Total liabilities**		6 433	10 506
44 816	8 177	**Total equity and liabilities**		45 466	8 177

Oslo, April 2, 2001.

CHRISTIAN H. THOMMESSEN
Chairman of the Board
(sign.)

MICHAEL TETZSCHNER
(sign.)

GEIR IVARSØY
(sign.)

HÅKON WIUM LIE
(sign.)

TORE MENGSHOEL
(sign.)

JON S. VON TETZCHNER
CEO / member of the Board
(sign.)

Note 1 Accounting principles – Consequences of changes in accounting principles

Basic principles – assessment and classification – other issues

The financial statement, which has been presented in compliance with the Norwegian Accounting Act, the Companies Act, and accounting principles generally accepted in Norway as of December 31, 2000, consists of a balance sheet and the related statements of operations and cash flow, consolidated financial statement, and notes to the account. The notes are included in the financial statement.

The financial statement has been prepared based on the principles governing historical cost accounting, comparability, continued operations, congruence and caution. Transactions are recorded at their value at the time of the transaction. Revenue is recognized at the time they are earned. Costs are expensed in the same period as the revenue to which they relate is recognized.

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

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

Items in the balance sheet of other currencies will be carried at exchange rate on the day of the balance sheet; items in the statement of operations will be carried at average exchange rate throughout the year.

Accounting principles for essential account items

Revenue recognition
Revenue is recognized in the statement of operation when earned. Revenue from sales of services is recognized at the time of delivery. Value added tax, discounts and bonuses have been deducted.

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

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

Intangible and tangible fixed assets
Intangible fixed assets, which are expected to create income in the future, such as goodwill related to subsidiaries, are capitalized. Amortization is calculated on a straight-line basis over the economic useful life of the intangible fixed asset. Costs related to research and development activities are expensed when incurred.

Deferred tax/tax assets and tax expenses
Deferred tax is calculated based on temporary differences between book values and tax basis for assets and liabilities at the date of the balance sheet. For the purposes of calculating deferred tax/tax assets, nominal tax rates are used. Taxable and deductible temporary differences are offset to the extent they reverse within the same time frame. A deferred tax asset will arise if there are temporary differences which result in tax deductibles in the future. Due tax for this year is corrected for earlier years errors in estimated number and is included in this years tax expense/income along with changes in deferred tax and deferred tax assets.

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

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

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

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

Note 2 Wage costs/ Number of employees/Remunerations

Numbers in TNOK

		01.01 - 31.12
	2000	**1999**
Salaries	**15 044**	5 905
Social Security costs	**2 132**	599
Pension costs	**0**	0
Other payments	**731**	131
Wage costs	**17 907**	6 635
Average number of employees in 2000	**47**	22
Rewards	CEO	Board
Salary	405	0

3 of the members of the Board are active owners in the Company, and has as employees received TNOK 1.172 as salary from the Company

Independent auditors

The aggregated fees billed by the auditors for the fiscal year ended December 31, 2000 were TNOK 76. In addition, fees for other technical assistance were TNOK 230.

Note 3 Fixed assets

Numbers in TNOK

Group					**2000**	**1999**
	Cost rented premises	Machinery and equipment	Fixtures and fittings	Goodwill	**Total**	Total
Acquisition cost as of 01.01.		253	97	0	**350**	229
Additions	410	363	881	7 857	**9 511**	121
Acquisition cost as of 31.12.	**410**	**616**	**978**	**7 857**	**9 861**	350
Depreciation as of 01.01		116	35	0	**151**	
Accumulated depreciation as of 31.12.	3	201	109	0	**313**	151
Net book value as of 31.12.	**407**	**415**	**869**	**7 857**	**9 548**	199
Depreciation for the year					**162**	
Useful life	2 years	Upto 3 1/3 years	Up to 5 years	Up to 5 years		
Depreciation plan	Linear	Linear	Linear	Linear		

Numbers in TNOK

Parent Company

	Cost rented premises	Machinery and equipment	Fixtures and fittings	**Total**	Total
Acquisition cost as of 01.01.		253	97	**350**	229
Additions	410	363	738	**1 511**	121
Acquisition cost as of 31.12.	410	616	835	**1 861**	350
Depreciation as of 01.01		116	35	**151**	
Accumulated depreciation as of 31.12.	3	201	109	**313**	151
Net book value as of 31.12.	**407**	**415**	**726**	**1 548**	199
Depreciation for the year				**162**	
Useful life	2 years	Up to 3 1/3 years	Up to 5 years		
Depreciation plan	Linear	Linear	Linear		

Note 4 Tax – Parent Company and Group

Numbers in TNOK

	01.01 - 31.12 2000	01.01 - 31.12 1999
Current tax:		
Net loss before taxes and extra-ordinary items	**-12 578**	-4 100
Permanent differences	**-644**	31
Changes in temporary differences	**1 055**	350
Basis for current tax	**-12 168**	-3 719
Tax 28%	**0**	0
Current tax	**0**	0
Tax expense for the year		
Current tax	**0**	0
Deferred tax - gross changes	**-3 226**	0
Too much purposed tax former years	**-4**	0
Total tax expense for the year	**-3 231**	0
Specification of the basis for deferred taxes/ tax assets		
Differences to be balanced		
Fixed assets	**80**	-4
Current assets	**-1 544**	-111
Liabilities	**0**	-294
Loss carry forward	**-15 887**	-3 719
Total	**-17 351**	-4 128
Deferred tax liability/deferred tax asset	**-4 858**	-1 156

The Company has chosen to book deferred tax assets in the balance sheet. The change of principles is booked counter to incoming balance. Included in the deficiency that is to be presented is emission costs of TNOK 1.700. The tax effect of these transactions is booked counter to the premium funds.Loss carry forward of 1999 on TNOK 3.719 decays in 2009. Loss carry forward of 2000 on TNOK 12.167 decays in 2010.

Note 5 Shareholders' equity and information

Numbers in TNOK

Equity	Face value	Number	Share capital	Premium fund	Paid in, not registered increase of equity	Other equity	Total
Equity as of 31.12.1999	**0,1**	**531**	**53**	**0**	**0**	**-3 537**	**-3 484**
Implementation effect of the entering of deferred tax assets			0	0	0	**1 156**	**1 156**
Equity as of 01.01.2000	**0,1**	**531**	**53**	**0**	**0**	**-2 382**	**-2 329**
Changes in equity in current year							
Split	1/10	5 307	0	0	0	0	**0**
Increase of equity in February	0,01	403	4	34 235	0	0	**34 239**
Increase of equity in March	0,01	127	1	7 999	0	0	**8 000**
Capitalization issue in May (from NOK 0,01 to 0,20)	0,2	0	1 109	-1 109	0	0	**0**
Increase of equity in August	0,2	20	4	1 725	0	0	**1 729**
Increase of equity			0	0	7 965	0	**7 965**
Private Placement costs			0	-1 701	0	0	**-1 701**
Tax on Private Placement costs			0	476	0	0	**476**
Net loss			0	-9 348	0	0	**-9 348**
Transferred to settlement of loss			0	-2 382	0	2 382	**0**
Equity as of 31.12.2000	**0,2**	**5 857**	**1 171**	**29 896**	**7 965**	**0**	**39 033**

Shareholders' equity and information

Shareholders:

The shareholders owning more than 2% of the shares in Opera Software AS as of 31.12.2000 was

	Number of shares	Total	Proportion of shares	Proportion of votes
Geir Ivarsøy	2 051 212	2 051 212	35,02 %	35,02 %
Jon S. von Tetzchner	2 051 212	2 051 212	35,02 %	35,02 %
Håkon Wium Lie	350 000	350 000	5,98 %	5,98 %
Rolf Assev	150 000	150 000	2,56 %	2,56 %
KS Teknoinvest VI	140 064	140 064	2,39 %	2,39 %
Sanner Industries Ltd.	139 930	139 930	2,39 %	2,39 %
Total	**4 882 418**	**4 882 418**	83,36 %	83,36 %
Others (total)	974 423	**974 423**	16,64 %	16,64 %
Total number of shares	**5 856 841**	**5 856 841**	100,00 %	100,00 %

Shares and options owned by members of the Board and the CEO:

Name	Position	Total number of shares	Number of options
Håkon Wium Lie	Member of the Board	350 000	0
Geir Ivarsøy	Member of the Board	2 051 212	0
Michael Tetzschner	Member of the Board	3 428	7 500
Tore Mengshoel (KS Tekoinvest VI)	Member of the Board	140 064	0
Jon S. von Tetzchner	CEO, member of the Board	2 051 211	0
Christian H. Thommessen	Chairman of the Board	52 500	0
		4 648 415	7 500

Note 6 Investment in subsidiary

Numbers in TNOK

The Company has made use of the transition rule in the Norwegian Accounting Act in the Company accounts, where it is allowed to use the cost method. The subsidiary Hern Lab AB has been included in the consolidated balance sheet as of 31.12.00.

Company	**Hern Labs AB**
Formal information	
Date of purchase	13.12.00
Registered office	Linkõping in Sweden
Ownership interest	100 %
Proportion of votes	100 %

Information related to the date of purchase (in the year of purchase)

Purchase cost 7 965

Information on the equity and result according to the last financial year

	2 000	1999
Net income (loss) in TSEK	**-87**	13
Equity in TSEK	**116**	203

Hern Labs AB has deviant financial year. However, the accounts have been closed per 31.12.00.

To the Annual Shareholders' Meeting of Opera Software AS

AUDITOR'S REPORT FOR 2000

Respective Responsibilities of Directors and Auditors

We have audited the annual financial statements of Opera Software as of December 31, 2000, showing a loss of MNOK 9.348 for the Parent Company and a loss of MNOK 9.348 for the Group. We have also audited the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the appropriation of the profit/coverage of the loss. The financial statements comprise the balance sheet, the statements of income and cash flows, the accompanying notes and the group accounts. These financial statements and the Directors' report are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and other information according to the requirements of the Norwegian Act on Auditing and Auditors.

Basis of Opinion

We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and auditing standards and practices generally accepted in Norway. Those standards and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant accounting estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards and practices an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion,

- the financial statements have been prepared in accordance with law and regulations and present the financial position of the Company and of the Group as of December 31, 2000, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the Company's management has fulfilled its obligation in respect of registration and documentation of accounting information as required by law and accounting standards, principles and practices generally accepted in Norway
- the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the appropriation of the profit/coverage of the loss is consistent with the financial statements and comply with the law and regulations.

Oslo, April 2, 2001
KPMG AS

HENNING AASS | State Authorised Public Accountant
(sign.)

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

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